

# FAIR TRADE



Fair Trade is a trading partnership, based on dialogue, transparency and respect, that tries to achieve greater equity in international trade between the rural workers and the buyers. It contributes to sustainable development by offering better trading conditions to the marginalized workers in the South.

Fair trade is a system adapted in trading to honor of...



## Fair price of Products -

This fair trade system aims to create standard costings for products that ensure to cover the cost of production, and cover basic food, shelter, clothing, education, medical protection and wages of workers.

## Investment in the community -

many fair trading corporations also aims to support the community affairs through a set amount of money from the organization's revenue, called the social premium. Fair trading organizations would use the money to organize projects such as building health care clinics, providing scholarships, schools and so forth.

## Environmental Sustainability -

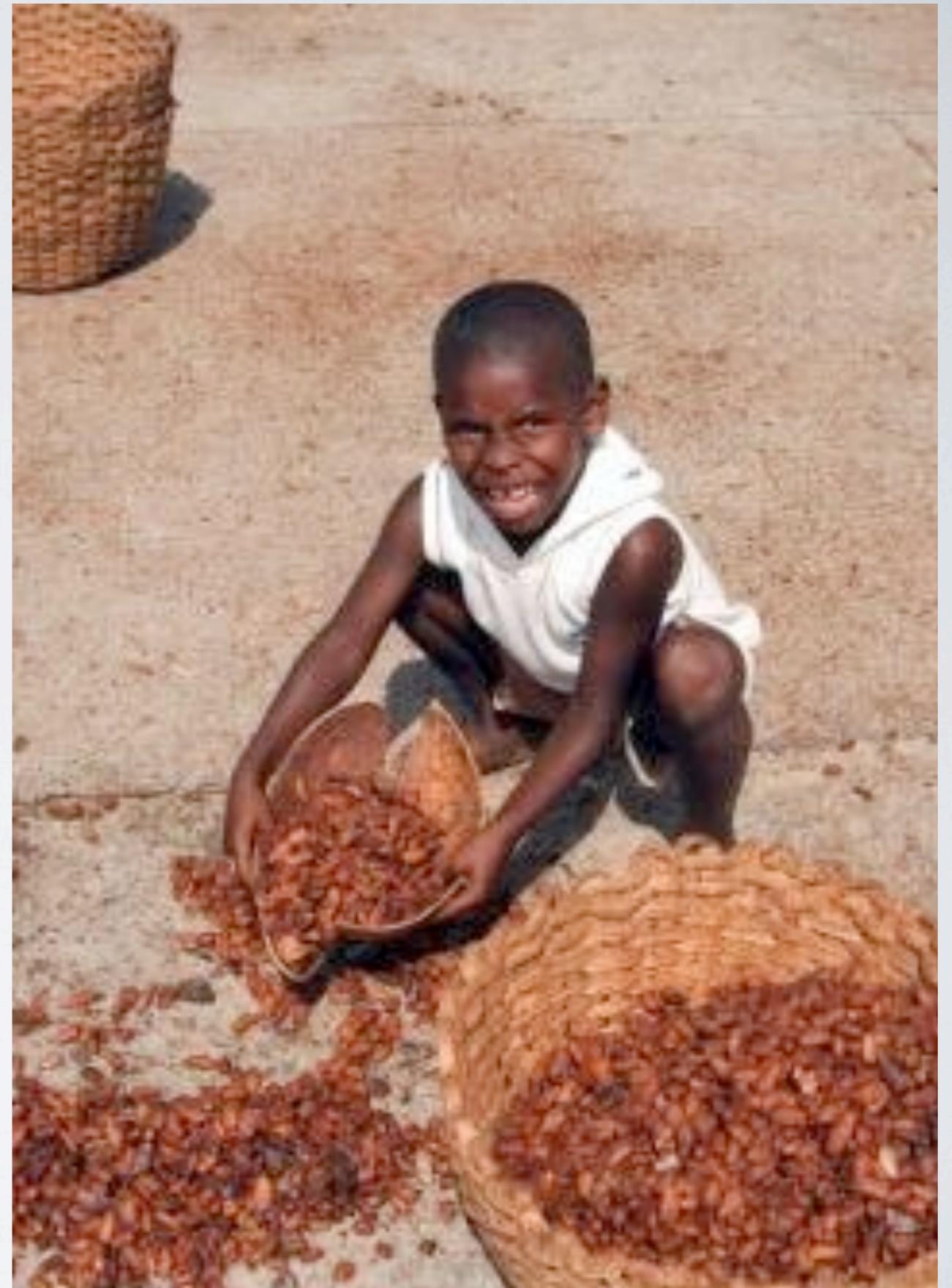
The fair trade union enforces the protection of the natural habitat and make sure that the working methods do not consist of the use of toxic chemicals.

## Direct Trade -

Fair trade importers aim to purchase from fair trade cooperatives as direct as possible, without the use of a "middle man". This secures a long lasting stable relationship between the producers and importers.

## Economical empowerment -

fair trade unions aims to support the small-scaled workers, that are the bottom of the economical market. These workers do not have the ability to be directly involved with the trading between unions. However Fair Trade cooperations ensure that producers are able to have their right in decision making and have equal returns from the market.

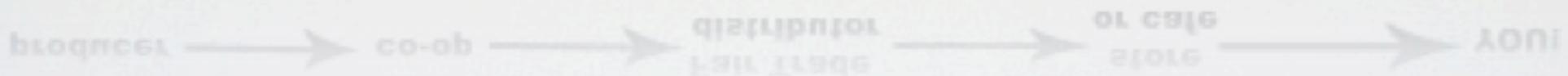


## Conventional Supply Chain



## Fair Trade Supply Chain

Fair Trade Supply Chain



# HOW FAIR TRADE WORKS

The number of firms in the process of production are reduced in order to increase the profit of the primary sector. Furthermore, the price of the raw materials sold by the farmers are ensured.

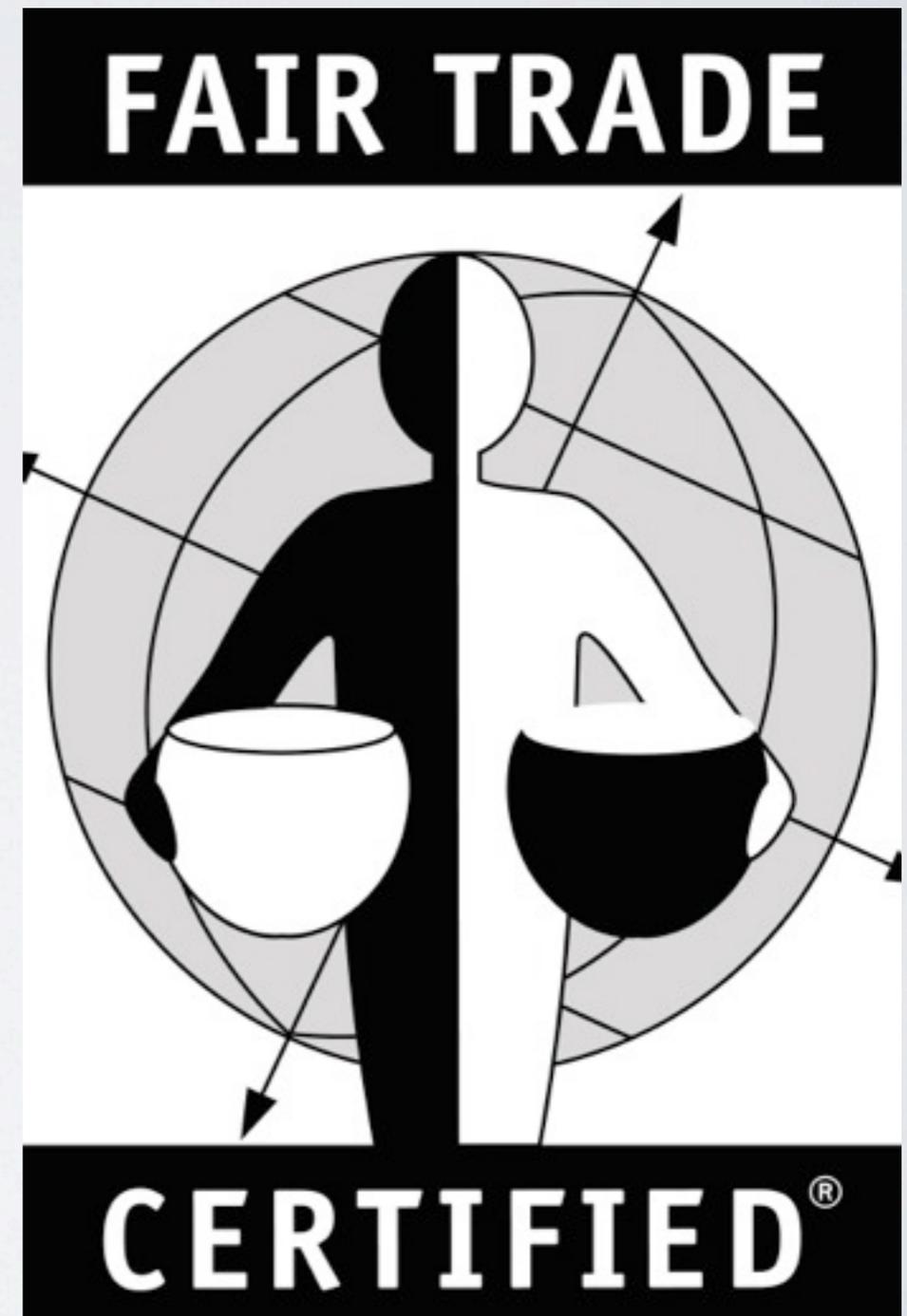
# EXAMPLE: STARBUCKS ADVANTAGES

- Ensure all the coffee beans are from ethical source
- 86% in 2011 and plans to reach 100% in 2015
- This project is responsible for Coffee farmer's equity
- helps protect the environment and livelihood of farmers



# DISADVANTAGES

- One of the biggest disadvantage: it is hard to guarantee the rights of suppliers are really protected
- Example: An article written by M. Six Silberman, of the University of Columbia, concludes, after a well-documented critique, that "it appears that the CP [Cafe Practices] do not guarantee a minimum price per pound to the grower, or even to the supplier. If this is the case, Starbucks has failed to act on the recommendations proposed by stakeholders in February 2004."
- It also discourage companies to invest in developing regions



# DISADVANTAGES CONTINUED



- In addition, even if the rights of suppliers are protected, companies might reduce the price in other ways such as transportation, leading to a violation of other people's rights
- Fair trade is not fair in a way because the price isn't only based on the supply and demand, but also how ethical the source is