



Traidcraft's response to an article in the Financial Times

A recent article in the Financial Times raised concerns about the sourcing of some Fairtrade certified coffee from producing groups in Peru. The article did not present a balanced view of the issues.

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You will find a response to some of its specific criticisms on the news sections of the Fairtrade Foundation website www.fairtrade.org.uk and the Cafedirect website www.cafedirect.co.uk.

The overall tone of the article questioned the value of the Fairtrade labelling system in general and a number of Traidcraft supporters have asked for our view and for further explanation of our approach. This is our response:

The Traidcraft approach

As one of the organisations which set up the Fairtrade Foundation - the body in the UK which awards the Fairtrade Mark - we believe Fairtrade certification is a valuable and important process.

Whenever a consumer sees the Mark on a product, they have the assurance that the product has been sourced to internationally agreed standards. That builds confidence in the fair trade approach, and that in turn has helped make the UK the largest and fastest growing fair trade market in the world.

It's a great achievement, which is not to say that the system can't be improved, and Traidcraft is playing an active role in the international Fair Trade Labelling Organisation (FLO) to ensure the monitoring and evaluation of fair trade standards is carried out as rigorously as possible.

We believe we can make an important contribution in this area because our own distinctive approach goes beyond the standards required for the Fairtrade Mark, reflecting our concern to maximise our developmental impact and our focus on fighting poverty and transforming individual lives.

The key characteristics of Traidcraft's approach to fair trade are:

- A development model: We work to build sustainable businesses in communities that are poor, helping them through the experience of trading and other direct inputs to develop to a point where they can thrive in mainstream markets without the need for support.
- Fair terms of trade: We pay prices that enable producers to earn a fair return for their efforts. We give producers access to credit and advance payments where needed to enable orders to be fulfilled, and we make available additional premiums for community development. We aspire to increase the proportion of added value that takes place in developing countries.
- Valuing individuals and communities: We buy from producer groups that respect and promote the rights, dignity and welfare of their producers and wider communities.
- A commitment to relationships: We seek long term partnerships with our producer groups, giving them the confidence to invest and to grow. Our ultimate aim, however, is that our producer groups should become fully independent, allowing us to extend our work to new groups.
- Sustainability: We work to help communities reduce their vulnerabilities by diversifying their skills and products, developing local and regional as well as international markets, and implementing good environmental practices.

We work with hundreds of groups in almost 30 countries across Africa, Asia and Latin America. To maintain the validity of our fair trade credentials, we use a continual Partnership Review Process with dedicated staff visiting producers on a regular basis.

In each review, details of the product supply chain are documented from raw material to final product; purchasing criteria are examined, including how the price is determined, whether a fair trade premium is paid and how it is administered. Other issues scrutinised include pre-financing, wages, participation and representation.

Analysis of this information helps us highlight areas of need or concern and also note any other key concerns raised by the partner. Actions agreed by both parties are noted with a timeframe for these actions and activities.

Reporting on the process is built into the organisational learning programme for each quarter, allowing us to make practical and timely contributions to the sustainable development of our network of partners. However, we recognise this review process needs strengthening and we have recently committed further staff resource to it.

Our commitment to openness honesty and transparency is a matter of public record. We were the first plc in the UK to publish a fully audited set of social accounts (1993) a practice we have maintained ever since. In 2006 we were the outright winner of the ACCA award for the best social accounts - the fourth year our name has appeared on the trophy list.

In March 2006 Traidcraft received a Queen's Award for Enterprise for Sustainable Development for its pioneering work on using social accounting and a partner review process to promote dialogue with all its stakeholders.

As fair trade becomes more and more successful - and more and more a presence in commercial and business life - it is inevitable that the scrutiny of those that practise it and the standards they apply, will increase.

We welcome that scrutiny because, done fairly, it will identify the benefits of our approach and encourage others to join us in the work. And where it highlights areas where we could do better, we'll welcome that also, because it will help us to improve.

Our unique structure - a trading company and a development charity working in tandem - gives us a distinctive perspective on how trade can be made to work for the poor. Our three interlocking activities - trade, support and influence - are enabling us to make a lasting impression on poverty. With your support, we are transforming trade and transforming lives.

Our latest social accounts, which include full details of the Partner review process, are available on-line at www.traidcraft.co.uk/socialaccounts.