DESTIN public lecture

Fighting the Banana Wars

Harriet Lamb
Executive director of the Fairtrade Foundation since 2001

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Fairtrade entrepreneur, director of Tropical Wholefoods and Fuliwell Mill Ltd

Dr Teddy Brett
Associate programme director, Development Management MSc in the Development Studies Institute at LSE

Professor Stuart Corbridge
LSE, Chair
Economics and Poverty
Commodity Prices in Real Terms: Jute

US cents/lb


• Figures from FAO 'The State of Agricultural Commodity Markets' 2004
Commodity Prices in Real Terms: Rubber

US cents/lb

- Figures from FAO 'The State of Agricultural Commodity Markets' 2004
Commodity Prices in Real Terms: Cocoa

- Figures from FAO 'The State of Agricultural Commodity Markets' 2004

US cents/lb

- 1971-73
- 1981-83
- 1991-93
- 2001-02
Commodity Prices in Real Terms: Coffee

US cents/lb

- Figures from FAO 'The State of Agricultural Commodity Markets' 2004
Commodity Prices in Real Terms: Sugar

US cents/lb


Figures from FAO 'The State of Agricultural Commodity Markets' 2004
Commodity Prices in Real Terms: Bananas
Commodity Prices in Real Terms: Tea
Commodity Prices in Real Terms: Cotton

US cents/lb


Figures from FAO 'The State of Agricultural Commodity Markets' 2004
The Real Cost of Cotton 1972 - 2007

Data source: Cotlook A Index

This chart adjusts world cotton prices to reflect the constant value of the dollar at 1995 exchange rates. It shows that in real terms growers received five times more for a kilo of cotton in 1973 than in 2007.
Direct and Indirect Impacts of Fairtrade

Through trading standards - FLO estimates that in 2005 €80m went to producers in Fairtrade minimum price and premium; benefitting community more widely
Minimum prices and Premium in Mali

Pricing in Mali 2005-2006

- The **conventional** cotton price fell 24% (€0.31 to €0.24) per kilo
- **Fairtrade** Certified Cotton was established
- A minimum Fairtrade price is €0.36 per kilo
- Plus a premium of €0.05

ewire

NB Fairtrade price = Fairtrade minimum price * of 125 cents/lb + 10 cents/lb Fairtrade premium**
When the New York price is 125 cents or above, the Fairtrade price = New York price + 10 cents
*Minimum price was increased from 121 cents/lb on 1 June 2008 **Premium was increased from 5 cents/lb on 1 June 2007
The NY price is the daily closing price of the second position Coffee 'C' futures contract at ICE Futures US (New York Board of Trade)
© Fairtrade Foundation

NB Fairtrade minimum price = $1600/tonne + $150 premium. When the New York price is $1600 or above, then the Fairtrade price = New York price + $150 premium.
Direct and Indirect Impacts of Fairtrade

- Increased market access and organisational support
- Strengthening of farmers’ organisations - empowerment
- Networking opportunities
Impact for Small-holders and Workers:

1. For Producers and their Families

- Gerado Camacho, Coocafé; ‘The Fairtrade price allows us to survive as coffee farmers. It covers our costs of production, lets us send our kids to school, buy clothes and keep a roof over our heads.’

- Arturo Gomez, Coopetrabasur; ‘Before I was someone that took a box and loaded it onto a train. That was my only responsibility. I was just a farmer, who was an intermediary. In this new system I have become an international business man.’
“Women now join in the decision making. The women are now involved in the harvest and decisions about production and conservation. We were part of the decision to build a new school.”

• Bamakan Souko,
  • Dougourakoroni.
Impacts for Small-holders and Workers:

2. For Producer Organisations
3. For Community Development

Millennium Development Goals

- Environmental Sustainability
- Health
- Education
In one village, premium use in year 1: build 2 classrooms
Premium use year 2: build 2 classrooms...
...and the government builds 4
Impact on Public

Recognition of the FAIRTRADE Mark 1999 - 2008

Recognition = % of people who recognize the Fairtrade symbol

NB. 2008 figures remain confidential.

Source: MORI /TNS Omnibus studies
The strong perception of Fairtrade as an effective and trustworthy way of tackling poverty suggests significant potential for growth.

**Most Effective and Manageable Way to Help Poor People**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying Fairtrade products</td>
<td>63%</td>
</tr>
<tr>
<td>Giving money to charities who support</td>
<td>46%</td>
</tr>
<tr>
<td>Recycling</td>
<td>44%</td>
</tr>
<tr>
<td>Reducing carbon emissions</td>
<td>26%</td>
</tr>
<tr>
<td>Lobbying my MP or Government (eg on aid,</td>
<td>18%</td>
</tr>
<tr>
<td>third world debt etc)</td>
<td></td>
</tr>
<tr>
<td>Sponsoring a child</td>
<td>17%</td>
</tr>
<tr>
<td>Avoiding buying big global brands</td>
<td>16%</td>
</tr>
<tr>
<td>Giving money to emergency relief charities</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Brands Most Trusted to Deliver on Ethical Promise**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairtrade Mark</td>
<td>70%</td>
</tr>
<tr>
<td>Soil Association</td>
<td>34%</td>
</tr>
<tr>
<td>Green &amp; Black’s</td>
<td>30%</td>
</tr>
<tr>
<td>Co-op</td>
<td>27%</td>
</tr>
<tr>
<td>Marks and Spencer</td>
<td>23%</td>
</tr>
<tr>
<td>Innocent Drinks</td>
<td>21%</td>
</tr>
<tr>
<td>Waitrose</td>
<td>19%</td>
</tr>
<tr>
<td>Tesco</td>
<td>13%</td>
</tr>
<tr>
<td>Sainsbury</td>
<td>10%</td>
</tr>
<tr>
<td>Kenco</td>
<td>7%</td>
</tr>
<tr>
<td>Cadbury’s</td>
<td>5%</td>
</tr>
<tr>
<td>Pret a Manger</td>
<td>5%</td>
</tr>
<tr>
<td>Starbucks</td>
<td>4%</td>
</tr>
<tr>
<td>Tetley</td>
<td>3%</td>
</tr>
<tr>
<td>Nestlé</td>
<td>2%</td>
</tr>
<tr>
<td>McDonalds</td>
<td>2%</td>
</tr>
<tr>
<td>None of these</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Notes:**
1. “Which of the following do you think are the most effective and achievable ways for you to improve the lives of poor people around the world? (Select up to 3 items)”
2. “Which of the following brands do you MOST trust to deliver against any ethical promise? (Choose maximum of five)”

*Source: OC&C online consumer survey, OC&C analysis*
Grassroots Social Awareness

- 400 Fairtrade Towns
- 80 Fairtrade Universities
- Over 5000 Fairtrade faith groups
- 2500 schools signed
Fairtrade Fortnight 2009
23rd Feb – 8th March

- Conference: The Global Food Crisis and Fairtrade: Small Farmers, Big Solutions?
- Launch Event: 23 Feb, South Bank
- Go Bananas for Fairtrade!
UK Sales of Fairtrade Products 1999 - 2007

2007: 72% increase from 2006
There is clearly demand for Fairtrade products to be more widely available

Q9. In which of these places would you like more Fairtrade products to be available?
In 2008 Tate & Lyle announced all their retail sugar would be Fairtrade, benefiting 6000 sugar producers in Belize who will receive a Fairtrade premium of around £2 million in the first year alone.
“I know that Fairtrade works. I have seen the positive impact on the banana growers in the Windwards Islands since we decided at the end of 2006 to move Sainsbury’s bananas to 100% Fairtrade. But we are not doing this for altruistic reasons – we know that our customers support the objectives of Fairtrade in helping guarantee farmers in the developing world a fair and stable price.”

Justin King, CEO, Sainsbury’s
Global Fairtrade Movement
5 Steps to Tip the Balance

1. Increasing Fairtrade’s impact on producer’s lives

2. Shifting public opinion and consumer lifestyles

3. Expanding business engagement

4. Growth of Fairtrade’s share of key markets

5. Scaling up the Fairtrade system
So we can tip the balance of power.