



INTRODUCTION

As small producers' organizations and companies associated with the Small Producer's Symbol (SPP), we would like to share our vision of fair trade in this declaration, on the basis of our work and experience over the last three decades.

Although we do not believe in a 'one and only' truth, it seems extremely important to us that our vision of fair trade be known and acknowledged by the fair trade movement and by participating companies and consumers. This is especially with the aim of avoiding a collapse of fair trade in light of the imminent risk of becoming absorbed by the modus operandi of the conventional market, thus losing its essence, the gains achieved and its power of transformation.

In this declaration we will briefly present our vision of fair trade's <u>origin</u>, the <u>historic role</u> of fair trade for small producers, the original <u>principles and values</u> of fair trade, and the <u>achievements</u> and <u>threats</u> to fair trade. We will then end with an "<u>Urgent Call to Save Fair Trade</u>."

ORIGEN OF FAIR TRADE

Fair trade, as a concept, emerged in the late 1980s in response to the need of small producers' organizations in countries in the South to improve their access to international markets.

The fair trade concept was created as an attempt to significantly increase the scope and impact of numerous efforts in solidarity and alternative economics that had been slowly building for a number of decades around the world, in both the South and the North.

When 'fair trade' emerged as a new term, the element that distinguished it from the already-existing solidarity and alternative market was that in fair trade, small producers' organizations were the primary actors, as opposed to only recipients of solidarity efforts by social movements in the North and the South who worked with 'producers, both small and large, from marginalized areas.'

Also, fair trade put an end to the limitations of 'solidarity products' being sold only in 'Third World Stores,' churchyards, NGO offices and specialized stores for ecological products.

Through participation by companies in solidarity and the opportunities provided by fair trade labels, the products of small producers, identified with fair trade labels, gradually became available in supermarkets and within the reach of consumers in general.

Fair trade labels were initially launched on the market as a way to promote the products of democraticallyoperating organizations of small producers in the South more directly to consumers around the world.

Although fair trade was a different way of practicing the already-existing solidarity or alternative trade, the movement promoting this type of product, in general, gradually assumed the 'fair trade' term as its own, even incorporating the more indirect intermediating trade models controlled by companies and nongovernmental organizations.





Nevertheless, for many small producers' organizations, the fair trade movement became very important to them, through the creation of fair trade labels, in response to their demands, their efforts and active participation.

HISTORIC ROLE OF FAIR TRADE FOR SMALL PRODUCERS

Fair trade was created and developed as part of a broad social and economic development process of many small producers' organizations in the South. They sought to gain ownership in the value of the productive-commercial chain, which until that time was dominated by large companies, large-scale producers and exploitative 'intermediarism,' also referred to as 'coyotage.'

Fair trade became an essential ally for these small producers' organizations in generating viable socioeconomic organizations, facilitating the acceleration of these organizations' consolidation processes, and generating significant impact in their local and regional areas. Small producers' organizations were also strengthened in their efforts to address the critical deficits in public services in their communities, specifically in basic services, health and education.

Small producers' organizations in the South are continuing to make progress in this process of building capacities and local services for the benefit of the people living in traditionally marginalized areas. While fair trade on its own does not resolve all of these needs, it continues to play a key role for these organizations, through fair prices for their products and solid, stable access to markets, allowing them to continue fostering these development processes.

Fortunately, reality has changed. Some small producers' organizations which, two or three decades ago, served as centers for providing health, basic products and education, can now concentrate their efforts on other social and economic projects, because they were finally able to assure that these services are provided by local and national governments. What we are referring to here was a long, difficult struggle that involved great dedication and sacrifice including the loss of many lives along the way.

For us, fair trade is just as it was introduced in the late 1980s, specifically a bridge of communication and collaboration between small producers and consumers. A bridge is useless if it fails to achieve a connection between one side and the other. We are working to make fair trade a strong bridge, with many lanes, aimed to generate a different, and close relationship between the beginning and end of the production-trade-consumption chain.

ORIGINAL FAIR TRADE PRINCIPLES AND VALUES

Fair trade has gone through many changes since the late 1980s. First of all, the term became the common denominator for the entire solidarity, alternative, equitable and 'different' trade movement. This signified the proliferation of different visions within what has been identified as the fair trade movement.

In addition, efforts began to adapt fair trade to the practices, rules and actors of conventional trade and mass consumption. While initially, fair trade only involved small producers' organizations, it gradually expanded to include medium and large-scale producers and private plantations, as well as unorganized or individual small producers, and also transnational companies—which through their exploitive nature, had actually lead to the creation of fair trade in the first place.





This wide variety of fair trade modalities made the market grow and expand its scope, but it also changed its shared principles and values. Basic values such as horizontal, democratic organization, self-management and small-scale production fell to the wayside.

For us, fair trade was created fundamentally to establish an alternative market that would operate differently, and not incorporate the actors, structures and practices of conventional markets, as many fair trade entities are currently seeking.

From our point of view, the 'original' fair trade values and principles are the following, as also expressed in the SPP Declaration of Principles and Values¹:

PARTICIPATIVE DEMOCRACY

From our perspective, democratic organization is the basic principle of fair trade. Democratic organization is based, first of all, on the horizontal organizing of individuals with the aim of achieving a common good. In a democratic organization there should be mechanisms for equal, continuous participation by all the organization's members and sectors. This principle is the foundation for small fair-trade producers' organizations as well as for decision-making in the organizations, companies, networks and institutions participating in fair trade.

SELF-MANAGEMENT

Self-management in the framework of fair trade involves the process of building productive, technical and commercial capacities initiated from the productive and social grassroots level; and it involves defending and promoting our rights and interests through socio-economic organization and through active citizen participation and influence on public and private policies. Self-management is a form of the people's self-determination in response to external forces seeking to impose development models that are not based on the local context. For us, fair trade is not something based on the philanthropy or compassion of those more affluent toward those marginalized. Fair trade is based and must always be based on the determination and capacities of those who have been marginalized by the economic system.

COLLECTIVITY

The principle of collectivity originates from the idea that individuals are only able to achieve real progress through collective efforts made in consideration of the common good. Fair trade can only be based on collective interests. Individualism is the basis for the liberal model that promotes the survival of the strongest or the most capable, and thus has no place in the construction of genuine fair trade.

SOLIDARITY

Solidarity between persons and between organizations is the foundation of social organization and one of the basic principles of fair trade. Solidarity between persons, organizations and societies is based on the conviction that shared problems require collective solutions for all and not only a few. Furthermore, solidarity leads us to share our experiences and lessons learned with others facing the same problems or challenges.

JUSTICE

In order for justice to exist, there must first be clear rules and transparent, efficient mechanisms to enforce the rules. These rules and mechanisms must be agreed upon democratically and must be within reach for all. This also

¹ http://spp.coop/the-spp-system/spp-general-documents/?lang=en#toggle-id-2





applies to fair trade, which in order to fulfill its mission, must have clear, fair and accessible rules that are adapted to the realities in each location.

EQUITY

The principle of equity must always prevail, including in fair trade, both within organizations and in relationships between the various economic actors. Equity involves the promotion of active participation by the different parties in society and in the economy, and also in decision-making bodies and processes, even when conditions are not equal. In order to achieve equal participation, the weaknesses and strengths of some or of others must never be taken advantage of, and it is necessary to generate conditions to allow the weakest to become stronger and to assure genuine equity.

TRANSPARENCY

Transparency is an essential part of democratic organization. Democracy without transparency easily becomes corrupt authoritarianism that lacks the necessary credibility. Accountability must always be present with regard to compliance with rules, decision-making, actions taken and results. Fair trade without transparency will tend to lose its credibility and can easily fall prey to individual interests.

TRUST

Social and economic relations, and thus fair trade as well, must be built fundamentally on the basis of trust. Trust is a principle that involves a commitment by the actors involved to consistently act in good faith, in a responsible manner and with mutual commitment. Trust makes it possible to generate long-term social relations based on exchange and solid collaboration, with space for open dialogue and negotiation, and without the need for intervention by overseeing authorities. Trade relations based on mistrust will never have the same transforming potential and will erode due to the lack of mutual commitments.

PROSPECTS FOR CHILDREN AND YOUTH

Fair trade is not fair if exploitation of children and youth is tolerated. For small producers, it is important that children and youth have opportunities for professional and intellectual education and training, to enable them to attain a future with dignity, while serving their communities, regions and countries, and that they are able to live without violence and without the need to earn a living by working. It is a collective responsibility of the social actors involved to fight against child and youth labor, and it is precisely fair trade that has a clear potential to generate these conditions, as family income is improved. Furthermore, collaboration by children and youth in the work carried out by small producers' families—as long as their health and formal education are not affected—is an essential aspect in preparing new generations of small producers and preserving the values of local cultures.

PROMOTION OF EQUALITY OF MEN AND WOMEN

Small producers' organizations are committed to equity between men and women, and fair trade helps producers' organizations to generate capacities to achieve this end. Small producers' organizations have been key players in promoting the generation of opportunities and leadership for women, and in fighting against all abuses and exploitation involving women's work. International organizations, such as the FAO,² recognize the exemplary role played by small producers in this aspect. It is thus important that fair trade respects the way in which each organization and each society evolves along this path, on the basis of very diverse realities and cultural visions, while avoiding the imposition of a single perspective.

² http://www.fao.org/fileadmin/templates/nr/sustainability_pathways/docs/Factsheet_SMALLHOLDERS.pdf





PLURALITY

Plurality involves respect for the rights of every human being, independently of their sex, ethnic or geographic origin, age, religion, political orientation, social condition, sexual preference, capacities, etc. These principles are basic for fair trade because they make it possible to focus efforts on the common good, without any distinctions.

RESPECT FOR LOCAL CULTURES

There must be respect for the cultures, territories, customs, languages and particularities of the communities in which the families of small fair-trade producers live. Respect for local cultures involves a recognition of different world views and acknowledges that the key values of one culture may be different than those of another culture, and some cultures are not by definition superior over other cultures, and that local cultures are aware of ongoing processes of transformation, in different directions and in different manners.

LIVING WITH DIGNITY

In order to live with dignity, it is necessary to have enough healthy food and nutrition, adequate health and hygiene conditions, housing that offers the necessary protection, access to a complete, adequate education, work sources that generate sufficient income, and access to communication media, to active social and democratic participation, to justice, to cultural education and to leisure time. Fair trade must always be in pursuit of life with dignity, as a collective responsibility of producers, traders, consumers and public institutions.

SMALL SCALE

Fair trade should maintain its original focus on small producers, and also including small industry and businesses. Small-scale production and commercialization is what generates greater social and ecological benefits for the world economy and especially for local economies. First of all, small scale fair trade generates more jobs in both rural and urban sectors. Secondly, this type of trade adapts better to social, organizational, cultural, educational, environmental, climatic and local economic conditions. A high percentage of the income generated by small-scale operations remains in the local economy, which is thus strengthened. Large-scale production not only generates fewer benefits, but it also competes with small producers for limited resources and access to markets and financing. There is no harmonious coexistence between the two production models.

DIRECT TRADE

In order to generate greater local values and to strengthen family economies, priority must be given to developing the closest commercial relations possible between produces and consumers. Fair trade should always operate in relation to small commercial chains. In this way, producers are more knowledgeable and have greater control over the chain, and consumers benefit from the elimination of intermediating links. In addition, fair trade should fight to eliminate speculative 'intermediarism.' Fair trade products should not be introduced into resale markets that are controlled by profiteers.

QUALITY

Products offered in fair trade must consistently meet the minimal quality requirements for final consumers, in order to avoid giving fair trade an image of poor quality, and out of respect for consumers who are the primary allies of small producers. Product quality must be clearly agreed upon and communicated among those involved in the commercial chain. The quality of products is a reflection of production efforts and expenditures invested, and thus such quality should be economically acknowledged by markets.

SUSTAINABLE PRICES

Fair trade proposes that the prices of products on the market should cover the real costs involved in their production and commercialization. Production costs should include dignified remuneration of the labor force





involved and should recognize the value of the environmental, social, educational, and democratic organizational care and responsibility assumed by producers and their organizations. In addition, prices for fair trade products should allow for the generation of a profit margin that permits small producers and their organizations to make investments and to maintain their economic sustainability and competitiveness. If small producers meet the broad spectrum of environmental and social criteria, the prices for their products must enable them to finance all of the necessary activities, and at the same time, allow them to maintain an adequate level of productivity so that the adequate prices have the desired impact.

LOCAL ECONOMY

Local economies must be strengthened in order to achieve a dignified, sustainable life in marginalized areas. Fair trade should promote the production and exchange of products for local markets and local consumption. In this way, a greater source of local employment is generated, the costs of products are reduced, allowing for greater competitiveness of local products. In addition, the "environmental footprint" of products is reduced, by requiring less energy expenditures dedicated to transportation. Also, production for local consumption generates greater benefits for the autonomy and food security of local economies. Strong local economies also minimize national and international migration pressure. A flourishing local economy allows for new generations to once again believe in the future of their communities and their peoples.

LOCAL ADDED VALUE

In order to create strong local markets and dignified futures for producers, it is important for added value to be generated as close as possible to the production process and location, thereby triggering greater benefits for producers and local economies. In this way, a greater portion of a product's final value remains in the zone of origin. This also allows producers to become the most active stakeholders in the market, with greater knowledge and negotiation capacity, and with higher income and increased capacity to withstand fluctuations in production and markets. Fair trade should incentivize the generation of added value in countries of origin, and should not limit the role of producers to simply producers of raw materials.

RESPECT FOR THE ENVIRONMENT

Caring for the environment, flora and fauna, ecological balance, or simply "Nature" or "Mother Earth" should be a basic condition for society and for fair trade organization. Making use of natural resources should be undertaken in such a way as to avoid any damage to ecological balance. It is necessary to protect the environment and to regenerate ecological balance whenever possible, in order to prevent the devastating effects of climate change from endangering future generations. Today, small producers are already suffering these effects, losing not only their harvests but also their belongings, their lands and even their lives. Meanwhile in cities, discussions as to whether climate change actually exists continue, and few politicians and those in governing positions are willing to assume responsibility for putting an end to this global deterioration.

RESPECT FOR HEALTH

The growing and processing of products must not affect the health of producers or consumers due to the use of toxic substances or work methods involving a high risk to human health. Fair trade cannot be conceived of without considering this responsibility. In addition production must not endanger the health of domestic and wild animals, which are key to ecological balance.

FAIR TRADE ACHIEVEMENTS

Fair trade practice is extremely important for the development and consolidation of our small producers' organizations. For us, fair trade has been and continues to be an engine that accelerates the processes of taking

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ownership of production-commercial chains, thus defeating the exploitation of unfair 'intermediarism' and building local capacities and economies. Fair trade has facilitated collaboration with trading companies in solidarity with our organizations, and access to specialized markets and mass consumption for our products.

Currently, there are millions of small producers' families who, through their organizations, have attained greater value for their products and have generated considerable improvement in their living conditions and prospects, and their capacities for generating processes for local development, well-being and political influence. There are numerous examples of small producers' organizations that have built local processing plants, financial institutions, women's and youth organizations, health clinics, education and training centers, etc.

Fair trade has shown itself to be a successful model for capacity building and an excellent path for marginalized producers to enter the market under more fair conditions. Fair trade has thus become an example and a source of inspiration for many attempts at generating sustainable, inclusive development models.

From our perspective, the keys to the success of fair trade are, and have been from the beginning, the following basic mechanisms:

- 1. Products are from small producers' democratic organizations.
- 2. Payment to producers of guaranteed prices that cover the costs of sustainable production and organizational-social strengthening.
- 3. Facilitation of harvest pre-financing, to allow storing of products by small producers' organizations.
- 4. Establishment of long-term trade relations.

Compliance with these basic mechanisms generates well-being, together with an increase in local management capacities for achieving multiple economic, social and environmental benefits, under fair trade principles and values.

For market businesses and for consumers, fair trade has become an opportunity to directly influence the economic, social and environmental sustainability of the products traded or consumed on a daily basis.

THREATS TO FAIR TRADE

Unfortunately, we currently find perspectives, practices and models under the fair trade banner that have little or nothing to do with trade that is genuinely equitable and fair, that is inclusive and based on solidarity. This signifies a risk to the continuation and survival of the fair trade model, given the lack of congruence, effectiveness and credibility.

To begin with, the incorporation of the production models used by large producers—whether private plantations or large producers who have become members of small producers' organizations—has introduced unfair competition in fair trade. This is, first of all, because the structures of production costs and the organization of a large-scale private company are different than those of an organization of small producers. Thus what can be considered a fair trade guaranteed price is different. Secondly, private plantations are able to benefit, from the fair trade image built over a period of years in relation to small producers, when the values and practices used by these plantations are not equal to those used by small producers.



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Another element of unfair competition is the incorporation of raw materials produced by non-organized individual producers, and processed and/or traded by private companies into fair trade models. The reasoning is the same as in the case of large producers, given the different cost structures and diminished benefits and values.

Thirdly, and perhaps most importantly, fair trade has opened its doors to large transnational companies, and not only at the level of production, as mentioned above, but also in relation to importing and exporting and market brands. Currently, a significant portion of international fair trade is in the hands of large companies. Fair trade products are no longer products with their own channels of commercialization, and have become simply one more commodity, that is, a typical commercial product—but with a fair trade label. Today, the major profiteers in fair trade markets in producing countries are those companies that accumulate fair trade contracts that they consequently resell on the market, making use of long-standing mechanisms for trade speculation.

With their control over the market of fair trade contracts, these companies not only generate new dependence on the part of producers and companies in solidarity, but they also apply old mechanisms of blackmail and extortion to producers, and furthermore, redirect fair trade contracts to small producers' organizations that are 'loyal' to these companies and that are frequently organizations expressly created by these conglomerates for this very purpose.

Currently, it is common for small producers' organizations to be offered contracts 'below' the fair trade guaranteed price, using the argument that "there are many others like you." In fact, the major purchasing power of these companies and brands in fair trade has allowed them to pressure certified fair trade systems to lower their guaranteed prices or keep these prices from going up, despite significant increases in production costs.

Collaboration by fair trade entities close to some transnational brands with tarnished images and negative historic backgrounds in relation to fair trade principles and values, including Nestle, Dole and Cadbury/Mondelez, to mention a few, has caused fair trade to be seriously questioned and even discredited.

Added to this is the fact that fair trade has been permissive in terms of the minimums required for products containing various ingredients and for having abandoned the requirement of the physical traceability of products in some cases. Today it is possible to find containers of fair trade orange juice that do not have a single drop of juice from fair trade producers, and chocolate bars that do not have any fair trade cocoa.

Today's fair trade is no longer what was historically promised and what it once was. From an alternative model of solidarity trade, it has become one more product in the conventional free market trade system. This has led many companies that are genuinely committed to fair trade to abandon the most common schemes of fair trade certification and promotion, preferring to invest in their own image as a fair trade brand and leaving behind a commitment to the fundamental fair trade mechanisms for small producers, specifically working with organized small producers, respecting minimum guaranteed prices, pre-financing and long-term trade relations.

Another reason that some companies and consumers have distanced themselves from fair trade is that they question the high costs of fair trade certification and labeling systems. For many organizations and companies, certification costs and the bureaucratic process involved exceeds the benefits they might receive in terms of promotion and guarantees. The costs of these systems are rising and some stakeholders in the market continually seek to add more criteria to fair trade standards, with the argument that this will better ensure that fair trade





products meet the considerable expectations for complying with social and environmental criteria. The increased strictness in standards is not, however, compensated for with higher prices or complementary investments to meet the additional criteria.

Rigid trade certification systems lead to the loss of the original role of fair trade as an instrument for development and ongoing improvement. Instead, the fair trade market becomes exclusive, and companies and producers' organizations are left on the sidelines, obliged to turn to unregulated trade schemes, such as the so-called 'direct trade,' leaving producers and consumers without the necessary guarantees and without the transparency offered by fair trade.

Lastly, we would like to emphasize that the traditional methods applied by most supermarket chains to fair trade products is a time bomb for the future of fair trade. These supermarket chains subject fair trade products to the same obligatory advertising schemes applied to the other products they offer. In other words, fair trade products are obliged to participate in sales campaigns, they are subject to sanctions for lacking rotation, for advertising costs, for returned products and for lack of continuity. These commercial policies tend to be fatal for most supply companies, and for fair trade, they become an enormous obstacle to bringing fair trade products to consumers. And they make a mockery of the fair trade concept in the eyes of consumers, lacking congruency with "two for one" type advertising concepts.

Due to the enormous power possessed by supermarkets, an active commitment by the mass distribution sector to fair trade is taboo. However, if the fair trade chain breaks down due to this weak link, we will have to change the rules precisely in this sector, to prevent fair trade from becoming an attractive "toy" for these companies, allowing them to enhance their image by including fair trade products, but without paying the guaranteed fair trade price and while strangling value chains. Fair trade managed to hit a boom by introducing solidarity trade to supermarkets. Now, we have the challenge of changing the rules with these supermarket chains, or consolidating alternative channels of distribution with the capacity to reach the mass consumer market.

URGENT CALL TO SAVE FAIR TRADE

As small producers' organizations and companies committed to fair trade, participating in the General Assembly of *"Símbolo de Pequeños Productores Global"* (Spanish for: "Small Producers' Symbol Global"), or *SPP Global*, meeting on this day, June 29, 2017, in our Sixth General Assembly, we wish to attest to and share our vision and our historic perspective on fair trade.

Many of us, as small producers' organizations participating in the Small Producers' Symbol (SPP), have been among the founders of fair trade. We have fought to build a fair market for our products for nearly three decades, with support and collaboration by thousands of companies and institutions, and millions of activists and consumers around the world. Along the way, we have also struggled to make the voices of organized small producers heard, and for these producers to not be viewed as merely 'recipients,' but as primary actors.

Although fair trade currently represents a small percentage of world trade, the achievements realized have been significant for millions of families in thousands of communities and towns in the Global South. With fair trade, solidarity markets around the world have made a quantitative leap forward in terms of volume and a qualitative leap forward in terms of impact on the realities for small producers in marginalized areas around the world.





After 30 years of fair trade, there are many achievements to celebrate, primarily in terms of an increase in local capacities for generating dignified living for the families and communities of small producers. Fair trade has been a factor of stability that has allowed us to increasingly develop our capacities for positively transforming the lives of small producers' families.

Fair trade is not a paternalistic or picturesque philanthropic action that offers handouts to the poor and thus mitigates the damages caused by massive exploitation and inequality. Nor is it a certification system for placing the responsibility for these injustices on the shoulders of small producers, thus washing their hands of any blame. In fair trade, organized small producers take ownership of the value chain in which they are the foundation, with the aim of offering products that are economically, socially and environmentally sustainable to consumers.

Unfortunately, we find today that there are visions, practices and models under the fair trade banner that are so incongruent that they go against the principles and values of genuine, solidarity-based, inclusive fair trade. These practices and models are endangering access to markets for our products, and also signify a risk to the credibility, and therefore survival, of fair trade and of the small producers' organizations and committed companies in which we participate.

Many of the 'bad practices' in fair trade are associated with the role played by major intermediaries and brands in fair trade—which have managed to enter into fair trade and then repeat the abusive schemes from conventional markets within the fair trade market.

First of all, the increasing participation of private production companies in the various fair trade schemes (including large private plantations) generates situations characterized by unfair competition that causes small producers to lose their markets and their prospects for the future.

We are making an urgent call for the entire fair trade movement to declare that the cannibalization of fair trade by major commercial and productive corporations will not be permitted, since they reproduce the traditional schemes of exploitation, abuse and concentration of power and wealth, while taking over a movement and a market that were created precisely to fight against such an economic model.

We will continue to create local and international fair trade markets based on the values of horizontal and participative democratic organization, of equality, equity, solidarity, economic justice and environmental, social and ecological sustainability. We will continue to work for genuine, profound, inclusive and democratic fair trade that truly transforms the way in which markets and economies are established.

Today there are numerous articles in communication media that not only forecast the death of fair trade if it fails to return to its original objectives, but that also claim that fair trade is already dead. In order to demonstrate that this is not the case, we must come together and bring new life into fair trade, while curing all of its ailments. We will not allow fair trade to be snatched away from us.

Let's save fair trade! Long live fair trade! ■