

Background Summary

January 2012

Deep controversies in the Fair Trade movement have been simmering over the past decade. Today, the situation has reached a boiling point and concrete actions must be taken or we will risk losing everything we have collectively built. For those of you who are long-time allies of Equal Exchange, we appreciate your ongoing commitment to us, small farmer cooperatives, and Fair Trade. It is because of your commitment that small farmer organizations across the world have achieved the level of success they currently enjoy. For those of you who are newer to Fair Trade, we deeply appreciate the time and interest you are showing for small farmers across the world.

Unfortunately, all our advances are now in jeopardy. Fair Trade USA (formerly TransFair USA) has slowly but steadily chipped away at our principles and values, only recently taking the final steps in building their strategy. They have taken the name Fair Trade USA, then proceeded to leave the international Fair Trade System (FLO International/FairTrade International), lower standards, eliminate farmers from their governance model, and invite large-scale plantations into coffee and all other commodities.

This is not Fair Trade and we are asking you to join with us in differentiating TransFair's model from the authentic small farmer Fair Trade that we are collectively building.

Our Model: Authentic Fair Trade

In 1986, Equal Exchange was founded to challenge the existing trade model, which favors large plantations, agribusiness, and multi-national corporations; support small farmers; and connect consumers and producers through information, education, and the exchange of products in the marketplace. With our founding, we joined a growing movement of small farmers, alternative traders (ATOs), religious organizations, and non-profits throughout the world with like-minded principles and objectives. The U.S. consumer co-operative movement has been an integral part of this movement. Underlying our work is the belief that only through organization, can small farmers survive and thrive; and the cooperative model has been essential for building this model of change.

In the 1990's, Equal Exchange joined with a number of other organizations to create the certifying agency, TransFair USA. The goal was to create a mechanism, in a complex marketplace, to ensure that a company's products were providing social, economic and environmental impact for the small farmer organizations that grew them. With a third party certifier, we hoped that consumers would have more confidence in their purchases without needing to background check every brand and product. This turned out to be good business and TransFair grew as a result.

The certifiers have their own ideas... and interests

As time passed, TransFair began to take on a life of its own. Rather than confine itself to its purpose as a certifying agency, collecting fees from industries that used its seal and monitoring them to ensure that Fair Trade practices were being met, TransFair soon developed its own vision. "Quantity over Quality", "Breadth over Depth", and other qualifiers came to be used to describe TransFair's vision of a world in which vast numbers of products throughout the grocery store could be certified Fair Trade, in as fast a manner as possible.

Their problem was supply. Working with small farmer organizations can be challenging and time-consuming. These organizations don't have the same access to market, credit, infrastructure, and technology that large plantations generally do. Over the opposition of the ATOs, farmer organizations, and a host of other Fair Trade advocates, TransFair and its umbrella organization FairTrade Labelling Organization (FLO) began certifying plantation tea, bananas, cut flowers, and other products with a set of different, less rigorous standards than those elaborated for small farmer organizations.

Soon, large corporations began to see value in certification as well. They discovered that consumers would respect all of their products, even if only one or two were certified as Fair Trade. TransFair rapidly began courting big businesses into the Fair Trade "family", such as Chiquita, Dole, and Nestle. The Fair Trade advocates protested, to no avail. Big business profits grew and, as more volume got certified, TransFair continued to grow as well.

Current happenings

These actions, and many others throughout the years, have created large-scale opposition against the certifiers and bad feelings have mounted about the lack of transparency, accountability, openness, and representation on the boards and within the committees of FLO International and TransFair USA. Little has changed. Until this year, when the growing rift finally reached a head:

- In October, 2010, TransFair unilaterally changed its name to Fair Trade USA. Ten thousand people signed an Organic Consumers Association petition asking them not to appropriate the name of an entire movement. http://www.organicconsumers.org/artman2/uploads/1/Press_Release_letters_to_Transfair_FINAL2.pdf. No response.
- During that same time, TransFair announced their Fair Trade Apparel standards. Fair Traders complained that the standards are too low and don't require unionized factories. <http://ethixmerch.com/blog/race-fair-trade>. No response.
- In September 2011, TransFair announced their new initiative, *Fair Trade for All*, certifying plantations in all remaining categories (coffee, cocoa, sugar, and cotton). This strategy means that small farmers will now be forced to compete with large plantations for market access – the very reason Fair Trade was created in the first place. The Fair Trade community opposes this action. Read the Latin American and Caribbean Network of Small Fair Trade Producers' (CLAC) statement: <http://smallfarmersbigchange.coop/2011/10/05/4153/> and Fair World Project's statement: <http://fairworldproject.org/news/single/477>.
- Part of TransFair's, *Fair Trade For All* initiative includes lowering standards so as to make it even easier for corporations to label their products as Fair Trade. Many have opposed this. Read FWP's statement: <http://smallfarmersbigchange.coop/2011/10/20/fair-trade-usa-goes-rogue-new-%E2%80%9Cstandards%E2%80%9D-undermine-fair-trade-commitment-to-farmers-and-consumers/> and the United Students For Fair Trade statement: <http://smallfarmersbigchange.coop/2011/10/28/united-students-for-fair-trade-call-for-a-boycott-on-transfairfairtrade-usa-certified-products/>.
- The day after TransFair announced their strategy, knowing that they would be opposed by FLO International, and the movement in general, they left the FLO system and now plan to go it alone. This was the breaking point.

It is time to withdraw support from TransFair USA/FairTrade USA products. They do not represent Fair Trade.

What are we asking?

Please ask your friends and work colleagues to sign our public statement: <http://www.equalexchange.coop/fair-trade-campaign>. They may sign as organizations and/or individuals.

Please continue to educate yourselves and others about the issues brewing in the Fair Trade world. For more information on Equal Exchange's perspective on the differences between Authentic Fair Trade and what TransFair USA is doing, please read Rink Dickinson's views here: <http://smallfarmersbigchange.coop/2011/10/23/4269/>. For a producer point of view, please read this: <http://smallfarmersbigchange.coop/2011/12/15/mexican-small-farmer-fair-trade-producers-speak-out-we-can-only-move-forward-with-authentic-fair-trade/>.

We remain engaged with small farmers and with the international Fair Trade system. We will keep you posted on events as they unfold. As always, thanks for your loyal support, your commitment, and for putting your values into action.