

Excerpts from
The Conscious Consumer:
Promoting Economic Justice Through Fair Trade
Fourth Edition
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Trade may be the most powerful tool for boosting standards of living in the developing world. Oxfam estimates that if Africa were to increase its share of world trade by just 1 percent, the income generated would equal five times the aid and debt relief the region currently receives.

But for trade to lift up the world's poorest, it must be designed to include those people traditionally bypassed by the benefits of commerce.

For decades, Alternative Trade Organizations (ATOs) and Fair Trade Organizations (FTOs) have been demonstrating how counter-cultural models of trade can achieve what traditional commerce – and aid – has not.

Fair Traders work with disadvantaged artisans and farmers to build their businesses and market their wares directly to consumers in developed regions. They minimize the cut taken by often-exploitative intermediaries and return perhaps one-sixth to one-third of retail prices of items to producers. Fair Trade typically focuses on workers in rural areas, where nearly 75 percent of the world's poorest live and work.

Fair Trade organizations are those that adhere to a strict array of criteria regarding workers' pay, conditions and other terms, set forth by accrediting organizations such as the Fair Trade Federation (FTF), the International Fair Trade Association (IFAT) and Fair Trade Labelling Organisations International (FLO).

Across North America, thousands of retailers, catalog operations, cafes, websites, and faith-based and student groups sell Fair Trade goods: coffee and tea; tropical fruit, chocolate, olive oil and other food products; furniture, carpets and bedding; glassware and dishes; jewelry; toys and games; musical instruments; garden supplies; and more.

In the United States alone, advocates estimate that 1 million people buy Fair Trade products

annually. Worldwide, sales of Fair Trade products generate more than 1 billion euro annually, IFAT reports – more than twice the amount of only four years ago. Fair Trade relationships improve the lives of 5 million people in Africa, Asia and Latin America, IFAT adds.

The income that producers earn through Fair Trade relationships allows them to feed, clothe, shelter, educate and provide health care for their families. Producer communities invest in farming infrastructure and quality-improvement projects, and create interest-free loan programs for community members. Fair Trade relationships also provide producers with access to training and technical assistance; loans to buy land, livestock and materials; ownership of the means of production; and respect for their cultural traditions and native environments.

Fair Trade income pays for health clinics, child care and potable-water plants. Often, it allows villagers to remain in the countryside to earn a living, raise their families and stabilize their communities, rather than migrate to overcrowded, disease-ridden urban areas.

Some small-scale producers even own stock in and serve on the boards of organizations based in industrialized regions – opportunities unheard of in traditional trading systems.

What Is Fair Trade?

Fair Trade, or alternative trade, refers to the direct exchange of goods based on principles of economic and social justice. Fair Trade empowers low-income artisans and farmers around the globe to better their conditions, and promotes understanding between them and people of developed regions.

As Fair Trade concepts become more widely known, consumers have begun to associate Fair Trade with a fair wage paid. But Fair Trade is about

much more than monetary factors. According to the 2005 FTF Trends Report, alternative traders who are members of the Fair Trade Federation commit to advancing the following:

- ✓ Opportunities for economically disadvantaged producers.
- ✓ Gender equity.
- ✓ Transparency and accountability.
- ✓ Capacity building.
- ✓ Payment of a fair price.
- ✓ Healthy working conditions.
- ✓ Environmental sustainability.
- ✓ Promotion of Fair Trade principles.

Fair Trade by the Numbers

Worldwide, the commerce of ATOs and FTOs accounts for more than 1 billion euro in annual sales, according to IFAT.

European consumers still account for the majority of Fair Trade purchases, and shoppers in the Pacific Rim and Mexico are beginning to make an impact. But North Americans are making dramatic gains every year. According to the Trends Report (www.FairTradeFederation.org), gross sales of fairly traded products in North America nearly tripled in three years – from \$125 million in 2001 to an estimated \$359 million in 2004.

Demand for fairly traded commodities, in particular, is burgeoning. Worldwide sales generated by Fair Trade Certified™ food products more than doubled from 2000 to 2003, to 184 million pounds, according to FLO. That boost is due largely to dramatic increases in consumption of Fair Trade Certified™ coffee by Americans.

Through most of the 1990s, Equal Exchange was the dominant supplier of Fair Trade coffee in the United States, with sales growing to \$7.2 million by 2000. When TransFair USA was established in 1998, a broader spectrum of U.S. consumers gained the opportunity to learn about and purchase Fair Trade Certified™ coffee and other products at mainstream outlets.

By late 2005, TransFair USA – the only U.S.-based affiliate of FLO – was working with 500 businesses to deliver Fair Trade Certified™ coffee, tea, cocoa and chocolate, sugar, rice, pineapples, bananas, mangoes and grapes through 35,000 U.S. retail outlets. TransFair projects that retail sales of certified products in the U.S. may reach \$498 million in 2005.

Simultaneously, Equal Exchange and other mission-driven Fair Trade coffee/food companies, including members of Cooperative Coffees, are thriving.

On the crafts side, the traditional roots of Fair Trade, sales continue to show double-digit increases most years, achieving roughly 20 percent growth in 2005 over the previous year. Among North American ATOs, approximately \$50 million in wholesale and retail sales of products other than coffee were posted, up from roughly \$30 million in 2000.

Handcrafts accounted for roughly 90 percent of A Greater Gift's \$7.3 million sales in 2004. Ten Thousand Villages, long the largest seller of Fair Trade crafts in Canada and the United States, posted combined wholesale and retail sales of nearly \$23 million in the fiscal year ended early 2005. That represents an increase of nearly 50 percent since 2001.

Most important, income from the sales of fairly traded crafts benefits tens of thousands of artisans and their families.

The Challenges

Despite evidence that the Fair Trade model works, poverty remains a grim reality in many developing regions. Natural disasters, terrorist activities, wars, and corrupt or inept governments have the power to undo decades of painstaking work.

While Fair Trade advocates are united in their desire to improve conditions and opportunities for disadvantaged producers, they often disagree on how best to accomplish that. Philosophical differences among advocates are nothing new, and many say that struggling with complex issues is evidence of a healthy movement, where diverse ideas flourish despite occasional lack of consensus.

Those challenges include:

- ✓ Identifying and motivating consumers.
- ✓ Addressing consumer misperceptions and resistances.
- ✓ Keeping a focus on crafts.
- ✓ Determining a fair wage.
- ✓ Reconciling mission-based Fair Trade with mainstream distribution.
- ✓ Developing parallel certification processes.
- ✓ Minimizing unintended political and economic results.
- ✓ Overcoming staffing and funding limitations.