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# Who decides what is fair in fair trade? The agri-environmental governance of standards, access, and price

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## Abstract

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initiatives, smallholders' collective advocacy and this research contributed to the Fairtrade Labelling Organisations International's (FLO) decision to mandate a 7-11 percent minimum price increase. The price debates demonstrate that Fair Trade governance is neither purely neoliberal nor social movement led - it is a highly contested socially embedded practice. Voices without votes, North-South inequalities, and dwindling prices paid to its stated protagonists indicate the need for governance reform, cost of living price adjustments, and additional investment in the innovative alternative trade and hybrid models.

Keywords: fair trade eco-labels environmental and agricultural governance standards sustainability  
Karl Polanyi

## Notes

<sup>1</sup>There are multiple spellings of Fair Trade in common use. My use of the capital 'F' and 'T' refers to the certified Fair Trade system. In Europe, Fairtrade is a single word. There is also the larger fair trade movement - note the lower case 'f' and 't'. The fair trade movement includes the many stakeholders (cooperatives, alternative trade organisations, educators, activists - organised and individual) that may or may not have a formal role and voice within the certified system.

<sup>2</sup>I speak about the dynamics and challenges of long-term participatory action research projects with smallholder agricultural producers (D... 2005)

<sup>3</sup>I define... processes of development, organisations, agri-food system.

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practices within most places, including efforts to create sustainable school lunch programmes.

<sup>5</sup>Polanyi was primarily referring to the role of national government-based protective regulation. However, there is also the notion that an active civil society and social movements need to push the state to make these changes.

<sup>6</sup>The data for this example are based on research conducted from 2001 through 2008, and specifically a detailed survey of 105 households in 2003.

<sup>7</sup>The commercial markets were at a 30 year low in 2003; this resulted in larger differences between Fair Trade and commercial prices. These differences diminished when commercial prices rebounded post 2005.

<sup>8</sup>International Coffee Organization. History [online]. Available from: <http://www.ico.org/history.asp>[Accessed April 2008].

<sup>9</sup>This is a consensus-based definition established by FINE, which is an informal association of the four major international networks, consisting of Fairtrade Labelling Organisations International (FLO), International Fair Trade Association, now the World Fair Trade Organization (WFTO), Network of European Worldshops (NEWS!), and the European Fair Trade Association (EFTA).

<sup>10</sup>Oxfam in Action. Available from: [http://www.oxfam.org.uk/oxfam\\_in\\_action/index.html](http://www.oxfam.org.uk/oxfam_in_action/index.html)[Accessed November 2009].

<sup>11</sup>Elsewhere, the state has been a more active force in supporting the changes in the market, such as through the creation of social movements and the certification of fair trade products. The certified marketplaces are generally

<sup>12</sup>This is generally the result of the efforts of generally quality roasters.

<sup>13</sup>For a more detailed analysis of the role of these organisations, see the report by Davenport and others (2008). Low and

<sup>14</sup>Rosenthan (2008) argues that the state's role in the sell-out and a threat. They didn't want to give up the alternative distribution that alternative trade had





<sup>28</sup>This is based on conversations with several active participants within this association (e.g. Cooperative Coffees and Equal Exchange). Since much of the lobbying regarding FLO coffee price debates occurred through either information channels or private communication I cannot claim certainty.

<sup>29</sup>TransFair USA. 2009. Frequently Asked Questions. Available from: <http://www.transfairusa.org/content/resources/faq.php>[Accessed October 2009].

<sup>30</sup>Oxfam has often represented an important civil society and sustainable livelihood oriented voice within Fair Trade. Small-scale farmer cooperative leaders have lauded the reforms and voting record of outgoing Chair of the FLO Board, Barbara Fiorito, who also held leadership positions within Oxfam America and Oxfam International (Preza 2009, FLO 2007b). However, Oxfam's role in the governance decisions appears to be declining. Currently only one Board member, Mr Leo Ghysels, is associated with Oxfam. As of late 2006, Oxfam America stepped away from important debates with TransFair USA and eliminated two core staff positions involved in Fair Trade policy and movement building.

<sup>31</sup>This balance of power analysis does not directly answer the question of why the FLO Board of Directors would have a different and apparently more favourable stance on the price hike than the Standards Committee. I suspect that an independent fully resourced Standards Committee and FLO-based Standards Unit with access to the best university-based studies of sustainable livelihoods and commodities production would have approved of the hike. However, the Standards Unit does not appear to have and/or make public their use of these tools and they may still be influenced by the FLO staff. The

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<sup>33</sup>The RA... the sustainable... coffee m... A certified... coffee a... board of... directors. See Raintorest Alliance (2009) and Kraft Foods (2009).



<sup>34</sup>Here there is the dual challenge of sustaining smallholder cooperatives that are accountable to their members (Fox [1992](#)) and effective representatives in the national, regional, and international market and policy arena.

## Additional information

### Notes on contributors

Christopher M. Bacon

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