

Closer Look: Fair Trade

Fair trade is generally defined as a global movement to help producers in developing countries get a fair price for their products in order to reduce poverty, provide for the ethical treatment of workers and farmers, and promote environmentally sustainable practices.¹ The two most widely recognized ways of identifying Fair Trade are organizational recognition and product certification.² While there is no singular organization that regulates fair trade there are global associations like World Fair Trade Organization (WFTO), Fair Trade Federation (FTF), and Fairtrade International (FLO) that consist of hundreds of fair-trade member organizations world-wide. These



associations have developed practices and standards that member organizations must comply with in order for recognition and certification as a fair trade business. Member organizations are monitored for compliance with audits of the supply chain from origin to sales by independent third parties.

The World Fair Trade Organization prescribes 10 Principles of Fair Trade for their member organizations to follow in their day-to-day work:

¹ <https://www.merriam-webster.com/dictionary/fair-trade>

² <http://www.fairtraderesource.org/uploads/2007/09/What-is-Fair-Trade.pdf>

- 1. Creating Opportunities for Economically Disadvantaged Producers** Poverty reduction through trade forms a key part of the organization's aims. The organization supports marginalized small producers and seeks to enable them to move from income insecurity and poverty to economic self-sufficiency and ownership.
- 2. Transparency and Accountability** The organization is transparent in its management and commercial relations, is accountable to all its stakeholders, ensures that relevant information is provided to all its trading partners.
- 3. Fair Trading Practices** The organization trades with concern for the social, economic and environmental well-being of marginalized small producers. Suppliers respect contracts and deliver products on time and to the desired quality and specifications.
- 4. Fair Payment** A fair payment is one that has been mutually negotiated and agreed by all through on-going dialogue and participation, which provides fair pay to the producers and can also be sustained by the market, taking into account the principle of equal pay for equal work by women and men. The aim is always the payment of a Local Living Wage.
- 5. Principle Five: Ensuring no Child Labor and Forced Labor**
The organization adheres to the UN Convention on the Rights of the Child, and national/local laws on the employment of children. The organization ensures that there is no forced labor in its workforce and/or members or homeworkers.
- 6. Commitment to Non Discrimination, Gender Equity and Women's Economic Empowerment, and Freedom of Association** The organization does not discriminate in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, HIV/AIDS status or age.
- 7. Ensuring Good Working Conditions** The organization provides a safe and healthy working environment for employees. It complies with national and local laws and ILO conventions on health and safety.

- 8. Providing Capacity Building** The organization seeks to increase positive developmental impacts for small, marginalized producers through Fair Trade. The organization develops the skills and capabilities of its own employees or members.
- 9. Promoting Fair Trade** The organization raises awareness of the aim of Fair Trade and of the need for greater justice in world trade through Fair Trade. Honest advertising and marketing techniques are always used.
- 10. Respect for the Environment** Organizations that produce Fair Trade products maximize the use of raw materials from sustainably managed sources in their ranges, buying locally when possible. They use production technologies that seek to reduce energy consumption and where possible use renewable energy technologies that minimize greenhouse gas emissions. They seek to minimize the impact of their waste stream on the environment and minimize their environmental impacts, by using organic or low pesticide production methods wherever possible.³
You can read more about these principles [here](#).

Early fair trade products mostly consisted of handicrafts – sewing, needlework, beadwork. In the 1960’s the fair trade movement expanded into agriculture with coffee and tea being the first products in the fair trade system. Sugar, cocoa, nuts, spices, fruit, and wine are some of the fair trade food products that can be bought today. Consumers can identify fair trade products through product labeling. Products bearing Fair Trade labels have been sourced from a Fair Trade certified producer. Here is a small sampling of labels you may see on a Fair Trade product.



³ <https://wfto.com/fair-trade/10-principles-fair-trade>