

# SCORE

---

STOCKHOLM CENTRE FOR ORGANIZATIONAL RESEARCH

---

**The role of bureaucratisation in  
organising 'fair' markets:  
The case of the Fairtrade Labelling  
Organizations International (FLO)**

**Renita Thedvall**

# The role of bureaucratisation in organising 'fair' markets:

The case of the Fairtrade Labelling Organizations International (FLO)

Renita Thedvall

Stockholm University

[renita.thedvall@score.su.se](mailto:renita.thedvall@score.su.se)

Scores rapportserie 2010:11

ISBN 978-91-89658-60-8

ISSN 1404-5052

Stockholms centrum för forskning om offentlig sektor

106 91 Stockholm

## **Introduction: Organising for ‘fair’ markets**

The Fairtrade movement have been active since the 1940s but it was not until the 1980s that the first fair trade label was developed<sup>1</sup>. This is sometimes referred to in the literature as the shift from the alternative trade dominant movement to the certification/labelling dominant movement (see, for example, Raynolds et al 2007:17). In 1988, the Max Havelaar label was introduced in the Netherlands. Since then a number of different fair trade labels have been developed among others ‘rättvisemärkt’ in Sweden. Many of these fair trade labelling organisations soon started to cooperate and in 1997 this cooperation was formalised into the Fairtrade Labelling Organizations International or FLO as it will be referred to from now on (Renard 2003). The FLO has since then tried to change the rules of the game of the global market and to increase the amount of fairtrade label products. This shift from an alternative trade movement to a certification/labelling movement has been described as ‘the new globalisation’ where NGOs such as FLO are working in the market by developing labels, standards and audit criteria instead of against it (Raynolds et al 2007).

In this report, specific focus is placed on the organising for ‘fair’ markets through an analysis of how the process of bureaucratisation moves the idea of fairness in the market towards a specific direction. In this process of changing the rules of the game of the market, imposing a new spirit of capitalism in Boltanskis and Chiapello’s (2007) terms, the FLO takes an active part in giving meaning to the idea of ‘fair’ products. I want to show how this is done through a process of bureaucratisation in which ‘fair’ or ‘fairness’ becomes precisely defined, formalised and made visible. As metaorganisations such as FLO are important rule setters for individuals, companies, organisations and also states (Ahrne & Brunsson 2008; Brunsson & Jacobsson 2000; Finnemore & Barnett 2004) it is important to investigate the bureaucratisation processes through which ‘fair’ or ‘fairness’ is made sense of. In a way, it is possible to argue that the bureaucratisation processes pushes the idea of fairness through a filter of procedures of formalisation, precision and visibility making it properly packaged into different compartments, categorisations, standards, indicators and so forth. In this way, making up what a fair product might mean.

---

<sup>1</sup> For a historical overview see for example Raynolds et al 2007:7ff.

The bureaucratisation process is signified by a bureaucratic logic (Handelman 2004) where the organisational structure, its procedures and outcomes are continuously made more specific, formal and visible. It is bureaucratization in the Weberian sense, in that the policy processes are guided by formal rules, clearly defined policies and decision making hierarchies, have archived written documents as its products and so forth (Weber 1958:196-224). A central feature is that there exists certain predictability in the decision making within the organization (Ahrne 1989:58-59). The meaning of 'fairtrade' in relation to the fairtrade label is also continuously made more precise. 'Fairtrade' is in Gallie's (1956) terms an 'essentially contested concept', i.e. a concept '...which inevitably involves endless disputes about [its] proper uses on the part of [its] users' (1956:169). Words are invented that signal particular political aspirations and ideals. To guide what the 'fairtrade' label should be about, the stakeholders and bureaucrats make efforts to frame the direction by inventing concepts that are intended to describe what 'fairtrade' means. In the process of forming classifications for the label, the meaning of 'fairtrade' is, in this way, interpreted through keywords (Williams 1976:13), i.e. words that are particular to, and which have particular meaning within the fair trade movement such as 'socially, economically fair and environmentally responsible' (Key objective of the standards 2009 see, [www.fairtrade.net/aims\\_of\\_fairtrade\\_standards.html](http://www.fairtrade.net/aims_of_fairtrade_standards.html).) These words are imbued with ideas that narrow the focus of what 'fairtrade' might mean. This becomes visible in the standards where the meaning of the label is made public.

In the study, I have followed FLO's website and documents published on the website since 2006. Furthermore, I have made interviews at FLO and FLO-Cert as well as with representatives of Producer networks from Asia and Africa in 2009. In the section that follows the paper discusses the bureaucratisation of the actual organisation of FLO. The organisation is constantly changing the way it works. There is an ongoing work of defining the organisation in terms of membership, positions and roles needed and the scope of the organisation. The second part of the paper discusses the bureaucratisation process of the fairtrade label. FLO is also constantly redefining its standards and criteria and making them more precise. The conclusions discusses what this means for the organisation for 'fair' markets.

## **The bureaucratisation of FLO**

FLO is physically situated in Bonn, Germany. In their office at Bonner Talweg in Bonn they use two top floors in the four story building. The two floors below are used by FLO-Cert and the ground floor hold meeting rooms and a canteen for the personnel. It is possible to use the building as basis for explaining the organisational changes that the FLO has undergone since 1997.

If the FLO began their work in 1997 it was not until 2004 that the organisation separated the standard setting with the certification of producers and traders. It was then that the FLO was divided into FLO e.V and FLO-Cert. This was partly a result of FLO-Cert becoming ISO 65 Accredited, which states that standard setting and the certifying organisation cannot be the same. Now, FLO-Cert is an independent profit-making organisation that certifies producers and traders according to the FLO e.V standard. However, they are still working together in close contact, which the sharing of the building suggests. It is also not until 2009 that they have been able to rent the whole building. As an organisation in the making FLO e.V rent the two top floors but when I visited them in 2009 they had not staffed all the rooms and hiring was on-going. The case is the same for FLO-Cert that is situated in the two floors below. The FLO-Cert has since they started in 2004 grown from 2 people into 90 people, which also makes visible the increased demand for fairtrade products.

On the ground floor there were in 2009 two big meeting rooms – possible to turn into four small meeting rooms - built. And the meetings and assemblies have grown. The FLO was at the beginning one umbrella organisations for so called LI:s Labelling initiatives<sup>i</sup>, such as Rättvisemärkt in Sweden or Max Havelaar in the Netherlands. In 2007, the producers became members of the FLO. The FLO then added a Producer Network assembly in its organisation scheme in addition to the Labelling initiatives assembly. The Producer Networks consists of three networks<sup>ii</sup> that are organised according to regions: Africa, Asia and Latin America. The Producer Network representatives are, however, working to divide the regions further. There may be several reasons for that. First of all they represent large areas that are difficult to manage by one network in, for example, Africa. Second, it might be advantageous in relation to FLO. Latin America is, for example, already divided into two regions. This means that they have two members in the FLO Board. Asia is moving

towards dividing the region into India and Southeast Asia and Africa into West, East, North and South.

The Producer Networks represent the different countries that are part of Fairtrade's geographical scope that is mainly states from the geographical South<sup>iii</sup>. Any Fairtrade Certified Producer Organisation may join the Producer Network to which they belong. It is important to note that a single producer's product cannot be Fairtrade certified but it has to be a product within a Producer Organisation, such as a co-op or the like. However, this is currently under consideration. Organisationally the Producer Networks meet in the Producer Network Assembly and the Labelling Initiatives meet in the Labelling Initiatives Assembly. They all meet annually in the General Assembly where they mainly decide on membership issues and elect and approve the Board of Directors ([www.fairtrade.net](http://www.fairtrade.net)). The Board of Directors consists of five representatives from the Labelling Initiatives, four representatives from Fairtrade Certified Producer Organizations, two representatives from Fairtrade Certified Traders and three independent experts and they meet about four times a year, at least two of them in Bonn.

In 2002, the FLO developed its own label, which most labelling initiatives use now. The label needed standards developed and FLO e.V was created. The staff of FLO e.V is now divided into a Standards Unit that develops standards, a Producer Services and Relations unit that handles the relations with the producers and the local Liason Officers located in different countries of the geographical scope. There is also the Finance and Central Service Unit that deals with finances and human resources. However, the organisation is growing and new roles and post are constantly developing. Since I made interviews in 2009 the FLO has added four more units: the Strategy & Policy Unit who work to develop strategies and policies to guide the work of Fairtrade globally, the Global Product Management Unit that provides product information, tools and strategies. Furthermore, the Global Account Management Unit that attempts to strengthen the relationships with major business partners and finally a specific Communications Unit that are working with PR and media activities and communications strategies.

The Standards unit is monitored and managed by a Standard Committee that meets about four times a year in Bonn. The Standard Committee consists of members from the Labelling initiatives, the producer networks, traders and independent experts. The Standard Committee used to be more

involved in the details of the standard setting but is now delegating more and more work to the Standard unit, which has grown.

The growth of FLO has resulted in the need to create several other committees that assist the Board of Directors. On the web-site the Nomination committee and the Finance committee are listed. To illustrate the growth of the organisation the Board now also have a governance committee, which deals with terms of references, voting procedures and the like, and an audit committee, which are monitoring the finances of the organisation. Furthermore, a specific team titled the Leadership team was established during 2009/2010 that include a chief executive officer, a chief operating officer, the director of strategy and policy, the director of producer services and relations, the director of standards unit, the director of global resources, the head of global product management, the director of general account management and finally the head of human resources and development.

This short overview illustrates that the FLO e.V and FLO-Cert are truly organisations in the making continuously changing the ways that they work formalising both the organisation and its decision making processes. In the 13 years of its existence the membership has changed dramatically. The organisation has developed an international fairtrade label. The procedures to govern the organisation have become so complex that there is a need to have both a nomination and a governance committee. There have been documents developed such as terms of references, nomination procedures, certification mark manuals and so forth. A new business model 'Making the Difference: The New Global Strategy for Fairtrade', was put forward during the summer 2009. At the same time FLO launched a new web-site, again and again and again. A leadership team was also added to the organisational hierarchy. In the years to come the organisation of the FLO will continue to change significantly. It is visible in the strategy document. Furthermore, it is visible in, for example, the growing list vacancies at both FLO e.V and FLO Cert.

In the spring of 2009 the FLO e.V was hiring Head of Worker Rights & Trade Union Relations, Secondment Fairtrade Label South Africa, Independent board member / chair of the Board, Executive Assistant to the CEO/COO, Liaison Officer for Morocco, Tunisia, Algeria. FLO Cert was hiring Business Implementation Manager, Regional Manager Asia/Australia, Regional Manager Central America, Caribbean and

Mexico, Latin America Certification Manager, Regional Manager Europe II. Most of these posts have not existed before.

In September 2009, FLO e.V was hiring a Director for Global Accounts; a Regional Manager for Africa North, East and West; a Regional Manager for Latin America; an International Licensing Student Assistant; a Global Product Manager for Coffee; a Liaison Officer for Indonesia and Liaison Officer for Thailand, Laos and Cambodia. The posts as liaison officers for Indonesia and Thailand, Laos and Cambodia are new. FLO-Cert was hiring a Quality Management Officer, an Auditor for Europe II /Northern Europe, a Finance Assistant. And a Receptionist which neither FLO e.V nor FLO-Cert had when I visited them in February 2009, which made it a bit difficult to find the persons I was going to interview. I walked around in the building a lot asking around to find the right place.

In autumn of 2010 when this report was published, FLO e.V was only hiring a liason officer for Cote d'Ivoire which might suggest the pace of expansion is slowing down. However, the FLO-Cert was hiring auditors for Madagascar/Island region, Palestine/Middle East and Japan/East Asia; certification analysts for Brazil/South America and Europe as well as a bookkeeper.

### **Bureaucratisation of the fairtrade label**

The standards developed for the label are in constant flux. They are furthered developed and more and more detailed. The definitions attempt to become more and more precise and documents thicker. One example is the generic standards for small producer organisations changed 1 January 2009. At the moment, the standards at FLO are divided into Generic Standards and Product Standards. The generic standards are divided into producer standards and trader standards. The producer standards are divided into standards for small producer organisations, contract production and hired labour. The Product standards are divided into product standards for small producer organisations<sup>iv</sup> and hired labour situations<sup>v</sup>.

All the Standards were overseen during 2008. One reason, stated by an interviewee at FLO, was that the new trader standards needed to be incorporated more clearly into the product standards. The generic standards for hired labour and the standards for small producer organisations were changed during 2008. The new generic standard for hired labour was mainly overseen and came into being 1 December 2008 (replacing the standard from 17 December 2007, replacing the standard from 1 March



2007 and so on). The new generic standard for small producer organisations included more substantial changes. First of all the name was changed from small farmer organisations to small producer organisations. One consequence was that the definition of what a small producer organisation is changed significantly. In the 17 December 2007 version the following is stated:

‘By small producers are understood those that are not structurally dependent on permanent hired labour, managing their farm mainly with their own and their family’s labour-force’

In the 1 January 2009 version, the definition of a small producer organisation was half a page long and included a general small producer definition and a specific small producer definition<sup>vi</sup>. It specified the difference between products that are not highly labour dependent and products that are. For example, a producer who farm products that are not highly labour dependent should not be structurally dependent on permanent hired labour. A producer who grow products that are highly labour may have permanent hired labour, but the farm size have to be a specific hectare per crop and the farmer needs to spend most of her/his time on their own farm and so forth.

Another example of the bureaucratisation process of the fairtrade standards is the structure of the document. The previous version and the new version both have the same categorisations of ‘social development’, which in this case includes: Fairtrade adds Development Potential, Members are Small Producers, Democracy, Participation and Transparency and finally Non-Discrimination. However, the new version is much more detailed. One example is the minimum requirements for Democracy Participation and Transparency. In the old version it is stated:

‘An organizational structure is in place which enables effective control by the members. There is a General Assembly with direct or delegated voting rights for all members as the supreme decision-taking body, and an elected Board. The staff answers to the General Assembly via the Board. The organization holds a General Assembly at least once a year. The Annual report and accounts are presented to an approved by the General Assembly Administration is in place.’

The new version is almost a page long<sup>vii</sup> explaining, for example, that the meetings of the General Assembly must be properly minuted and signed by the President of the Board, that at least one person is responsible for managing the organizational administration and book-keeping and that the organisation needs to have a bank account. As part of the bureaucratisation process of the standards the wordings and definitions become more and more important. It is part of an effort to make the document more precise and less open to interpretation. Another example is the non-discrimination where the previous version stated that:

‘The organization does not discriminate against members or restrict new membership on the basis of race, colour, sex, sexual orientation, disability, marital status, age, religion, political opinion, language, property, nationality, ethnicity or social origin. Furthermore, there must be no discrimination regarding participation, voting rights, the right to be elected, access to markets, or access to training, technical support or any other benefit of membership.’

And the new version explains what it means by adding:

‘Discrimination is making an unfair distinction in the treatment of one person over another on grounds that are not related to ability or merit.

Where particular forms of discrimination exist within an economic sector or geographical region, the organization is expected to show progress towards removing them.

Who may become a member of an organization, and the process for joining, must be made explicit in the constitution and/or the statutes. These may not include restrictions that discriminate against particular social groups on the grounds listed in the standard.’

In August 2009, the generic standard for small producer organisations was amended again. This time it was only a minor change, but the change indicates that there are many different versions of the standards around and that there will be changes in the future. A new clause was included in the beginning of the document:

#### 0.8 Monitoring of amendments

Fairtrade Labelling Organizations International (FLO) e.V. reserves the right to amend Fairtrade Standards in accordance with FLO’s Standard Operating

Procedures ([http://www.fairtrade.net/setting\\_setting\\_the\\_standard.html](http://www.fairtrade.net/setting_setting_the_standard.html)).

Requirements of Fairtrade Standards may be added, deleted, or otherwise modified. Those who have to meet Fairtrade Standards are required to monitor pending and finalized revisions on FLO's website.

Fairtrade Certification ensures the compliance with Fairtrade Standards. Revision of Fairtrade standards may lead to a change in the requirements of Fairtrade Certification. Those who wish to be certified or have already undergone certification are required to monitor pending and finalized certification policies and compliance criteria on FLO-CERT's website <http://www.flo-cert.net>.

And this was also what happened. The 1 February 2010 a new round of changing the whole standard began. In the summer of 2010, there have been stakeholder consultations regarding the standards. The New Standards Framework, as it is named by FLO, is planned to come into force in January 2011. As the name indicates the whole framework is changing. The generic draft standards are divided into four different producer and trader categories: Small producer organisations, hired labour, contract production and trade. The categorisations are the same as before, but the content of the standards are in the process of changing both in structure and in content. A comparison of the structure of the current generic standard and the draft generic standard for small producer organisations show that there are substantial changes going on:

<b>Current version 15.08.2009</b>	<b>Draft version 15.08.2010</b>
1. Social development	1. Trade
1.1 Fairtrade adds to Development	1.1 Traceability
1.2 Members are Small Producers	1.2 Contracts
1.3 Democracy, Participation and Transparency	2. Production
2. Socioeconomic Development	2.1 Internal Management System
2.1 Fairtrade Premium	2.2 Environmental Protection
2.2 Economic Strengthening of the Organization	2.3 Labour standards
3. Environmental Development	2.3.1 <i>Freedom from discrimination</i>
3.1 Impact Assessment, Planning and Monitoring	2.3.2 <i>Freedom of labour</i>
3.2 Agrochemicals	2.3.3 <i>Freedom of Association and collective bargaining</i>
3.3 Waste	2.3.4 <i>Conditions of Employment</i>
3.4 Soil and Water	2.3.5 <i>Occupational Health and Safety</i>

3.5 Fire	3. Business and Development
3.6 Genetically Modified Organisms (GMO)	3.1 Social Development
4. Labour Conditions	<i>3.1.1 Development Potential</i>
4.1 Employment Policy	<i>3.1.2 Democracy, Participation and Transparency</i>
4.2 Freedom from Discrimination	<i>3.1.3 Non-discrimination</i>
4.3 Freedom of Labour	3.2 Economic Development
4.4 Freedom of Association and Collective Bargaining	<i>3.2.1 Fairtrade Premium</i>
4.5 Conditions of Employment	3.3 Environmental Development
4.6 Occupational Health and Safety	(see separate GES review)

As can be seen in the table above most of the headings in the current standard have been put under the heading of Business and Development in the draft standard, except for Labour Conditions that are included under the heading Production in the draft standard. What has happened? The FLO themselves argue that the changes in the standard are made because they want to: 'highlight specific Fairtrade features (Business and Development standards) and to facilitate future benchmarking and recognition of other labels (Production standards, Trade standards)' (Guide to NSF Consultation)<sup>viii</sup>.

They also want to give: '...more space for self-determination of producers, providing tools for selfdetermination of development paths, adapted to their individual producer situations (Business and Development Plans)' (Guide to NSF Consultation). This has resulted in the move of certain aspects in the standard into the so-called Business and development plan. In an effort to involve and leave some of the decisions to the producers some of the requirements are now suggested to be in the Business and Development Plan that the producer organisations now have to write. However, it is not completely left to the certified organisations to decide what they want to write in the Business and Development Plan. When writing the Business and Development Plan the producers should take into account the ideas under 'potential development' that was part of the minimum requirements before. One such example is under the heading of Democracy, Participation and Transparency. One suggested change is as follows. Instead of 'Administration is in place' the minimum requirement now reads:

'Minimal administration is in place, enough to account for receipt and use of Fairtrade benefits.'

The explanatory text in the document from 15 August 2009 is now moved to a new category: *Potential development*. Slightly changed, the explanatory text that is moved into Potential Development read:

~~‘Participating in Fairtrade requires that the organization has an adequate administration. Administration is strengthened.~~ There is at least one person (or committee) in the organization responsible for managing the organizational administration and book-keeping. The organization also needs to have a bank account with usually more than one signatory. The official records and documentation of the organization must be maintained in a central place and be accessible to all members’ (Draft standards 15 August 2010).

Another example is under the same heading of Democracy, Participation and Transparency. The draft standard now reads:

‘An organizational structure that is in place which enables effective control by the members. There is a General Assembly with direct or delegated voting rights for all members as the supreme decision-taking body, ~~and an elected Board. The staff answers to the General Assembly via the Board.~~’ (Annex 1a SPO<sup>ix</sup>)

The part that is crossed over is no longer mandatory for certification, but they are still considered good guidance when writing the Business and Development Plan. The FLO has also set up draft Business and Development Lists for there different generic standards such as the one for Small Producer organisations. It is organised into three headings: Sustainable livelihoods, Empowerment and Making trade fair<sup>x</sup>. The producer organisations have to explain how the attempt to achieve progress according to prescribed guide. The same goes for the mandatory Environmental Plan and the Biodiversity Plan.

In this way, the actual standard is made less strict in its reading, but at the same time the bureaucratisation process has continued by inventing new categories and making the language more precise. The same goes for the different plans the small producer organisations have to develop in order to be part of the standard. In an effort to involve and leave some of the decisions to the producers some of the requirements have been moved to the so-called Business and Development Plan that the producer

organisations have to write. These are now considered good guidance but they are no longer mandatory for certification. However, to write a Business Plan is mandatory, where the producer organisations have to explain how they attempt to achieve the progress requirements of the standard. They also have to produce an Environmental Plan and a Biodiversity plan. The pile of administrative work is growing.

### **Conclusion: Organisation for fair markets through bureaucratisation**

In this report focus has been placed on the bureaucratisation processes taking place at the FLO both within the organisation and of its product the fairtrade label. I show how the bureaucratisation processes pushes the idea of fair trade through a filter of procedures. There are fair trade standards formulated and they are governed by particular steering groups and committees. There is an ongoing work to divide and categorise the organisation into different units and departments, tasks and roles. In the formalisation process it is determined who makes decisions and how decisions are made and in that way affects what fair trade might mean. Furthermore, there is increased formalisation in the processes of applying and receiving the Fairtrade label determining who may receive the fairtrade label and what products may be fairtrade labelled.

The Fairtrade label is also becoming more and more precisely defined through the changes in the standards. Existing documents are revised in the effort to make the standards more precise and less open to interpretation. Explanatory documents and training manuals are developed to be used to understand the standards. New standards are developed in an attempt to make the categorisations of actors clearer from only being about 'small farmers' to now include 'small producer organisations', 'hired labour' and 'traders'. Policy documents such as 'Standard operating procedure Development of Fairtrade standard' or 'Standard operating procedure Complaints against Fairtrade standard'. The pile of written documents explaining what the FLO and the fairtrade label is all about is getting higher and higher.

Finally, the meaning of the fairtrade label is then made public through the standards documents on the FLO website and in the process of receiving the fairtrade label. It is similar to the weberian notion of the achieved written document. The ideas presented in these documents will guide future definitions of what fair trade may be about. It is possible to argue that the scope of what 'fairtrade' might mean is considerably narrower now than before and there are reasons to believe that the

processes of bureaucratisation will continue by FLO. They will most likely carry on their search for the 'best' organisation for FLO and the 'best' precisely defined universal standard for 'fairtrade'. On the one hand, it is central that the FLO standards reflect how FLO wants to organise for fair markets. From their perspective, it is crucial that they continue in the search for what they believe is the best fairtrade standard to organise for fair markets. This is also inline with what most organisations do. Most organisations continuously re-organise in search of the best way to organise both in form and content (Brunsson & Olsen 1993).

On the other hand, the continued formalisations and precisions mean that FLO is organising the producers and traders of fairtrade goods more and more closely. There are asymmetric power relations that may be explored further in reference to this. The bureaucratisation process has practical consequences for the producer organisations. The producers are regulated, re-regulated and re-regulated again by the different fairtrade standards. Sometimes the precision of a standard is welcome, as one representative of the producers explained, because, at best, it makes it easier to understand what is sought for. Still, the constant changes make it difficult for the producers and traders to know that they follow the up to date standard. It makes it difficult to plan ahead. It also makes it difficult to affect the future changes in the standards if the decision making hierarchies and the organisation of FLO are also regularly changing. In the end, the bureaucratisation process might even undermine the whole process of organising for fair markets.

## References

- Ahrne, Göran 1989. *Byråkratin och statens inre gränser*, Stockholm: Rabén & Sjögren
- Ahrne, Göran & Nils Brunsson. 2008. *Meta-organizations*. Edward Elgar: Cheltenham UK
- Barnett, Michael & Martha Finnemore. 2004. *Rules for the World. International Organizations in Global Politics*. London: Cornell University Press.
- Brunsson, Nils & Johan P. Olsen. 1993. *The Reforming Organization*. London: Routledge.
- Brunsson, Nils & Bengt Jacobsson. 2000. *A World of Standards*. Oxford: Oxford University Press

- Boltanski, Luc & Chipello, Eva. 2007. *The New Spirit of Capitalism*. London: Verso Books
- Gallie, Walter. B. 1956. Essentially Contested Concepts. *Proceedings of the Aristotelian Society, New Series*, 56:167-198.
- Handelman, Don. 2004. *Nationalism and the Israeli State. Bureaucratic Logic in Public Events*. Oxford: Berg
- Raynolds, Laura et al. 2007. *Fair Trade. The Challenges of Transforming Globalisation*. London: Routledge
- Renard, Marie C. 2003. Fair Trade: quality, market and conventions. *Journal of Rural Studies*, 19:87-96.
- Weber 1958[1946]. From Max Weber: *Essays in Sociology*. Translated, Edited, with an Introduction by H.H. Gerth and C. Wright Mills. New York: Oxford University Press.
- Williams, Raymond. 1976. *Keywords*. London: Fontana.



---

## Endnotes

<sup>i</sup> List of Labelling Initiatives in August 2010: **Full members:** Fairtrade Labelling Australia and New Zealand, Fairtrade Austria, Max Havelaar Belgium, TransFair Canada, Max Havelaar Denmark, Fairtrade Estonia, Estonia, Reilun kaupan edistämissyhdistys, Finland, Max Havelaar France, Transfair Germany, Fairtrade Mark Ireland, Fairtrade TransFair Italy, Fairtrade Label Japan, Fairtrade Lativa, Latvia, Fairtrade Lithuania, Lithuania, TransFair Minka Luxembourg, Stichting Max Havelaar Netherlands, Fairtrade Max Havelaar Norway, Asociación para el Sello de Comercio Justo Spain, Rättvisemärkt Sweden, Max Havelaar Stiftung Switzerland, Fairtrade Foundation UK, TransFair USA Fairtrae Marketing Organizations: Fairtrade Label South Africa, The Czech Fair Trade Association Czech Republic **Associate members:** Comercio Justo Mexico, Fairtrade Label South Africa (see [www.fairtrade.net](http://www.fairtrade.net)).

<sup>ii</sup> **Producer Networks** are organisations which Fairtrade Certified Producer Organisations may join if they so wish and which are recognised by FLO as the representative body of farmers, workers and others belonging to Fairtrade Certified Producer Organisations. In August 2010, there were three producer networks in the three continents, Africa, Asia and Latin America, where Fairtrade Certified Producers Organisations are: African Fairtrade Network (AFN) founded in 2004, Coordinadora Latinoamericana y del Caribe de Comercio Justo (CLAC) founded in 1996, Network of Asian Producers (NAP) founded in 2005 (see [www.fairtrade.net](http://www.fairtrade.net)).

<sup>iii</sup> **List of geographical scope in August 2010: AFRICA: *Eastern Africa:*** Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Rwanda, Seychelles, Somalia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe ***Middle Africa:*** Angola, Cameroon, Central African Republic, Chad, Congo, Congo Democratic Republic, Equatorial Guinea, Gabon, Sao Tome and Principe ***Northern Africa:*** Algeria, Egypt, Libyan Arab Jamahiriya, Morocco, Sudan, Tunisia ***Southern Africa:*** Botswana, Lesotho, Namibia, South Africa, Swaziland ***Western Africa:*** Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Saint Helena, Senegal, Sierra Leone, Togo

**AMERICAS (Latin America and the Caribbean) *Caribbean:*** Anguilla, Antigua and Barbuda, Barbados, Cuba, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Montserrat, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos Islands ***Central America:*** Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama ***South America:*** Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela (Bolivarian Republic of)

**ASIA *Central Asia:*** Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan ***Eastern Asia:*** China\*, Democratic People's Republic of Korea, Mongolia ***Southern Asia:*** Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, Sri Lanka ***South-Eastern Asia:*** Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Thailand, Timor-Leste, Viet Nam ***Western Asia:*** Armenia, Azerbaijan,

---

Georgia, Iraq, Jordan, Lebanon, Occupied Palestinian Territory, Oman, Saudi Arabia, Syrian Arab Republic, Yemen.

**OCEANIA *Melanesia*:** Fiji, Papua New Guinea, Solomon Islands, Vanuatu ***Micronesia*:** Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau ***Polynesia*:** Cook Islands, Niue, Samoa, Tonga, Tuvalu, Tokelau, Wallis and Futuna Islands (see [www.fairtrade.net](http://www.fairtrade.net)).

<sup>iv</sup>**List of products Small Producer Organisations in August 2010:** Bananas, Cocoa, Coffee, Dried Fruit, Fresh vegetables, Fresh Fruit (except bananas), Fruit juices, Gold, Herbs and Spices, Honey, Nuts and Oil Seeds, Quinoa, Rice, Seed Cotton, Soybeans and Pulses, Cane Sugar, Tea, Timber, Wine grapes.

<sup>v</sup>**List of products Hired Labour in August 2010:** Bananas, Flower and Plants, Fresh Fruit (except Banana), Fruit Juices, Sportballs, Tea, Wine grapes.

## <sup>vi</sup> **0.5 Definitions**

### **General Small Producer Definition**

For the purposes of these standards, typical small producers are described in the following way: The producer's labour and that of their family members constitutes a significant proportion of the total agricultural labour undertaken on their farm. Most of the producer's working time is spent undertaking agricultural work on their own farm. Revenues from the producer's agricultural activities constitute the major part of their total income. The capital, assets and infrastructure required for agriculture are such that collective marketing is necessary in order to sell to the target market.

### **Specific Small Producer Definitions**

Based on this generic definition of small producers, two product-specific category applications are derived:

#### **1. Products that are not (highly) labour dependent**

This product category is applicable to the following Fairtrade products: **cocoa, coffee, herbs and spices, honey, nuts and oilseeds, quinoa, rice, seed cotton, soybeans and pulses**. For this product category the following small producer definition is applicable: Small producers are understood as those that are not structurally dependent on permanent hired labour and that are managing their farm mainly with their own and their family's labour.

#### **2. Products that are (highly) labour dependent**

This product category is applicable to the following Fairtrade products: **bananas, cane sugar, dried fruit, fresh fruit, fresh vegetables, fruit juices, tea, and wine grapes**. For this product category the following small producer definition is applicable: Small producers are understood as those who meet **all** of the following criteria: The number of permanent hired workers does not exceed a specific factor per hectare per crop, as defined by the certification

---

body in its compliance criteria. Most of their working time is spent undertaking agricultural work on their own farm. Revenues from their agricultural activities constitute the major part of their total income. The production area under cultivation is below or at the level of the average range of farm size in the district or region.

vii **1.3.1 Minimum requirements**

An organizational structure is in place which enables effective control by the members. There is a General Assembly with direct or delegated voting rights for all members as the supreme decision-taking body, and an elected Board. The staff answers to the General Assembly via the Board.

*Fairtrade wants to work with organizations that see themselves as a tool for supporting the social and economic development of small producers. The way in which an organization works can be a key factor in supporting development. Members must be enabled to participate in free, fair and transparent Board elections and to become involved in discussions about major decisions. Where the organization considers it appropriate, an elected delegate system can be put in place. The certification body will check whether the organization abides by its own stated rules and regulations (constitution, by-laws and internal policies, including the election processes).*

1.3.1.2 The organization holds a General Assembly at least once a year.

*The General Assembly is the supreme decision-making body of the organization. It is intended to enable all members to hold the organization's Board and staff accountable for their activities, and to participate in defining the future strategies and activities of the organization. For the General Assembly to function effectively, it must meet at least once a year. The meetings must be properly minuted, signed by the President of the Board and at least one other member, and recorded. The minutes must contain a list of participants. The organization must communicate the plans for the General Assembly in such a way as to reach all the members in time.*

1.3.1.3 The organization's annual report, budgets and accounts must be presented to and approved by the General Assembly.

*This is a requirement common in most legal regulations for organizations of this kind. For members to be able to hold the organization's Board and staff accountable, the presentation and approval of the annual report and the accounts during the General Assembly are essential.*

1.3.1.4 Administration is in place.

*Participating in Fairtrade requires that the organization has an adequate administration. There is at least one person (or committee) in the organization responsible for managing the organizational administration and book-keeping. The organization also needs to have a bank account with usually more than one signatory. The official records and documentation of the organization must be maintained in a central place and be accessible to all members.*

---

<sup>viii</sup> Available at the FLO's website [www.fairtrade.net](http://www.fairtrade.net) under the heading Standards-Standards in progress visited 2010-12-07. Copy in author's possession.

<sup>ix</sup> Available at the FLO's website [www.fairtrade.net](http://www.fairtrade.net) under the heading Standards-Standards in progress visited 2010-12-07. Copy in author's possession.

<sup>x</sup> The Business and Development List for Small Producer Organisations is available at the FLO's website [www.fairtrade.net](http://www.fairtrade.net) under the heading Standards-Standards in progress visited 2010-12-07. Copy in author's possession