

Fair trade



“With our money, as little as we may have, we can vote for a world free of exploitation. Your vote can start with your morning coffee.”

—Laure Waridel *Coffee with Pleasure: Just Java and World Trade*

What is fair trade?

Fair Trade is a non-governmental initiative that began with the emergence of alternative trading organizations. These organizations developed direct trading relationships for products such as coffee to ensure a better price paid to producers.

The emergence of labelling initiatives and the Fairtrade Labeling Organizations International (FLO) brought standards that are enforced by organizations such as TransFair Canada to assure consumers that producers receive a fair deal.

Producer co-operatives are registered and monitored by FLO to make sure members receive the benefit of fair trade transactions.

Importers are also monitored, either by the central FLO register or a national initiative, like TransFair Canada. Importers are obliged to produce reports on their transactions with the registered co-operatives and provide evidence that they paid the pre-set minimum price or the premium to the producers. These reports are subject to independent audit.

Roasters are also licensed and monitored by FLO. By contract, they are committed to reporting their purchases, roasting activities and sales of fair trade coffee. They are also subject to verification and agree to display the fair trade logo according to standards in the contract.

Usually, the chain ends with the roaster, who sells packaged and labelled coffee to distributors or retailers.

Benefits of fair trade

If a product carries the Fair Trade Certified logo, consumers can be assured producers are receiving the following benefits:

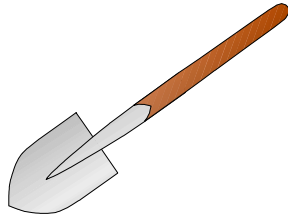
- **A fair price:** Importers and distributors pay a price that covers the cost of living and sustainable production. They also pay a premium that farmers can invest back into the community or business development. For instance, coffee co-operatives are paid \$1.21 US per pound, (well above the current world price) and then a 5 cent US a pound premium. [There are also bonuses for organic coffee.] The fair price builds greater economic independence and empowerment. For instance, many coffee co-operatives have re-invested premiums into production methods that will grow better quality beans. Increased revenues also support new healthcare centers, schools, transportation and training.



- **Forward financing:** Fair Trade importers pay part of the price in advance of receiving the product, if requested to do so. The co-operative is then able to provide payment to its members upon purchase. This means small scale producers can survive the season and get a higher price than if they sold to intermediaries. Avoiding money-lenders allows fair trade producers to escape the

crippling indebtedness experienced by so many other farmers around the world.

- **Security:** Fair Trade importers and distributors enter into long-term contracts. A stable income and a guaranteed long-term relationship builds healthier local economies and communities.



- **Market and Business Support:** Fair Trade producers receive information on market trends and contacts throughout the international marketplace.
- **Spin-off benefits:** Most producers sell just a small part of their production to the Fair Trade market. But there is also a strong and positive ripple effect because the Fair Trade price forces middlemen to offer higher prices to obtain sufficient supplies. This means other producers in the region benefit too.
- **Fair and equitable working conditions:** Workers have the right to decent wages, housing, health and safety and employment standards as well as the freedom to participate in democratic organizations or unions.
- **Environmental stewardship:** Fair Trade Certified producers are encouraged to use organic and sustainable farming methods. Many (but not all) Fair Trade Certified products are certified organic.

Why is fair trade needed?

International trade in food commodities has increased significantly but the benefits have rarely reached the producers. Millions of landless labourers and small farmers in southern countries do not earn enough income to meet their basic needs. The reasons are multi-fold:

- **Prices for products** like coffee, tea and chocolate have not risen in real terms over the last forty years. Meanwhile the value of farming materials has increased substantially. Even worse, the market price for commodities often drops below the cost of producing them.
- **Small southern producers** do not have direct access to the international marketplace or price information. This leaves them at the mercy of local traders and middlemen who frequently exploit them.
- **To finance** the next year's production, southern farmers must often go to money-lenders, setting them on the path to crippling debt.

Increasing world trade has not generally benefited plantation workers either. They are often paid poorly, cannot join a union or participate in decisions that affect plantation life.

Credit: The text on the need for and benefits of fair trade comes from the TransFair Canada website. The text on what is fair trade is adapted from an interview with Caroline Whitby, the managing director of TransFair Canada, done by Arthur Montague and found on the INeedCoffee.com website.

Fair trade at the First Unitarian Church of Hamilton

A group of church members has begun offering fair trade coffee, tea and hot chocolate for sale. We hope you will try the coffee and other fair trade products and begin buying your monthly supplies on Fair Trade days at the church—the third Sunday of each month—or by contacting one of the Agents of Change listed below.

We hope you will join us in spreading the message to your friends and colleagues and help to expand this grass roots concept of fair trade.

And we hope you will join us in using fair trade as a lens through which to view and learn more about increasing economic justice in the world.



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