

## Is *Fairtrade* the Same as *Just Trade*? A *Direct Trade* Perspective

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'Sometimes I want to ask God why He allows poverty, suffering and injustice when He could do something about it. But I don't because I'm afraid He would ask me the same question' [2]

What do my life story, my decisions and my actions say about what I have done to reduce poverty, to ease suffering, or to stop injustice? I am deeply challenged by this, and so I am working towards a humble answer.

This short article cannot look at all the relevant and necessary issues of trade justice. However, what it can do is identify a few things I have learned through my work sourcing and importing coffee direct from farms.

Trade has been an integral part of our lives for thousands of years, on a local and global scale, and that is not going to change. What has changed, through globalisation, however, is our awareness of, and closeness to, those trading relationships. Who we trade with, what we trade, and most importantly, how we trade, have become increasingly important issues for many of us as Christians. This however, is not a new issue for God. If you read through the Old Testament prophets, or the words of Jesus, you'll quickly realise that issues of trade justice are not only part of how we should think and act as followers of Jesus, but they should be integral to our values and behaviour.

Part of our attitude and action as Christ's ambassadors on earth has to be to stand against unjust people and structures, which are so often the root cause of poverty. Surely this is Good News to the poor and part of God's mission?

So for me, part of living out that mission is done through my work sourcing and supplying coffee with *Ethical Addictions*.

**Tanzania, 2009:** Whilst visiting a farm on Mt. Kilimanjaro we were invited to the small village of Manoshi to meet some coffee growers who had benefited from our (and others) investment in smallholder coffee production. Providing a pulper (picture opposite – ed.) allows them to better process their crop, however they still had no route to market and so were inevitably being exploited by the local cooperative,



receiving only a fraction of what their coffee was worth (about \$1/Kg).

The Manoshi village grows exceptional coffee – high altitude, volcanic soil, glacial water – a wonderful, full-bodied, rich cup of coffee; but cheap, because of injustice. They deserved a better price; they deserved a fair price. If we had offered them \$1.50 or even \$2.00/Kg we would have bought the coffee, and they would have been thrilled. But whilst that may be seen as good, and even feel good, such an act of mercy or charity would remain unjust. This is a high grade Arabica coffee, worth a certain price on the market and justice is nothing short of that price.



[3]



[4]

After some discussions on logistics, and various misunderstandings through interpreters, much singing broke out amongst the women of the village, as we agreed to buy their coffee for what would be a net price equivalent to a significant market premium, more than tripling their income. For the 2011 crop we have just confirmed our commitment to a sustainable relationship buying their entire crop again at an even higher price reflecting changes in the worldwide market. This is just trade. And the result is joy overflowing into song, thanksgiving and worship...by simply doing what is right.

So what can we learn from this example? Trade and justice are far more complex issues than this short article can address, and there is no one solution. These are some of the justice issues throughout the supply chain that we need to be more aware of and consider in our ethics when trading, be it as a company like *Ethical Addictions*, or an organisation or church choosing trading partners, or as consumers in a supermarket.

It is too easy for us to turn a blind eye. It is also too easy to simply trust a company's branding, wording, and labelling. Take the story above – would it surprise you to discover that the cooperative previously trading with and exploiting the Manoshi village is actually the same cooperative that *Fairtrade* work with and certify coffee from? Whilst the cooperative may get a 'fair' price, the actual farmer can easily be neglected in the monitoring process, given the lack of scrutiny and true transparency.

Whilst I acknowledge some of the great work of the *Fairtrade* Foundation over the years, and I acknowledge it is impractical for us to investigate every product we buy, I want to highlight how easily we can believe we are acting justly, when in truth we may be supporting injustice.

We live in a world where ethics is now big business – how can we trust the branding? Are we as fully informed and as aware as we could be in order to act justly in our trade? Do we too easily trust labels in order to offset our guilt without investigating other options?

For example, the simplified graph below shows the impact of three different trading relationships on the price a coffee farmer receives and the price we then pay on the shop shelf (Both prices are issues of justice – paying a fair price for a certain standard of product at whichever end of the chain you are).



These are comparative, not absolute figures, to demonstrate a point. Through organisations like *Fairtrade*, a premium is sometimes paid to the farmer. However, *Fairtrade* only 'guarantee a better price' is paid to the farmer. Commendable as this is, in a discussion about justice we do need to ask; is a better price a fair or a just price?

A further complication is the exploitation of the market and the trade chain that then takes advantage of the certification process, all adding an additional premium along the way and pushing the end price disproportionately upward. So for good-hearted consumers willing to pay a premium, they are disappointed to discover that only a tiny percentage of their extra payment actually reaches the farmer.

Direct trade on the other hand cuts out a number of the intermediary players in the chain and returns a larger proportion of the final price to the original producer. Furthermore, there are fewer margins in the chain to be exploited and so the product is brought to the market at a more competitive (and fairer) price to the consumer.

A significant *caveat* exists for direct trade companies – they have to be trusted to act justly and honestly. The direct trade relationship is *not* there to benefit the trader in getting a discounted price, but to ensure the farmer more directly benefits from the trade. Direct trade through companies like *Ethical Addictions* shows clear and significant benefits. However, the same concerns exist as in other trading options and we should not be complacent, or transfer our trust easily. Issues of transparency and justice remain and the onus of responsibility remains with each of us as individuals to hold companies to account and ask the difficult questions.

This position has recently been backed up by some significant research by *The Institute of Economic Affairs* (Mohan, 2010) [5] that demonstrates:-

- Fair Trade is not a long-term development strategy and the model is not appropriate for all producers.
- Fair Trade promoters have never demonstrated how much of the additional price actually reaches producers. Even analysts sympathetic to the movement have suggested that only 25% of the premium reaches producers.
- Fair Trade does not benefit the poorest producers due to heavy administration requirements and fees involved in becoming a certified producer.

- Fair Trade's demand of exclusivity from schools etc. can damage other social labelling initiatives such as the Rainforest Alliance. Other such labelling initiatives often provide environmental and social benefits in a more direct way.

My story, at *Ethical Addictions* is one of trying to live out some of my values of justice, but it is by no means complete. I realise a lot of what I have said may be surprising, or controversial, and where I have been inconclusive or scarce in my comments due to the brevity of the article, please forgive me, but understand my motive has been to stir conversation, questions and responsibility. I am still learning, thinking, reading, wrestling, discussing and participating in these issues of justice and I invite you to join me to discuss them and ponder your response.

Equally, please do not read this as a triumph. At *Ethical Addictions* we are not perfect and are working on those areas where we know we can do more. We are all on a journey together to live out God's call to justice. For me part of that is lived out through trade justice in my field of work. But there is a lot more I could be doing, big and small.

There is no such thing as being neutral or impartial on the issue of justice. That option is not available to any of us; certainly not those of us who profess to follow Jesus. There have been times in the past when awareness, or access, or ability, may have genuinely prohibited our acts for justice. These are not justifiable excuses today. There is no neutral position; to ignore issues of injustice today is to side with the perpetrators of injustice.

So I ask myself, and I ask you, why do we allow poverty, suffering and injustice when we can do something about it?

## **Bibliography**

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## **Notes**

[1] Ethical Addiction's website is <http://www.eacoffee.co.uk>. The Author describes himself as a dad, a husband, a struggling disciple of Jesus, a friend, a student, and a coffee drinker. He is currently studying the MA in Global Leadership in Intercultural Contexts at Redcliffe College (ed.).

[2] Anonymous quotation.

[3] Photo of the Author buying coffee at Manoshi village.

[4] Photo of shade-grown coffee near Manoshi village.

[5] You can read a brief but comprehensive summary along with the complete article at <http://www.iea.org.uk/record.jsp?type=release&ID=217>.

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