

## THE INNOVATION OF THE FAIR TRADE MOVEMENT TO FOSTER SUSTAINABILITY AIMS

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### RESUMO

Grande parte da conscientização da sociedade em relação aos objetivos de desenvolvimento sustentável foi fomentada pelos programas das Nações Unidas (ONU), organizações não-governamentais e movimentos sociais que eles inspiraram. Dentro do fluxo de mudanças sociais ocorridas após a Segunda Guerra Mundial, a iniciativa de comércio justo inovou como movimento social, oferecendo um modelo de comércio internacional para fazer a diferença na vida dos produtores. As principais organizações de comércio justo trouxeram valores de responsabilidade social ao abordar metas como o alívio da pobreza; redução das desigualdades de mercado Norte-Sul; proteção do meio ambiente; condições justas de trabalho; promoção do consumo e produção responsáveis; e segurança alimentar. Atendendo a esses objetivos, o movimento de comércio justo pode ser alinhado aos Objetivos de Desenvolvimento Sustentável (ODS) estabelecidos pela ONU em 2015; e com as três dimensões da sustentabilidade. Essas sinergias podem ser demonstradas nos relatórios de responsabilidade social e sustentabilidade das organizações de comércio

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justo. Os materiais e métodos deste artigo incluíram uma revisão dos relatórios de responsabilidade social corporativa e sustentabilidade das principais organizações de comércio justo desde 2000 até a presente data. Os resultados mostram uma consistência entre os termos comuns aos objetivos relatados sobre o comércio justo e os ODS. Uma análise comparativa indica o espectro de tópicos de sustentabilidade abordados progressivamente pelo movimento de comércio justo desde pelo menos o ano 2000. Esta revisão pode contribuir para orientar políticas governamentais e empresas com foco social para promover metas de sustentabilidade por meio de inovações nos sistemas alimentares, contribuindo para uma agricultura sustentável e o desenvolvimento rural.

**Palavras-chave:** Sustentabilidade. Relatórios de Responsabilidade Social. Comércio Justo. Inovação Comercial. Sistemas Alimentares. Mudança Social.

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### ABSTRACT

Much of the awareness in society towards sustainable development objectives has been fostered by United Nations (UN) programmes, non-governmental organisations and social movements they have inspired. Within the stream of social change occurred after the second world war, fair trade initiative innovated as a social movement by offering an international trade model to make difference in producers' lives. Mainstream fair trade organisations carried social responsibility values of addressing targets such as poverty alleviation; reducing market inequalities North-South; protecting environment; enabling fair work conditions; promoting responsible consumption and production; ensuring food security. Given these objectives, fair trade movement can be aligned with the Sustainable Development Goals (SDGs) set by UN in 2015; and with the triple bottom line of sustainability. Those synergies can be demonstrated across fair trade organisations' social responsibility and sustainability reports. Materials and methods of this paper included a review of the corporate social responsibility and sustainability reports of the mainstream fair trade organisations from 2000 to date. Findings show a consistency among terms common to the fair trade reported aims and the SDGs. A comparative analysis indicates the spectrum of sustainability topics progressively addressed by the fair trade movement since at least 2000. This review may contribute to guide government policies and socially focused businesses to foster sustainability goals through innovations within food systems, to attain a sustainable agriculture and rural development.

**Key words:** Sustainability. Social Responsibility Reports. Fair Trade. Trade Innovation. Food Systems. Social Change.

## 1 INTRODUCTION

Much of the awareness in society towards sustainable development objectives has been fostered by United Nations (UN) programmes, non-governmental organisations (NGOs) and several social movements they have inspired. Changes in citizens' mindset and behaviour relating to sustainability practices grew out of earlier fears about nuclear weapons use, and concerns of environmental impacts caused by the overuse of agricultural chemicals from the 1960s onwards (Lutts, 1985).

Della Porta discusses in length the emergence of grassroots' social movements and political activism since the 1940s in the wave of rapid transformations the world experienced after the Second World War (Della Porta & Diani, 2009). In this broad social environment, the increasing attention given to sustainability influenced all human interactions including consumption. This influence does not come as a surprise considering authors such as Castells (1983); Ekins (1989); and Tallontire, Rentsendorj & Blowfield (2001) who point out that consumerism – a term which carries a political view on consumption – is an important arena that reflects social change. Consumption related to sustainability and fair trade is an interdisciplinary area receiving significant attention predominantly from the 1980s onwards (Auger, Burke, Devinney et al., 2003; Barnett, Clarke, Cloke et al.; Malpass, 2005; Carrigan & Attalla, 2001; De Pelsmacker, Driesen, & Rayp, 2005; De Pelsmacker & Janssens, 2007; Didier & Lucie, 2008; Ozcaglar-Toulouse, Shiu, & Shaw, 2006; Raynolds & Bennett, 2015).

Within this stream of social change occurred, fair trade initiative innovated as a social movement by offering an international trade model to make difference in (small) producers' lives (from developing countries). Moore (2004) highlights the aspect of Fairtrade as a tool for social change. According to Fairtrade Foundation, Fairtrade “challenges the conventional model of trade and offers a progressive alternative for a sustainable future” (FF, 2001, p. 13). This definition is unfolded into the conception that “Fairtrade changes the way trade works through better prices, decent work conditions and a fairer deal for farmers and workers in developing countries” (FLO, 2016-2017, p. 5).

As confirmed by Fairtrade International: “Fairtrade's unique holistic approach to sustainability carefully balances the long-term economic, environmental and social

conditions faced by farmers and workers” (FLO, 2010-2011, p. 7). This sustainability approach can be seen in line with Baumgartner’s perspective about sustainable development when the author states that “sustainable development is about enhancing the possibilities for improvement in the quality of life for all people on the planet and is about respecting and living within the limits of ecosystems” (Baumgartner, 2011, p. 785). This wave of change accrued support from consumers, who have found an accessible channel to express their values and concerns.

A sign of the wide support to ethical consumerism can be seen, for instance, in a 2015 survey of consumer behaviour undertaken worldwide. This survey found that 76% of 28,000 consumers from all continents responded that in their opinion “brands and companies have to be environmentally responsible” (GfK, 2015), p.7). The steady growth of fair trade revenues reported by Fairtrade Labelling Organization (FLO 2003-2004 to FLO 2016-2017), for instance, can be taken as an indicator of the positive response from consumers to this type of ethical trade system. While fair trade uses market mechanisms; at the same time, it challenges the market assumption that prices should merely reflect supply and demand. The fair trade movement proposes that trade should be fair and that the gains from their proposed higher prices and premiums for producers in exchange for goods produced according to socioeconomic and environmental standards should be used to address a set of sustainable development actions. The proposal is of a virtuous cycle.

A significant segment of consumers is willing to pay the fair price for goods that are produced, distributed and traded within the fairness standards given the continuous increasing rate of Fairtrade revenues as per Fairtrade International report 2016-2017. The fair trade movement is growing in revenues by reaching global markets and the movement stands for the aim of extending its positive sustainability impacts, according to the Fairtrade International annual report 2010-2011: “broadening the reach” and “deepening the impact” (FLO, 2010-2011, p. 5) is a guide for Fairtrade actions. Scholars and researchers have been raising the discussion about the impacts of this movement, either the positive and negative ones.

This study reviews and tracks the appearance and approach of the fair trade movement towards sustainable development values across their self-reported aims, vision, mission, actions and initiatives since the annual reports, corporate social

responsibility reports, and sustainability reports started being released by the mainstream fair trade organisations. A brief introductory literature review of fair trade movement gave context to the present study so the innovation of this trade alternative can be understood. However, a closer examination of fair trade reported practices and case studies would allow for more robust responses to future food security and climate change challenges present in our society.

Pressing concerns brought by climate change require designing better food production and distribution systems, given the scarcity of water and energy and their roles to run food systems within conventional agriculture and trade models. Government policymakers may draw from the fair trade framework to attain agriculture and rural development models for food systems within a sustainability paradigm (Ribeiro-Duthie, 2019). Supplementary, positive and negative criticisms of the fair trade system are discussed to contribute as potential source for policymaking and decision-making processes related to food systems.

## 2 METHODOLOGY

The materials and methods of this study included a systematic review of the corporate social responsibility (CSR) reports, sustainability reports, and financial reports of the mainstream fair trade organisations, such as Fairtrade International (FAIRTRADE) or Fairtrade Labelling Organization (FLO); Fairtrade Foundation (FF); and World Fair Trade Organization (WFTO). This review ranged from 2000 to 2017 according to the availability of reports.

Table 1: Fair trade organisation's reports reviewed. A complete list of reports is available at annex 1.

Fair Trade Organizations	Period	Number / Type
Fairtrade Labelling Organization / Fairtrade International	From 2003-2004 to 2016-2017	13 Biennial Reports
Fairtrade Foundation	From 2000 to 2017	16 Reports (Annual or Biennial Reports, Corporate Social Responsibility Reports)

World Fair Trade Organization	From 2007 to 2016	10 Annual Reports
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Keywords related to the SDGs were cross-referenced to the terms present in the respective fair trade organisations' reports. The set of keywords as well as their associated terms were compiled from the UN SDGs Knowledge Platform for this review and analysis, and they are listed in table 2.

Table 2: Keywords and associated terms to the respective SDGs.

SDG	Keywords	Associated terms
SDG1	Poverty	poverty alleviation, reduction, eradication
SDG2	Hunger	end hunger; food security; sustainable agriculture; rural development
SDG3	Health	ensure health; well-being
SDG4	Education	quality education; lifelong learning
SDG5	Gender Equality	empower women; balanced gender inclusion
SDG6	Water	water for all; water management; sanitation
SDG7	Energy	access, affordable, sustainable energy
SDG8	Work, Economic Growth	decent work conditions; unemployment; stable income; economic return; job opportunity; WHS*
SDG9	Industry, Infrastructure, Innovation	resilient industrialization; sustainable infrastructure; innovation; innovative solutions
SDG10	Inequality	reduce inequality; trade impairment; North-South inequalities
SDG11	Cities, Communities	sustainable cities; sustainable communities; resilient urban setting
SDG12	Consumption, Production	responsible production; responsible consumer; ethical trade
SDG13	Climate Change	climate action; fight climate change; combat climate impacts; sustainability
SDG14	Ocean, Sea, Marine Resources	water resources; protect oceans; protect seas; protect environment; sustainable use of water; biodiversity
SDG15	Land	earth; planet; protect environment; ecosystems; biodiversity
SDG16	Peace, Justice, Institutions	inclusive societies; access to justice; fair treatment; accountable institutions; responsible business
SDG17	Partnerships for SD	Strengthen partnerships for SD

Source: UN SDG Knowledge Platform. Table built by authors. \*WHS: Work, Health and Safety.

The reports based exclusively on national initiatives were not included in this review as they could bias the results or replicate some findings, given that FLO and

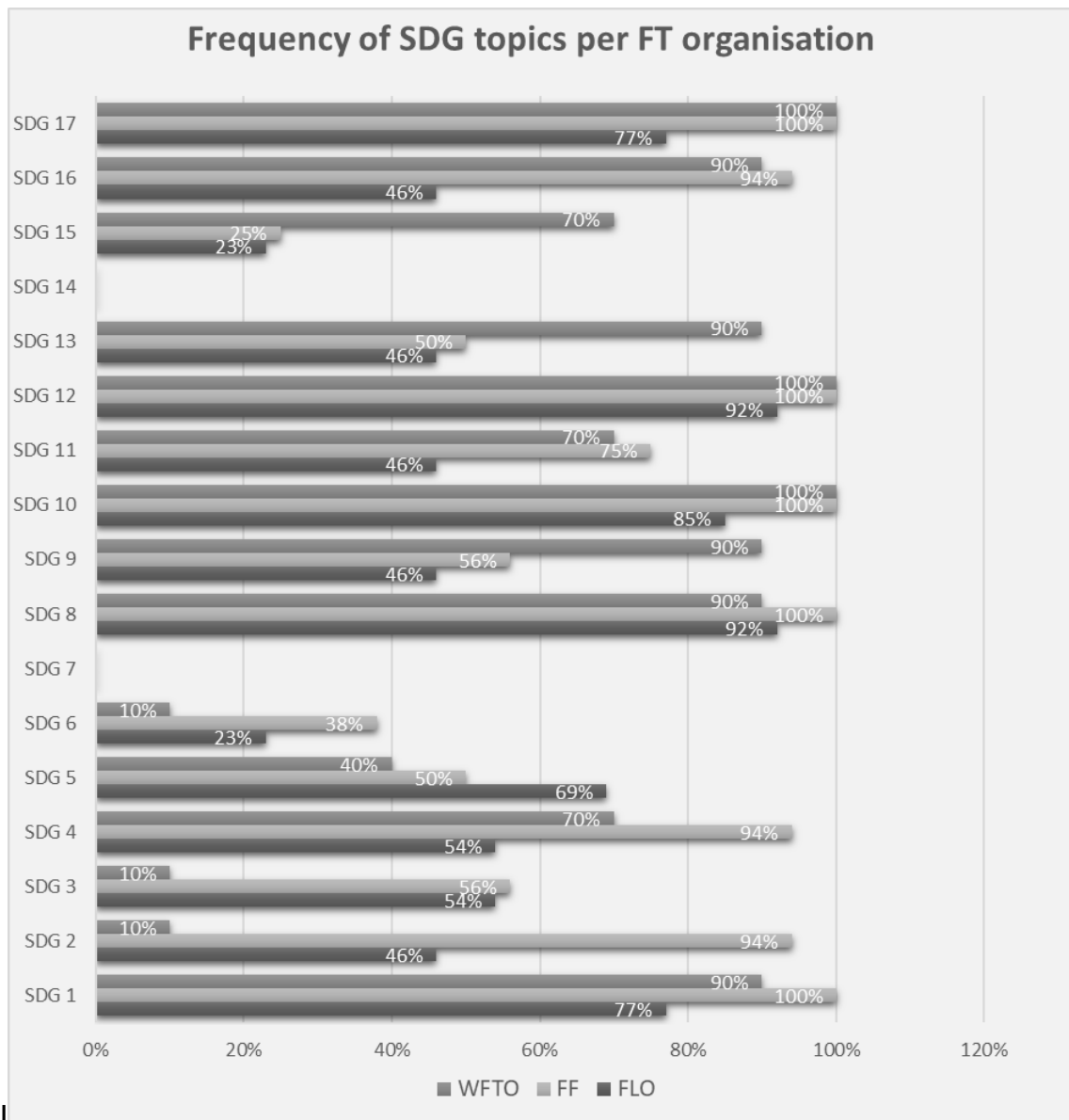


WFTO already include a great number of national organisations membership. And data for different countries already appear in the global and general reports. The same criterium applies for non-selection of case studies given that findings from such source could replicate the same initiatives across different documents. Hence, they were out of the scope of the present article. The intent was to map the appearance of SDG topics throughout fair trade global reports along the years.

### **3 RESULTS**

Data collected for this preliminary analysis demonstrates that topics which are addressed by the 17 SDGs somehow have been considered by Fairtrade and fair trade organisations in various forms since 2000. Results pointed out that there is a relation between terms common to the Fairtrade and fair trade reported aims or principles and UN SDG targets as well as the previous UN Millennium Goals. As the term SDG was not coined nor released before 2015, it cannot be stated that the terms are the same or consistent to reports released in the early 2000's. But the keywords and associated terms (refer to Table 2) that each SDG encompasses were found since 2000 throughout the reports analysed. Considering the total period each fair trade organisation provided reports, the graph as per figure 1 shows how often each SDG and the associated terms (as per table 2) was addressed or referred to.

Figure 1: How often each SDG topic was addressed by fair trade organisations during the period their reports were available.



Source: Comparative analysis of findings from this study.

#### 4 DISCUSSION

Given that the majority of fair trade commodities are foods, and due to the stringent requirements of the ethical production and consumption model proposed by fair trade, their standards can work as a framework for agriculture and rural development (Ribeiro-Duthie, 2019). Hence, contribute to avoid rural exodus caused by unemployment – a common challenge of remote localities in least developed and



developing countries. This can be enabled through partnerships for sustainable development with government agency, UN, NGOs, producers' networks, and private companies. This is clearly recognised by FF and WFTO as per figure 1.

Data on fair trade production was compiled and they show outcomes on a range of the SDGs, such as higher income associated to improvement in livelihoods and empowerment of small-scale farmers from developing countries. The extension of those outcomes to attain social change requires further assessment. Future directions for investigation points towards the need for longitudinal impact assessment studies of the fair trade movement to analyse how the sustainable development actions have been attained to date. However, it is of note that some literature on fair trade has been exploring signs of impacts and outcomes of the movement. According to some scholars, "there is considerable potential for government to support companies' efforts to be more responsible and thereby increase consumption of products with ethical characteristics" (Tallontire, Rentsendorj & Blowfield, 2001, p. 27). Other authors highlighted the role of government to support small farmers capacity for rice production, thus attaining fair trade requirements and its potential benefits (Makita & Tsuruta, 2017; Carlisle, 2016; Udomkit & Winnett, 2002). Reflection on the possible roles of the fair trade movement may contribute for designing and decision-making processes in regard to private and public policies.

On the other hand, the trend initiated within the fair trade movement in the last decade of approaching large scale businesses to mainstream the fair trade movement is analysed by some authors as a potential paradox. Such relations may threaten the original fair trade proposal of addressing inequalities and empowerment of small scale producers in a fair trade relation. Whether the fair trade scheme related to food production and distribution is taken as a model for rural and agriculture development, due diligence is necessary given the risks of dilution of the original innovative proposal of fair trade for reducing inequalities North-South through trade relations (Le Mare, 2008; Moore, 2004; Renard, 2003; Redfern & Snedkern, 2002). In our perspective, the same stringency applied to small-scale farmers must be required from large corporations that the fair trade movement is dealing with to gain larger markets. Therefore, drawing from the previous analysis about risks of mainstreaming fair trade, we recommend not bypassing robust ethical standards to facilitate support from large

corporations; and keeping transparency. Fairtrade has sold itself as a fair alternative to least developed and developing countries that were being punished by protectionism of developed economies (FLO 2004-2005). This approach raised obstacles for fairer trade agreements with potential to pave pathways for sustainable development. Nowadays, one of the targets of the SGG 10 set by UN is expressed at the “zero tariff access for export”. It appears that the power relations in trade have chances to be balanced and the potential for social change of fair trade cannot be lessened.

From figure 1 findings and mapping, it can be stated that the global sustainable future for 2030 proposed by UN has been present in the vision and agenda of the fair trade movement for at least two decades. Although these findings may sound encouraging about the fair trade initiative, longitudinal studies with different methods could further assess the potential correlation between the SDGs mentioned and benefits to the respective targeted populations. Further qualitative analysis would allow assessments considering the context where the terms appear; help to demonstrate outcomes and failures; show how the issues have been addressed; and how findings may be interpreted. This whole framework would allow for social change evaluation, which was out of the scope of the present study. It seems that further study on the standards approaches of fair trade from inside the movement – for instance comparing FLO and WFTO – could clarify governance aspects. Still, this preliminary study considered CSR and annual reports as barometers to indicate the organisation’s focus and targets towards sustainable development.

A final answer on how sustainable is the fair trade model requires further impact assessment and long-term research. It also requires including the myriad of fair trade organisations that have joined the movement. The present challenge appears to be how to grow assuring the innovation to developing and developed economies, assuring better standards, better prices, fair trade relations and agreements, keep the interest of great traders without exacerbating damage to environment nor to the small producers. While it may sound an ambitious agenda, they are in line with the foundational stated aims of this alternative trade model all along their social responsibility, financial and sustainability reports reviewed and analysed in this study.

## 5 CONCLUSION

Whereas the fair trade movement can be seen as a result of a paradigm where sustainability values have been increasingly present in the world, embedding government policies, business practices, NGOs actions; values and guidelines for sustainable development were progressively incorporated and translated into actions by the same alternative trade model. It can be said that the change in approaching sustainability values are indicative of a better understanding and assimilation of the conception along the years. The fair trade movement may work itself as an example of a change in society. To test how effective the social change promoted by the fair trade model is, or which benefits it has brought to society, analysis of impact assessment studies are necessary. However, our approach in this article already demonstrates how fair trade initiative encapsulates sustainability goals and social responsibility values for almost two decades.

Data collected indicate consistency among terms common to the UN SDGs (2015-2030) as well as the UN Millennium Goals (2008-2015) across fair trade reports. A comparative analysis of the findings demonstrated a spectrum of sustainability aspects progressively addressed by the fair trade movement since 2000. This means that the global sustainable future for 2030 proposed by UN has been in many ways, to a larger or lesser extent, present in the agenda of the fair trade movement from 2000 onwards.

The last decade trend on the strategies for mainstreaming fair trade – which is to also include and deal with large scale businesses – deserves a word of caution for the risks of dilution of the fair trade's original proposal, as some authors already highlighted. Still, government policymakers may draw from the fair trade framework to attain development within a sustainability paradigm system. In this sense, reviewing fair trade schemes can contribute to inspire government policies, socially focused businesses, and social enterprises, thus contributing to design models that will foster the UN set goals for sustainable development. It may also add to innovation in food systems and the nexus of impacts on water and energy use. Future direction suggested is strengthening the dialogue with Circular Economy principles, especially looking at alternatives to design out waste and generate energy in a sustainable way, thus improving the environmental footprint of food systems. The innovation of the fair

trade initiative can offer alternative models for sustainable agricultural practices and work towards improving rural development.

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## ANNEX I

List of fair trade organisations reports from 2000 to 2017 reviewed and analysed.

FLO - Fairtrade Labelling Organization / Fairtrade International
2003-2004 Annual Report Shopping for a Better World
2004-2005 Annual Report
2005-2006 Annual Report
2006-2007 Annual Report
2008-2009 Annual Report
2009-2010 Annual Report
2010-2011 Annual Report
2011-2012 Annual Report
2012-2013 Annual Report
2013-2014 Annual Report
Annual Report 2014-2015
Annual Report 2015-2016
Annual Report 2016-2017
FF - Fairtrade Foundation
Annual Review 2000-2001
Annual Report and Financial Statements 2002
Annual Report and Financial Statements 2003
Annual Report and Financial Statements 2004
Annual Report and Financial Statements 2005
Annual Report and Financial Statements 2006
Annual Report and Financial Statements 2007
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Annual Report and Financial Statements 2015
Annual Report and Financial Statements 2016

Annual Report and Financial Statements 2017
WFTO - World Fair Trade Organization
IFAT Annual Report 2007
WFTO Annual Report 2008
WFTO Annual Report 2009
WFTO Annual Report 2010
WFTO Annual Report 2011
WFTO Annual Report 2012
WFTO Annual Report 2013
WFTO Annual Report 2015
WFTO Annual Report 2016
WFTO Annual Report 2017

