

15. The role of Fair Trade in sustainable transition of Europe

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Abstract: Fair Trade is presented as a grassroots socio-economic force that can support Europe's sustainable transition. The chapter uses a conceptual and literature-based analysis to show how the movement operates simultaneously in civil society, markets and public regulation. It raises awareness of poverty, labour exploitation, environmental harm and unequal global exchange, encouraging citizens to act as responsible voters and consumers. Certification systems and Fair Trade criteria create market space for goods produced under socially and environmentally responsible conditions, making sustainability a dimension of competition. The movement also influences public debate and regulatory change by cooperating with institutions and promoting ethical procurement, transparency and due diligence. The chapter portrays Fair Trade as a bridge between social mobilisation, market choice and legal transformation aligned with the Sustainable Development Goals.

Keywords: sustainable development, sustainability, sustainable transition, Fair Trade, responsible production, responsible consumption, sustainable market economy.

Introduction

Growing global challenges of a social and environmental nature have made the achievement of the UN's Sustainable Development Goals not so much a desirable direction of development but a necessity. However, it implies a complete transformation of socio-economic life, not only taking environmental and social aspects into account in economic development, but also correcting mistakes and solving problems that threaten our planet. Such a shift requires fundamentally changing our behaviour and habits – a challenging task that often involves effort, numerous sacrifices and costs, as well as consumption restraint. Nevertheless, we have no other choice if we want to pass the planet on to the next generations in good condition.

The European Union aims to lead the world in this sustainable transition and is undertaking numerous activities in this direction, constantly seeking new ideas, policies, solutions and tools. Therefore, this chapter aims to present the role that Fair Trade social movement and market play in Europe's sustain-

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able transition. In the countries of Western and Northern Europe, Fair Trade has been developing dynamically since the beginning of the second half of the 20th century, and constitutes an unusually complex grassroots socio-economic initiative promoting sustainable development. In fact, Fair Trade is an international social movement working to raise public awareness of global challenges, mainly extreme poverty and its widespread consequences. By establishing specific criteria for socially responsible production, this has created a market for Fair Trade products that permeates existing product markets (Śliwińska, 2024, pp. 177–178). The specificity and multidimensionality of this initiative therefore affects all three basic institutions of social life – civil society, the market and the state – and consequently plays an important role in the sustainable transformation of these three dimensions.

15.1. Fair Trade – idea, social movement, market

The concept of fairness in trade has long been the subject of scientific enquiry; the ancient philosophers were the first to consider the nature of a fair exchange and fair price (Śliwińska, 2024, pp. 64-65). According to the Greek thinkers, every exchange should be fair, and regarded as such only those that involved equal value of the economic goods exchanged. Since then, various schools of economics have addressed this topic, and the discourse on fairness in trade remains relevant today; in fact, its importance is growing especially in the face of global threats of a social and environmental nature and the related need for sustainable development. Trade fairness, however, is often understood in divergent different ways. The most common views are that it represents freedom and equal opportunities to access markets in a broad sense, or on the other hand, that it is associated rather with an equal distribution of wealth, or even broader, adapting distribution of wealth to the needs of individual market participants (de Bres, 2016; Starmans et al., 2017; Valiente-Riedl, 2013, pp. 6–10). However, the concept of fairness of trade can also be viewed in broader terms, in the context of intergenerational solidarity and costs, such as the environmental costs that today's international trade generates for future generations.

Different interpretations of the concept of the fairness of trade have generated substantial controversy around the Fair Trade movement and market, particularly about its nature and market versus anti-market character (Śliwińska, 2024, pp. 5–6).

Fair Trade is a grassroots socio-economic initiative that emerged in the second half of the 20th century in Western European countries and the US. Its primary goal is to combat extreme poverty and the marginalisation of the most vulnerable participants in the international market, mainly producers from the global South. Thus, on the one hand, Fair Trade represents an international social movement promoting social and environmental justice and the rights of women, farmers, workers and indigenous communities to decent working and living conditions (Evans, 2008; Smith, 2008). On the other, it constitutes a market for Fair Trade products, i.e. products that meet specific criteria for socially responsible production established by Fair Trade organisations (Table 15.1 and 15.2), the largest and most important of which are the World Fair Trade Organization (WFTO[1]) and Fairtrade International (FI, n.d.).

Table 15.1. 10 principles of Fair Trade set by WFTO

1.	Creating Opportunities for Economically Disadvantaged Producers
2.	Transparency and Accountability
3.	Fair Trading Practices
4.	Fair Payment
5.	Ensuring no Child Labour and Forced Labour
6.	Commitment to Non Discrimination, Gender Equity and Women's Economic Empowerment and Freedom of Association
7.	Ensuring Good Working Conditions
8.	Providing Capacity Building
9.	Promoting Fair Trade
10.	Climate Action and Protection of the Environment

Source: (WFTO, n.d.).

Consequently, consumers are able to choose from a growing range of products that meet Fair Trade criteria. As can be seen from Tables 15.1 and 15.2, these criteria refer to different understandings of fairness in trade and incorporate to varying degrees these elements addressing both the need for a more equitable distribution of wealth, as well as the need to create equal development opportunities. What is extremely important and characteristic about Fair Trade, however, is that it is an entirely grassroots and voluntary initiative for all its participants, both on the demand and supply side. Thus, it does not limit the functioning of the market mechanism; on the contrary, it introduces additional decision-making elements into the market for all its participants in the form of Fair Trade criteria.

economic development with safeguarding the social and environmental balance (UN 'Brundtland Report' 1987); instead, it also simultaneously contributes to solving global problems already endangering humanity. Sustainable transformation should therefore be conceptualised in broad terms as a process of social change that facilitates achieving sustainable development defined in this way.

For Europe, which has ambitions to lead the world in sustainable development, this means the need for fundamental changes within the basic three institutions that shape social life – the state, the market and civil society: pursuing sustainable development and achieving the SDGs constitutes such a complex undertaking that it requires the involvement of all stakeholders. Indeed, there is now no doubt that sustainability is the responsibility of all, governments, businesses and society. Instead, the discussion revolves around the desirable division of powers and responsibilities between these institutions and the most effective and efficient ways to achieve the various SDGs, given that the measures taken so far have not produced the expected and desired results. It has become clear that sustainability issues cannot be achieved through top-down regulation alone, nor can they be left entirely to market forces. However, defining the extent to which these issues should be regulated by top-down regulations or left to the market – where sustainability becomes a core element of competition – remains an extremely difficult and as yet unresolved task (Gorynia & Śliwińska, 2024, p. 26). In this situation, the role of civil society becomes crucial. Through its political and market choices, society exerts a powerful influence on both the political and business worlds, and thus on the top-down regulations that emerge and the ways in which businesses operate, whether sustainably or not.

It can therefore be said that sustainable transformation must take place in three dimensions, namely the state, the market and society. Identifying different kinds of solutions, strategies or tools that may enhance and accelerate this process is crucial. In this context, the Fair Trade social movement has long played a key role, because this extremely comprehensive initiative has a broad impact on all three of these institutional spheres: firstly, on society by raising public awareness of social and environmental global challenges; secondly, on the market, by bringing key sustainability values to the market as product differentiators; thirdly, on the state, by working with public authorities and institutions to raise their awareness of possible ways to counter global challenges through appropriate policies and regulations. Moreover, the way Fair Trade operates also contributes to the cooperation and integration of the activities of all three of these institutions, which is perfectly in line with the need to build partnerships for sustainable development expressed in SDG 17. The following sections will elaborate on all three dimensions of the Fair Trade initiative's impact on Europe's sustainable transformation.

15.3. Society – raising social awareness and responsibility

The emergence and development of Fair Trade initiative continues to contribute to raising public awareness of the need for sustainable development and increasing public responsibility for issues related to it. This is happening in a variety of ways.

The Fair Trade social movement, since its inception at the beginning of the second half of the 20th century, has taken as its main goal the fight against extreme poverty associated with hunger or malnutrition, dire working and living conditions, the exploitation of child labour, various forms of modern slavery, the marginalisation and lack of development opportunities of the most vulnerable participants of international exchange, mainly producers from the global South. All of these objectives are now reflected in the various UN Sustainable Development Goals, in particular 1 (no poverty), 2 (zero hunger), 3 (good health and well-being), 4 (quality education), 5 (gender equality), 8 (decent work and economic growth), 10 (reduced inequalities), and 12 (responsible consumption and production).

In other words, from the very beginning, Fair Trade has addressed issues of extreme importance for sustainable development. By running various social campaigns and creating alternative distribution channels for handicraft and food products to support the poorest producers from the global South, it has made consumers in developed countries aware of critical global social challenges, predominantly the extreme poverty of many market participants and the resulting consequences. While emphasising the social and economic aspects of sustainable development, in the recent decades, Fair Trade has also increasingly addressed challenges of an environmental nature.

Moreover, Fair Trade does not simply stop at raising public awareness of social and ecological global challenges, but awakens the public's need to counter them, indicating opportunities for grassroots measures to counteract existing and emerging problems; it therefore demonstrates the role that various communities and even individuals can play in this process. Thus, it teaches people to take responsibility for common global problems and not to expect the state alone to solve them. On the contrary, it teaches to support public institutions and NGOs in overcoming them and to take their own initiatives to solve the most serious problems.

The extremely comprehensive and multifaceted nature of the Fair Trade initiative drives the processes of raising awareness of global challenges of a social and environmental nature and urging all society's members to bear responsibility for these. Numerous initiatives integrate local communities and are expanding

their international reach. These include such events as Fair Trade Week (Fairtrade Nederland, n.d.), Fairtrade Fortnight (Fairtrade Ireland, n.d.), or Fair Trade Month (Fair Trade Federation, n.d.), as well as numerous local actions, from Fair Trade breakfasts held at various locations accessible to local citizens to mobile cafes serving Fair Trade coffee and cocoa, or collaborating with local businesses and creating a friendly environment conducive to ethical and fair trade. The scale and scope of activities depend on the creativity and involvement of the local community. This often intersects with local or regional authority cooperation, thereby creating a self-perpetuating mechanism of mutual inspiration between the local community, business and public authorities. This is particularly true of Fair Trade Towns (n.d.), which form an international community of more than 2,000 towns within the framework of the international Fair Trade Towns initiative (FFT), where raising awareness and education about contemporary global challenges go hand in hand with concrete actions supporting ethical and fair trade through promoting goods and services that contribute to sustainable development, including Fair Trade products and services.

Raising awareness and fostering social responsibility for contemporary global social and environmental problems is crucial, since an informed citizen means an aware consumer and an aware voter. This civic awareness therefore has a key impact on the functioning of the market and the state.

15.4. Market – responsible consumption and sustainability as a new dimension of competition

By raising public awareness, the Fair Trade movement contributes to the growth of responsible consumption and production so crucial to sustainable development. This is because consumer awareness and responsibility determine market strategies, how it functions, and how businesses operate. As companies are competing aggressively to meet consumer needs in order to boost sales and strengthen their market position. Therefore, if consumers demand goods that are socially and environmentally sustainable, companies will compete on those grounds. Consumers who are aware and educated will compel companies to change their ways and adopt sustainable operating practices. Thus, by raising public awareness of global social and environmental challenges and existing opportunities to counter them, the Fair Trade movement directly accelerates the transition to responsible and sustainable consumption and production.

At the same time, the emergence of criteria for Fair Trade products (product certifications, e.g., Fairtrade, Nature Fair, Fair for Life, Fair Trade USA, or Small

Producers Symbol – SPP) and Fair Trade companies (business model certifications, e.g., Guarantee System (GS) of World Fair Trade Organization) have created a market for socially and environmentally responsible Fair Trade. This creates an opportunity for consumers to select goods whose production did not involve exploitative working conditions and underpayment, child labour or any form of forced labour. Consequently, the Fair Trade initiative directly introduces such values into the market as solidarity and responsibility for others, especially the most vulnerable market participants, as differentiators of goods and services.

Shaping these consumer attitudes is crucial to all aspects of sustainable transformation in European market economies, since it is consumers who largely dictate corporate behaviour among companies competing for greater sales. Consequently, if consumers consciously and critically assess the ways in which companies operate and produce, both social and environmental sustainability will become key elements for companies to build competitive advantage. Therefore, the Fair Trade social movement and market, as an entirely grassroots initiative, plays an important role in this process.

15.5. State – changing legal framework for the functioning of the European market

By raising public awareness of sustainability challenges and building public accountability for them, Fair Trade also contributes to transforming state policies and regulations towards their support of sustainable development.

Ultimately, an informed citizen is an informed voter. As sustainability has gained prominence in Europe in recent decades, citizens are paying ever-greater attention to whether the political parties they elect have specific plans to address environmental and social risks in their political programmes. This is also reflected in EU policies and regulations. The flagship example is the European Green Deal and the related Fit for 55 regulatory package, although it is worth noting that sustainability issues have a long history of permeating the legal framework for the operation of the EU market. Examples include the following: the EU public procurement directives (2014), which introduced the possibility of including social and sustainability certifications in public procurement procedures; the EU directive (2022) on corporate sustainability reporting (CSRD), which was created to ensure transparency of companies' activities and offer better information on their contribution to sustainable development; the EU directive (2024) on Corporate Sustainability Due Diligence (CSDD), which requires companies to take care of human rights and environmental protection not only within their own operations but across their entire supply chains.

It is difficult to imagine that such an accelerated creation of EU regulations related to sustainable development could have taken place without several decades of intensive activity of what van Dam considers the 20th century's most successful and widespread social movement (van Dam, 2018, p. 21), shaping citizens' awareness of global social and environmental challenges and awakening the need to counteract growing global problems. It should be emphasised that the Fair Trade movement has not only indirectly affected these issues by raising the consciousness of citizens-voters; it has also acted and continues to act directly, by cooperating with authorities and public institutions to raise their awareness of possible ways to counteract global problems through appropriate policies and shaping the legal framework for the EU market, addressing the most urgent problems and possible ways to counteract them by modifying the rules of the European market, often through concrete proposals for regulatory changes.

However, participants of the Fair Trade movement and market are fully aware that this is only the beginning of a long journey, and that complete top-down regulation of sustainability issues is neither sufficient to achieve the SDGs nor possible. This creates space for social movements targeting sustainable development, such as Fair Trade, which will continually raise the bar for achieving the various Sustainable Development Goals, along with developing new tools and strategies, and identifying new challenges that need to be addressed through top-down regulation and bottom-up socio-business action.

Conclusions

In the face of growing global social and environmental threats, sustainable transition is no longer merely a desirable course of development: it is a necessity. Europe seeks to lead this difficult process by seeking various regulatory solutions and supporting it through various types of programmes and strategies that encourage citizens and businesses to work in favour of sustainability. In this context, a highly relevant question is what role a grassroots socio-economic initiative such as Fair Trade can play in sustainable transition.

The discussion in this chapter suggests that sustainable transformation occurs in three main dimensions – social, market and state – with the Fair Trade social movement and market playing a crucial role in all of these dimensions. Firstly, since the beginning of the second half of the 20th century Fair Trade has raised public awareness of global challenges of a social and environmental nature – in particular, extreme poverty and its widespread consequences – and the possibilities of countering them, both at the level of state policy and, above all, grassroots initiatives. This is a key aspect of building social responsibility, since an aware

citizen is also an aware consumer and an aware voter. Secondly, the existence of Fair Trade and the creation of a market for Fair Trade products that meet certain criteria for socially responsible production has fostered responsible consumption and the new dimension of competition between companies - sustainability. Thirdly, the dynamic development of this initiative has contributed directly and indirectly to changing the legal framework for the European market towards taking into account the need for sustainable development, including combating the marginalisation and overexploitation of the most vulnerable participants in international trade.

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