

## Prices and producers



How do you know the money gets to the producer?

In most cases Traidcraft has a direct relationship with the producers or their representative organisations. This enables us to check that they are satisfied with the way the trading relationship develops.

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How do you set the prices you pay to producers?

Traidcraft consults closely with each producer group to establish a fair price for their products. In the case of products carrying the Fairtrade Mark, a minimum price is set externally by the Fairtrade Labelling Organisation (FLO).

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How do you set the final retail price?

Where Traidcraft is not selling directly to the consumer, it is the supermarket, retailer or Fair Trader that decides the final selling price, of course. Producers receive their money at the point of sale to Traidcraft (and, in fact, often receive a substantial proportion in advance) not at the point of sale to the consumer.

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What proportion of the final price goes to the producer?

Traidcraft's social accounts show that the total amount paid to producers accounts for just over one third of our cost of sales. This is a much higher proportion than you would typically find in a commercial organisation.

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Why do producers occasionally drop out of the catalogue?

Our fair trade principles do ensure long-term relationships with producers, but this does not mean they are indefinite. Indeed, our aim is to reduce producers' dependency on Traidcraft so that they can stand on their own two feet and survive without the added benefits of fair trade. We can then turn our attention to supporting other, newer fair trade producers as they start out on the road to sustainability.

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Does Traidcraft cut out the middleman?

"Cutting out the middleman" was a popular refrain in the early days of fair trade, and referred to the desire to end the dominance of exploitative and monopolistic middlemen in particular commodity sectors. This clearly was and remains an important aspect of fair trade.

Sometimes, however, the phrase is interpreted more loosely as seeking to cut out all middlemen which is in fact very far from the truth.

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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.

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How does Traidcraft find producers and choose who to work with?

Traidcraft's strategy is to maximise its impact in the particular countries in which it works. Most new producer groups come to us through our existing links within a particular country or region.

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I am visiting one of the countries you work in. Is it possible for me to visit your producers there?

The best way to visit Traidcraft's producers is on one of our organised Meet the People Tours. The tours, lasting around two weeks, combine visits to some of Traidcraft's producers with time to take in the sights, sounds and flavours of the countries we work in.