

What happens to producers working for non-fair trade companies if everyone starts buying fair trade?

There is an argument which says that as demand for fair trade goods increases, non fair trade producers will lose customers and, thus, end up in a worse position than ever. In reality, this is unlikely to be the case.

It is not the case that an increase in demand for fair trade necessarily results in a higher volume of production for existing producers.

Many of our producers are small-scale farmers who work at capacity. As demand for fair trade grows, therefore, it will simply be the case that a greater proportion of their output will be sold on fair trade terms as opposed to non-fair trade terms in the market.

New fair trade suppliers tend to be existing producers given the chance to trade in this way, rather than new producers. In this way, an increased demand for fair trade as opposed to non fair trade goods will not lead to over-production or a loss of custom for non-fair trade producers.

It is also true that the more people switch to buying fair trade products, the greater the pressure will be on other companies to adopt fair practices in relation to producers.

Losing customers to fair trade companies is, arguably, the best possible means of convincing big companies to change the way they work.

Some critics of fair trade say that we keep small producers going and thus sustain over-supply of particular commodities, rather than allowing them to exit from the market, reducing supply and leading to a rise in prices for other producers.

In terms of economic theory this may be correct, but we should recognise that the volumes of fair trade are still tiny and have negligible impact in this way.

Traidcraft also believes passionately that you cannot consider people simply as factors of production – “exiting from the market” may mean destitution or even death in many contexts, and the drive for market efficiency is not sufficient justification for this impact on individual lives.

We think that positive action to support the most vulnerable producers in the market is morally the right thing to do. By encouraging fair trade producers to diversify into other products we are able to facilitate a transition in ways that are much more acceptable in terms of human cost.

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