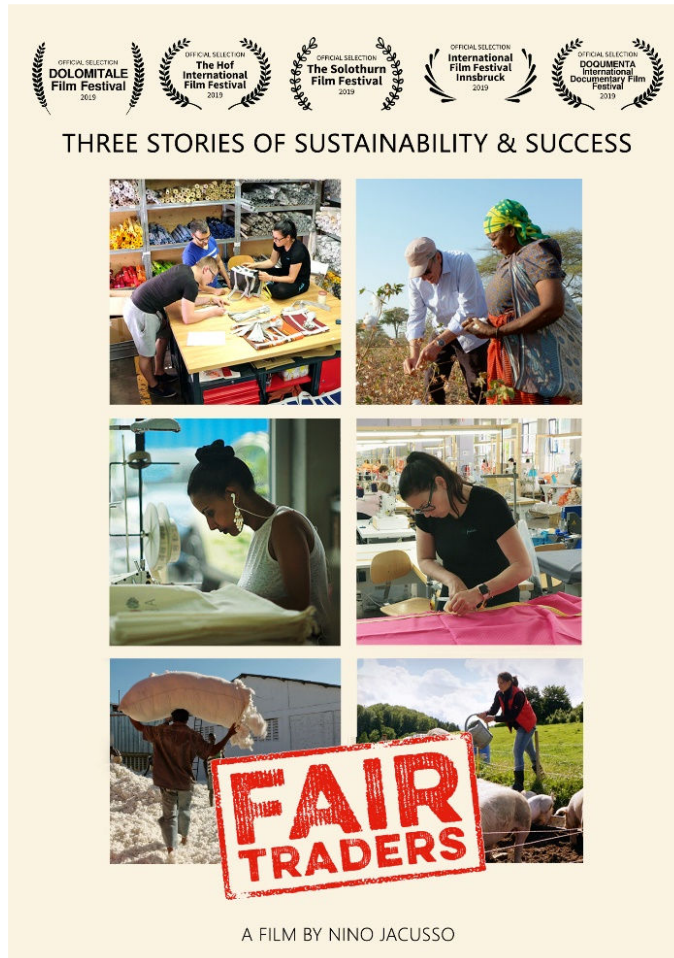




FAIR TRADERS



STUDY GUIDE

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Fair Traders

Three entrepreneurs decide to create successful businesses that are also ethical and sustainable. In addition to wanting to create a strong positive brand image and customer loyalty, these businesspeople decided that it was important to build companies that serve their communities and bring opportunities for their employees. This approach also makes them feel good. Fair Traders follows these three entrepreneurs as each faces the challenges of starting and building an ethical company.

The Entrepreneurs

Remei was founded in 1983 by Patrick Hohmann. The company produces sustainable textiles made from organic cotton. This cotton comes from organic farms in India and Tanzania. According to the company website, Remei works with approximately 1,800 smallholders in Tanzania and 3,300 in India.¹ The website explains that this level of involvement with the farmers that grow Remei's cotton makes it very different from most other companies. "Our textile chain begins . . . considerably earlier in the process than the average market approach," it says, "We take charge of the entire production, from seeds to textiles ready for sale."² Hohmann received the Swiss Sustainability Award in 2014, which is given to companies that innovate to achieve both economic success and have a beneficial impact on the environment.

Küttigkofen is a small farming village in Switzerland. Claudia Zimmerman and her husband Matthias have been running a farm there since 2013, and an organic food shop since 2016. The shop sells products from their farm, and from other producers in the area. Their website explains, "We manage an agricultural area of 27 hectares according to Bio Suisse guidelines. Our two main lines of business are animal husbandry of cattle and pigs and arable farming. In addition to the forage area for the animals, we also grow cereals (spelled, oats and wheat) as well as edible peas, lentils and potatoes. We offer flowers and vegetables on our self-picking facility."³

Augsburg is a large city in southern Germany. Sina Trinkwalder founded her textile company, Manomama, there in 2010. The company produces clothing and bags from organic and locally-produced fabrics. It employs about 120 people, including many who have limited job prospects, such as the elderly, or those with limited German language skills. In 2013, Trinkwalder published a book titled, *You Must Make the Miracles Yourself—How I Turn the Economy Upside Down*. In 2015 she received Germany's Federal Cross of Merit, which is given for special political, economic, cultural, or intellectual achievements.

Fair Trade

¹ <https://remei.ch/en/fibre-to-fashion/biore-organic-cotton/>

² <https://remei.ch/en/fibre-to-fashion/>

³ <https://www.biohof-kuettigkofen.ch/%C3%BCber-uns-1/>

Fair trade is a system of trade that is based on the idea of putting people and the environment first, and not simply focusing on profit. Advocates of fair trade want to create equitable and sustainable trade relationships between farmers and other producers, and the companies that these producers sell their products to. This is in contrast to what actually happens in many parts of the world, where producers often do not receive a fair price for the things that they produce. In some cases, they do not even receive enough to cover the cost of producing those products. Instead, the companies that buy those products receive the majority of the profits. Fair Trade USA explains, “In many global supply chains, value is not shared equitably, and producers have limited ability to negotiate a fair exchange for their goods and services. To compete in today’s market, businesses drive down prices at the expense of those most vulnerable, meaning that producers may not receive payment that covers their basic needs or even the cost of production.”⁴

A report published by the World Fair Trade Organization explains that this unequal distribution of profits has become even more pronounced in recent year. It says, “Economies are expanding, but farmers and workers are getting a decreasing share of the pie. In the 1980s, a cocoa farmer would get about 18 per cent of the value of a chocolate bar, while today that same farmer gets below six per cent. Similar trends can be found across the board, as workers overall get a decreasing share of the global economy. In global supply chains, prices paid are failing to cover the costs of sustainable production in products from tea to t-shirts.”⁵

Fair Trade and Working Conditions

Proponents of fair trade want to change the system by having companies establish fair trading relationships with producers. This means that producers are paid fair prices for their products. A fair trading relationship helps improve working conditions. Fairtrade International explains how fair trading relationships can actually improve life for producers in many different ways, beyond working conditions. It discusses agricultural workers as an example, saying, “Without access to land or unable to make a living from it, agricultural workers often have few options for a sustainable livelihood. These workers often lack formal contracts, freedom of association, basic health and safety assurances, and adequate wages, among other challenges. Even employers with good intentions can find that they don’t earn enough to pay a living wage or invest in better equipment or safer working conditions.”⁶ Textile workers are another group of producers that often do not receive fair compensation for their work. In many parts of the world, they are forced to work extremely long hours, and receive very little payment for their work. Fairtrade International explains that in contrast to the many problems created by unfair compensation, when workers are paid fairly for their work, there is often a cascade of

⁴ <https://www.fairtradecertified.org/why-fair-trade/theory-of-change>

⁵ https://wfto.com/sites/default/files/Business_Models_Report.pdf

⁶ <https://www.fairtrade.net/issue/workers-rights>

positive effects. It says, “When workers are paid and treated fairly, they stay on the job and build their organization. They have the chance to develop personally, and become managers and leaders. They support their families and invest in their communities.”⁷

Fair Trade and the Environment

The principles of fair trade also include protecting the environment. Around the world, textile and food production cause significant environmental harm, and many people worry that the harm is so great that the environment will be unable to support future food and textile needs. The United Nations talks about farming, stating, “Decades of industrial farming have taken a heavy toll on the environment and raised some serious concerns about the future of food production.”⁸ Cotton is one agricultural product that results in many environmental harms. The World Wildlife Fund says, “Cotton is the most widespread profitable non-food crop in the world. Its production provides income for more than 250 million people worldwide and employs almost 7% of all labor in developing countries.”⁹ However much of this cotton is produced using large amounts of water, and in a way that causes soil erosion and degradation and pollutes both the soil and the water. One of the underlying principles of fair trade is that producers need to try to prevent environmental harms such as this; that they should not simply focus on making money in the present, but should be focused on using resources in an environmentally sustainable way. This means not permanently damaging or depleting resources, but instead using them in a way that leave them there for production to continue in the future.



⁷ <https://www.fairtrade.net/issue/workers-rights>

⁸ <https://www.unep.org/news-and-stories/story/10-things-you-should-know-about-industrial-farming>

⁹ <https://www.worldwildlife.org/industries/cotton>

Glossary

- **carbon neutral:** Being carbon neutral means having zero net carbon dioxide emissions. This can be achieved by doing things to absorb or remove as much carbon from the atmosphere as is being produced.
- **child labor:** The employment of children who are younger than allowed by law. Around the world, there are many laws intended to prevent child labor, but it is still common in many places.
- **Faustian:** Doing something for gain in the present, but without regard for future consequences.
- **industrial farming:** Growing crops or raising animals on a large scale in order to maximize production.
- **post-growth economy:** While capitalism is focused on economic growth, a post-growth economy is one where the well-being of society is more important than constant economic growth.
- **sustainability:** Using resources in a way that does not permanently damage or deplete them.

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