

How Fair Trade can help

Sylvia Arthur examines the success of ventures to give Third World producers more income from products sold in the West

The US government's restrictions on imports of foreign steel coincided with the launch of Fairtrade Fortnight in the UK. This coincidence served as a timely reminder, if one were needed, of the huge imbalance in the relationship between the world's consumers and the world's producers. Since African leaders have had little input in the structuring of international trade laws, those laws have rarely, if ever, favoured their respective economies.

The prices of Africa's primary agricultural exports, notably cocoa and coffee, have been on a downward spiral for over a decade. Heavily dependent as they are on the whims of world markets, there

Young Ebenezer Agbenyo and Charles Eti holding the Oké banner. Charles' mother works for Volta River Estates in Ghana

seems to be no reprieve in sight for the millions of Africans whose livelihoods depend on their produce.

The price of coffee, for example - the world's second most traded commodity after oil - is at a 36-year low, and it is believed that farmers receive only a 12 per cent share of the \$50 billion value of the international coffee market. The collapse of the International Coffee Agreement 12 years ago destabilised prices with producers at the sharp end; it killed off smaller farmers unable to compete against falling values.

A more recent obstacle to African competition has been the perpetual influx of imports from the West of products like rice. These imports are eating into the domestic markets that are normally the domain of local growers. At the same time, local producers are prevented from exporting their produce to non-domestic markets.

According to a UN report, the developing world is being denied up to \$700 billion in profits each year because of restrictive trade laws that prevent the

export of processed goods.

Earlier this year, Christian Aid launched the Trade for Life campaign aimed at getting politicians to change international trade rules. It is known that since 1980 the world's 48 poorest countries have represented just 0.4 per cent of all world trade, half of the share 20 years ago. The outlook for Africa's international trade looks bleak.

Initiatives have been taken in Britain to develop trade in tropical products in a way more beneficial to producers than the normal world trading system in which multinationals hold sweeping power. How do these "fair trade" initiatives work, and how is a fair trade price determined?

Fair trade is an alternative approach to conventional international trade, says the British Association of Fair Trade Shops (BAFTS), a collective of retailers and wholesalers involved in fair trade.

It is a trading partnership that aims at sustainable development for excluded and disadvantaged producers. It is not just about trading, but also about changing the unfair structure of world trade and so building a fairer society.

The fair trade consumer market is worth an estimated £1.3 billion, and accounts for £60 million a year of retail sales in Europe alone with an annual





growth rate upwards of 30 per cent.

Sam Magona, a coffee farmer from Uganda who supplies the beans used in Café Direct coffee, explains how money from fair trade employers is helping to sustain his village on the Kenya-Uganda border. He says Café Direct pays him a guaranteed minimum price for his coffee beans that is currently 200 per cent above world prices. His farmers are also paid a bonus, which is given over to the community and used for development projects.

In case world coffee prices should fall, he is guaranteed a minimum price that is at least 10 per cent above the prevailing rate. In both Café Direct and AgroFair, the fair trade fruit importers of Ghanaian bananas and mangoes from Mali, producers own a stake in the company and are given bonuses at the end of the year, which are then ploughed back into the community. These extra sums are used to pay for sanitation, education, healthcare and maternity pay.

Uganda is a typical example of an African economy. Eighty per cent of the population are engaged in agricultural activity, which is 55 per cent of GDP; 95 per cent of all export revenue comes from agriculture, of which 50 per cent is from coffee.

At the launch of a video **Favour Tottimeh, a VREL employee for five years**

designed to promote the benefits of fair trade to schoolchildren at the House of Commons. Britain's Secretary of State for International Development, Clare Short, attacked international trade laws that confine Africa to the export of raw materials. "We've got to get the rules of international trade changed so the coffee is not just grown in South America or Uganda or the cocoa in Ghana, but it's processed there," she said. Because of all the added value and the increase in jobs, they will earn a much bigger price for that product. The beauty of fair trade is opening up people's minds to that argument.

Short commended the organisers of

the fair trade movement but insisted that there was still a long way to go before success could be claimed. The movement must push the boundaries, push the mainstream. That is happening and that is of profound importance because in the end international trade rules are not fair. Virtually all the exports from Africa are raw materials. That keeps Africa poor. It is a continent of riches but nothing is processed there. If that can change, that is when the continent will start to prosper.

Sam Magona and Alex Yeboah-Afari, head of personnel at Volta River Estates Limited in Ghana who supply Oke bananas to AgroFair UK, gave articulate and impassioned speeches to the audience of MPs and schoolchildren, urging them to support the fair trade initiative and explaining the benefits to whole African communities.

Yeboah-Afari urged shoppers to look out for the fair trade symbol on products in supermarkets and make the choice to buy from companies that pay fair prices.

An Oké banana is not sweeter than any other banana or bigger, he admitted. But when you buy a fair trade banana you know that you are helping to send a child in the south to school. And that is the difference. ■

