

ALL YOU NEED TO KNOW ABOUT FAIR TRADE

Discover the advantages of fair trade and find out where to buy Fair Trade products.





Contents

1. Why support fair trade?	3
How does fair trade differ from traditional forms of trade?	4
The essence of fair trade	5
2. Who's who in the Fair Trade supply chain?	7
3. How do I know if a product is made to Fair Trade standards?	9
4. Where can I buy Fair Trade products?	10

1. Why support fair trade?



We are all consumers in our modern society. Consumption happens all around us, every day. Think about it: barely a day goes by without buying some kind of food, clothing, cleaning products, cosmetics, furniture or home decor. So, if we are going to spend money on all kinds of products, why not do so as part of a trading system that is sustainable and fair to everyone involved? You might ask yourself how you can support such a system. The answer is simple: buy Fair Trade products.

Fair trade is possible because of compassionate and dedicated people who recognise the serious inequalities that exist in the world, and who want to support a fairer system that creates better market access for the world's most disadvantaged producers. As the name suggests, the Fair Trade system is all about fairness.

Supporting this fairer, better system is easy: it's as simple as choosing products with the Fair Trade stamp when you go to your favourite shop or supermarket.

Your purchasing decisions can literally create change in the lives of many people. The proceeds

from Fair Trade chocolate or coffee, for example, go towards helping producers to sell their products at a fair price and under decent terms and conditions, enabling them to invest in projects that benefit everyone in their community.

What's more, when you buy Fair Trade products, you are doing your part as a responsible consumer. These products don't just help their producers, they help the environment too. Unlike many mass-produced consumer goods, Fair Trade products are made by hand, with high-quality, natural raw materials.

How does fair trade differ from traditional forms of trade?

In the global economy, inequality is on the rise. Oxfam Australia’s 2017 report, **An Economy for the 99%**, highlights the continuing growth in the gap between rich and poor. According to the study, just eight billionaires own the same wealth as half the world’s population. And here at home, the richest 1% of Australians own 22% of total Australian wealth.

Inequality is also evident in trade, as the chart below shows. In conventional forms of trade, there’s a big difference between the price consumers pay for a product and the money received by those who make it, many of whom live in poverty.

Cost breakdown of a \$29 t-shirt

Retail	Profit for brand
59%	12%
\$17.00	\$3.61
Intermediaries	Profit for Bangladesh factory
4%	4%
\$1.20	\$1.15
Cost of materials	Transport costs
12%	8%
\$3.40	\$2.19
General costs	Workers’ pay
0.9%	0.6%
\$0.27	\$0.18

In the Fair Trade chain, producers receive around 4.5% of the product’s sale price, compared to just 0.6% in traditional trade. This makes fair trade a great tool for promoting change and redistributing wealth. As consumers, we have more power than you might imagine. Businesses and consumers around the world can transfer wealth to poorer countries – easily and directly – by simply buying fair trade.



Photo: Jeff Sheldon/unsplash.com

Do you buy fair trade? More than 3,000 Fairtrade certified products are available in Australia and New Zealand.

Currently, fair trade is a small alternative market – it hardly amounts to 0.01% of world trade – but it is significant. With more than 1,200 Fairtrade certified producer organisations operating in 74 countries, the fair trade movement is steadily gaining ground.

The essence of fair trade



In essence, the Fair Trade model is a trading system that offers local producers in poor countries a protected market, and helps them strengthen their skills and capacities so that they can enter the conventional export market. The following guiding principles make fair trade a viable trade alternative.

- **Trading conditions are favourable to producers:** Products are sold for minimum prices that permit a decent standard of living. A Fairtrade premium is added to the product's base price; this money goes into a communal fund for producers to use — as they choose — to improve their social, economic and environmental conditions.
 - **Producer organisations are committed to upholding the rights of producers:** The Fair Trade system does not tolerate discrimination under any circumstances. It includes people of every gender, race and religion, and fully respects and defends children's rights. Also, Fair Trade producer organisations must allow producers to participate in making decisions about issues that affect their lives.
- The World Fair Trade Organization, (WFTO) promotes 10 Principles of Fair Trade:**
- **Creation of opportunities for economically disadvantaged producers.** Fair trade is a strategy to alleviate poverty and promote sustainable development. Its aim is to create opportunities for producers who are economically disadvantaged or marginalised by the conventional trading system.
 - **Transparency and accountability.** Fair trade requires transparent administration and trading

relationships in order to work in a fair and respectful way with trading partners.

- **Capacity building.** Fair trade is a means of developing producer independence. Fair Trade relationships provide continuity, during which producers and their marketing organisations can improve their administrative skills and access new markets.
- **Promotion of fair trade.** Organisations raise awareness of fair trade and the possibility of greater fairness in world trade. They give consumers information about the organisation, its products and the conditions they are made under. They use honest advertising and marketing techniques and strive towards the highest quality and packaging standards.
- **Payment of a fair price.** In a local or regional context, a fair price is one that has been agreed through dialogue and participation. It not only covers the cost of production, but also allows production to be socially fair and environmentally responsible. It offers fair payment to producers and takes into consideration equal pay for equal work, for both women and men. People who trade fairly ensure an up-to-date payment with their partners and, where possible, help producers access finance for the stages of production leading up to cultivation and harvest.
- **Gender equity.** Fair trade means that women's work is valued and properly rewarded. Women are always remunerated for their contribution to production, and empowered in their organisations.
- **Working conditions.** Fair trade also means a safe and healthy working environment for producers. So, all International Labour Organization guidelines are

adhered to, especially those referring to workplace health and safety.

- **Child labour.** Fair Trade organisations respect the United Nations Convention on the Rights of the Child and local laws and social norms to ensure that the participation of children (if it exists) in the production of Fair Trade items does not impinge on their welfare, safety, and educational and recreational needs. Organisations that work directly



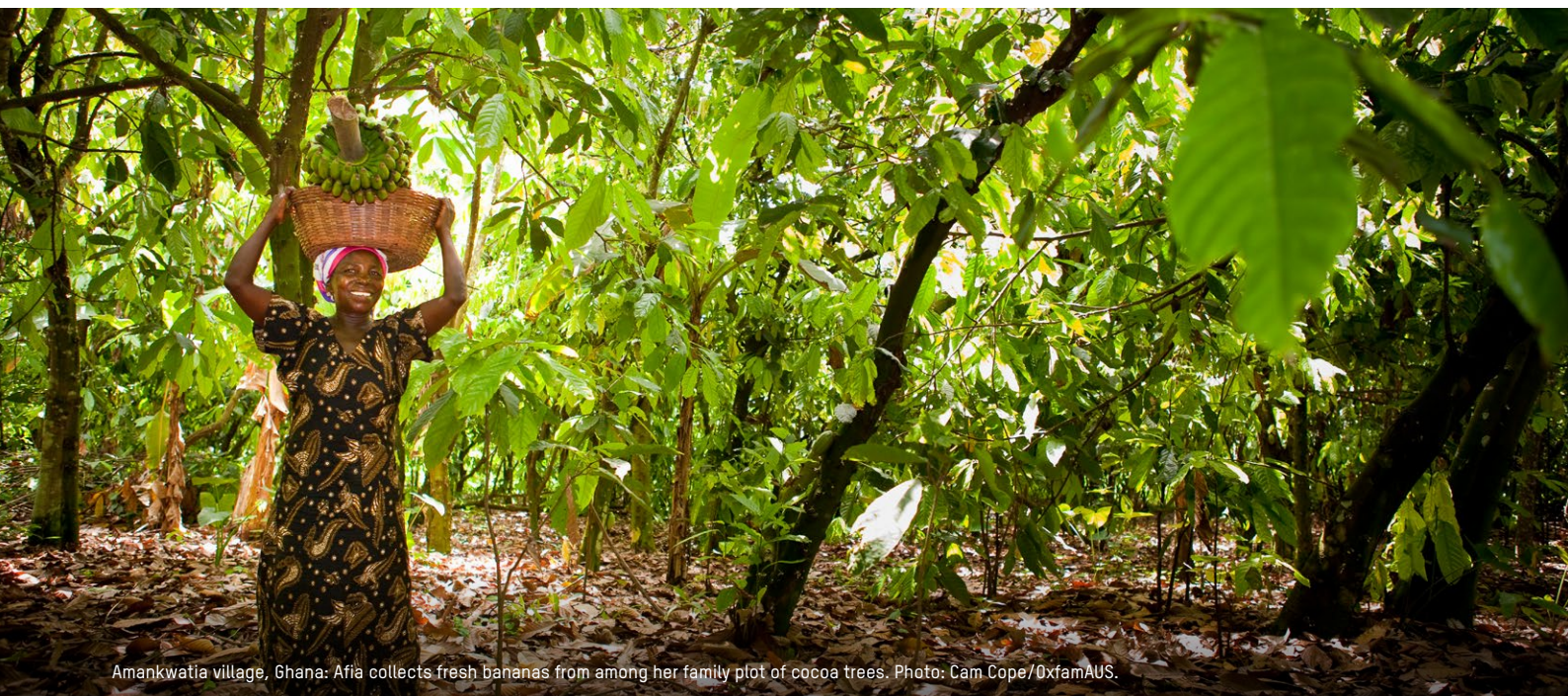
Kirehe district, Rwanda: Mukeshimana holds a pineapple outside Tuzamurane cooperative, where she is a member. Photo: Aurelie Marrier d'Univille/Oxfam.

with informally organised producers must declare any child participation in production.

- **The environment.** Fair trade actively promotes environmental best practices and the use of responsible production methods.
- **Trading relationships.** Fair Trade organisations protect the social, economic and environmental wellbeing of small-scale producers. They help with advance payment to support harvesting and production stages. The success of fair trade depends on long-term relationships based on solidarity, trust and mutual respect.

The International Fair Trade Association promotes the following Code of Best Practice:

1. Commitment to Fair Trade
2. Transparency
3. Ethics
4. Working conditions
5. Equal opportunities
6. Concern for people
7. Concern for the environment
8. Respect for the cultural identity of producers
9. Education and the promotion and defence of Fair Trade



Amankwatia village, Ghana: Afia collects fresh bananas from among her family plot of cocoa trees. Photo: Cam Cope/OxfamAUS.

2. Who's who in the Fair Trade chain?

After this brief theoretical overview of fair trade, you might wonder who the major players are in the Fair Trade chain. Several actors participate in fair trade and give it meaning, including:

Producers:

These are primary-level producer organisations, in developing countries, that fair trade aims to support – we sometimes call them “the base”. Though they are very diverse, the producers generally share some common features, including small-scale production and financial vulnerability. In many cases, their small size makes it hard for them to garner support from trade organisations, and get their products to markets that value their work fairly.

Trade organisations:

These are organisations with export capacity. Many of them are professionalised structures “owned” by the base organisations they represent. They are sometimes referred to as “umbrella” organisations.

Importer organisations:

Typically located in the wealthier countries, these organisations vary in type and size. Some of the biggest ones do more than import; in addition to importing large quantities of various products, they also process products that they then brand and market. They normally also distribute products to retailers.

Worldwide, there are more than 500 importer organisations — they are the most powerful players in fair trade. When several importer organisations are located in a particular region, they usually form associations to avoid extreme forms of competition. Given the similar challenges they face, it’s common for these organisations to collaborate.

Fair Trade shops:

These retail outlets are usually managed by NGOs, associations or cooperatives, though individual shops also exist. In addition to selling Fair Trade products, these shops raise awareness and spread knowledge about fair trade.

Large-scale retail companies:

These companies play a vital role in the final sale of Fair Trade products, especially food. Though big retailers and supermarkets don’t have the same capacity as small shops to raise awareness about fair trade, they help Fair Trade products reach a much wider market.

Networks:

These networks represent and bring together all of the actors in the Fair Trade supply chain. Prominent networks include the **Fair Trade Association of Australia and New Zealand** and the **European Fair Trade Association (EFTA)**.

Certification bodies:

The Fairtrade mark shows that a product has been certified and thereby legitimised. Certification bodies ensure that products made within the Fair Trade supply chain are produced in compliance with the code of best practice. They also act as guarantors of quality and safety for consumers.



Kolkata, India: Mithu works with Oxfam Shop’s producer partner Madhya Kalikata Shilpangan. A firm supporter of fair trade, she says, “Give us trade, not aid.” Photo: Atul Loke/Panos/OxfamAUS.

3. How do I know if a product is made to Fair Trade standards?

Before you buy, make sure that the Fair Trade product is truly fair and complies with best practice standards. Look for the Fairtrade stamp on the packaging – this is your guarantee that the product in your hands is 100% Fair Trade.

The stamp you will see most often – pictured below right – is that of Fairtrade, the Fairtrade Labelling Organizations International, or FLO. Its mission is to create generic Fair Trade standards for each type of product audited: coffee, tea, cocoa, cotton, honey, flowers, rice, sports balls, spices, fresh fruit, nuts, bananas, fruit juice and wine. These specific terms and conditions must be met to permit the use of the FLO stamp. Certification standards are reviewed from time to time and the list of products extended.

Supply chain transparency is central to Fairtrade certification. Farmers, workers and traders in the country of origin are regularly audited to satisfy certification criteria. In Australia, traders and licensees must report all Fairtrade sales and comply with onsite audits.

The FLO is a union that works with around 25 national certification initiatives to harmonise standards; promote Fair Trade consumption; and make sure the Fairtrade stamp is used correctly. They also certify and authorise national organisations to demand changes to any product that wishes to use the stamp.

Also known as the Fairtrade Mark, the distinctive blue and Green Fairtrade logo symbolises a farmer in a field. It is a registered trademark owned by FLO. When you choose a product carrying the Fairtrade Mark, you are choosing to give farmers and workers in some of the world's poorest countries a fair go.



Photo: Timothy Herbert/OxfamAUS



4. Where can I buy Fair Trade products?

Lots of organisations are getting involved in fair trade, and more and more shops are selling products with the stamp. In today's market, the range of Fair Trade products is extensive; you can find clothes, cosmetics, home decor and toys. Here are a few shops where you can shop ethically:

- **Oxfam Australia:** Oxfam Shop has 13 store locations around Australia. You can also visit [Oxfam Shop](#) online. Oxfam's fair tea, coffee and chocolate products are available from major supermarkets. With a 50-year history as one of Australia's most ethical retailers, Oxfam is a longstanding champion for fair trade. When you buy from the beautiful range of unique, handmade products in Oxfam Shops, you help empower artisans and farmers from around the globe to lift themselves out of poverty.
- **Only Just:** Established in 2009, Only Just is a not-for-profit organisation that sells products from more than 25 developing countries. There are two physical Only Just stores in Melbourne's north-east that are staffed by volunteers from the local community. A selected range of fashion accessories, homewares, toys and gifts can also be purchased from the [online store](#).
- **Change Merchants:** This new [online store](#) supports disadvantaged individuals and communities by helping them access global markets. Their catalogue features an extensive range of Fair Trade jewellery, fashion items and homewares from producers in Kenya, Bolivia and India.
- **Tribes and Nations:** Established in 2005, online store [Tribes and Nations](#) offers a 'just alternative' to unfair trade. Offering a range of baskets, textiles, foods and homewares, the store encourages Australians to think carefully about where their products have come from, who made them and how fairly they were paid.

When you support fair trade, every purchase is filled with purpose. Buying Fair Trade products doesn't only satisfy your consumer needs, it also helps to improve the living and working conditions of people who live in poverty – so you can consume with a clear conscience.



Motshane, Swaziland: Sam is a Ngwenya Glass factory worker. Photo: Marc Schouf/Panos/OxfamAUS.



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