

## International social label: Max Havelaar and TransFair for fair trade

### History

The direct reason to start Max Havelaar was the request by small farmers in developing countries for better prices for their coffee, instead of development aid. Up until 1988, fair trade coffee (see the link with the document Fair Trade at the summary overview) was only available on a very small scale in charity shops. In order to generate greater sales on fair trade terms for the benefit of many more disadvantaged and marginalized producers it was important to get commercial manufacturers involved, and to get fair trade into the supermarket where most people do their shopping.

In 1988, the first Max Havelaar coffee was introduced on the Dutch market. The Max Havelaar concept is now operational in 14 European countries and in 3 countries outside Europe. All initiatives were started by NGOs, with a broad involvement of several organisations, like church organisations, consumer organisations, women's league, labour unions, importers and representatives of producers. In order to co-ordinate the work of the national initiatives, the Fairtrade Labelling Organisation International (FLO) was founded in spring 1997.

In January 2003 Max Havelaar reached agreement with all international Fair Trade organisations part of the FLO (Fairtrade Labelling Organisation) to use one logo. This will help consumers to recognise the Fair Trade products more easily.



*Former logo*



*New logo in 2003*



*Logo of Eko-Oké and the Oké banana*

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The original concept of Max Havelaar was to empower farmers through organisation with access to markets, management support, prefinancing and information. Nowadays, criteria with regard to the production process and environment are also included. The criteria are based on accepted international social norms, labour and environmental laws and recommendations. The producers have direct contracts with the importers.

On top of the normal price, producers receive a premium, destined for investments in social infrastructure, human resource development, ecological improvements and business development. The producers are autonomous in the decision on the destiny of the premium. The premium has to be accounted for separately and the use of it has to be documented, in order to control if the premium is not used to finance matters which the management is obliged to provide for.

### Product groups

At present nine product groups are labelled:

- coffee (including organic coffee),
- tea,
- cocoa,
- honey,

- sugar,
- rice,
- fresh fruit such as bananas (including organic bananas),
- juices including orange juice, and
- sport balls

There are over 350 producer groups registered in the FLO producer register, of which coffee producers make up the largest group. This is because coffee was their first product. The products come from 29 countries in the South.

Oké is the brand for several fair trade products and is connected to the Max Havelaar or TransFair label. At this moment more Oké tropical fruits are coming at the market, including citrus, pineapple and mangoes.

### **Organisation**

FLO is the standard setting body, democratically run by the national labelling initiatives, with a strong input from producers. The national organisations form the decision making body.

The main functions of FLO are to improve co-ordination of producer related work and communication between the fair trade labelling initiatives and partners in developing countries. For each new product, FLO sets up a new producer register. The register committee comprises members of the relevant national initiatives and product experts.

The Max Havelaar Foundation is the Dutch national organisation. The core tasks of the Max Havelaar Foundation are: promotion, registration and checks to ensure participating companies are honouring their trade agreements. Responsibility for processing, handling, distribution and sales lie with the producers, importers, factories and distributors. Importers have to pay licence fees to the national foundation in the country where they are distributing the products. The national labelling initiatives are mainly funded by these licence fees. In addition, they receive support from, among others: NGOs, churches, EU and donations.

### **Monitoring**

Compliance by producers is based on continuous improvement. At the beginning, the new participants have to comply with entry criteria. Experts sent by FLO do monitoring of the producers. The flow of goods is monitored by FLO and the national organisations. Independent controlling bodies inspect the licensed companies. Some countries including Austria, Germany, the USA, Canada and Japan, use the name TransFair instead of Max Havelaar.

### **Market impact**

Max Havelaar products are available in mainstream supermarkets, which makes the products more accessible to the consumer. In Sweden, for example, three of the four big supermarket chains now sell the products. In the countries recently started (like Denmark and Switzerland), the market increases continuously.

Not all products have been introduced in all the countries. The national foundations decide which and when labelled products are introduced in their country. In the Netherlands, Max Havelaar is available in more than 90% of the supermarkets and 89% of Dutch consumers have heard of Max Havelaar. The label has a positive value and credibility. Max Havelaar coffee has a market share of 2.7%, bananas 7% and cocoa less than 1%.

### **Max Havelaar avocados**

Ahold, a Dutch holding company with subsidiary companies and joint ventures in Europe and the USA, reported in 2004 that they had introduced fairtrade avocados in its supermarket assortment.

Max Havelaar avocados have been introduced in the Dutch Albert Heijn and in the Swedish and Norwegian ICA supermarkets. The avocado supplier is a South African company, and with its employment policy of employing mainly black people, the company contributes to the South African black empowerment process.

➔ [For more information](#) on all EU national initiatives, please go to the website of FLO where you can find a complete list of all national initiatives. At the websites of Max Havelaar / TransFair Foundations you can find among others an overview of the conditions of trade, which Max Havelaar products comply with. Both websites can be found as external links.