



WFTO response to Fair Trade USA/FLO split

The recent decision by Fair Trade USA (formerly Transfair USA) to withdraw from the Fairtrade Labelling Organization (FLO), and to extend the scope of Fair Trade to include plantations and factories, has long-term and far-reaching consequences for the Fair Trade movement.

The World Fair Trade Organization (WFTO), as a global representative body of members committed to 100% Fair Trade and the only global network whose members represent the Fair Trade chain from production to sale, is extremely concerned by this decision. Our concern lies on the decision's likely impact on thousands of small farmers and producers around the world who have established organized democratic organizations to ensure the benefits of Fair Trade are equitable.

Fair Trade was established to enable producers to improve their livelihoods and communities through trading with buyers whose behaviour was governed by an agreed set of principles. Over time though there, has been an unfortunate change of emphasis whereby it is now the producers (artisans and farmers) whose actions are under the microscope rather than the buying organizations. In effect, the certification systems have changed Fair Trade to such an extent that sales of products are the main measure of success instead of the welfare of producers. The WFTO believes the interests of producers, especially small farmers and artisans, should be the main focus in all the policies, governance, structures and decision making within the Fair Trade movement.

We see little evidence of dialogue, transparency or respect (key aspects that define Fair Trade) in the unilateral decision of Fair Trade USA to widen the scope of Fair Trade in ways that will surely negatively impact those currently involved. This action seems more to satisfy and enrich the very people whose actions caused Fair Trade to be established in the first place at the expense of the small farmer/producer. The Fair Trade supply chain should be relational in nature, with equal input and ownership by all parties, the changes proposed by Fair Trade USA would reduce this to a conventional supply chain with a price premium that will concentrate all the power at the top.



It is undeniable that many workers on plantations and in factories are in desperate need of improvements to their working conditions. However, formal employment is covered by local country laws and ILO conventions, and it should be those instruments that Fair Trade USA should turn to for improvements rather than widening the scope and watering down the principles of Fair Trade. If these types of operation are included in the Fair Trade system, then small producers (farmers and artisans) will not be able to compete against the scale of operation of larger enterprises. It is not unthinkable under this scenario to have a multinational operation own the entire supply chain and be able to label it as Fair Trade. This is completely unacceptable to the WFTO.

We remain committed to working with small marginalized producers, farmers and artisans, around the world to ensure they are the focus of the Fair Trade movement and to speaking out against developments that work against them.

This communication has been released by the WFTO and posted on its website www.wfto.com.

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The Mission of the WFTO

WFTO's mission is to enable producers to improve their livelihoods and communities through Fair Trade. WFTO will be the global network and advocate for Fair Trade, ensuring producer voices are heard. The interests of producers, especially small farmers and artisans, should be the main focus in all the policies, governance, structures and decision making within the WFTO.