

Fair Trade in Asia¹ – the developmental role of Oxfam*

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Executive Summary

Fair Trade originated in the developed countries in the 50s as a “relief” activity for working out a better deal to the artisans and farmers in the under-developed parts of the world. This spread fast as an alternative trade movement in the shape of facilitating purchases from unorganized producers who produce in small quantities, and also by increasing consumer awareness by informing them of the actual production and trading conditions.

A large number of artisans, farmers and fisher folk have benefited significantly from fair trade interventions. There are other challenges which small producers and/or their organizations face. These relate to financial, logistical, administrative and marketing resources.

Oxfam has been at the forefront of making trade work for the poor, and has pioneered a fair trade movement to demonstrate this model of trade is fair both to the producers and consumers.

Oxfam has launched an international campaign to make trade fair, which is challenging the rules that govern world trade.

This paper has attempted to illustrate some of Oxfam’s efforts in the area of fair trade, with a special focus in Asia.

Introduction

Well-managed trade has the potential to lift millions of people out of poverty. However increased trade is not an automatic guarantee of poverty reduction. The human costs of unfair trade are immense. Increased prosperity has gone hand in hand with mass poverty and the widening of already obscene inequalities between rich and poor. World trade has the potential to act as a powerful motor for reduction of poverty, as well as for economic growth, but that potential is being lost.

The plight of small producers and workers

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There are some specific concerns relating to the lives and operation of small scale producers and workers. To quote a few....

These have been experienced and captured by Oxfam's field staff and partners:

- Most of the small producers and workers are employed by the SMEs sector, but SMEs perspective is absent in international trade discussions
- Retail companies do not know their supply chains very well and therefore do not respect rights of workers and small producers
- Lack of organization and therefore, representation at important forums
- Lack of negotiation capacity to influence policy change
- Absence of documented evidence

Fair Trade as understood by Oxfam

The first instance of fair trade was reported around forty years ago in response to a growing recognition that, benefits accruing from trade have not been shared equitably.

Fair trade is a trading partnership based on dialogue, transparency and respect. It is a model, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions. It is *fair* not only to producers, but also to consumers.

Fair Trade Principles

Oxfam popularized a set of fair trade principles, which have become the basis of fair trade standards that can be practiced, both by small producer organizations as well as suppliers and retailers. They have been based on Oxfam's research, on the ground experience, and participation in fair trade debates and discussions:

- Paying fair wages in the local context
- Working with producer organizations and business entities that aim to benefit their workers/producers
- Protection of children and young workers
- Provision of safe and hygienic working conditions
- Protection of the natural environment
- Promotion of gender equity
- Establishing long term producer-buyer relationships
- Building capacities of poor producers and/or their organizations to access markets on fair terms

The Fair Trade Movement

Oxfam has been in the forefront of advocating for fairer terms of trade, and is one of the pioneering organizations of a global fair trade movement. Many of the goals of the Fair Trade movement – for example, getting producers higher prices in markets and challenging conventional models of trade – are shared goals. Oxfam utilises a portfolio of approaches that will achieve the greatest and most sustainable benefits for people living

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in poverty; whenever it is appropriate this will include Fair Trade. Oxfam is supporting Fair Trade movements directly in East and South Asia, notably the IFAT (International Federation for Alternative Trade) Asia Forum. A partner in Japan says, *"There is a sense of working together to build something strong."*

Oxfam's role in fair trade

Over the years Oxfam has tried to identify gaps and needs of producer/worker communities to design interventions to enable them to access markets on fair terms. These have been on building capacities, engaging common people with the cause, and influencing corporate behaviour.

To **build the capacity of small scale producers** by -

- working with producers to access new markets (both Fair Trade and mainstream) by leveraging resources and knowledge
- supporting emerging Fair Trade movements in Asia as part of its livelihood strategies for the poor
- developing initiatives that will expand the scope of Fair Trade, e.g. Clean Cotton, bringing fairness in supply chains
- providing technical support for producer organisations to participate effectively in trade fairs

To **engage the public** by -

- selling Fair Trade products
- popular campaigning on Fair Trade
- collaborating with other organisations to engage Fair Trade consumers in the wider work of Make Trade Fair

To **influence corporate behaviour** by -

- directly engaging with businesses that wish to adopt fair/ethical standards
- using Fair Trade as an example of good practice when campaigning at targeted companies

Development of a 'Power in Markets' programme

A critical part of the work on Fair Trade is the development of a 'Market Access' or 'Power in Markets' programme in all of Oxfam's regions, especially in East and South Asia.

The starting point was to integrate good practice from Oxfam's Fair Trade programme into our wider programme around sustainable livelihoods. This has taken the form of a training course on markets analysis delivered in cooperation with organisations like Traidcraft, learning materials and tools on how to analyse the markets as well as value chains.

MAKE TRADE FAIR

The Oxfam Trade Campaign

On April 11, 2002, Oxfam International launched a three-year campaign on trade. The campaign aims to combine global popular mobilisation with high-level advocacy to change the rules and practices of international trade, making a significant contribution towards the fight against poverty.

What is the campaign trying to address?

- International trade has the potential to help eliminate poverty.
- However, rigged rules and double standards prevent poor people from working their way out of poverty and widen the gap between rich and poor, and men and women.
- Oxfam wants to make trade fair, by changing the rules of trade and the way it is practised, so that trade can become part of the solution to global poverty - not part of the problem.

Oxfam thinks real change in the rules and practices of trade will come when there is a large group of people around the world who are aware of the problems created by trade at the moment, and who are adding their voice to an appeal to make trade fair.