22 Fairtrade International (FLO)

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Several types of initiatives are associated with the genesis of fair trade. In the 1950s and 1960s 'charity trade', involving the importing of handicrafts made by vulnerable groups (for example, refugees and orphans, among others) arose. The 1970s and 1980s saw the emergence of 'alternative trade' movements (which critiqued the dominant trade system and sought to establish alternative trading relations based upon solidarity) and 'solidarity trade' (which focused support specifically on governments and movements in the South that were promoting alternative forms of development, such as in Tanzania and Nicaragua) (Low and Davenport 2006).

Out of these movements, two contemporary fair trade networks have emerged. In one, the World Fair Trade Organization (WFTO),[1] the practice of fair trade is defined on the basis of support for democratically controlled small producer groups and a commitment to fair trade principles (see chapter by Davenport and Low in this volume). In the other, the practice of fair trade is associated with the certification of (mostly agricultural) products which have been produced under fair conditions. Participation in this network of certified 'fairtrade' (FT) does not require allegiance to fair trade principles, but merely conformity to minimum standards established by national labelling initiatives (LIs) and their umbrella organization, Fairtrade International (FLO).[2] As a result, FT allows for participation by both alternative trade organizations (ATOs) – often called FT businesses or organizations – and conventional for-profit companies, including large agro-food corporations and agricultural estates.

This chapter examines the working of FLO as a non-state regulatory initiative. It begins with an account of the origins of certified FT. It next examines the key features of FLO, including some of its early controversial decisions and the governance reforms subsequently undertaken to address concerns raised by small producers and ATOs. The next section argues that FLO's policy choices have effectively resulted in the incorporation of two parallel business regulation strategies

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[1] This organization was previously known as the International Federation for Alternative Trade (IFAT) and the International Fair Trade Association.
[2] Until 2011, this organization was known as the Fair Labelling Organizations International (FLO) or the Fairtrade Labelling Organizations International.

within FLO and analyses the development impact of these competing practices. The chapter concludes with reflections on where FLO and FT may be headed.

THE ORIGINS OF FAIR TRADE CERTIFICATION

Max Havelaar

Established in 1988 in the Netherlands, the Max Havelaar Foundation is generally recognized as the first FT product certifier. Its origins go back to the formation of a cooperative of coffee producers in 1983 by 17 indigenous peasant communities in the Mexican state of Oaxaca (commonly known by its acronym in Spanish, UCIRI). Assisted by a Dutch priest, Francisco VanderHoff Boersma, UCIRI was able to sell a small amount of its coffee through world shops in the Netherlands. In an effort to increase market access, VanderHoff and Nico Roozen of the Dutch non-governmental organization (NGO), Solidaridad, came up with the idea of trying to get UCIRI's coffee on supermarket shelves by developing a label which identified the unique character of the product (Roozen and VanderHoff Boersma 2001).

While selling more coffee was the immediate objective of the labelling scheme, the underlying goal was the empowerment of small producers and their local communities. Empowerment was understood to include such features as facilitating market access, increasing market knowledge, providing support for local infrastructure, strengthening internal organization, increasing product quality, developing contact networks, developing alternative sources of income (though vertical integration, specialization and diversification), increasing income and services for members, and expanding the number of participants and extending the benefits to the broader community. Certification served to promote these various goals by increasing consumers' confidence that the higher prices they were paying were actually having an impact on the lives of small producers (Eshuis and Harmsen 2003).

THE SPREAD OF NATIONAL LABELLING INITIATIVES

Initially, the introduction of certification was controversial. Dutch and other European ATOs worried that sales in world shops would be adversely affected. There was also concern about how corporate participation would affect the alternative nature of the movement. Yet, the success of the scheme could not be ignored. The introduction of certified FT coffee in the Netherlands saw the fairly traded coffee market share surge from 0.2 per cent in 1987 to 1.7 per cent in 1989 (Eshuis and Harmsen 2003).

One group that was particularly intrigued by the success of Max Havelaar was the European Fair Trade Association (EFTA), a federation of ATOs working in nine countries which was founded in 1990. EFTA began discussing the prospects for developing a label which would cover coffee as well as other products throughout the whole of Europe. Max Havelaar participated in these discussions, but was not initially interested in expanding beyond coffee or beyond the Dutch market. EFTA decided to move ahead without Max Havelaar, and in 1992 TransFair International (TFI) was officially launched, with TransFair Germany becoming its first national labelling initiative (LI). Other TransFair LIs would soon spring up, not only in Europe but in Canada, Japan and the United States. At the same time, a group of development NGOs in the United Kingdom with a history of involvement in fair trade (including Oxfam, TraidCraft, Christian Aid, the Catholic Agency for Overseas Development and the World Development Movement) came together to form the Fairtrade Foundation (FtF) in 1992. In the meantime, Max Havelaar reconsidered its position and decided that it would support expansion of its label beyond the Netherlands and beyond coffee to certify other products.[3]

GOVERNANCE AND CERTIFICATION PRACTICES

While the different LIs shared the same broad objective of promoting FT and cooperated in different ways (for example, by establishing a joint registry of producers), there were some significant differences of opinion and practice among (and within) them. Two issues are most important to highlight: governance structures and certification practices. With respect to governance, most LIs were founded by development NGOs. They served as the basic constituency of the LIs and had the right to nominate board members. This civil regulatory form of governance structure provided the labelling initiatives with a certain degree of legitimacy, as the boards of the LIs were responsible to these NGO who were, in turn, accountable to their own members (Reed et al. 2010).

One exception to this mode was Max Havelaar, which was originally founded with participation from consumers, producers, NGOs and traders on its board. This model reflected the vision of UCIRI and VanderHoff Boersma, who were intent on highlighting the direct relationships between producers and consumers. While it could be argued that legitimacy was undermined by the introduction of unequal power relations (with the presence of conventional businesses) in this model, legitimacy was also enhanced by incorporating a broader range of stakeholders (Hutchens 2009; VanderHoff Boersma 2009).

A third model of governance emerged in some of the TransFair LIs, such as in Canada and the United States. Here TFI accepted new LIs whose governance structure did not incorporate institutional members. Instead, the boards (or a membership composed largely of past board members) themselves nominated and elected their own board members in these LIs. As such, they were not formally accountable to any stakeholder groups. In Canada, the board of the LI has sought informally to ensure that a range of constituencies (such as consumers and the organic movement) are represented, thus keeping close ties with ATOs and fair trade

[3] Low and Davenport 2006; Murray and Raynolds 2000; Thomson 1995.

activists. In the United States, however, the LI has come under heavy criticism for having lost contact with movement actors and for having a board that is dominated by corporate interests (Jaffee 2010; Reed et al. 2010).

The other major source of diversity among the LIs related to certification. While the various LIs followed similar practices in developing their labels, there were differences in their standards and monitoring processes. What may have ultimately been most significant, however, was a decision made by TransFair Germany in 1993 to certify tea grown on estates (rather than by small producers). This decision would develop into one of the major sources of tension in the FT network and movement (Reed 2009).

THE FUNCTIONING AND GOVERNANCE OF FLO

For several years while Max Havelaar, TFI and the FtF were still competitors, they engaged in talks to discuss the formation of one international network of labelling bodies. Although a variety of issues made these very complex discussions, 17 LIs were eventually able to come together in 1997 to form the Fair Labelling Organizations International (FLO) (Thomson 1995).

Standard Setting and Certification

One primary reason for the LIs joining together was to harmonize standards and monitoring processes. When FLO was established, it developed two types of production requirements: (i) minimum requirements which all producers (small producers and estates) have to meet to be listed on the registry of producers; and (ii) process requirements, which ensure constant progress on the part of producers. As part of these requirements, producer organizations have to meet both generic standards (for example, being democratically organized as producer organizations or as worker associations) as well as product standards. These standards are designed to help ensure that producers are capable of, and actually do benefit from, the development potential offered by FLO. All producer organizations are subject to regular inspection to ensure compliance with the standards. Initially, FLO was responsible for both standard setting and for certification. To help avoid any conflict of interest, FLO set up a separate certification arm in 2003 – FLO-Cert Ltd. – to comply with standards of third-party monitoring. What has distinguished FLO from other standard setting initiatives has been its emphasis on working with small producers and, in particular, its minimum commodity prices (for most products) and the Fairtrade premium (a fund which producer and worker associations decide how they want to use, for example, for community development projects). Companies buying directly from certified producers must pay at least the Fairtrade price and premium if they intend to sell the product as Fairtrade certified. They are also supposed to provide pre-financing and establish long-term trading relationships with the producers.[4]

CONTROVERSIAL POLICIES AND PRACTICES

While FLO was undeniably successful in terms of increasing the profile of fair trade and boosting FT sales, many of the policies and practices it adopted in the early years proved to be very controversial and, some would argue, sent FLO down a wrong path. Advocates, most notably those involved with the dominant LIs and FLO itself, dispute this characterization but do acknowledge that subsequently there was a need for governance reforms.

Membership

One of the most important decisions made with respect to the formation of FLO was that LIs would be the only members and, in effect, the owners of the organization. In taking this decision, the LIs established themselves as the sole decision-making authority. While producer organizations had some voice through consultative bodies, neither they nor ATOs, nor consumers had any vote (either at the board level or in key sub-committees, such as standard setting). The justification for this was the need for independence, so that those being regulated (small producers and ATOs as traders) were not themselves setting (and enforcing) the rules by which they were be to regulated. This situation was not well received by small producers, especially those involved in establishing Max Havelaar. They felt that there was an obvious irony, if not paternalism and hypocrisy, involved in LIs (dominated by development NGOs) excluding them from decision making in an organization they had initiated and which was formally dedicated to their empowerment (Hutchens 2009; VanderHoff Boersma 2009).

Decision Making

The decision-making authority in FLO, it could be argued, was not dissimilar to that of the international state system in a number of important ways. First, the LIs did not really cede their powers to FLO. They retained decision-making power for themselves over who they could license and how they were governed. Second, decision-making in FLO tended to be based upon a consensus model, rather than a formal voting system in which all of the LIs had equal voting power. Third, power relations played a strong role in determining policy. Critics argue that power within FLO was largely exercised on the basis of the ability of LIs to contribute funds, which were generated for the most part through licensing fees. This meant that the LIs had an organizational interest in licensing large corporations, and that those LIs most inclined to do so were more likely to exercise influence in FLO (especially if

[4] See <http://www.fairtrade.net/generic_trade_standards.0.html>, accessed March 2011.

they had a large domestic market). Fourth, actors form Southern countries were effectively excluded from decision making (Hutchens 2009; Renard 2005, 2003).

Mainstreaming

With the adoption of certification, there was a basic acceptance on the part of small producers and ATOs that accessing corporate retail distribution channels probably involved a favourable trade-off between adherence to fair trade principles and growing sales. This was especially the case insofar as it was ATOs that were distributing products to grocery retailers (which was frequently the case early on). The notion of mainstreaming became more controversial, however, with the incorporation of large agro-food corporations (such as Sara Lee and Proctor & Gamble) and specialized retailers as licensees (Starbucks, for example). This side of mainstreaming was taken up more actively by some LIs than others, most notably the FtF and TransFair USA. These latter two LIs have been accused of courting corporate participation too actively, too indiscriminately – for example, by licensing corporations such as Nestlé and Dole which have historically poor records in developing countries – and without demanding enough in return for their use of the license (for example, by not setting minimum purchasing limits). Similarly, these two initiatives have also been more closely associated with incorporating retailers, such as Tesco and Wal-Mart, whose practices have been especially antithetical to fair trade values.[5]

Estate Production

The LIs agreed at FLO's inception to have two sets of production standards; one for small producers and another for agricultural estates. The original inclusion of estate production into FT was not done on the basis of wide consultation about the purpose of FT. The justification offered was that it was to have a supplementary role in markets where there were not large numbers of small producers (Hutchens 2009; Murray and Raynolds 2000). This decision was (and still is) highly objectionable to small producers. They were concerned that this might open the door to a more general practice. Their concern was justified, as the decision set off a dynamic in which corporations have regularly lobbied for the expansion of estate production into all products. Some LIs have been sympathetic to such overtures and the number of products which can be certified using estate production has greatly expanded. Only bitter opposition by the small producer organization in Latin America and the Caribbean (known by its Spanish acronym, CLAC) has managed to restrict the use of estate production in four major products, namely, coffee, cocoa, cotton and honey.[6]

Trade Reform

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[5] Jaffee 2010; Reed 2009; Low and Davenport 2006.
[6] Reed et al. 2010; Jaffee 2010; Renard and Pérez-Grovas 2007.

Shortly after its formation, FLO joined together with the major producer and ATO organizations (IFAT and EFTA) and the Network of World Shops (NEWS) to form FINE (an acronym based upon their individual names). The mandate of FINE is to ensure that fair trade organizations harmonize their efforts, including educating the public and advocating for fair trade, including the promotion of fairer international trade relations. Critics have argued that FLO, and particularly some LIs within FLO, have not actively supported trade reform through FINE. TransFair USA has come under particular criticism in this regard, for not seeing trade reform as part of its mandate. This neglect of what many social justice activists see as the most fundamental issue in fair trade has led many to view FLO as functioning to support a neoliberal international economic order (Hutchens 2009; Fridell 2007).

GOVERNANCE REFORMS

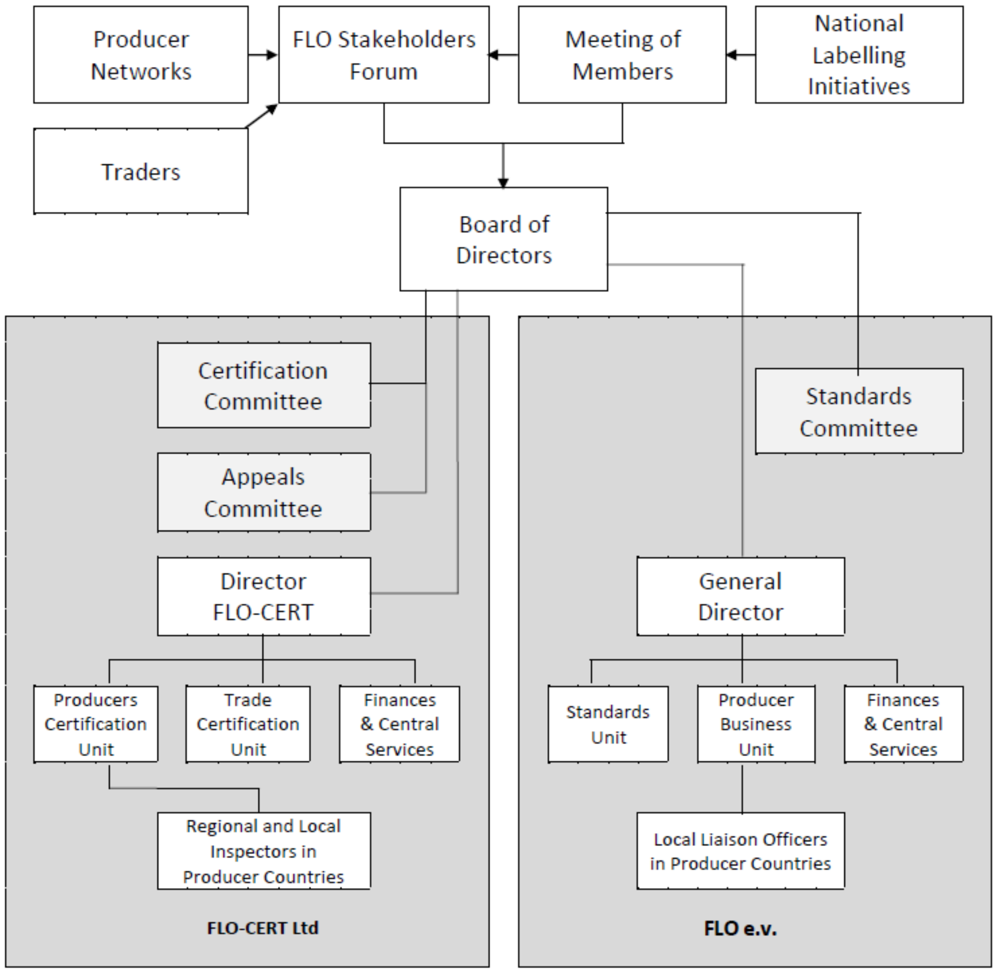
Producer Organizations

Producers groups, in principle, receive a range of tangible benefits in the form of minimum prices, a social premium, pre-financing and long-term contracts. In practice, however, producers often have trouble accessing these benefits. They also encounter other problems in their involvement in FT, such as high fees and complex reporting requirements. Moreover, some producer groups have come to disagree with FLO over what FT is and what policy directions it should pursue. For these and other reasons, producer organizations have organized themselves into regional groupings. Producers in Latin American and the Caribbean were the first to do this, and have been the most vocal and best organized in confronting FLO and the LIs. Subsequently, regional producer organizations were developed in Africa and Asia. The latter has been somewhat controversial in that it incorporates not only small producers, but also estate owners (Renard and Pérez-Grovas 2007; Wilkinson and Mascarenhas 2007).

Governance Reforms

The efforts of producers to organize themselves, especially in Latin America and the Caribbean, could be said to have paid off insofar as FLO has felt forced to adopt governance reforms. In 2004, FLO introduced changes in its governance structure by incorporating into its Board of Directors four representatives from producer organizations and two representatives from traders (ATOs, small businesses or corporations), in addition to six representatives from the LIs who retained the right to choose the Chair of the Board (see Figure 22.1). Despite this apparent advance, producers argued that the new arrangements did not actually enable them to effectively engage in decision-making. Not only was it the case that that the LIs were still able to exercise control as a voting bloc but, it was argued, they did not even engage in real discussions at the board table. Rather, the LIs agreed among themselves in their Meeting of Members and brought their predetermined positions to the board (Hutchens 2009; Renard and Pérez-Grovas 2007).

Figure 22.1 Governance Structure FLO International, 2004



Source: Fairtrade International 2005.

As a result of on-going pressure from producers, FLO introduced another set of governance reforms in 2007. There were several notable changes. First, the producer organizations were recognized along with the LIs as being members of FLO. Second, the composition of the Board of Directors was changed again to include five representatives from the LIs, four from producer organizations (with at least one from each of the three regional bodies), two from traders (one which must be an ATO) and two independent directors (later changed to three). Third, instead of the LIs having the right to choose the Chair of the Board, there is now a preference for that position to be filled by an independent director. While these changes were clearly designed to address specific concerns raised by small producers, it is not clear that the latter believe that they go far enough (Hutchens 2009; Raynolds and Murray 2007).

In examining the governance changes within FLO, there are two important dynamics which may help to explain the stance of small producers. First, while FLO formally started off as a civil regulatory initiative, which should have provided it with some legitimacy, it was not very representative (lacking any Southern representation, most notably by producers).[7] Second, while FLO's reforms brought small producers onto the Board and later incorporated them as members (boosting FLO's legitimacy by increasing its representativeness), it also allowed for corporations to be represented. This shift, whereby FLO became, in effect, a joint civil-business regulatory initiative, enhanced the prospects for unequal power relations to determine decision making. The net effect has been that, while FLO has gained the appearance of greater legitimacy, the LIs still largely control decision making. What Southern producers seem to want is: (i) a return to a civil regulatory initiative which does not allow for corporate representation (as it distorts discourse); and (ii) the establishment of a model which gives Southern actors a more appropriate decision-making role in an organization intended to address their structural situation of underdevelopment. Southern producers are not opposed to talking to corporations but prefer to conduct commercial negotiations with them rather than having them represented in the regulatory body that sets FT standards.

FLO'S BUSINESS REGULATION STRATEGY

Competing Business Regulation Models

As noted above, before the advent of certification, fair trade practice was exclusively comprised of small producers and ATOs who maintained close relations in very short value chains. With the introduction of certification, large conventional business – grocery and specialty retail chains, agro-food processing companies and agricultural estates – became integrated into FT. One way to conceptualize the nature of the changes brought about by the entrance of these firms into FT is through the notion of value chains (see Table 22.1). With FT certification, the original alternative trade value chain (a) involving only social economy (SE) actors (that is, Southern producer cooperatives and Northern ATOs) continued to exist in FT as ATOs became certified. What changed, however, was the fact that some ATOs embraced the notion of conventional distribution channels (large supermarkets), and in the process created a new variant of the FT value chain (b). With the entry of large agro-food corporations, another variant of the FT value chain would emerge (c), as these corporate licensees distributed their products through conventional grocery retailers or their own distribution networks. Finally, the introduction of estate production enabled another development (d), an entirely corporate FT value chain (Reed 2009).

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[7] There is some question as to whether social economy actors, many of whom are democratically controlled and all of whom have a social purpose, should be classified as civil society actors or business actors in non-state regulatory models (as discussed in Chapter 1).

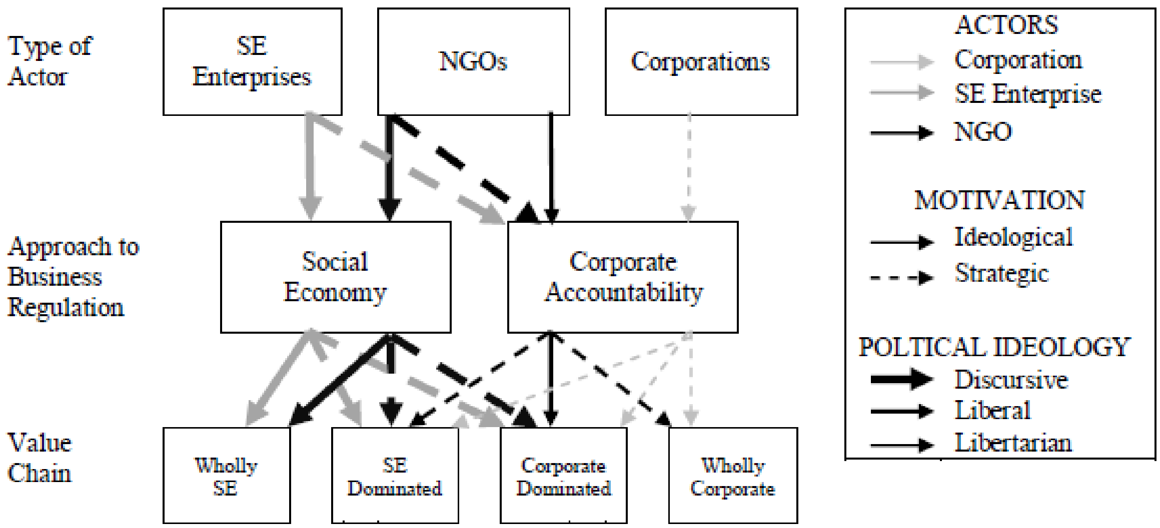
Table 22.1 Four variants of the Fair Trade value chain

Type of value chain	*Level of corporate involvement*	*Nature of exchange*
(a) Wholly social economy	None	Solidarity-based relations
(b) Social economy dominated	Retail	Solidarity-based relations
(c) Corporate dominated	Retail, licensing	Socially-regulated market relations
(d) Wholly corporate	Retail, licensing, production	Socially-regulated market relations

Source: Cf. Reed (2009).

The regulatory measures which allowed for the establishment of the latter two forms of FT value chains – namely, minimum standards and estate production – in conjunction with fair trade principles followed by ATOs and small producers, have in effect led to the existence of two competing business regulatory strategies within FLO. On the one hand, ATOs and small producers operating on the basis of fair trade principles act in accordance with a SE model of regulation (a) characterized by exchange relations based upon solidarity between SE actors. The exception to this is the inclusion of corporate retailers at the end of the second chain (b) (see Figure 22.2). On the other hand, the latter two variants of the chain, which are guided by minimum standards, are based upon liberal exchange relations between conventional for-profit firms and small producer organizations (c) or merely liberal exchange relationships between conventional businesses (d). This latter approach, which seeks to hold firms to socially determined standards that are higher than legal minimums, can be referred to as a corporate accountability approach to regulation (see Chapter 1).

Figure 22.2 Competing business regulation strategies within FLO



Source: Compiled by the author.

DEVELOPMENT IMPLICATIONS

The two different forms of regulation in FLO tend to have quite different development implications. The SE approach lines up more closely with models of the social and solidarity economy and an alternative globalization agenda (see Chapter 1 for key features). The practices of ATOs based upon fair trade principles encourage such an economy by: (i) supporting economic capacity building in producer organizations which; (ii) allows for capturing more value added by moving up the chain into processing and marketing their own goods; (iii) encouraging diversification into other FT product markets; (iv) encouraging production for local and national markets, including the development of local and national distribution channels; (v) promoting South-South trade; and (vi) reinforcing bonds of social solidarity and increasing engagement in the social, civic and formal political realms by small producers. These developments are arguably visible in the organization of producer networks and the participation of producer organizations in alternative globalization movements, as well as the development of legislation on the SE and fair trade at a national level (Mukherjee Reed and Reed 2009).

By contrast, in the chains that are integrated into FT through the corporate accountability approach, the basic corporate-led growth model of economic development is not challenged. As a result, any intention of facilitating the empowerment of workers and small producers is greatly constrained, with social protection being the more realistic goal. In the case of agricultural workers, empowerment is largely limited to exercising rights to collective bargaining and deciding on the distribution of the social premium. For small producers, support for capacity building is limited to activities and knowledge that improve product quality and control costs. There is no encouragement to move up the value chain (as this would likely take value away from shareholders), to diversify into other areas (as this might distract from focusing on product quality), nor for social and political engagement (as this might clash with the political interests of the corporations). This is, of course, not to deny that small producers participating in corporate chains within FLO enjoy greater social protection, through the minimum prices and a social premium, than they might by participating in other such schemes (Renard 2010; Mukherjee Reed and Reed 2009; Renard and Pérez-Grovas 2007).

UNFAIR COMPETITION?

Competing regulatory models within FT are problematic, and not only because one version provides fewer benefits for small producers. Equally worrisome is the concern that the competition that it injects within FT, both in the North and in the South, is unfair. In the North, the competition is primarily between SE licensees and large agro-industrial corporations (and retail chains). The key features of corporate practices (vis-à-vis those of ATOs) that can make competition unfair include the tendencies of corporations: (i) to conform to minimum standards (rather than fair trade principles); (ii) to enter into FT primarily with an eye to capturing a niche market and/or for other strategic purposes (that is, image washing) rather than to promote the growth of FT sales, and; (iii) to invest in capacity building among small producers only if it is linked to their interests (such as quality control or cost reduction) rather than advancing the interests of producers. In short, the very practices that ATOs engage in to promote development place them at a competitive disadvantage vis-à-vis their corporate competitors by increasing their costs. This disadvantage can be greatly exacerbated by the ability of corporations to exercise oligopolistic market power to squeeze ATO out of mainstream distribution channels (Reed et al. 2010).

Similarly in the South, estate production in FT has meant that small producers increasingly have to compete against corporations and private owners of large estates. While still prohibited in four key commodity groups, small producers worry that it is only a matter of time before estate production is permitted in all FT products. Recent exceptions to allow for ‘contract farming’ in cotton are seen by some as a move in this direction. Small producer organizations are very concerned about having to compete with large estates which are likely to have significant cost advantages due to economies of scale, and which do not invest in the development of the broader local economy. They fear that this may lead to their marginalization in, and in the worst case scenario, even their elimination from, the FT network (Reed et al. 2010; Raynolds and Murray 2007).

FUTURE DIRECTIONS

While Southern producers have a range of concerns regarding FT (Wilkinson and Mascarenhas 2007), two basic issues are likely to determine the future of FLO and certified FT products. The first is governance. The second is the dual system of business regulation in FLO, which is seen by small producers and ATOs as involving unfair competition. One option that FLO might pursue to address the second issue is to formally acknowledge the fact that there are essentially two different versions of FT certified products, and to split the label in two. This option, which has been informally mooted, would allow consumers to more readily understand what they are supporting, and to choose accordingly (Bowes 2011). It does not yet appear that there is the political will within FLO to move on such a proposal, which would likely be strongly opposed by corporate interests. Nor is it clear that this solution would fully address the concerns of small producers and ATOs.

The more fundamental problem involving FLO is that small producers (and ATOs) do not feel that FLO allows them adequate opportunities for participation in decision making. There is a strong sentiment among many that they were the ones that created FT and that FT is supposed to work for them. They believe that fair trade is not merely a certification programme, but a movement for social justice. They feel that FLO (and some of the LIs) have lost touch with this movement and have been co-opted by corporate interests.[8] As discussed above, FLO is not unaware of these concerns and has twice implemented changes to its governance structures. These changes, however, do not seem to have appeased small producers and many ATOs.

Small producers and ATOs are increasingly questioning whether FLO is their best option. Many ATOs have never integrated themselves into FLO. The most prominent is probably the Italian consortium of world shops, CTM Altromercato, whose brand is arguably better known in Italy than the TransFair label (Becchetti 2010). This option of working with the WFTO or other labelling bodies is becoming viewed as more viable by many Northern ATOs, including Equal Exchange. Equal Exchange, a worker cooperative and the pioneering fair trade firm in the United States, has recently cut off its relationship with TransFair USA and is now working with another label. Whether other ATOs will follow this example probably depends on a number of factors, but none bigger than what producer organizations decide to do.

Small producer organizations have been investigating their options, especially in Latin America and the Caribbean. The first institutional instance of this was the founding of Comercio Justo Mexico (Fair Trade Mexico), a labelling body which was established not by NGOs like the LIs, but by producer organizations (see chapter 23 in this volume). More recently, CLAC has been distancing itself from FLO and some LIs (especially TransFair USA). While they are not yet ready to leave FLO, they have decided to use their own logo to promote fair trade goods in Latin America. Whether this move foreshadows their exit from FLO is not clear, but it is a strong indication of

[8] Jaffee 2010; VanderHoff Boersma 2009; Renard 2005.

their dissatisfaction with what they see as the increasing corporatization of FT and the lack of truly democratic decision making in FLO (Raynolds and Murray 2007).

Tensions in the relationships between producer organizations, ATOs, FLO and the LIs reflect both ideological considerations of competing conceptions of development, and strategic concerns around balancing different priorities and evaluating different risks and opportunities. Until now, small producers have seen FLO as providing them with the best deal among non-state regulatory initiatives. However, as they develop as organizations and movements – which is happening in part because of the requirements imposed upon them, and the opportunities afforded them by participating in FLO – their options are growing and their visions are expanding. While remaining in FLO might continue to be the best strategic option for some, others may eventually leave if they are only remaining for strategic considerations. Producer organizations (and ATOs) will only remain in FLO in the long term if they feel that there is some ideological compatibility around their vision of fair trade, and if they have the opportunity to engage in truly democratic decision making to decide on strategic questions related to the implementation of that vision. Despite some recent overtures by FLO and the LIs, producer organizations and ATOs remain less than fully convinced of either of these propositions.

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