Fairtrade: Working to make trade fair in the Pacific
Continuing the discussion from ANU’s Engaging Business in Development Forum

In 2011, more than 1.2 million disadvantaged small-scale growers and agricultural workers accessed the international Fairtrade market with products produced and traded fairly. These commodities, often faced with challenges that the Fairtrade system aims to address, were sold in 120 consuming countries where ethically-minded consumers spent nearly €5 billion on Fairtrade certified products, and also engaged in the promotion of a fair trading system that encourage poverty alleviation, environmental sustainability and social justice.

The activity above reflects a broader trend of ethical consumerism where an increasing number of consumers are recognising the potential positive, and indeed negative, impacts there purchasing decisions can have. This is encouraging businesses- from small boutique companies to globally recognised trademarks- to invest in brand responsibility and stakeholder trust, while providing small-scale growers with the opportunity to participate in global markets.

Fairtrade is a market-based development mechanism with demand driven via the FAIRTRADE Mark. As the most widely recognised ethical label in the world, the Mark allows consumers to identify products that have been produced and traded under international standards for sustainable production and equal trade; and also enables growers to improve the visibility of their commodities on supermarket shelves.

The Fairtrade system is unique among international eco and ethical labels as it is underpinned by development and empowerment as its core principles. The Fairtrade standards are a set of development criteria that encourage the improvement of transparent and sustainable producer organisations and their businesses, and support equitable relationships throughout the supply chain. They ensure that producers receive a price that covers their costs of sustainable production, which is known as the Fairtrade Minimum Price, and in addition, the Fairtrade Premium price, which producer organisations invest in projects that enhance social, economic and environmental development of their communities. The standards also enable pre-financing for producers who require it, facilitate long-term trading partnerships, and enable greater producer control over the trading process.

The Fairtrade standards are designed in consultation with all Fairtrade stakeholders, particularly with farmers and business who share equal ownership of the Fairtrade system. Ownership is executed through participation in the Fairtrade International General Assembly and facilitated by various mechanisms of participation, including three producer networks based in Latin America, Africa and the Asia/Pacific region. This democratic system ensures that the standards take into account the realities and challenges of those involved in the Fairtrade system. In addition, standards are set in accordance with the ISEAL Alliance Standard-Setting Code, which ensures that standards are accessible and credible.

Compliance with the Fairtrade standards is monitored by FLO-CERT, an independent certification body who verifies the operation of Fairtrade supply chains though a system of annual on-site inspections. The certification process ensures that producer organisations receive the system’s associated benefits, including the Fairtrade Minimum Price and Premium, and that any areas identified as non-compliances are addressed in order to improve producers’ and workers’ conditions.

As part of its operation, FLO-CERT collects and follows up on detailed data from producer organisations and businesses, which serve in the assessment of Fairtrade impact among producer organisations and communities. FLO-CERT’s ISO 65 certification guarantees that the organisation has a quality management system in place which follows transparent processes and produces independent certification decisions.

Australia and New Zealand is one of the most rapidly growing Fairtrade markets in the world, thus there is significant potential to increase Fairtrade benefits to farmers as a result of sales in ANZ. Fairtrade ANZ has identified a strong commitment among businesses and consumers in the region to support Pacific-based producers, and through its Producer Support and Relations project launched in 2010, supports smallholder farmers in the Pacific to gain, maintain and benefit from Fairtrade certification.
In the Pacific, Fairtrade certification is enabling small-scale Pacific grown commodities such as coffee, cocoa and vanilla from Papua New Guinea and sugar from Fiji to reach highly competitive international markets. In 2011, more than 8,000 small-scale Pacific producers benefited from Fairtrade and this number is growing, as more smallholders in the region are interested in following the Fairtrade standards to become democratic producer organisations that promote participation and equality while growing transparent and sustainable businesses.

Fairtrade ANZ has made significant progress in developing targeted farmers’ capacity so that they are able to improve their business and organisations and secure long term relationships with buyers; a position that allows farmers to plan for the future, to grow within the Fairtrade market, and in many cases, to continually add value to their products or to market their own brands. This can be seen in the example of Divine Chocolate Limited, a manufacturer of Fairtrade chocolate in the United Kingdom and the United States founded and co-owned by Kuapa Kokoo Farmers Union from Ghana.

In the same way that Fairtrade enables consumers to make conscious choices, the system works to make producers aware of their relationship with the market, empowering them to develop their businesses and choose their own paths for development.

For more information about Fairtrade and Fairtrade ANZ’s work in the Pacific, click here.