

Info sheet 2013: What is fair trade?



The fair trade movement

Fair trade is about improving working and trading conditions for disadvantaged producers in developing countries. The fair trade movement in Europe was shaped in the 1960s, when student groups, non-governmental organisations and church-based groups began selling products such as handicrafts, sourced directly from developing country producer groups. Fair trade was also referred to as solidarity trade or alternative trade – offering an alternative to exploitation of poor producers by transnational companies. Throughout the following decades, the fair trade movement continued to develop alternative marketing channels for agricultural and handicraft products from developing countries, focusing on paying a fair price and ensuring decent working conditions.

While fair trade as a concept is not easy to define, this info sheet gives students and staff an overview of the fair trade movement and what it aims to do.

Fair trade actors

Two key international fair trade certification bodies are:

- **World Fair Trade Organisation (WFTO)** – previously the International Federation for Alternative Trade (IFAT), which offers the use of its logo to companies/producer groups that fulfil their fair trade criteria for all their product ranges.
- **Fairtrade International** (with the Fairtrade Foundation in the UK) – which offers the use of its label for specific products that meet their fair trade criteria (the same company/producer group may also produce non-fair trade items).



N.B. only products and services relating to Fairtrade International/Fairtrade Foundation use the word 'Fairtrade'. All other references to the movement or concept are written two words 'fair trade'. The term Fair Trade (with capitals) is preferred by some, to refer to actively managing supply chains to try to make trade relations fairer.

While not a homogenous movement (different organisations have different views on what fair trade should be), umbrella organisations exist to unite a range of actors. FINE, for example, is a working group of the four international Fair Trade networks (Fairtrade Labelling Organisations International, International Fair Trade Association, Network of European World Shops and the European Fair Trade Association). FINE defines fair trade as:

“a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South.”

There are many value-driven fair trade companies, established with the specific purpose of trading fairly. In the UK these include:

- Traidcraft
- Cafédirect
- Divine
- Equal Exchange
- Just Trading
- People Tree
- Pachacuti
- Twin Trading
- And many more!...

Fair trade principles and standards

WFTO (<http://www.wfto.com>) defines ten principles of fair trade:

1. Creating opportunities for economically disadvantaged producers
2. Transparency and accountability
3. Fair trading practices
4. Payment of a fair price
5. Ensuring no child labour and forced labour
6. Commitment to non-discrimination, gender equity and women's economic empowerment and freedom of association
7. Ensuring good working conditions
8. Providing capacity building
9. Promoting fair trade
10. Respect for the environment

Fairtrade International (<http://www.fairtrade.net/>) summarises the key objectives of its standards as:

- Ensuring a guaranteed Fairtrade minimum price which is agreed with producers
- Providing an additional Fairtrade premium which can be invested in projects that enhance social, economic and environmental development
- Enabling pre-financing for producers who require it
- Emphasizing the idea of partnership between trade partners
- Facilitating mutually beneficial long-term trading relationships
- Setting clear minimum and progressive criteria to ensure that the conditions for the production and trade of a product are socially and economically fair and environmentally responsible

Fair trade accreditations beyond businesses

The Fairtrade Foundation have developed a range of accreditations beyond those offered to products and businesses. There are now systems in place for the accreditation of Fairtrade towns, cities, regions, schools, colleges, and universities. Edinburgh has been a Fairtrade University since 2004, yet we are now exploring what it means to be a Fair Trade University, going beyond the criteria of one labelling organisation.

In February 2013, Scotland became the second Fair Trade Nation, after Wales, following a campaign by the Scottish Fair Trade Forum. You can read more about what this means on the Scottish government website (<http://www.scotland.gov.uk/>).

Other approaches to making trade fairer

A parallel movement calls for trade justice – focusing on establishing fairer international trade rules for all rather than establishing alternative trading channels. Actors in the fair trade movement often simultaneously campaign for trade justice, or indeed consider fair trade and trade justice to be interchangeable terms referring to all sorts of attempts to make trade fair.

Many international development organisations work on including and improving the positions of disadvantaged actors in trade, such as smallholder farmers, without necessarily using the term fair trade when describing their activities. These initiatives are often referred to as value chain development.

Big business is increasingly developing initiatives related to fair trade principles, as part of corporate social responsibility initiatives. Business and third parties such as NGOs are developing a range of supply chain codes of conduct, which aim to improve conditions for producers and manufacturers.

Other related certification initiatives exist, such as the Rainforest Alliance and the Soil Association's Ethical Trade label – making the picture quite complicated for consumers!

Questions raised

- Is today's fair trade movement the best way to make trade fairer?
- Which certification systems/companies have the most effective approaches?
- Can trade be fair?
- Are fair trade and trade justice the same thing?
- Does the fair trade movement focus enough on encouraging policy change? What policy changes would make trade fairer?
- How can the public be better informed and engaged?
- What should a Fair Trade University do?
- What should a Fair Trade Nation do?

See our info sheet on 'current debates on fair trade' for more discussion.

What you can do

- Choose to buy fair trade products, and encourage others to do so – see our info sheet on fair trade products for more information
- Get involved in campaign or action groups e.g. student societies, our staff/student Fair Trade Steering Group, NGO campaigns, Scottish Fair Trade Forum etc.
- Take part in our fair trade volunteering projects
- Attend our fair trade lectures, seminars and other events
- Host your own fair trade events – we can help promote them
- Consider carrying out research on fairness in trade (we have a Fair Trade Dissertation Prize for all students and a Fair Trade Academic Network for academic staff/PhD students)
- Follow us on Facebook (<https://www.facebook.com/UniversityOfEdinburghFairTrade>) and Twitter (<https://twitter.com/UoEFairTrade>) and share our posts

For more information on all of the above, see our website www.ed.ac.uk/fairtrade or contact liz.cooper@ed.ac.uk