



JABOK

**Jabok – Vyšší odborná škola
sociálně pedagogická a teologická**

FAIR TRADE DIRECT TRADE

Understanding the context
6th meeting

Building a Tower

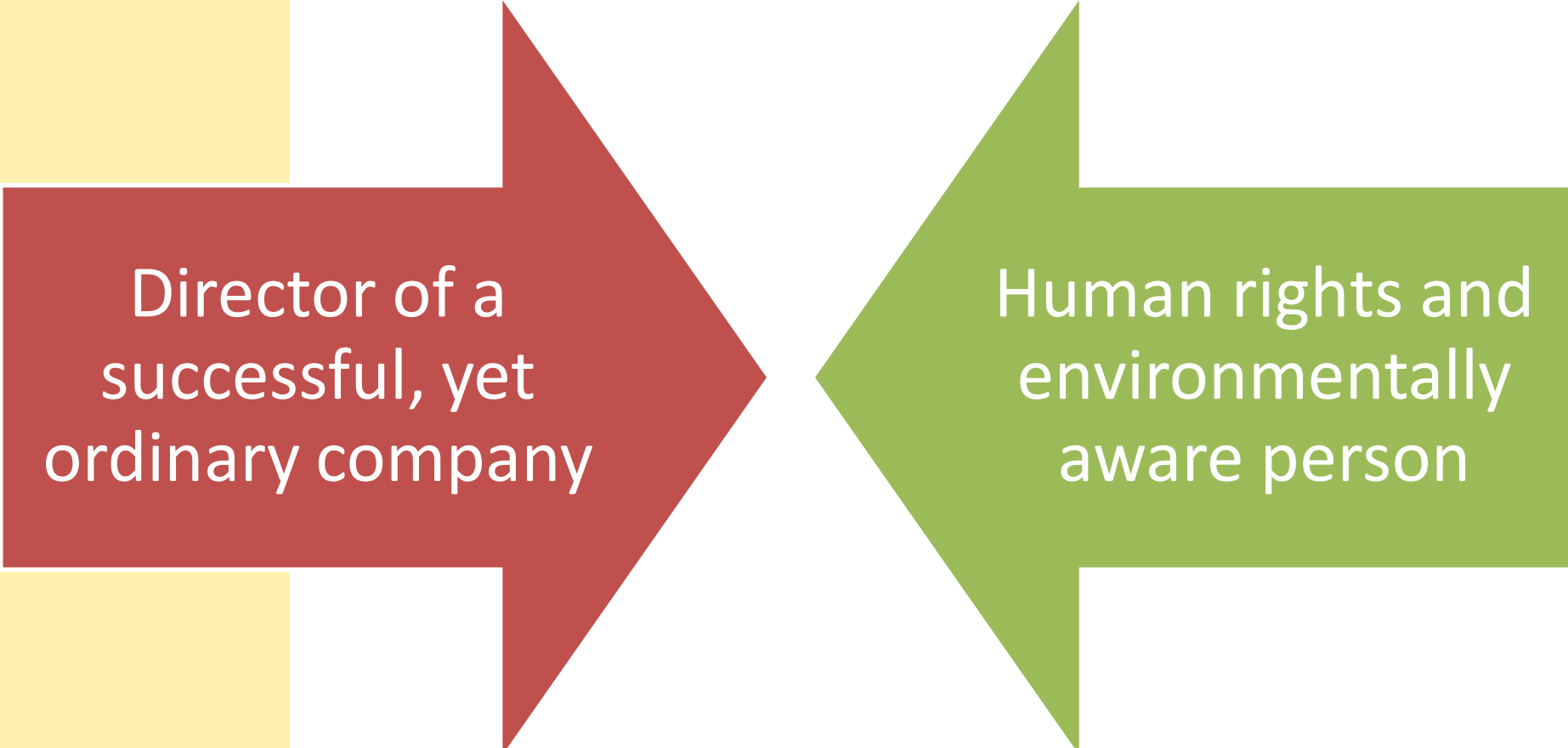
- One team gets the newspaper and a roll of sellotape
- The other team gets a pile of straws, 3 small pieces of sellotape and a pair scissors
- The teams are to construct the highest freestanding tower they can in 5 minutes

After 2,5 min:

- the straw team may only use straws half the length of the original ones



It is the point of view that matters



Director of a
successful, yet
ordinary company

Human rights and
environmentally
aware person

Global Definition of the Social Work Profession

Social work is a practice-based profession and an academic discipline that **promotes social change and development, social cohesion, and the empowerment and liberation of people.** Principles of social justice, human rights, collective responsibility and respect for diversities are central to social work. Underpinned by theories of social work, social sciences, humanities and indigenous knowledge, **social work engages people and structures to address life challenges and enhance wellbeing.**

<http://ifsw.org/policies/definition-of-social-work/>



Fairtrade or Fair Trade?

Fairtrade

Certification

fair trade

idea or the concept



Definition of Fairtrade

"Fair Trade is 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, marginalized producers and workers – especially in the South.

Definition of fairtrade

Fair Trade organisations have a clear commitment to Fair Trade as the principal core of their mission. They, backed by consumers, are **engaged actively in supporting producers, awareness raising and in campaigning for changes** in the rules and practice of conventional international trade." They can be recognised by the WFTO logo.



Explain the notions

Stakeholder

Shareholder



Fairtrade



SDGs



<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Basic Principles

- **Stable prices**

For most products there is a Fairtrade Minimum Price that aims to cover the costs of sustainable production – even when world market prices fall

- **A Fairtrade Premium**

The Premium helps producers to improve the quality of their lives. It is paid on top of the agreed Fairtrade price, and producers decide democratically how to use it. Typically they invest it in education, healthcare, farm improvements or processing facilities to increase income.

- **Partnership**

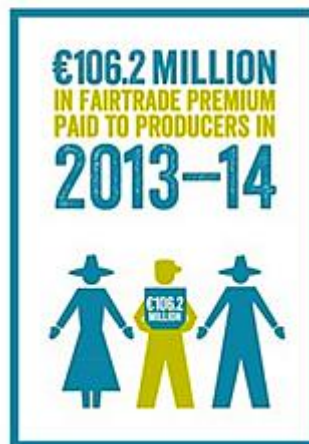
Producers are involved in decisions that affect their future. Fairtrade certified producers jointly own and manage Fairtrade International. Through the Fairtrade International's Board, its Committees and consultation processes producers can influence prices, premiums, standards and overall strategy.

- **Empowerment of farmers and workers**

This is a goal of Fairtrade. Small farmer groups must have a democratic structure and transparent administration in order to be certified. Workers must be allowed to have representatives on a committee that decides on the use of the Fairtrade Premium. Both groups are supported by Fairtrade International to develop their capacity in this area.



FT figures



Try to imagine ...

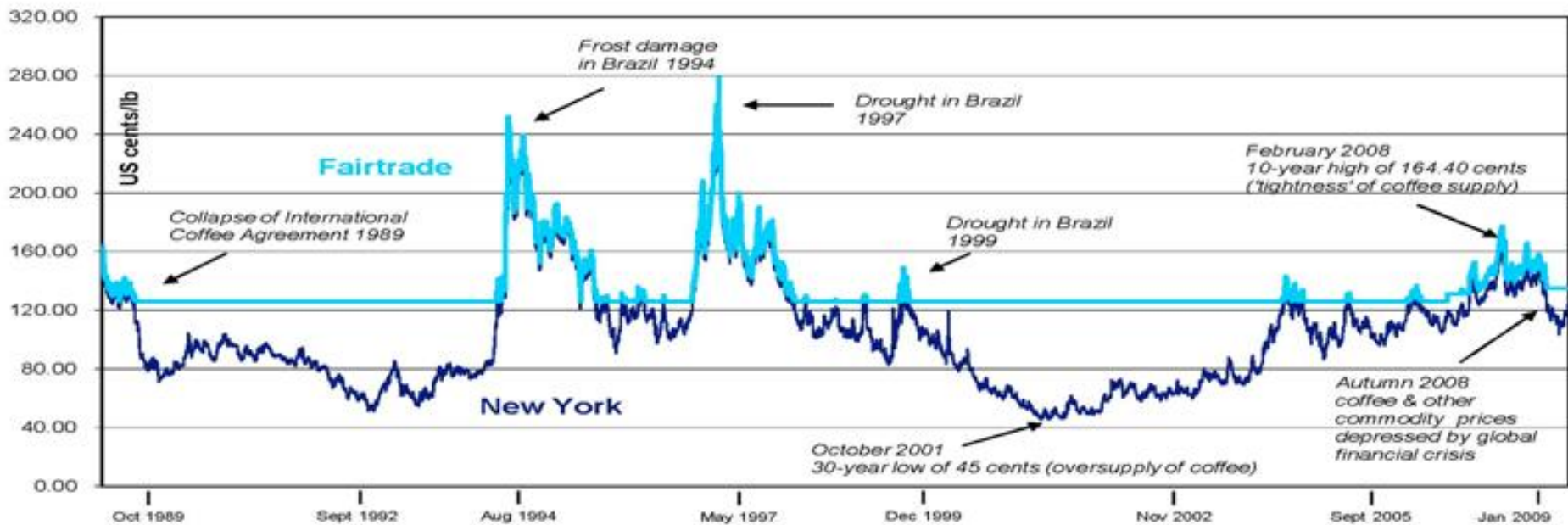
- Zkuste se vžít do situace pěstitele kávy. Máte vlastní pole kávovníků o velikosti 2 fotbalových hřišť. Celý rok na něm s rodinou pracujete: sázíte sazenice, zavlažujete, zastříhujete stromky, mulčujete, děláte kompost a hnojíte. Je to dřina na celý rok, ale konečně přichází období sklizně. Pozvete si širší rodinu, zaplatíte pár lidí na pomoc. Kávu sklídíte, promyjete, odslupkujete a sušíte. Nyní ji konečně můžete prodat! Ale za kolik? Nemáte přístup k internetu a nevíte, jak zrovna definuje výkupní ceny newyorská burza. Žijete v horách 3 hodiny jízdy jeepem od města, kde se dá káva prodat. Většinou nemáte vlastní auto. Ale to nevadí, protože víte, že i k vám se dostane místní překupník. Ti mají regiony rozdělené a většinou vám nabídnou jen zlomek ceny na burze. Berte nebo nechte být. Káva shnije a celý rok nebudete mít co jíst.
- Situace pěstitelů se zlepší, pokud se spojí do pěstitelského družstva. Už máte lepší vyjednávací pozici a jste schopni si domluvit slušnou výkupní cenu. Pro váš život ale zásadní změnu přináší až zapojení družstva do systému fair trade: dostatečné výkupní ceny, odborná školení a podpora sociálních programů pro rozvoj komunity.



Fairtrade minimum price



The Arabica Coffee Market 1989-2009: Comparison of Fairtrade and New York Prices



NB Fairtrade price = Fairtrade minimum price* of 125 cents/lb + 10 cents/lb Fairtrade premium**

When the New York price is 125 cents or above, the Fairtrade price = New York price + 10 cents

*Minimum price was increased from 121 cents/lb on 1 June 2008 **Premium was increased from 5 cents/lb on 1 June 2007

The NY price is the daily closing price of the second position Coffee 'C' futures contract at ICE Futures US (New York Board of Trade)

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Salmovská 8, 120 00 Praha 2, tel.: +420 211 222 440, fax: 211 222 441, e-mail: jabok@jabok.cz, www.jabok.cz

How do I know it is fair trade?

- Two systems
 - Based on trust and membership in the World Fair Trade Organization (in Czechia eg. Gepa, EZA, El Puente, Fair Trade Original or Traidcraft)



TRAIDCRAFT
Fighting poverty through trade



EL PUENTE
Partnerschaftlicher Weltbandel

GEPA[®]



NATÜRLICH FAIR

- Based on certification



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Certification

- The Fairtrade Labelling system is overseen by a **standard setting body (FLO)** and a **certification body (FLO-CERT)**
- Fairtrade Standards define the rules of production and trading
- Certification of Fairtrade involves independent auditing from production to packaging of products ready for consumption to ensure standards are met

FAIR

TRADE

WE'VE ALL SEEN FAIR TRADE PRODUCTS as we browse the grocery store shelves, but do you know what the label means? It's a symbol that the product has been certified by a Fair Trade organization as having been produced under a set of principles that include fair labor practices and environmental regulations. Most of the raw materials we consume are grown and harvested by farmers who live in abject poverty. Fair Trade products try to correct some of that imbalance by guaranteeing fair prices, investing in communities to improve quality of life, and insuring fair treatment for the people producing raw goods. Here's some more of what you don't know about Fair Trade:

FAIR TRADE PRINCIPLES

- 1 FAIR PRICE AND CREDIT FOR GOODS:**
Organized groups of farmers are guaranteed minimum prices and can get credit for harvests before they come in.
- 2 FAIR LABOR CONDITIONS FOR WORKERS:**
Fair trade workers must have safe working conditions and living wages. No child labor is permitted.
- 3 DIRECT TRADE BETWEEN PRODUCERS AND SELLERS:**
Steps are taken to eliminate middlemen, so producers are selling directly to consumers.
- 4 DEMOCRATIC AND TRANSPARENT DECISIONS:**
The groups of farmers must operate under democratic principles.
- 5 COMMUNITY DEVELOPMENT INVESTMENT:**
Companies also contribute community development funds to support education, healthcare and other social services.
- 6 ENVIRONMENTAL SUSTAINABILITY IN PRODUCTION:**
Only sustainable agriculture practices are used. No GMOs are permitted.



FAIR TRADE PRODUCTS

THE MAJOR FAIR TRADE PRODUCTS:

- ☉ coffee
- ☉ cocoa
- ☉ bananas
- ☉ sugar
- ☉ tea

NEW FAIR TRADE PRODUCTS:

- ☉ cotton
- ☉ wine and spirits
- ☉ vanilla and spices
- ☉ nuts
- ☉ fruits and vegetables
- ☉ oils

SALES BY COUNTRY

Country	Consumption*	Retail Sales
Austria	\$7.28	\$100,139,082
Belgium	\$4.52	\$78,486,086
Canada	\$5.16	\$280,915,262
Denmark	\$8.66	\$75,711,556
Finland	\$14.04	\$120,814,025
France	\$4.05	\$400,198,598
Germany	\$2.71	\$372,007,766
Ireland	\$24.15	\$164,915,738
Italy	\$4.88	\$60,337,774
Japan	\$0.07	\$15,693,255
Luxembourg	\$9.36	\$7,409,070
Netherlands	\$4.54	\$119,357,997
Norway	\$6.38	\$48,246,901
South Africa	\$0.01	\$637,100
Spain	\$0.15	\$11,169,296
Sweden	\$7.66	\$114,968,471
Switzerland	\$19.79	\$250,570,602
UK	\$12.64	\$1,248,004,257
USA	\$2.50	\$1,184,149,638
TOTAL		\$4,653,732,481

*Amount spent per capita by population over the age of 15 (2009). Source: Fair Trade USA

SOURCE THE FAIRTRADE FOUNDATION; FAIR TRADE USA

A COLLABORATION BETWEEN GOOD AND BRADLEY R. HUGHES, IN PARTNERSHIP WITH BEN & JERRY'S



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FT and Environment

- Protect the environment in which they work and live. This includes areas of natural water, virgin forest and other important land areas and dealing with problems of erosion and waste management.
- Develop, implement and monitor an operations plan on their farming and techniques. This needs to reflect a **balance between protecting the environment and good business results**.
- Follow national and international standards for the handling of chemicals. **There is a list of chemicals which they must not use.**
- **Not, intentionally,** use products which include genetically modified organisms (**GMO**).
- Work out and monitor what affect their activities are having on the environment. Then they must make a plan of how they can lessen the impacts and keep checking that this plan is carried out.



More than (Fair)trade

- It proves that greater justice in world trade is possible.
- It highlights the need for change in the rules and practice of conventional trade and shows how a successful business can also put people first.
- It is a tangible contribution to the fight against poverty, climate change and economic crisis.

FT logos



... and many others.

FT and some criticism

- Critics of fair trade say that the **market share is much too small**, changing quota restrictions would be more beneficial, value-adding activities have more potential, and extra profits from eliminating middlemen is not fully transferred to the producers.
- **The primary stakeholders are (a) government, (b) companies, (c) consumers, (d) primary producers, and (e) NGOs.**
- Current issue ownership lies with NGOs in the North and the primary producers in the South.
- Not all uncertified companies trade unfair but still almost all trade is unfair. Companies are part of this problem because of unfair behaviour concerning the dimension and because of the **shareholder wealth maximisation** model that forgoes ethical behaviour. Solutions can be found in the way a company measures its success, in managing societal expectations proactively, doing business in a sustainable way, involving stakeholders, and by increasing transparency.



Direct Trade



Sources

- <http://www.nazemi.cz/cs/fairtrade>
- <http://www.fairtrade.cz/>
- <http://wfto.com>
 - <http://wfto.com/news/10-principles-fair-trade>