



Azuay University

Faculty of Legal Sciences

School of International Studies

**PROPOSAL FOR THE OBTAINMENT OF THE FAIR TRADE
CERTIFICATION
MERMELADAS ELENA**

**Graduation work prior to obtaining the degree
Bachelor in International Studies Bilingual Mention in Foreign Trade**

Author:

María Isabel Durán Cabrera

Director: Ing. Antonio Torres

Cuenca-Ecuador

2017

DEDICATION

To the Free trade, for allowing us to experience a world without borders.

ACKNOWLEDGMENTS

I thank my mother Sonia for being the fundamental pillar of my life, for always believing in me and making it possible for me to come here. To my sister María Paz, for inspiring me every day to be a better person and an example worthy of following. To my thesis director, Antonio, for being a great friend and teacher who traveled with me this long way and from whom I took many lessons. To María Fernanda Cordero and Fabián Uriguen for being an essential part of this project and sharing their experiences. To the Azuay University for being the space that allowed me to fulfill the first of many academic goals.

María Isabel Durán C.

INDEX

DEDICATION	ii
ACKNOWLEDGMENTS	iii
INDEX	iv
IMAGE INDEX	vi
SUMMARY	viii
INTRODUCTION	1
CHAPTER 1: FAIRTRADE	3
1.1 What is Fair-Trade?	3
1.2 Why obtain a Fair-trade certification?	15
1.3 Organizations that promote and apply Fair-Trade	18
1.4 Competitive Advantages of Fair-trade for Export	20
1.5 Benefits in the main markets of the world	22
1.6 Client-producer benefits with the application of Fair-Trade	26
1.6.1 Producer benefits	26
1.6.2 Consumer benefits	27
1.7 Benefits for the Producing Community	29
1.8 Benefits in competitive advantages in the company Mermeladas Elena	31
CHAPTER 2: MERMELADAS ELENA AND THE PRODUCING COMMUNITY	33
2.1 Mermeladas Elena	33
2.1.1 Historical summary of the company	33
2.1.2 Process of purchase of the raw material	33
2.1.3 Production Process	34
2.1.4 Staff	42
2.1.5 Facilities	42
2.1.6 Craft activity	43
2.1.7 Costs of production and price of the product	46
2.1.8 Financial aspect	47
2.1.9 Distribution	47

2.2 The producing community	48
2.2.1 General information	48
2.2.2 Production and collection process for blackberry	50
2.2.3 Selling and production costs	53
CHAPTER 3: PROPOSAL FOR OBTAINING THE FAIR-TRADE	
CERTIFICATION	55
3.1 General process for obtaining certification.....	55
3.2 Small Producers Criteria	57
3.3 Merchants Criteria.....	59
3.4 Product Criteria	62
3.5 Supply chain of small producers and the company Mermeladas Elena	63
3.5.1 Analysis of the nonconformities of the producing community	64
3.5.2 Analysis of Mermeladas Elena company	66
3.6 Specific product criteria to be developed with FLOCERT	68
3.7 Certification costs.....	69
3.8 Ecuador and its experience with Fair-trade	69
3.9 Possible Export Markets.....	70
CONCLUSIONS	73
RECOMMENDATIONS.....	75
CITED WORK.....	77
ANNEX	86
Annex No. 1	86
Annex No. 2	105

IMAGE INDEX

Figure 1: Latin America and the Caribbean and the first Millennium Development Goal: Eradicate extreme poverty and hunger.....	6
Figure 2: Child malnutrition in Latin America and the Caribbean	7
Figure 3: Latin America and the Caribbean and the eighth Millennium Development Goal:	8
Figure 4: Fair-trade stamp.....	11
Figure 5: European imports of jams, jellies and gelatins by country of origin in thousands of euros (2011-2015).....	24
Figure 6: Washing the raw material	34
Figure 7: Getting the prepared blackberry	35
Figure 8: Homogenization.....	36
Figure 9: Sifting	36
Figure 10: Preparation of containers	37
Figure 11: Packaging.....	37
Figure 12: Placing the aluminum shield.....	38
Figure 13: Placing the covers	38
Figure 14: Labeling	39
Figure 15: Finished product	40
Figure 16: Label	40
Figure 17: Label	41
Figure 18: Storage phase.....	41
Figure 19: Final product distribution	42
Figure 20: Facilities	43
Figure 21: María Fernanda Cordero: owner of Mermeladas Elena	43
Figure 22: Location of El Pan	48
Figure 23: Image from "El Pan"	49
Figure 24: Mr. Wilson Parra: Coordinator of the Producing Community	49
Figure 25: Hillsides with blackberry plantations	51
Figure 26: Plantation Corridors.....	51
Figure 27: Fruit of the blackberry plant	52

Figure 28: Blackberries collected in buckets52

Figure 29: Blackberry collection path.....53

Figure 30: Relation of the Fair-trade Criteria with the Compliance Criteria FLOCERT 58

Figure 31: Payment and transmission process of the Fair-trade Premium.....61

Figure 32: Distribution of Fair-trade sales by region 2015.....71

Figure 33: Top 10 countries with the largest markets for Fair-trade groceries in millions of euros.....72

SUMMARY

This graduation research aims to analyze a new trend in international trade: Fair-trade. It seeks to discover how it has influenced lives in the global South, as well as its efficiency and applicability. To this end, a practical case is used with the company “Mermeladas Elena” and a community of small blackberry producers in El Pan, so that it is possible to establish the procedure to follow in order to obtain the certification and thus access to big markets. At the same time, it seeks for development of small producers, a fair price and an improvement in the social environment.

INTRODUCTION

International trade has allowed the interaction of global players on the world stage over time. It has been fundamental for the development of nations and has given way to the current reality of individuals being the reality of citizens of the world, and not only belonging to a territory defined by borders.

It is also true that it has been determined who are the ones who decide the rules of the game, and who are the ones who follow them. For many reasons (technological backwardness, economic and political institutions, extractivism), the global South is in a position of economic disadvantage and social development in the North. That is why a new trend is born within the international trade called Fair-Trade.

Fair-trade seeks to reduce the intermediaries between the producers of raw material and the final consumer, the payment of a Minimum Price to these producers so that they are not exploited at the convenience of the market and their work is recognized, the payment of a Fair-trade Premium to the certified products that will implement projects that allow the development of the community in both the social and economic fields, as well as provide consumers with responsible purchasing options and the creation of environmentally friendly procedures, becoming an integral current which covers all the aspects that make up the life of the human being.

For this reason, this paper will analyze the aspects of Fair-Trade that make it a viable alternative to traditional trade, its advantages, its structure and its fundamental pillars. Afterwards, a study will be carried out on the specific case of the company "Mermeladas Elena" and a community of small producers of the raw material, so that together they obtain the certification and can be beneficiaries of both the Minimum Price and the Fair-trade Premium. Finally, a proposal will be formulated to obtain the Fair-trade certification, based on the current situation of the company and the community.

It is important to know about the new global trends and to adapt to the changes that occur in the world context, that is why the analysis of new cases and currents is indispensable for the creation of concepts and doctrines that allow the advance of humanity.

CHAPTER 1: FAIRTRADE

1.1 What is Fair-Trade?

Since the beginning of humanity, commerce has been an essential part of social behavior. From small exchanges of goods within a community, to large acts of commerce between continents and civilizations. Trade is born from the need to acquire goods that are not produced within the community, thus leading to find suppliers of these in exchange for another. The initial form of commerce was called “barter”, which consists of an exchange of resources between parties.

The objective of this is to generate wealth and meet the basic needs of individuals, continuing the process to reach large-scale trade. International trade is possible thanks to the comparative advantages that exist, defining them as: "advantage that countries have to specialize in the production and export of those goods or services they produce with a relatively lower cost with respect to the rest world "(Alvear Giler, 2016).

This practice has been developed to date and now we not only exchange goods but also services, capital, etc., in the same way in which there are not only tangible markets but virtual markets such as the stock exchange, which allows buying and selling real-time financial securities from anywhere in the world.

However, within the commercial practices we find different actors and agents that play a specific role so that the activity goes on without major setbacks. Thus we find for example the World Trade Organization, which "deals with the world rules governing trade between nations. Its main function is to ensure that trade takes place in the most fluid, predictable and free way possible "(World Trade Organization, 2016). Apart from this Organization we find the main actors: producers and consumers, either raw materials or products with added value. It is here that we find the trade dilemma from its inception. There are so-called first-world countries, which are the main economies of the

world system, and there are other so-called third world or developing countries that do not represent strong economies within the same system (García).

The mercantilist theory can be identified within this interaction of economies, which establishes that the wealth of the nation is based on the accumulation of precious metals and hoarding of money, a concept still present in countries that do not produce finished and value-added goods, which leads to an economic imbalance with the countries that do (Escartín).

At present, trade between countries encounters obstacles that derive from commercial models that could be classified as inequitable, since the so-called "Third World" countries were not integrated into the modern technology trade and value added goods that came with the industrial revolution but stagnated as producers of raw materials or commodities that sell to the great powers, which process the goods and sell them to the countries of origin of the raw material in a much higher value. The results of this model are beneficial to the large economies since they buy basic materials at very low prices and do not represent a profit for small producers, and when they sell the finished products, they earn large quantities at the expense of them (Acemoglu & Robinson , 2012).

This has meant that whole continents such as Latin America or Africa can not reduce their poverty rates and remain governed by a primary economy of agriculture, livestock and fishing without being rewarded for their products in a fair way. Great powers such as the United States, the European Union or China would not be in favor of their suppliers of raw materials developing and beginning to produce within their territories what previously mattered. This is the dynamics that have been handled and that has kept the wheel of the economy spinning and the balance of wealth tilted to one side. Trying to combat these injustices, the enrichment of a few intermediaries while the real workers are not remunerated according to their effort, the idea of a practice called Fair-Trade is born.

Raúl Prebisch helps to better understand the concept of inequality with the theory promoted by him and by ECLAC in the 1970s, called dependency theory. This theory establishes that due to the established economic model, the countries of the South depend on their exports of raw materials to the countries of the North, and on the purchasing arrangement of them. This theory exposes the following postulates:

- 1) Development and underdevelopment are two different aspects of the same process.
- 2) Underdevelopment is directly linked to the expansion of industrialized countries.
- 3) Underdevelopment is neither a stage in a gradual process towards development nor a precondition, but a condition in itself.
- 4) Dependence is not limited to relations between countries, but also creates internal structures in societies (Blomström & Ente, 1990).

Based on the study of these postulates, it can be concluded that development and underdevelopment come from the same economic and commercial model applied in different ways and adapted to its actors. It is true that the historical framework of the North and the South helped to establish what role they would play in the economic field and that there are two different results from the same model shows us that there is no applicable "ideal" that works in the same way in any place where it is inserted. In the same way, it is emphasized that underdevelopment does not mean that the path to development is constantly being followed, on the contrary, underdevelopment implies that significant progress has not been made in the economy as well as in the area of equality and social development.

The last postulate is extremely important because it reminds us that inequality and dependence are not clearly macro issues, but also appear within the societies that live them. In order to maintain the supplier-consumer relationship of raw materials and value-added goods, dependencies of farmers, small vendors, among others, must be created to provide the distributor who will later act as a supplier to large international

buyers, we arrive in this way to one of the pillars of Fair-Trade: the elimination of these intermediaries, and in this way, dependence.

On the ECLAC website, various data on development and poverty can be found within Latin America and the Caribbean, highlighting the difference that exists with the global North, alarming figures demonstrating the urgency of a new and more equitable development model.

According to ECLAC in 2015, 175 million people in Latin America were found to be income poverty, 75 million of whom would be in destitution (Economic Commission for Latin America and the Caribbean (ECLAC) 2015).

Figure 1: Latin America and the Caribbean and the first Millennium Development Goal: Eradicate extreme poverty and hunger



Source:http://www.cepal.org/sites/default/files/infographic/files/15-00878_odm_fichas_web_espanol-1.pdf

While there have been improvements within the region, and certain Millennium Development Goals have been met, such as halving the percentage of the population subsisting on less than \$ 1.25 a day (ECLAC, 2015), inequality in the region remains worrying. It can be observed, that both the decline in dependence and the increase in employment (two important postulates within the Fair-Trade) have promoted the reduction of poverty in Latin America. There is a need to promote more effectively the

strategies already implemented to achieve the Millennium Development Goals alongside Fair-Trade programs.

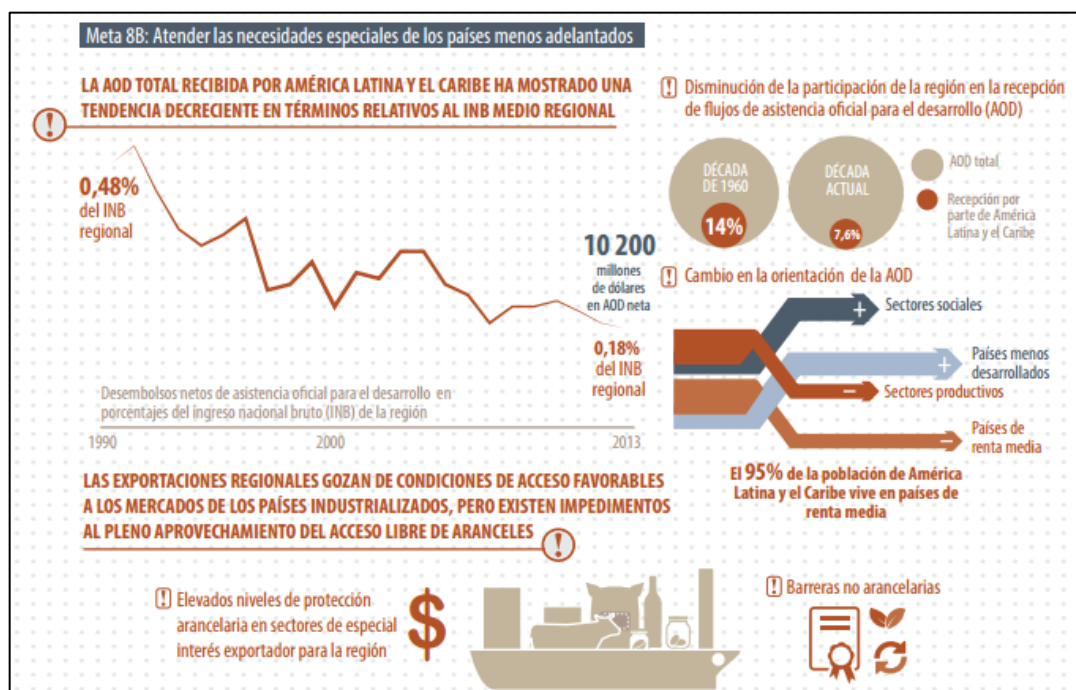
Figure 2: Child malnutrition in Latin America and the Caribbean



Source: Retrieved from: http://www.cepal.org/sites/default/files/infographic/files/15-00878_odm_fichas_web_espanol-1.pdf

The number of children suffering from malnutrition is very worrying, as they do not enjoy the care they need for their age. Poverty is largely responsible for this deplorable event, which later leads children who survive to help in their homes giving way to child labor. That is why one of the pillars of Fair-Trade is "No to child labor" since it is necessary for children to access education so that they can contribute with knowledge later, and play an active role in the progress of their environment in order to improve the standard of living of future generations. Similarly, emphasis can be placed on the education of women, since the social return is greater in them, by influencing greatly the formation of their children.

**Figure 3: Latin America and the Caribbean and the eighth Millennium Development Goal:
Develop a global partnership for development**



Source: http://www.cepal.org/sites/default/files/infographic/files/15-00878_odm_fichas_web_espanol-8.pdf

Latin America and the Caribbean have declined their receipt of ODA (Official Development Assistance) consisting of loans to United Nations institutions, which come from funds donated by the richest countries in the world. This has caused that the productive sector lacks the necessary investment to grow and generate development within the country. In the same way, it is observed that the trade from the region faces obstacles to reach the foreign market, so it is necessary to have quality products that comply with established regulations and are not an impediment to access the market.

There are many economic and social problems that affect Latin America, so it is necessary to look for alternatives to the already established models that have not given the expected results. It is important to understand the concept of Fair-Trade so that it is easy to apply and all can be part of development.

Fair-Trade is a trade association, based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better commercial conditions and securing the rights of marginalized producers and workers, especially in the South. Fair-Trade organizations, supported by consumers, are actively involved in supporting producers, sensitizing and developing campaigns to achieve changes in the rules and practices of conventional international trade (Portal de Economía Solidaria, 2016).

Fair-trade International on its official website defines Fair-Trade as:

Fair-trade represents an alternative to conventional trade and it is based on cooperation between producers and consumers. Fair-trade offers producer's fair treatment and more profitable trading conditions. This allows them to improve their living conditions and make plans for the future. For consumers, Fair-trade is an effective way to reduce poverty through their daily purchases (FLO, 2014).

Fair-trade is an alternative to traditional trade, to offer small farmers in the poorest countries especially in the global South better trading conditions, through initiatives that improve their access to markets as well as their living conditions. Fair-Trade seeks to reduce the participation of intermediaries between the small producer and the consumer, since in many cases the greater profits are for these. Fair-trade establishes a Minimum Price agreed between the small producer and the buyer (Fair-trade International), so that it can improve their quality of life, as well as an economic Fair-trade prize that has to be used in a responsible way with the aim of promoting development of the community.

However, this new concept not only focuses on the commercial field, there are also particular conditions on the treatment of workers (such as freedom of association and collective bargaining, adequate housing and hygiene, health and safety at work, and prohibition of work child or forced). In addition, the producer must comply with the environmental and social laws of his country and demonstrate a continuous improvement in the annual inspections (FAO, 2016).

For years, the North, including child labor, labor exploitation, miserable pay, harmful working conditions, among others, has defined the rules of international trade relations. These characteristics are also part of the final purchase price, although consumers are not aware of this (Calcagno & Jakobowicz, 1981). Fair-Trade is based on respect and direct treatment, giving importance to the rights of farmers, their environment, their development and their progress.

When a community joins and forms a working cooperative is looking for a decent life, and becomes the first agent of Fair-Trade. A very important part of this process is to create a consumer awareness, to promote a responsibility when making a purchase and to take into account not only the price of the product but the commercial, social and environmental conditions within what it was manufactured. In a joint effort of producers, importers, distribution shops, consumers and international organizations Fair-Trade can be achieved, which is the only way to achieve fair development (Fair-trade International).

The Fair-trade certification is granted by the International Fair-Trade Organization, which establishes all the criteria to be accomplished and the certification process:

Fair-trade certification can be requested by a group of producers organized in a cooperative, a farmers' association or a plantation with an organized labor force. Local auditors will inspect the farm and a certification agency will decide whether to certify the producer organization. Once granted, an annual inspection is carried out to verify that the producers fulfill with the Fair-Trade requirements and see what they have achieved with the Fair-Trade award. Traders who use the Fair-Trade certification mark on their packaging cover the cost of certification by paying a license, while the producer pays nothing. In the future, producers are expected to cover part of the costs of certification (FAO, 2016).

Products with Fair-trade certification have the Fair-trade label. This is the world symbol of Fair-Trade that guarantees that the products that carry it comply with all the

established economic, social and environmental requirements. The label was introduced in 2002 to replace individual brands in different countries. As for the logo, the Fair-trade International page states that:

The FAIR-TRADE circle symbolizes the relationship between consumers and companies, businesses and traders, farmers and workers in a joint effort to improve life and well-being through everyday shopping. The circle incorporates a blue sky symbolizing optimism, green for growth and a raised arm for empowerment. Together, they represent the vision and values of Fair-Trade as a modern movement (Fair-trade International, 2011).

Figure 4: Fair-trade stamp



Source:<https://www.Fair-trade.net/es/about-Fair-trade/Fair-trade-sourcing-programs/fsp-Fair-trade-mark.html>

This certification seal appears on products that come from developing economies in about 120 countries around the world (Fair-trade International, 2011).

Fair-Trade began in the 1940s in the United States, when organizations like Ten Thousand Villages and Sales Exchange for Refugee Rehabilitation and Vocation supported small producers and war refugees in purchasing their products. It was in the United States in 1958 that the first Fair-Trade store opened. At the end of the 1950s, this trend came to Europe, as in England, the Netherlands and the Netherlands began to market products of Chinese refugees, and thus led to the creation of the first importer of Fair-Trade. Since then this practice has grown and in 1973 the first coffee "Fair-Traded" was exported from Guatemala to the Netherlands for the first time. The products have

diversified, giving way to be sold in supermarkets, stores and institutions worldwide (Ecuadorian Fair-Trade Coordinator, 2015).

After understanding what we mean by the concept of Fair-trade, it is time to ask what we made it necessary to find an alternative to traditional trade. It is well known that the great problem of famine exists around the world, with a special emphasis on less developed economies.

Why is it that a race that is capable of developing telecommunications, technological advances, drones creation and more discoveries, does not solve such basic problems as hunger and malnutrition? In his essay "Fair-Trade, Food Security and Globalization: Building Alternative Food Systems", Martin Calisto Friant shows five factors that can help to understand this phenomenon: high volatility of food prices, soil destruction due to industrial agriculture, inequitable trade among countries of the global North and the global South, food monopolies and a Western diet based on unsustainable meat and dairy (Friant, 2016) are the pillars that are analyzed within the essay.

Fair-Trade focuses its efforts on reducing the aforementioned elements that cause the food problems of our peoples. Three of them can be emphasized: the mistreatment of the environment, clearly the inequitable trade and the food monopolies, since these are the agents with greater incidence within the concept of Fairtrade.

After identifying the problems that have forced the market to find alternative means of trade, it is convenient to analyze the bases of what we call Fair-Trade. In the official World Fair-trade Organization page we find the 10 basic principles which are:

1) "Creating opportunities for economically disadvantaged producers": The main objective of Fair-Trade is to reduce poverty through trade practices, which is why the Organization supports small producers to move from an economy dependent on uncertain prices to a stable and secure economy.

2) **"Transparency and Accountability"**: The Organization respects the confidentiality of the commercial information of the parties, and looks for ways to involve producers and workers in decision-making. Communication channels must be effective and adequate to provide all necessary information to business partners.

3) **"Fair-Trade Practices"**: The concept of Fair-trade is based on creating a commercial model beneficial to the environment, small producers and the economic well-being of the communities, achieving these objectives through the fulfillment of contracts, delivery of products and achieving the desired quality. Buyers respect suppliers, maintain a supportive and trusting relationship while working together to increase the value of products and their diversity. It is also important that the practice of Fair-Trade respects the customs, cultures, ethnicities and traditional techniques of production.

4) **"A Fair Price"**: The parties establish a fair and beneficial price for both through dialogue. It is possible to speak of a fair price when it exists a remuneration that allows the sustenance of the producer within its surroundings and that respects the equitable payment for work done by both men and women.

5) **"No to Child Labor and Forced Labor"**: Fair-Trade adheres to the UN Convention on the Rights of the Child and local legislation on child labor. In the same way, it must be ensured that none of the people involved in the work have been forced to do so. In the event that there is involvement of children in the work to learning an art or a traditional craft, it should be reported always and it must be ensured that it does not interfere with the education, recreation or safety of the child.

6) **"Commitment to Non-Discrimination, Gender Equality, Women's Economic Potential and Freedom of Association"**: No hiring, training, remuneration or promotion based on race, religion, nationality, gender, disability, carriers of diseases such as HIV, etc. Gender equality is very important within

Fair-Trade, so it must be ensured that both men and women have equal access to resources that allow them to be productive. Likewise, women should be made available for leadership positions, receiving the same salary as a man for the work done, as well as special health needs such as pregnancy and breastfeeding. On the other hand, the right of workers to join or join a trade union and to negotiate collectively must be respected.

- 7) **"Decent Working Conditions"**: A safe and healthy working environment must be ensured in accordance with local and regional regulations, as well as fostering social awareness about health and safety within the groups of producers, employees, partners and workers from home.
- 8) **"Capacity Development"**: The skills of small producers should be encouraged and encouraged through activities carried out by organizations working with the community. Workshops to develop administrative capacities, production capacity, market introduction, etc., are necessary for a constant improvement.
- 9) **"Promotion of Fair-Trade"**: The need for fairness within global trade through the socialization of Fair-Trade information, the products on offer, the identity of the producers, etc. should be promoted, always through honest advertising and marketing.
- 10) **"Respect for the Environment"**: Raw materials from the same region should be used within the production process as far as possible. In the same way the use of technology that reduces energy consumption and if possible use renewable and clean energy. Find ways to reduce the environmental impact of waste and reduce pesticide use where possible. It is also important to use materials that can be recycled or biodegradable for packaging and to transport products by sea as much as possible (World Fair-trade Organization, 2013).

These statements show us that Fair-Trade is an integral concept, which focuses on the most important areas of human life: economy, social development and its environment. By combining these areas, we can ensure that the focus is not exclusive to capital, but that it seeks out fully qualified, capable human beings with recognized work.

A very interesting point is that it touches on the topic of gender equity, which is very controversial and is a subject of discussion and inserts it into the commercial and production area, which establishes that both men and women can and must work in the productive process so that both its community and the rest of the world can achieve optimum development.

Another important issue that is included in the principles is "Capacity Development", since the idea of Fair-Trade implies that there is no dependence of any community towards an organization that is either a distributor of its products or a Fair-Trade. Individual and collective skills are driven and fostered to create independence and to properly use talents in ways that contribute to the efforts to reach the goal of a large, open international market.

Fair-trade has definitely taken hold within trade practices around the world, and has created consumer awareness, helping farmers, small producers and developing countries find a light of hope and a path to the end of poverty.

1.2 Why obtain a Fair-trade certification?

After knowing the concept and history of Fair-Trade, it would seem a little strange to ask this question. However, many companies are still afraid of venturing into this stream, as they do not know exactly what it is, or how it could change their business.

The main objective of Fair-Trade, as mentioned above, is to reduce poverty in Third World countries, and to make consumers aware of the process that products pass before they reach their hands. This is where the key to Fair-trade lies, as corporations have

become accustomed to seeing the market as a simple set of consumers, meaningless numbers that need to be sold a product as it may. However, the society is formed by human beings thinking, with will, a voice of their own and totally capable of forming great changes.

Due to society's concern with the existence of inequitable trade, the need to take action is born. That said, the first and biggest reason to get a Fair-Trade certification is our own humanity, our conscience and the desire to create through small steps a world a little more just.

Do not confuse charity with Fair-Trade. It is not falling into "giving" money to poor people, because the products that are the object of trade have a very important benefit that is human dignity and concern for viable and sustainable social development, as well as a harmony with the environment.

Another great benefit of Fair-Trade is that it tries to reduce the space between the producer and the final consumer, allowing a closeness and a bond between the two actors. Part of the process of obtaining Fair-trade certification is to avoid unnecessary intermediaries and facilitate access to international markets (Universidad San Jorge, 2016). It is important to emphasize the intermediaries, since within traditional trade the final price of a product when it reaches the hands of the consumer represents, in its majority, a direct income to them, representing items of transport, warehouse, storage, etc.; that could be reduced to the minimum so that the final price reflects an income to the small producer and promotes its growth.

To approach the producer with the final customer is the ideal of Fair-Trade and to enter international markets is made easier by having a certification of this type since it represents a benefit of social and moral type, which is very well paid in the field international.

In the same way, it should be emphasized that Fair-Trade gives way to stable and lasting commercial relations that benefit both the producer and the consumer, since prices are maintained, contracts avoid production default and even producers can reach access to loans and financing for their upcoming projects (Fair-trade Ibérica, 2016).

A pillar of Fair-Trade less mentioned but not less important and beneficial is the protection of the environment. As mentioned in United Nations General Assembly resolution 44/228 of 1989:

The major cause of the continued deterioration of the global environment is the unsustainable patterns of production and consumption, particularly in industrialized countries. Poverty and environmental degradation are closely related and in this context, environmental protection in developing countries must be seen as an integral part of the development process and cannot be considered in isolation from it (United Nations Organization, 1989).

The development of a town is intimately linked with the way it interacts with its environment and for this reason Fair-Trade seeks to reduce environmental impact through non-invasive farming techniques, using less chemicals such as pesticides, etc.

Some numerical data are worrisome and show that we must act on the subject with great urgency. For example, according to the UN, every year the sea receives 6.4 million tons of garbage (UNEP, 2005), which leads us to believe that there is no liability as consumers.

Many environmental aspects can be improved and protected through Fair-trade. Some of them are: the boost to small-scale agriculture, agriculture against transgenic, respect and conservation of local natural biodiversity, opposition to the appropriation of natural resources by individuals, Fair-trade premiums aimed at environmental improvements, promoting education on responsible consumption, among others (Fair-Trade Coordinator, 2011).

The benefits of implementing Fair-Trade are great for both exporters and importers of products, as well as their final consumers. Despite being a proposal that is being developed and finding new methods, it is a complete alternative for the improvement and development of the global South, participating actively in the eradication of poverty and social justice. Fair-Trade "humanizes" development and makes people (not capital) the engine of the economy.

1.3 Organizations that promote and apply Fair-Trade

Several organizations around the world support and apply Fair-Trade in different ways. Of all these, the following are the most relevant:

1) World Fair-trade Organization (WFTO): It is a worldwide network of organizations of the Fair-Trade chain. Being a member of the WFTO grants benefits such as the credibility and assurance that your product has all the necessary requirements required to be Fair-Trade. The organization operates in more than 70 countries within Africa, Asia, Europe, Latin America and North America (World Fair-trade Organization, 2014).

2) Fair-trade International (FLO): It is the organization in charge of Fair-Trade Sealing at the international level, as well as the establishment of Fair-Trade criteria, coordination of Fair-trade strategies and promotion of commercial justice. The mission of the organization is to "connect the most disadvantaged producers and consumers, promote fairer trade conditions and empower producers to fight poverty, strengthen their position and take more control over their lives" (Fair-trade International, 2014) . In the same way, it works with FLOCERT, the independent certifier for Fair-trade, which, when checking compliance with the established criteria, guarantees that the producers receive the Minimum Price and the Fair-trade Premium. The auditors of the organization are generally from the regions where they work because in this way they relate to culture, customs, language, etc., without any

problem. FLOCERT audits producers and traders, both with prior notice and unforeseen.

At a global level these institutions are the most important; however, it is necessary to focus the analysis of organizations in Latin America, to get to know the most important within Ecuador as they are the most relevant to the environment of this research.

3) World Fair-trade Organization Latin America: The WFO Regional Office is composed of members from 13 countries in Latin America. Its institutional mission is to "Strengthen the advocacy, marketing and monitoring capacities of WFTO-LA members and promote cooperative relationships among themselves and with other social actors in order to contribute to the improvement of the living conditions of small-scale farmers. Latin America, according to the principles of Fair-Trade "(WFTO LA, 2016).

4) Latin American and Caribbean Coordinator of Small Producers and Fair-Trade Workers (CLAC): It is a Latin American network that was born in 2004. It brings together and represents organizations of small producers and certified organizations of Fair-Trade. Within the network, products are promoted, training and assistance is provided to member organizations, etc. It currently has more than 700 member organizations in 24 Latin American countries. It works together with National Coordinators representing producers from the same country but different products and with Product Networks, representing producers of the same product but from different countries, as well as with a Workers' Network (CLAC, 2016).

5) Ecuadorian Fair-Trade Coordinator (CECJ): The CECJ was born in 2003 and reactivates its activities in 2008, it is recognized by MAGAP in 2010. It represents small local producers, currently 9 organizations that shelter more than 800 families. The CECJ is an active member of the CLAC, its mission being "To be an instance of representation of organizations of small producers demographically organized,

directed to the strengthening and development of grassroots organizations, that facilitate assistance to our members, promote our products, values and affects social, political and economic instances within the framework of Fair-Trade "(CECJ, 2015). The member organizations of the Coordinator are FAPECAFES, Jambi Kiwa, COPROBICH, UROCAL, FECAFEM, ASOGUABO, UNOCACE, FONMSOEAM, Cerro Azul Association and Fuerzas del Valle (CECJ, 2015).

1.4 Competitive Advantages of Fair-trade for Export

Before discussing the advantages of having a Fair-Trade certification, it is necessary to understand what the concept means. According to Michael Porter, the competitive advantage ...

... It grows fundamentally because of the value that a company is capable of generating. The concept of value represents what buyers are willing to pay, and the growth of this value at a higher level is due to the ability to offer lower prices relative to competitors for equivalent benefits or to provide unique benefits in the market that can compensate for the higher prices (Porter, Competitive Advantage: creating and sustaining superior performance, 1985).

We also find "Porter's Diamond", a scheme that reveals influential indicators in a company's competitiveness. It analyzes the factors that lead to the previously established concept of competitive advantage. The diamond connects the conditions of the factors, conditions of the demand, the strategy, structure and rivalry of the companies and related sectors (Porter, 1990) According to these concepts, Fair-Trade and its certification provide the product with a unique benefit characteristic that compensates for higher prices within the markets. This benefit can also be called "differentiation", that is, within a supply of similar products find a characteristic that positions the product in a high range, which increases its acquisition value.

At this point, a small difference between price and value might be made. The first is the mark to pay for the product, while value refers to the consumer's appreciation of the differential characteristics of the product, which may justify a high price, nevertheless satisfies better the needs of its buyer. Once this is clarified, the value of a Fair-Trade product satisfies the needs of both the consumer and the producer who would otherwise be left behind (Martínez Flores, 2009).

If we remember the basic principles of Fair-trade we can affirm that there are competitive advantages of differentiation with respect to similar products, since a fair payment is established to the small producers, the conservation of the environment is promoted, there is a concern for decent work conditions, etc.

In a globalized world, international markets are the target of traders, and Fair-Trade focuses precisely on this, broadening horizons and opportunities for producers. Europe has become the main market for Fair-trade products, absorbing 60% to 70% of the supply (Domeisen, De Sousa, Stefanovic, & Kasterine).

The positive results in the international markets are visible. Taking as a prime example the European, on 29 February 2016 the results of the "Special Eurobarometer 441: The European Year for Development - Citizens' Opinion on Development, Cooperation and Development" were published. The European Commission, in which the question was "Would you be willing to pay more for food or other products from developing countries to support people living in these countries (for example, Fair-trade products)?".

According to socialized results, 53% would be willing to pay in different percentages a higher price to support small producers, which represents an increase since the year 2014 and represents the highest percentage since 2009. (State Coordinator of Commerce Right, 2016).

Within Ecuador, Fair-trade is promoted, and there are opportunities for producers to reach international markets with the support of their country. In March 2016, the

Ministry of Foreign Trade through Pro Ecuador organized visits to the country and the development of workshops by COPADE (Trade for Development) technicians, a Spanish entity that promotes partnerships between the public and private sectors under the WTFO guidelines and has an important trade network within the European continent (Ministry of Foreign Trade).

Taking into account such advances in the acceptance of Fair-trade certified products, it can be said that their impact has been positive and that its advantages of differentiation based on social justice and Fair-Trade have worked. While the prices of Fair-trade products may in some cases be slightly higher than the prices of the Fair-trade Premium, they reflect a contribution to a quality of life for producers and create a close link between the consumer and the small farmer, and the satisfaction of contributing to development is the added value for which a higher price could sometimes be paid.

1.5 Benefits in the main markets of the world

The European Union represents an important market for Fair-Trade products due to different factors such as: purchasing power superior to having a currency such as the euro, stronger in the international market than the US dollar, as well as the Multiparty Agreement with Ecuador in force since 2017 that allows access to a market of five hundred million people. In the same way the European consumer is characterized by a greater "nutritional education" looking for products, so he prefers products of high quality and social and environmental standards (EL UNIVERSO, 2017).

According to Fedexpor, 27% of the adult population in Europe belongs to the millennials group (born between 1980 and 2000). This segment of consumers, in general, reflects little inclination toward a specific brand or label (termed as an "agnostic" customer) and tends more towards concepts and values that transcend self-satisfaction of needs and are shared in society, such as care for the environment, health improvement, development of disadvantaged populations, etc. (El Universo, 2017).

Europe has always been characterized by its high cultural level, so it is not surprising that its population prefers products that appeal to the development of small communities and environmental protection to specific brands that do not establish a responsible link with their suppliers.

According to the Fair-trade International report in 2014, the fastest growing markets for Fair-trade products are the United States, Germany and the United Kingdom (Fairtrade International, 2015).

"A variety of independent polls confirm that consumers want to know more about the products they buy and they want to know more about procurement and standards for ethical production" (Wright & McCrea, 2008).

It is impossible to deny that consumers have developed an interest in knowing what ethical guidelines exist behind the products they buy, and are deeply involved with the history and provenance of them.

According to the CBI Europe (Center of Promotion of Imports from developing countries) the consumption of products that come from another region that emphasize special characteristics of the same and they know the history behind it is increasing, which is a positive factor for the export of goods with elements of differentiation such as Fair-trade certification.

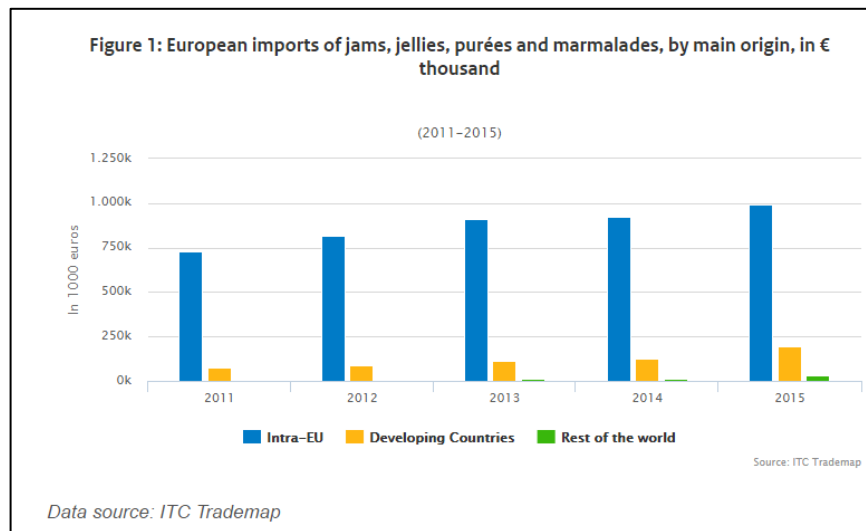
"Exporters from developing countries should be aware that, although requirements regarding food safety and traceability are mandatory, they are no longer sufficient to build competitiveness on the EU market. It is strongly recommended to follow such CSR-certification schemes as the Fair-Trade or Ethical Trading Initiative for the UK retail market "(CBI Europe, 2016).

The traded products in international markets require competitiveness, so complying with basic quality standards is not enough to make the product stand out from the competition

and that is why a Fair-trade certification opens many doors to customers and consumers looking for products with special features.

European countries with greater opportunities for processed fruit products such as Mermeladas Elena are France, Germany and the Netherlands. However, there is growing demand in the Baltic and Scandinavian countries. Among the reasons for this to happen is the transition to a healthier diet, since there is an inclination toward products without chemicals. The market has been growing as well as European imports, 7% in quantity and 11% in value, giving 603 thousand tons of imported jams and jellies in 2015 as total. It is important to mention that growth has been greater in imports from developing countries than from members of the European Union (CBI Europe, 2016)

Figure 5: European imports of jams, jellies and gelatins by country of origin in thousands of euros (2011-2015)



Source: <https://www.cbi.eu/market-information/processed-fruit-vegetables-edible-nuts/jams-jellies/europe/>

As can be seen in Figure 4, imports from developing countries have grown steadily, despite the fact that intra-European Union trade is still higher; there is a growing trend, especially in 2015. This shows that trade between the European Union and developing

countries in relation to products such as jams and jellies is favorable, offering spaces in the market that can be use and exploited.

Having a space within the European market is very important for the development and growth of the economy of countries of the global south that promote Fair-Trade for the benefits that can be access. These benefits range from broad selling opportunities to networks of specialized Fair-trade centers that facilitate the circulation of products and information.

Within Europe, a very important Fair-Trade network is EFTA (European Fair-trade Association), which is an organization of nine importers in eight countries (Austria, Belgium, France, Germany, Italy, Spain, Switzerland and the United Kingdom) which specializes in coordinating and fostering cooperation between Fair-trade traders, to develop joint projects and to create favorable working conditions (EFTA, 2015).

The benefits of a Fair-trade certification to a product that protects and fosters the development of the small producer within the international markets are several and have increased over the years thanks to the awareness and globalization. In the year 2015 the number of Fair-trade producers grew to 1.66 million, payment of the Fair-trade Premium grew by 10% in the same year. Likewise, Fair-trade producers' sales revenues increased approximately 14% in 2015, reaching more than 117 million euros of Fair-trade Premium (Fair-trade International, 2017).

The United States, the European Union and Asia are the main markets for these products, for which it is necessary to create export strategies.

1.6 Client-producer benefits with the application of Fair-Trade

The current commercial culture based on consuming, has created a great gap between the producer and the final consumer, thanks to which there is no relationship between them. When purchasing a product, it is not thought of its origin, nor of the chain that had to be executed so that it reaches the customer's hands, much less how the purchase affects other lives and societies (Jiménez, 2010). With Fair-Trade, it seeks to reduce this space and bring the small producer closer to the final consumer, seeks to create a link between both that allows the experience of trade to go beyond an exchange and become more deep, conscious and responsible.

"We therefore have a position where the public are concerned about how their products are produced and are looking for reliable, independent sources of reassurance. The key then is that evident concern for action "(Wright & McCrea, 2008).

By raising consumer awareness, the challenge consists in creating the necessary conditions for them to take action in order to achieve the mutual benefits described below:

1.6.1 Producer benefits

The Fair-trade trade seeks benefits for small producers and their development, so from the analysis of its principles can be differentiated positive aspects for them as:

1) Stable and long-term contracts: Stability is a pillar of Fair-trade. Producers entering markets with Fair-trade distributors are certain that they have business partners who are not going to default on what has been established and negotiated, since it is the only way to achieve a progressive and not only momentary development.

2) Fair-trade Networking: Access to Fair-trade markets through networks broadens export options, as organizations dedicated to promoting Fair-trade have contacts and agreements with companies and other entities that promote this type of activity.

3) Human Dimension: Fair-Trade products have behind them great stories of people, communities and cultures. With Fair-trade certification, producers can inform about their traditions, their fauna and flora, as Fair-Trade is a platform for communities to move forward while preserving their heritage and enhancing their essence.

Fair-trade is helping farmers to stay on their land and to know their basic needs while providing education and new opportunities for their children. Moreover, the empowerment at the heart of the Fair-trade system benefits individual workers and farmers who, studies report, have improved self-confidence and self-esteem as well as access to training or education (Bowes, 2010).

It is important to emphasize what Bowes says about producers who remain in their land, because thanks to Fair-Trade is not necessary to leave in search of better opportunities, on the contrary, it creates an environment of development within their environment that allows them even acquire new knowledge and become communities that drive the growth of an entire nation.

4) Environment protection: In order to obtain the Fair-Trade seal, established standards must be met, including environmental protection and conservation, ensuring that the fauna and flora are not affected during the production process.

1.6.2 Consumer benefits

Fair-trade also seeks that the experience of consumer buying is different and responsible, so from an analysis of its principles and its structure and operation the following benefits are distinguished:

1) Conscious Shopping: Buyers now have the option to purchase products that are compatible with their values and beliefs, contributing to equitable trade that distributes wealth in a balanced way between North and South.

2) Traceability: If the consumer knows the principles of Fair-trade you can trust that the product meets all the requirements that are necessary for its certification and even acquire more information about the raw material used, the conditions in which it was obtained, etc.

3) Culture: Obtaining the information of a product and its producing community encourages learning about other cultures, uniting in a more educated and aware society about the diversity that exists, and could even be an influence in other areas outside the trade such as the promotion of tourism and the reduction of rates of violence through discrimination and racism.

4) Preservation of the Environment: The issue of global warming is a worldwide concern, and much of the population has been made aware of the grave situation on the planet. Fair-Trade joins other ecological initiatives such as recycling, responsible consumption of water, etc., ensuring that products with the Fair-trade seal have not been developed at the expense of the natural environment from which they come, thus generating an ecologically responsible purchase.

Such research shows that these people are realizing that their actions have immediate and positive impact on the lives of farmers in developing countries - which they, themselves, can help make poverty history. Mike Barry, Head of Corporate Social Responsibility at Marks & Spencer (Wright & McCrea, 2008).

Another great benefit to the consumer is perhaps a little less quantifiable but very important is the satisfaction of helping and creating a difference in the world by worrying about the development of small communities, contributing with actions and becoming aware of the importance of their interaction with the market.

It is important to remember that the benefits are mutual because the aid is also mutual. Producers by providing their customers with Fair-trade products are offering them buying options that break the monopoly of large companies that they often produce regardless of the effects their actions may have on the environment or consumer health. On the other hand, small production communities are able to develop thanks to their customers, who value their efforts in a more representative way.

1.7 Benefits for the Producing Community

Apart from those already mentioned, the producing community, when obtaining the Fair-trade certification, gains very important benefits for its development and growth. From a careful analysis of the studied Fair-trade dynamics, two relevant benefits are being concluded:

1) The Fair-trade Premium: "The Fair-trade Premium is an additional payment within the Fair-trade Fair-trade Labeling system with the intention of being a tool for socioeconomic development and for empowerment" (Fair-trade, 2009). Being certified producers receive an extra economic amount and that although the Fair-Trade criteria are not established its specific use, it is clear that it must be invested in projects that promote community growth through the analysis and evaluation of their needs.

There are payment levels established by the FLO and are not negotiable, so they can never be included in the sale negotiations. The premium is set as follows: a percentage between 5% and 30% of the minimum price is paid, and paid for each unit of the product sold, so that the final amount that the organization receives depends on the volume sold. It is important to emphasize that the Premium is paid to the producer organization more than individually, since it is used to create and develop projects that benefit the entire community, and the payment is made by the Fair-trade payer (importer or exporter) (Fairtrade, 2009).

For the raw material management, certain steps must be taken: the first, is to make a report based on the basic needs of the community, and all the members can contribute with ideas on how to use the raw material; so that, the suggested projects know the needs and create development; An annual plan based on sales projections of the raw material, in which it should include objectives, activities, how and when they should be carried out, and then establish a "Raw material Committee", which will evaluate the projects presented and it will communicate them to the community (Fair-trade, 2009).

All activities and investments made with the raw material must be documented, as well as the economic accounts and details, and both the project and these documents are subject to evaluation and monitoring during its execution. Some suggestions for the application of the Premium can be found such as: business development (better production techniques, income diversification), training, community projects (public health support, public school support), financial services, creation of common funds), among others (Fair-trade, 2009).

"Another common benefit is that Fair-trade gives farmers the security, the capital and the knowledge to diversify their source of income, reducing their dangerous dependence on one crop" (Bowes, 2010).

The Fair-trade Premium gives producers the opportunity to diversify their activity, so that there is no dependence on a single product, as well as generating the conditions for continuous learning and training in development areas, which are in accordance with the abilities of each individual.

2) Access to large international markets: The expansion of trade networks through stores and specialized markets in Fair-Trade around the globe that give priority to this type of products guarantee that as long as the established requirements are met, producers can sell their assets and there will be distributors throughout the world. This gives them job stability because they do not depend on traditional trade, and

having competitive advantages and differentiating enter a specialized market that needs supplies constantly.

As Bowes says in his book "Fair-trade Revolution", studies confirm that there are better and more stable incomes for families through Fair-Trade than participation in the conventional market, so that investment in a process of obtaining the Fair-trade certification is positive and recommended for producers.

1.8 Benefits in competitive advantages in the company Mermeladas Elena

After studying the different benefits to producers and consumers as well as the relationship between them, it is possible to define that the benefits in relation to the competitive advantage that represents obtaining a Fair-Trade certification for the company Marmalades Elena are both social and economic:

- 1) **Social:** The main objective of Fair-Trade is to promote equity and development within the global South, as the region has been relegated to technological and economic developments. By promoting a just society with regard to payment for products and a balanced trade that benefits not only the large developed countries but the small producer, we also get educated and prepared people who drive the region's growth in different areas. In the same way, the small farmer or producer is considered the main axis of the trade, which helps him and his community to prosper and to be independent. It promotes a global purchasing awareness that seeks not only to generate capital at the expense of the environment and labor exploitation, but generates an interest in the people behind the product and their quality of life. In this way, the fruit suppliers for jam will perceive an improvement within their community, making the company a socially responsible business.

- 2) **Economic:** For Mermeladas Elena Fair-trade certification means a sale of jams at a price above the average, as well as a higher demand to have a factor of differentiation. This raises the company's profits, while creating an image of the

company, solidifying its profile in the international market, which allows it to have a stake in the same in the long term. In the same way, the Fair-trade Premium allows additional income for the development of projects that help the company's progress.

In this chapter the term Fair-Trade was introduced. It should be emphasized that this new business practice has a structure and above all has an objective, which makes it something more tangible than an idea or a utopia. It is observed that the actors of this practice interact with each other and obtain mutual benefits that make Fair-Trade viable and sustainable. It is of great importance that Fair-trade has worldwide and the new markets that welcome its products, the networks of international organizations that support and promote Fair-Trade provide credibility and confidence in the practice, which is a constant improvement of the same.

CHAPTER 2: MERMELADAS ELENA AND THE PRODUCING COMMUNITY

2.1 Mermeladas Elena

2.1.1 Historical summary of the company

María Fernanda Córdova Cordero is the founder of the company "Marmalades Elena" in Cuenca, Ecuador. The innovative idea rises in 2014, when she started making paper baskets for sale. When not finding a product to place inside the baskets, it occurs to her to make her own jam and in this way begins to produce. However, she later realizes that it is better to devote herself exclusively to jams. Maria Fernanda starts her business alone, in a rustic way, with a homemade blender. The jams she delivered to the stores in her neighborhood for sale, as well as her friends to help her spread her new brand. As its popularity grew, it was able to expand its business, which despite being still handcrafted, has several points of sale and an assured market share in the city of Cuenca.

2.1.2 Process of purchase of the raw material

The blackberry is acquired mainly in the El Arenal market through a usual supplier from the north of the country. However, there are variables that determine the price of the same since it is never stable. The main factor is the climatic resulting in a price table of approximately:

- January - February: The raw material is relatively inexpensive, costing approximately four dollars with twenty-five cents to five dollars for a box of eight to nine pounds of arrears.
- March - June: Blackberry triples its price to twelve dollars for boxes of six to seven pounds.
- July - December: Nora has a price of approximately five dollars for a box of eight to nine pounds of raw material (Cordero, 2017).

The company handles a stock of three hundred pounds frozen to use at times of the year in which the price rises (Lamb, 2017).

2.1.3 Production Process

Mermeladas Elena weekly processes fifty pounds of blackberry and twenty pounds of sugar, for the elaboration of one hundred and thirty-five jams (Cordero, 2017). A field research was carried out at Mermeladas Elena with the aim of gathering information. In this way it is determined that the production process consists of eight steps:

- 1. Reception and weighing of the raw material:** In this first stage, the raw material will be received, it will be checked that the quality of the blackberry is adequate in its sweet and flavor, remembering that the fruit must be ripe to develop its aroma and quality. In addition, the damaged fruit will be removed; ie rotten or with fungus / mold. Finally, we proceed to weigh the delay.
- 2. Washing of raw material:** Once the previous stage is completed, the blackberry will be washed with drinking water.

Figure 6: Washing the raw material



Source: Mermeladas Elena. **Author:** María Isabel Durán

3. Formulation: Depending on the weight of the blackberry, the amount of sugar to be added will be formulated, considering that the amount of sugar will be in relation to the natural sweet of the blackberry.

4. Preparation of the blackberry: In this part of the process, the pulp is extracted from the blackberry and then mixed with sugar, obtaining the homogenate of the preparation.

Figure 7: Getting the prepared blackberry



Source: Mermeladas Elena. **Author:** María Isabel Durán

5. Cooking: The homogenate of the preparation will be taken to the fire for cooking, during which process the following steps will be observed:

- The preparation is cooked over high heat until boiling, then reduced to low heat keeping the boiling until obtaining the proper consistency.
- During boiling, samples are obtained, which will indicate the progress of the preparation until the exact point of the product is reached.
- In the process, the homogenate must be shaken to avoid sticking or caramelizing, after which it is sieved.

Figure 8: Homogenization



Source: Mermeladas Elena. **Author:** María Isabel Durán

Figure 9: Sifting



Source: Mermeladas Elena. **Author:** María Isabel Durán

- 6. Packaging:** Before packaging, the plastic bottles qualified for food (INEN, 2013), are properly washed and checked then filled with berry jam making sure that the quality of the packaging does not change. After that, it is sealed with aluminum foil and the lid of the container is placed.

Figure 10: Preparation of containers



Source: Mermeladas Elena. **Author:** María Isabel Durán

Figure 11: Packaging



Source: Mermeladas Elena. **Author:** María Isabel Durán

Figure 12: Placing the aluminum shield



Source: Mermeladas Elena. **Author:** María Isabel Durán

Figure 13: Placing the covers



Source: Mermeladas Elena. **Author:** María Isabel Durán

7. Labeling: The product labeled, informs the consumer about aspects such as:

- Natural jam.

- Brand
- Address of the manufacturer, including telephone.
- Barcode.
- Nutritional information.
- Sanitary registration.
- Processing lot.
- Due date.
- Net content.
- Mode of use, once the product has been opened.
- Scale of content values.

Figure 14: Labeling



Source: Mermeladas Elena. **Author:** María Isabel Durán

Figure 15: Finished product



Source: Mermeladas Elena. **Author:** María Isabel Durán

Figure 16: Label



Source: Mermeladas Elena. **Author:** María Isabel Durán

Figure 17: Label



Source: Mermeladas Elena. **Author:** María Isabel Durán

8. **Storage of the product:** The product is stored in a suitable warehouse, duly classified in batches where it consists of: day, month and year of production, data that serve to check the validity and dispatch to distributors.

Figure 18: Storage phase



Source: Mermeladas Elena. **Author:** María Isabel Durán

9. **Product distribution:** The product is transported to supermarkets and retail stores in boxes of twelve units.

Figure 19: Final product distribution



Source: Mermeladas Elena. **Author:** María Isabel Durán

2.1.4 Staff

Being a family business and crafts, the workshop does not have external staff, in total are: one full-time person and four people on a voluntary part-time basis. When there are no employees, they do not have contracts, expenses such as salaries or social security. The full-time person in charge does not have a fixed salary since she is the owner of the business, thus, her income is based on the sale of the final product.

2.1.5 Facilities

The company occupies the craft category, reason why it does not require having an industrialized site for the elaboration of the product. However, the process has been technified and it has been invested in industrial machines such as: industrial kitchen, freezer, industrial pots, industrial blender and an aluminum foil sealer. The factory is located at the same address on a plot of land next to the house, in a facility of approximately forty square meters.

Figure 20: Facilities



Source: Mermeladas Elena. **Author:** María Isabel Durán

Figure 21: María Fernanda Cordero: owner of Mermeladas Elena



Source: Mermeladas Elena. **Author:** María Isabel Durán

2.1.6 Craft activity

Mermeladas Elena is registered as a craft company, so it has the Single Taxpayers Registry (RUC) and the Single Artisan Registry (RUA).

"The Unique Handicraft Registry that manages the Ministry of Industries and Productivity under the Law of Craft Promotion allows access to certain services it gives, such as: export without tariffs, import of machinery that does not exist in the country,

exemptions from payment of property intellectual and municipal patents "(El Mercurio, 2016).

The law of Handicraft Development in force establishes the benefits that the artisan has:

"Art. 9.- Artisans, natural or juridical persons, who avail themselves of the regime of the present Law, will enjoy the following benefits:

1. Exemption of up to one hundred percent of the tariffs and additional taxes on imports of machinery, auxiliary equipment, accessories, tools, new spare parts, raw materials and consumables, which are not produced in the country and are necessary for the installation, improvement, production and technification of the artisan workshops.

For the importation of machinery, auxiliary equipment and tools used and rebuilt, a warranty letter will be required for the operation of the house or selling company and the import will be granted under the same conditions established in the previous section.

2. Total exemption of the duties, taxes, and additional taxes imposed on the introduction of imported raw material within each fiscal year, which is not produced in the country and used in the elaboration of products to be exported, after a favorable opinion of the Ministry of Industries, Trade, Integration and Fisheries.

3. Total exemption of taxes and duties imposed on the export of articles and products of the craft.

4. Total exemption of taxes on working capital.

5. Exoneration of provincial and municipal taxes and duties, including those of alcabala and timbres, to the transfer of ownership of furniture for the purpose of installation, operation, extension or improvement of workshops, centers and warehouses, where they develop in exclusively its activities.

6. Exoneration of the taxes that tax the commercial transactions and the provision of services, in accordance with the Law.

7. Exemption of additional customs duties on imports of packaging, packaging materials and, according to the Regulation, similar, when the needs of the articles or craft production so justify, provided they do not occur in the country.

8. Total exemption of the rights, stamps and taxes imposed by the constitutive acts, amendments to statutes, capital increase of associations, guilds, cooperatives, unions of artisans or other legal entities legally recognized, as determined by this Law.

9. The natural or legal persons covered by this Law will receive up to 15% in general as Tax Credit or FOB value of exports, and, as an additional, for reasons of difficult access to external markets, licenses, previous permissions, competition in the market, costs and charters, and what the new markets represent, up to 10% of the percentages that are legally established.

10 Exemption of taxes, duties, services and other contributions established for obtaining the municipal patent and operating permits "(National Congress of Ecuador, 2003).

Among other benefits are:

"1) The Ministry of Health requests artisans to register the handicraft registration for the exemption of the payment for the permit to operate their premises in food or occupational health activities.

2) Extension of protection of the Artisan Social Security, which covers not only the artisan, but also the family group as long as they work in the same craft activity.

3) Artisans covered by the Law of Craft Promotion, are not subject to the obligations imposed on employers by the Labor Code. But the payment of the minimum wages

determined for the craft sector, as well as the payment of legal damages for untimely dismissal.

4) The IEPI, currently requests Artisans who are going to register their copyrights, the Artisanal Register, for a discount on the payment for the procedure.

5) Discount for the payment of municipal patent "(Ministry of Industries and Productivity).

2.1.7 Costs of production and price of the product

The production costs are calculated weekly based on a batch of one hundred thirty-five jams. These include:

- Obtaining raw material (blackberry and sugar): Seventy dollars
- Containers: Twenty-seven dollars.
- Labor: Zero dollars
- Aluminum stamps and foil: Five dollars
- Other (fuel and transportation): About ten dollars

According to Mermeladas Elena's way of keeping bills, this gives a total of approximately one hundred and twelve dollars a week in production costs.

The selling price of the jam is handled by wholesale, being this one dollar with fifty cents. However, the producer suggests a retail price of one dollar and seventy-five cents, and several merchants welcome this suggestion. There are also other points of sale like Supermaxi that handle a price of two dollars with ten cents for the same amount of jam.

2.1.8 Financial aspect

Mermeladas Elena has a moderate indebtedness capacity, approximately twenty thousand dollars now, amount with which it would be possible to make uninterrupted payments. It manages a personal savings account that it uses for matters related to the production of jam in a banking institution however the investments have been made from the own capital. It has a debit card, but no credit card.

From the sale of the jams, the weekly total is one hundred and fifty dollars, of which there is a profit of approximately 18% to 20% (Cordero, 2017). However, this is an estimate since to obtain an exact figure it would be necessary for the company to have an official accounting system, which does not currently exist. In the future, it plans to acquire a debt to expand its production and its factory, the same that will pay with the sale of jams as its market share grows. In the same way, it plans to internationalize and export its product, which represents an intensive increase of the capital to which the owner is ready.

2.1.9 Distribution

Mermeladas Elena is located in twenty-five points of sale approximately, among them:

- Ten bakeries
- Supermaxi
- Comisariato Popular
- Supermercado Patricia
- Supermercado Paja Toquilla
- Supermercado Gran Sol
- Supermercado Arandano
- Gas station in Challuabamba
- Shops in general

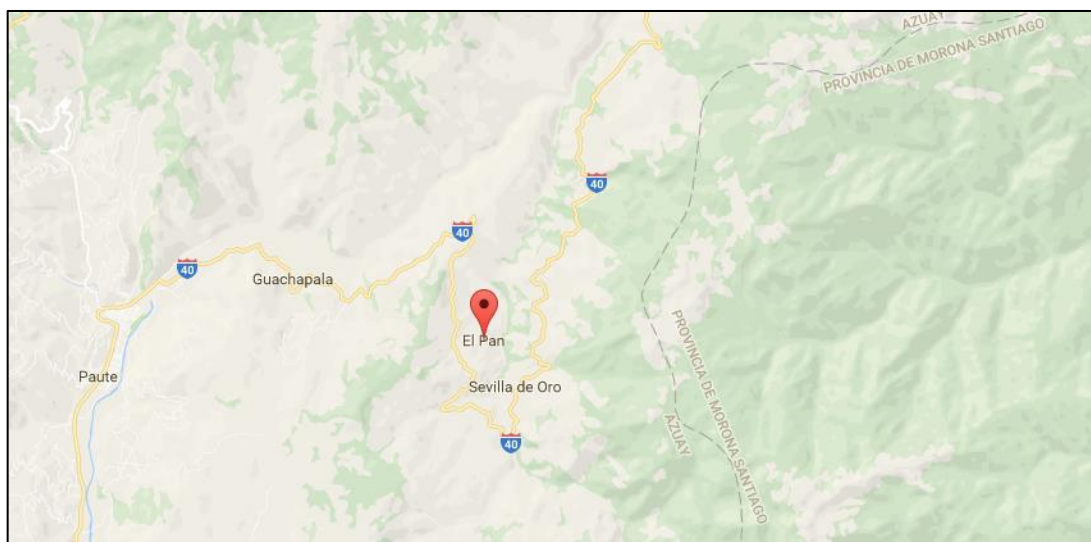
2.2 The producing community

2.2.1 General information

The blackberry producing community is located in the Azuay province, specifically in El Pan canton, La Nube sector. The production and sale of fruit are the main income for this community. Within it there is an association in fact called "Little Farmers of the Virgin of the Cloud", that has twelve partners. This company has been active for approximately six years, but it has recently been linked to AGROAZUAY (two years), which provides a space for these producers in the "Agro-entrepreneurs Fair" in the city of Cuenca on weekends .

As mentioned above, the fruit used to make jams came from the center of the country. However, it is sought that the community be the new supplier of raw material for the company, so, as to promote the development of the province of Azuay with purely local products. It has also been considered that obtaining certification is more viable with this local community because of its accessibility.

Figure 22: Location of El Pan



Source: Google Maps.

An on-the-spot investigation was conducted to learn about blackberry plantations, to observe and participate in the harvesting process and to obtain the required information on the association. The person in charge of explaining the operation and process of the activity of the community was Mr. Wilson Parra, who is part of the twelve members of the association.

Figure 23: Image from "El Pan"



Source: Fieldwork. **Author:** María Isabel Durán

Figure 24: Mr. Wilson Parra: Coordinator of the Producing Community



Source: Fieldwork. **Author:** María Isabel Durán

2.2.2 Production and collection process for blackberry

The association has approximately two hectares of berry plantations, however, there are more plantations that belong to people in the community who are not part of the mentioned group. The total pounds of berries per week among the whole community is approximately two thousand five hundred pounds, while the total membership per week is around twelve hundred pounds.

The blackberry plant grows favorably in cold climates, making La Nube an ideal place for fruit production. Seeds are found on hillsides, since they allow a better development of the plants by taking better advantage of climatic conditions such as wind and rain.

The fruit is planted following a type of "corridors" that are supported at the ends by wooden posts, a structure that favors the easy collection of the fruit in spite of the fact that pests such as "torito" or "chinchorro" that can affect the blackberry, the plants of the association are completely healthy.

It is important to emphasize that there is no type of fumigation with chemicals, which allows the product to be 100% natural and organic. They do not have irrigation system (although it is in project) reason why the water for the plantations comes from the natural precipitation. In the same way, the fertilizer used is not chemical or artificial; on the contrary, it comes from the waste of animals of the community like chickens and guinea pigs.

The process of collecting the berries is carried out on Fridays, every week. The association collects the fruit using rubber gloves and deposits in buckets and then transport them to the city. The activity begins around ten in the morning and ends after approximately two and a half hours. Children in the community and the association, although often present during the activity, are not part of the work done.

Figure 25: Hillsides with blackberry plantations



Source: Fieldwork. **Author:** María Isabel Durán

Figure 26: Plantation Corridors



Source: Fieldwork. **Author:** María Isabel Durán

Figure 27: Fruit of the blackberry plant



Source: Fieldwork. **Author:** María Isabel Durán

Figure 28: Blackberries collected in buckets



Source: Fieldwork. **Author:** María Isabel Durán

Figure 29: Blackberry collection path



Source: Fieldwork. **Author:** María Isabel Durán

2.2.3 Selling and production costs

According to Mr. Parra the annual investment is approximately thirteen dollars for two hectares of plantation, distributed as follows:

- 1) Plant maintenance (pruning, care): two to three dollars
- 2) Plastic containers for transportation of the fruit: ten dollars

However, there is a weekly expenditure to be added by the association, which is the transport of the product. Two of the twelve partners have a van to transport the fruit to the city, and they are in charge of bringing all the production to the fairs. These partners receive from 5% to 10% of the total sale of the product for fuel and food.

A pound of blackberry has the value of a dollar to a dollar with twenty-five cents on average. However, the price depends on the time of the year, climatic factors and supply

and demand. During the year, the price of the fruit can increase up to two dollars per pound.

The association has received trainings that have improved its production capacity by Agricultural Engineer Gustavo Clavijo, the same one that has been managed by the Prefecture of Azuay.

CHAPTER 3: PROPOSAL FOR OBTAINING THE FAIR-TRADE CERTIFICATION

3.1 General process for obtaining certification

As it is mentioned in chapter one, the organization responsible for conducting the audit and subsequently granting the Fair-trade certification is FLOCERT, an entity independent of Fair-trade International, which establishes the steps that the applicants must follow as well as the Criterion to be fulfilled to be approved .

It is important to emphasize that FLOCERT and its certification processes have the ISO 17065 accreditation for Conformity Assessment applied to organizations certifying products since 2007 (FLOCERT Assuring Fairness, 2017), which shows that "the Fair-trade certification system of FLOCERT meets the highest international quality standards "(FLOCERT Assuring Fairness, 2017).

The ISO 17065 accreditation gives more credibility to the Fair-trade certification issued by the organization, which extends the possibility of success in international markets and gives security to customers who obtain the products.

The process for obtaining the Fair-trade certification established by FLOCERT has five steps:

1) Application: In this first stage of the procedure, an online form requesting accreditation must be fulfilled. Once the application and the required documents are completed, the organization communicates with the applicant within thirty days to clarify any doubts.

After receiving the request, the FLOCERT team assigns a unique request ID and a request packet that includes several attachments about the certification.

Subsequently, a single application fee of five hundred euros (Fair-trade International) is paid, which is not related to the type of product being marketed or its quantity.

Finally, FLOCERT processes the application once all the requirements have been fulfilled. When this stage is completed, the request ID is replaced by a permanent ID, with which the ECERT certification web portal can be accessed.

Upon completion of the application process, the organization will issue an invoice for the initial certification fee (FLOCERT, 2016)

2) Audit: Once the request is processed, FLOCERT communicates within the next 30 days to establish how to start the audit stage. At this stage of the process, marketing permissions can be emitted so that Fair-trade benefits are maximized. A member of the certifying body that, in accordance with Fair-trade Criterion, controls compliance with them during their visit carries out the audits. The auditor specifies which documents are to be presented, conducts face-to-face meetings, conducts site visits, checks financial documents, and demonstrates compliance with the Fair-trade Criterion. At the end of the audit, a meeting with the producers is organized in which the results obtained are shared and improvements or corrections are proposed to obtain certification.

It is necessary to remember that there are several types of audit, among them the initial one, the follow-up audit, surveillance audit, unannounced audit, among others. The audit bill will be performed according to the days required to perform it (Fair-trade International).

FLOCERT recommends revising the Criterion before the audit request to improve as much as possible the faults found, in this way it is easier to approve the audit of the certification body.

3) Analysis: After the audit, the FLOCERT analyst sends a report to an evaluation analysis. If there are areas in which the Fair-trade Criterion are not known, there will be opportunity for corrections (FLOCERT, 2016). There are Basic Criteria, Major Criteria, the firsts have to be accomplished at all times, and non-compliance of the seconds may result in punishments.

4) Certification: Once the necessary corrections have been made, the Fair-trade certification can be emitted. At this point, it should be noted that in order to obtain such certification the entire supply chain must be audited and approved. The Fair-trade certification lasts for three years, after which it is necessary to request a renewal of the same. By obtaining the Fair-trade certification, it is possible to sell the product and promote it as such, at the same time as benefits such as the Fair-trade Minimum Price payment and the Fair-trade Fairness Premium (2017).

5) Monitoring: During the three-year certification cycle, surveillance and renewal audits and even unannounced audits are carried out. The performance of the certification holders and their commitment to the Fair-trade criteria (FLOCERT Assuring Fairness, 2017) is evaluated.

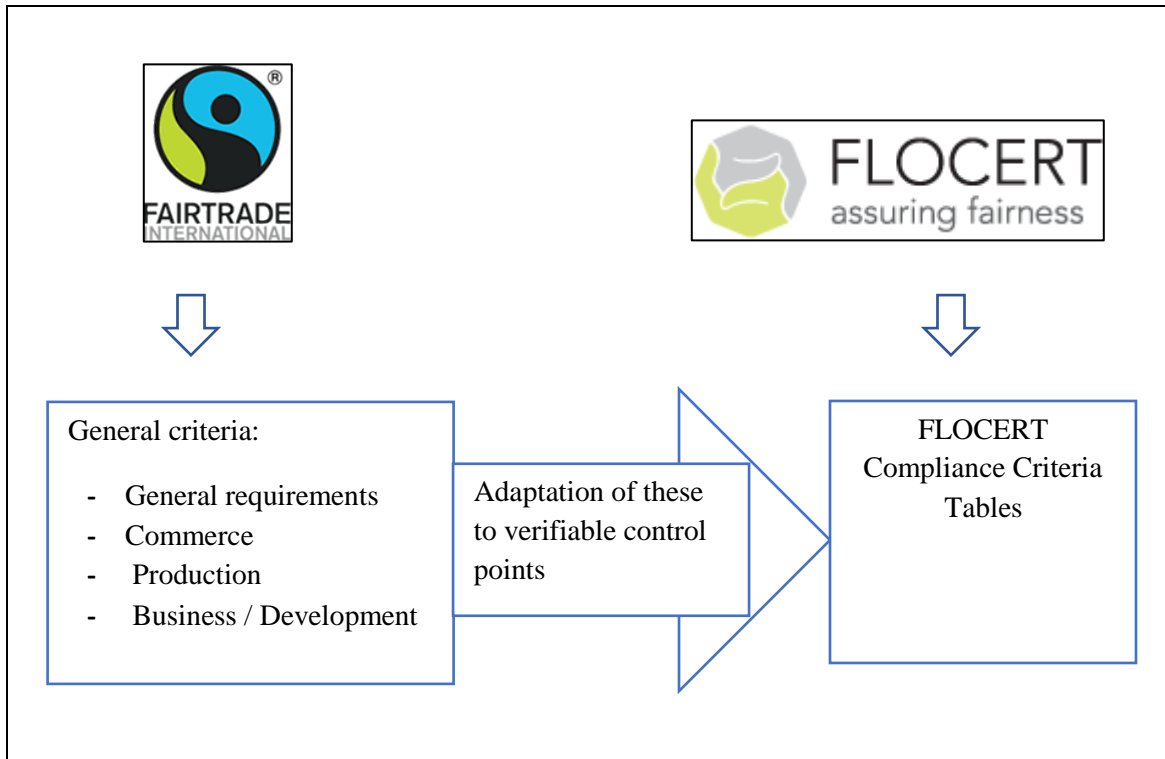
3.2 Small Producers Criteria

The Criteria for Small Producers must be fulfilled regardless of the product to be certified, and is established on the Fair-trade International page. It consists of five chapters: General Requirements, Trade, Production, and Business and Development (Fair-trade International, 2011).

However, the certification body FLOCERT is responsible for performing the audits, converting the criteria presented here into verifiable control points through its own evaluation table. The table in Exhibit No. 1 is designed based on the one created by

FLOCERT, which is based on Fair-trade International Small Producers criteria and follows the text and objectives of Fair-trade International.

Figure 30: Relation of the Fair-trade Criteria with the Compliance Criteria
FLOCERT



Source: Fair-trade International

Elaboration: María Isabel Durán

The organization establishes three types of compliance criteria: Basic Criteria (B) (it must be accomplished at all times), Major Criteria (M) (essential principles of Fair-trade, its non-compliance will be punished) and Development Requirements (continuous improvement, applies from three years onwards) (FLOCERT Assuring Fairness, 2016). Instead of a "yes" and "no" approach, a compliance range of one to five has been established. From one to two, there is no compliance, while from three to five indicates compliance with the criteria (FLOCERT Assuring Fairness, 2016).

The criteria applicable to the First Degree Organization (organization of small producers whose legal members are small producers individually) will be taken into account (Fair-trade International, 2011), since it is the appropriate definition for the community

producers of the berries. Likewise, the Basic and Senior Criteria will be reviewed exclusively, since they are the indispensable ones to obtain the certification at first instance. There are criteria that are not applicable to the situation of the community producing of berries, the same that will not be analyzed in the table, however, within the same are developed all applicable criteria.

3.3 Merchants Criteria

At this point, it is necessary to remember that Mermeladas Elena is not the producer of the raw material (blackberry) but the company that transforms it and sells it to an end consumer, which qualifies it as a merchant within the established criteria. Because a requirement to obtain Fair-trade certification is the approval of the entire supply chain, Mermeladas Elena should be audited and certified independently out of the product and the producing community.

The Criteria for merchants is available on the Fair-trade International website and consists of four chapters: General Requirements, Trade, Production and Business, and Development (Fair-trade International, 2015).

According to this Criteria, Mermeladas Elena qualifies as a trader within the technical criterion of "Companies that buy and sell a Fair-trade product until the product is in its final packaging" (Fair-trade International, 2015).

However, not all of the criteria described are applicable to all merchants. It is necessary to define the role of the company in the supply chain to classify it as: Fair-trade Premium Payer (it is the company responsible for paying the Fair-trade Price or Premium), Fair-trade Premium Transmitter of transmitting the Fair-trade Price or Fair-trade Premium from the payer to the producer), First Buyer (is the company that buys directly from the producer) or FSP Traders (Fair-trade International, 2015).

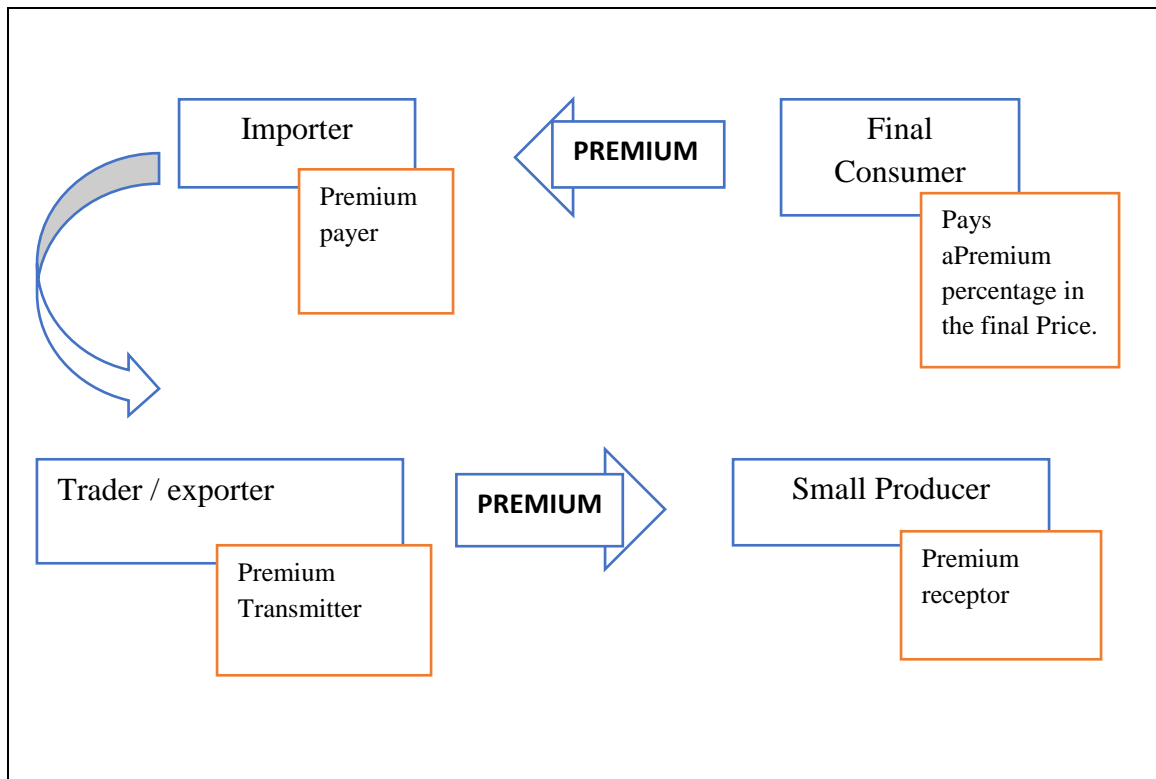
Generally, the First Buyer is the Payer of the Fair-trade Premium, however for some products and when there are exporters involved the Fair-trade Premium Payer is the importer and the exporter becomes the transmitter (Fair-trade International, 2015).

A Transmitter Fair-trade is a buyer who buys directly from the producer, buys Fair-trade products under Fair-trade conditions, except if it pays the differential price (ie the difference between the Fair-trade Minimum Price and the price already paid, if that is what applies) and the Fair-trade Premium only once you have received them from the Fair-trade payer (Fair-trade International, 2015).

As for the specific product, the fresh fruit obtained to be processed is considered as follows: "The first buyer is, by default, the payer of the Price and the Premium. The processor can act as a transmitter of the Prima, the purchaser of the processed fruit then becomes the payer of the Premium "(Fair-trade International, 2015).

Considering that Mermeladas Elena acts as a processor of the fruit into processed fruit (jams), the company would qualify as the Fair-trade Premium Transmitter and the jelly importer as Fair-trade Premium Payer.

Figure 31: Payment and transmission process of the Fair-trade Premium



Source: Fair-trade International

Elaboration: María Isabel Durán

As in the Small Producers Criteria, the certification body responsible for audits is FLOCERT, which for this purpose converts the criteria presented on the Fair-trade International page into verifiable control points through an evaluation table. This chart reflects and respects the principles and objectives of the Criteria for Fair-trade International Traders.

For purposes of this thesis within Annex No. 2 a criteria table based on the one created by FLOCERT will be used.

The Certification Body establishes three types of compliance criteria: Basic Criteria (B) (Must be met at all times), Major Criteria (M) (Fair-trade Core Principles, Noncompliance leads to sanctions) and Good Voluntary Practices (VBP) additional

costs that a trader can take to grow fairer trading conditions. They are voluntary and non-compliant is not required to comply with the Fair-trade Criterion for Traders (FLOCERT Assuring Fairness, 2017).

Instead of a "yes" and "no" approach, a compliance range of one to five has been established. From one to two, there is no compliance, while three to five indicate compliance with the criteria (FLOCERT Assuring Fairness, 2017).

The criteria applicable to traders and transmitters of the Fair-trade Premium will be taken into account, as they are suitable for the company Mermeladas Elena. Likewise, the Basic and Senior Criteria will be considered, since these are the ones necessary to obtain the Fair-trade certification. In the table of FLOCERT there are criteria not applicable to the company Mermeladas Elena, so they will not be analyzed in the table.

3.4 Product Criteria

The product sought to certify in the case of jams is the delay. However, Fair-trade International has not established certification criteria for such fruit, which makes the application process difficult. The Fresh Fruit Criteria (which would be appropriate in the case presented) is a criterion complementary to the criterion for producers and the commercial criterion, so, it can be applied to both (Fair-trade International, 2017).

Since Fair-trade International does not have a criteria established for this product, the criteria for the fruits that do have certification have been used in the research, in order to identify the current situation of the company.

To establish the Fair Price and the Fair-trade Premium could be taken as a reference to the raspberry since it is from the same family of the blackberry (Bruzzone).

You cannot forget that the blackberry will be processed to obtain jam, so you must also need to accomplish the requirements of a "compound product" (when not all of its ingredients are Fair-trade) (Fair-trade International).

"To bring the Fair-Trade Seal on the packaging, a product must have a minimum amount of Fair-trade ingredients" (Fair-trade International).

It is established that in a composed product (as it would be the jam, since it contains other ingredients besides the blackberry) the main ingredient must be certified as Fair-trade and represent at least 20% of the product's dry weight (Fair-trade International).

Following these previously existing criteria will be a general evaluation of the situation of the producer and the company, to identify general problems in them. It should be remembered that the criteria are used in a general way and not in depth, since they are not specific for the fruit used, nevertheless, it is necessary in the future to create a specific criterion for the same one. Likewise, existing criteria in use because all criteria follow the Fair-Trade Principles, and being specific to a product only vary in details such as: number of hectares on plantations, number of workers, among others, however, the Principles prevail.

3.5 Supply chain of small producers and the company Mermeladas Elena

As previously mentioned, in order to obtain Fair-trade certification, it is necessary for the entire supply chain to be audited and approved, starting from the small producer to the trader.

The Blackberry producers` community should fulfill with the Small Producers` Criteria. On the other hand, Mermeladas Elena should carry the Merchant`s Criteria out. However, the proposal is that both organizations work as a team following the supply chain.

This means that Mermeladas Elena buys the certified raw material at a Minimum Price that is negotiated between the producer and the company, it transforms the raw material into jam, performs the entire process of packing appropriately audited and approved, and obtains a finished product ready to be exported. In the destination market, the final consumer buys the jam making the importer the payer of the Premium Fair-trade, which would be transferred by Mermeladas Elena to the community of small producers. In the case under analysis, social or develop projects could be perform using the Premium, that benefit both the production community and the company.

According to the criteria used for the analysis of the current situation of both organizations, there are several breaches according to the standards that must be solved in order to obtain certification, the nonconformities analysis and its possible form of correction is performed next.

3.5.1 Analysis of the nonconformities of the producing community

After a study of the criteria of Annex # 1 in relation to the community of small producers, it has been found that, the main problem of the producing community is the lack of administrative structure and control. Not being legally conformed it does not count on directors, regulations, responsible and statutes that are indispensable requirements in the Fair-trade. Decisions such as the approval of projects, business partners` inclusion and definition of prices must be democratic and approved by a General Assembly, which is not going to be possible if the organization is not legally settled down.

During an interview though Skype with Wiliber Ibarra (Manager of Strengthening and Developing of the Ecuadorean Fair Trade Coordination) on June 19th, 2017, he suggested that the organization has to be registered on the Popular Economy and Solidarity Superintendence (Superintendencia de Economía Popular y Solidaria) (SEPS), as it is the most suitable organization for small producers. In the same way, he explained

that fulfilling the requirements for registration in the SEPS also accomplishes the basic requirements of Fair-trade, which is a great help. (Ibarra, 2017).

Once the organization is legally settled down and an administrative structure is established, it is possible to fulfill the FLOCERT's criteria, such as, the appointment of a specific person who keeps contact with the certification staff.

Another inconsistency within the producing community is its accounting system. There is no record of production or sales, as well as prices or amounts with which is possible to keep a constant monitoring and control. This does not allow to evaluate the quantity of fruit produced or to make projections to estimate the quantity of production and to plan sales. It is necessary a billing system in which you can identify the minimal price of the raw material and the data of the producer (such as your Fair-trade ID).

It is necessary for the organization to establish an accounting system that allows it to keep such records, for its better performance as well as its accomplishment of some Fair-trade requirements.

It has also been found that there are no sales contracts with traders. It is really important that those contracts have been negotiated to obey with Fair-trade Minimum Price requirements and specially to maintain the Fair-Trade objective on stability on sales of small producers.

Although the organization operates with members and does not hire internal workers, it is necessary to prevent problems with future hiring under the same regulations, it means gender equality and decent working conditions for all of them. In the same way, it should be emphasized that all children and young people up until the age of 18 should attend to school and the community production should not affect their studies. If they are going to participate in those activities it should be at their free time and not as fulltime workers. At this moment, in the organization, the participation of the children is in an occasional and recreational way.

Finally, it is necessary that the organization possess a specific bank account that belong to them to handle transactions and any other business activities under their name.

The aspects mentioned above are the inconsistencies that must be improved within the community of small producers in order to comply with the Fair-trade requirements (in a general way) and in this way once the specific product criteria have been defined, to be able to carry out the certification request.

Once the proposed changes have been made, the organization can be considered ready for the FLOCERT audit.

3.5.2 Analysis of Mermeladas Elena company

During the study of the Annex No. 2 based on the merchant company (Mermeladas Elena) several aspects have been identified to be corrected. In order to request the prior audit to the Fair-trade certification.

The company must buy the raw material only from a certified producer, like “Virgen de la Nube” production community. So, its product will be considered as Fair-trade. Although, the company previously bought merchandise from the center of the country, as a result of this work, it now acquires it from the small local production communities, establishing a company - community relationship. This is very important because in order to obtain the jam certification the company must guarantee and demonstrate that it has been prepared with previously certified fruit. If it was not done in that way, Mermeladas Elena must separate the final product that was prepared with certified fruit from which was not, and sell it as Fair-trade to the one that was approved by FLOCERT.

Mermeladas Elena buys fruit from the producing community but there is not a contract involved. It is important to negotiate a contract to establish aspects such as Minimum Price and Fair-trade Premium. It should be emphasized that it is necessary for the community to be legally conformed in order to be able to sign the contracts.

Like the producing community, Mermeladas Elena does not have an advanced accounting system. Although it complies with national legislation regarding to Sanitary Registration and Billing, it is necessary to establish a system that allows control of quantity on sold product and subsequently, specific information about the Fair-trade Premium and the Minimum Price.

Even though the company does not have hired personnel, it is not necessary to be familiar with all the requirements related to workers, there is the possibility and the vision of an expansion. So, in the future it may be necessary to hire external workers. This variable should be take into account and, if there is going to be a change in their policies, it has to be informed in advance to FLOCERT for an audit about their policies. Otherwise, if these changes are not under the criteria parameters the certification could be withdrawn.

The company does not make projections on future sales so, it can not present to the production community a bulling or supply plan in which the producer can count on to make his own plans in terms of production. It is necessary that Mermeladas Elena begins to elaborate an annual supply plan to ensure the purchase of raw material to the producing community in a constant and uniform way.

As indicated in Chapter No. 2 Mermeladas Elena is registered under the craft category, so it is exempt from several and common payments required under Ecuadorian legislation. However, it does meet the safety, health and environmental criteria that are also part of the criteria established by FLOCERT. If the certification body at the time of developing the specific product criteria to traders. The certification body identifies the non-fulfilments that must be corrected within the different company areas previously mentioned. They must be performed even though they are not required by national legislation.

Once the problems identified above have been corrected, the company can apply to FLOCERT and coordinate an audit appointment in advance to its certification.

3.6 Specific product criteria to be developed with FLOCERT

Due to lack of specific criteria for blackberry producers, prior to certification it will be necessary to develop it through joint work with the certification staff. Wiliber Ibarra, Manager of Strengthening and Developing of the Ecuadorean Fair Trade Coordination, during the interview says that: “he believes that the criteria to be formulated for both Small Producers and Merchants would be the following:”

- 1) **General Criteria:** Through this Criteria chapter some aspects such as the number of hectares in the production area that are considered Small Producers, number of workers, amount of community members, mass of production, among others, would be developed.
- 2) **Commercial Criteria:** This chapter deals with issues such as contracts, the price of purchase and sale of raw material and the traceability of the product.
- 3) **Productive Criteria:** In this chapter, environmental factors, soil management, water and treatment quality, air pollution, and everything related to human participation and its security, as well as salaries and fair treatment would be developed.
- 4) **Project and Development Criteria:** Through this chapter, issues such as the Fair-trade Premium and its application to projects, decision-making in the General Assembly, payment and Premium transmission, among others, would be developed.

Once these criteria have been developed with the certification staff and the producing community, the certifying staff communicates with the Strengthening and Development

Manager of the Ecuadorian Fair-trade Coordinator to follow up. Within Ecuador, there is a position who is responsible for carrying out such follow-ups to Small Producers.

3.7 Certification costs.

During the interview Wiliber Ibarra explained that certification costs are calculated according to the number of workers, number of hectares and the number of days needed to perform an audit. Into FLOCERT's page there is a section about calculation of certification fees, in which the details about the community of small producers or traders are registered and an estimate is obtained (FLOCERT Assuring Fairness, 2017)

3.8 Ecuador and its experience with Fair-trade

During the interview to Wiliber Ibarra he commented about the experience he has had with Fair-trade certified producers in the country. In Ecuador, the largest number of certified producers are banana producers. In the second-place cocoa producers and in third place is coffee. There are also other products certified as quinoa, panela and baby banana, but in smaller quantity.

According to Ibarra, the most important thing in order to sell Fair-trade is to have an identified market, since the fact of having the certification does not guarantee product consumers of the offered products. However, when there is a market, the benefits obtained from the sale of a Fair-trade product generate many positive changes. Ibarra highlights some benefits such as the organizational strengthening of the communities, the Minimum Price that the producer receives for the raw material, the offer to consumers of products of certified quality, responsibility with the environment and especially the payment of the Fair-trade Premium.

Ibarra indicates that the Fair-trade Premium constitutes between 5% and 15% of the cost of the product (not its packaging) since the object of certification is the raw material, it is a Fair-Trade prize that the final consumer pays in the product price. For purposes of

traceability, the value of that prize is placed separately on the importer commercial invoice. The Fair-trade Premium is not delivered in cash, but finances the projects presented to the General Assembly of the organizations that receive it. It should be emphasized that the producer only receives the Minimum Price established in cash.

In the certified Ecuadorian organizations, the Premium has been used in four basic axes: productivity (40% of the premium is used in fertilizers, compost, training), health (days of checking health, days of dental control, medicines), education, (backpacks, scholarships) and organizational strengthening, it means, representation in local spaces (Ibarra, 2017).

The Ecuadorian Fair-Trade Coordinator carries out some follow ups to certified producers inside the country and works in partnership with the Latin American and Caribbean Coordinator of Small Producers and Fair-trade Workers (CLAC) (Ibarra, 2017)

3.9 Possible Export Markets.

As mentioned in chapter one, export markets for Fair-trade certified products are growing.

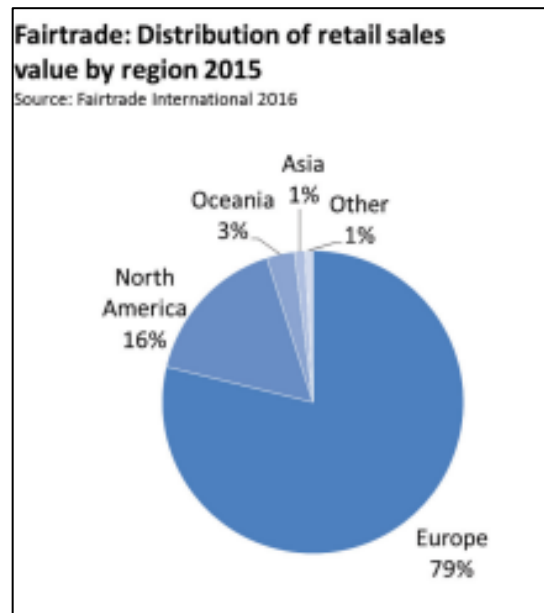
According to the Organic and Fair-trade Market 2015 of Organic Eprints, Europe consumes around 80% of the Fair-trade supply and in 2015 global sales reached \$ 8.1 billion (Lernoud & Willer, 2016). Next, there are the three main markets worldwide for Fair-trade certified products: England, Germany and the United States (Lernoud & Willer, 2016).

- 1) England:** It is one of the markets with more awareness about buying Fair-trade in the world. It has about four thousand five hundred Fair-trade products on the country's stands (Fair-trade Foundation, 2017). In the year 2015 sales reached 2.3 billion dollars (Lernoud & Willer, 2016).

- 2) **Germany:** It is the second country in the world with the highest consumption of Fair-trade products, reaching the total sales of 1095 million dollars in 2015 (Lernoud & Willer, 2016).

- 3) **United States:** The United States has been a growing market since the introduction of Fair-trade in 2012 (Smithers, 2014). In 2015, it reached sales from about 1026 million dollars and consumes about 13% of the world Fair-trade offer (Lernoud & Willer, 2016).

Figure 32: Distribution of Fair-trade sales by region 2015

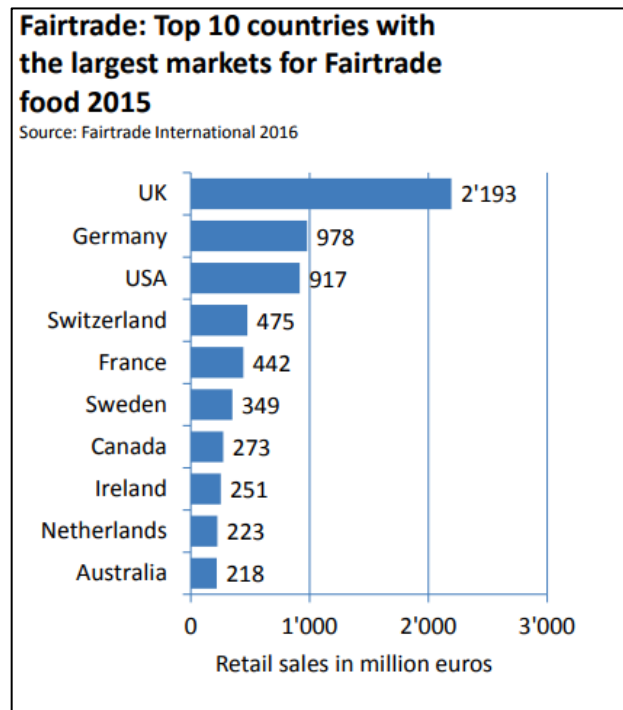


Source: obtained from: <http://orprints.org/31493/1/The%20Organic%20and%20Fair-trade%20Market%202015-Lernoud%20and%20Willer-2017.pdf>

The consumption of Fair-trade products per capita in the European Union is from about 1 euro (US \$ 1.11 dollars), Being Switzerland the country with the highest consumption under this index in 2015 (Lernoud & Willer, 2016)

We can see in Figure number 32 that Europe represents the largest percentage of worldwide sales of Fair-trade products, demonstrating that the European market and consumers have developed a buying consciousness based on the Fair-trade Principles.

Figure 33: Top 10 countries with the largest markets for Fair-trade groceries in millions of euros



Source: obtained from: <http://orgprints.org/31493/1/The%20Organic%20and%20Fair-trade%20Market%202015-Lernoud%20and%20Willer-2017.pdf>

Figure 33 shows a broader list of the markets with the highest demand for Fair-trade food products. It is observed that the largest market is England so it is recommended to analyze the possibility of export to that country, also obeying the sanitary criteria, European Conformity and Good Manufacturing Practices, required in these markets and that provide a competitive added value to the product.

CONCLUSIONS

After conducting a study on the new proposal for foreign trade called Fair-trade or Fair Trade, the author can be conclude that it is extremely beneficial for all the participating parties.

For small producers who have been under the abuse of an extractive trade and without fair remuneration that allows them to develop in a sustainable way, fair-trade provides a new vision, introduces concepts like the Minimum Price so that its products do not depend on the unstable fluctuations of the market due to supply and demand, and ensure their income. Likewise, this trade support provides the Fair-trade Premium, a Fair-trade prize, which enables communities to invest in all key aspects of community and rural life such as health, education, innovation, among others. These two basic pillars of Fair-trade transform the traditional trade and put the small producers for the first time in a leading light.

Traders and consumers of Fair-trade products also benefit by being able to offer and acquire socially and responsible products, produced in a way that is environmentally friendly and mainly of high quality. Markets have a great variety of products to offer and create a consciousness of consumer habits to develop that awareness about the origin of products and the way in which they were produced.

In the same way, it is concluded that the Fair-trade seal provides value to the products that count on it, differentiating them in the market and allowing consumers to prefer them.

It is concluded that the market for products certified as Fair-trade are in expansion, also they will be friendlier and welcomed in Europe with 80% participation, where most of the world demand is concentrated. The United States is relatively new in the current Fair-trade, and might be a very interesting market for new exporters of Fair-trade products.

Within the specific analysis of the Mermeladas Elena and the production community it is concluded that at the moment they are not ready to obtain certification, since corrections must first be made to comply with basic Fair-trade criteria, otherwise it would be impossible to obtain certification. It is also observed that the knowledge about Fair-trade and its advantages is uncommon in the communities of small producers, however there are already programs that are familiarizing the concept so that there are more beneficiaries and certified products.

Fair-trade International has limited products qualified for certification, making the application process and audits difficult to be developed. There are several products that are under revision like pineapple, nuts, among others (FLO, 2014) to be included within the list of certified elements. However, at this moment the number of certified products is quite restricted.

Fair-trade is a growing business flow to which no products are joined, those products are in agreement with the new demands of the most educated consumers and with the problems of today's world. It concentrates on human development and working for a global equity so that extreme poverty is reduced and societies are able to maintain sustainable development.

RECOMMENDATIONS

After carrying out this research work, several recommendations can be formulated for the application of the Fair-trade certification to the company Mermeadas Elena and to the fruit production community (blackberry) "Small Producers of Virgen de la Nube".

First, it is necessary for the community to be legally conformed. So, in that way the criteria of the certification body will be applied, otherwise it will be impossible to acquire the certification of the product. At this moment, it does not have basic requirements such as an administrative or control structure, aspects that are indispensable at the moment of making the request.

In the absence of specific Fair-trade criteria for the studied product (blackberry) it is necessary and it is recommended to work with FLOCERT in the development of these criteria to be applied worldwide, in order to establish a Minimum Price and the strawberry be included in the list of Fair-trade certified products. This process can be carried out through the Network of Fair Trade Producers, so that the CLAC can subsequently submit the application to the International Fair-trade Standards Unit. Without the product criteria developed it will be impossible to obtain certification for the fruit.

The implementation of an accounting system is recommended for both, because it allows the development of projections on quality control of sold product and processed ones, otherwise it will be impossible to carry out the elaboration of contracts or the implementation of the projects financed by the Fair-trade Premium. Sales budgets are also recommended to allow to make medium-term projections and thus improve the negotiation, establish contracts and prices of the product in order to avoid falling in a seasonality in the future because of prices, but to make a stable price during the year.

Regarding to the Minimum Price and the Fair-trade Premium it is recommended to take as a reference the strawberry, as mentioned in Chapter # 3 they are part of the same

family. Once established a Minimum Price, this applies worldwide to all organizations producing blackberry.

It is recommended to the Mermeladas Elena company to change the packaging of the product from plastic to glass to export, because the wider market the (European Union) is trying to reduce the presence of plastic packaging in its environment (Público Periódico Digital, 2017).

Finally, it is recommended that the company should apply for certification exclusively for the export products, since the market with the highest demand of certified products is located in Europe. Before making the decision to export it is necessary to carry out a market study of the desired destination, in order to identify consumers, trends, obstacles, etc.

It should be emphasized that within the local market the certification costs would not be represented in the profits since the domestic market is reduced in terms of products of this type. Therefore, in case of considering obtaining the certification an exportation plan is indispensable.

CITED WORK

- Acemoglu, D., & Robinson, J. A. (2012). *Por qué fracasan los países*. Barcelona: Ediciones Deusto.
- Alvear Giler, A. (14 de septiembre de 2016). *Economía Pontificia Universidad Católica del Ecuador*. Recuperado el 15 de septiembre de 2016, de <http://www.puce.edu.ec/economia/efi/index.php/economia-internacional/12-teoria-clasica/214-inicios-del-comercio-internacional>
- Blomström, M., & Ente, B. (1990). *La teoría del desarrollo en transición*. México DF: Fondo de Cultura Económica.
- Bowes, J. (2010). *Fair Trade Revolution*. Londres: Pluto Press.
- Bruzzone, I. (s.f.). *Alimentos Argentinos*. Obtenido de Frambuesas, moras y grosellas: http://www.alimentosargentinos.gob.ar/contenido/revista/ediciones/44/cadenas/r44_07_Frambuesas.pdf
- Calcagno, A. E., & Jakobowicz, J.-M. (1981). *El monólogo norte-sur y la explotación de los países subdesarrollados*. Ciudad de México: Siglo Veintiuno Editores.
- CBI Europe. (05 de diciembre de 2016). *Exporting jams and jellies to Europe*. Obtenido de Market Information: <https://www.cbi.eu/market-information/processed-fruit-vegetables-edible-nuts/jams-jellies/europe/>
- CBI Europe. (11 de agosto de 2016). *Which trends offer opportunities on the European market for processed fruit and vegetables and edible nuts?* obten from the market informatio: <https://www.cbi.eu/market-information/processed-fruit-vegetables-edible-nuts/trends/>

CECJ. (2015). *Coordinadora Ecuatoriana de Comercio Justo*. Obtenido de Coordinadora: <http://www.cecjecuador.org.ec/coordinadora/mision-y-vision/>

CEPAL. (2015). *CEPALSTAT: Bases de Datos y Publicaciones Estadísticas*. Obtenido de Erradicar la pobreza extrema y el hambre: http://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/infografias.asp?idioma=e

CLAC. (2016). *Coordinadora Latinoamericana y del Caribe de Pequeños Productores y Trabajadores de Comercio Justo*. Obtenido de Sistema Fair-trade International: <http://clac-comerciojusto.org/comercio-justo/sistema-Fair-trade-international/>

Comisión Económica para América Latina y el Caribe (CEPAL). (2015). *CEPAL*. Obtenido de Panorama Mundial de América Latina 2015: repositorio.cepal.org/bitstream/handle/11362/39965/4/S1600175_es.pdf

Congreso Nacional del Ecuador. (2003). *Ley de Fomento Artesanal*. Obtenido de <http://www.industrias.gob.ec/wp-content/uploads/2015/04/A2-LEY-DE-FOMENTO-ARTESANAL.pdf>

Coordinadora de Comercio Justo. (2011). *El ABC del Comercio Justo*. Obtenido de Comercio Justo por el Medio Ambiente: http://comerciojusto.org/wp-content/uploads/2011/10/El_ABC_del_CJ_3.pdf

Coordinadora Ecuatoriana de Comercio Justo. (2015). *CECJ*. Recuperado el 20 de septiembre de 2016, de <http://www.cecjecuador.org.ec/comercio-justo/historia/>

Coordinadora Estatal de Comercio Justo. (30 de Mayo de 2016). *Coordinadora Estatal de Comercio Justo*. Obtenido de Aumenta el porcentaje de europeos dispuestos a pagar más por productos de Comercio Justo: <http://comerciojusto.org/aumenta-el-porcentaje-de-europeos-dispuestos-a-pagar-mas-por-productos-de-comercio-justo/>

Cordero, M. F. (25 de mayo de 2017). Mermeladas Elena. (M. I. Durán, Entrevistador)

Domeisen, N., De Sousa, P., Stefanovic, M. M., & Kasterine, A. (s.f.). *Centro de Comercio Internacional*. Obtenido de Forum de Comercio Internacional: <http://www.forumdecomercio.org/Comercio-justo/>

EFTA. (2015). *EFTA*. Obtenido de European Fair Trade Association: <https://european-fair-trade-association.org/efta/index.php>

El Mercurio. (20 de octubre de 2016). *MIPRO socializa la inclusión productiva y el Registro Único Artesanal*. Obtenido de <http://www.elmercurio.com.ec/564386-mipro-socializa-la-inclusion-productiva-y-el-registro-unico-artesanal/>

EL UNIVERSO. (01 de enero de 2017). *EL consumidor europeo se fija en en la calidad y comercio justo*. Obtenido de ECONOMIA: <http://www.eluniverso.com/noticias/2017/01/01/nota/5975926/consumidor-europeo-se-fija-calidad-comercio-justo>

Escartín, E. (s.f.). *Universidad de Sevilla*. Obtain from El mercantilismo: http://personal.us.es/escartin/El_Mercantilismo%20I.pdf

Fairtrade International. (02 de septiembre de 2015). *Fair-trade International*. Obtenido de Fair-trade genera cambio: <https://www.Fair-trade.net/es/new/latest-news/single-view/article/Fair-trade-genera-el-cambio.html>

Fair-trade. (octubre de 2009). *Fair-trade*. Obtenido de Documento explicativo para la Prima de Comercio Justo FAIR-TRADE en Organizaciones de Pequeños Productores: http://www.Fair-trade.net/fileadmin/user_upload/content/260410_SP_Explan_Doc_Fair-trade_Premium_Oct09.pdf

Fair-trade Foundation. (2017). *Fair-trade Foundation*. Obtenido de Frequently asked questions about Fair-trade: <http://www.Fair-trade.org.uk/What-is-Fair-trade/FAQs>

Fair-trade Ibérica. (2016). *Fair-trade Ibérica*. Obtenido de ¿Qué es el Fair-trade?: http://www.sellocomerciojusto.org/es/sobreFair-trade/queesFair-trade.html?gclid=CjwKEAjkWJfABRDnhbPlx6WI4ncSJADMQxdtuyRLdQy6YzCR_ziqhTIDxTd36xzeoB_mprXrHtJMhoC9eXw_wcB

Fair-trade International. (01 de mayo de 2011). *Criterio de Comercio Justo para Organizaciones de Pequeños Productores*. Obtain from https://www.Fair-trade.net/fileadmin/user_upload/content/2009/standards/documents/SPO_SP.pdf

Fair-trade International. (2011). *Fair-trade en el mercado*. Obtenido de Dossier de Fair-trade: http://www.sellocomerciojusto.org/mm/file/factsheets/20130200_DossierEmpresas_Fair-trade.pdf

Fair-trade International. (2011). *La Historia y el Significado del Comercio Justo: Marcas*. Obtenido de Fair-trade International: <http://www.Fair-trade.net/about-Fair-trade/the-Fair-trade-marks/history-of-the-Fair-trade-mark.html>

Fair-trade International. (01 de marzo de 2015). *Criterio de Comercio Justo para Comerciantes*. Obtenido de https://www.Fair-trade.net/fileadmin/user_upload/content/2009/standards/documents/TS_SP.pdf

Fair-trade International. (13 de abril de 2017). *Fair-trade International*. Obtenido de Los productores y trabajadores Fair-trade siguen beneficiándose de las crecientes ventas y el aumento de la Prima Fair-trade: <https://www.Fair-trade.net/es/new/latest-news/single-view/article/los-productores-y-trabajadores-Fair-trade-siguen-beneficiandose-de-las-crecientes-ventas-y-el-aumento.html>

Fair-trade International. (13 de febrero de 2017). *Standars and Pricing*. Obtenido de Revisión del Criterio de Fruta Fresca para Organizaciones de Pequeños Productores : https://www.Fair-trade.net/fileadmin/user_upload/content/2009/standards/documents/2017-02-28_ProjectAssignment-Fresh_Fruit_SP_final.pdf

Fair-trade International. (s.f.). *Convertirse en un productor de Comercio Justo Fair-trade*. Obtain from: Fair-trade International: <https://www.Fair-trade.net/es/producers/becoming-a-Fair-trade-producer.html>

Fair-trade International. (s.f.). *Fair-trade International*. Obtenido de ¿Qué es Fair-trade?: <https://www.Fair-trade.net/es/about-Fair-trade/what-is-Fair-trade.html>

Fair-trade International. (s.f.). *Fair-trade International*. Obtenido de Productos Compuestos: <https://www.Fair-trade.net/es/products/composite-products.html>

FAO. (2016). *¿Qué es el comercio Justo?* Obtenido de Departamento Económico y Social: <http://www.fao.org/docrep/007/ad818s/ad818s04.htm>

FLO. (2014). *Fair-trade International*. Obtenido de Misión y Visión: <http://www.Fair-trade.net/es/about-Fair-trade/our-vision.html>

FLOCERT. (12 de marzo de 2016). *Solicitud de Certificación Fair-trade*. Obtenido de Porcedimiento operativo estándar: <http://www.flocert.net/wp-content/uploads/2014/02/CERT-Application-SOP-16-es.pdf>

FLOCERT Assuring Fairness. (04 de noviembre de 2016). *Lista pública de Criterios de Cumplimiento Organizaciones de Pequeños Productores*. Obtain from: <http://www.flocert.net/wp-content/uploads/2014/02/PC-PublicComplianceCriteria-SPO-ED-7.14-es.pdf>

FLOCERT Assuring Fairness. (2017). *Calidad y ISO 17065*. Obtenido de FLOCERT: <http://www.flocert.net/es/servicios-Fair-trade/certificacion-Fair-trade/iso-65/>

FLOCERT Assuring Fairness. (2017). *Cómo funciona*. Obtain from: Hacemos seguimiento: <http://www.flocert.net/es/servicios-Fair-trade/certificacion-Fair-trade/como-funciona/>

FLOCERT Assuring Fairness. (31 de enero de 2017). *Cómo Funciona*. Obtain from: Certificación: <http://www.flocert.net/wp-content/uploads/2014/02/CERT-Certification-SOP-31-es.pdf>

FLOCERT Assuring Fairness. (2017). *FLOCERT*. Obtain from: Cargos de certificación: <http://www.flocert.net/es/servicios-Fair-trade/certificacion-Fair-trade/cargos-de-certificacion-2/>

FLOCERT Assuring Fairness. (11 de abril de 2017). *Lista pública de Criterios de Cumplimiento Certificación Comercial*. Obtain from: <http://www.flocert.net/wp-content/uploads/2014/02/TC-PublicComplianceCriteria-ED-8.9-es.pdf>

Friant, C. M. (2016). Comercio justo, seguridad alimentaria y globalización: construyendo sistemas alimentarios alternativos. *ICONOS* 55, 218-220.

García, D. (s.f.). *Pontificia Universidad Católica del Ecuador*. Obtenido de El comercio Norte-Sur y la desigualdad de la renta:
<http://www.puce.edu.ec/economia/efi/index.php/economia-internacional/14-competitividad/137-el-comercio-norte-sur-y-la-desigualdad-de-la-renta-2>

Ibarra, W. (20 de junio de 2017). Gestor de Fortalecimiento y Desarrollo CECJ. (M. I. Durán, Entrevistador)

INEN. (noviembre de 2013). *INEN 2825*. Obtenido de NORMA PARA LAS CONFITURAS, JALEAS Y MERMELADAS:
http://www.normalizacion.gob.ec/wp-content/uploads/downloads/2014/NORMAS_2014/ACO/17122014/n-te-inen-2825.pdf

Jiménez, Y. (11 de mayo de 2010). *El Mundo*. Obtain from: El precio de ser un consumidor irresponsable:
<http://www.elmundo.es/elmundo/2010/05/08/solidaridad/1273327242.html>

Lernoud, J., & Willer, H. (2016). *Organic Eprints* . Obtain from: The Organic and Fair-trade Market 2015:
<http://orgprints.org/31493/1/The%20Organic%20and%20Fair-trade%20Market%202015-Lernoud%20and%20Willer-2017.pdf>

Martínez Flores, L. (2009). *Los economistas clásicos: las teorías del valor y el precio*. El Cid Editor.

Ministerio de Comercio Exterior. (s.f.). *Ministerio de Comercio Exterior*. Obtain from: Mercado Europeo abierto a productos Ecuatorianos de Comercio Justo:
<http://www.comercioexterior.gob.ec/mercado-europeo-abierto-a-productos-ecuatorianos-de-comercio-justo/>

Ministerio de Industrias y Productividad. (s.f.). *Proceso de Formalización de Artesanos*.

Obtain from:

http://www.artesaniasecuador.com/dev/index.php?option=com_content&view=article&id=19&Itemid=173&tmpl=nohtml

Organización de las Naciones Unidas. (22 de diciembre de 1989). *Documentos Oficiales*

de las Naciones Unidas. Obtenido de Resolución 44/228:

<http://www.un.org/es/comun/docs/?symbol=A/RES/44/228&Lang=S>

Organización Mundial del Comercio. (2016). *WTO ORG*. Recuperado el 20 de

septiembre de 2016, de <https://www.wto.org/indexsp.htm>

PNUMA. (2005). *Programa de las Naciones Unidas por el Medio Ambiente*. Obtain

from: PNUMA:

<http://www.pnuma.org/resultados?q=TONELADAS%20DE%20BASURA%20A%20L%20MAR>

Portal de Economía Solidaria. (2016). *Comercio Justo*. Obtain from: Portal de Economía

Solidaria: http://www.economiasolidaria.org/comercio_justo

Porter, M. (1985). *Ventaja Competitiva: crear y sostener un desempeño superior*.

Porter, M. (marzo de 1990). *The Competitive Advantage of Nations* . Obtain from:

Harvard Business Review: <https://hbr.org/1990/03/the-competitive-advantage-of-nations>

Público Periódico Digital. (12 de julio de 2017). La lucha contra el abandono de

plásticos llega al Congreso. *Público Periódico Digital*.

Smithers, R. (2014 de septiembre de 2014). *The Guardian*. Obtain from: Global Fair-

trade sales reach £4.4bn following 15% growth during 2013:

<https://www.theguardian.com/global-development/2014/sep/03/global-fair-trade-sales-reach-4-billion-following-15-per-cent-growth-2013>

Universidad de Barcelona. (s.f.). *OBS Business School*. Obtain from: Diamante de Porter componentes, usos y beneficios: <http://www.obs-edu.com/int/blog-investigacion/direccion-general/diamante-de-porter-componentes-usos-y-beneficios>

Universidad San Jorge. (2016). *Instituto Humanismo y Sociedad*. Obtain from: ¿Qué es el Comercio Justo?: <http://institutohumanismo.usj.es/queescomerciojusto>

WFTO LA. (2016). *World Fair-trade Organization Latinoamérica*. Obtain from: Quienes Somos: <http://wfto-la.org/wfto-la/quienes-somos/>

World Fair-trade Organization. (octubre de 2013). *Los 10 Principios de Comercio Justo*. Obtain from: World Fair-trade Organization: http://wfto.com/sites/default/files/Los%2010%20Principios%20de%20Comercio%20Justo%202013%20%28Modificaciones%20aprobadas%20en%20la%20AGM%20Rio%202013%20%29_Spanish.pdf

World Fair-trade Organization. (2014). *About WFTO*. Obtain from: About Us: <http://www.wfto.com/about-us/about-wfto>

Wright, S., & McCrea, D. (2008). *The Handbook of Organic and Fair Trade Food Marketing*. Chichester: John Wiley & Sons, Incorporated.

ANNEX

Annex No. 1

SMALL PRODUCERS CRITERIA CHART						
Criterion of compliance FLOCERT	Range 1	Range 2	Range 3	Range 4	Range 5	Criterion type
You as a small producers' organization have a valid certification contract with FLOCERT.	No		Yes			C
You accept announced and unannounced audits at your facilities and provide all required information	No, the organization denies access to certain places documents.	No, some key people are not available for unjustified reasons	Yes	Yes	Yes, and everything was properly prepared.	M
You have named	No		Yes, she was	Yes, it was	Yes, it was	C

in writing an official contact person for FLOCERT.			identified in the audit.	identified prior to the written audit.	identified before the audit and it was actively communicated.	
Most of the organization's producers are members included in the Fair-trade certification system, they are small producers as defined in the Fair-trade Generic Criteria for Small Producer Organizations.	Only 40% or less of the producers in each member organization are small producers.	Less than 51% but at least 41% of the producers in each member organization are small producers.	The auditor may decide that at least the 50% of the producers of each organization are small producers.			M
Just the products that come from members are sold as Fair-trade products.	The product is not different and more than 10% of sales are	Between 2 and 10% of sales are mixed.	The products are not mixed except for possible errors of up to 2%	Products are not mixed	The organization does not cater for non-members.	M

	mixed.					
You have a written relationship of flowing products from its members to the first buyer.	The organization does not know the flow of the product completely	The organization can explain the flow of the product but does not detail it in writing.	There is a basic written description of the product flow.		The complete written description is part of the traceability system.	C
Products sold as Fair-trade must be clearly identified as Fair-trade in related documents. Ex: the bills.	The term "FT" or similar does not appear in all documents.	The term "FT" or similar is mentioned in the invoices.	The term "FT" or similar appears on all invoices and it is possible to find references in other documents.	The term "FT" is mentioned ... in all contracts, invoices and shipping notes.	The term "FT" and the FLO ID is mentioned in all documents.	C
You keep a record of all your Fair-trade sales that indicates the volume, the name of the buyer and your Fair-trade International ID	There are no such records. The premium has not been billed.	There are records but they are incomplete. The Premium is not correctly invoiced.	There are complete Fair-trade sales records with a reference to the sales documents. The premium is	The complete records are part of the database of stocks, purchases and sales, and are up to date. The Premium is	The complete records are part of the database of stocks, purchases and sales, and are up to date. The Premium is	C

<p>number and the date of the transaction.</p> <p>All invoices to your customers will include processing performance if it is necessary to be calculated the minimum price or the Fair-trade premium.</p> <p>These documents are linked to the corresponding sales documents. You invoice the correct amount of the premium on time.</p>			correctly invoiced.	correctly invoiced.	correctly invoiced.	
<p>In the case that new Fair-trade prices are published, you fulfil</p>	No		Yes, or there is a mutual agreement with the buyer.			C

<p>the contracts already signed at the previously agreed price.</p>						
<p>You have signed binding purchase contracts provided by buyers, which are in line with Fair-trade requirements. Unless otherwise stated in the product criteria, contracts must, as a minimum, clearly indicate agreed volumes, quality, price (Fair-trade Minimum Price or market price, whichever is higher),</p>	<p>No</p>		<p>Yes</p>			<p>C</p>

<p>premium, I do, when and how the Fair-trade price will be set, who is the party responsible for paying the Fair-trade price and the premium to the producer and the delivery terms. All contracts between Fair-trade producers and payers or transmitters must stipulate a mechanism agreed upon by both parties to settle disputes independently from justice.</p>						
---	--	--	--	--	--	--

You have informed your members about the Fair-trade criteria for environmental practices. and labor (apply if members employ workers)	The organization has not provided any information to members	Some members were informed, but less than 80%.	At least 80% of the members have been informed once about the basic requirements.	At least 80% of the members have been informed annually about the basic requirements.	At least 80% of the members have been informed annually about all requirements.	C
A person or group of people has a responsibility to ensure that your organization meets environmental requirements.	Any person has been designated.	A person has been chosen but does not have the time and / or resources to fulfill his / her responsibilities.	A person has been designated and knows the relevant environmental requirements and risks of the organization.		The designated person is in a high position of decision making.	C
Its members keep their farms free of garbage and dangerous waste.	Dangerous waste was found on members' farms.		No dangerous waste was found on farms (except in designated areas).		There is an established (organic) internal control system that works the	C

					right way.	
Neither you nor your members deliberately use genetically modified seeds or planting material for Fair-trade crops.	More than 10% of Fair-trade crops are GMOs.	It is high probably that GMOs is used and the organization does not take action	There is not a system but no pollution is detected.		There is an internal control system (organic). established and working properly.	C
Its members avoid negative impacts on protected areas and areas of high conservation value on or off the farm or production areas from the date of application.	Members have partially or totally destroyed protected areas or HCVs (since the certification application).	Members are not aware of protected areas or local HCVs.	The organization informed members of local protected areas or HCVs, and there are not negative impacts presented.	The organization effectively controls the activities of members in protected areas.	The organization actively promotes the conservation of protected areas or areas og HVCs.	C

<p>You and members of your organization do not discriminate on the basis of race, color, sex, sexual orientation, disability, marital status, age, HIV / AIDS status, religion, political opinion, among others, when hiring, promotion, access to training, remuneration, job placement, termination of employment, retirement or other activities</p>	<p>There are important signs of discrimination in recruitment and remuneration.</p>	<p>There are important signals of discrimination in promotion and access to training.</p>	<p>There are no records or rules but no indications of discriminatory practices.</p>	<p>There is a written policy adopted by the General Assembly on equal opportunities, and it has been made known to all members and workers.</p>	<p>There is a policy of equal opportunities in recruitment, remuneration, promotion and training and is implemented.</p>	<p>M</p>
<p>Neither you nor the</p>	<p>There are</p>	<p>There are</p>	<p>The auditor found</p>	<p>There is a written</p>	<p>There is an</p>	<p>M</p>

members of your organization engage in, endorse or tolerate corporal punishment, mental or physical coercion, or verbal abuse.	indications that this is common among members.	indications that this happens on rare occasions.	no evidence that this practice exists.	policy approved by the General Assembly and presented to the members and workers.	internal control system that controls it at member`s levels.	
Neither you nor members of your organization engage, support, or tolerate behavior, including gestures, language, or physical contact that is sexually intimidating, abusive or exploitative.	There are indications that this is common among members.	There are indications that this happens on rare occasions.	The auditor found no evidence that this practice exists.	There is a written policy approved by the General Assembly and presented to the members and workers.	There is an internal control system that controls it at member`s levels.	M
Children under the age of 15 of the members can help on	There are indications that it is common	There are indications that on rare occasions,	The auditor found no evidence of inadequate work /	The organization has a member awareness	There is an internal control system that	C

<p>the farms of their members only after school or during holidays, the work they do is appropriate for their age and physical condition, are supervised and guided by their parents or guardians and do not work long hours and / or under dangerous or exploitative conditions.</p>	<p>practice for children to work in ways that are not allowed by the criteria.</p>	<p>members' children perform unsuitable work during inappropriate hours and that the organization did not take action.</p>	<p>inadequate time or this rarely occurs but the organization took action.</p>	<p>program that identifies which is the right work.</p>	<p>controls this among the members.</p>	
<p>Any action you have taken to ensure that the criteria described above must respect</p>	<p>No</p>		<p>Yes</p>			<p>C</p>

<p>the protection framework of the UN Convention on the Rights of the Child (CRC), which means:</p> <ul style="list-style-type: none">- that the interests of the child are always of the highest priority,- that their right to survival and development is respected,- which apply to all children without discrimination,- that the child's opinion is heard and respected,- and that they are						
---	--	--	--	--	--	--

protected at all times from violence						
You and your organization members securely perform work processes, workplaces and equipment at the production site.	Workplaces, machinery or equipment represent a significant risk to workers.	Closed workplaces are not equipped against fire hazards or fire exits.	All machinery has adequate safety mechanisms and there are at least fire exits and fire equipment.	The organization is aware of and complies with national health and safety regulations.	The organization is aware of and complies with national health and safety regulations.	M
You and your members have first-aid kits and first-aid kits and a reasonable number of trained first-aid personnel at your workplace.	There is no first aid kit or no first aid training.	First-aid kit not adequately equipped or there was no first aid training in the last 3 years.	First-aid kit equipped and accessible in a central workplace and sufficient trained people.	Equipped and accessible medical kits including mobile medicine kits and at least one trained person in all workplaces.	First-aid training of memory every year.	C
You have developed a Fair-trade Development Plan	There is not a written plan.	The plan does not contain all the basic details that	There is a written plan with all the information.	Written plan with all the data, that has been	Planned based on prior assessment of community	C

with the description, objectives, deadlines, responsibilities and budget of all planned activities.		are defined in the criteria.		elaborated in a participatory way with the members (consult).	needs.	
You have included all Fair-trade premium activities in the Fair-trade Development Plan previously to the implementation of the activities.	There is not a written plan.	The organization has spent the premium money not included in the Fair-trade Development Plan or spent it before the plan was approved.	The Fair-trade Development Plan Includes all uses of the Premium according to expected income.	The Fair-trade Development Plan includes all uses of the Premium according to actual income.	The Fair-trade Development Plan includes all uses of the Premium according to actual income and was approved by the General Assembly of all members	C
You have submitted the Fair-trade Development Plan to the General Assembly for approval prior to	The plan has not been presented to the General Assembly or there is not a	The plan was approved by the General Assembly and later edited	The plan was approved by the General Assembly and documented, also was applied	Sufficient time was spent during the Assembly to discuss all the details.	The plan is socialized with members prior to the General Assembly.	M

implementation. All decisions are documented.	plan.	without justification.	without changes or with justified changes			
You have established an accounting system that accurately tracks the costs of the Fair-trade Development Plan, and in particular identifies the Fair-trade Premium transparently.	There are no records about this topic or they are not understandable.	There are records on income and outcomes, but it is not possible to identify those related to the Premium.la Prima.	It was found a system that allows to follow the income and outcome of the Premium.	There are at least records of income and outcomes that identify those related to the Premium.	Updated accounting system, with the possibility to follow the Prima and without errors	C
The General Assembly is the supreme decision-making body where all major decisions are discussed and all members have equal	The statutes establish the General Assembly as supreme decision-making body and it does	The statutes establish the General Assembly as supreme decision-making body but exist and act as	The statutes establish the General Assembly as the supreme decision-making body and the members have	The General Assembly has sufficient time to discuss and debate all issues.	The General Assembly is very active and participatory.	M

voting rights.	not exist or does not act as such, or the members do not have equal right to vote.	such or there are excessive limited voting periods.	equal voting rights.			
The Council's elections are free, fair and transparent.	Elections were forced, bought or corrupted in some way, or the organization provided false evidence of the elections.	The elections did not have enough quorum or not all members have the right to vote, or the elections were not recorded at all.	The elections were democratic but scarcely registered or postponed for understandable reasons.	The elections were democratic and held on time, although they lacked any formal details.	The process of democratic election is completely regulated in the statutes and other documents and is fulfilled.	M
You have written rules to determine who can be a member.	There are not written criteria.	The criteria are not clear enough, there are ambiguous clauses, or in practice they are	The statutes establish clear criteria on who and how you can be a member, but not additional	The statutes establish clear criteria on who and how you can be a member with additional	Clear specifications on the time period between the request and the response are	C

		not followed.	procedures.	procedures.	respected.	
You have a list of members.	There is no list of members.	There is a list of members with more than 10% errors.	The list of members contains basic information.	The list of members contains Basic information and with a maximum of 2% errors.	The Member list is updated regularly.	C
You hold a General Assembly at least once a year.	No General Assembly has been held in a year.	The General Assembly was postponed until the following year for reasons beyond what is technically reasonable.	The General Assembly took place (although it has not been registered or has been summoned or registered sparingly) or was postponed for reasonable reasons.	The annual General Assembly was held in full accordance with the statutes.	The General Assembly has enough time to discuss all issues.	C

You keep records and books. All members have access to these records and books.	No records or insufficient records.	The organization does not allow access to members or to the monitoring committee.	The organization has reasonably updated books and records.	The organization has completely updated books and records.	The organization facilitates access to documents proactively.	C
You have a bank account with more than one signatory (unless this is not possible).	They do not have a bank account.	There is at least one bank account, but it is not registered in the name of the organization.	There is a bank account registered in the name of the organization with more than one signatory.		The bank account offers and a low cost for savings and transactions.	C
You share the results of the audit with your members, in format and language accessible to them.	The results of the audit were not shared.	The results of the audit were shared, but were not understood by the members.	The results of the audit were fundamentally shared and understood by the members.	The results of the audit were shared in detail with the members, explained and understood by	Meetings held in which members express their points of view and participate in the correction of	C

				them.	nonconformities.	
--	--	--	--	-------	------------------	--

Annex No. 2

TABLA DE CRITERIOS PARA COMERCIANTES

FLOCERT Compliance Criteria	Range 1	Range 2	Range 3	Range 4	Range 5	Type of Criteria
You have a valid FLOCERT marketing permit or a valid FLOCERT certificate for each product purchased and sold as Fair-trade.	No		Yes			M
You accept advertised and unannounced audits at your facility, and allow access to all relevant locations, provide all necessary information to demonstrate	Access to facilities was denied.	The information provided was not enough to complete the audit or access to certain sites was denied.	Information, support and access to the site were adequate to complete the audit.		All required documents were delivered and staff and facilities were accessible.	M

compliance.						
You buy Fair-trade products only from those producers or traders with a valid marketing authorization or certificate issued by FLOCERT for the specific product category.	No		Yes			M
Products sold as Fair-trade not packaged and ready for consumption are only sold to Fair-trade traders with a certificate or marketing	No		Yes			M

authorization for the relevant category issued by FLOCERT or by the relevant Fair-trade National Organization.						
You buy certified products from producer organizations and not from individual members of the organization, and it is accompanied by a contract between you and the organization that stipulates: traceability, volume, price, shipping conditions, payment	The trader buys individual members without being able to indicate the reasons why he does not buy from a producer organization.	The contract lacks any of the details indicated in the compliance criterion.	The trader buys individual members but can indicate the reasons that prevent him from buying from the producer organization.	The merchant periodically provides the organization with purchase information with a copy of the purchase documentation.	The merchant only buys from producer organizations.	B

terms and method of payment. billing.						
An official contact has been designated for Fair-trade related issues. This person keeps FLOCERT informed of the contact information and any other relevant information affecting the FLOCERT certification (new business structure, changes in legal status, etc.).	Any person has been assigned as a contact to deal with Fair-trade matters.	This person is not responsible for acquiescence or does not have sufficient tools to ensure compliance, or does not communicate to FLOCERT information.	Yes			B
You have a valid written contract with a National Fair-trade	It does not have a contract or an approved	There is a contract but not with the approval of the	It has a contract and design approval for all			B

Organization or Fair-trade International that details the use of the trademark.	design.	design, or it has the approval but not for all products and advertising material.	Fair-trade trademark uses.			
You have a signed copy of your current certification contract with FLOCERT...	You do not have the copy of the contract.	It has the contract but is not signed by both contractors.	Yes			B
You clearly identify in each of the business documents all Fair-trade products such as Fair-trade, including all information sent and received from an additional entity.	There are not references in any document about Fair-trade.	References to Fair-trade are identified but incompletely.	References to Fair-trade are identified but in a incomplete way.		References to Fair-trade will be recorded and updated with the ERP (resource management system) resource planning system.	M
The documents	None of these	In some or several	All data is	All data are	The data are	B

<p>related to Fair-trade allow to follow the following data:</p> <ul style="list-style-type: none"> • Name and FLO-ID of traders involved in the Fair-trade transaction (Vendor FLO-ID and Buyer FLO-ID) • Date of the transaction; • Quantity and physical form of the product object of the transaction (purchase and sale); • Fair-trade price and premium data and pre-financing (where applicable). 	<p>data appear.</p>	<p>transactions, all the required data are not included.</p>	<p>documented and can be traced.</p>	<p>included in a database directly linked to the descriptions of Fair-trade articles.</p>	<p>included in the database and linked directly to the description of the Fair-trade articles and they are completely updated.</p>	
--	---------------------	--	--------------------------------------	---	--	--

You make sure that Fair-trade Certified Products sold as non-Fair-trade clearly indicate that they are not Fair-trade products, removing any reference to Fair-trade or if this is not possible, advice your customers of this fact.	The term Fair-trade or a similar reference is contained in the documents or packaging of non-Fair-trade products.	The term Fair-trade or a similar reference has been removed from the invoices / packaging of the product, BUT, it is possible to find these references in other documents.	The term Fair-trade or a similar reference has been removed from the invoices / packaging of the product, BUT, it is possible to find these references in other documents.			M
You do not link, any ordinary sale to the sales of Fair-trade certified products.	There is a link between ordinary sales and Fair-trade sales.		There is no evidence of linkage between Fair-trade sales and ordinary sales.			B
You keep track of all incomes, processing and sales of Fair-trade products. The	The trader does not keep a record or it is not available at	The trader keeps a record but is incomplete or not fully available at	The trader keeps a record that is also available during the audit. Also, the	The trader keeps a record that is also available during the audit. The	There is a management system that allows the certification	B

records allow the certification body to trace the origin from any Fair-trade product income to its outcome.	the time of the audit.	the time of the audit.	records are correct.	records are correct. There are no over-sales and no errors.	body to follow in a simple way any Fair-trade product from its income to the outcome.	
You physically separate Fair-trade products from non-Fair-trade products at all stages of the supply chain. Fair-trade products are transported, stored, processed and / or manufactured and shipped separately from non-Fair-trade	Fair-trade products are not separated from non-Fair-trade products. There is not a system to separate the products physically, so the mixtures occur.	Fair-trade products are not clearly separated, or are only partially separated from Fair-trade products. Mixtures during processing can be easily produced.	Fair-trade products are clearly separated from non-Fair-trade products. There is a system that allows to separate the products.	The products are marked clearly and easily identifiable.	There is a management system that allows to trace the origin of the certified products.	B

products.						
If you combine ingredients with and without physical traceability in Fair-trade compound products, the Fair-trade ingredient with physical traceability meets the requirements of physical traceability.	Physically traceable ingredients do not meet physical traceability requirements.	Physically traceable ingredients do not completely meet the physical traceability requirements.	Physically traceable ingredients meet physical traceability requirements.	Physically traceable ingredients completely meet the physical traceability requirements.	There is a system of traceability of products to trace without errors the origin of each ingredient.	B
You do not use genetically modified beet sugar in your Fair-trade products.	No		Yes			B
You guarantee that composite food	Some ingredients for	At least one ingredient is not	ATCB is applied correctly or			B

<p>ingredients and composite food products contain as many Fair-trade ingredients as available.</p>	<p>which Fair-trade criteria exist have been used in their conventional form without being granted an exception.</p>	<p>Fair-trade and no exception has been granted.</p>	<p>FLOCERT or a National Organization Fair-trade have granted an exception.</p>			
<p>Compound food products contain at least 20% Fair-trade content. You express the percentages of Fair-trade ingredients by weight (or volume) in relation to the total weight (or volume) of all initial ingredients prior to processing.</p>	<p>No</p>		<p>Yes</p>			<p>B</p>

You declare the minimum percentage of Fair-trade content on the back of the package, unless that goes against national law.	No		Yes			B
You know the labor legislation in your country and the fundamental ILO Conventions.	Both the labor legislation and the founding ILO conventions are not known.		The company demonstrates how it keeps abreast of labor legislation and ILO conventions that concern it.	The company has a clear policy and procedures to ensure adequate working conditions.	The company can demonstrate how they are implemented effectively.	B
There is no discrimination, support or tolerance of discrimination based on race, color, gender, sexual	There is evidence that shows discrimination and the company has	There is evidence that shows discrimination and the measures taken by the company are not adequate to	There are no indications of analysis or questions during recruitment.	There is a clear policy prohibiting this practice.	The company monitors discrimination and measures (including positive discrimination) to	R

<p>orientation, disability, marital status, HIV / AIDS status, age, religion, political opinion, membership of a trade union or any body representing workers, origin or social origin or any other condition for recruitment, promotion, access to training, remuneration, retirement or general treatment in the workplace or other activities.</p>	<p>done nothing to stop it.</p>	<p>end with it.</p>			<p>correct historical or cultural discrimination against a group of workers.</p>	
<p>You do not directly or indirectly involve,</p>	<p>There is evidence of</p>		<p>There are no indications of such</p>	<p>It has a policy or program against</p>	<p>The company is active in the</p>	<p>R</p>

support or tolerate the use of corporal punishment, mental or physical coercion, intimidation, harassment or abuse of any kind.	such practices.		practices.	these practices.	implementation of the policy.	
You fulfil with any applicable additional legislation regarding the absence of forced or compulsory labor.	The legislation does not apply at all.	Legislation is not applied on several occasions.	Legislation is not applied on several occasions.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R
You do not directly or indirectly expose workers under the age of 18 to any type of work that endangers their health, safety or morality and their	There is evidence that inappropriate work is common.	There is evidence that this has happened on some occasions, and the company has not taken action.	There are no signs of this happening.	The company has an employee awareness program that identifies the appropriate work.	There is a quality management system that monitors the implementation.	R

attendance at school.						
You obey any applicable additional legislation regarding child labor and child protection.	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R
You respect the right of workers to form or join trade unions or workers' organizations.	Actions aimed to obstructing this right are often produced.		There are no indications of actions that delay this right.	The employees are aware of this right.	The company directly encourages workers to join or form a union.	R
You establish the conditions of employment for workers according to the legality and, if it exists, the collective bargaining agreement.	No		Yes			R

You fulfil with the applicable legislation regarding the safety of work procedures, workplaces, machinery, accident prevention and personal protective equipment.	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R
You obey the applicable legislation regarding hygiene requirements (eg handwashing facilities, sufficient number and suitable condition of toilets).	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R
You know the environmental laws	Environmental laws are not		The company demonstrates how	The company has a clear policy and	The company can demonstrate how	R

in force in your country.	known.		it keeps abreast of current environmental legislation.	procedures to ensure correct environmental performance.	they are implemented effectively.	
You use for packaging as many recycled or easily biodegradable materials as possible.	No action has been taken to use recycled or readily biodegradable packaging.	There is sporadic use of recycled or easily biodegradable packaging, but it is not common.		There is a high use of recycled or easily biodegradable packaging.	A systematic program is available for the use of recycled or readily biodegradable packaging by policy.	V
There is no indication that you breach any of the environmental laws in force in your country.	There is evidence that noncompliance is common.	There is evidence of default but action is taken.	There is no evidence of non-compliance but there are suspicions.	There is no evidence of non-compliance.	The company can demonstrate that it has implemented policies and procedures	B

					effectively.	
You fulfil with the applicable legislation on land use and Biodiversity.	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R
You comply obey the applicable law about the use of water.	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R
You comply with the applicable legislation regarding the use of energy.	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R

You obey the applicable legislation regarding to discharge of waste water and have obtained any necessary permits.	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R
You comply with the applicable legislation regarding the emission of gases to the atmosphere and you have obtained any necessary permission.	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure correct application throughout the company.	R
You comply with the applicable waste disposal legislation.	The legislation does not apply at all.	Legislation is not applied on several occasions.	The legislation applies in most cases.	The legislation applies in all cases.	The company has established measures to ensure	R

					correct application throughout the company.	
You fulfill your role as a payer and / or transmitter of Fair-trade price and / or Fair-trade premium as defined in Schedule 1 of the Fair-trade Criterion for Merchants or in an alternative written agreement between all parties.	The company agrees to an alternative agreement but has not agreed in writing with all parties involved.		The role is fulfilled As defined in the Annex to the Criterion, or there is an alternative agreement agreed upon in writing by all parties involved.		The alternative agreement is signed by all parties involved, and has been communicated to the certification body.	M
You guarantee that the contract with the producers include: - the date of the	There is no written purchase agreement or purchase order	There is a written purchase contract or purchase order but they are	There is a complete written purchase contract or a purchase order, but		There is a complete written purchase agreement or	B

<p>contract</p> <ul style="list-style-type: none"> - identification numbers FLO operator ID - reference to Fair-trade as an integral part of the contract - Contract period - Product description - product quality specifications - Fair-trade specific price and premium for each product - shipping conditions using Incoterms - volumes of Fair-trade product (minimum and maximum or fixed 	<p>for Fair-trade products with the producer or the transmitter.</p>	<p>incomplete.</p>	<p>it is not confirmed by the producer / transmitter (purchase order) or it is not signed by both parties (purchase contract).</p>		<p>purchase order, and it is either confirmed by the producer / transmitter (purchase order) or signed by both parties (purchase agreement). There is a complete written purchase agreement or a purchase order, and it is confirmed by the producer / transmitter</p>	
---	--	--------------------	--	--	--	--

<p>volume)</p> <ul style="list-style-type: none"> - reference to supply plans - description of how the order system works - description of the legal responsibility of each party and quality verification procedure - definition of force majeure - description of independent dispute resolution mechanisms - description of pre-financing mechanism. 						
<p>You sign a Fair-trade purchase agreement</p>	<p>There is no written purchase</p>	<p>There is a written purchase</p>	<p>There is a complete written purchase</p>		<p>There is a complete tripartite</p>	<p>M</p>

<p>with the producer that includes all the elements mentioned in the Criterion, as well as the modalities of payment of the price differential (if applicable) and the Fair-trade premium, including deadlines and the reporting system.</p>	<p>agreement or purchase order for Fair-trade products with the producer.</p>	<p>agreement or purchase order but they are incomplete.</p>	<p>agreement or purchase order, but it is not confirmed by the supplier (purchase order) or it is not signed by both parties (purchase contract).</p>		<p>purchase contract in writing or a purchase order, and it is either confirmed by the supplier (purchase order) or signed by all parties (purchase contract).</p>	
<p>You send the producer a quarterly report (or according to the terms agreed upon by both parties) of each purchase contract, the exact</p>	<p>Reports are not sent to the producer.</p>	<p>Reports are sent but are incomplete or the shipment is made irregularly.</p>	<p>The reports sent are complete and are sent quarterly or according to the agreed deadlines.</p>		<p>The reports sent are complete and sent quarterly, and are always prepared in a transparent and agreed with the</p>	<p>B</p>

volumes you have sold, the price differential (if applicable) and the premium due, as well as the FLO FLO ID) of the buyer to whom it was sold.					producer.	
You guarantee that all elements of the transaction set forth in the agreement will be respected, unless you and the other party agree to a change.	The contract (or changes agreed in the contract) has not been fulfilled		Contracts are fulfilled or, in case of dispute, the dispute resolution mechanism has been used.		The contracts are fulfilled without making any changes.	M
You have a long-term commitment to the	There are no long-term		There are written commitments with		There is constant compliance with	V

producer or suppliers so that they can achieve long-term contracts with producers.	commitments (2 years or more).		the producer or directly with the supplier for a period of more than 2 years.		long-term commitments.	
You sign a tripartite agreement between the producer, the price and premium payer and yourself, or you share with the producer the contract that you have with the Fair-trade payer.	There is no tripartite contract between the producer, the transmitter Fair-trade and the payer Fair-trade,		There is a tripartite contract between the producer, the transmitter Fair-trade and the payer Fair-trade, but it is not signed by all parties.		There is a tripartite contract between the producer, the transmitter Fair-trade and the payer Fair-trade, and it is signed by all parties.	V
You pay the producer at least a market Price minimum.	No		Yes			M
Fuente: http://www.flocert.net/wp-content/uploads/2014/02/TC-PublicComplianceCriteria-ED-8.9-es.pdf						

Elaboración: María Isabel Durán