Fair Trade Labelling Organizations International (FLO Int)

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In 1997, the three certification initiatives TransFair, Max Havelaar, and the Fair Trade Foundation, along with Swedish and a Finnish labelling organisations with their own satellite organisations across Europe, America, and Asia[^1], came together to build up an umbrella called Fairtrade Labelling Organizations International (FLO-International) in order to standardise the certification process (Waridel, 2002:96).

The initiative is based in Bonn, Germany and Utrecht, the Netherlands and its 17 members, known as the national initiatives, currently certify coffee, tea, sugar, honey, bananas, orange juice, mangos, rice, and chocolate; a process is ongoing to include herbal teas, dry fruits, sun-dried fruits, wine, ornamental plants, sport balls, fresh fruits, and fruit juices.

FLO’s overall objective is through the labelling of a Fair Trade product, is to support deprived producers to achieve sustainable development. The label enables the consumer to recognize a Fair Trade product and hence, enhances producers’ access to international markets, based on fair conditions (FLO-Int web page).

FLO’s certification tackles two essential areas:

1. It assesses whether or not producers from the South meet the Fair Trade standards.
2. It guarantees that the Fair Trade benefits are being invested in social and economic development.
3. It controls FLO’s registered importers in order to guarantee that the Fair Trade benefits are going directly to the producers.
4. It guarantees that the Fair Trade label is been used exclusively for products coming from FT certified producers (FLO-Int bulletin, April 2002: 3).

The initiative is the only certification system in the world, where the producers do not pay for their certification. The consumers pay a higher price, including payment for certification and a premium paid to the producers (FLO-Int web page).

As Waridel points out, ‘every player in the fair-trade chain has a role to play in respecting the agreed rules of the game’, (2002: 98). A continuing monitoring process is carried out on producers and importers; both production and marketing are strictly controlled. In the case of coffee, for a product to be certified, it has to be both listed in FLO-International’s registry of coffee growers and awarded a fair trade certification label. To achieve the former, the following criteria are required to be met:

- Small scale production
- Democratic management
- Transparency
- Values based on solidarity
- Political independence and
- Sustainable development

In order to get the certification label the producers, importers, roasters and wholesalers must guarantee that they comply with the following criteria:

- Direct trade
- A long term relationship
- Higher than market prices and
- Access to credit (Waridel and Teitelbaum, 2002).

FLO has just prepared the way for national initiatives to introduce the International Fair Trade certification mark to the market. This is a common logo that can be recognised by consumers and make trade easier across the borders, (FLO-Int bulletin, April 2002: 3,5). In the first months of 2002 FLO-Int was restructured, and now the half the board of directors comprises producers and importers. There are six representatives of producers and importers, and six representatives of the national initiatives (FLO-Int bulletin, April 2002: 1).

The first list of criteria shows that values based on solidarity are a relevant point to be fulfilled, among others such as democracy, transparency, autonomy, etc. The first set of criteria is mainly based on values, rather than concrete and more easily measurable conditions like in the second set. Relying on certain principles is, not only a key mechanism in the Fair Trade logic, but a central element of analysis for a better understanding of the role of the FT market in terms of social demand.

[i] Max Havelaar is represented in the Netherlands, Belgium, Switzerland, Denmark, Norway and France; TransFair International, based in Germany, is also in Austria, Luxembourg, Italy, Japan, Canada, and the United States. The Fair Trade Foundation is based in the United Kingdom and Ireland; Finland and Sweden have their own certification processes (Reilun Kaupan edistämisyhdistys ry, based in Helsinki, and Föreningen för Rättvisemärkt, based in Stockholm) (Waridel and Teitelbaum, 2002:12; FLO-Int web page).

[ii] At present there are four producers’ representatives, from Peru, Tanzania, Sri Lanka and Brazil.

[iii] "The motivation behind the organization’s existence must be the practice of solidarity, there is no political, racial, religious, or sexual discrimination. The organization must be open to new members"
(Waridel and Teitelbaum, 2002).

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