Mainstreaming Fair Trade: Opportunities and Challenges
December 15th, 10.15 – 12.45

Moderator: Christine Loh, Civic Exchange
Speakers:
- Safia Minney, Founder and CEO, People Tree
- Arun Raste, International Resources for Fairer Trade
- Hans-Peter Egler, Swiss State Secretariat for Economic Affairs

Abstract
The mainstreaming and marketing of Fair Trade continues to challenge fair trade activists, traders, and producers. Infrastructural expenses, competition from mainstream producers engaging in Corporate Social Responsibility, market saturation, and product diversity were among the primary concerns raised during the panel presentations and the ensuing discussion. Questions arose concerning how to convey the meaning of fair trade comprehensively, yet concisely, and whether it is necessary to emphasize the social justice aspect of fair trade products. Panellists were both pessimistic and optimistic about the mainstreaming potential of fair trade, but agreed a conscious awareness of the connection between the producer and the consumer must be forged.

Contribution: Safia Minney:
- Minney advocates the need to scale up fair trade production. For her the question is whether to take a product or a “values” approach. One key element is the improvement of the infrastructure needed to get the products to markets.
- One challenge in mainstreaming Fair Trade is to keep the standards high. It is easy to go to Dhaka, find the most skilled workers, pay 30% more, and call it a day. However, this is not fair trade. Fair trade means going to villages, working on capacity and organization building. There will be some skilled workers and others who may not be so highly skilled. With fair trade, business requires investment in the producers. Product lifecycles in the global marketplace are short and this is cost inducing.
- It is necessary to get fair trade producers greater access to materials of good quality and state of the art technology.
- Corporate Social Responsibility is merely window dressing – it creates a fair trade story even if it is not. This is difficult to compete with.
- In the fashion industry, there is incredible naïveté about working with the mainstream: mass-producers change their colour palette at the last minute, they want their products quickly, and if something goes wrong, the product will be put in the back of the store.
- However, Minney stresses that she feels positive about mainstreaming fair trade. At the World Economic Forum at Davos, poverty and unfair trade were major concerns; the Global elite are aware of the issues at stake.

Contribution: Arun Raste*:
* The slide presentation of Raste is posted on the fairtradeexpo.org website.
- Raste is more pessimistic about the future of the fair trade in business. He sees two problems with fair trade:
- People can relate to social causes concerning children and disease
- However, trade is harder to relate to
- Raste stresses the need to “unprogramme” an individual’s own inclinations, which takes a lot of time and other resources. In other words, fair trade has no means to convince people that they must buy it.
- There is a disconnection between business and social problems; Coca Cola is not supposed to eradicate poverty.
- Character ethic has shifted to personality ethic: Today’s heroes are not Ghandi, but Bill Gates. Money is God, not evil, and companies are temples.
- People involved in fair trade have good intentions, but if they do not play their right, they will only touch the tip of iceberg and the bulk will remain hidden.
- Problems fall into three categories:
  - political disconnection
  - demand side or market side problems (which are beyond producers control)
  - supply side problems
- Common problems with small producers are:
  - general apathy and disinterest
  - investment
  - lack of information about market trends and needs (for example garments/designs to serve European clients)
  - capacity constraints
  - sourcing problems
  - infrastructure and logistics
  - training deficiencies.
- Fair trade producers are dependent on Northern NGOs. There is a kind of hegemony controlling handicraft that will prohibit mainstreaming. Long-term relationships, characteristic of Fair Traders, prohibit new producers.

**Contribution: Hans-Peter Egler:**
- Egler mentions that he is presenting a Northern perspective and starts with giving some numbers of fair trade in Switzerland. Swiss fair trade consumption amounted to US$160 million in 2004; 45% of banana sales in Switzerland are fair trade; fair trade roses too comprise 30% of rose consumption. So far, fair trade has been a success story for Switzerland. He says that a basis for further development of fair trade business strategies has been created, but in order to be successful, they must be both economically and socially successful. There is some concern of market saturation because Swiss consumption – although at high level – has stagnated in 2005. The market share of some products stagnates at only 5%.
- Right now, fair trade comprises just 0.01% of world market share – it is a footnote of the global trade system. Some new solutions for this situation:
  - Overcome saturation/niche market with new products, new clients, and new distribution channels.
  - Tackle the mainstream market directly.
  - Increase variety of products and production units.
  - Fair Trade marketing must be commercially interesting.
- The private sector will be the driving force of future fair trade business strategies, whether in the premium or mainstream markets. Egler therefore stresses the need to involve economic actors in addition to aid organizations.
- Profit is a crucial aspect – consumers need to be convinced of the especially high quality of fair trade goods.
- However, there is also a need to have more multi-stakeholder dialogues between the three primary participants: producers, NGOs, and traders.
  o Producers need better market access.
  o NGOs support a range of social and ecological conditions.
  o Traders demand efficiency and better products.
  o This could lead to a “win-win-win” situation.

**Discussion**

- How can fair trade be marketed without giving a lesson on international trade theory?
  o It is the difference between free and fair trade: 0.25 cents goes to the producer and $25 are paid by the consumer.
  o Fair Trade guarantees right return and ensures a certain living standard; the producer is not exploited and the consumer is not cheated.
  o Change the World by Your Shopping; fair trade is a tool for sustainable development.

- There is a motivation problem because people will buy organic food to benefit their own health; convincing them to spend more to help others is more challenging.

- Safia Minney: Fair trade is the closest to the free market as Adam Smith would have intended it.

- Rather than emphasize the Fair Trade brand one should promote quality products with design, branding, and personality. Then the story behind the products can be told. People buy logos/brands. Marketing Fair Trade depends upon creating brand recognition.

- People first need to know about poverty issues—one cannot sell the solution before people are aware of the problem.

- Question to Hans-Peter Egler: Have you been trying to convince other countries to follow in Switzerland’s leadership on fair trade promotion?
  o The Germans, Swedish, Danish, and the Dutch are helping.
  o When we know someone is interested in fair trade, we try to coordinate our efforts.
  o The EU Council now has a fair trade conference.

- Marketing question for new fair trade fashion line: Establish a direct sales link via e-commerce; there are huge costs in fair trade business including investment in infrastructure, regulations, surveillance, and marketing/education costs. Fair is neither fast nor cheap.

- Overall Improvements needed:
  o Improve efficiency and performance of fair trade companies.
  o Greater distribution channels.
  o Branding.
  o Expanding range of products.

Notes by Kate Dillon