



Coordinadora Latinoamericana y
del Caribe de Pequeños Productores
de Comercio Justo

**COMMUNIQUÉ
ON THE FAIR TRADE SITUATION
IN THE UNITED STATES – a look back at the last six months**

Directed to:
Members of **Small Producer Organisations**
In Latin America and the Caribbean

Dear SPO members and other stakeholders,

As you know, Fairtrade USA¹ (previously known as TRANSFAIR USA) announced its departure from the International FLO system on the 15th of September 2011. According to FT USA's declarations, its departure was due to irreparable disagreements with FLO relating to licence payments and production system extension projects within Fairtrade, which did not concord with FLO philosophy.

With respect to this, CLAC declared its views through public communiqués at different times (the 22nd of September and the 7th of October, 2011²) and also participated in the writing of a CAN communiqué (CAN is an alliance consisting of three continental networks of producers from Latin America and the Caribbean, [CLAC], Africa [AFN] and Asia [NAP]), central theme of which was to make it known that CLAC did not agree with FT USA's new vision of expansion, for the following reasons:

- Over the years CLAC has declared that it does NOT conform to Fairtrade (FLO) changes with regard to the entrance of production systems such as plantations, contract production and other growth models, which affect the interests and the future of Small Producer Organisations.
- CLAC does not support FT USA in its mission and growth strategy, much less its new stance on excluding Producer Networks from decision-making processes.
- CLAC will continue to carry out advocacy work in order to defend our position within the Global Fairtrade System and to demand respect for what was agreed upon at the White Paper, that market growth must never affect organised small producers.

¹ Which used to be a Fair Trade initiative in the United States, member of FLO International

² Disponibles en nuestro sitio web: <http://www.clac-comerciojusto.org/>, en “Descargas”, “Pronunciamientos”.



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Similarly, on the 15th of October, 2011, CLAC also participated in a panel discussion together with FLO International and FT USA in order to present some of the consequences that would affect small producers as a result of this separation and FT USA's new vision of expansion, summarised in the following points:

- The expansion of Fair Trade based on the theory that the entrance of other actors into the system (plantations and producers who do not form part of organisations) will generate more benefits for small producers goes against the market reality and the basic principles of fair trade.
- Fairtrade certified producers only export a third of their production in Fairtrade conditions (FLO GPM data, 108,000/358,000 TM) and for this reason it cannot be argued that there is not a sufficient supply of small producers to provide the Fair Trade market.
- The only way to empower small producers is through their forming organisations. Other methods generate dependency.
- An "extended" vision of Fairtrade would result in less participation from small producers (displacement), the weakening of SPOs, and an increase in unfair competition.
- The growth in supply and the entrance of other competitors into the system will also be to the detriment of prices, whereby the security of a minimum price and a premium threatens to disappear.
- Confusion is being generated among consumers in the north, who are no longer aware which products come from small producers and which come from plantations, nor which come from transnational corporations buying from individual producers under contract production rules.

During this event and other moments, CLAC also raised questions for FLO on whether or not the FLO International system will begin to follow a new concept of market growth, independently of what the producers might think and on how FLO would help SPOs to prevent them from losing out in the United States market.

On the other hand, and as part of CLAC's stance, the CLAC Coffee Network had to suspend the Technical Ascendance and Training Agreement signed with FT USA at the beginning of 2011 – before FT USA announced with departure from the system. This decision was made in order to avoid misunderstandings between our partners or regarding the industry and, as a result, have to give up a right acquired through our contributions to the system, which would have affected the services we provide to small producers and with the knowledge that such a decision would not stop FT USA from carrying out its activities and, with these resources, having greater opportunities work with SPOs, visit their countries, and achieve higher levels of information manipulation without CLAC's presence and vigilance.



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For its part, since the announcement of FT USA's new direction, FLO International has been trying to find solutions to the conflict and to transmit calm to SPOs by communicating with them directly. In this context, FLO International even considered signing a memorandum of understanding in order to create an alliance with FT USA in which FLO Cert could also provide certificates for FT USA's "Fair Trade for all" system, avoiding in this way many of the medium and long term negative consequences for Small Producer Organisations (such as: greater confusion for consumers and the destruction of the small producer model of collective cooperatives and associations). However, the conditions made by FLO International in order to come to an agreement were not accepted by FT USA (as one of the conditions was to pay back the amount FT USA owed to the FLO International system). As a result, over recent weeks these actors have decided not to sign any agreements.

During the last week of February, 2011, a meeting took place between the United States industry and FLO International, in which CLAC also participated actively, in order to search for a viable way of jointly rescuing the Fair Trade market in the United States in which it was decided to create a platform with interested civil society actors and producers to help rescue the original values of Fair Trade in the United States and not to leave the road open for FT USA to use its definition of "inclusive fair trade and philosophy of social justice" to do more damage to the organised small producer model.

In the following months, CLAC commits to remaining involved and to keeping a vigil to ensure that the interests of SPOs are defended and included in this new platform and to continue fighting for our assembly's mandate and not allowing new production models that go against small producers to go ahead in the International Fair Trade system and to promote our Small Producers' Symbol.

Written in San Salvador, El Salvador, on the twenty-sixth of March of 2012.

JUNTA DIRECTIVA CLAC



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