



## What is Fair Trade?

The Fair Trade Resource Network has put together some Frequently Asked Questions about Fair Trade to enable you to answer common questions that may come up during your Fair Trade event. If you want to learn more about Fair Trade, simply visit [www.ftrn.org](http://www.ftrn.org) to access more information.

### 1. What is Fair Trade?

Fair Trade is a competitive business model that takes into account social values often disregarded in conventional business - one that builds equitable, long-term partnerships between consumers in North America and producers in developing regions. Fair Trade businesses commit to:

- Paying a fair wage in the local context.
- Offering employees opportunities for advancement.
- Providing equal opportunities for all people, particularly the most disadvantaged.
- Engaging in environmentally sustainable practices.
- Being open to public accountability.
- Building long-term trade relationships.
- Providing healthy and safe working conditions within the local context.
- Providing financial and technical assistance to producers whenever possible.

### 2. How did the Fair Trade movement come about?

In our globalized world, trade is one of the most powerful forces linking our lives and a source of unprecedented wealth. World trade could work as a powerful motor to reduce poverty and promote development but that potential is being lost. The rules that govern international trade are unfairly biased in favor of the rich. Millions of the world's poorest people are being left behind.

The Fair Trade movement has been one of the most powerful responses to the plight of producers in developing countries who are being excluded from the benefits of international trade. Fair Trade gives consumers an opportunity to use their consumer power to tilt the balance in favor of the poor. Fair Trade is not about charity. It is a holistic approach to trade and development that aims to alter the ways in which commerce is conducted, so that trade can empower the poorest of the poor. Fair Trade Organizations seek to create sustainable and positive change in developing and developed countries.

### 3. How do I know that a product is Fair Trade?

Some Fair Trade products, like coffee and chocolate, are Fair Trade Certified™ and carry a label or "seal." For other products, like handcrafts, there is not a certification system. The following concepts are helpful in understanding the difference between certified and non-certified products. It is important to know that the goal of Fair Trade is to empower low-income artisans and farmers to better their lives. This mission drives Fair Trade. Although a label can be an important indicator of this aspiration for farmers, looking beyond a label leads to a vibrant world of Fair Trade artisans and craftspeople.



**The TransFair label is currently only for certain products.** The Fair Trade Certified™ logo is an independent certification that adheres to monitoring criteria and standards set out by the Fairtrade Labeling Organization (FLO). Since 1997, FLO has established common principles, procedures and specific certification requirements for Fair Trade. Currently FLO only certifies commodities. The reasons are numerous and complex, but in general relate to the fact that “The very variety of handcrafted items are their strength...unique handcrafted items are not subject to direct comparisons with regard to price and performance.” (Fair Trade Yearbook, p. 159)



Fair traders of handcrafts work directly with artisans to guarantee Fair Trade standards. Fair Trade Organizations (FTO's) work with low-income artisans to market their products and build their businesses. FTOs, many of whom are members of organizations like the **Fair Trade Federation (FTF)** or the World Fair Trade Organization (WFTO), **adhere to Fair Trade criteria including workers' pay, environmental practices, and good working conditions.** When you purchase home furnishings, clothing, or crafts from FTOs, particularly those reviewed by national and international associations like FTF and WFTO, you can be certain that Fair Trade principles were respected. Consumers also know they have purchased a unique item representing not only the talent of the artisan—often a woman from a developing country—but also the culture and traditions of the source country.

#### **4. What is the difference between Fair Trade and Free Trade?**

**Free trade** is a market model in which trade in goods and services between or within countries flow unhindered by government-imposed restrictions. **Fair Trade** is an organized social movement and market-based approach to alleviating global poverty and promoting sustainability. The Fair Trade movement promotes the payment of a fair price as well as social and environmental standards in areas related to the production of a wide variety of goods.

Fair Trade is not an attempt to erase all principles of Free Trade, or to reverse the global nature of the business environment today. A common misconception is that Fair Trade is the opposite of Free Trade, and the two are often confused. According to Paul Rice of TransFair USA, “Fair Trade makes globalization and ‘free trade’ work for the poor” (TransFair USA, 2005 Shareholder Report).

#### **5. What type of Fair Trade products can I buy in the United States?**

Luckily there is now a diverse and high quality range of Fair Trade products available in the US. These include a large number of Fair Trade craft products—decorative home accessories, jewelry, baskets, musical instruments, textiles, etc. Fairly traded coffee, tea & chocolate are also widely available in shops and supermarkets across the country. We are starting to see an influx of other Fair Trade foods, such as rice, vanilla, olive oil & wine. In addition, items such as Fair Trade sports balls and flowers are also becoming available.

#### **6. Do Fair Trade products cost more?**

Generally, Fair Trade items do not cost more than other goods, because Fair Trade organizations work directly with producers - cutting out anywhere from 3 – 10 middlemen who raise the price along

the way in conventional trading. The cost to consumers typically remains the same while a higher percentage of the price is returned to the artisans and farmers who made the product.

### **7. How can I access more information about Fair Trade?**

If you are interested in finding out more information on Fair Trade check out [ftrn.org](http://ftrn.org) for books, brochures, videos, academic papers & curricula, events and more. There are also a large number of Fair Trade companies and organizations operating within the US, most of whom can be found on the internet.

### **8. Why should I support Fair Trade?**

Fair Trade is more than just products we consumer and enjoy – it's about empowering vulnerable people and advancing social justice. Fair Trade guarantees a fair wage and safe working conditions to producers and ensures no child or sweatshop labor was used to make the items. Farmers and producers also have a say in how the company operates and are able to contribute to the economic development of their communities.

Fair Trade also benefits the environment since the farmers use eco-friendly practices when they grow their crops and many artisans use raw materials available to their homeland to make handcrafts. As a result, many of the items we consume taste better naturally and the handcrafts we enjoy aren't made using harmful materials.

### **9. How can individuals support Fair Trade?**

Individuals can support Fair Trade by educating their communities about the Fair Trade options available, by bringing fairly traded items into their home, office, faith community, school, or other group, and by asking for products from Fair Trade organizations in their local stores.

### **10. What does it mean to be a Fair Trade Town or City?**

The Fair Trade Towns campaign is based on principles and guidelines set forth by the Fairtrade Foundation in the UK, where the first Fair Trade town was recognized in 2000. Towns and cities may publicly declare that they are Fair Trade once they meet five goals set forth by the Fair Trade Towns campaign. These include forming a local Fair Trade steering committee, having a range of stores, cafés and other venues sell Fair Trade products, harnessing media attention to promote Fair Trade, and the town or city council passing a resolution supporting Fair Trade and the local campaign.

### **11. What is NOT Fair Trade?**

Fair Trade is NOT charity. Fair Trade organizations seek to create long term, sustainable change among the most vulnerable of the poor by creating viable partnerships with producers and offering great products to customers.