



FAIR TRADE DEFINITION AND PRINCIPLES

As agreed by FINE¹ in December 2001

1 Definition of Fair Trade

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 organisations (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.

2 The essence of Fair Trade

Fair Trade's strategic intent is:

- deliberately to work with marginalised producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency
- to empower producers and workers as stakeholders in their own organisations
- actively to play a wider role in the global arena to achieve greater equity in international trade.

¹ IFAT (International Fair Trade Association), FLO (Fair Trade Labeling Organizations International), NEWS! (Network of European Worldshops) and EFTA (European Fair Trade Association)

3 Basic principles

The basic principles and strategic intent which the members of the FINE group endorse form the basis of their work and underpin the criteria/standards used for monitoring by the different networks.

The first principle describes Fair Trade organisations and distinguishes these organisations from other commercial organisations that are involved in Fair Trade through the purchase of products labelled under the FLO certification system.

The networks in membership of FINE ensure that their individual criteria/standards reflect the principles below:

(1) Fair Trade organisations

Fair trade organisations have a clear commitment to Fair Trade as principle core of their mission. Over and **above their operational Fair Trade activities they differentiate themselves by:**

- Providing financial, technical and organisational support to producers
- Awareness raising in North and South
- Campaigning for changes in the rules and practice of conventional international trade.

(2) Trading partnership

To see trade as a mutual beneficial partnership based on dialogue, transparency and respect:

- Treating each other with respect, taking different cultures and roles into consideration
- Being transparent and accountable in the presentation of the organisation, its finance and its structure as required by law or as required by Fair Trade agreements
- Providing information to facilitate market access
- Having an open and constructive communication
- In case of conflicts using dialogue and arbitration to overcome the problems

(3) Fair Trade's better trading conditions

To improve trading conditions by

- Paying a fair price in the regional or local context. (A fair price should not only cover cost of production but also make socially just and environmentally sound production possible)
- Helping with access to pre-harvest / pre-production financing (e.g. advance payments on request) to avoid producer organisations falling into debt.
- Conditions of trade must support commercial continuity and longer term commitment.

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(4) Securing producers' and workers' rights

To secure and improve upon producers and workers rights, making a commitment to:

- Providing fair remuneration (which is not only the legal minimum wage but a living wage)
- Providing a socially responsible, safe and healthy workplace
- Complying with national laws PLUS maintaining conditions which safeguard the Human Rights of producers and workers as defined by the United Nations
- AND ensuring that the core labour standards as defined by the ILO (International Labour Organisation) are implemented.

In particular ILO Conventions No 29 and 105 requiring the suppression of forced or compulsory labour in all its forms; No 87 establishing the right of all workers and employers to form and join organisations of their own choosing without prior authorisation; No 98 providing the right to organise and for measures to promote collective bargaining; No 100 calling for equal pay and benefits for men and women for work of equal value; No 111 calling for national policies to eliminate discrimination in access to employment, training and working conditions on grounds of race, colour, sex, religion, political opinion, national extraction or social origin and to promote equality of opportunity and treatment; and No 138 aiming for the abolition of child labour stipulating that the minimum age for admission to employment shall not be less than the age of completion of compulsory schooling.

(5) Process of sustainable development

To promote long term improvements in the economic and social opportunities of small producers and wagedworkers and in the environmental practises of their organisations through:

- Strengthening small producers' organisations
- Strengthening the ownership and the participation in decision-making of producers and workers
- Providing support for training, capacity building and human resource development, especially of women
- Actively encouraging better environmental practises and the application of responsible methods of production

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