

A woman with dark skin and braided hair is speaking to a group of people. She is wearing a blue short-sleeved top with a decorative neckline and a patterned skirt. The background shows a crowd of people, including children, in an outdoor setting with a brick wall.

The International Fair Trade Charter

*How the Global Fair Trade Movement
works to transform trade in order to
achieve justice, equity and sustainability
for people and planet.*

Launched on 25 September 2018



Pebble Hathay Bunano

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AN OVERVIEW OF THE
INTERNATIONAL FAIR
TRADE CHARTER

There is another way

“Fair Trade is based on modes of production and trading that put people and planet before financial profit.”

ABOUT THE INTERNATIONAL FAIR TRADE CHARTER

All over the world and for many centuries, people have developed economic and commercial relations based on mutual benefit and solidarity. Fair Trade applies these ideas to the contemporary challenges of international trade in a globalised world.

The Fair Trade movement is made up of individuals, organizations and networks that share a common vision of a world in which justice, equity and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential.

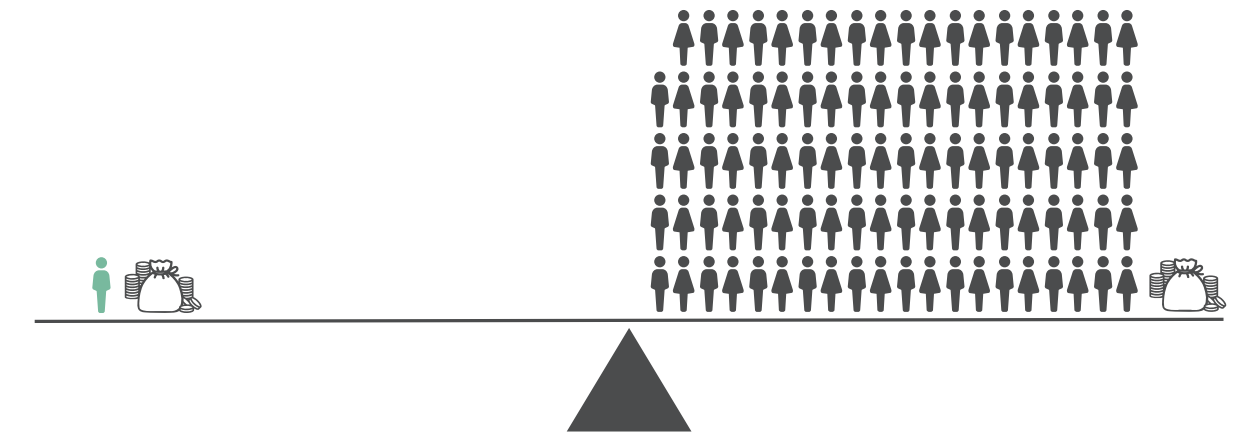
World Fair Trade Organization and Fairtrade International have initiated the process of drafting this Charter in consultation with other actors and with the aim of producing a common reference document for the Global Fair Trade movement. It seeks to help Fair

Trade actors explain how their work connects with the shared values and generic approach, and to help others who work with Fair Trade to recognise those values and approaches.

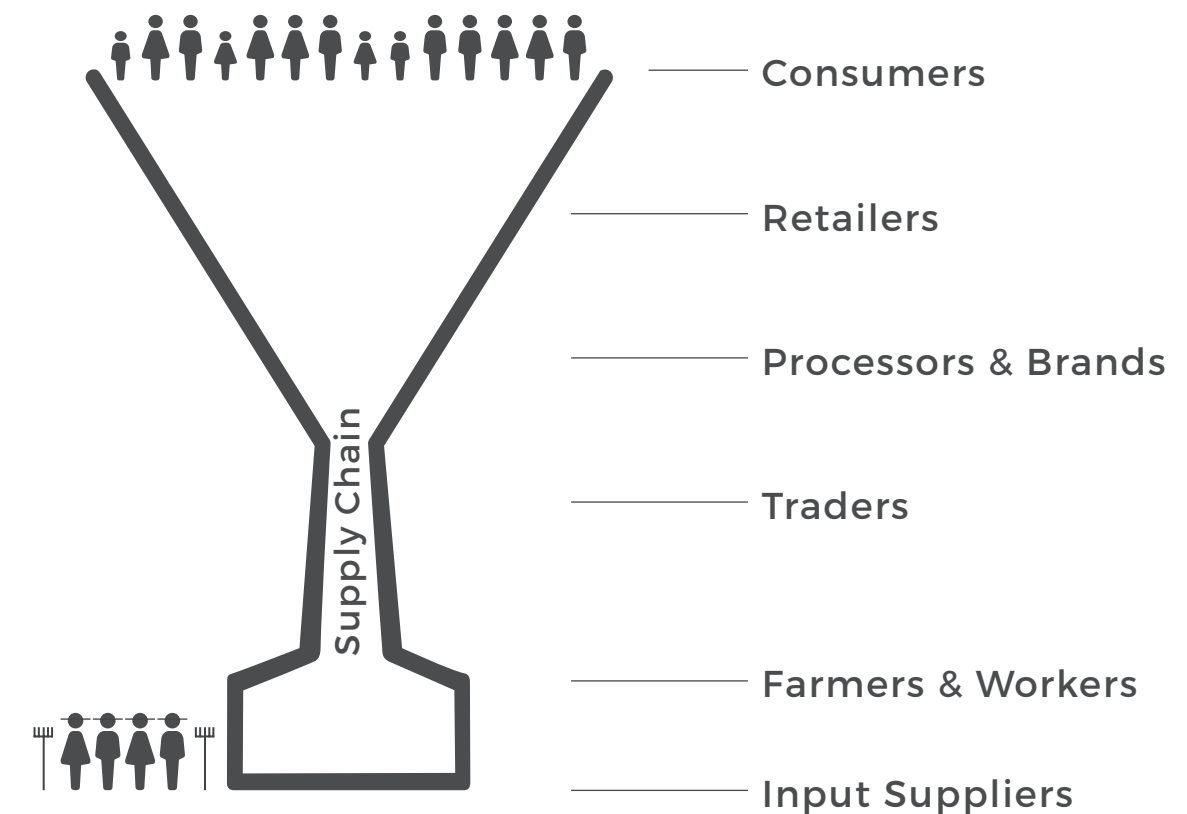
Global trade has grown spectacularly in recent decades. This has been a major contributor to economic growth in many countries but the gains have not been shared evenly. The models of trade promoted by global institutions and large corporations have not delivered on their promise to eliminate poverty and have caused unprecedented levels of inequality.

Markets are typically dominated by a handful of international firms who have the power to set the terms of trade for their suppliers, forcing prices down, often to levels below the full costs of production. This leaves small producers and workers struggling to earn a living wage and vulnerable to exploitation.

THE RICHEST 1% NOW OWN AS MUCH WEALTH AS THE REST OF THE WORLD



GLOBAL SUPPLY CHAIN



THERE IS ANOTHER WAY!

Fair Trade is based on modes of production and trading that put people and planet before financial profit. Fair Trade also connects producers and consumers through greater transparency of supply chains. By demonstrating that greater justice in world trade is possible, Fair Trade also seeks to involve citizens in rewriting the rules of trade with the needs of small producers, workers and consumers at their heart. Fair Trade is not charity but a partnership for change and development through trade.

1. Fair Trade starts with producers working together in democratic organisations to build stronger businesses that can compete in international markets and secure improved terms of trade.

2. Trading enterprises help to connect producers and consumers in a partnership for change. Pioneering 100% Fair Trade enterprises have been joined by many mainstream commercial companies who recognise the importance of supporting Fair Trade as part of their sustainability programmes.

3. Fair Trade helps consumers to act responsibly by choosing products that offer a better deal to the people at the other end of the supply chain. Fair Trade also strengthens the voice of producers and consumers as citizens, helping them lobby their governments for fairer trade rules.

4. By demonstrating the commercial success and development impact of trading fairly, the market grows, and this

creates more opportunities for producers and their business partners.

The failures of the conventional trading system are deep-rooted and complex. Fair Trade takes a holistic approach to tackling these by combining many individual approaches.

By supporting artisans, farmers and workers to build democratic organizations, Fair Trade seeks to empower them to take more control over their own future and secure outcomes based on justice for people and planet. In this way, Fair Trade contributes to many of the Sustainable Development Goals.

Traditional models of Fair Trade, based on the sale of products from Africa, Asia and Latin America & the Caribbean to markets in Europe, North America and the Pacific remain important but Fair Trade ideas are increasingly a part of initiatives to address social, economic and environmental challenges everywhere in the world.

Fair Trade's work depends on trust; the trust of consumers who buy Fair Trade products and the trust of those who invest in new services and programmes. Fair Trade Organizations are committed to protecting that trust, firstly by adopting the highest possible standards of integrity, transparency and accountability, and secondly by striving for continual improvement of its impact by learning from monitoring and evaluation of their work.

IMPORTANT NOTICE ON THE USE OF THIS CHARTER

The Charter offers a concise explanation of the generic objectives and approaches that are common to most Fair Trade initiatives.

It is not possible for such a document to act as a manual of Fair Trade practices

or as a standard by which the approach of specific organizations can be assessed.

This document cannot therefore be used to justify the Fair Trade claims or credentials of any organisation, business, or network.



CHAPTER 1

INTRODUCTION

*Justice, equity and sustainable development
should be at the heart of trade structures*

BACKGROUND TO THE CHARTER

This document uses the term of “*Fair Trade Organizations*” to include all organizations and networks who tackle poverty and inequality through trade as part of their mission.

This includes production, exchange and marketing of goods as part of Fair Trade initiatives as well as promotion, awareness raising, and advocacy of the concept of Fair Trade.

This document revises and updates the 2009 Charter of Fair Trade Principles which has been widely used as a primary reference document for policy and advocacy work. An international group of experts has advised the World Fair Trade Organization and Fairtrade International,

the two global networks that have jointly led the process.

The updating of the Charter provides an opportunity to restate the fundamental values of Fair Trade that unite the diverse range of organizations and networks that make up the Global Fair Trade movement. This is important at a time when the success of Fair Trade is encouraging more widespread use of the term, increasing the need for a common reference point.

The new Charter also seeks to highlight Fair Trade’s longstanding role in addressing challenges such as inequality, gender rights, climate change and other topics of the United Nations Sustainable Development Goals.

OBJECTIVES OF THE CHARTER

The Charter offers a general explanation of the shared vision and values of the Global Fair Trade movement. It has three main aims:

1. To support the work of Fair Trade Organizations in raising awareness among consumers and citizens of the importance and impact of Fair Trade, so that more people will be inspired to join and support it.
2. To facilitate collaboration among Fair Trade Organizations by connecting their

specific missions and strategies with the common philosophy of the movement, and to promote collaboration with the solidarity economy, organic agriculture movements and others that fight for similar goals to the Fair Trade movement.

3. To enable others who work with Fair Trade Organizations (in government, academia or the private sector) to recognise the values and approaches that unite the global movement.

FAIR TRADE’S VISION

The Fair Trade movement shares a vision of a world in which justice, equity and sustainable development are at the heart of trade structures and practices

so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential.

DEFINITION OF FAIR TRADE

The main global networks of the Fair Trade movement agreed the following definition of Fair Trade in 2001(i):

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.

Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

CHAPTER 2

THE NEED FOR FAIR TRADE

*Trade liberalisation has not delivered its
promise of poverty reduction*



“Experience shows that economic growth on its own is not sufficient. We must do more to empower individuals through decent work, support people through social protection, and ensure the voices of the poor and marginalized are heard”

UN SECRETARY-GENERAL BAN KI-MOON, WORLD DAY OF SOCIAL JUSTICE 2014.

The expansion of global trade in recent decades has been a major contributor to economic growth in most countries but the gains from increased global trade have not been shared evenly. Trade liberalisation has not delivered its promise of poverty reduction. For several decades, world trade has grown on average nearly twice as fast as world production and countries that were able to fully participate in this wave of globalisation have seen a reduction in the numbers of people living in extreme poverty (ii).

Yet inequality has grown dramatically and to unprecedented extremes; it has been estimated that the wealth of the richest 1% equals that of everyone else and just 8 people (in 2017) own as much as the poorer half of the world’s population (iii). The other side of this coin is that wages for ordinary working people have not kept pace with the cost of living; many barely receive a subsistence income. 800 million people still suffer from extreme poverty and face a daily struggle to secure access to land, water, education, and healthcare.

Even for those who have been able to move out of extreme poverty, their position is fragile, and economic shocks, food insecurity and climate change threaten to rob them of their hard-won gains (iv). The global economic crisis of 2007/8 has amplified these trends. Current levels of inequality – within and between countries – are a major threat to human rights and a cause of instability, conflict and forced migrations (v).

A fairer trading system based on protecting and enhancing common goods is vital if the international community is to achieve the goal of ending extreme poverty within a generation and promoting shared prosperity in a sustainable manner across the globe. As well as improving access to markets for more producers in more countries, a fairer trading system would correct the imbalances of power in supply chains in which many markets are dominated by a handful of firms. These firms have the power to set the terms of trade for their suppliers, forcing prices down, often to levels below the costs of production, leaving small producers

and workers struggling to earn enough to maintain themselves and their families with dignity. This also leaves workers vulnerable to unsafe working conditions and other forms of exploitation.

Conventional trade also fails consumers who consistently express their outrage at production conditions that exploit people or planet. A fairer trading system would provide citizens with information on supply chains and trading terms so they can make purchasing choices according to their principles.

Fair Trade Organizations work to a different business model that puts the needs of people and planet first in trading relationships and connects producers and consumers through greater transparency of supply chains. As well as demonstrating that greater justice in world trade

is possible, the Fair Trade movement also works to persuade governments and international institutions to meet their responsibilities to bring fairness to trade structures and processes.

It is clear that the “neoliberal” model of free trade based on weak regulation of human rights and environmental protection that has prevailed for the past 30 years has failed. But the solution does not lie in policies that simply reinforce protectionism and restrict international trade; rather the need is for trade to be managed in a better way. As a movement that seeks to transform trade into a force not just for economic growth but also for social justice and sustainability, the values of the Fair Trade movement and the knowledge and experience of its members are more necessary and relevant than ever before.





CHAPTER 3 FAIR TRADE'S UNIQUE APPROACH

A holistic approach

Producers and workers face many barriers to securing their fair share of the gains of trade. Fair Trade takes a holistic approach to these challenges, in which disadvantaged groups are empowered to work for the changes they need, according to their own situation and context. The interventions listed below are the most common approaches adopted by Fair Trade Organizations to enable change and sustain improvements.

This multi-stakeholder approach gives a voice to those who are often marginalized in the writing of trade rules. At the same time it is a multi-dimensional approach that brings together economic, social, environmental and political dimensions of development; and a multi-level approach where local, national, regional

and global scenarios are interconnected and work together to achieve fairer economic relations, respecting the cultural diversity of each people and the leading role of producers in their communities and countries.

Fair Trade transactions exist within a “social contract” in which buyers (including final consumers) agree to do more than is expected by the conventional market, such as paying fair prices, providing pre-finance and offering support for development. In return for this, producers use the incomes of Fair Trade to improve their social, economic and environmental conditions. In this way, Fair Trade is not charity but a partnership for change and development through trade.

CREATING THE CONDITIONS FOR FAIR TRADE

Fair Trade Organizations apply their values in commercial contracts and transactions, putting human relationships rather than profit maximization at the core of their work.

Trading terms offered by Fair Trade buyers seek to enable producers and workers to maintain a sustainable livelihood; that meets day-to-day needs for economic, social and environmental well-being and that allows to improve conditions over time.

There is a commitment to a long-term trading partnership that enables both

sides to co-operate and grow through information sharing and joint planning.

Overall, the Fair Trade movement aims to create an environment in which public and private sector policies support economic, social and environmental sustainability in trade so that small producers and workers are able to achieve sustainable livelihoods by exercising their rights and freedoms and earning a living income from viable and resilient businesses.

ACHIEVING INCLUSIVE ECONOMIC GROWTH

Trade is more than just an economic activity about exchanging goods and services; it is a social interaction between people. Fair Trade aims to strengthen social capital by partnering with inclusive and democratic organizations that are active in supporting education, health and social facilities within their communities as a way of spreading the gains of trade as widely as possible.

Associations or co-operatives of small and family-owned businesses have always

been at the heart of Fair Trade because of their role in helping marginalised and disadvantaged producers and workers improve their access to markets. Fair Trade Organizations support the efforts of associations and cooperatives to build their capacity to manage successful business, develop production capabilities and strengthen access to markets.

PROVIDING DECENT WORK AND HELPING TO IMPROVE WAGES AND INCOMES

Everyone should be able to live with dignity from the income generated from their work. Fair Trade promotes respect for local regulations or international conventions regarding freedom of association and collective bargaining, elimination of discrimination, avoidance of forced work, and

provision of a safe and healthy working environment.

Beyond this, Fair Trade Organizations work towards achieving a living wage for workers in their supply chains and for small-scale farmers and artisans to secure living incomes from their enterprises.

EMPOWERING WOMEN

Although women are often the main providers of labour, they are often restricted from accessing land and credit that would enable them to benefit fully from economic activity and opportunities for social and economic development. Women have the right to receive equal pay and treatment, and have access to the same opportunities, compared to men.

Fair Trade Organizations not only respect this principle of non-discrimina-

tion but they work actively to promote gender equity within their own operations by including women in decision making and to influence positive change more widely.

For millions of women, Fair Trade projects have provided the first opportunity to make decisions about household income, and evidence shows this improves outcomes in areas such as health, education and social development (vi).

PROTECTING THE RIGHTS OF CHILDREN AND INVESTING IN THE NEXT GENERATION

The exploitation of children can only be addressed by targeting its causes as well as monitoring compliance with national and international standards.

Fair Trade supports organizations that help families earn sufficient income without recourse to child labour and that builds understanding within communities of the importance of children's well-being, educational needs and right to play.

Fair Trade also addresses the threats facing many rural communities from

the lack of incentives for the next generation to become farmers and artisans. Fair Trade Organizations offer young people the option of a brighter future close to their families and as part of their communities by enabling them to learn the skills required for their future working life. Leaders of Fair Trade Organizations, especially women, are powerful entrepreneurial role models for young people.

NURTURING BIODIVERSITY AND THE ENVIRONMENT

The protection of the environment and the longterm viability of natural resources and biodiversity are fundamental pillars of Fair Trade.

Good environmental practice including protection of soil and water resources and reduction of energy consumption, greenhouse gas emissions and waste is the responsibility of all actors in the chain of production, distribution and consumption.

The entire value chain should be managed to ensure that the real costs of good environmental practice are reflected in prices and terms of trade.

Small-scale farmers and artisans are among the most vulnerable to the effects of climate change and it is important they are supported in developing and investing in adaptation and mitigation strategies.



INFLUENCING PUBLIC POLICIES

Fair Trade Organizations seek to build on the direct impact they achieve through their work and share their experience so that Fair Trade values can be adopted in conventional business practices and government regulations. They do this by campaigning and through lobbying and advocacy on the different levels of national and international governments.

Public policy can encourage businesses to conduct more trade under Fair Trade conditions with the aim of making Fair Trade principles the norm. Seeking changes to the rules and practices of conventional trade is an integral element of Fair Trade.

INVOLVING CITIZENS IN BUILDING A FAIR WORLD

Fair Trade supply chains help connect producers and consumers. The growing presence of Fair Trade products in mainstream markets illustrates the power consumers wield in their consumption choices. By informing people about the impact of their buying choices it contributes to responsible consumption that can be sustained within the ecological limits of the planet.

But it should not just be the responsibility of consumers to seek out Fair Trade; they have a right to expect it as the norm for all products. Therefore Fair Trade also engages with its stakeholders as citizens, recognizing that producers and consumers are social actors as well as economic ones.

Fair Trade's focus on inclusion and empowerment helps connect local grass-roots campaigns with a global movement for alternative economic models that include a just and equitable global trading system for everyone.

The success of Fair Trade in its work with producers in Africa, Asia and Latin America & the Caribbean selling to markets in Europe, North America and the Pacific is increasingly referenced by initiatives seeking to improve trade in all parts of the world.

CHAPTER 4 FAIR TRADE'S IMPACT AND ACHIEVEMENTS

Fair Trade is a path



Over 4,000 grassroots organizations, representing over two-and-a-half million small-scale producers and workers in over 70 countries work with the World Fair Trade Organization or Fairtrade International. Their products are sold in thousands of World-shops or Fair Trade shops, supermarkets and many other sales points around the world. Advocacy work by their members and partners has engaged political decision-makers on every continent and has helped to bring social and environmental responsibilities to the agenda of leading companies.

Building public support for, and understanding of, Fair Trade is a significant contributor to impact. Communities across the world are working to promote Fair Trade in their area and there are now 1830 Fair Trade Towns in 28 countries (vii).

Similar movements exist for schools, universities and places of worship,

strengthening intercultural and inter-faith understanding and co-operation and connecting initiatives with a global movement for change. As the business world has engaged with sustainability issues in recent years, the public's support for Fair Trade has played an important role in putting production and labour conditions on this agenda (viii).

Public support in turn depends on trust in Fair Trade Organizations to “say what they do and do what they say”. Fair Trade's stakeholders have a right to expect the highest possible standards of integrity, transparency and accountability from all Fair Trade actors. The Fair Trade movement has therefore made sustained investment over many years in assurance systems that can objectively verify its claims.

Those who support Fair Trade also want to know that their actions enable positive outcomes for producers. Understanding



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the social and economic impact of Fair Trade is therefore very important, and is an increasing focus of academic research.

Collaborations between researchers and practitioners include the International Fair Trade Symposia which have been held since 2002(ix).

A range of studies(x) has shown benefits in areas such as

- increased incomes and/or better income security for producers and
- empowerment of farmers and workers by enhancing democracy in producer organizations and strengthening their voice in supply chains,
- increasing the participation of women in economic activity and decision making, and
- complementing the work of other ini-

tiatives in protecting the environment and tackling climate change.

However, it is not always possible to establish causal relationships between interventions and outcomes and some of the most important contributions of Fair Trade are “human” or non-material such as empowerment, wellbeing and happiness.

Fair Trade has been recognised as a unique approach to development in the policies of national governments and international institutions. The former United Nations rapporteur on the right to food, Olivier De Schutter, has noted that:

“The Fair Trade movement has set a model that others should seek inspiration from, and that can ensure that global supply chains work for the benefit of small-scale farmers and thus contribute significantly to the alleviation of rural poverty and to rural development (xi)”.

APPENDIX: EXTERNAL FRAMEWORKS & SOURCES OF FURTHER INFORMATION

Fair Trade recognises the importance of multi-lateral frameworks for the protection of human rights and the environment in public policies and business practices and references their provisions in its work. Among the most important frameworks are:

» **Sustainable Development Goals (SDG's)**. Adopted by the UN General Assembly in September 2015, the SDG's are an ambitious set of 17 global commitments aimed at “ending poverty in all its forms, everywhere” by 2030 by tackling inequality and promoting sustainable development. The Fair Trade movement shares with the SDG's the vision of a sustainable world in which people can escape poverty and enjoy decent work without harming the earth's essential ecosystems and resources and in which women and girls are afforded equal rights and equal opportunities. The Fair Trade movement has for a long time recognised the importance of raising awareness among consumers of the impact of their purchasing decisions and so it welcomes the inclusion of responsible consumption in the sustainability agenda. Accordingly The Fair Trade movement seeks to partner with governments, civil society organizations and the private sector on achieving the Sustainable Development Goals.

» **International Labour Organization (ILO) Conventions**. Comprising 190 laws which aim to improve the labour standards of people around the world. Eight of these (on prohibition of forced labour, child labour, the right to organize in a trade union, and suffer no discrimination) are fundamental Conventions which are binding upon every member country. The ILO's Decent Work Agenda was adopted by the UN General

Assembly as part of the 2030 Sustainable Development Agenda (xii).

» **Guiding Principles on Business and Human Rights**. A global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, adopted by the United Nations General Assembly in June 2011.

The development of the Fair Trade Charter has been led by two global networks:

» **World Fair Trade Organization** (www.wfto.com) is the global network of producers, marketers, exporters, importers, wholesalers and retailers that demonstrate 100% commitment to Fair Trade and apply the 10 WFTO Principles of Fair Trade to their supply chain. WFTO operates in over 70 countries across 5 regions (Africa, Asia, Europe, Latin America, and North America and the Pacific Rim) with elected global and regional boards.

» **Fairtrade International (xiii)** (www.fairtrade.net) is the Organization that coordinates the Fairtrade labelling scheme. It is co-owned by 3 Regional Producer Networks (representing over 1400 Organizations certified to Fairtrade standards in 73 countries) and 19 National Fairtrade Organizations who licence the Fairtrade label and promote it to businesses and consumers.

» With the support of their joint **Fair Trade Advocacy Office** (www.fairtrade-advocacy.org) these networks seek to enable dialogue beyond their membership bases and provide more accessible information on other parts of the Fair Trade movement. Based in Brussels, Belgium, the Fair Trade Advocacy Office leads

the Fair Trade movement's political advocacy at European Union level and contributes to the strengthening of the political advocacy capacities of the Global Fair Trade movement.

» A history of the Fair Trade movement can be found [here](#).

NOTES

Usually referred to as the “FINE Definition” this text was agreed in 2001 by Fairtrade Labelling Organizations International (FLO), International Federation for Alternative Trade (IFAT), Network of World Shops (NEWS), and the European Fair Trade Association (EFTA). IFAT has since been renamed as the World Fair Trade Organization and includes the former NEWS within its membership base.

ii The World Bank estimated a reduction in the number of people living in absolute poverty of 58% between 1998 and 2010. See World Bank Poverty Overview <http://www.worldbank.org/en/topic/poverty/overview>

iii Oxfam Inequality Report to Davos World Economic Forum, 2017 <https://www.oxfam.org/en/pressroom/pressreleases/2017-01-16/just-8-men-own-same-wealth-half-world>

iv World Bank Poverty Overview <http://www.worldbank.org/en/topic/poverty/overview>

v Forced Migration is “a general term that refers to the movements of refugees and internally displaced people (those displaced by conflicts within their country of origin) as well as people displaced by natural or environmental disasters, chemical or nuclear disasters, famine, or development projects.” <http://www.columbia.edu/itc/hs/pubhealth/modules/forced-Migration/definitions.html>:

vi FAIRHER: WOMEN'S EMPOWERMENT AND FAIR TRADE [\[paigns.org/2016/04/fairher-womens-empowerment-and-fair-trade/\]\(http://paigns.org/2016/04/fairher-womens-empowerment-and-fair-trade/\)](http://fairtradecam-</p>
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vi See www.fairtradetowns.org

vii “Does fair Trade change society”: : https://www.fairtrade-deutschland.de/fileadmin/DE/mediathek/pdf/fairtrade_society_study_short_version_EN.pdf

ix See <http://www.fairtradeinternationalsymposium.org/>

x See the bibliography in a paper by independent research consultant Sally Smith for Max Havelaar Netherlands in 2013, accessed via http://www.fairtradegemeenten.nl/wp-content/uploads/2013/03/Bijeenkomsten_Im-pact-Day.pdf

xi Olivier de Schutter (2013): The contribution of Fair Trade to securing human rights in agriculture” – Q&A from the Special Rapporteur (11 May 2013). http://www.srfood.org/images/stories/pdf/otherdocuments/20130510_fair-trade.pdf

xii Decent work and the Agenda for Sustainable Development <http://ilo.org/global/topics/sdg-2030/lang--en/index.htm>

xiii Formally, Fairtrade Labelling Organizations International eV but operating as Fairtrade International