



Is All Fair Trade Equally Fair?

These days, fair and ethical trade seems to be the flavour of the day. It's fantastic to see the Fair Trade message getting out into mainstream markets, but to what extent is Fair Trade really fair? We've done a bit of research to find out what a couple of companies deem "fair".

Is Dilmah tea fair?

Dilmah tea, which you will find in your supermarket shelves, promotes itself as an "ethical" tea. Their main support for this claim is that they produce a tea which is processed and packaged in Sri Lanka, where the tea is grown. This ensures that more of the economic benefit from the product goes to the country where the tea is actually grown. In addition, its founder Merrill J Fernando has established a charitable foundation that supports a number of projects, including projects aimed at improving the lives of workers in the tea plantation where Dilmah's tea is grown.

We at PFFT place high value on products where the value adding has taken place in the country of origin – we believe this is a key ingredient to economic development in countries highly reliant on commodities for their income. For that reason, we applaud Dilmah's emphasis on selling value added tea. Likewise, utilising some of their profits for improving the living conditions of their workers is commendable. Our only criticism is that from our research, however, we were unable to find out just what percentage of their income or profit is set aside for community development projects. We'd also like to learn more about the working conditions in their tea plantations. Perhaps they will reveal more of this kind of information as time progresses.

www.dilmahtea.com

So what about Starbucks and coffee?

Much has been written about Starbucks and their business practices. We won't try to cover all the issues here, just concentrating on a couple of key questions from a "fair trade" point of view.

Starbucks has a number of programs and initiatives that promote corporate social responsibility, including a concern for the well-being of grower communities. Their website reports that they often pay above the market price for their coffee beans, to ensure good quality. They also have lines of certified Fairtrade coffees, which represent a small portion of their sales.

Our research was able to reveal something about the magnitude of one aspect of their commitment to the grower communities: Starbucks had revenue of more than US\$6 billion in 2005, and spent US\$1.5 million on a "social development premium", money set aside to help build schools, health clinics, coffee mills and other projects designed to improve the quality of life for coffee communities. This represents about 0.025% (1/40th of 1 per cent) of their total revenue.

www.starbucks.com

Did you know?

Sri Lanka received US\$519 million in official aid in 2004.

An extra \$1 / kg for tea would produce an extra US\$300 million in export revenue. (an extra 25 cents per 250g pack of tea!)

Post: 30 Wellington Rd, Clayton VIC 3168 **Phone:** 03 9511 0152

Email: orders@fairtrade.asn.au **Web:** fairtrade.asn.au

Incorporated Association Reg No. A0024766A

So how does PFFT do Fair Trade?

PFFT is a network of volunteers committed and focussed on fair trade. We're registered with the International Fair Trade Association (IFAT), and a number of our products are certified Fairtrade.

We strive for a better deal for third world producers by contributing a fair trade premium from all sales to growers—last year about \$17,500 went to development projects amongst grower communities (about 9% of the value of our sales).

So then, why do only some of PFFT's products display the Fairtrade label?

For PFFT, the Fairtrade label simply means the premium is paid via the Fairtrade Labelling Organisation (FLO). For all our other products, the premium is paid via direct payments we make to community development, or projects supported by Trade Winds, who import the tea and coffee into Australia. In fact, some of the non-labelled products are 'fairer' in the sense that these products are processed and packaged in the country of origin, thus allowing the third world countries to benefit from value adding.

But, aren't the herbal teas from Australia?

Yes, we stock herbal leaf tea from Victoria and herbal tea bags from Queensland, to complement regular tea and coffee purchases. We are currently unable to stock herbal teas from third world countries. Meanwhile, we have chosen suppliers who share similar values with us. Plus, all sales contribute to the fair trade premium which goes to projects in third world countries.

Some practical suggestions for ordering ...

- Order before 8pm Wednesdays for a Thursday evening pack.
- Use your PFFT number as the 'to account' description when making internet payments.
- If you're phoning, you can leave your order on our answering machine. If you'd like to talk with someone, you're more likely to catch us in the evenings.

Products and People

Products

You'll notice a few changes on the latest order form:

Trade Winds Organic and Fairtrade certified ground coffee from Colombia.

The ground Trade Winds coffee from Colombia now has Organic and Fairtrade certification labels. The 250g packs of ground and decaffeinated ground are now selling for \$8.00.

There have also been some price increases on our Organic Herbal Leaf teas from Southern Light Herbs.

Updating PFFT

In January this year we switched our PFFT database over to a new bookkeeping program, and the changeover seems to have gone quite smoothly. The program enables us to generate statements of account much more easily (you will have received one with this newsletter). We hope to mail statements out occasionally to keep us all up to date.

The website also had a makeover in January this year...check it out at fairtrade.asn.au.

Can you help?

For quite a while now we've had a bunch of dedicated and diligent volunteers packing boxes in the PFFT garage on a Thursday evening. But unfortunately the garage is going to be a bit empty over the next few months with some of our volunteers unavailable.

So if you'd like to help with packing orders on a Thursday evening (perhaps fortnightly or monthly) from 5:30pm till around 7pm, please get in touch—we'd love to have some extra pairs of hands!

INVITATION TO THE AGM

We'd like to invite you to the annual general meeting of People for Fair Trade. Come and share afternoon tea and discuss PFFT matters. In addition, a couple of our Management collective have been to Sri Lanka in recent times. Brett will talk about his research on children in Tsunami-affected areas, and Kathryn will report on her visit to tea plantations and the work of Satyodaya, a local NGO seeking to improve the living conditions of tea plantation workers.

When?	Sunday October 22nd, 2006, 2:30pm to around 4pm.
Where?	30 Wellington Rd, Clayton, VIC.
RSVP	By Friday 20th October: phone (03) 9511 0152 or email orders@fairtrade.asn.au
