

## The Fair Trade System

### The Goals of Fair Trade

The international Fair Trade system is organized to provide the following benefits to farmers and workers in developing countries:

1. A fair living wage for their products and labour.
2. Improved access to credit and sustainable markets for their products.
3. Improved social services
4. Protection of human rights through improved economic security and sustainable environmental practices

### The Principles of Fair Trade

#### **A fair price**

A fair trade price means that farmers earn enough to feed their families and that their children can go to school instead of working the fields. A fair trade price allows producers not only to cover their costs of production but also to earn enough profit to pay for their daily needs. This is known as a 'living wage'.

#### **Direct trade**

Fair Trade Organizations (FTOs) buy as directly as possible from farmers and workers in developing countries. As such, there are fewer businesses sharing the profit/earnings leaving more profit for the farmer or labourer.

#### **Credit**

Cooperatives have the right to advance payments or low interest loans from their Northern buyers.

#### **Long-term commitment**

FTOs enter into long-term contracts with producers. This allows cooperatives to better plan their operations and provides a greater level of economic security.

#### **Environmental conservation and community development**

FTOs help to promote sustainable agriculture and self-administered community development projects by supporting producers who work on these initiatives. The majority of the cooperatives participating in fair trade also practice organic agriculture (without the use of chemical pesticides and fertilizers).

#### **Public education**

FTOs supply consumers with information concerning producers and the importance of fair trade. The financial records of FTOs must be open to the public.

#### **Democratic management**

One family, one vote. In order to work with FTOs, producers must divide their profits equitably. All workers must have a voice in the decision-making process and the way the group is organized.