

# Fair Trade: solving development issues – success and challenges

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# Content

- Variety of FT organisations: common principles, different means of implementation
- What issues are we facing?
- Challenges and unclear effects of Fair Trade
- Successes of Fair Trade
- How can we improve?

# Fair Trade principles



**1** Creating Opportunities for Economically Disadvantaged Producers



**2** Transparency & Accountability



**3** Fair Trading Practices



**4** Payment of Fair Price



**5** Ensuring no Child or Forced Labor



**6** Commitment to Non-discrimination, Gender Equality & Freedom of Association



**7** Ensuring Good Working Conditions



**8** Providing Capacity Building



**9** Promoting Fair Trade



**10** Respect for the Environment



## Diversity, competition and cooperation of Fair Trade organisations



# What issues are we facing?

## Causes:

- Ineffective social legislation;
- Weak governments;
- Cultural traditions & Social norms;
- Unclear land ownership;
- Weak/unsupported farmers organizations and trade unions;
- ...

## Effects:

- Extreme poverty;
- Child labor;
- Discrimination;
- Environmental issues;
- ...

**Do You believe Fair Trade can  
solve all these development  
issues?**

# Challenges and unclear effects of Fair Trade

- **Challenges:**
  - Improving gender equality (roles of male in household, membership of the cooperatives) (Binkowski, 2015);
  - Larger cooperatives tend to be less efficient in using FT premiums fairly (Binkowski, 2015);
  - Often not yet reaching the most vulnerable – seasonal workers (Dragusanu, 2014);
- **Unclear effects:**
  - Farmers capacity to influence the price;
  - Fear of over-production & minimum prices;
  - Pressing local communities for «western values»;
  - Corporations lobby within the certification;
- **.. Certification as a tool.**



# Which one would You buy?



## Small percentage of the global turnover

- FT cooperatives can only sell part of their produce on FT terms;
- Should FT go widespread or stay specialist



# What are the successes of Fair Trade?

- A growing market and its' impact;
- Great work in raising consumer awareness;
- Helping local communities (FT premiums) (Ruben, 2008)
- Farmer's income security (minimum price);
- Farmer education in:
  - Sustainable development
  - Farming
  - Business management;
- Great synergy with the biological agriculture
  - Highest net income and profit effects are with organic + FT farmers (Ruben, 2008).
- ....

# How can we improve?

## Certification organisations:

- facilitate discussions between companies and producers on living income;
- foster multi-stakeholder dialogue;
- make impact studies and data more available – lessons learned;
- whole supply chain monitored by FT standards (?);
- ...

## Businesses:

- Improve transparency throughout supply chains;
- Corporate accountability;
- Fair Trade standards as minimum requirements for companies;
- Implement sustainable procurement;
- Introduce effective human rights due diligence;
- ...

# How can we improve? (2)

## Importing governments:

- Effective, Fair Trade focused legislation and import standards;
- Integrate and promote sustainable procurement;
- ...

## Governments in producing countries:

- Strengthening farmers unions and trade unions;
- Monitor and regulate market concentration to avoid reaching distorting levels;
- ...

## NGOs:

- Raise awareness and understanding of development issues
  - Linking global development problems with local;
- Actively promote Fair Trade principles, labels, Fair Trade Towns;
- Lobby trade justice (and FT) focused import legislation and procurement;
- ...

# Thank You!

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# Sources

## Publications:

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