



Is there a need for an ISO standard on Fair Trade?

Submission of the international Fair Trade movement to COPOLCO for the 29th Plenary meeting in Salvador Bahia, Brazil, May 2007

The international Fair Trade movement² welcomes the interest of COPOLCO members in Fair Trade. Annual growth rates of 20-30% over the last decade prove the success of Fair Trade and its high level of trust among consumers.

However, compared to

overall trade, it is still small and millions of marginalized producers and poor workers continue living and working under unacceptable conditions. We therefore welcome and share the aim of mainstreaming Fair Trade which will ultimately benefit the poor sectors of societies in the south.

Consumers are central to the success of Fair Trade. We recognize and support the need to protect consumers against misleading ethical and “fair” claims. To ensure consumers that they can rely on Fair Trade claims, the international Fair Trade movement has developed international standards through the Fairtrade Labelling Organisation (FLO) and the International Fair Trade Association (IFAT) which are systematically applied and verified³.

We recognize that there is a certain level of consumer confusion in some countries due to an increasing number of ethical trading schemes, some of which

Fair Trade definition¹

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers - especially in the South. Fair Trade organisations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

¹ Fair Trade definition as developed by FLO, IFAT, EFTA and NEWS!, December 2001

² The Fair Trade movement is organized in international Fair Trade associations, namely FLO www.fairtrade.net, IFAT www.ifat.org and FTF www.fairtradefederation.org. European associations for specialized Fair Trade importers and Worldshops are EFTA www.eftafairtrade.org and NEWS www.worldshops.net.

³ For details see additional document “Fair Trade standards and their verification in brief”, www.fairtrade-advocacy.org

claim to operate under fair terms without complying with these standards and we are keen on looking into ways on how to address this problem.

We acknowledge the importance of ISO in international standardisation processes across a broad range of sectors, and its high degree of recognition. ISO technical standards and guides are being used by many Fair Trade Organisations and the international Fairtrade Certification Body, FLO-Cert, is currently in the process of becoming ISO 65 accredited.

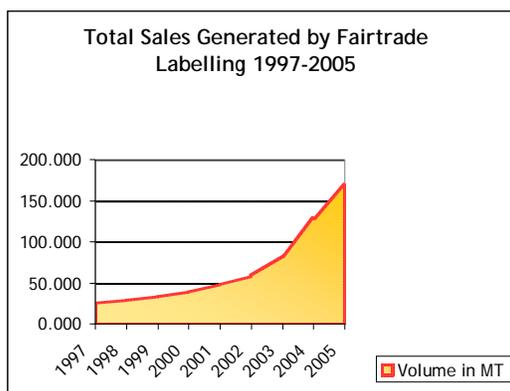
However, we believe that in this instance, ISO is not the appropriate forum and we do not think that an ISO standard is the adequate instrument to address the concerns and questions posed in the *Report and Recommendations on the Standardization of Fair Trade*⁴.

The international Fair Trade movement is keen to enter into a constructive dialogue with consumer associations and other interested stakeholders in order to improve transparency, accessibility and participation within Fair Trade. We are currently assessing different options for such a process, including a multi-stakeholder dialogue which could be facilitated by an external platform, and invite all interested stakeholders to take part in this debate.

We invite COPOLCO members to consider the following points while they discuss this issue on 23 to 25 May at the 29th COPOLCO session:

1. International Fair Trade standards have achieved high levels of trust among consumers

International Fair Trade standards and verification mechanisms have been developed for both Fair Trade Organizations and Fairtrade labelled products and are being applied in more than 70 countries throughout the world⁵. Key



stakeholders in Fair Trade standard setting are producer representatives, civil society organisations, traders and labelling initiatives. The constant growth rates of Fair Trade sales show that consumers rely on existing Fair Trade standard setting and verification procedures.

Given the high level of trust in existing international Fair Trade standard setting we do not see a need for the development

⁴ Annex 2 to COPOLCO 14/2007

⁵ For details see additional document "Fair Trade standards and their verification in brief", www.fairtrade-advocacy.org

of an additional ISO standard. Instead, we would like to better incorporate consumer representatives into existing Fair Trade standard setting procedures in order to further improve transparency, reliability and accessibility of Fair Trade standards.

2. Fair Trade standard setting requires the equal involvement of small and marginalized producers from developing countries

To ensure that Fair Trade standards meet the needs of small and marginalized producers and to leverage development and empowerment, these groups are core actors in Fair Trade decision-making and standard-setting procedures. Small-scale producers and poor workers are among the weakest sectors in developing countries. They do not have resources to participate actively in costly and lengthy standard setting procedures. Within the Fair Trade systems, mechanisms are in place to compensate the costs of producer representatives in order to ensure their active participation in standard setting.

Within ISO's processes, marginalized producers and workers in developing countries are not among the key stakeholders. We are further concerned that ISO lacks experience in effectively assessing the expertise of these stakeholders. The ISO SR 26000 process has shown that the available mechanisms to compensate costs of concerned stakeholders fall far short of the real needs.

3. Fair Trade standards should be free for all

The aim of Fair Trade is to foster market access for poor and marginalized producers and disadvantaged workers under fair conditions. To achieve this, Fair Trade combines fair trading principles such as a fair producer price, pre-financing on request, long-term relationships, capacity building and empowerment of the producers with awareness-raising and campaigning activities. For Fair Trade standards to be a tool for poverty reduction and sustainable development, they should be freely available and easily accessible for all potential users.

4. An ISO standard on Fair Trade could even increase consumer confusion

Given the wide range of ISO stakeholders it is highly possible that an ISO norm will denote lower standards for Fair Trade than the currently existing FLO and IFAT standards. In this case, these more ambitious and well established standards would co-exist with a lower ISO-standard. Under these conditions, an additional ISO standard could even increase confusion among consumers.

5. Looking for innovative ways to tackle consumer confusion

The level of consumer awareness about Fair Trade is very different between countries. Consumer surveys have shown that the awareness of Fair Trade is growing quickly in many European countries and in North America: More than 50% of consumers in countries like the United Kingdom, Sweden, Finland or Belgium understand the concept of Fair Trade⁶.

There is little generally applicable research available about the problem of consumer confusion in this area. However, experience has shown that consumer confusion can be successfully addressed with concerted efforts between private and public actors, such as public awareness raising campaigns.

As a consequence, we believe that consumer confusion is not related to the lack of reliable Fair Trade standard setting but, on the one hand, to the potential abuse of the term "Fair Trade" by independent operators, and, on the other hand, to the development of new ethical programmes related to sustainable development.

We therefore welcome the proposals made at 28th COPOLCO meeting in May 2006⁷ to conduct further research in this field and to develop appropriate education and information campaigns. We would like to invite all interested stakeholders to approach the Fair Trade movement - either centrally at the address below or at their national levels - to see how we can best work together in this respect. We believe this is a more effective way to tackle the issue of consumer confusion than an ISO norm on Fair Trade.

6. Working towards greater involvement of external stakeholders in Fair Trade standard setting

The Fair Trade movement would like to invite all interested stakeholders to participate in an open dialogue on how to improve transparency, accessibility and participation within Fair Trade standard setting and decision making procedures.

For further information or contribution to this debate please contact the Fair Trade Advocacy Office at the address below.

⁶ See e.g. Fair Trade in Europe 2005. Facts and Figures about Fair Trade in 25 European countries. KRIER, Jean-Marie, 2006, www.fairtrade-advocacy.org

⁷ "Between theory and practice - Consumers International's experiences with 'green labelling'", Speech by Richard Lloyd, Director General, Consumers International (CI), 24 May 2006.