

Fairtrade Explained



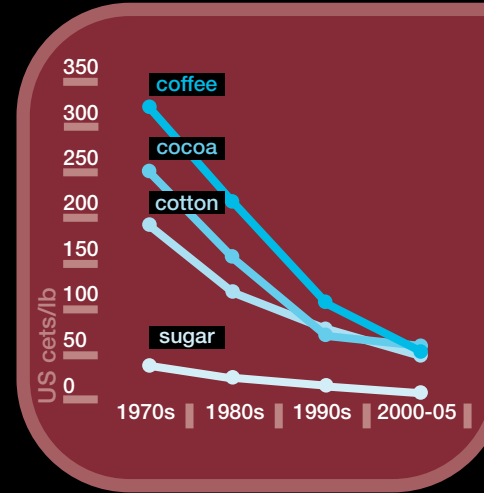
Introducing the work of
the Fairtrade Foundation



Guarantees
a **better deal**
for Third World
Producers

®

What is Fairtrade?



Source: "The State of Agricultural Commodity Markets 2006", FAO.

Fairtrade is a rapidly growing international movement for change that guarantees a better deal for disadvantaged farmers and workers in the developing world. You can identify a Fairtrade product because it carries the FAIRTRADE Mark

What is a better deal?

- Agreed stable and sustainable prices for producer organisations
- Longer-term trading relationships providing stability for producers
- Support in gaining the knowledge and skills that producers need to develop their businesses
- The Fairtrade price includes a premium which is set aside for farmers and workers to spend on social and environmental projects or to strengthen their organisations. This gives communities the power and resources to develop and invest in long-term improvement

Why do we need Fairtrade?

The graph above illustrates the long-term downward trend in commodity prices in real terms, when inflation is taken into account. As a result of the catastrophic fall many producers fail to get a fair share of the huge financial benefits that result from international trade in the commodities they produce.

World commodity prices can be extremely volatile making it hard for producers to plan for the future. If farmers earn less than it costs to run the farm, they face real hardship – struggling to buy food or keep their children in school. Ultimately they may lose their land and their livelihood.

Who benefits from Fairtrade?

Fairtrade works with disadvantaged farmers in the developing world.

- Small-scale farmers suffer from poor market access and unfair international trade rules such as tariffs and rich country subsidies. Fairtrade ensures the price they get for their crop covers the cost of sustainable production and allows them to plan for the future
- Farm workers frequently do not share the benefits of global trade. Fairtrade aims to protect workers' rights to decent pay, a safe working environment as well as the right to join a trade union

The
FAIRTRADE
Mark



The FAIRTRADE Mark is the ONLY independent guarantee of international Fairtrade certification

When you see the FAIRTRADE Mark on a product, it means:

- Producer organisations receive an agreed and stable price for their products that covers the cost of sustainable production and enables them to support their families and provide for a better future
- Producer groups also receive an investment premium. They decide democratically how this should be spent – improvements to health care, clean water supplies, schooling to give their children a better future or business improvements such as processing facilities or building warehouses – the choice is theirs
- Producers are working to implement more sustainable farming methods by reducing chemical usage, recycling waste or investing the premium in their own environmental projects. The Fairtrade system does not insist on organic production, but the premiums can be used to support producers wishing to convert to organic farming

The Fairtrade Foundation is the UK's leading authority on Fairtrade, committed to tackling poverty and injustice through trade. An independent, non-profit body, the Foundation licenses the use of the FAIRTRADE Mark on products in the UK that meet international Fairtrade standards. By bringing producers and consumers closer together, we are helping to build a citizens' movement to change trade.

The Fairtrade Foundation is part of an international network of organisations that are members of Fairtrade Labelling Organisations International (FLO).

FLO is the leading standard setting and certification organisation for Fairtrade.

FLO is divided into two organisations:

FLO International is a non-profit association. It sets Fairtrade standards, develops Fairtrade business, and provides producer support.

FLO-CERT is an international certification company that is owned by FLO but which operates independently. It is responsible for the inspection and certification of producer organisations and traders against the internationally agreed Fairtrade standards.



The FAIRTRADE Mark

For more information on FLO visit:
www.fairtrade.net

For more information on the Fairtrade Foundation and the FAIRTRADE Mark visit:
www.fairtrade.org.uk

Global Fairtrade Standards



“Now that we farm with natural pesticides and fertilisers the soil quality has improved. The soil repays us by giving us a greater yield from our land.”

Jethanda Patel,
Cotton Farmer, India



Fairtrade’s vision is of a world where justice and sustainable development are at the heart of trade. Fairtrade standards seek to strengthen disadvantaged farmers and workers in international trade.

The problems experienced by producers and workers in developing countries differ greatly from product to product.

The majority of coffee, for example, is grown by small-scale farmers, working their own land, often as part of a local co-operative. Fairtrade seeks to support small farmers in collaborating to strengthen their organisations and community infrastructure, to improve quality control and market knowledge, to compete more effectively in the market place. Fairtrade standards encourage the open, democratic and participative running of their co-operatives, as well as promoting sustainable farming practices.

Meanwhile, most tea is grown on privately owned estates. The biggest concerns for workers on large plantations are likely to be fair wages and decent working and living conditions.

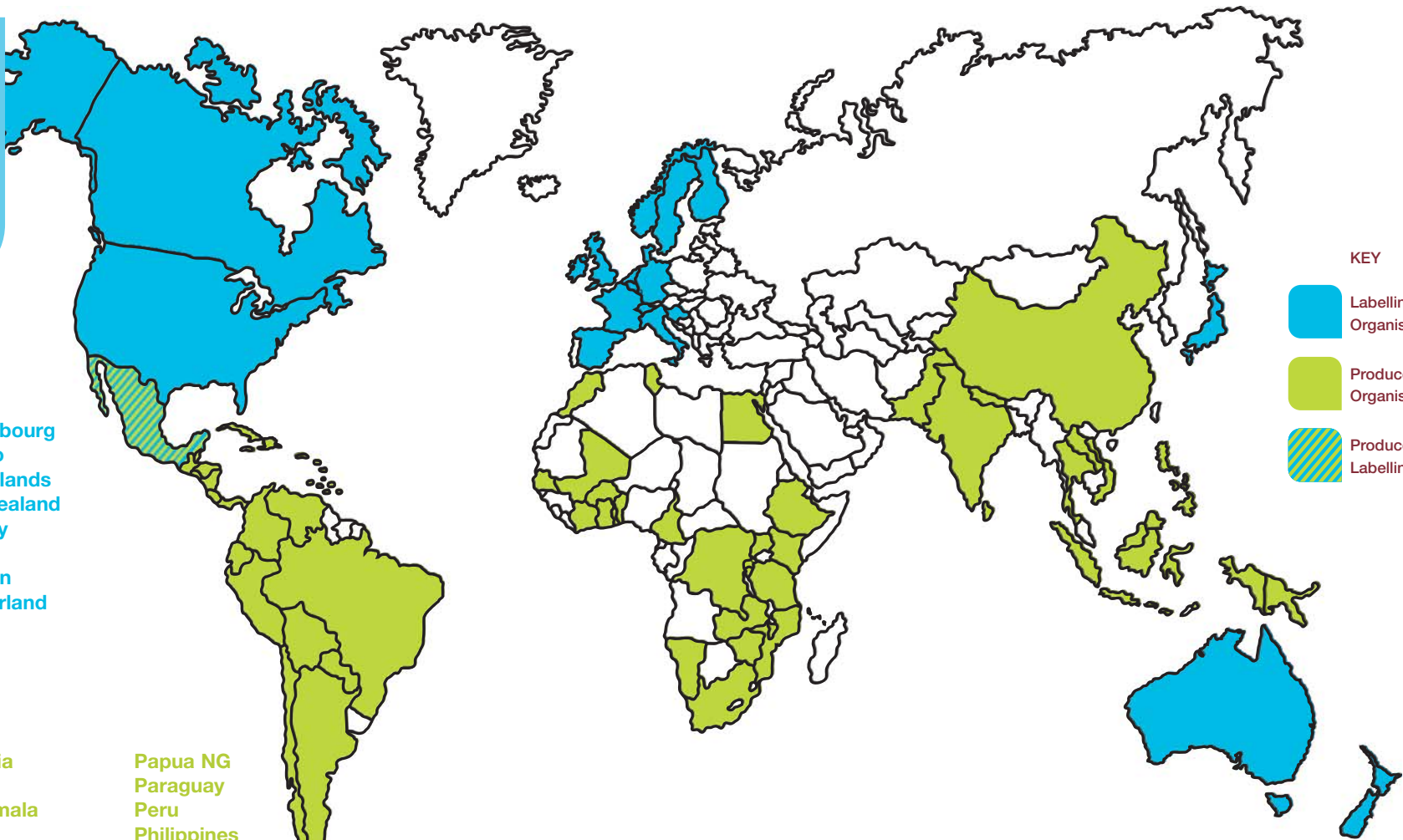
Fairtrade standards for commercial farms using hired labour are based on International Labour Organisation Conventions. They require estate or plantation owners to pay decent wages, promote the right to join trade unions and provide good housing where relevant. Minimum health and safety as well as environmental standards must be in operation and forced or child labour are both prohibited.

Fairtrade standards are also unique in covering the terms of trade between producers and other traders. As well as payment of Fairtrade prices and premiums, providing credit facilities for producers where requested, the standards encourage trading partners to build long-term relationships, and provide credit facilities for producers where requested.

“Fairtrade is significantly contributing towards the social improvement of our community and providing a better future for our youngsters.”

Silver Kasoro-Atwoki, Mabale Growers Tea Factory, Uganda

A global overview



KEY

- Labelling Organisations
- Producer Organisations
- Producer and Labelling Organisations

Labelling Organisations:

- Australia
- Austria
- Belgium
- Canada
- Denmark
- Finland
- France
- Germany
- Ireland
- Italy
- Japan
- Luxembourg
- Mexico
- Netherlands
- New Zealand
- Norway
- Spain
- Sweden
- Switzerland
- UK
- USA

Producer Organisations:

- Argentina
- Belize
- Benin
- Bolivia
- Brazil
- Burkina Faso
- Cameroon
- Chile
- China
- Colombia
- Comoros Islands
- Congo Dem. Rep.
- Costa Rica
- Cuba
- Dominican Republic
- East Timor
- Ecuador
- Egypt
- El Salvador
- Ethiopia
- Ghana
- Guatemala
- Haiti
- Honduras
- India
- Indonesia
- Ivory Coast
- Kenya
- Laos
- Malawi
- Mali
- Mexico
- Morocco
- Mozambique
- Namibia
- Nepal
- Nicaragua
- Pakistan
- Panama
- Papua NG
- Paraguay
- Peru
- Philippines
- Rwanda
- Senegal
- South Africa
- Sri Lanka
- Tanzania
- Thailand
- Togo
- Tunisia
- Uganda
- Venezuela
- Vietnam
- Windward Islands
- Zambia
- Zimbabwe

Producer Organisations
certified Fairtrade 2007

632



Global Sales
value in 2006

€1.6_{bn}



People
benefiting from Fairtrade (farmers, workers and dependents)

7 million



Traders
worldwide

650



Countries
selling Fairtrade certified products

52



Working together to change trade

PRODUCERS

Our crops are grown to standards set by FLO. We are part of a farmer organisation which is committed to using the Fairtrade premium democratically



CONSUMERS

Buying Fairtrade products creates real change. We choose products with the FAIRTRADE Mark knowing that an independent organisation is monitoring the companies and producer groups involved



Guarantees a **better deal** for Third World Producers

CERTIFICATION

FLO sets international Fairtrade standards

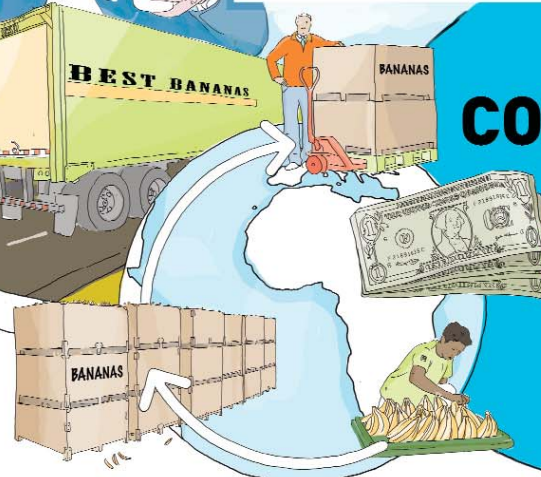


I am part of a global network of FLO liaison officers who provide producer groups with support in meeting Fairtrade standards

I am a FLO – CERT inspector. We are based all around the world. We certify producer organisations and traders against Fairtrade standards

COMPANIES

Companies in the UK must apply to the Fairtrade Foundation if they wish to sell a product carrying the FAIRTRADE Mark. The Fairtrade Foundation and FLO CERT ensure minimum prices and premiums are paid by the companies to the producers



From farmer to shelf

People and benefits



“Fairtrade has put money into the hands of women to meet our children’s needs. We can buy pens and notebooks so they can go to school. We have bought seeds to grow vegetables and improve our family’s diet.”

Sira Souko,
Batimakana Co-operative, Mali



Better Business

A key benefit of Fairtrade for farmers and producers is the increased income through an agreed and stable price. Coupled with longer-term trading relationships, this enables producers to develop their businesses and plan ahead.

In the Windward Islands, the extra income from Fairtrade has enabled farmers to improve roads making it easier to transport their crop, update packing sheds in line with supermarket requirements and receive business training.

“Bananas are the heartbeat of the country,” explains Amos Wiltshire, National Fairtrade Co-ordinator for Dominica, one of the Windward Islands. “Fairtrade has been the saviour of the farmers in Dominica – of agriculture and the whole economy. With Fairtrade small farmers have been transformed from marginalised farmers into businessmen.”

Stronger Communities

The payment of Fairtrade premiums enables farmers and workers to invest in social and environmental community projects or to strengthen their organisations.

Cotton farmers are paying the penalty of low cotton prices driven down by Northern subsidies and competition from synthetic fibres. The national economies of some of the world’s poorest countries are dependent on cotton. In Mali, where cotton is often the only source of cash for small-holders, 40% of the rural population is dependent on cotton production.

The Dougourakoroni Co-operative premium committee decided to build a school for the children of their village. Before this children were taught outdoors under a tree which meant lessons were cancelled during bad weather.

Healthier Environment

Fairtrade standards aim to protect the environment for the benefit of farmers, the community and wildlife. Extra income from Fairtrade means farmers can invest in sound agricultural practices that encourage sustainable production and help improve their standard of living.

In Costa Rica the Llano Bonito Co-op purchased two environmentally friendly ovens that are used to dry the coffee beans after processing. They replaced wood burning ovens that required felling 10 hectares of forest every year. Now the ovens run on environmentally-friendly fuel from coffee hulls and pulp.

The new ovens dry the beans with an even heat which improves quality so their coffee fetches a higher price.

The co-op also makes organic fertiliser from waste coffee pulp. It is composted, enriched with calcium, and then sold to co-op members. Before this, coffee hulls and pulp were disposed of by being tipped in the river which badly affected the water and wildlife.

“Fairtrade is good business for small producers. If it disappeared, small producers would go out of business altogether.”

Librado Andujar, Finca 6,
Dominican Republic

Get involved



Fairtrade in the UK



In the UK, a people's movement for change is spreading awareness of Fairtrade and campaigning for change on trade.

Nine in ten people in the UK have now heard of Fairtrade, and there are thousands of local campaigns spreading the word. Supermarkets stock Fairtrade products today because their customers are asking for them. Fairtrade is hitting the news daily because of the amazing creativity of local individuals and community groups. To get involved:

- sign up to *Fair Comment*, the Fairtrade Foundation's quarterly newsletter
- subscribe to monthly campaigns emails for latest news and actions for trade justice
- join a local Fairtrade town, university, school, faith network or workplace campaign
- celebrate Fairtrade Fortnight each year with displays, product tastings or other events

FAIRTRADE FOUNDATION MEMBER ORGANISATIONS:

Banana Link, CAFOD, Christian Aid, Methodist Relief and Development Fund, National Federation of Women's Institutes, Nicaragua Solidarity Campaign, Oxfam, People & Planet, Soroptimists GBI, Shared Interest Foundation, SCIAF, Tearfund, Traidcraft Exchange, United Reformed Church, World Development Movement

over
300
companies
licensed to sell
Fairtrade products

57%
awareness
of the FAIRTRADE
Mark amongst the UK
adult population 2007

410
producer
organisations
sold in the UK in 2007

over
300
Fairtrade
Towns

over
3,000
products
licensed to carry the
FAIRTRADE Mark

over
£480m
spent on Fairtrade
products in 2007

To join a campaign or to start your own, visit:
www.fairtrade.org.uk

You can change the lives of millions of farmers, workers and their families in developing countries by choosing to eat, drink or wear products with the FAIRTRADE Mark. Make change happen, choose Fairtrade.

Coffee, tea, herbal teas, chocolate, cocoa, sugar, bananas, grapes, pineapples, mangoes, avocados, apples, citrus & other fresh fruits, dried fruit, juices, smoothies, biscuits, cakes & snacks, honey, jam & preserves, chutneys & sauces, rice, quinoa, herbs & spices, seeds, nuts & nut oil, wines, spirits, ale, confectionery, muesli, cereal bars, yoghurt, ice cream, flowers, sports balls, sugar body scrub, cotton products including clothing, homeware, cloth toys and cotton wool

For more information on the Fairtrade Foundation visit:
www.fairtrade.org.uk
Tel: 020 7405 5942

The Fairtrade Foundation is the independent, non-profit body in the UK which licenses use of the FAIRTRADE Mark on products that meet internationally agreed Fairtrade standards

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