



# the heart of trading fair

by Dianne Trussell

## Introduction

WHAT LIES AT THE INNER HEART OF EVERY HUMAN? The answer is that we all possess the same fiery impulse of the will to good and the oneness of all. But how many people are connected with it? To look at the current state of our world you would have to conclude: not many. Nonetheless we *all* have it, no matter how latent or tentative the expression.

Processes, by definition, keep changing and evolving along with the participants in them. And awakenings, those processes which begin in ones and twos, slowly at first and then with ever-increasing momentum, can be the most rapidly evolving experiences we know.

Fair trade (in the broad, generic sense of the term) is a process the characteristics of which are as diverse as humanity itself. It represents part of the awakening of that inner goodwill impulse. It is evolving quite quickly now, as people hear stories from travelling friends and snippets in the media, see labels in shops, and begin to wonder about the origins of things. Questions about the 'what, where, why, how and who' arise with ever greater frequency. However, at this stage this questioning occurs generally only among the minority of well-informed people who choose to include such questions in their daily thinking, even if they have not yet included the resultant action in their daily behaviour. How to reach the masses? How to effect change on a grand scale?

Sitting in the advertising sales seat of *Living Wisdom* magazine gives me the opportunity to connect with many and diverse people active in the business of saving humanity and our planet. Once the idea of doing a promotion on fair trade was welcomed by the rest of the staff, my learning curve began. The acronyms and trademarks piled up on my desk: IFAT, FLO, FINE, FTAANZ,

WFTO, NEWS, EFTA, CEP, Hand In Hand, IFOAM ... I decided not to get lost in the labyrinth! Looking in from the outside with no agenda I felt no need to go into the details of every modus operandi or certification process, nor to make judgements about who is doing what better or worse than whom. Instead here's an overview from my communications with you out there doing it.

## Who's doing it?

Some of you are 'oldies' who've been trading fair for over 40 years before anyone heard of fair trade or socially responsible business. Some are private, some are public, some are voluntary committees, some work only with certified organic growers, some are tightly regulated bureaucratic organisations and others run small and personal arrangements. Some save 'one family at a time' and others go for entire communities ... you're all doing a great job synergistically! Fair-trade principles are spilling over to production in the developed countries, for example the No Sweat Shop programs, to affect the worker and environment on our own turf. Fair trade should be about *all* people, not just some.

## Some challenges

I've heard gripes from small businesses about other companies and organisations, mostly about exclusivity of brands and labels and negative expressions of competitiveness. Another factor is the cost and difficulty of getting and maintaining certification – not viable or practical for some styles of operation, and for some not acceptable as they'd have to pass on the bureaucratic costs to the consumer and may not survive as a business. Here are some of your comments:

- "Labelling is the lowest common denominator for mass market use. We've handed over power to governments and institutions to do our contracts instead of making individual and personal contracts in relationships."

- "We need to balance buying a label with knowing what's happening with people."
- "It's a movement, not an institution."

There is a feeling that regulations are necessary, but that the fundamental thing is producers need to be given more say. Often the regulators are European and just going in with their rules. This is a critical thing to address and is presently being taken up by some of the main players, such as in the World Fair Trade Organization's new charter of principles, emphasising that producers need to be heavily involved in decisions.

## Whose values?

An interesting perspective arose during a discussion with a sister from a mission, one of the people who live long-term with disadvantaged communities and really experience their life first hand: "Those people consider us the poor ones, and give more". This highlights Western arrogance that our way is better and that everyone in the third world should live in a way that we find acceptable, with or without their opinion. As another participant observes: "We need to come down from our consumer high horses and realise that fair trade relies on consumption, though at least we can do it without guilt. But are we measurably improving the lives of those we deal with?"

Trade Aid has been doing new impact studies asking producer groups to measure impacts on what *they* think is important for them. Many questions arise: does the increased wealth mean they can go to the pub and lose their kids to drugs and computer games? Are we importing our evils, too? Inevitably: "They see what we have and they want it, but they do also very much want to preserve their own traditions. It's not up to us to decide. We need to dialogue strongly with them if we see them make the same mistakes as we have." We need hearts in the field more than brains in the tower, to stay connected to the roots. Brotherhood is our most appropriate role.

A pivotal issue is that in many cases we created their problems! And that's what we are trying to rebalance with fair trade. The future of the Earth as humanity's home will rely on the wealthy, industrialised societies making big adjustments to the way we live, and the very people we are helping with fair trade still have the sustainable living skills we will need to incorporate. So let's make the learning a true exchange, and *not* lose the human knowledge base in the process of helping others!

## Credibility

One of the things that constantly hamper the environmental and organic movements is consumer scepticism resulting from in-fighting between the players, difficulty of informed consumer choice due to the plethora of claims, counterclaims and certifications, and conflicting information in the media (which feed greedily on the conflict!). For fair trade, it's not too late to nip this credibility problem in the bud. Moves are afoot to do just that.

## Conclusion

One clear answer to these challenges and issues would enable fair trading to progress most effectively and have great impact: unity in diversity. Add its good friends co-operation, respect, tolerance, inclusiveness, acceptance of different styles, big-picture thinking, service, trust and truth. Fair traders of the developed

world must apply their own deepest principles to the way they interrelate. In-fighting on regulation, certification and all the other hows and whys must be set aside to enable an integrated and meaningful wave of change to sweep through the global society. This takes 'walk the talk' to a higher level of application. Business including fair trade must mimic the way nature's ecology works – the only truly successful way for any dynamic, evolving living system to function in the long term. Everyone is different and has a niche; niches overlap to some degree; everyone contributes to the overall success of the system; and it's the diversity that provides stability and strength. We need to consider disadvantaged producers, global warming, the financial crisis, property and environment all together as parts of one whole.

So, here's a call to all of us to continue the good work of taking it to the next level and leaving 20th century attitudes and behaviours back in the past where they belong.

*Acknowledgments:* I have spoken with diverse people and have chosen not to publish the names of those whose thoughts are quoted. Thank you all for your very enlightening conversations. You know who you are!

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# A Question of

# Ethics

by Natalie and Marty Dillon, 3Fish

Natalie and Marty Dillon explore the rise of ethical consumerism; whether it translates to ethical sourcing at a corporate level and its sustainability amongst the backdrop of a global financial crisis.

It seems that all that is old is new again, again. It is not just about the design of material elements, but is reflected in the ever-changing fabric of our lives. We're getting back to basics. Cooking, gardening, and that which is local is cool. Community is back in fashion.

However, thanks to the rise and rise of globalism, the sense of community is spurning global communities. Perhaps the outpouring of local, state, national and global grief, support and charity in response to Victoria's recent bushfires is evidence of this. Hopefully, we are starting to see how much we are all alike rather than how much we differ. Hopefully, we finally understand that responsibility and consciousness extends not just to our immediate local community, but also to our global communities through our purchasing decisions. The big question is whether we will continue to put our hard-earned dollars where our principles lie.

Ethical consumerism means buying products and services that are made ethically. This may mean with minimal harm to or exploitation of humans, animals and/or the natural environment. Ethical consumerism is practiced through 'positive buying' in that ethical products are favoured; or through 'moral boycotts', that is negative purchasing and company-based purchasing.<sup>1</sup>

Katie Patrick, Green Pages founder and Executive Director, cites terminology like 'free-range' and 'fair trade' becoming mainstream as evidence of the rise of ethical sourcing of products. "With rising concerns over health issues related to products from China, or

chocolate slavery issues in West Africa, companies are realising they need to make their ethical sourcing practices apparent. Three years ago, you were hard pressed to find fair trade or free range labels except in specialty stores. Now, they're readily available at your local supermarket," she says.

"Consumers are better educated and becoming more aware of the issues involved with ethical sourcing. Consumers feel empowered by information and the digital space allows them to take control and find out more about the products they're buying. We see it all the time. People who use the *Green Pages directory* are looking to find out about a company's 'green credentials; where do they get the raw materials from; where are the factories located? Shoppers are asking for the facts and figures. Businesses that want to survive, especially in these tough times, are going to respond to this growing demand as consumers become more cautious about the types of purchases they make."

Tommy Clarke, National Program Co-ordinator of retail label No Sweatshop also believes that "There is no doubt there is a growing base of 'ethical' consumers. The question is, how significant a market is it, at what rate can it grow and also what are companies doing to meet such a demand?"

He also notes "...an unfortunate level of 'white-washing' or 'green-washing,'" but takes some heart from the fact that, "...at least this is an indication that companies are aware that there are commercial benefits to targeting this group of consumers." He goes on to

hope that the next phase of this trend will be emergence of "...credible systems of certification or enforcements of standards [that are] recognised and, most importantly, embraced by companies so consumers can sort the wheat from the chaff."

"Ethical Threads," A Brotherhood of St Laurence report released in 2007 on the garment industry, found that the clothes Australians were buying were produced by companies that have been slow to embrace both mandatory and voluntary mechanisms to protect workers' conditions in this country and overseas.

Report co-author, Emer Diviney, said some companies believed there was no business case for ethical supply of the clothing they sold as most consumers didn't care how clothing was manufactured. "However, if Australia follows trends [set] in Europe, consumers will become more concerned about the social and environmental impact of their purchases," she said.

Now in 2009, Tommy Clarke believes that, "In relation to the Australian clothing industry, the latest round of announcements of large factory closures will leave a vacuum in the industry that I think - or perhaps hope, local and ethical companies will be well placed to fill. That is, if the local industry accepts that it's not going to be able to effectively compete directly with industries like those based in China and in other countries with abysmal standards in labour rights, it will have to work out what the defining feature of 'Australian-made' garments is. The No Sweat Shop label continues to argue that this unique feature should be the 'ethical' quality of Australian-made garments. Although creating and maintaining ethical textile, clothing and footwear (TCF) supply chains in Australia is a challenge, it is far more achievable than trying to do the same on an international level. So while much needs to happen to make Australian-made garments truly 'ethical', it is possible and we do have the mechanisms and systems to make it happen."

In actuality, there are international corporate social responsibility mechanisms. However, they are a labyrinth of organisations relating to standards, monitoring, compliance, and certification.

- SA8000 is a global social accountability standard for decent working conditions, developed and overseen by Social Accountability International (SAI). SA8000 is based on the UN Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labour Organization (ILO) conventions, and covers goals around issues like child labour, forced labour, workplace safety and health, discrimination and working hours.
- There are also intergovernmental standards; there are International Labour Organisation (ILO) (like a peak body for unions internationally) conventions which set minimum standards similar to SA8000 and there are OECD Guidelines for Multinational Enterprises which outline what OECD governments agree are the basic components of corporate conduct.
- The issue has spurred multi-stakeholder initiatives which are bringing stakeholders together to address the issues of monitoring and compliance such as the Ethical Trading Initiative (ETI) and the Global Reporting Initiative (GRI) which

provide a process for reporting on a company's social, environmental, and economic performance.

These standards are not universally adopted. Companies can voluntarily sign up to abide by them and governments do not monitor or enforce them. Amongst all this, the FAIRTRADE Label has become the most transparent, easily recognisable, international certification mark in relation to ethical sourcing.

Fairtrade certification is a product certification system designed to allow people to identify products that meet agreed environmental, labour and developmental standards. Overseen by a standard-setting body, FLO International, and a certification body, FLO-CERT, the system involves independent auditing of producers to ensure the agreed standards are met. Companies offering products that meet the Fairtrade standards may apply for licences to use the Fairtrade Certification Mark (or, in North America, the applicable Fair Trade Certified Mark) for those products. The FLO International Fairtrade certification system covers a growing range of products, including cotton, bananas, honey, oranges, cocoa, coffee, shortbread, dried and fresh fruits and vegetables, juices, nuts and oil seeds, quinoa, rice, spices, sugar, tea and wine.<sup>2</sup>

According to Cameron Neil, Certification and Labelling Manager for Fairtrade Association of Australia and New Zealand, business is now leading the consumer on sustainability and ethics and believes that this trend will continue and grow over the next 2 to 3 years and beyond.

"Business is not waiting for their consumers to demand that they stock ethical or green products - they are making the decision to do this based on their own ethics and values, on managing brand risk and risks in their supply chain, on attracting talented young workers who want to be associated with a company

that is doing good and offering meaningful work, and because they can see from examples set by fair trade businesses and other segment leaders that it is possible to make profit while looking after people and planet.", says Cameron.

Marty Dillon, Managing Director of 3Fish, a fairtrade licensee, certainly concurs with this point of view. "In establishing our company we wanted to create a business that reflected our own personal values, and that our children would be proud of. We also believed that there is a growing awareness that the cheapest anything invariably has hidden costs, either in compromised quality or the global effect of having to repair environmental or social damage created by unethical production. We believe there are corporate clients who now understand and are prepared to take responsibility for the end effects of their demand and are prepared to pay a reasonable price for a quality garment or promotional item which reflects an ethical supply chain." he says.

William Kestin, CEO APPA (Australasian Promotional Products Association) and Vice President IFPPA (International Federation of Promotional Products Associations) also believes that ethical sourcing of products will become a greater focus for businesses over the next two to three years, but highlights the global financial crisis as a significant hurdle.

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"For some unfortunate reason consumers want to protect human rights and support ethical sourcing, but only if they have the extra money to pay for it. The moment income constraints impact their personal situation; it's as if their conscience goes on auto-pilot. I do believe that larger corporations, now more than ever before, have the media to hold them to account on this issue, which is very promising. As long as the media truly investigates the issue and doesn't exploit the issue for sensationalist headlines", says William.

Encouragingly however, he does go on to note that "Larger corporations who are producing promotional products are being held accountable by their share holders and the media to ensure that ethical sourcing is a part of their purchasing process".

Scott O'Brien of Key Merchandise based in Queensland, has also noticed a rise in Corporate Social Responsibility and believes that ethical sourcing will garner greatest focus among companies developing their own CSR.

"It will become more prevalent no doubt, as large companies who are already protective of their brands realize that they can be linked to poor business practices. At the moment with the fear and downturn in the economy, price is the main determining factor and environment a secondary thought; however I think as the economy strengthens (hopefully this year) the focus will again become about doing products the responsible way. A few of our major clients are Universities and a couple of people have enquired about social practices of our products already. I think this will be a real growth area for ethically sourced products."

Brand protection has been and continues to be a large motivator for companies with vast investment in the integrity of their brand. It is well known amongst those involved in global sourcing of products that the companies behind uber-brands like Coke and Disney, with commensurate ability to invest in highly tuned procurement teams, have embraced ethical sourcing for many years. Their commitment to setting, monitoring and ensuring compliance with their ethical sourcing goals is widely considered to be among the best of the best. Indeed their endorsement of certain factories is now often worn as a badge of honor, and communicated as such to other prospective ethically minded clients. It is also encouraging to note some of the corporate program members of Social Accountability International (SAI); Gap, Otto Group, Tchibo, TNT, Carrefour, Timberland, Gucci, Billabong, Anvil and Eileen Fisher.

In isolation, it is also encouraging to note that as of June 30, 2008, roughly 900,000 workers are employed in 1700 facilities certified to SA8000, in 64 countries and 61 industrial sectors.<sup>3</sup> Encouraging, until you come to realise that "globally it is estimated that 165 million children between the ages of 5 and 14 are engaged in child labour. Many of these children work long hours, often in hazardous conditions that cause ill health and chronic disease." And that "worldwide the ILO estimates that some 22,000 children are killed at work every year."<sup>4</sup>

Suddenly these statistics start to sit highly uncomfortably with the findings of the "Ethical Threads" report, whereby the report states that most small-to-medium enterprises, which account for four-fifths of the [garment] industry, believed that they were too small to ensure their clothes were manufactured ethically.

Peter Singer in his recent book "The Life you Can Save" highlights a sense of futility as one of the reasons why people don't give more to charitable organisations. This sense of futility could also be translated to why people become complacent about the source of the products they select. Can purchasing a fairtrade coffee really change the world? Can choosing organic cotton over conventional cotton really change the health outcomes of nations?

Perhaps these individual purchasing decisions won't change the world but they may make a difference to perhaps just one life and they will contribute to a much larger pool of ethical decision making. Even making a difference to just one life should be enough, but contributing to significant shifts in general consumer behaviour has the power to massively change production to more ethical means.

Whether you are walking the aisles of a supermarket, stocking your summer range, or negotiating your next corporate promotional spend, you do have ethical choices. All day, every day. Every dollar you spend has the power to evoke change. Ask the hard questions.

*Marty and Natalie Dillon are the founders of 3fish, a fairtrade licensee and ethical merchandise company.*

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## BEYOND THE LABEL

by Dr Dan Etherington

**W**e all know that marketers love to segment the market and categorise customers into groups in order to 'target' their selling efforts. A while ago I discovered that many of us are now described in marketing circles as "LOHAS" – those for whom a Lifestyle Of Health And Sustainability is important. We value things like healthy natural food, low-toxicity products, exercise, environmental protection and energy efficiency. Non-marketing types might actually think of themselves as Green, World Citizens or just plain Sensible! A favourite LOHAS purchase is of course organic food. This used to just refer to the vegies from a committed farmer at the local markets, but it is clear that organic has come a long way and is now quite mainstream. As a result almost anything you want to buy can now be found with a Certified Organic label. What then is the next step for a LOHAS buyer to take? How do we make our shopping dollar do more for the world? We choose to buy fair trade.

The fair trade market has grown from small beginnings, somewhat like the organic movement. A lot of work was done in the early days by churches and other community groups to educate concerned consumers about the injustices of mainstream commodity trading systems. Relationships were built between producer groups and committed consumers, often through a not-for-profit organisation. Once the first dedicated 'radicals' had pioneered the way, things got bigger and more systematised. Out of this grew Fairtrade Labelling Organizations International and the FLO label. Such labels enable consumers to quickly assess a product's credentials without having to know the finer details ... useful for busy buyers – and for corporations dealing in the main commodities of coffee, tea and cocoa.

However, the next wave of ethical traders bringing new products to the market is faced with confusion about what is actually available under the FLO label. This is a problem because, contrary to what many Certified Organic LOHAS buyers believe, not all foods can be certified as fair trade with FLO. This is simply due to the fact that every food commodity must have its own unique set of FLO standards prescribing what is fair for that commodity, and not all foods have had protocols worked out for them yet. However, the fact that a product does not have a FLO label does not mean that it is not actually fairly traded.

By way of an example from the South Pacific, virgin coconut oil is a newcomer to the health food market and a small player when compared to the millions of tonnes of coffee and cocoa traded internationally. As a result it has not received investment from FLO to develop the protocols required for a FLO label. Once again, this does not mean that there is no-one actively engaged in the 'fair trade' of virgin coconut oil. You just have to look a little harder and actually get to know the people involved and the stories behind the pretty jars on the shelf. The internet has been very useful for those committed to seeing their dollar do some good as it makes researching a brand that much easier.

In the case of virgin coconut oil there are some very interesting stories indeed. Much of the oil comes from established corporate factories, but there are some innovative enterprises supporting villagers in remote island communities who are adding value to their own harvests. Such indigenous peoples have been left off the development map in our own South Pacific neighbourhood. These operations are not just about fair prices, timely payments and pleasant work that villagers can take pride in. They involve whole development programs, which improve sustainability with locally made cooking oil, body oil, soap, lamps, biofuel, animal rearing and even hand-carts. [Ed: Every litre of lamp kerosene replaced with local coconut oil means 2.4 kg of fossil CO<sub>2</sub> kept out of our atmosphere.] Other benefits gained by village producers include skills training in management and accounting plus community health and education programs.

However, the pressure is always there to get independent 'third party' verification of the production process. Certification by an internationally recognised agency involves huge costs for remote small producers – both for Certified Organic and Certified Fair Trade. For example, a Solomon Islands virgin coconut oil producers' group, spread over several islands and villages, requires a week-long annual inspection by an Australian inspector to maintain their organic certification. This is the rule, despite the fact that the coconuts are virtually wild-harvested in one of the most remote and natural places on Earth where chemicals have never been used. It would add significantly to their costs if they were required to deal with another level of bureaucracy to prove by third party inspection that they are indeed 'trading fairly' with their family members and the group supporting their development enterprise. It does not seem fair to foist this kind of burden onto the very people we are trying to support with these labels. The only way around it is to know the suppliers and trust their work. This is not easy for the corporations dealing in massive volumes of generic commodities, but is possible for the discerning retailer and individual consumer of niche products.

So, as a more informed LOHAS buyer, think about who you want to support with your purchasing dollar. Who will benefit along the value chain? How much value-adding is happening at the grassroots? Who is getting a fair dinkum fair go? And yes, you can make a difference. A FLO fair-trade label is a good guide when buying your coffee and chocolate. But there are other products where you need to look beyond the label and get to know the people you are buying from in order to make a fair dinkum difference.

*Dr Dan Etherington invented the Direct Micro Expelling technology which enables remote island communities to produce their own cold-pressed virgin coconut oil within one hour of opening a coconut. He founded Kokonut Pacific in 1994 to work full-time with the coconut producers and promote their special oil to the world market through hands-on fair trade. In 2008 he was made a Member of the Order of Australia for services to international trade, particularly the design, manufacture and distribution of coconut oil extraction technology, and through contributions to sustainable agricultural and economic development in the South Pacific region.*