



# THE FAIR TRADE REVOLUTION

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# Foreword

A few decades ago some pioneering individuals and organisations decided to put their values into practice with the development of something called ‘fair trade’. This book provides an insightful and important analysis of the development of the fair trade movement worldwide, built around the experiences and perspectives of several of the key individuals who led the way. As we reflect on the most important trends in business of the twentieth century, we certainly must include the expansion of fair trade products from a tiny niche market to a staple in many stores – and even more households – around the world. At times scoffed at by some as a fad or even a diversion, the concept of fair trade has instead been the source of inspiration to millions, and the leading edge of a sea change in the ways that many consumers relate to people around the world who provide everything from staples like rice and fruits to the luxuries of their day-to-day lives. In the twenty-first century, the expansion and further development of fair trade concepts and products provides all of us with a reminder and a method to live more ethical lives.

Mary Robinson\*

\* Mary Robinson is president of Realizing Rights: The Ethical Globalization Initiative, and former President of Ireland (1990–97) and UN High Commissioner for Human Rights (1997–2002).

## The Fairtrade Foundation

The Fairtrade Foundation's vision is of a world in which justice and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full potential. The Foundation is the independent body in the UK that licences the use of the FAIRTRADE Mark on products certified against internationally agreed standards, set by Fairtrade Labelling Organisations International (FLO). The Foundation also raises public awareness and campaigns for fairer global trade.



® **Fairtrade  
provides a  
better deal for  
producers in  
developing  
countries**

Fairtrade standards aim to strengthen the position of small-scale farmers and workers in developing countries. They include an agreed price paid to the farmers' organisations for their crop, helping them meet the costs of production and provide for their families. An additional amount of money, known as a Fairtrade premium, is also paid to farmers' organisations to be spent on community projects of their own choice. Farmers and farm workers decide together how to spend this money, empowering them to create positive change for the future of their own communities.

An estimated 7 million people – farmers, workers and their families – in 60 countries benefit directly from Fairtrade sales, and millions more through the investment of Fairtrade premiums into local business and community improvements.

You can find out more about us at [www.fairtrade.org.uk](http://www.fairtrade.org.uk). To find out about Fairtrade around the world go to [www.fairtrade.net](http://www.fairtrade.net).

# Preface

It is rare in life to have a moment of personal epiphany. Mine came in the millennium year when, at the Co-op, we had just introduced the UK's first own brand Fairtrade product: a chocolate bar with its key ingredient sourced from Ghana. We had supported the concept of fair trade right from the beginning but, although always empathetic to the ethical agenda, my interest was primarily commercial; the intention was to develop responsible retailing, a holistic approach to this agenda, as a modern day reflection of cooperative values and a vehicle for differentiating the business from its competitors. But in concert with the chocolate initiative a BBC crew visited Kuapa Kokoo in Ghana and their 14-minute film changed my view of the world. At the end of their report they unwrapped a chocolate bar, which was starting to melt in the heat, and gave some to a young woman and her daughter. As they tasted the product their eyes lit up and their faces were transformed into bright smiles and the young woman said 'oh, it's so sweet, so sweet'. This lady had spent her whole life toiling in the fields for a pittance and had never tasted the product of her own labours; she had no concept of what it was about chocolate that made it so important and appealing to the people living thousands of miles away in the northern hemisphere. In one sense the film captured a joyous experience but in another it was extraordinarily sad. I felt a catch in my throat and knew I was hooked for the rest of my life.

I spent a great many years at the Co-op and worked with some terrific people who embraced its values and worked hard to further its responsible retailing agenda. These early 'pioneers' included Duncan Bowdler, Peter Jackson, Malcolm Hepworth, Martin Henderson, Wendy Wrigley, Peter Rogan, Bill Shannon and John Chapple. Special mention should also be made of David Croft, Debbie Robinson, Ged Carter, Terry Hudghton, Brad Hill and David Seaman.

This book was first conceived in January 2008 when I was working for AgroFair UK. At that time we were planning the shareholders meeting which was due to take place in the UK the following June. This was when the farmers who are members and shareholders of AgroFair would get together to interrogate our management performance and discuss our strategy for the future. The intention was to use the occasion not just to fulfil the formal shareholders agenda but, as we had farmers together from across the southern hemisphere, to give them the opportunity to see a little of the UK Lake District, visit retail stores, meet a local hill farmer, and socialise with consumers and campaigners in Keswick. We also held a seminar on fair trade at South Africa House where the farmers had the opportunity to put questions to some famous and influential people including Gareth Thomas MP who was then the Minister for International Development. The initial intention had been to publish the papers presented at the seminar, together with some additional contributions from fair trade specialists, as a book to help inform, influence, and inspire people to support fair trade.

Unfortunately time and circumstance scuppered the initial plan, but in 2009, during my second attempt at retirement, I turned my attention once more to this project. The authors are different from those originally planned, and the book is more

wide ranging in its scope, but its essential objective remains the same: to promote the concept of fair trade. My gratitude should naturally be extended to all of the contributors to the book but also to the team at AgroFair UK who helped conceive the project. These include Clive Marriott, Paul Harwood, Begona Lozano, Andrea Olivar, Samantha Davis, Lucy Bessant, Margaret Rooke, Robin Murray and Rachel Archer. Extra special thanks should also go to Rachel, for her input into the development of the book over the last two years, and to Lisa Bowes, my daughter, for her English language skills, keen copy eye, and technical wizardry in this computer dependent age. Thanks also to Harriet Lamb and all her colleagues at the Fairtrade Foundation who have given their active and enthusiastic support to this project.

John Bowes

# Contributors

**Rachel Archer**, formerly of AgroFair and Twin, is an experienced traveller who has spent most of the last four years meeting and living with people who work on the land in the global south.

**John Bowes** was a top manager in the Co-op's retail business and was responsible for the conception and development of the Group's responsible retailing programme. Now retired, his last formal appointment was as managing director of AgroFair UK.

**Alex Cole** was the Corporate Responsibility director for Cadbury during the formation of the Cadbury Cocoa Partnership and the move to Fairtrade.

**David Croft** is the global director of Conformance and Sustainability for Cadbury. He was previously a key member of the Co-operative Group's retail team where he helped develop their responsible retailing programme.

**Bruce Crowther MBE** is the campaigner who established Garstang, Lancashire, as the world's first Fairtrade town.

**Pedro Haslam** was an opponent of the Somoza dictatorship and has had a long term involvement with fair trade coffee. Elected to the national assembly on the Sandinistas ticket in 2006, he was recently elected as president of Infocoop and appointed as president of the Institute for Rural Development.



**Nicholas Hoskyns** is a British-born campaigner who went to Nicaragua to support the revolution and has lived and worked there for the past two decades. He is currently managing director of Etico, an ethical trading and investment company which assists small cooperatives in developing sustainable trading initiatives in the global north.

**Joe Human MBE** is secretary of the Keswick and District Fairtrade campaign and coordinator of the Cumbrian Fairtrade network.

**Jeroen Kroezen** was one of the founders of El Guabo and managing director of AgroFair Europe. He is currently coordinating the coffee and fruit programmes for Solidaridad in the Netherlands.

**Harriet Lamb CBE** is executive director of the Fairtrade Foundation.

**Tomy Mathew** was one of the founders of the Fair Trade Alliance Kerala. He is a director of the Fairtrade Foundation and of Liberation Foods.

**Robin Murray** was one of the co-founders of Twin where he has been a director for over twenty years, including ten as chairman. Formerly the chairman of both Agrofair UK and Liberation Foods he was identified by *The Guardian* in 2008 as ‘one of the fifty people who could save the planet’.

**Matt North** was the Sainsbury’s buyer responsible for masterminding the switch of their banana category to Fairtrade. He is now with A.G. Thames.

**Jonathan Rosenthal** was the co-founder and former executive director of Equal Exchange, the first fair trade tea and coffee organisation in the US.

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# 1

## Introduction

### A Brilliant Idea

*John Bowes*

It is perhaps a little predictable to start a book about fair trade by referring to its dramatic growth over recent years. But the results have been truly impressive. The FAIRTRADE Mark is now almost ubiquitous and recognised by more than 70 per cent of adults in the United Kingdom.<sup>1</sup> And, in a decade, sales of Fairtrade products have increased more than forty-fold to a staggering £800 million in 2009.<sup>2</sup>

This is a spectacular achievement. It is a level of success which few can have anticipated.

Fair trade's remarkable progress reflects the innate decency and instinctive humanitarianism of the UK consumer; the enthusiasm and commitment of thousands of active supporters; the focused and determined leadership of the Fairtrade Foundation; and the visionary, and sometimes courageous, strategic determination of key actors in the UK retail business.

Ordinary people, anxious to make a positive connection with, and in support of, impoverished farmers in the developing world, have embraced the concept of fair trade. The development of the FAIRTRADE Mark, and the

determination of the Fairtrade Foundation to keep pace with rapidly accelerating customer demand, has played a critical role in providing consumers with a simple mechanism through which to give a practical manifestation of their desire to support the poor and under-privileged. The Co-op's pioneering role in introducing the FAIRTRADE Mark onto own brand products; Tesco's introduction of a comprehensive own brand range in 2004; and Sainsbury's decision to stock only Fairtrade bananas – all represent seminal moments in establishing momentum for the fair trade revolution.

With all of this activity, and the spin and hype which has surrounded it, a disinterested observer might be excused for concluding that some kind of fundamental and irrevocable change has taken place and that the world trading system was being seriously challenged by a consumer-led revolution. Unfortunately this is still far from being the case.

It has been estimated that fair trade may, currently, be benefiting more than 7 million people in the developing world.<sup>3</sup> This is an impressive achievement but set in the context of the sheer scale of world poverty it still represents only a relatively small contribution towards addressing an enormous problem.

It is estimated that 1.4 billion people, one fifth of the world's population, are trying to survive at or below the World Bank's official poverty line of just \$1.25 a day. And 2.6 billion people, about 40 per cent of humanity, are living on less than \$2 a day.<sup>4</sup>

These astonishing numbers are so large that it is difficult to fully comprehend them. They reflect the appalling collective failure of human society. And the scale of the failure becomes even more dramatic when we consider *disparities* in world income. The poorest 40 per cent account for just 5 per cent

of global income whilst the richest 20 per cent take three quarters of the pot.<sup>5</sup> The truth is that fair trade is still very much in its infancy. Those who are committed to making a real difference in the developing world will recognise that we are not at the end of a process, or anywhere near the end, but really only at the very beginning. If we strip away all of the commercial spin, and occasional wishful thinking, we might be left with the uncomfortable conclusion that, far from capitalising on a consumer movement, we have perhaps not yet recognised its full potential and have so far failed to put mechanisms into place to ensure that its momentum can be fully realised.

There have been a number of surveys on ethical consumers in recent times and what they broadly conclude is that about 5 per cent of UK adults take ethical issues very seriously while around another 20 per cent have an empathy with the ethical agenda.<sup>6</sup> Fair trade has a strong appeal to both of these groups and, therefore, it doesn't take a degree in advanced mathematics to conclude that fair trade ought to appeal to about a quarter of all adults. If we consider that the UK grocery market is estimated to be worth around £140 billion it is clear that sales of Fairtrade products still have a long way to go. With annual sales of £800 million they still account for less than 1 per cent of total grocery sales.

The concept of fair trade has been around since the 1960s when growing concern about neo-imperialism, the growth of multinational corporations, and the plight of producers in the developing world gave birth to the concept of 'Trade not Aid'. In 1965 Oxfam launched 'Helping-by-Selling' – a programme which sold imported handicrafts, from cooperatives and community enterprises in the developing world, through its mail order catalogue and its high street stores. In 1969 the first

Worldshop, a business dedicated to selling handicrafts produced under fair conditions, was launched in the Netherlands; it was successful and further shops were subsequently introduced in other Western European countries. In 1985 Twin (Third World Information Network) was founded with the support of the Greater London Council; politically subversive in its early days it initiated its distinguished record as a fair trade pioneer by importing cigars from Cuba and rocking chairs from Nicaragua.

The initial development of fair trade products was not based on any conception of mainstream market potential but on the genuine concerns of a relatively small number of activists about poverty-stricken farmers in the global south. These pioneers sought to establish new trading models whereby producers achieved improved market access and received a fairer reward for their products. However, with the marketing focused on alternative trading organisations, sales were dependent upon a narrow but committed activist base. As important and well-intentioned as these people were, a fundamental sea change was required if these products were ever going to have a material impact in the marketplace.

In 1988 Solidaridad, a Dutch Christian development agency, established Max Havelaar, the first fair trade label, and began selling fair trade coffee to Dutch supermarkets.<sup>7</sup> The initiative offered disadvantaged producers a fair price for their crop and independent certification allowed the goods to be sold into the mainstream for the very first time. This was a brilliant idea and a groundbreaking innovation. Within a few years it had been replicated across Europe and North America and its success led to the establishment of the Fairtrade Labelling Organizations International (FLO) in 1997. Based in Germany, its primary task has been to bring

all of these national initiatives together behind universal fair trade standards and a single mark.

The development of the FAIRTRADE Mark not only offered the customer a simple shorthand, implicitly communicating proof of audit and accreditation, it also opened up major new distribution opportunities by providing retailers with a credible and recognisable vehicle through which to focus and deliver on their own ethical credentials. In addition, its resultant ubiquity has helped to reinforce the fair trade message and the universal recognition of the central issues involved.

The FAIRTRADE Mark represents a visual guarantee that a product has met international Fairtrade standards. These include a guaranteed minimum price set at a level which ensures that the producer is able to cover all costs necessary for sustainable production. This is not a fixed price. If the market price for a product increases beyond the Fairtrade minimum then the producer will receive the higher of the two prices. The minimum price is set by FLO and ensures that, even when world prices fall, the farmer always receives enough money to cover costs and stay in business.

The mark also guarantees the Fairtrade premium. This is a sum of money, in addition to the product price, which is paid for investment in social, environmental or development projects. The premium is fixed by FLO and its use is determined democratically by producers and/or workers within the farming business. It might, for instance, be invested in healthcare, education, or be used to support commercial projects which support the sustained viability of the farming enterprise.

The standards also recognise that importers in the north will, under usual circumstances, have much better access to credit than producers in developing countries. Accordingly,



importers are required to be prepared to pre-finance up to 60 per cent of the purchase value of seasonal crops. This can sometimes be critical for producer cooperatives as they often need to pay their members at time of delivery in order to compete with private traders.

The Fairtrade standards also emphasise the importance of partnership between trading partners. Long term trading relationships allow producers to plan with the confidence that they have a secure market for their products. This allows them to build capacity, invest in technology and strengthen their organisations. Indeed, there is substantial evidence to suggest that sustainable market access is as important as Fairtrade premium prices for many marginal producers in the developing world.<sup>8</sup>

Producers also have to demonstrate that they are adhering to specific economic, environmental and social requirements. The initial standards were established with the intention of establishing criteria for small-scale farmers and, therefore, focused on cooperatives or similar associations. These organisations are required to have a democratic structure and a transparent administration; facilitating effective control of the management by empowering their members. Discrimination on the basis of race, colour, sex, religion, political opinion, national extraction or social origin is strictly outlawed.

Separate standards have been established to apply to companies who employ hired labour. Where workers are employed they must have the right to freedom of association and collective bargaining, be free from any form of discrimination, have fair conditions of employment, and operate in a safe working environment. Children under 15 cannot be contracted for employment.