



Introducing Fairtrade – a Briefing Paper, July 2009

About Fairtrade

Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers. Fairtrade offers producers a better deal and improved terms of trade. This allows them the opportunity to improve their lives and plan for their future. Fairtrade offers consumers a powerful way to reduce poverty through their every day shopping.

When a product carries the FAIRTRADE Mark it means the producers and traders have met Fairtrade standards. The standards are designed to address the imbalance of power in trading relationships, unstable markets and the injustices of conventional trade.

The key objectives of the Fairtrade standards are to:

- ensure producers receive prices that at least cover the cost of sustainable production;
- provide an additional amount, the Fairtrade Premium, to be invested in projects that enhance social, economic and environmental development;
- provide pre-financing (i.e. payment in advance) for producers who need it;
- facilitate long-term trading partnerships and enable greater producer control over the trading process;
- set clear minimum and progressive criteria to ensure that the conditions of production and trade of all Fairtrade certified products are socially and economically fair and environmentally responsible.

About Fairtrade Labelling Organizations International (FLO)

Fairtrade Labelling Organizations International (FLO) is a non-profit, multi-stakeholder association of three regional Producer Networks and 21 national Labelling Initiatives. The Producer Networks represent the interest of producers in the system while the Labelling Initiatives promote Fairtrade to business and consumers in the developed world. FLO's role is to set the strategic direction for Fairtrade, to produce the standards by which Fairtrade is conducted, and to support producers to gain Fairtrade certification and secure market opportunities.

The FAIRTRADE Certification Mark is a registered trademark of Fairtrade Labelling Organizations International. It signifies that products meet international Fairtrade standards.

FLO is part of a worldwide network of Fair Trade organizations, EFTA, WFTO and NEWS. We work together to promote fairer trade. Together we have articulated the vision and principles that guide our work. The Charter of Fair Trade Principles includes our common vision, definition of Fair Trade, core principles and our distinct approaches to Fair Trade. You can download the Charter of Fair Trade Principles on our website: www.fairtrade.net.

What makes Fairtrade Unique

Producer Impact – There are now 746 Fairtrade certified producer organizations in 58 producing countries, representing around 1 million farmers and workers. With their families and dependents, FLO estimates that 5 million people directly benefit from Fairtrade.

Benefits for producers – Fairtrade is the only certification scheme that specifically sets out to tackle poverty and empower producers in developing countries. It offers a guaranteed minimum price to cover the costs of sustainable production, additional income for quality and productivity improvements, community development and environmental sustainability, long-term trade partnerships, and protection for labour rights.



FAIRTRADE LABELLING ORGANIZATIONS INTERNATIONAL

Loyal consumer base – Fairtrade has a solid grassroots consumer base, e.g. 650 Fairtrade Towns including London, San Francisco and Rome. Strong networks through family, friends and work colleagues actively promote Fairtrade, adding to the powerful evidence that consumers want to express their values when they shop.

Strong market growth – Sales of Fairtrade certified products have been growing at an average of 40% per year in the last five years. Fairtrade has achieved very strong market share in certain markets, including 53% of bananas Switzerland and 22% of ground coffee UK. Global retail sales grew by 22% in 2008 (over 2007). Many companies are reporting strong growth for Fairtrade products despite economic downturn.

Consumer trust – 50% of consumers are now familiar with the FAIRTRADE Certification Mark (in North America the Fair Trade Certified™ label); 91% of these trust the Mark.* 64% of all consumers believe that Fairtrade has strict standards, a quality that closely correlates to consumer trust.*

Availability – There are over 6000 Fairtrade product lines available in over 60 countries. Since its launch in 2002, the FAIRTRADE Mark has become the most widely recognized social and development label in the world.

Independent and transparent certification – The Fairtrade certification body FLO-CERT is the only ISO 65 accredited ethical certification scheme. 72% of consumers believe independent certification is the best way to verify a product's ethical claims.*

Producer participation – Producers jointly own and manage FLO. They are represented as members in the Board of Directors, the highest decision making body of FLO. Through the Board and the Committees, producers are involved in decisions regarding overall strategy and the setting of Fairtrade prices, premiums, and standards.

* GlobeScan, global consumer survey on Fairtrade 2008-09, sample size 14 500 in 15 countries

Fairtrade & Organic

FLO's generic standards documents for small farmers and for hired labour situations detail a number of environmental development requirements in order to receive and retain fairtrade certification. These documents also include a general outline of what is expected in the area of environmental development.

Fairtrade producer structures must be committed to:

- Protecting the natural environment
- Making environmental protection part of farm or company management.
- Developing, implementing and monitoring an operational plan which balances environmental protection and business results
- Minimizing the use of synthetic and other off farm fertilizers and pesticides
- Minimizing the use of energy, particularly from non renewable sources.

For instance FLO standards do not permit use of genetically modified organisms (GMO). FLO encourages small producers to work towards organic practices where socially and economically practical. In 2008 over 48% of Fairtrade certified coffee and cocoa was also certified as organic.

FLO support unit help link Fairtrade certified producers to organic certifiers, where producers are able and willing to convert to organic.

Our experience also tells us that many already organic certified producers apply for Fairtrade certification as this provides additional advantages of social premium above the organic. The other way around, traders and companies in the global north, find that offering products that are both organic and Fairtrade adds value to consumers in terms of offering not only an environmentally but also socially responsible product.