

GLOSSARY

Commodity products: a raw material or primary agricultural product that can be bought and sold, such as copper or coffee. It is essentially the same wherever you get it from so how well it sells nearly all comes down to price.

Consumers: a person who purchases goods and services for personal use.

Cooperative: a farm, business, or other organisation which is owned and run jointly by its members, who share the profits or benefits.

Developing countries: a poor agricultural country that is seeking to become more advanced economically and socially.

Distribution channels: the chain of individuals and organisations involved in getting a product or service from the producer to the consumer.

Exports: a product or service sold abroad from where it is produced.

Globalisation: The worldwide movement toward economic, financial, trade, and communications links.

Global trade: trade between countries.

Importing: a product or service brought in from abroad to be sold.

Investment: money spent in the hope of future gain.

Marketing: the action or business of promoting and selling products or services.

Mass market: the market for goods that are produced in large quantities.

Producers: a person, company, or country that makes, grows, or supplies goods or commodities for sale.

Products: goods or services offered for sale.

Profit: the money that is made after all the costs and expenses have been paid.

Supply chain: the system of organisations, people, activities, information, and resources involved in moving goods or service from supplier to customer.

Sustainability: able to be maintained in the long-term.

Trade: changing ownership of goods and services in exchange for other goods, services or money.

Transnational corporations - TNCs or multinational corporations (MNCs) are companies that operate in more than one country.

8

AFRICA CASE STUDY

Fero Cooperative: we do things differently here

Fero is a member of the Sidama Coffee Farmers Cooperative Union, a **cooperative** that brings together 45 smaller cooperatives to market their coffee.



Abebech Argeta, coffee farmer in Yirgalem, Ethiopia.

Fero Cooperative was established in 1975 with 53 coffee farmers and at last count they stood with over 4000. It became Fairtrade certified in 2003 and the cooperative, already known for its high quality coffee, attained new heights.

In 2005, cooperative members used Premium funds to bring electricity to the city of Yirgalem for the first time. Premium funds were also used in part to build the co-op headquarters and washing station.

The democratic governance and environmental awareness, encouraged by Fairtrade Standards, have changed the way the community approaches coffee.

Collecting the coffee cherries



"Things are different with Fairtrade. It brings a big difference; we have a school, electricity. Before then, we didn't have any of that. Before the cooperative, I had to sell to private buyers. Back then it was better to throw the coffee on the ground than to the private companies," said Tadelech Gizaw, a coffee farmer and mother of 4.

Source:
<http://www.fairtrade.net/meet-the-producers-details+M50294977171.html>
<https://www.sustainableharvest.com/fero>

7

Why is it needed?



Fair trade is an organised social movement whose aim is to help producers in developing

What is it?

FAIR TRADE



How did it start?



Fair trade started as an alternative way of supporting developing countries through "Trade not Aid". It rose to prominence in the 1960s, through charities like Oxfam and religious groups, such as churches. Handicraft products from developing countries were sold in specialist shops and stalls continued to account for most of the fair trade market until the 1990s, when fair trade organisations began using fair trade certification and labelling initiatives to gain access for **commodity products** to **mass-market distribution channels**, such as supermarkets.

These labelling initiatives allowed producers to sell their fair trade certified products in mainstream shops, greatly expanding the number of potential consumers of fair trade goods and raising awareness of the movement.



2

countries.

Some countries have benefited more than others from **global trade**. Although **developing countries** welcome global trade as it creates jobs and brings **investment**, it can also fail to benefit the **producers** and farmers because of unfair terms of trade, the actions of **Transnational Corporations (TNCs)** (e.g. polluting water supplies), poor government (e.g. not investing in roads, healthcare, etc., or political corruption), or unfavourable physical geography, eg landlocked countries.

1



These countries include Cameroon, Nigeria, and the Ivory Coast.



Cocoa-producing countries in West Africa often form **cooperatives** that produce fair trade cocoa such as Kuapa Kokoo in Ghana. West African countries without strong fair trade industries are subject to deterioration in cocoa quality as they compete with other countries for a **profit**.

AFRICA

Africa's exports come from places such as South Africa, Ghana, Uganda, Tanzania and Kenya. These **exports** are valued at \$24 million.

Between 2004 and 2006, Africa quickly expanded their number of FLO certified producer groups, rising from 78 to 171; nearly half of which are in Kenya. Following closely behind are Tanzania and South Africa.

The FLO products Africa is known for are tea, cocoa, flowers and wine.

6



WFTO's 10 principles of trade:

- Creating opportunities for disadvantaged producers
- Transparency and accountability
- Capacity building
- Promoting fair trade
- Paying a fair price
- Gender equity
- Safe and healthy working conditions
- No child labour
- Encouraging better environmental practices
- Trade relations based on solidarity,

3

FAIRTRADE



The Fairtrade Mark is accredited by Fairtrade International (FLO) – it used to be called Fairtrade Labelling Organisation). It is used to show that products are fair trade, but it can only be applied to certain types of product (e.g. food, drink, cotton). At present, this logo cannot be applied to handicrafts.

But handicrafts and other products that cannot bear the Fairtrade Mark can still be fair trade. For example, if they are produced or sold by a member of the World Fair Trade Organisation (WFTO) or if they are produced and traded in line with the WFTO's 10 principles of fair trade.

Map of Fairtrade producers



There are over 1.4 million farmers and workers in 1,140 producer organisations across the Fairtrade system.



SUGAR



GOLD



FLOWERS



CHOCOLATE



COFFEE



COTTON



BANANAS



WINE



TEA



...these are the most commonly produced ones.

Over 4,500 products are Fairtrade certified....

The appearance of being ethical has proved to be very effective in business as a **marketing** tool, leading many less than idealistic companies to jump on the fair trade band wagon by attaching the label to specific products.



4



5

Arguments against fair trade

Fairly traded goods often come at a slightly higher price with the understanding that more money makes it further down the **supply chain**. However, some argue that:

- Little money is reaching the developing world
- Less money reaches the farmers
- There is corruption in the Fairtrade **supply chain**

It has been said that fair trade has had little positive impact in developing countries:

- Fair trade can cause over production and hurt other farmers that are not part of the Fairtrade system
- Diverts aid from other farmers
- Failure to monitor standards. The global supply chain is complex, and it may be difficult to ensure that every layer in the production meets ethical and environmental standards.

It is not about ethics and is just business:

- It is sometimes used as a cynical **marketing** tool
- It costs money to bear the logo which is often passed down to the farmers

The environment still ultimately suffers:

- Can take away from local markets and encourages shipping goods
- Farmers focus on their Fairtrade produce rather than growing a variety of different crops

Sources

Wikipedia	http://en.wikipedia.org/wiki/Fair_trade
Fairtrade Foundation	http://www.fairtrade.org.uk/
BBC bitesize	http://www.bbc.co.uk/bitesize/ks3/geography/interdependence/globalisation/revision/4/
By Hand	http://www.by-hand.co.uk/fair-trade.php
Traidcraft	