

Domestic Fair Trade for Food Products
A Project of the National Farmers Union and Cooper Institute

**AN OUTLINE FOR A PLAN FOR DOMESTIC FAIR TRADE FOR
FOOD PRODUCTS**

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INTRODUCTION

In 2006, the National Farmers Union (NFU), at its Annual Convention, passed the following resolution:

Whereas there is a growing corporate concentration of power in the food system which is making it difficult for producers to know the needs of consumers and for consumers to know the real cost and conditions of food production, and

Whereas the Fair Trade label is one mechanism farmers are able to use to provide consumers with information about the social impact of alternative production and marketing practices,

Therefore be it resolved that the NFU establish a committee to study the possibility of establishing a domestic Fair Trade label for Canadian farm products.

Be it further resolved that the study explore the feasibility of the NFU becoming the bargaining organization for negotiations between Canadian farmers and Fair Trade organization(s).at its annual convention approved a motion to investigate possibilities for a made-in-Canada domestic fair trade system for farm products.

In 2007, NFU members in P.E.I., in collaboration with Cooper Institute, developed a project to do just that. With financial support from the P.E.I. ADAPT Council, the two organizations conducted research into North American domestic fair trade organizations and initiatives, held two community workshops and developed an easy-to-read brochure aimed at promoting community understanding of domestic fair trade. In 2009, a second project was undertaken, again with the support of the PEI ADAPT Council. This time the focus was on developing, in collaboration with a group of knowledgeable and engaged individuals all of whom had a particular perspective on the food system, an outline for a plan to put a domestic fair trade system into effect.

The need for a more just and sustainable food system is evident in all of our communities, both rural and urban. In the country, small farmers struggle to keep their land in production as their costs go up and the prices they receive fall, year after year. In the cities, consumers are often forced to choose cheap, lower-quality, imported food because it's the only food they can afford. Large companies who process and distribute food make huge profits and maintain control over the system, while their workers struggle to make ends meet. Each year the number of individuals and families who depend on food banks and soup kitchens goes up. Small, piecemeal changes to social programs and minimum wage have little effect in the face of such inequity.

This project is rooted in the belief that lessons can be learned from the experience of countries in the Global South, those who have engaged in global fair trade as a way to reclaim some part of the food system and recreate wealth in their communities. A domestic fair trade system would be based on some of the same values as international fair trade – fair returns to the producers of food, environmental sustainability, producer control of the system, fair treatment of agricultural workers, etc. but apply to foods that are produced within our borders. It could exist at the same time as, and in fact compliment, global fair trade.

Fair Trade and Food Sovereignty

The idea of domestic fair trade as an alternative system for marketing and distributing food is clearly connected with the concept of food sovereignty, which was introduced by La Via Campesina, the global peasant movement, at the World Food Summit in 1996. Since then, six *pillars* have been identified as vital to a just and sustainable food system.

Six pillars of Food Sovereignty:

- 1. Focuses on food for people:* Food Sovereignty puts people's need for food at the centre of policies and insists that food is more than just a commodity.
- 2. Values food providers:* It supports sustainable livelihoods and respects the work of all food providers.
- 3. Localizes food systems:* Food Sovereignty reduces the distance between food providers and consumers, rejects dumping and inappropriate food aid and resists dependency on remote and unaccountable corporations.
- 4. Puts control locally:* It places control in the hands of local food providers, recognizes the need to inhabit and to share territories and rejects the privatization of 'natural resources'.
- 5. Builds knowledge and skills:* Food Sovereignty builds on traditional knowledge, uses research to support and pass this knowledge to future generations and rejects technologies that undermine or contaminate local food systems.
- 6. Works with nature:* It maximizes the contributions of ecosystems, improves resilience and rejects energy intensive, monocultural, industrialized, destructive methods.

***As developed at the International Forum for Food Sovereignty,
Nyéléni Village, Mali – 2007
www.nyeleni.org***

THE PROCESS

This project was undertaken by members of the NFU in Prince Edward Island in collaboration with Cooper Institute. The work was supported by the P.E.I. ADAPT Council. The **goal** was to create a plan for putting into place a system for marketing food products that relies on the principles of domestic fair trade and results in improved income for farmers. Such a system would respond to demands by consumers for healthy, affordable food that is produced locally and in ways that are environmentally sustainable and provide a livable income for producers.

In 2008, Susan Fitzpatrick, a Social Work student intern with Cooper Institute, conducted research into North American domestic fair trade initiatives. Her results are compiled in a research document and community guide (both attached as appendices to this plan and both available at www.cooperinstitute.ca). A series of community consultations were held; knowledge gleaned from those sessions was incorporated into the research documents.

In 2009-2010, the National Farmers Union and Cooper Institute recruited a group of knowledgeable and dedicated individuals to take part in a series of five consultations and one day-long forum aimed at developing a domestic fair trade plan. The participants reflected the diversity of those involved in the food system: they were farmers, food security activists, the director of a farmers market, a marketing expert with Co-op Atlantic, a chef, and a representative of the Cattle Producers Association.

The five consultations were organized by theme and were based on the research conducted in 2008. In the first session, several case studies were presented for examination and evaluation. These were examples of organizations engaging in marketing and distributing food based on principles that could be defined as domestic fair trade. Each of the remaining four consultations had as a focus one element of a fair trade system; establishing standards and certification processes, labelling, price-setting and negotiation, and marketing. Renwick Rose, chief negotiator for the Windward Islands Farmers Association joined the group for one of the sessions – he spoke about the experience of Caribbean banana farmers with fair trade. Stewart Wells, former President of the National Farmers Union joined us by telephone for another consultation to share his expansive knowledge of orderly marketing systems.

Each of the consultations resulted in the framing of one or several objectives for a domestic fair trade system, usually related to the theme of that consultation. In addition, participants worked on a set of principles and a mission statement over the course of the consultations. The final, day-long session had as its focus the development of work-plans for each of the objectives that had been identified. The material from each of the sessions was compiled, edited, re-organized and is presented here as the outline of a plan to implement domestic fair trade for food products.

THE PLAN

The following is a plan for putting into effect a domestic fair trade system in food products. It is divided into the following components:

1. Vision Statement
2. Values
3. Goal and Objectives
4. Work-Plan

The plan is a product of the series of consultations held between November, 2009 and February 2010, facilitated by staff of Cooper Institute. A list of the participants appears in Appendix at the end of this document.

Throughout the consultations, some of the discussion centred on the geographic scope of the project. There seemed to be general agreement that the plan, which was the outcome of the project, could be adapted to suit a provincial, regional or national framework.

Another thing that became evident as the consultations proceeded was the need for the formation of an organization to take responsibility for the plan. In fact, the necessary first step in a plan to put into place a domestic fair trade system for food products would be to establish that organization, engaging people from all aspects of the food system, from producer to consumer. Some of the objectives and actions contained in the section on “democratic organization” are relevant to this point.

A: VISION STATEMENT

The vision statement serves as an overall direction for the plan. It reflects the values that have been identified as basic to the idea of domestic fair trade.

VISION STATEMENT

Producers and consumers are engaged in a system for trading food products that is based on trust, mutually beneficial relationships and respect for the environment, and which results in a livable income for producers, and access to good quality, affordable food for consumers.

B: VALUES

This is perhaps the most important element of the plan. The values will determine the objectives, structure and processes that follow. The values were derived from community consultations with farming and non-farming members of our community. We see them reflected in other organizations (see Appendices) including those organizations whose focus is food security and food sovereignty.

ECONOMIC VALUES

- The right of producers to income that allows them to meet their needs and live with dignity
- Rural economic development based on the contributions of primary producers
- Food sovereignty which emphasizes local food, but does not exclude global exchanges
- Direct trade between producers of food and eaters and other end users
- Shared economic risks.

ECOLOGICAL VALUES

- Farming practices which protect and improve land, water and air quality
- Healthy, adequate food for eaters
- Humane treatment of animals
- Small-scale family farming as a predominant unit of production.

SOCIAL/DEMOCRATIC VALUES

- The right of all people to safe, affordable, good quality food
- Control of the food supply by those individuals who produce it
- Cooperation rather than competition
- Transparency at all levels
- Engagement of consumers and producers at all levels of the food system
- The rights of workers in the food system to fair wages and workplace standards that promote good health and economic well-being
- Healthy and sustainable rural communities
- On-going equal access to capacity-building and knowledge acquisition for producers
- On-going citizen formation and learning.

C: GOAL

The goal of this plan is to establish and administer a Canadian system of domestic fair trade in food that is based on trust and mutually beneficial relationships between producers and consumers, and that respects the environment.

D: OBJECTIVES

The following objectives have been developed to reflect the values, identified in the previous section, which underlie the idea of domestic fair trade. The objectives are organized according to categories which essentially define the components of a domestic fair trade system:

1. Standards, Certification and Labelling
2. Mechanisms for setting prices
3. A marketing system based on fairness and transparency
4. Processes for negotiation between producers and purchasers
5. Public engagement
6. Democratic organization

1. STANDARDS, CERTIFICATION AND LABELLING OBJECTIVES

Develop Standards:

- develop standards (using international fair trade standards as a minimum) which can be audited, which are based on what consumers have identified as important to them, and which are within reach of farmers.

Create Processes for Transition:

- create a system that includes clear processes for transition to fair trade for producers who do not yet meet all of the standards.

Develop a Certification Process:

- develop a community-based, transparent, and affordable certification process, which empowers and provides opportunities for producers to learn from one another, that is built on trust in relationships and clear roles for producers and consumers.

Create a Label:

- develop a system of labelling which enlightens rather than confuses buyers, eaters, and which can be made relevant locally, regionally and nationally.

2. PRICE-SETTING OBJECTIVES

Calculate costs of production:

- establish a method (of determining costs of production) based on factors such as operation size, labour, care for the soil, environmentally-friendly practices
- identify and use variables that are easy to measure.

Establish Premiums:

- identify premiums or margins that are needed above minimum price, at each step in the production/distribution/retail chain
- ensure that farmers receive premiums for being part of the program.

Conduct Research:

- conduct research into market prices (ongoing),
- measure consumer buying patterns and willingness to pay premiums.

Ensure Transparency:

- design a transparent process for setting prices which involves producers and consumers, distributors.

3. MARKETING OBJECTIVES

The main marketing objective is to develop targets for production controls and quotas, and an orderly system.

Research:

- Use accurate, up-to-date information to develop targets, quotas and an orderly system.

Policy:

- identify legislation that would support domestic fair trade.

Personnel:

- ensure fair working conditions including decent wages for all personnel.

4. NEGOTIATION OBJECTIVES

Leadership:

- establish a responsible negotiating body that will promote collective, cooperative relationships.

Transparency:

- develop transparent negotiating processes
- involve eaters and farmers and consumer organizations
- develop protocols for communication
- be consistent in accounting.

5. OBJECTIVES FOR ENSURING DEMOCRATIC ORGANIZATION

- develop (producers and eaters together) and implement measures that will ensure integrity in every step of the process
- encourage *commitment*
- develop strategies for maintaining mutually beneficial relationships between consumers and producers
- create national and local structures which promote collective, cooperative relationships.

6. PUBLIC ENGAGEMENT OBJECTIVES

- identify organizations of consumers or eaters to become involved in the process
- encourage government – engage in open communication with all levels of government including municipal
- educate producers and consumers about the value of certification
- develop a public awareness/education strategy for both consumers and farmers.

E. WORK PLAN

OBJECTIVE: Standards

What will be done?

Standards will be developed, based on the values of domestic fair trade, and using the following criteria. The standards must be:

- measureable and easily audited
- based on what consumers have identified as important to them
- within reach of farmers
- appropriate for both conventional and organic production
- suitable for various-sized operations.

Actions:

- ➔ Research existing domestic fair trade standards
- ➔ Research consumer interests
- ➔ Create categories of standards
- ➔ Create processes for reviewing and updating standards including clear mechanisms for public input
- ➔ Present draft standards for public discussion, and revise if necessary.

Who will do it?

- This work requires a researcher, hired by domestic fair trade organization, working in collaboration with a “standards committee” comprised of producers and eaters.

What is needed?

- Funds to hire a coordinator and researcher.

Success Indicators:

- ✓ A clear set of standards which reflect the values of all participants
- ✓ Clear processes for keeping them up to date
- ✓ All participants are aware of how they might provide input into standards.

OBJECTIVE: Certification

What will be done?

A community-based, transparent certification process will be developed. The process will:

- empower producers
- provide opportunities for producers to learn from one another
- be built on trust in relationships and clear roles for producers and consumers
- be affordable for producers in terms of time and money.

Actions:

- ➔ Develop an outline for a *peer review system* (see example in Appendices) that is collaborative and includes consumer representatives
- ➔ Outline a peer certification process that details the steps taken from the time a producer applies for certification to meetings and approval
- ➔ Define major and minor non-compliance issues and consequences
- ➔ Create clear processes for transition to fair trade for producers who do not yet meet all of the standards
- ➔ Develop an appeals process.

Who will do it?

- A researcher, hired by domestic fair trade organization, working in collaboration with a “certification committee” comprised of producers and eaters, will do this work.

What is needed?

- Funds to hire personnel
- Standards
- Funds to cover administration and travel.

Success Indicators:

- ✓ A clear process for certification which involves and reflects the values of all participants in the food system.

OBJECTIVE: Labelling

What will be done?

A system of labelling will be developed to help consumers to identify products that reflect domestic fair trade values and make purchasing choices accordingly. The labelling system may be applied locally, and/or regionally and/or nationally.

Actions:

- ➔ Develop a logo that is attractive and has meaning to consumers
- ➔ Create a label
- ➔ Create a link between the label and information about the domestic fair trade standards represented by each product, using a website or phone number, for example.

Who will do it?

- Graphic artist
- Public relations and communications personnel.

(hired by domestic fair trade organization, working in collaboration with a “labelling committee” comprised of producers and eaters and end users)

What is needed?

- Funds to hire personnel
- Standards.

Success Indicators:

- ✓ An attractive label that conveys the values associated with domestic fair trade and which is easily understood by consumers
- ✓ Consumers have information about how their food was produced.

OBJECTIVE: Setting Prices

What will be done?

A process for setting prices will be developed. It will be based on accurate and up-to-date costs of production and market research, and it will incorporate premiums to cover the costs of administering the domestic fair trade system and social premiums to be invested in rural communities. The process will involve participants from each part of the food system.

Actions:

Calculate Costs of Production

- ➔ Investigate existing models used to calculate costs of production
- ➔ Collect information about costs, from all handlers from farm to consumer
- ➔ Create methods to calculate costs appropriate for different methods of production (organic, conventional), including farmers' labour (hourly rate) as a cost.

Calculate Premiums

- ➔ Determine the amount required at each stage in the distribution system
- ➔ Determine the amount required to coordinate the system, including setting prices and negotiation, establishing and reviewing standards, labelling and certification
- ➔ Set levels for premiums to be invested in community – social premiums.

Calculate Prices

- ➔ Survey consumers; assess their willingness to pay for domestic fair trade food products
- ➔ Gather information about consumers' ability to pay as part of the formula
- ➔ Develop a model for setting prices, based on costs of production, premiums and consumer capacity.

Who will do it?

- Researcher
- Economist or accountant who has an understanding of fair trade principles
- Consultation with consumers/consumer groups.

What is needed?

- Easily-understood information about the process and products
- Funding to hire personnel, researcher/writer.

Success Indicators:

- ✓ Models are developed that can be used to accurately determine costs of production (for both conventional and organic)
- ✓ Prices are established based on costs of production, and premiums required at each stage,
- ✓ An established social premium that allows for investment in community – resulting in increased respect for producers and stronger communities
- ✓ Consumers are involved in setting prices which ensure producers a livable income, and consumers access to affordable, good quality food
- ✓ People at all levels of the food system understand each others' costs and can see how the entire system works, and what is involved at each level.

OBJECTIVE: Negotiation

What will be done?

A responsible negotiating body will be established to promote collective, cooperative relationships. It will be based on transparent negotiating processes that involve eaters and farmers and end users and consumer organizations, and protocols for clear communication and consistent accounting.

Actions:

- ➔ Identify and engage a lead organization, a negotiating body, to include participants at every level, to represent producers' and eaters' interests
- ➔ Hire a competent negotiator
- ➔ Establish market share and available product
- ➔ Collectively approach public institutions and private businesses.

Who will do it?

- Accountant with background in cooperative/collective models
- Producers – share information about supply
- Negotiator links producers, buyers and all steps in between.

What is needed?

- Information about costs of production and premiums, from all parts of the system
- Information about what products farmers have available
- Information about consumer demand
- Money for administration, labour.

Success Indicators:

- ✓ All participants are happy with results
- ✓ All levels of production and handling are fairly compensated for their part in the system
- ✓ Consumers are treated fairly
- ✓ Supply and demand are balanced.

OBJECTIVE: Marketing

What will be done?

Establish an orderly marketing system, with targets for production controls and quotas, will be developed.

Actions:

- ➔ Conduct and use market research to develop targets, quotas and an orderly system
- ➔ Identify legislation that would support domestic fair trade
- ➔ Identify products suitable for domestic fair trade
- ➔ Set up a system for equal opportunity – delivery quota
- ➔ Create a mechanism for negotiating between purchasers and producers
- ➔ Assess personnel needs
- ➔ Ensure fair working conditions including decent wages for all personnel.

Who will do it?

- Capable researcher
- Producers who are looking for alternatives
- A single-desk marketing agency designed for domestic fair trade
- Educated & committed consumers and producers
- Partners: National Farmers Union, PEI Food Security Network, UPEI.

What is needed?

- Funding.

Success Indicators:

- ✓ One product is identified as a domestic fair trade product.

OBJECTIVE: Democratic Organization

What will be done?

Producers and eaters will collaboratively design and implement measures to ensure integrity at every level of the system. These measures will encourage commitment and lay the groundwork for mutually beneficial relationships between consumers and producers.

Actions:

- ➔ Develop organizational structure and processes based on a cooperative, participatory model
- ➔ Create clear guidelines for membership, roles and responsibilities, and decision-making
- ➔ Develop and use a communications plan that is accessible to everyone
- ➔ Communicate to producers the importance of committing to long-term involvement in the system, and the negative effects of lack of commitment
- ➔ Give all participants accurate, up-to-date, clear information about the premiums that go back to producers and to the community.

Who will do it?

What is needed?

- Funds to hire personnel
- Organizational training (development of democratic processes for organizations)
- Training in decision-making processes
- Testimonies of producers, articulating the advantages of making a commitment to the organization.

Success Indicators:

- ✓ Testimonies of producers, articulating the advantages of making a commitment to the organization
- ✓ Everyone is represented and feels represented
- ✓ Everyone has accurate, understandable information
- ✓ Everyone has a chance for meaningful participation.

OBJECTIVE: Public Engagement

What will be done?

Individuals and organizations of consumers and producers will be involved or be aware of ways to become involved in the processes and activities associated with the domestic fair trade system for food.

Actions:

- ➔ Identify and engage organizations who share the values inherent in fair trade
- ➔ Develop print and electronic materials about domestic fair trade for presentations in schools, at Seniors College, to Women's Institute, church groups, etc.
- ➔ Develop a media plan (to include types of communication, activities, events, target audiences)
- ➔ Identify supportive public officials, and provide them with information.

Who will do it?

- a researcher/writer and outreach worker with expertise in public relations and the principles of adult education, in conjunction with domestic fair trade group members and in consultation with local media personnel.

What is needed?

Funds to hire personnel.

Success Indicators:

- ✓ Presentations are held, material is distributed
- ✓ Media coverage – high profile – more people are involved
- ✓ Other groups in the community are creating their own messages about the importance of domestic fair trade
- ✓ Public officials are correctly using the language of domestic fair trade.

Next Steps

With the National Farmers Union, Region One, develop and seek support for project aimed at:

- developing a regional domestic fair trade organization (Maritimes),
- identifying one agricultural product and developing a pilot domestic fair trade system for that product in the Maritime region.

APPENDIX A: LIST OF WORKING GROUP MEMBERS

Randy Campbell, Instructor, Holland College, P.E.I. food Security Network

Gilles Michaud, Growing Circles Food Cooperative

Maureen Larkin, Cooper Institute, Breaking the Silence

Reg Phelan, Organic Farmer, National Farmers Union

Randall Affleck, Dairy Farmer, National Farmers Union

Ranald MacFarlane, Farmer, National Farmers Union

Susan Fitzpatrick, National Farmers Union, Cooper Institute

Alfred Fyfe, Organic Farmer, National Farmers Union

Wilfred Lacey, Farmer, National Farmers Union

Doug MacCallum, Farmer, National Farmers Union

Sally Bernard, Farmer, National Farmers Union

Steven MacKinnon, Farmer, National Farmers Union

Byron Sawatzky, Farmer, National Farmers Union

Shirleen Peardon, Chef, Farmer

Michelle Fyfe, Organic Farmer, National Farmers Union

Margie Loo, Organic Farmer, Breaking the Silence

Rinnie Bradley, P.E.I. Cattle Producers Association

Gerry Reichheld, Farmers Market Organizer, Coordinator

Annie LaPlante, Co-op Atlantic

APPENDIX B: OUTLINE OF CONSULTATION PROCESS

Consultation # 1 **Wednesday, November 18th**

Topic: Domestic Fair Trade in Action

Objectives:

- To determine the feasibility of Domestic Fair Trade for farm products
- To examine Domestic Fair Trade in action and identify successes
- To identify the essential elements of a Domestic Fair Trade **system**
- To create a draft mission statement for a Canadian Domestic Fair Trade **system**

Content: Case studies, for example Red Tomato, Farmer Direct, Equal Exchange

Consultation # 2 **Wednesday, December 2nd**

Topic: Domestic Fair Trade Processes: Price-Setting and Negotiation

Objectives:

- develop an understanding of the processes for setting prices and negotiating costs of production in Fair Trade systems
- examine the social responsibilities of producers in a Domestic Fair Trade system
- identify and clarify obstacles to Domestic Fair Trade (including certification) and strategies to address those obstacles
- develop a preliminary goal and objectives for Canadian Domestic Fair Trade System

Content: Presentation by Renwick Rose of the Windward Island Farmers

Consultation #3 **Wednesday, January 13th**

Topic: Certification and Labelling

Objectives:

- Examine Fair Trade standards
- Develop standards for Canadian Domestic Fair Trade system
- Critique various certification models including peer certification
- Discuss a model that would best suit a Canadian Domestic Fair Trade system
- Develop the objective related to certification

Resources: material from FLO, TransFair, Farmer Direct, Mexican Network of Organic Farm Markets

Consultation # 4
Wednesday, January 20

Topic: A Framework for a Domestic Fair Trade System for Farm Products

Objectives:

- develop a framework for a Domestic Fair Trade System for Farm Products
- refine the mission statement and objectives, from Workshops 1, 2, and 3 (objectives related to establishing costs of production, setting prices, negotiation, certification and labelling)

Content: Review of content of previous sessions

Consultation # 5
Wednesday, January 27

Topic: Marketing Domestic Fair Trade Farm Products

Objectives:

- understand existing orderly marketing systems
- examine market options for a domestic fair trade system
- develop marketing objectives for a domestic fair trade system

Content: Presentation by Stewart Wells, National Farmers Union

Forum
Saturday February 13th

Topic: Implementing Domestic Fair Trade

Objective:

- to develop a plan for putting domestic fair trade for farm products into practice in Canada.

Content: Review of results of Consultations 1 to 5

APPENDIX C: RESOURCES

On-line Resources:

Domestic Fair Trade Association	http://www.dftassociation.org
Farmer Direct	http://www.farmerdirect.coop/
Local Food Plus	http://localfoodplus.ca
The Red Tomato	http://www.redtomato.org
TransFair Canada	http://transfair.ca
Agricultural Justice Project	http://www.agriculturaljusticeproject.org
Fair Trade Labelling Organization	http://www.fairtrade.net
National Farmers Union	http://www.nfu.ca
Cooper Institute	http://www.cooperinstitute.ca
Equal Exchange	http://www.equalexchange.coop
JUDES	http://www.judesfairtrade.ca