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NEO-/COLONIALISM IN FAIR TRADE?

An examination of neo-/colonial aspects and recommendations.

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Background

Scholars, NGOs, and activists, especially from the Global South, have raised concerns that many sustainability-oriented regulations and standardization reflect neo-colonial dynamics (Dehbi & Martin-Ortega 2023: 930; Mason et al. 2023: 977f). Regulations like Germany's Supply Chain Due Diligence Act, the EU Corporate Sustainability Due Diligence Directive (CSDDD), the EU Organic Regulation (EUOR), and the EU Deforestation Regulation (EUDR) are said to be Eurocentric policies that perpetuate historical power asymmetries, reinforce neo-colonial structures, and marginalize producers and stakeholders in the Global South.

This policy brief builds on the findings of the Competence Center Fair Trade's (CCFT) *Policy Brief No. 1: "Neo-colonialism in International Trade?"* to examine neo-colonial tendencies within Fair Trade. Policy Brief No. 1 explored the critiques above and assessed the Fair Trade Movement's as well as the Fairtrade System's role in addressing such dynamics. Building on that, Policy Brief No. 2 focuses on an exploration of neo-colonial aspects in Fair Trade – particularly the Fairtrade system – and gives recommendations.

Key Recommendations

Fairtrade Markets

Expand Product Certification

Extend the range of Fairtrade-certified products to enhance market access for more producers.

Develop a Fairtrade Brand in the Global South

Increase Fairtrade's recognition and credibility among Southern consumers and markets to strengthen local empowerment and ethical consumption.

Adapt Certification Standards to Local Contexts

Ensure standards are accessible, flexible, and aligned with producers' specific realities, especially concerning small-scale farmers and cooperatives.

Governance and Decision-Making

Decentralize Decision-Making to the Global South

Host more governance processes and meetings in producer regions to enhance inclusivity and responsiveness.

Strengthen Local Partnerships

Improve collaboration with grassroots organizations, trade unions, and farmer associations to ensure context-sensitive and representative policymaking.

Introduce Country-Level Producer Representation in the Fairtrade system

Complement product-based representation with national-level producer delegates, aligned with the National Fairtrade Organization (NFO) structure, to ensure more holistic and coordinated input.

Enhance Co-Determination Rights for Producers

Guarantee producers equal voting rights and participation at all levels of decision-making, including strategic discussions and topic-specific consultations (e.g., gender equity).

Expand Exchange Programs

Facilitate cross-regional learning and collaboration through structured, North-South staff and producer exchanges to foster cross-cultural learning and skill sharing. Exchange programs should share best practices, inspire new ideas, and help build lasting relationships that transcend borders.

Implement Critical Whiteness Training

Institutionalize anti-racism training, specifically critical whiteness training, across Fairtrade organizations to raise awareness around systemic inequalities, biases, and global power dynamics.

Establish an Independent Anti-Racism Contact Point

Create a confidential, external mechanism for reporting and addressing racism that builds on existing models (e.g., Fairtrade Germany) to ensure neutrality and trust.

Advocacy

Empower Producer Participation in Advocacy

Ensure producers and their regional representatives

are directly involved in policy advocacy and regulatory engagement, particularly at the EU level.

Strengthen Collaboration with the Fair Trade Advocacy Office

Foster joint campaigns and knowledge exchange between the Fair Trade Advocacy Office and producers to amplify their collective influence on the policy level.

Establish Advocacy Offices in the Global South

Create regional advocacy offices to support local engagement, capacity-building, and representation in international trade policy forums.

Situating Fairtrade within the Context of Neo-Colonialism

Fair Trade, fair trade, Fairtrade?

It is crucial to distinguish between "fair trade", "Fair Trade", and "Fairtrade", as they carry distinct meanings. The general term, **fair trade**, refers to trade practices that are conducted fairly, without necessarily invoking any formalized system or certification.

Fair Trade denotes the broader **social movement** and **network** of institutions, organizations, and actors committed to the principles of fair trading, such as equity, transparency, and sustainable development.

Finally, the terms "**Fairtrade**", "**Fairtrade certification**" or the "**Fairtrade system**" denote the legally protected certification mark. It is a recognizable consumer label that appears on products in compliance with official Fairtrade standards.

This section contextualizes the Fair Trade Movement within the broader framework of neo-colonialism with a specific focus on the Fairtrade System. We first outline the structural limitations of Voluntary Sustainability Standards (VSS) in a global capitalist economy. We then acknowledge the Fair Trade's Movement's key achievements, despite operating within an exploitative economic system. Third, we address the internal governance challenges that emerge when balancing the interests of producers, consumers, and corporate actors. Unless otherwise noted, this analysis is based on 14 expert interviews conducted by the authors, supplemented by feedback from the Decolonization Working Group at Fairtrade Germany. Interview findings suggest that the Fairtrade System views itself as a self-critical and reflective organization. However, as Braun et al. (2020) and others have shown, it remains embedded in – and shaped by – the global capitalist system, which is historically and structurally linked to colonial exploitation and inequality.

Although the Fairtrade System has advanced sustainable supply chains, it faces inherent structural limit-

ations in a profit-oriented economic system (ibid.). These entanglements are evidenced, for example, in legal and economic constraints, such as EU competition laws that prohibit price coordination. These antitrust regulations restrict efforts to secure fair prices, living incomes, and living wages. Responsibility for equity in trade is shifted onto the consumer instead of being institutionalized through enforceable standards.

Fairtrade's Claims to Fairness, Equity, and Justice

Fairtrade promotes economic security for smallholder farmers and plantation workers through minimum pricing and premiums for social, economic, and ecological projects. These mechanisms aim to improve livelihoods, foster long-term prospects, and support sustainable production practices. Fairtrade also helps certified producers meet new legal sustainability requirements, such as the EU Deforestation Regulation (EUDR) and the EU Organic Regulation (EUOR). The Fairtrade System provides capacity-building initiatives and technical assistance on EUDR and EUOR in the Global South.

Yet, its reach is limited partly due to the restricted range of Fairtrade products – mainly coffee, tea, bananas, tropical fruits, juices, flowers, and cotton – and due to limited market share. For instance, Fairtrade numbers show that despite growing sales, it is still a niche label, capturing only 0.8% of the total food sector market share in 2022 (UBA, 2023; Saunders et al., 2010). In Germany, Fairtrade product sales grew from €800 million in 2008 to €2.9 billion in 2024. Nevertheless, the Fairtrade System has driven structural shifts in these supply chains. For instance, some retailers like Lidl now source all cocoa for their private labels from Fairtrade-certified suppliers. These partnerships provide some benefits, but may also increase retailer leverage and producer dependency. Despite notable progress, broader systemic changes are imperative and achieving global trade justice requires both internal reforms in Fair Trade, and Fairtrade in particular, regarding governance and decision-making structures.

Pricing remains central to the Fairtrade System's mission – the minimum price is supposed to cover sustainable production costs while adding an additional premium on most products. However, market pressures often constrain fair pricing to avoid compromising on competitiveness. The minimum prices are set by Fairtrade's Standards Committee, but can vary due to market realities influencing price building. From the producer's perspective, thresholds would ideally be reviewed more frequently. However, such active monitoring of retail prices would require additional capacity and resources.

Internal Structures and Governance

Ribeiro-Duthie et al. (2021) call for Fair Trade organisations' governance to be more transparent, inclusive, and effective by increasing Global South producer parti-

cipation. For instance, Fairtrade International's governance systems are complex. The organization must balance competing stakeholder interests and economic, social, and environmental goals. In 2011, producers became equal co-owners in response to growing pressure from NGOs and consumers. They now hold 50% of the voting rights in Fairtrade's General Assembly.

The Assembly includes delegates from the three Producer Networks (PN): Fairtrade Africa (FTA), Fairtrade Network of Asia and Pacific Producers (NAPP), and Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC). The PNs send an equal number of joint delegates (at least four of each PN) and match the number of delegates sent by the National Fairtrade Organizations (NFOs) (FI Constitution, 2023: 9).

The Fairtrade International Board has equal representation from PN and NFOs (FI, 2023a: 14), though practical implementation can fall short due to limited capacity and resources. The Fairtrade Executive Team (FET), which has assumed some of the Board's responsibilities, consists of one representative from Fairtrade International, one from each of the PN, and three individuals selected from the 19 NFOs. However, the FET has been criticized for lacking visibility and sufficient expertise.

The Standards Committee (5-11 members) maintains a balance between producer-facing and market-facing perspectives, and includes independent experts from organizations such as NGOs like FEMNET or Oxfam. External experts can submit written input or act as observers, but decision-making remains with the Committee, and parity for producers is not guaranteed. While interviewees noted perceived imbalances between NFO and producer voices in the General Assembly it is important to highlight that Fairtrade has been continuously strengthening producer participation. One interviewee emphasized that, if all three PNs reject a proposal, the corresponding workstream cannot be approved and is consequently halted.

Despite the fact that producer inclusion is formally enshrined, PNs reported that practical influence is often limited, also due to market pressure. This representational bias is not unique to Fairtrade, but rather an outcome of the economic (Braun et al., 2020) and socio-cultural contexts of decision-making. Gramsci's (1971) concept of cultural hegemony is useful here. Ideologies from the Global North are often dominant, internalized, and normalized. They shape baseline perceptions of legitimacy and authority. Several interviewees reported feeling inferior in discussions with Fair Trade organizations from the Global North, indicating latent cultural hierarchies within the organization. Other challenges that were mentioned concerning Fairtrade's decision-making and governance included siloed operations and weak institutional memory; knowledge was

often lost after key staff departed. In addition, Bennett (2016) argues that Fairtrade's governance reforms have not been driven by producers themselves. Rather, they primarily advance strategic legitimacy goals, such as differentiation from competitors like Rainforest Alliance. Yet, while more producer involvement increases legitimacy, it can also slow decision-making and increase operational costs (Ben-net, 2016: 324f; FI, 2023a: 3) which shows the struggle of VSS to balance producer participation and organizational efficiency.

Nonetheless, Fair Trade has created decentralized, locally governed structures that support socially beneficial initiatives (Profanter, 2020). These structures foster pluriversal governance and grassroots spaces where economic and political dependencies can be contested and re-negotiated (Escobar, 1995; Profanter, 2020: 16). As such, Fair Trade contributes meaningfully to decolonial processes, though these effects are contingent on ongoing structural reforms.

The perceived power imbalance within the Fairtrade System originates in - often internalized - cultural hegemonic structures and practices, as well as in the complex governance arrangements and internal representation structures for over 2 million producers.

Areas of Improvement and Recommendations

Market Orientation

Fair Trade organisations focus on exports risks perpetuating colonial trade dynamics. For instance, EU tariff structures reinforce asymmetrical, buyer-driven value chains by favoring the import of raw commodities over processed goods. Unprocessed coffee, for example, enters duty-free, whereas processed coffee faces a 7% tariff. This regulatory framework prioritizes market protection over social justice, effectively transferring responsibility for equitable trade onto individual consumers. In this context, Fair Trade organisations function both as a corrective to regulatory shortcomings and a signifier of state failure to ensure trade justice.

The Fairtrade System mitigates these limitations through minimum prices, premiums, and political advocacy; however, its institutional reach remains limited. Therefore, the Fairtrade System should strengthen local and regional markets in the Global South to promote local value capture and reduce export dependency.

With view to Fairtrade, brand-building expertise developed in the Global North can be leveraged to support similar initiatives in the Global South. This work would build on successful examples of Fairtrade-branded initiatives in Southern economies, such as "Ravine Roses" (Kenya) and "No Nasties" (India).

Recommendations:

Intensify efforts to develop and promote Fair Trade/Fairtrade brands in the Global South's local and regional markets.

Further extend the Fairtrade certification to non-agricultural products (similar to gold and textile standards). In general, Fairtrade should certify products not rooted in colonial commodity chains.

Include cooperatives producing crops without colonial legacy in the Fairtrade system.

Certification Flexibility

More flexible certification models could promote producer autonomy through crop and income diversification. Research suggests that certifying entire farms fosters long-term trading relationships, shortens value chains by reducing intermediaries, and strengthens trust-based connections between producers and consumers. In contrast, product-based certification tends to be anonymous and relies on complex, industrially coordinated global supply chains that consolidate power in the hands of large retailers (BRAUN et al., 2020). Thus, the Fairtrade Systems' focus on product certification may fall short in cultivating the deeper trust observed in company-based models, such as those used by GEPA. Although cooperative certification exists in Fairtrade, it lacks the same relational continuity (ibid.).

Recommendation:

Adapt certification systems to producers' needs and risks while prioritizing whole-farm certification and reinforcing fair price-building (Living Wages/Living Incomes). Producers should be able to cultivate cash crops and locally-marketed crops (income diversification) under the Fairtrade certification. This would also increase agrobiodiversity through cross-cultivation and agroforestry. However, local marketing would require Fairtrade to develop a locally adapted pricing model.

Decision-making and Governance

Actors from consumer countries continue to dominate decision-making in the Fairtrade System, which struggles to achieve a balance between market orientation and equitable representation. Key bodies such as the Standards Committee currently formally allocate only two or three producer-facing representatives in a five-to-eleven-member composition. While one interviewee noted that, in practice, more than two or three PN representatives are often present a fundamental numerical disbalance remains: These representatives are nominated by approximately 2,000 producer organizations and speak for more than two million producers across highly diverse contexts. Producers should be consulted on – and actively involved in shaping – issues affecting their livelihoods. Including them at lower le-

vels of decision-making, and allowing them to invite relevant stakeholders, would foster more inclusive, effective, and sustainable governance. Although equal representation is constitutionally man-dated in the General Assembly, the composition may be prone to a numerical disequilibrium of representatives from the Global North versus the Global South. Interviewees also noted a perceived imbalance in practice between Global North and South stakeholders. Further-more, decision-making bodies cannot merely accept representational politics; producers should be co-creators from the design phase onward (Dehbi & Martin-Ortega, 2023).

The Fairtrade System has taken structural steps to reduce power asymmetries, particularly by supporting Producer Networks and representative bodies in the Global South. Nevertheless, a critical examination of cultural hegemony in Fairtrade's governance remains necessary. The Fairtrade System is rooted in the Global North, and often reproduces dominant norms and practices in its decision-making procedures, voting behavior, and project design. Donor and commercial interests frequently shape interventions and aims, effectively marginalizing producers' influence in negotiations and agenda-setting. Representation remains uneven in the Fairtrade Systems' governance, despite useful policies like a system-wide whistleblower mechanism and anti-discrimination criteria. Silos within Fairtrade International also impede internal knowledge sharing and parity in governance.

Strengthening regional networks and supporting locally-driven initiatives can bolster producers' political and economic agency. The Fairtrade System can also help link producer organizations with local NGOs, trade unions, and policy arenas. Additionally, allowing producers to invite relevant actors into decision-making spaces could ensure more grounded and contextually informed outcomes. Genuine equity, beyond formal parity, will only come with improved internal knowledge management and communication about roles, processes, and committee composition.

Recommendations:

Enhance collaboration with local NGOs, worker/farmer associations, and trade unions to better represent producers' interests.

Institutionalize co-determination rights for producers by establishing participatory structures (e.g., task-forces or Communities of Practice) that integrate producer voices at all levels of governance. These bodies must be empowered to invite relevant stakeholders, strengthen representational diversity, and inform decision-making.

Internal Exchange, Inclusion, and Anti-Racism Measures

Comprehensive, inclusive consultation processes are es-

sential for ensuring that producers' perspectives are integrated into trade regulations. However, the fragmented interests of smallholder and Indigenous communities often hinder the formation of any unified political position. Therefore, long-term dialogue and training initiatives can help build capacity and improve producers' ability to influence trade structures, both globally and in national economic contexts. Such training must support producers as they develop strategic engagement skills, including in Global North policy arenas.

Exchange programs between Fairtrade staff and producer representatives should be institutionalized to strengthen internal dialogue and mutual understanding. Fairtrade Germany has already initiated engagement through projects like Fair Changers, an exchange between young Fairtrade consumers and producers to build knowledge about fair global supply chains. These efforts should be scaled up, standardized, and embedded into the organizational structure of all NFOs.

The Fairtrade Systems should also implement regular anti-racism and critical whiteness training for all staff to deepen understandings of structural inequalities. As Pyke (2010) notes, internalized racial oppression rooted in dominant societal ideologies reproduces social hierarchies and undermines equitable engagement. Recognizing and addressing such dynamics is crucial for inclusive governance. Additionally, the Fairtrade System should create a confidential, independent mechanism for reporting racism. Internal channels risk conflicts of interest and may discourage reporting; external bodies with relevant expertise provide safer and more effective support for those affected.

Recommendations:

Institutionalize regular exchange programs between Fairtrade staff and producers across Global North and South contexts.

Standardize mutual learning initiatives, including cross-regional staff exchanges across all NFOs.

Implement mandatory, organization-wide anti-racism and critical whiteness training to address bias and structural inequality.

Establish an independent, external mechanism for victims of racism to safely report and access expert support.

Producer Participation in Advocacy and Political Engagement

Producer voices are currently underrepresented in advocacy processes, despite being significantly affected by the outcomes. Their participation should be formally institutionalized so that producer representatives can, individually and collectively, articulate context-specific concerns. Producers should be integrated into relevant working groups, regulatory advisory boards, and public

forums addressing due diligence, environmental compliance, and trade justice.

The Fairtrade System should expand producers' participation in advocacy work, particularly as active agents in sustainability-oriented trade regulations and policy development. This requires direct engagement with EU institutions and other global trade bodies. The Fair Trade Advocacy Office (FAO) currently engages with EU policymakers. However, its collaboration with producer networks must be expanded to ensure that advocacy agendas reflect realities on the ground. Establishing regional advocacy offices in the Global South would strengthen producers' capacity to participate in global trade governance and increase their visibility in policy dialogues.

Recommendations:

Expand producer participation in political advocacy, including direct involvement in EU-level regulatory consultations.

Strengthen collaborations between producer networks and the Fair Trade Advocacy Office to co-develop joint campaigns and shared positions.

Establish regional advocacy offices in the Global South to amplify producer voices and facilitate direct policy engagement.

Abbreviations:

CCFT – Competence Center Fair Trade

CLAC – Coordinadora Latinoamericana y del Caribe de Comercio Justo

CSDDD – Corporate Sustainability Due Diligence Directive

EU – European Union

EUOR – European Union Organic Regulation

EUDR – European Union Deforestation Regulation

FI – Fairtrade International

FTA – Fairtrade Africa

GA – General Assembly

ITC – International Trade Centre

NGO – Non-governmental organization

NFO – National Fairtrade Organization

NAPP – Network of Asian and Pacific Producers

PN – Producer Network

UNCTAD – United Nations Conference on Trade and Development

WTO – World Trade Organization

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GSSC – Global South Studies Center, University of Cologne

The Global South Studies Center (GSSC) at the University of Cologne coordinates global, interdisciplinary research focusing on current affairs topics, such as migration, sustainability and infrastructures in Africa, Asia and Latin America, particularly human-environment relations. The GSSC supports scientific projects and makes research accessible to an academic audience and the broader public.

Competence Center Fair Trade

The Competence Center Fair Trade (CCFT) promotes interdisciplinary research on Fair Trade in German-speaking countries. It supports research, teaching, professional exchange and collaboration with Global South researchers. The CCFT helps make applied scientific findings accessible to policy and public audiences through policy briefs and position papers.

The Center focuses on social sustainability, justice, and fairness in trade, particularly in agriculture and food systems. Key topics include climate change adaptation in smallholder farming, implementing HREDD in supply chains, and decolonial perspectives and Indigenous knowledge. The Center's research areas are selected in partnership with Fairtrade Germany, which co-funds the CCFT.

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