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Fair Trade for an Equitable Economic Order

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FAIR TRADE FOR AN EQUITABLE ECONOMIC ORDER

Fair trade organisations have been working for more than 40 years for more justice in international trade rules. It aims for allowing everybody to live with dignity. The theme on fair trade for an equitable economic orders us to think at the way fair trade can be a tool for meeting the challenges of globalisation to the benefit of the small and marginalized. The answer of Artisans du Monde is perhaps less ambitious than this question and less ambitious than the action of our partners in the south who are working directly with the smallest. We have to consider that trading at international level requires having a quite well established organisation that people in an isolated village in Africa or jobless people excluded from the northern welfare society cannot meet. Therefore we rather speak about an economy serving people which means adopting a more realistic approach and also a more integrated one since we think that dealing with the whole question is the only way to change things to the benefit of the those who are earning less than 2 \$ a day. After having clarified this point, we are convinced that fair trade can contribute to an equitable economic order. To achieve this, we have to stress the three dimensions of fair trade that cannot be separated from each other:

- a social and economical dimension since fair trade means trade with a perspective of sustainable development ;
- an educative dimension for building other commercial relationships based on transparency and trust ;
- a political dimension that leads fair trade organisations to ask for more justice in the rules of international trade.

1. EXPERIENCES AT LOCAL AND GLOBAL LEVEL

The economic model that we have chosen has to do with practical experiences and global convictions. It does not rely only on quantitative figures since it aims to develop a people's economy that puts people before financial profit. The main characteristics of our experiences are linked to people because as we stated in a former campaign : it is the human being who is capital.

- First, our local practice is a collective practice. When one person wants to develop a local association or open a worldshop, we first ask how many people can take part in the project. A fair trade organisation, either in the north or in the south, means first people who start with an individual project and get involved in a collective process.
- Our practice is open to everybody whatever qualification he/she has. Of course we have to stress that we should do it better if we want to have more different people within our organisations. We give priority to apprenticeship through action and training.
- Our local practice is also a political process aimed at local decision makers. We ask them for concrete steps to buy fair products.

Other ways of consuming

To illustrate that fair trade is really a process leading to other ways of consuming, I'd like to tell you about this fact. In early january 2004, the french newspapers got an advertisement from a



supermarket company, Auchan. It was presenting its best wishes for the new year and saying : “we wish to everybody to have a better life. Having a better life means consuming better and having pleasure with tasteful products. Having a better life, means saving money, everyday, when you are doing your shopping”.

These would not be the wishes of fair trade organisations since consuming has nothing to do with saving money. Saving money means looking for the lowest price, one working against producers or paid workers. Therefore fair trade is proposing a new mode of consumption that I will present according to the following three characteristics:

- Its first characteristic deals with the type of shops where we are selling products. Artisans du Monde has decided to develop a worldshops network independent from the big retailers. We have presently 115 worldshops and more than 300 outlets linked with small retailers or local associations. Why this choice regarding the demand of producers for selling more? Especially in France, big supermarkets don't respect producers. One of the major critical point concerning supermarkets is their way of paying producers. They are paying producers 90 days after delivery while in the same time they get cash from consumers.
- Its second characteristic is linked to a thought about buying. The costs of our products include social and environmental costs. This often means a product with a cost higher than other products even if we succeed in having some cheaper than those sold in conventional trade since we are not looking for big margins. Our aim is to give priority to a consumption reduced in quantity but high in social quality. This way, consumers may be led to reject the trend of consuming more and more imposed driven by liberal economy.
- Its last characteristic is to build on information. In the worldshops, consumers may learn not only about the geographical origin of the products but also about the producer's organisation. Our label is not only a code bar but also an invitation to know more about the product: its history, how it is made but also its second history, which means the general context of production. In this respect, we are convinced that we can't rely on consuming practices based only on knowing the products and therefore only the producers' story. Consumers have to know more about the consequences of international trade.

Networking for doing our work better

Networking is an important way of working within fair trade organizations. At the european level, worldshop's organisations are working together within News! At international level, IFAT is an essential network allowing every stakeholders of the fair trade movement to compare their practices. Our network is opposed to pyramidal structures that we meet in conventional trade organisations. Networking helps developing trust and democracy within the movement of fair trade.

2. FAIR TRADE REFUSES LIBERAL ECONOMY

We have already seen how fair trade is promoting a change in the processes of producing and consuming. We have now to look at its approach concerning the economy.



Fair prices

Fair trade aims to pay a fair price to producers. We have two systems :

- For some commodities like coffee, price is fixed at international level by producers and importers so that producers get a price more stable than the price determined on the commodity market;
- For other products, in particular handicrafts, it is fixed by producer's organisations.

When we pay a fair price, we refuse low wages and oppose ourselves to the main logics of international organisations and transnational companies:

- international organisations as for instance the OECD published a report some years ago telling that minimum wages in France were too high to allow us a good development;
- transnational companies never hesitate to move their plants from a country to another one as soon as production's costs are getting higher. The history of textile industries in the last 30 years is a good example.

Market regulations

Fair trade organisations are not opposed to international trade as far as it does not damage local economy. Nonetheless we think that we need other mechanisms than those which exist and only aim at market access. Those mechanisms are making poorer and poorer 21 millions of coffee producers around the world while transnational companies like Nestle are making big profits since coffee price is lower. Therefore Artisans du Monde is defending following points:

- We need a new organization of the WTO to be monitored by the United Nations;
- We need to subordinate international trade rules to social and environmental rights and food sovereignty;
- We need to put on the agenda of international negotiations the question of commodity prices and of market's regulations;
- We need to promote the right of every country to protect their own markets from imports.

3. CHALLENGES FOR FAIR TRADE ORGANISATIONS

Fair trade has developed in the last 40 years. Fair trade organisations are constantly growing and have to face different challenges.

Challenges towards our own criteria

One main criteria concerns fair price. Our experiences are showing good results but we have to work on two areas in order to obtain even better results.

- The first one concerns coffee prices. Our ground price is a good price regarding conventional trade, 126 cents a pound while coffee price at the New York stock exchange is at about 80 cents a pound. But it has not changed for years while cost productions for the producers are growing every year. Of course, it's difficult to have a higher price for consumers. Therefore it has not changed since producers and importers feared to have



less buyers. But if we really want to be fair, we have to work on this question of price and be more ambitious.

- The second area concerns the relationship between producer's organisations and importers. When prices are not decided at international level, even if, as I already told, producer's are defining a price, we have to be conscious that importers have a say since they decide to buy or not. Therefore we should be more creative and look for other ways of monitoring prices and perhaps include other stakeholders of the fair trade chain such as worldshop's organisations or consumer's organisations.

Challenges towards transnational companies

Last year in Porto Alegre we had deep discussions about strategies for fair trade movement. As a result of the discussion, we faced two different strategies :

- The first one was to hope that developing fair trade through consumers demands would lead transnational companies to change their way of buying products;
- The second one aims to develop a social movement and build people's economy and ask political decisionmakers to introduce new rules and especially market's protection and respect of social rights.

Between these two strategies, Artisans du Monde has chosen the second one. This choice is linked to our history and our ambition. At the beginning of the 90s, we were hoping to develop fair trade in all possible outlets. Even in supermarkets. We even had a working group on that topic! But now, looking back at the last 40 years, we have to consider that fair trade has developed while coffee, sugar and cocoa producers were receiving lower prices. Therefore we are now convinced that fair trade organisations cannot only win some market share while 2 billions people depend directly or indirectly from commodity prices. Fair trade organisations have really to differentiate themselves from the liberal economical models. And this for 2 reasons.

- The first is that conventional traders are using fair trade only for developing new market, securing consumers that want social quality without changing anything in their way of consuming ;
- The second is that because those traders are adopting only some of the criteria of fair trade and tell that there are doing fair trade. Some years ago, it was a risk. Now it is a reality. In the Netherlands, Utz Kapeh, a foundation, does not take into account the FLO coffee price.

Challenges towards governments and transnational organisations

As we already see, one of the main present challenge of fair trade organisations is to stand for a concrete alternative to liberalism. This challenge concerns transnational companies but also governments and international organisations such as the WTO or the UNCTAD.

Presently, I consider two challenges :

- The first one concerns our way of campaigning for fair trade;
- The second one concerns our position within the present rules of the WTO.



Being careful when campaigning

At the WTO conference last fall, one of the main demands of the NGO's concerned stopping subsidies from the USA and the UE in order to allow african producers, especially cotton producers, to have access to the market. When limiting the demand to the withdrawal of subsidies, two questions are neglected: one concerning prices and another concerning market's regulations and protection. Exactly two questions that liberalism does not want to take into account. Thus, both questions are essential and perhaps more essential than subsidies as long as subsidies are not linked with dumping. One example illustrates this. Coffee is not competing with subsidiarized production. Nonetheless, coffee is at its lowest price because of market surplus thanks to the Worldbank which encourages countries like Vietnam to grow coffee and because of speculators. This example makes clear that subsidies should not be our own topic because in this case we are helping those whom we want to fight.

Refusing a special treatment for fair trade organisations

Shortly before the WTO conference, we had a discussion concerning the question of special treatment for fair trade. We had not time to discuss it deeply at the international level but at the national level we are in favour of refusing it. This was motivated by the presence of 3 risks :

- The first one is putting fair trade in a niche with some advantages but without any perspectives of broadening our demands ; in other words we could not stand for more global positions like the question of food sovereignty and market protection;
- The second one leads to prove that we don't any longer need public services: when looking at the success of fair trade which contributes to local development by allowing for instance the construction of a school, one could think that we don't need public services since private initiatives are taking their place;
- The third one is linked to a risk of having lower criteria for fair trade.

A challenge towards organisations of civil society

Fair trade was one of the proposal presented at the WSF to change the world and challenge liberalism's steamroller. Fair trade organisations are actively taking part in the WSF and in the regional social forums. To go further, they have to develop alliances at local and international level. Just a few words, about the alliances we have been developing in the last years within Artisans du Monde :

- The first one is linked to the Clean Clothes Campaign where we stand for social human rights and the right of consumer to be informed about the social quality of products;
- The second one through the Forum for sustainable agricultures that aims at food sovereignty, respect for small farmers and for policies that takes into account the question of prices;
- The third one with organisations linked to people's economy.

Those different alliances have helped us change our way of looking at the world and making proposals that go further than commercial exchanges or the simplistic belief that one could change the world by just going shopping. They have shown that fair trade could be part of people's economy. This economy is linking local and global policies. It refuses to consider that international market access is the only tool to reduce poverty. It is the way that we have choosen



to build an fair economic order and to allow more global changes to the benefit of the billions of small and marginalized people of our planet.

As a conclusion, I would like to say that even if the challenges we are facing towards an economy not linked to profit are high, I feel confident, we'll succeed. We just have to think about the WSF itself. 4 years ago, there were only a meeting in Davos of the richest people to discuss the state of the world. In january 120 000 people were present in Mumbai while in our own countries people were also having discussions. Therefore I am convinced that the future belongs to fair trade as long as we are able to build alliances with the alterglobalization movement.

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