

Commentary on the report by Carol Wills

“Handicraft is the trade of the poor. They don’t have land to produce food”

Joan Karanja, Director of Cooperation for Fair Trade in Africa (COFTA)

“That is the little difference we can make with Fair Trade. To help people have work, income, a future” Daan van Vugt, Fair Trade Importer, the Netherlands

The strategic intent of Fair Trade is to:

- Deliberately work with marginalised producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency
- Empower producers and workers as stakeholders in their own organisations
- Actively play a more substantial role in the global arena when it comes to achieving greater equity in international trade. (FINE 2001)

The latest edition of Fair Trade Facts and Figures demonstrates that Fair Trade does indeed achieve what it sets out to do. Working with some of the poorest people in the world, helping them to organise in groups, associations and networks, supporting them to build their capacity to make good quality, hand-made Gifts and Living products (or grow commodity crops more efficiently in an eco-friendly way), providing market access, lobbying for official recognition of Fair Trade and fairer international trade terms, Fair Trade continues to transform lives for the better. Numbers are not huge but they are significant. The survey tells us that more than 1.3 million people benefit directly from their link with Fair Trade. Most of these people belong to organisations in membership of the World Fair Trade Organization (WFTO) one of the two major international players in the Fair Trade Movement. The other major player is Fairtrade Labelling International (FLO) which claims^[1] to benefit 1.5 million farmers with certified Fairtrade. Between them, the WFTO and FLO bring income and benefits to 2.8 million women and men whose lives might otherwise be blighted by poverty. Global Fairtrade certified retail sales of mostly commodity products such as coffee, tea and chocolate, reached Euros 3.4 billion in 2010. The Gifts and Living producers in Africa, Asia and South America who responded to the survey reported sales in export and local markets of Euros 43.8 million. This means a final retail value of Euros 438 million.

This is the 6th edition of Fair Trade Facts and Figures. It is published by the Dutch Association of Worldshops and is the outcome of a survey and analysis carried out by the Partnership Resource Centre of the Rotterdam School of Management and ESCY Consulting. The project was financed by the Dutch Ministry of Foreign Affairs. It is a useful reference volume for all those interested in the history and development of Fair Trade with chapters on What is Fair Trade, Trends and Developments, Fair Trade Players, The Impact of Fair Trade and Success Stories. The second section consists of charts and analysis of the figures provided by respondents to the 400 questionnaires sent out in early 2010 to members of the World Fair Trade Organisation in 47 countries. The response rate was an excellent 46%. 169 questionnaires were returned by producer organizations in 37 countries in the Global South with notable numbers from Kenya, Rwanda, Bangladesh and India. 13 were returned from the Global North with 9 from Europe and the others from the United States, Australia and New Zealand. The authors note that a shortage of detailed data made it difficult for them to compile precise aggregate turnover figures and make a plea for more systematic collection of data by Fair Trade Organisations themselves. They also note a need for common definitions of much used terms.

This is the first time that Fair Trade Facts and Figures has taken Fair Trade producers as a starting point for research and focussed on the impact Fair Trade has on them. Previous editions concentrated on the import and sales of Fair Trade in the Global North. The result is a much richer and more complex piece of work.

The survey finds that most Fair Trade activity takes place in the informal economy with little support from governments. The informal economy provides the most employment, outside agriculture, in all developing countries. It is growing as formally employed workers lose their jobs as a result of the global economic downturn, and have to look for informal alternatives to earn a living. Because government economists and statisticians have not found a way to count accurately the number of people working in the informal economy, estimates of percentages of population involved vary widely. It may be as much as 70% of the population in some countries. Governments are aware of its significant contribution to GDP but, nevertheless, perceive it to be characterised by low productivity, poor quality goods and exploitative working conditions, low wages and long hours. They also know that the majority of workers in the informal economy are women.

Growing awareness of Fair Trade throughout the world and greater visibility and voice for informally employed women and men engaged in Fair Trade activities could provide an opportunity for governments to cooperate with Fair Trade organizations in their countries, learn more about the conditions of informally employed workers and to respond to their needs.

Fair Trade Facts and Figures provides statistics on the proportion of women employed in Fair Trade enterprises and those who achieve management positions. The percentages are high demonstrating that lack of formal education is not necessarily a barrier to finding work and to promotion within the organization. All respondents to the survey put education high on their list of what was most important to them - along with having a job, housing and access to health care.

The survey shows that awareness of Fair Trade, the principles that it works to and its impact is growing right across the world. As prosperity increases for some and middle classes grow, so does the market for local Fair Trade. Fair Trade shops (or "Worldshops") are opening everywhere to provide Fair Trade products to local, middle class consumers with a conscience. There has been enormous growth in the sale of Gifts and Living products. Further growth is anticipated with the introduction of a product label that can easily be recognised by consumers worldwide. Recently, research was carried out for AccountAbility in collaboration with ISEAL, the global association for social and environmental standards to which both WFTO and FLO belong, to better understand consumer views on voluntary standards and labels. The work was done in Switzerland, the UK and the US by the Swiss firms UNICO-first and GfK and provides evidence that consumers continue to be attracted to sustainably sourced products. Key findings were that consumers believe that 3rd party certification enhances the credibility of a label or mark; that consumers respond positively to labels with clear messages on impact on sustainable development including climate change and poverty; and that they like to see information on impact on packaging.

Fair Trade importers linked to networks of Worldshops were at the forefront of the growth in Fair Trade sales in Europe. Now they face stiff competition from the mainstream and some are struggling despite

putting great effort into the development of new, green, eco-friendly products, many made from recycled materials. The importers work in partnership with producer organizations to build capacity, strengthen organizations, improve efficiency and understand impact. The Worldshops, which sell significantly more Gifts and Living than food products, take part in local initiatives to create even more awareness of the need for Fair Trade and trade justice such as those described in this edition of Facts and Figures: the Fairtrade Towns Movement, Fairtrade Fortnight, World Fair Trade Day and Fairtrade Week. But it is very hard work, especially in an ongoing economic recession.

Facts and Figures 2010 puts a positive spin on the current situation. Its very title: "A success story for producers and consumers" paints a glowing picture of the state of Fair Trade. Membership of the World Fair Trade Organization is growing; regional WFTO affiliates are becoming stronger; advocacy efforts are having greater success (e.g. the 2009 European Commission Communication on Fair Trade (COM 2009 215 final). There are a few hints that all may not be completely well with comments on the difficulty of providing year round work to artisans and the declining number of people in villages with handicraft skills. The researchers also found that media's attention to Fair Trade is on the wane which may be a danger signal.

This research is the first of its kind. It should not stop here. I would like to see something less statistical and more reflective in the future. I would like to see fewer numbers and more about the reality of producers' lives. Impact is not just a matter of how many people are employed, how many women there are in management positions, sales figures, or how issues are ranked. It is about how Fair Trade affects the women and men, the organizations and the communities within which it works and what difference it has made for the better. This sometimes is called "Measuring the Social Return on Investment" and it involves making sure that the right questions, and the same questions, are asked in a questionnaire or directly through focus group discussions, or employing a different kind of research methodology altogether e.g. action research. Unfortunately the questionnaires circulated in different parts of the world in 2010 were not all the same which made the task of the researchers more difficult.

What conclusions may be drawn from the project in 2010? The researchers find that the Fair Trade Movement has had immense success over the years with sales growing year on year, significant impact on the most marginalised producers, especially women living in slums or remote villages with limited or no education, many with HIV AIDS. Well-being has grown with increased incomes. The key factors contributing to this are job creation, market access, fair working conditions, equal opportunities for women and men and environmental protection and preservation. However much more remains to be done. The label for Gifts and Living is essential. The WFTO's Sustainable Fair Trade Management initiative is important to sustainability.

The researchers say that "even though Fair Trade on its own cannot eliminate poverty, it does provide a major contribution to this goal." I would agree with this to some extent. I would add that the survey demonstrates that when informally employed workers are employed in a Fair Trade enterprise which is part of the wider Fair Trade Movement, they have better access to resources, support, information and training, and markets than if they were not connected to Fair Trade. I would like to see further research looking more closely at the challenges of Fair Trade and how to overcome them. Behind all the figures

in this project are millions of poor women and men struggling for their survival. The informally employed workforce is growing[2]. Many have never heard of Fair Trade, are not aware of their rights. They subsist from day to day on tiny incomes which barely provide them with enough food to live. There is, as the researchers say, a great deal more to do. The Fair Trade movement in partnership with governments, NGOs and local authorities could reach out to many more people, help them build on their skills, make them aware of their rights, provide support for their means of employment and look to develop long term measures that will benefit them. I would like to see the next Fair Trade Facts and Figures include a section on recommendations deriving from the conclusions of the research. Let Fair Trade play an even more active role in the global arena! As Daan van Vugt said in one of the success stories included in the publication: *“That is the little difference we can make with Fair Trade. To help people have work, income, a future”*.

But also important to realise after every figure are many people that can not be reached by any other project. Fairtrade is the future...