



Trading fairly

Three quarters of you buy Fairtrade products but how much do you actually know about ethical trading schemes?

Fairtrade-certified products were launched in 1994. Last year we spent around £190 million on them and there are now more than 1,000 available. And Fairtrade products seem to be popular with *Which?* members – a recent survey revealed that 80 per cent of you are aware of the Fairtrade label and 72 per cent have bought Fairtrade goods, of which 24 per cent do so regularly.

Oxfam helped set up the Fairtrade Foundation, which administers the scheme, and Fairtrade coffee company CaféDirect. Oxfam's Harriet Binet told us: 'The Fairtrade mark is the one independent consumer guarantee that goods in mainstream shops have been fairly traded.'

HOW FAIRTRADE WORKS

The Fairtrade Foundation certifies Third World farmers' produce and guarantees them a minimum price, set to cover their production costs and provide a steady income, plus an additional premium to be used to improve businesses or communities. In return farmers must meet certain requirements for social development, workers' rights, health and safety, economic development and the environment.

The system is overseen by the Fairtrade Labelling Organisation (FLO), an independent certification company that verifies producers' suitability. It also audits payments to ensure that the minimum price does go to producers.

THE DIFFERENCE IT MAKES

Some economists argue that, by paying more than the international price for a commodity, Fairtrade distorts the market and traps poor farmers on uneconomic farms. Alex Singleton, Director General of the Globalisation Institute think tank, says: 'Coffee prices are low because too much coffee is produced. The low price tells farmers to either produce more cheaply or exit the market.'

But Barbara Crowther, Head of Communications at the Fairtrade Foundation, thinks this misses the point: 'The reality is an impoverished coffee farmer has to keep growing coffee, or move to a city slum because they can't feed their families. How do you invest in other crops if you're destitute?'

Silvia Ramírez, Vice President of the Fairtrade-certified El Guabo banana producers' association in Ecuador, explains how Fairtrade's help makes a difference: 'Our lives have been changed. Working for El Guabo gives me a great feeling of pride. Children can go to school, families have healthcare, farm workers can subscribe to the social security system, and those in great need can be issued with food baskets.'

OTHER OPTIONS

Fairtrade isn't the only 'ethical' shopping scheme available. There are other brands, making different ethical claims, filling the supermarket shelves.

The best known of these is probably Rainforest Alliance certification. The Rainforest Alliance is



Banana grower Silvia Ramírez is supported by the Fairtrade scheme

PHOTOGRAPHY JONNY THOMPSON

primarily an environmental group, which began certifying timber exports from rainforests in the late 80s. It then expanded to help other rainforest-based producers grow sustainable crops.

UK spokeswoman Anita Neville says: 'We put more emphasis on wildlife and ecological sustainability than Fairtrade. The other big difference is that we don't just work with small co-operatives, but with larger plantations.'

Rainforest Alliance certification requires minimum wages and union and labour rights, supporting seasonal itinerant workers on larger plantations in a way that Fairtrade can't achieve.

Only 8 per cent of you were aware of the Rainforest Alliance but 7 per cent had bought its goods.

A DIFFERENT PERSPECTIVE

Fairtrade and Rainforest Alliance certification are based on the existing system of cash crops being exported to rich countries for processing. But two other schemes, Equitrade and The Good African Coffee Company, process raw materials at source to keep more money in the developing world.

The first company to participate in the Equitrade scheme is Malagasy, a Madagascan company which makes chocolate bars. Marketing Director Neil Kelsall told us: 'Most chocolate is produced in Europe and just 2 to 3 per cent of the cost of the bar goes to the cocoa bean grower. With Malagasy chocolate, Madagascans get ten times that.'

These schemes are currently very small and there is no third-party certification, so, at the moment, shoppers can't be sure that the extra profit is distributed fairly in the producing country.

THE FUTURE

The Fairtrade Foundation aims to have £1 billion worth of annual sales in five years' time. To achieve that, it needs to go more mainstream. Companies such as Tesco and Nestlé have launched Fairtrade-certified brands, but Nestlé's involvement has particularly upset some people.

The Baby Milk Action group encourages consumers to boycott Nestlé because it says the manufacturer irresponsibly markets infant formula to families in the developing world. It says just 0.02 per cent of Nestlé's coffee purchasing is done on a Fairtrade basis. And campaigner Mike Brady claims

Price differences

The key benefit of Fairtrade to producers is the guaranteed minimum price. Consumers can be sure that producers receive the money because the scheme is audited.

The current minimum price that Fairtrade farmers are paid for Arabica coffee beans, for example, is \$1.26/lb, of which five cents is the premium

for investment. But not all of the price you pay for the finished product goes to the producers. For example, on 17 January 2006, Sainsbury's charged £1.10 more for half a pound of its own-label Fairtrade ground coffee than for the same amount of its own-label standard ground coffee. Sainsbury's says its Fairtrade coffee

is more expensive because it comes from a specified source and costs Sainsbury's more than usual blended coffee.

Supermarkets charge different prices for their own-label Fairtrade coffee, ranging from £1.98 in Asda to £2.49 in Sainsbury's, so shop around for the best deal – the growers won't lose out.

that Nestlé's involvement in Fairtrade is a 'fig leaf to try to cover up its negative impact on coffee farmers'.

Nestlé dismisses this criticism as 'categorically untrue'. Spokeswoman Jayne Bassham told us: 'We are currently helping 3,500 of the poorest coffee farmers in Ethiopia and El Salvador.'

Rob Harrison, Editor of *Ethical Consumer* magazine, admits that Nestlé's involvement 'hits a raw nerve' but points out that 'it's definitely better to drink Nescafé Fairtrade than Gold Blend'.

And the Fairtrade Foundation's Barbara Crowther adds: 'We're a product certification scheme, not a company endorsement scheme. Nestlé sells half the coffee in the UK, so we need to work with it.'

OUR SURVEY

In November 2005 we conducted 3,141 online interviews with our panel of *Which?* members. Thanks to all those who took part.

WHAT TO BUY

Individual schemes such as Fairtrade probably won't make poverty history but, as Harriet Binet argues: 'Fairtrade raises awareness of the unfair nature of much of the global trade in agricultural goods.'

If you're interested in supporting these schemes, Fairtrade is an easy way in and it gives poor farmers a real benefit. But to make a significant difference, you need to buy ethical products regularly, not just once in a while, because the farmer needs support all year round. Western consumers have enormous power to shape the global economy – how we exercise that power is really up to us as individuals.

Ethical schemes	How the schemes compare				
	Products	Availability	Independent audit	Guaranteed payment	Benefit to workers
SCHEME					
Fairtrade	1,000 different products from footballs to fruit	Widely available	Yes	Yes	Small farmers benefit from guaranteed minimum price and investment premium
Rainforest Alliance	Coffee, timber, cut flowers, bananas	From supermarkets	Yes	No	Growers have to pay minimum wage and meet environmental stipulations
Equitrade	Malagasy chocolate	Health-food shops	No	No	Chocolate bars are produced in Madagascar, keeping the profits within the local community
Good African Coffee Company	Rwenzori coffee	Waitrose	No	No	Coffee is roasted and processed in Uganda, keeping the profits within the local community