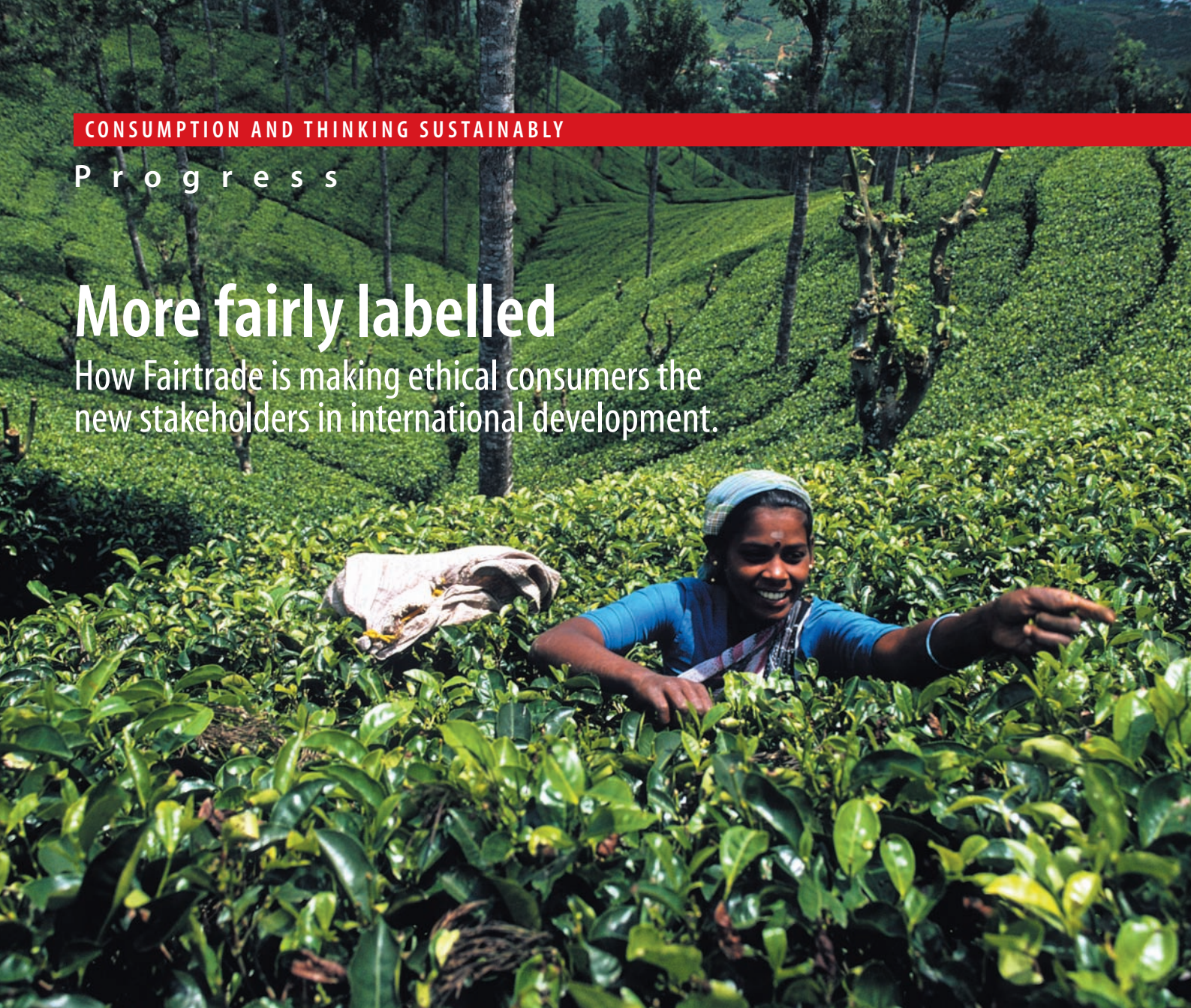


Progress

More fairly labelled

How Fairtrade is making ethical consumers the new stakeholders in international development.



Fairtrade Labelling Organisations International (FLO) is unique in setting trade standards and certification that are empowering almost a million disadvantaged producers and workers in more than 50 countries. Fairtrade Labelling is a rapidly growing global brand helping citizens in developed countries to purchase sustainably produced goods that drive a better deal, and stable livelihoods, for the world's poorest producers.

It is becoming increasingly apparent to many in developed countries that the positive benefits of international trade and economic globalisation are not being shared in an equitable way with the developing world. The trickle-down effect promised to the world's poorer nations just hasn't materialised. Hearteningly though, out of this let-down has arisen a vigorous ethical consumerism and the growing

sense of a need to be a more responsible global citizen.

Thanks to an increased public awareness campaign and the availability of different forms of action – such as participation in the 'Make Poverty History' initiative – the alleviation of global poverty has recently been heightened as an international political priority. It is no longer being quietly tolerated that millions of

Sri Lankan tea producers are benefiting from the growing international influence of the Fairtrade scheme now that 98 traders have signed up to the organisation's standards.

Kay Maeritz.

workers and small farmers still don't have what should be a basic right – livelihoods that provide enough for feeding the family, basic healthcare, and to send their children to school. It's also about having the chance to develop the economy and environment in a sustainable way, and to share in some of the benefits of being part of our global village.

Re-empowering the poor producer

Most small farmers in developing countries do not have direct access to markets and price information for their products. Instead they are dependent on middlemen and lengthy supply chains to reach developed countries' markets. Meanwhile, we, as

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consumers, demand lower and lower prices, and through the current economic system, retail companies are under pressure to seek larger and larger profits. The producers, meanwhile, increasingly from the cheaper Third World markets, receive smaller and smaller returns for their work. In bad times, many lose their only productive assets – their land – and thus, their livelihoods.

Similarly, many plantation and factory workers in the Third World endure low pay, unsafe working environments and poor living conditions. Too often they lack the opportunity to participate in decisions that affect their lives in the workplace. The current international trade rules are simply stacked against them. While powerful trading blocs like the US and EU continue to provide agricultural and other domestic production subsidies, farmers and workers in developing countries just can't compete

with the subsidised over-production that is dumped in their markets.

But a different and quickly spreading approach is challenging these unfair trading practices by providing an alternative to international trade that seeks greater equity and quality of life for producers and workers (and their families) – especially those in low-income regions. It aims to give disadvantaged people power: by paying producers and workers fair prices for their work, and by helping them gain the skills and knowledge they need to develop their businesses and to operate in the global economy. International trade, if operated equitably, actually has

the opportunity to promote intercultural understanding, long-term development and economic justice to a world that's in sore need of such things. This is fair trade.

By shortening the supply chain and, where possible, purchasing directly from producers, fair trade minimises the number of hands products pass through to reach the consumer. This helps build a closer relationship between producer, importer, retailer and consumer, and ensures that fair trade products are of a comparable price to non-fair trade stock, while still providing the producer with a better deal.

Fair trade also encourages the development of long-term direct trading relationships between producer organisations and importers that facilitate increased information flows and communication about issues such as market prices, quality and the realities of production. Building capacity within producer organisations to export directly enables farmers to get a greater share of the rewards of their labour.



The 2005 Fair Trade Fortnight ran in May this year to raise awareness of the brand across Australia and New Zealand. Audrey Jacometti



Jacqui Grace, co-founder of the student group 'Hooked' and one of the organisers of the World Fair Trade Day Carnival in May.

Audrey Jacometti

Certifying an equitable trade standard

To grow the strength of fair trade practice, Fairtrade Labelling Organisations International (FLO; www.fairtrade.net) was established in 1997 to improve the position of the poor and disadvantaged producers in the developing world, by setting trade standards and creating a framework enabling trade to take place at conditions respecting their interest. Fair trade labelling actually began as early as 1988 in the Netherlands, under the 'Max Havelaar' brand, based on a fictional character who opposed the exploitation of coffee producers in former Dutch colonies. FLO was established in 1997 to harmonise the efforts of various national consumer efforts.

The National Initiatives, members of FLO, encourage industry and consumers to support fair trade and to purchase Fairtrade Labelled products. The Fairtrade Label is the independent consumer guarantee that producers in the developing world get a better deal. It certifies that a particular product can be traced right back

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through the supply chain to the producer, and that at every stage it has been bought and sold in compliance with Fairtrade's specific standards.

Fairtrade also promotes cooperation rather than competition, and a prime objective is to create access to markets in developed countries for producers who are marginalised by conventional trading structures. For example, typically, Fairtrade coffee producers are small, family-owned farms working through cooperatives for marketing and export. Under Fairtrade, both the coffee producers and importers work to establish enduring and stable relationships in which the rights and interests of each are mutually respected. With longer contracts, the producers can undertake long-term planning and sustainable production practices. The Fairtrade relationship encourages investment in producer capacity building, organisational development and, if necessary, pre-financing arrangements.

Fairtrade helps producers make the most of its trade system through business facilitation and other support. The labelling works with low entry standards that allow the least-developed producers to join the system. Progress standards encourage producers to invest in empowerment and development. Best of all, Fairtrade achieves its aims, because millions of consumers around the globe respond to the invitation to make the world a better place, for all, just by changing everyday shopping habits.



A billboard promoting Fairtrade coffee in Melbourne as part of Oxfam's Make Trade Fair campaign. Audrey Jacometti

Australia and New Zealand weigh in

The sale of products with the Fairtrade Label in Australia and New Zealand commenced in October 2003. It followed the formation in June that year of the Fair Trade Association of Australia and New Zealand (FTAANZ), and the success of Oxfam's Make Trade Fair campaigns in both countries.

FTAANZ is an incorporated, not-for-profit, member-based body for all individ-

uals and organisations interested in and supportive of fair trade. It seeks to increase awareness of fair trade, help facilitate and coordinate fair trade activities, and assist producers from developing countries, especially in the Asia-Pacific region, to access Australian and New Zealand markets.

One of the FTAANZ's first objectives was to establish the regional Fairtrade Labelling initiative that covers Australia and New Zealand, Fair Trade Labelling ANZ (FLANZ). FLANZ provides dedicated services and support for parties seeking information on or participation in the Fairtrade labelling system, managed by FLO internationally. As an independent company it sets the policies and procedures covering the use of the Fairtrade label in accordance with FLO guidelines. FLANZ is responsible for answering questions from traders, prospective licensees and interested retailers about the Fairtrade certification and labelling system and receives and approves all licensee applications in the region.

FTAANZ recognises the development of the Fairtrade label as essential for growth in the availability of fair trade products – these are already available in alternative trade and charity shops such as Oxfam Australia Trading and Tradeaid in New Zealand, but are now becoming more widely available in mainstream retail outlets and supermarkets. It's an important step in the development of the Fairtrade

A growing revolution

Global Fairtrade figures demonstrate the strength of an innovative system:

- **Producers:** 422 certified producer organisations in 49 countries, almost 50% are coffee producers, but they also include 63 tea producers, 17 juice, 13 cocoa and a further 103 producers.
- **Traders:** 464 registered traders, 154 in coffee, 98 in tea, 30 in cocoa, 35 in sugar, 22 in honey, 20 in cereals, along with other traders engaged with products like wine, flowers, rice, and footballs from Pakistan.
- **Market Growth:** Globally sales of Fairtrade products grew by more than 40% in 2003, compared to 21% in 2002.
- **Monetary benefits:** Including dependants, almost a million people from 49 developing countries benefit from the fair prices paid for their products, with minimum prices set in case world market prices drop



A small-holding coffee grower in the Dominican Republic. Under Fairtrade he can now rely on a stable price for his crop. Christof Krackardt

so much that producers cannot make a living. Coffee producers earned about US\$30 million above the mainstream market prices in 2003.



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market. With the increased availability and recognition of the label comes a greater public awareness of what it supports. The label in turn provides retailers and supermarkets with a low cost, proactive response to the growing demand from ethical consumers. Establishing the labelling initiative, therefore, and the on-going promotion to consumers and businesses of what the label means, is one of FTAANZ's key strategic objectives.

Sasha Courville, Chair of FTAANZ, is delighted by the early success of the organisation in the region. 'We're very pleased the market for Fairtrade Labelled products has taken off so well in Australia and New Zealand,' she says. 'The reaction from businesses and consumers alike has been very positive and supportive. Consumer understanding and recognition of the Fairtrade Label is very important and we expect this to grow along with sales of Fairtrade products the way it has in Europe and North America.'

Sales boom on consumer choice

Since October 2003, the supply and consumer demand for Fairtrade products has grown dramatically in Australia and New Zealand. Consumers can now buy many different brands of Fairtrade coffee, various Fairtrade teas, and even Fairtrade chocolate and drinking cocoa. These products come from nearly 30 different Fairtrade certified producer organisations from around the world, including East Timor, Sri Lanka, the Dominican Republic, Indonesia and the Philippines. Over 50



Fairtrade tea, coffee and chocolate being sold at a stall at the 2005 Fair Trade Fortnight Carnival on World Fair Trade Day in Melbourne. Audrey Jacometti

local companies are now participating in importing and wholesaling these products and for the first full calendar year, January to December 2004, the wholesale sales of Fairtrade labelled products has been over AU\$1.1 million, with an average growth of over 45% per quarter.

Now, in 2005, the FTAANZ and its members are introducing new initiatives and building on those started last year. A push to get offices and organisations stocking Fairtrade products as part of their procurement policies, has already started, and around Australia and New Zealand, student groups in support of fair trade are forming and coordinating publicity on campuses and in their communities, following the lead of vibrant student movements in the US and UK.

FTAANZ has also commissioned the production of a fair trade education package, being developed in conjunction with its members and partners, for delivery in schools and youth organisations later this year. The program includes a kit with various modules on fair trade, training for people to deliver the modules, and support for those trained to work with

schools and youth organisations.

All this activity, and the growth in Fairtrade labelled products, is great news for producers in developing countries. It's also great of course for citizens in Australia and New Zealand, who can now invest in sustainable development and the empowerment of those disadvantaged by the global trading system through choosing products bearing the Fairtrade Label. The FTAANZ website includes a searchable database of where Fairtrade products can be purchased, and as supporters of the Fairtrade initiative, people can also talk to their local café, restaurant and grocery store about stocking the labelled products. You can also convince your organisation or workplace to convert to Fairtrade coffee and tea, and to join the FTAANZ.

● Steve Knapp

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More information:

Fairtrade Labelling Organisation (FLO): www.fairtrade.net
About FTAANZ: www.fta.org.au