

Pannasastra University of Cambodia
Commitment to Excellence

Topics: The Impacts of Fair-trade on Poverty Alleviation

By

Student: **CHHAY HAKSYM**
Advisor: **Dr. TROND Gilberg**
Date: September 06, 2007

I. Senior Project Proposal

The Purpose

I am going to write about the impacts of fair-trade on poverty alleviation. This paper aims at indicating by what way fair-trade can help alleviate poverty and contribute to better working conditions and better life for the farmers, workers in the developing nations. It also aims at making consumers in the west aware of the tough working conditions of poor farmers and workers in the developing countries.

A lot of international traders in developing countries maintain unsatisfactory working conditions for their workers. And farmers, producing commodities like coffee, tea or cocoa could not get a fair price for what they are producing. Though they work very hard, they remain in poverty. Thus, I also want to encourage consumers to practice the idea of fair-trade to put pressure on the exploited producers by not supporting their products, forcing them to accept a number of conditions to change to produce fair-trade products instead. Additionally, I have a burning desire to show consumers in the west how they can affect the situation in developing countries by their purchases. For example, what coffee brand they choose, which cloth they should wear and what kind of banana, apple or orange they should buy.

I also would like to help taking part in promoting global justice through the support of fair-trade products. Though global justice is extremely hard to achieve, I hope that this idea is contributing to help fight global injustice.

Moreover, I wish to raise this awareness to be heard by the Cambodian workers and other workers in the developing countries to realize that more and more people in the

west, who are the main consumers, now are starting to boycott the unfair-trade products, which they believe to be full of exploitation. Thus, it gives hope to the workers to enjoy better working conditions in the future. Last but not least, I want to spread the idea to those who are interested in global justice to run campaigns to protect the interests of the workers from the exploited producers and exporters.

I will divide this paper into several parts. The first part will be talking about the definition of fair-trade, the differences between fair-trade and free trade, and how to identify fair-trade products. The second part will be focusing on a number of conditions that traders shall respect and fulfill to get a fair-trade label on their products. The third part will be showing the comparison of the living standard of workers working before and when they are involved in fair-trade. And the last one will be serving as a new lesson for Cambodian workers and indeed Cambodian people as a whole to get to learn and practice the idea of fair-trade for the benefit of the workers.

Outline

Part one:

I will define the meaning of fair-trade and its history briefly to get to know origin of the fair-trade and why did this idea came into existence. What is a fair-trade product? Why is it different from other types of products? And how to identify a product that is a fair-trade product.

Part two:

I will talk about a number of conditions the large producers need to respect and fulfill in order have their products be certified as fair-trade products.

Part three:

I will provide a number of case studies of workers who previously were not involved in fair-trade, but later work with fair-trade to see how they can make a difference in their lives.

Part four:

I am going to raise this awareness among my friends mostly and get this published in my website, so that people can access it and get to learn if they think it is good and interesting.

Methodology

I am going to base myself mainly on the sources from the internet, books, knowledge and experiences from Sweden, as I were involved in fair-trade work while doing an exchange program there, to complete this research paper. And to broadcast this information, I will send my paper to my friends and colleagues when it is already revised and successfully done to help continue spreading this idea. I have a number of friends who are running a fair-trade coffee shop in Sweden. They are selling all kinds of fair-trade products ranging from drinks, fruits to artifacts. Thus, this will be easier to expand. And since many fair-trade organizations are working in Sweden now and Sweden is not only one of the countries in Europe, but also a member of the European Union (EU), then it is not difficult to extend this idea to the whole Europe.

II. Introduction

Two centuries after the Industrial Revolution, more than 1.3 billion people still live in **absolute poverty**- a condition of life “so characterized by malnutrition, illiteracy, and disease” that the World Bank finds it “beneath any reasonable definition of human decency.”¹ These people and 3 billion others live in a collection of countries we know optimistically as the “developing world.” They invade our consciousness when we hear of another civil war in Africa, another famine in South Asia, another financial crisis in Latin America, or **another reversal of world commodities prices.**² Social scientists underlined a number of reasons to explain the causes of poverty in the developing countries by 1). Geographic condition: most of the developing world, and very little of the industrial world, is located in a band around the equator that stretches from the Tropic of Capricorn to Tropic Cancer. Most of this region receives heavy rain all year (within 1,000 miles of the equator) or heavy monsoon rains for half of the year and no rain for the rest of the year (1,000 to 1,500 miles from the equator), or has

¹ This description is taken from World Bank, Poverty and Human Development, (New York: Oxford University press, 1980)

² Gardner, H. Stephen, *Comparative Economic Systems*, Copyright© 1998 by The Dryden Press, p. 119

turned to desert.³ 2). Health and Education Condition: it is difficult for a poor country to set aside the resources that are needed to provide health and education services to the population, and it is difficult to for the children of the poor to take time off from work for their education.⁴ 3). Population Growth: The populations of poor countries tend to grow rapidly because of their rural lifestyle and their inability or unwillingness to practice birth control. The poorest countries also tend to have the highest dependency ratio- that is, the percentage of the population that is not of working age. 4). Foreign Trade and Investment: the principle of foreign trade via free trade was emerged in the 18th century by the British economist Adam Smith.⁵ It is a trade between various countries of the world that has taken place for many hundreds of years. The purpose of free trade is to enable people to obtain food and materials that they could not produce for themselves. And the whole idea is that trade partners shall benefit from trade. However, practically, free trade is now considered as a new type of colonialism that the industrial countries have continued their exploitation of the developing countries is through multi-national corporations (MNCs), making people in the third world to be continuously poor.

Poor is defined, according to Michael P. Todaro and Stephen C. Smith, the authors of the book entitled: “Economic Development, eight edition” on page 7, as:

- *When one is poor, she has no say in public, she feels inferior. She has no food, so there is famine in her house; no clothing, and no progress in her family.*

- A POOR WOMAN FROM UGANDA

- *For a poor person everything is terrible – illness, humiliation, shame. We are cripples; we are afraid of everything; we depend on everyone. No one needs us. We are like garbage that everyone wants to get rid of.*

- A BLIND WOMAN FROM TIRASPOL, MOLDOVA

- *Poverty is...low salary and lack of jobs. And it's also not having medicine, food, and clothes.*

- FROM A DISCUSSION GROUP, BRAZIL

³ Gardner, 122

⁴ Gardner, 125

⁵ http://www.oxfam.org.uk/coolplanet/milkingit/information/the_issues/free_trade.htm

How does free trade exploit people? They exploit people in third world through their Foreign Direct Investment (FDI)/through MNCs. MNCs, through their direct investment, often outweigh the benefit.⁶ Through their oligopoly position in local economies, they made much profit and all profit made is repatriated to shareholders in the firm's country of origin rather than reinvested locally.⁷ With the idea of the invisible hand – no governmental interference, large companies, adorned with its high technologies, skills, size and resources, drive native competitors out of business. Additionally, some form of FDI attempt to export pollution from Northern countries, where environmental enforcement is stringent, or to exploit reserves of cheap labor. In Ilo, Peru, for example, local villagers suffer from serious respiratory and other health problems stemming from the air and water pollution produced by a nearby copper smelter plant owned by three large American corporations.⁸

They create low skill jobs in the developing countries and shift the high-skill jobs elsewhere. Most importantly, they encourage governmental corruption and manipulate policies to the detriment of the local populations.⁹ They exploit their workers by paying them low salary; they buy cheap raw materials from small producers and farmers in the developing countries and sell expensively to customers. As a result, many of the world's poorest people are farmers and plantation workers. These people work so hard, but they do not get a fair price for what they produce. Take coffee as an example. Think of how much you pay for a cup of coffee. When the world coffee prices declines, consumers do not pay less than what they used to consume in the restaurants and bars. So who is trapped with the cost? The answer is the farmers who grow the coffee beans. Therefore, the declining of the coffee price means farmers will not have adequate money to pay electricity, their children's school fee or to feed their family. As a result, poor producers like farmers and workers are trapped in the cycle of poverty.¹⁰

⁶ Lairson, Thomas D., *International Political Economy, the Struggle for Power and Wealth*, © 1997 by Holt, Rinehart and Winston, Inc, p.309

⁷ Thomas D, p. 309

⁸ Thomas D, p. 310

⁹ Gardner, 127

¹⁰ http://www.oxfamamerica.org/whatwedo/campaigns/coffee/news_publications/feature_story.2006-10-16.2986589202#whatis

You might ask what can we do to fight against this unfair practice? There are some development strategies provided by economists. Anyways, if explanations of poverty differ among countries and economists, proposals to alleviate it are equally diverse. A person or a country is poor can be by its geographic and cultural determinism, by health and educational condition, by too much population growth; or by the new type of colonialism through free trade. Adam Smith and David Ricardo believed that free trade is one of the development strategies to alleviate poverty. Perhaps they are true, but only when it is used in a fair and just way to provide benefits to concerned trade partners. Anyway, what is this paper recommended development strategy to alleviate poverty?

The development strategy written in this paper to alleviate poverty is through fair-trade. Fair-trade is an organized social movement¹¹ and market-based model of international trade which promotes the payment of a fair price as well as social and environmental standards in areas related to the production of a wide variety of goods. The movement focuses in particular on exports from developing countries to developed countries, most notably handicrafts, coffee, cocoa, tea, bananas, honey, cotton, wine, fresh fruit, and so on. Fair-trade's strategic intent is to deliberately work marginalized producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency. It also aims at empowering them to become stakeholders in their own organizations and actively play a wider role in the global arena to achieve greater in international trade. Fair-trade proponents include a wide array of international religious, development aid, social and environmental organization such as Oxfam, Amnesty International, and Caritas International.

Like other developmental efforts, fair-trade has proved itself controversial and has drawn criticism from both ends of the political spectrum. Some economists and conservative think tanks see fair trade as a type of subsidy that impedes growth. Segments of the left criticize fair trade for not adequately challenging the current trading system. Anyway, despite criticism, fair-trade has done a great deal of works.

¹¹ **Social movements**, according to wikipedia, are a type of group action. They are large informal groupings of individual and/or organization focused on specific political or social issues

For example, in October 2006, over 1.5 million disadvantaged producers worldwide were directly benefiting from fair trade while an additional 5 million benefited from fair trade funded infrastructure and community development projects.¹² And according to FLO (Fairtrade Labelling Organizations International) in July 2007, Consumers worldwide spent 1.6 billion Euros on Fairtrade Certified Products directly benefiting over 1.4 million producers and workers worldwide. Is this not an amazing developmental effort and achievement? However, fair-trade can be more achievable and useful for disadvantaged and marginalized only if there is strong support from consumers to purchase fair-trade commodities. By practicing this idea, one is hoping to alleviate poverty among producers, farmers and workers in the developing states. Imagine that if more people support fair-trade policy, more fair-trade goods will be purchased. In other words, selling unfair products will be a threat to the loss of profit. Therefore, big companies that do not obtain a fair-trade license will be suppressed by buyers, leading them to consider to apply for a fair-trade license.

Literature Survey

Through hard work and effort, fair-trade products are getting more and more well-known, promoted and supported. Nowadays, not only individual consumers are supporting and purchasing fair-trade products, but also some governments and private businesses; especially found in the most developed nations. A story entitled “*Global Fair-Trade sales Increases by 40% Benefiting 1.4 Million Farmers Worldwide*” was published by the Fair-trade Labeling Organization International (FLO) in Bonn, Germany on July 25, 2007. The full article can be checked in the website: [http://www.fairtrade.net/single_view.html?cHash=b3703de592&tx_ttnews\[backPid\]=168&tx_ttnews\[tt_news\]=26](http://www.fairtrade.net/single_view.html?cHash=b3703de592&tx_ttnews[backPid]=168&tx_ttnews[tt_news]=26) or can be seen in appendix 1.

In May 2007, there was another article published by the Fair-trade Labeling Organization International under the title “*Fair-trade Launch in Estonia*”¹³. This is another development of the popularity of the Fair-trade products. With this announcement, Estonia becomes the first Baltic country to offer Fair-trade Certified Products. Several products such as coffee, tea, sugar, fruits and wine can be found in

¹² http://en.wikipedia.org/wiki/Fair_trade

¹³ [http://www.fairtrade.net/single_view.html?&cHash=ca13f8152e&tx_ttnews\[backPid\]=168&tx_ttnews\[tt_news\]=19](http://www.fairtrade.net/single_view.html?&cHash=ca13f8152e&tx_ttnews[backPid]=168&tx_ttnews[tt_news]=19)

one of Tallinn's central food stores Kaubamaja and some specialty stores. More detail of this article can be found in appendix 2.

Additionally, recently, Miles Litvinoff and John Madeley published a book in the United Kingdom called "*50 Reasons to Buy Fair-trade*". This book provides 50 reasons why buying fair-trade delivers a host of benefits to people and the planet. It's an inspiring account of how every consumer can play a part in improving lives and making global trade work better for poor people.¹⁴ One of the authors of this book, Miles Litvinoff, was interviewed by FLO regarding to his writing. Please see the full interview in appendix 3.

Significant Problems

As people throughout the world awake each morning to face a new day, they do so under very different circumstances. Some live in comfortable homes with many rooms. They have more than enough to eat, are well clothed and healthy, and have a reasonable degree of financial security. Others, and these constitute more than more than three-fourths of the earth's 6 billion people, are much less fortunate.¹⁵ They may have little or no shelter and an inadequate food supply. Their health is poor, they often cannot read or write, they are often unemployed, and their prospects for a better life are uncertain at best. Research also shows that the majority of those who live in absolute poverty are farmers and plantation workers, producing basic commodities such as tea, coffee or rice.

Take this case as an example, the United States consumes one-fifth of the world's coffee, making it the largest consumer in the world. But few Americans realize that agriculture workers in the coffee industry often toil in what can be described as "sweatshops in the fields". Many small coffee farmers receive prices for their coffee that are less than the costs of production, forcing them into a cycle of poverty and debt.¹⁶

¹⁴[http://www.fairtrade.net/single_view.html?&cHash=ca13f8152e&tx_ttnews\[backPid\]=168&tx_ttnews\[pointer\]=1&tx_ttnews\[tt_news\]=15](http://www.fairtrade.net/single_view.html?&cHash=ca13f8152e&tx_ttnews[backPid]=168&tx_ttnews[pointer]=1&tx_ttnews[tt_news]=15)

¹⁵ Todaro, Michael P. *Economic Development*, eight edition, published 2003, Essex CM 20 2 JE, England, p. 3

¹⁶ <http://www.globalexchange.org/campaigns/fairtrade/coffee/>

Commonly, not only farmers and agriculture workers face this unjust practice, but also factories industrial workers in the poor countries. Although some garment workers are paid relatively decent working, other must work overtime to survive.

Take Cambodia as an example, many Cambodian garment workers are facing challenges due to the shortfall of wages and overwork. Several complaints below show about the life of the Cambodian garment workers when interviewed by Radio free Asia and Phnom Penh Post.

1. **Naroeun**, *She is working in a garment factory in Phnom Penh City. Very skinny, she told us, with tears welling up in her eyes, she has urinary problem, causing her to have back pain and to be weak, but she still works everyday. She does not have money to take care of her illness because the alary she earns is too low, besides, she also wants to save 10 to \$15/month to send to her mother at her village as well.*

Naroeun said that the food she is eating everyday has no nutrition because she doesn't have enough money to afford proper food. Her base salary is \$45/month. If she works an additional 4 hours/day, she can earn up to 70\$/month. "The main problem is that I don't have enough money. The salary is not enough, but I just endure it. Each month I barely save at all. I can send home a small amount, 10-\$20 only".¹⁷

2. **Sophea**, *from Svay Rieng province. She works for another garment factory in Phnom Penh city. We met her while she was eating rice with a bowl of lotus stems soup that she shares with another worker. She said that this is the kind of food she can afford to eat daily, because it is cheap, each meal costs her 1,500 Riels only. She shares a rented room with two other workers. The room costs \$30/month for three of them. She said that because of low salary, she had to be careful with her spending in order to save some money to send back home to her 5 children who are now living with her mother at her village. She also said that her health condition is not very good. Sophea* said "The rent is \$10/month, the food is about 30\$, what's left over, I send 10-\$20 to my children and my mother. If in a month I fall sick, I do not have money left to send home".¹⁸

¹⁷ <http://www.ki-media.blogspot.com/2006/11/life-of-cambodian-garment-factory.html>

¹⁸ <http://www.ki-media.blogspot.com/2006/11/life-of-cambodian-garment-factory.html>

3. *Despite having worked in the garment industry for five years, Sok Srey Neang, 25, from Koh Kong province, earns only the minimum \$45 a month at her factory in Chak Angre Leu. It is not enough to make life worth living, she said.*

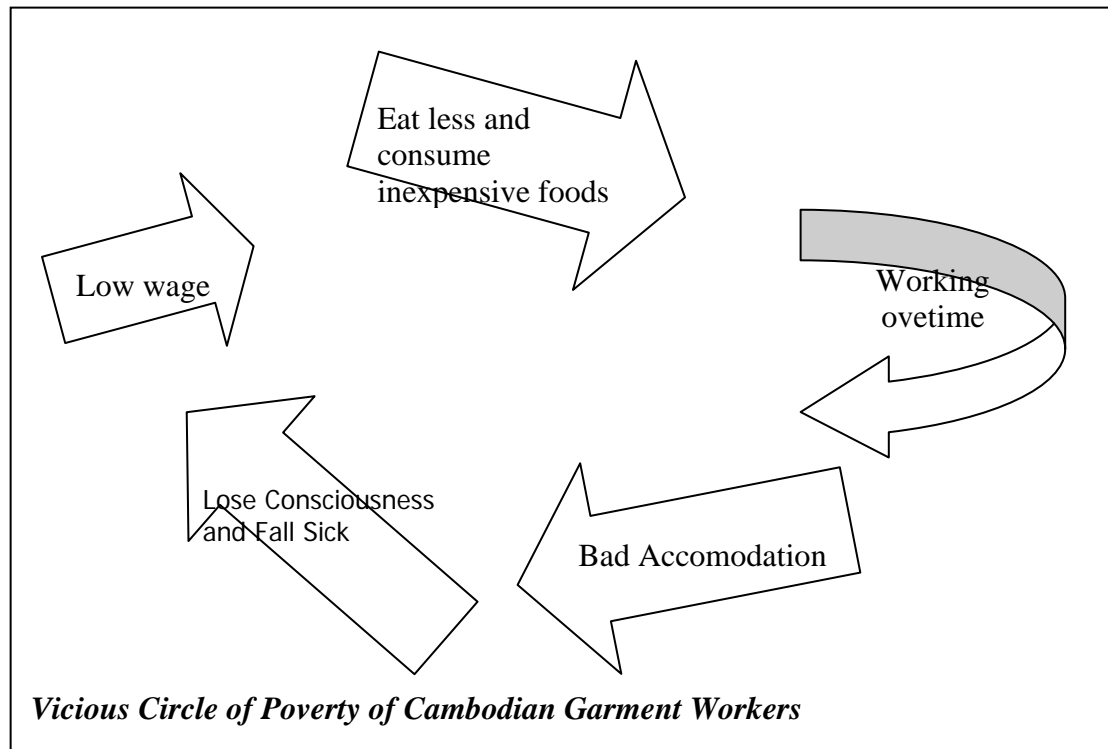
"I have never sent any money to my family in the province," she said. "I do not earn enough to pay bills and I often have to ask my parents to send me money."

To get by, Srey Neang works overtime three days a week, clocking up grueling 12-hour days for an extra \$15 a month. Though her overtime is voluntary, the ILO says forced overtime and excessively long shifts are still commonplace in some factories.

4. *Ol Sreyneng, from Prey Veng, faces a similar struggle. After three years working in a garment factory in Mean Chey district, she lives from hand to mouth.*

"If I do not work overtime, I would not have rice to eat," she said.

These problems can be summed up as shown in a vicious circle below:



In sum, because of these challenges, the idea of fair-trade with the hope that fair-trade association can somehow help contribute to poverty reduction.

Hypothesis Guiding the Research Study

1. People are poor because of exploitation
2. Exploitation occurs because of free trade
3. Poverty Alleviation is enhanced by fair-trade

III. Fair-trade: definition and Fair-trade Vs Free Trade

i. Fair-trade

Fair-trade has been practiced for about six decades since US churches began selling handicrafts made by refugees in Europe after World War II. The idea of fair-trade came to existence in response to the unequal terms of trade imposed upon the developing countries. The aim of fair-trade is to alleviate poverty in the least developed countries by building direct, sustainable relationships with disadvantaged producers and providing fair access to the markets in most developed nations.

Anyway, though fair-trade came to existence many decades ago, the terms fair-trade and free trade are still very confusing by many people. Some people think the two phrases are the relatively the same. So to clarify this, I would like to define the differences between the two terms.

Fair trade *is a trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the right of, marginalized producers and workers- especially in the South-South America, Africa and Southeast Asia”* .

Therefore, the goals of fair-trade are:

- To improve the livelihoods and wellbeing of producers by improving market access, strengthening producer organizations, paying a better price and providing continuity in the trading relationship
- To promote development opportunities for disadvantaged producers, especially women and indigenous peoples, and to protect children from exploitation in the production process
- To raise awareness among consumers of the negative effects on producers of international trade so that they can exercise their purchasing power positively.
- To set an example of partnership in trade through dialogue, transparency and respect
- To campaign for changes in the rules and practice of conventional international trade

ii. Free Trade

Free trade is something different. Free trade has been used for several centuries. The principle of “free trade” was devised in the 18th century by the British economist Adam Smith.¹⁹ Free trade is a trade between various countries of the world that has taken place for many hundreds of years. The purpose of free trade is to enable people to obtain food and materials that they could not produce for themselves. For example, Cambodia is an agrarian state, producing agricultural products. The country does not have human resources and techniques to produce electronic goods. Therefore, to be able to use electronic goods, Cambodia must trade with countries like the UK, the US or Japan to exchange its agricultural products for electronic goods. The idea is that countries shall benefit from trade.

It could also refer to a market model in which trade in goods and services between or within countries flow unhindered by government-imposed restrictions. Restrictions to trade include taxes and other legislation such as tariff and non-tariff trade barriers.²⁰ Put in different words, the government shall not interfere in the market. Let the

¹⁹ http://www.oxfam.org.uk/coolplanet/milkingit/information/the_issues/free_trade.htm

²⁰ http://en.wikipedia.org/wiki/Free_trade

private business do the competition. By this definition, the problem of free trade is the competition. And competition can be risky. Only those who are very competitive can stay in the market, while those who are not competitive were kicked away.

To sum up this, I would say that fair-trade cares for all, while free trade cares for the most competitive people. And fair-trade is dealing within the micro level, while free trade is more within the macro level.

IV. How to Identify and Obtain Fair-trade Products

1. Identifying a Fair-trade Products

To identify which product is a fair-trade is not a difficult task to do. What you need to do is to look at the product that you want to buy. If it is a fair trade product, you will see fair trade certified logo on the product like below:



Fair-trade certified logos. Look at the Fair-trade Certified logos on the products you buy

To identify a shirt as fair-trade produced or not, you can do the same thing. Usually there is no fair trade mark on it, but there is a written text saying that “Fair-trade and Ecological Produced”.



A volunteer serves wearing a sample of fair-trade T-shirt in Kaubamaja stores in Tallinn. Usually, if it is a fair-trade T-shirt, there will be a message saying “Fair-trade and Ecological Produced”.

Nowadays, fair-trade covers two different kinds of products: food and non-food products.

Food Products: banana, cocoa, coffee, cotton, dried fruit, fresh fruit and vegetables, honey, juices, nuts/oil seeds and purees, quinoa, rice, spices, sugar, tea and wine.²¹

Non-Food Products: cotton, cut flowers, ornamental plants, sports balls.²²

2. Criteria to Obtain a Fair-trade Certification

For products to display the fair-trade mark, it must meet international fair-trade standards. These standards are set by the international certification body Fair-trade Labeling Organizations International (FLO).²³ There are seven strict criteria, which are independently monitored.

- i. Producers receive a fair price for their products or labor;
- ii. No forced labor or exploitative child labor, and working conditions are healthy and safe;
- iii. Producers and buyers develop direct, long-term relationships;
- iv. Producers have access to credit and technical assistance;
- v. Sustainable and environmentally-friendly techniques are encouraged;
- vi. Equal employment opportunities for all are provided;
- vii. Workers and producers are organized into cooperatives or associations that are transparent, accountable, and democratic.²⁴

Additionally, the fair-trade terms much include:

- A price that covers the cost of production
- A social premium to improve living and working conditions

V. Promoting Global Justice and Eliminating Poverty through Fair-trade

There are a lot of injustices happening in this world. In the global free market, farmers are too often exploited by those companies controlling world markets. In factories, workers are too often oppressed by profit-minded producers. Nevertheless, many

²¹ http://www.fairtrade.org.uk/about_standards.htm

²² http://www.fairtrade.org.uk/about_standards.htm

²³ http://www.fairtrade.org.uk/about_what_is_fairtrade.htm

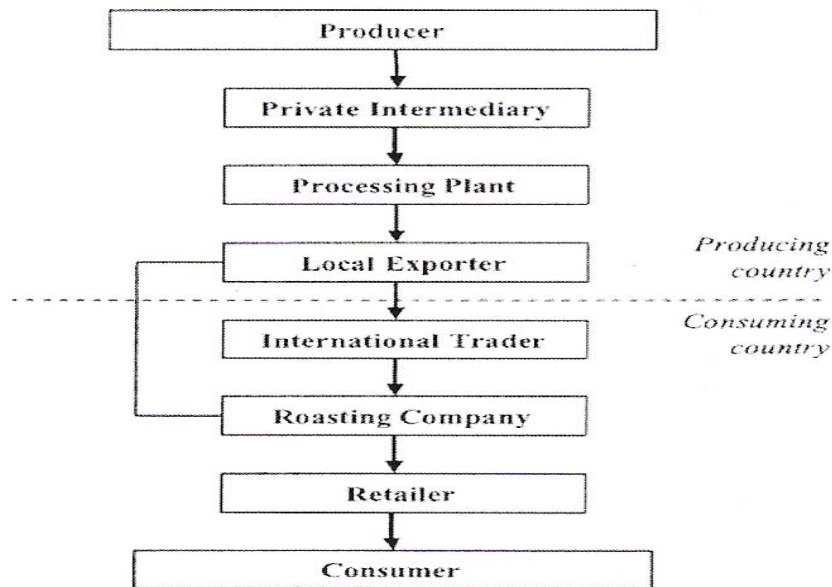
solutions were raised to promote and to build global justice. One among the others solutions is dealing with fair-trade. From the fair-trade point of view, this problem can be solved if consumers, especially in the west, choose to support and purchase fair-trade goods instead. By purchasing fair-trade goods, you contribute to global justice. Put in different words, you contribute to higher quality of lives among farmers, workers on plantations and in factories. It also means that farmers and workers can keep their children in school and feed their families. In short, you can make a better world by just changing a cup of coffee you drink everyday. Based on a recently publication in Bonn, Germany, as already mentioned, consumers worldwide spent 1.6 billion Euros on Fair-trade Certified Products in 2006. This is a 40% increase on the previous year directly benefiting over 1.4 million producers and workers worldwide.

Below sources can prove how can fair-trade really make a difference to people's lives.

COFFEE COMMODITY CHAIN

(When fair-trade labeling does not get in, we get the following picture)

COFFEE COMMODITY CHAIN

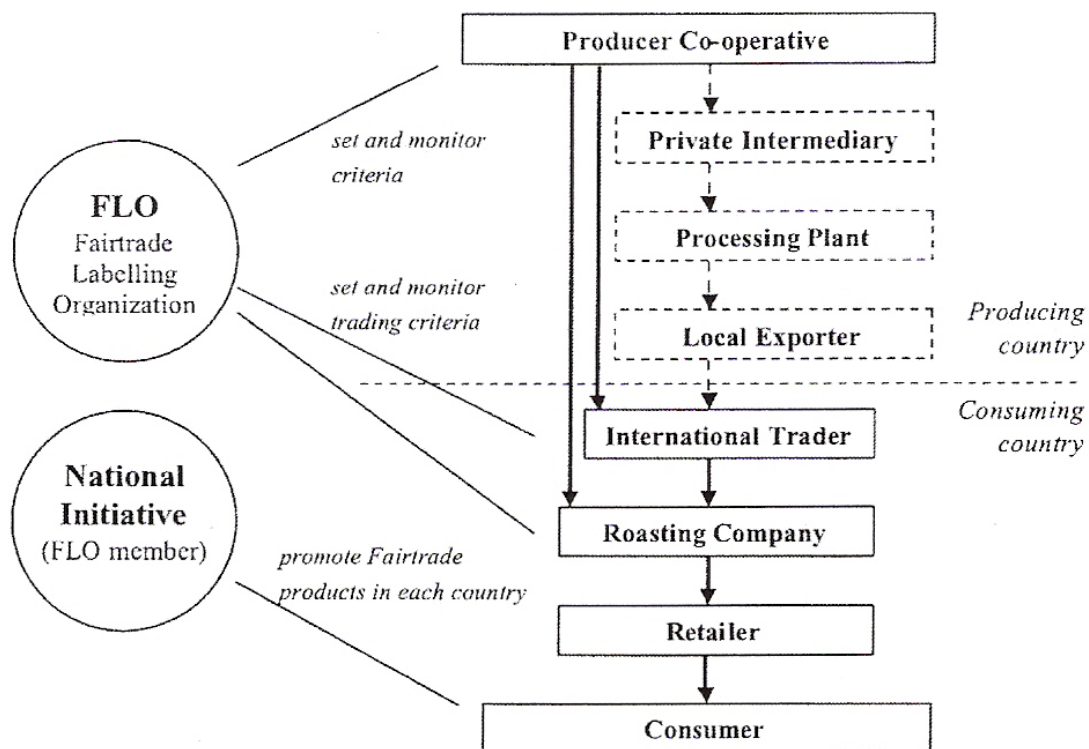


Source: Milford 2004

²⁴ http://www.oxfamamerica.org/whatwedo/campaigns/coffee/news_publications/feature_story.2006-10-16.2986589202#whatis

Importantly, in this case, 70% of producers are small-scale farmers. These producers only receive about 6% of the value of a pack of coffee. In the 1970s, the farmers retained an average of 20%. At the same time, there has been a process of concentration. Local exporters are few. They are price-takers but have a strong position on the local market. The international coffee trading business is still more concentrated, with the top six companies controlling about 50% of the market. Just a couple of large groups (Nestle and Philip Morris) control about half of the market for roasted and instant coffee.

(When fair-trade labeling gets in then we get the following picture)



Source: Milford 2004

Thus, the producer, the international trader and the roasting company are closely sanctioned by the FLO (labeling organization). The producers' organizations have to follow a number of "generic fair-trade standards". The majority of their member have to be small farmers and their business has to be run in a democratically and participatory way. Their business operations are closely followed up and they have to protect the environment. The international traders and roasting companies have to pay a guaranteed minimum price, and when the world prices exceed this, they must pay an

extra 5US\$ cent premium²⁵. They also have to establish a long term and stable relationship with the producers' organizations and provide them with a prepayment of up to 60% of the contract value. The private intermediaries, the processors and local exporters disappear from the chain, all of them bypassed by the direct link between producers and trader. The consumers can recognize a product as fair-trade, either by its specific fair-trade label or by the specific type of retail outlet (Milford 2004).

VI. Case studies of People before and when working with Fair-trade

Generally, the living standard of those working with fair trade is better than the old time they do not yet involve in fair trade. A number of examples of case studies will prove this.



Sivapackiam is a tea picker in Sri Lanka. She's married with four children and is 38 years old. I think we are making a difference.

1. Sivapackiam has been picking tea for 23 years. Her mother and grandmother did the same job before her, and it is a hard life. Our biggest problem is that we have to much to do. In the morning we prepare meals and get the children to school. We have no time even to eat. I have to work very fast, so I get very hungry. We have to carry 10-15 kilos of tea to the weighing place, which can be three quarters of a kilometre away. After work it is the same - we have to do all the cooking and collecting firewood and getting water." She takes home the equivalent of 80 pence a day. "We eat rice and one vegetable. We would like to have two or three vegetables but we cannot afford it. Towards the end of every month we find it difficult."

She gives an example of the difference this can make: "A year ago, we didn't have any electricity in our houses. All the members of the Joint Body got together and discussed how we could pay to install it. *Some money came from the Fair-trade premium and we each took out a loan. With electricity, my children can study at night. In the morning I can iron their clothes and we can use a hot plate for cooking. I am happy that Fair-trade helps me support my family*".²⁶

²⁵ FLO announces increases in fair-trade premium and fair-trade differential organic for coffee

²⁶ http://www.fairtrade.org.uk/suppliers_growers_tea_sivapackiam.htm



Juan is a sugar cane farmer in Costa Rica. 35 years old, he is married, with five children.

2. Juan's working week consists of three days cutting cane, one day transporting the cane (by ox and pick-up), and one day processing the cane to convert it into sugar. On processing days, Juan gets up at 2am, never needing an alarm-clock. Like many of his neighboring small farmers, he has a trapiche next to his house, a plant where the juice is extracted from the cane, purified and then boiled to turn it into sugar. It's a cottage industry in which all the family gets involved. The plant's furnace has to be fed with firewood and cane pulp. To conserve energy Juan processes all his cane on one long, hot day. He relaxes in the evening by watching television: his favorite programme is a game show.

Juan sells his sugar to Asoprodulce, a local farmer's association that his father helped found. Asoprodulce in turn sells 60 per cent of its produce to the organic Fair-trade market. *Fair-trade criteria insist on contracts that allow long-term planning for farmers and the result for Juan is stability.* 'I know that if I bring my sugar to the association they'll buy from me at a fixed price. I've got security, whereas in the old days, selling was more difficult. Sometimes the middlemen bought sugar from one person, sometimes from another - you never knew. There were always fluctuations in the national price. There were very bad months. Thanks to this new security, **Juan has been able to buy his sugar processing mill from his father and improve his house.**²⁷



Manuel is a cocoa farmer in the Dominican Republic. He is married, with six children, and is 75 years.

3. Manuel's day starts at six o'clock. He has a breakfast of bananas, and might have a cup of cocoa. Two hours later he is at work, clearing weeds and tending the cocoa plants and the surrounding fruit trees that give the plants shade. Maria prepares his lunch 'because she loves me', Manuel says, with a twinkle in his eye. It's a meal of rice and beans, sometimes with meat. Manuel works till 4.30, then bathes and changes his clothes. The part of his job he likes best is sowing the cocoa, because the new plants are his security for the future. Manuel

²⁷ http://www.fairtrade.org.uk/suppliers_growers_sugar_juan.htm

and Maria have six children, three of whom have emigrated. One works with Manuel on the farm. Manuel missed out on school because his father was very poor, so he had to work in the fields from a young age. He inherited his land from his wife's family. Like many other local farmers, Manuel starting growing cocoa in the 1950s, because it seemed to offer a more prosperous future. He now belongs to a group of 42 farmers who are part of the Conacado cooperative in the Dominican Republic. Conacado sells part of its crop to the Fair-trade market. *For this part of their crop, the farmers receive a guaranteed minimum price and the Fair-trade premium, a bonus to be spent on community projects.* Among the benefits of belonging to his group, Manuel singles out the interest-free loans farmers can get to tide them over till harvest time. *Conacado also helps hard-up farmers with fertilizer and new young cocoa plants.*²⁸

Based on these case studies, involving fair trade seems to provide a lot of benefits to the farmers and plantation workers. Therefore, it must be a great advantage if Cambodian farmers and Cambodian workers on plantation and Cambodian garment workers can involve in this fair trade value.

VII. Fair-trade: A Lesson Learnt for Cambodia

The idea of fair-trade is not yet practicing in Cambodia. And it is not widely heard of by the Cambodians. However, it has been practiced and implemented in a number of countries such as Costa Rica, Ecuador or Sri Lanka. As you will recall in my proposal, this thesis is writing to raise this awareness to be heard by Cambodian and especially for those who are interested in global justice to run campaigns for the benefits of the farmers to get a fairer price and workers to get a reasonable wage/salary. Furthermore, I am choosing this topic, because I do not yet see any action taken by the government to help raise a better living standard among garment workers. Usually, workers are ignored by law and are forced to work hard by their exploited producers.

²⁸ http://www.fairtrade.org.uk/suppliers_growers_cocoa_manuel.htm

²⁰ <http://www.adb.org/PRF/Cambodia-Garment-Industry.pdf>

VIII. Conclusion

In spite of having done a lot of developmental efforts by Oxfam, Amnesty International, Caritas International, poverty remain high. 1.3 billion people still live in absolute poverty characterized by the World Bank as “malnutrition, illiteracy, and disease”. There are some development strategies used to eradicate poverty in the developing countries through development aid, loan and alike.

Like other developmental effort, fair-trade is very important to help alleviate poverty though it has been criticized for not adequately challenging the current trading system – free trade. Fair-trade deals more with small-scale producers, farmers and workers and seeks for better life among them. However, this can be done as long as consumers in the developed countries, namely in Europe, the United States of America, Japan, South Korea and Australia turn to promote and support fair-trade goods. For instance, in 2006, more than 1.5 million disadvantaged producers worldwide were directly benefiting from fair-trade while an additional 5 millions benefited from fair-trade funded infrastructure and community development project. Consumers can make a huge different by just changing a cup of coffee or tea that we are drinking everyday. By promoting and supporting fair-trade goods, we can help other people who have been vulnerable to exploitation by abusive traders. It could also mean contribution to global justice. There is also an expectation that when consumers start to boycott unfair-trade goods, there is a trend that many exploitative traders, who used to produce unfair-products, will be considering to apply for fair-trade certified products. Therefore, when more and more traders involve in fair-trade value and more and more consumers support fair-trade goods, there is a tangible outcome that poverty among millions of small-scale producers, farmers and workers worldwide will be reduced.

As you will recall, though fair-trade has come to existence for approximately six decades, very few people ever heard of or involved in fair-trade activities-especially those living in the poor countries. On the other hand, there is a widely spreading of fair-trade ideas, fair-trade goods and fair-trade activities in Europe and in the US. Therefore, there is a possibility that fair-trade is becoming important in the world and to Cambodia sooner or later. Though the majority of Cambodian are poor and that fair-trade good is usually more expensive than unfair-product, fair-trade good can start

with cheap and affordable stuff like vegetables and handicraft. The ability to support fair-trade good is not depending on how much you have, it depends on your will to support the good.

As an agrarian state with approximately 85% of the total population are farmers and as a young baby industrial country with about 300,000²⁹ garment workers, Cambodia needs an institution that can protect the interest of her farmers and industrial workers from exploitation. And that institution is fair-trade association. Even though, nowadays fair-trade has nothing to deal with in Cambodia, the likelihood of fair-trade becoming essential in Cambodia cannot be underestimated. There is always a possibility that fair-trade is spreading everywhere if more and more people attach themselves with fair-trade products and fair-trade values.

Once again, it is not a difficult task to identify whether a product is fair or not. What we need to do is just by looking at the mark on each product before making a purchase. And when people are choosing the right products, everyone will be playing a variable sum game, meaning that everyone including traders, producers, farmers, field workers or factories or industrial workers get benefits. For small producers and farmers, receiving a fairer price for their beans or coffee could mean a lot to them. And for the factories workers and workers on plantation or in other fields, getting fair wages and decent working conditions is very important for them to enjoy a higher standard of living.

Last but not least, together with other developmental organizations, fair-trade plays an important role in alleviating poverty among disadvantaged and marginalized producers, farmers and workers.

