

What is fair trade?

By [Green Living Tips](#) (First published May 2007, updated November 2009)

You may have seen the term "fair trade" advertised on some products or by merchants and businesses. What does the certification mean and what's the relation to the environment?

Many workers around the world are treated and paid very poorly. Approximately 20% of the world's population exists on under a dollar a day; and around double that have incomes of under \$2 a day. You might often wonder how some products you buy can be so cheap - underpaid workers toiling in sweatshops contributes to our "bargains", as do the environmentally destructive processes used to create some of the products we consume. That bargain may come at a very high price to our fellow man and the environment.

But these issues aren't confined to cheap items. Some of the world's biggest companies who place high price tags on goods utilize sweatshop labor - and the profits are incredible.

For example, a well known shoe company with products often retailing over \$150 was caught out paying their full time workers in India below the minimum family living wage in that country - less than \$2 a day; including bonuses. The same company knowingly exposes workers to hazardous chemicals without appropriate protection - humans and the environment suffers as a result.

So unfortunately, price of an item doesn't necessarily indicate that workers involved in creating it, nor the environment, is well treated.

Fair Trade movement history

In the middle of last century, some religious and non government organizations recognized these abuses and set about creating a fair trade market. The original products were mostly craftworks, but Fair Trade principles have been applied to a wide range of goods and services since - including coffee, textiles, tea and chocolate.

Fair Trade principles and certification

While ethical trade is part of the spirit of Fair Trade, they are two very different things. In order for a merchant to be able to authentically be able to claim Fair Trade status, the goods and services sold must:

- a) Create opportunities for marginalized groups
- b) Demonstrate transparent management and full accountability
- c) Encourage the independence of producers



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- d) Pay the producer a fair price
- e) Women workers must be properly valued and rewarded
- f) Provide a safe and healthy working environment for producers
- g) Demonstrate good environmental practices and responsible methods of production
- h) Respect the UN Convention on the Rights of the Child
- i) Promote Fair Trade and educate others on the concept

The environmental standards are quite stringent, ensuring the minimum use and safe handling of agrochemicals, conservation of water, controls on gathering from the wild and deforestation, a ban on [GMO \(Genetically Modified Organism\)](#) crops and good soil management practices.

While not necessarily organic, Fair Trade items do foster good environmental stewardship. It's also important to know that not all organic goods are necessarily produced under fair trade conditions.

Fair trade certification is designed to help consumers identify products which meet the above standards. In order for a product to display the International Fairtrade Certification Mark or the Fair Trade Certified Mark; it must undergo a rigorous auditing process. The auditing, certification process and management of the Fair Trade system is overseen by [FLO International](#) and [FLO-CERT](#).

There are two internationally recognized marks



The mark on the left is the Fair Trade Organization (FTO) Mark. This identifies organizations that practice Fair Trade. The one on the right is the Fairtrade Label. It is used to identify Fair Trade products.

Coffee, humanity and the environment

In researching for this article I discovered a great deal about how my coffee and chocolate fixes affect the people and the environment that create them. For example, it's likely the farmer who grew the beans for my non-fair trade coffee fix was paid around 25c per pound of beans. Coffee beans in Australia sell anywhere between forty to eighty times that. I don't begrudge anyone making a profit, but the inequity in distribution of wealth really hit me.



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It's also quite possible that child slave labor was used to provide me my cup of joe. Part of the Amazon was likely destroyed and copious quantities of chemicals irresponsibly used that will create wider problems in that area. Where coffee is not grown with the environment in mind, up to 30 gallons of water is needed to make enough coffee to make a single cup! The water issue becomes a problem when the crop is irrigated through water purposely diverted from the surrounding environment.

Fair trade items and cost

Fair Trade certified items do tend to cost a little more - but you can buy knowing that the people who created them were paid fairly and treated with respect, as was the environment in which they came from. If you find the costs a little steep to get everything you can from Fair Trade sources, perhaps even swapping one of your regular product purchases for a fair trade item? A great way to spread the word about fair trade items is to buy them as gifts for others.

Every bit helps, especially when millions of people take the same step.

If you run a business and provide amenities such as coffee and tea for your staff, this would be a great change you can make, plus you'll raise awareness among your staff about fair trade issues!

Fair trade and big business

Aside from helping these farmers, artisans and the environment, purchasing fair trade items helps put pressure on other companies who don't engage fair trade principles to change their ways.

When I first published this article in mid-2007, it was hard to find a coffee shop chain in this country that offered fair trade coffee - it's been encouraging to see quite a few big names recently doing so. They aren't making the switch out of the goodness of their hearts, it's due to demand from consumers.

A single email or phone call to a company may not mean much, but if thousands of others do the same, companies will sit up and take notice. Their continued profitability depends upon "greening" up s we're now entering a new age of business - one where the [triple bottom line](#) concept is becoming increasingly important.

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