

# The many roles of Fair Trade

Written by Ann Le Mare

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ANN LE MARE, FEB 16 2010

### Introduction – The Fair Trade movement

Fair Trade refers to a cooperative trading relationship between business partners, the Fair Trade Enterprises (FTEs), including the provision of a fair wage/price to the producer. *Fairtrade* is the mark given to products that are certified by the Fairtrade Labelling Organization International (FLO). Fair Trade also refers to handmade products, such as handicrafts and household items that are produced by FTEs registered with the World Fair Trade Organization (WFTO, formally IFAT) and who abide by the standards of Fair Trade.[1] It is important to realise that significant developmental and capacity building work is also done with producer organizations in order to bring them up to the standards of certification and registration. This article considers both Fairtrade products certified by FLO and Fair Trade handmade products registered by WFTO.

### The impact on development and gender

There is a growing body of literature on the impact of Fair Trade, and research suggests that Fair Trade improves the economic conditions of producers, communities receive important benefit from the social premium, and the partnership model allows for the development of sustainable cooperatives and craft enterprises (Calo & Wise 2005, Lyon 2007, Millford 2004, Ronchi 2002), to name a few of the studies. Extensive research has been done on coffee production in Latin America identifying benefits over time (Murray et al 2006), for example the development of second level organizations and the ability of farmers to diversify (Nigh 2002). Difficulties are also identified, for example the unequal distribution of benefits and differencing levels of understanding and involvement in management and decision-making (Taylor 2002). Becchetti & Constantino (2005) found that affiliation with Fair Trade was associated with higher food consumption, lower child mortality and significantly higher schooling. There are also many studies that show that Fair Trade networks can provide social benefits, such as the development of confidence and self esteem, and the strengthening of social capital (Robbins et al 2000, Ronchi 2002, van Dooren 2005), benefits that happen at both an individual and organizational level. There are also links made between Fair Trade production and wider social issues: as a means to promote human rights (Lyon 2007) and an alternative to migration (Taylor 2005). There is less research on the handicraft sector, but here also studies have shown that Fair Trade markets offer more security, a better income, and less social differentiation than through conventional markets (Morello 2002) and a sense of empowerment with 'more control over one's life' (Littrell & Dickson 1999: 37-38).

However, the area that is the most difficult appears to be progress on gender equity, both equal pay and conditions for men and women, and addressing wider structural causes of gender subordination. Many studies that mention gender argue that more needs to be done to address gender issues (Le Mare 2008). While women often have an increase in their workloads in both commodity production and in the handicraft sector, their income is often less than men (van Dooren 2005, Imhof and Lee 2007), and they are often excluded from positions of leadership or management. Research into coffee cooperatives found that the role of women in the institutions was very limited. Women were allowed to be members of coffee cooperatives, but not as leaders, and there was little concern within the cooperatives to address wider social issues that contributed to gender inequalities (Taylor 2002). FLO has conducted a study to consider these issues and to promote best practice (Wach 2006). However, additional research

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is needed to uncover the wider circumstance of women, including the gendered nature of most economies, where women are only allowed or thought able to do certain types of paid work (Le Mare 2007; Utting- Chamorro 2005). While gender equity is an explicit goal, this is often because of pressure from international buyers and the Fair Trade movement, rather than being considered an 'important internal issue' (Taylor 2002, 4). Therefore, it would seem from the empirical studies, that gender equity and changes in gender relationships remain difficult to achieve.

## Research in Bangladesh

My own research into Fair Trade handicraft production in Bangladesh uncovered similar benefits and concerns (Le Mare 2007). For the women handicraft workers, being involved in Fair Trade meant significant improvements to their daily lives:

"we have some income of our own...our husbands now talk to us...we can discuss amongst ourselves...we are respected." (Focus Group, LeMare 2007)

I found that Fair Trade employment has an impact on chronic poverty – the level of the wage/price compares favourably to other employment opportunities in Bangladesh. In addition, Fair Trade employment has a significant influence on transitory poverty – movement in and out of poverty – because of the many pro-poor financial policies of the Bangladeshi Fair Trade Enterprises (FTEs), and because of their proactive response to wider problems faced by producers and their families. Social wellbeing was also improved through a combination of skills training, group activities and access to educational activities.

As with many other studies, I found the impact on women's empowerment more difficult to assess. Yes, women did have relatively good wages and working conditions, and achieved what was referred to as 'economic empowerment', the ability to contribute to the household income. They achieved many individual social gains – improved mobility, confidence and increased self-esteem. As a group they were much more likely to access health services, express their views, and to take part in household decision than other women not employed in Fair Trade [2] However, wider definitions of gender equity that would address the structural causes of subordination were only actively engaged in by one of the four Southern FTEs in the study. Fair trade is a partnership – and ideas about gender are contested: staff in Southern FTEs, or in villages where producers live, do not necessarily share the same ideas about gender as consumers or staff in Northern FTEs. But, addressing inequalities based on gender remains a principle of the movement, which needs to be applied in a context specific and culturally sensitive manner.

Finally, one could trace the influence of Fair Trade on wider processes of development, for example, promoting rural-urban linkages, supporting other economic strategies of the household, and providing additional social networks (Le Mare 2007). However, we must keep such advantages of Fair Trade in perspective: they are not enough to move people out of poverty, or to deal adequately with the many vulnerabilities experienced by poor people in Bangladesh. But, Fair Trade does make a significant contribution, and this contribution is at many different levels: the individual, the household, the organization, the wider business community, and to more equitable national development.

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[1] The ten standards of Fair Trade are: 1 creating opportunities for economically disadvantaged producers, 2 transparency and accountability, 3 trading practices, 4 payment of a fair price, 5 child labour and forced labour, 6 non discrimination, gender equity and freedom of association, 7 working conditions, 8 capacity building, 9 promotion of

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Fair Trade , and 10 environment [www.wfto.org](http://www.wfto.org) The standards of Fairtrade are: a guaranteed minimum price, provision of an additional premium, pre-financing, the ideal of partnership, long-term partnerships, conditions are socially and economically fair and environmentally responsible [www.fairtrade.org.uk](http://www.fairtrade.org.uk)

[2] These results are based on an extensive survey involving 282 Fair Trade producers and 284 similar women not involved in Fair Trade production (Le Mare 2007)