

DESTIN public lecture

# Fighting the Banana Wars

**Harriet Lamb**

*Executive director of the Fairtrade  
Foundation since 2001*

**Adam Brett**

*Fairtrade entrepreneur, director of  
Tropical Wholefoods and Fullwell Mill Ltd*

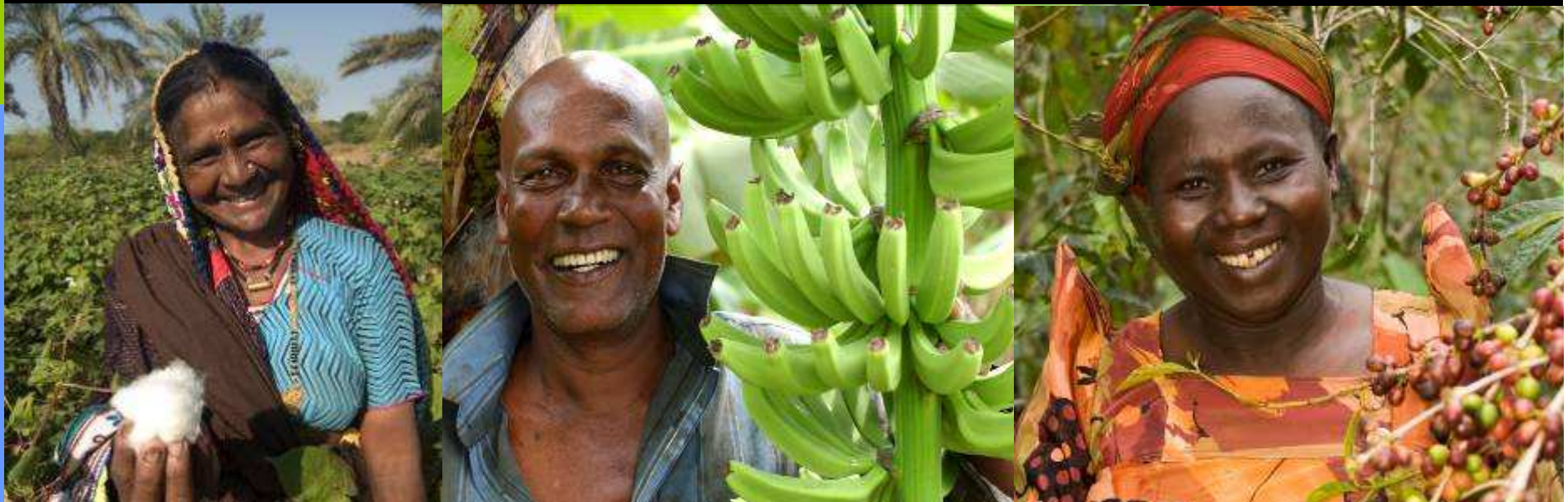
**Dr Teddy Brett**

*Associate programme director, Development Management  
MSc in the Development Studies Institute at LSE*

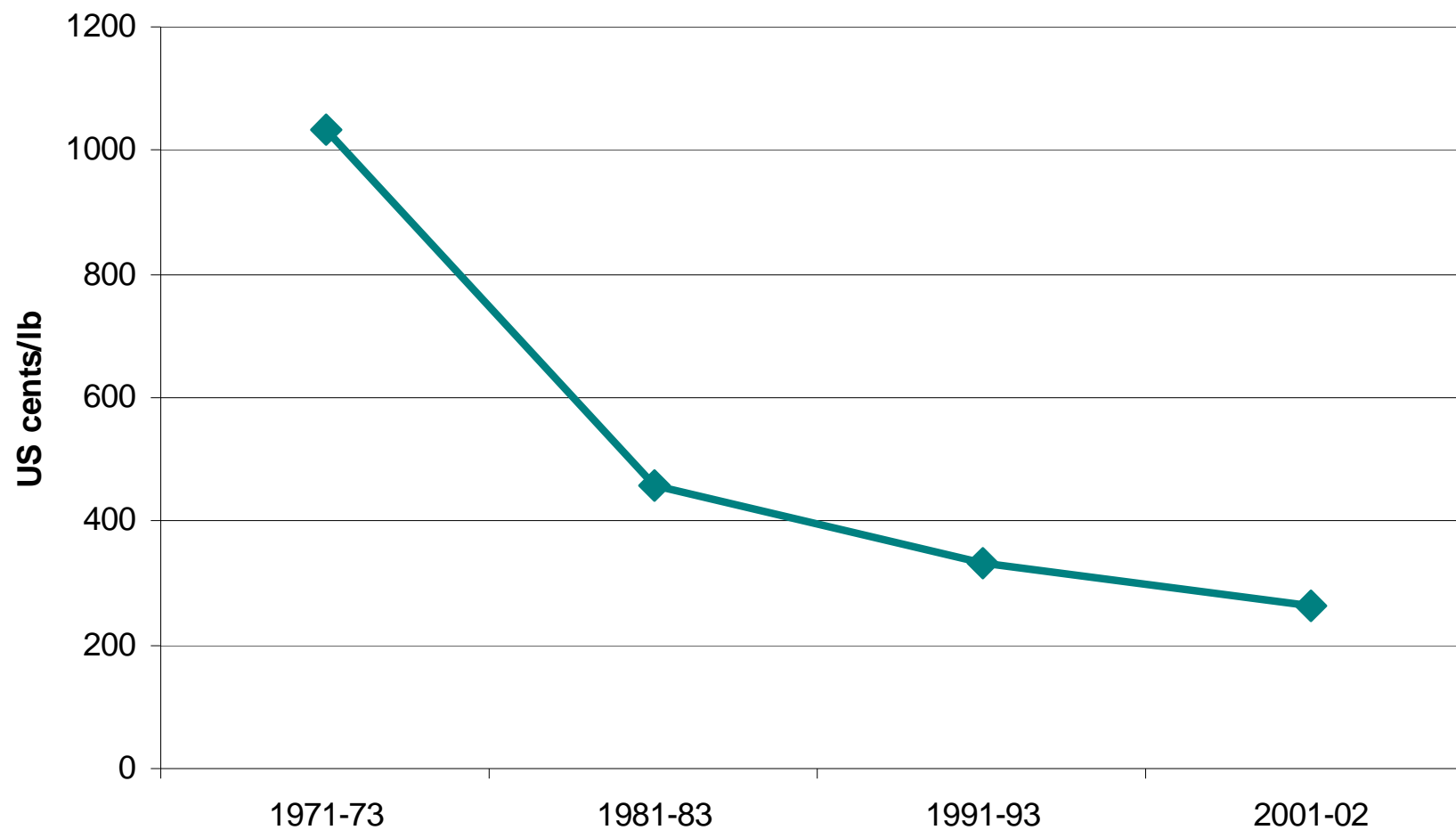
**Professor Stuart Corbridge**

*LSE, Chair*

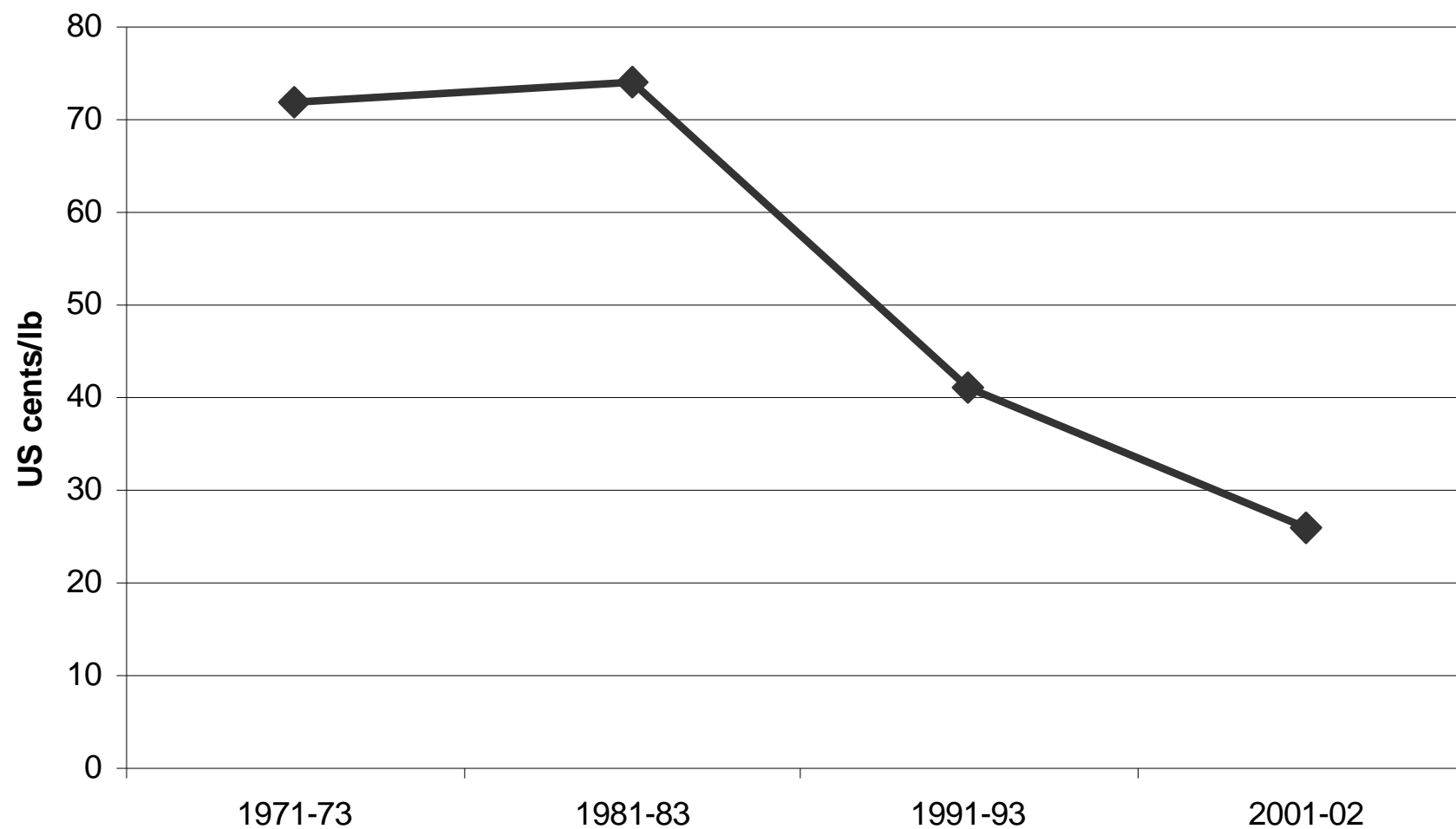
# Economics and Poverty



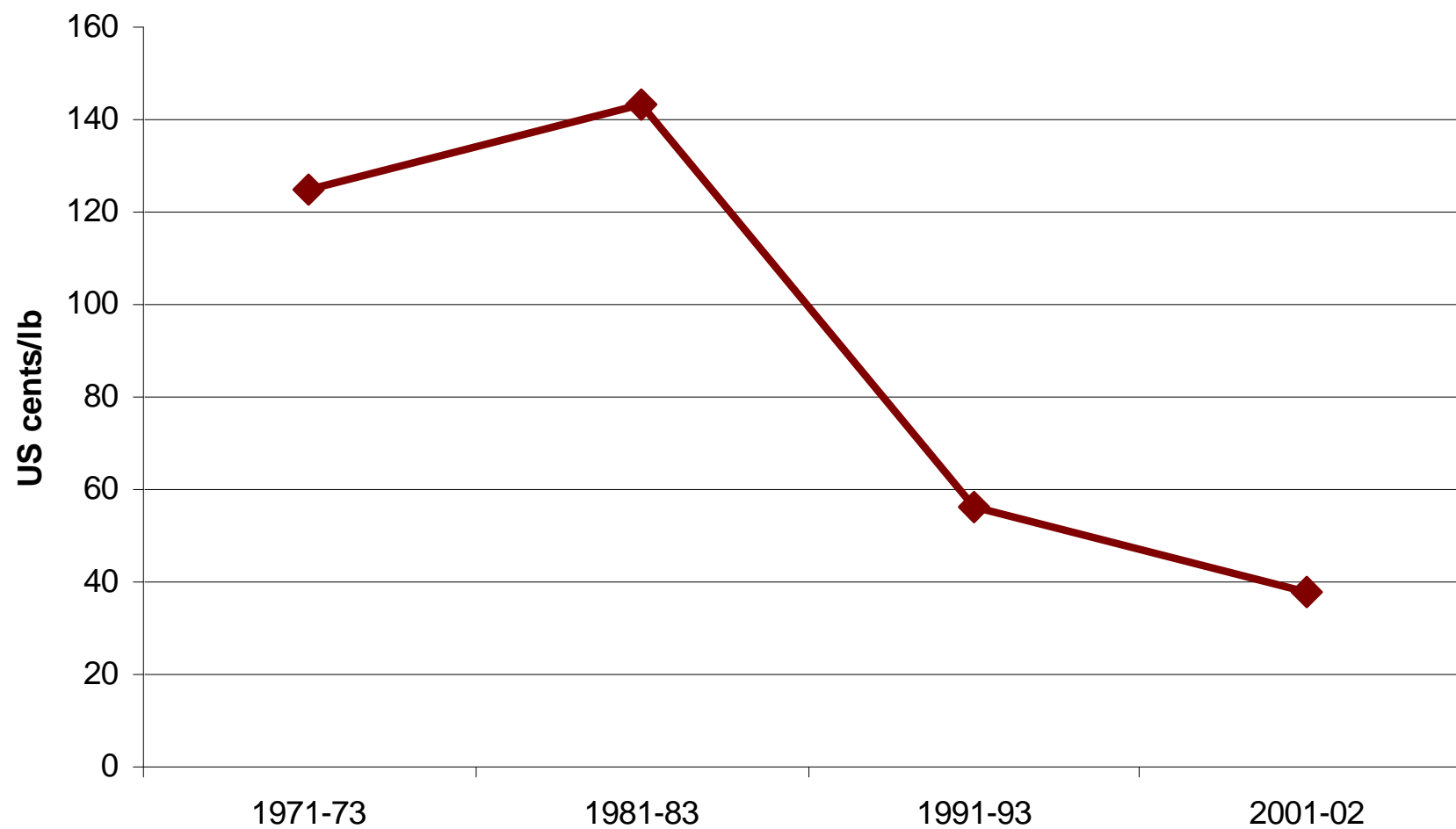
# Commodity Prices in Real Terms: Jute



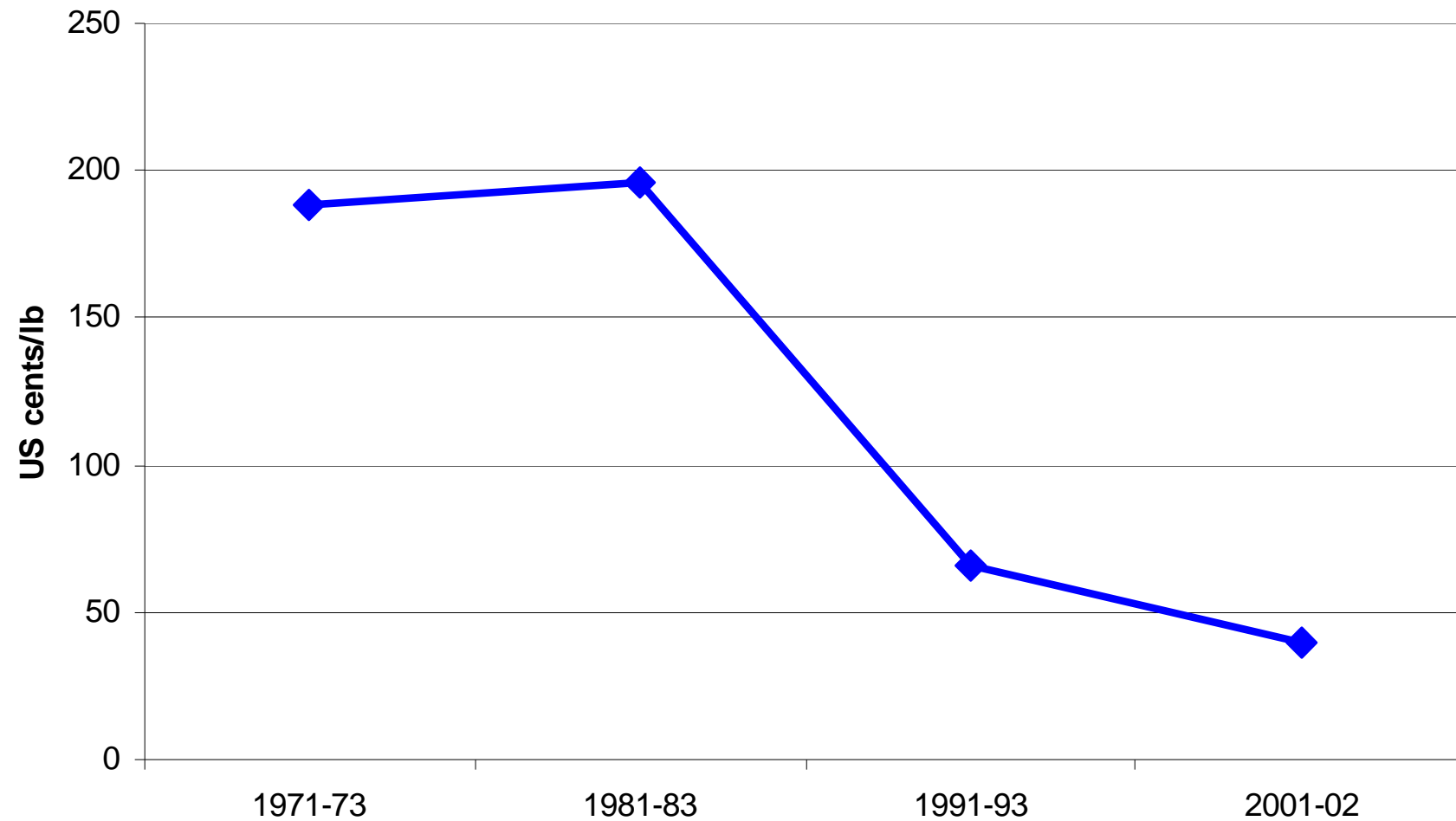
# Commodity Prices in Real Terms: Rubber



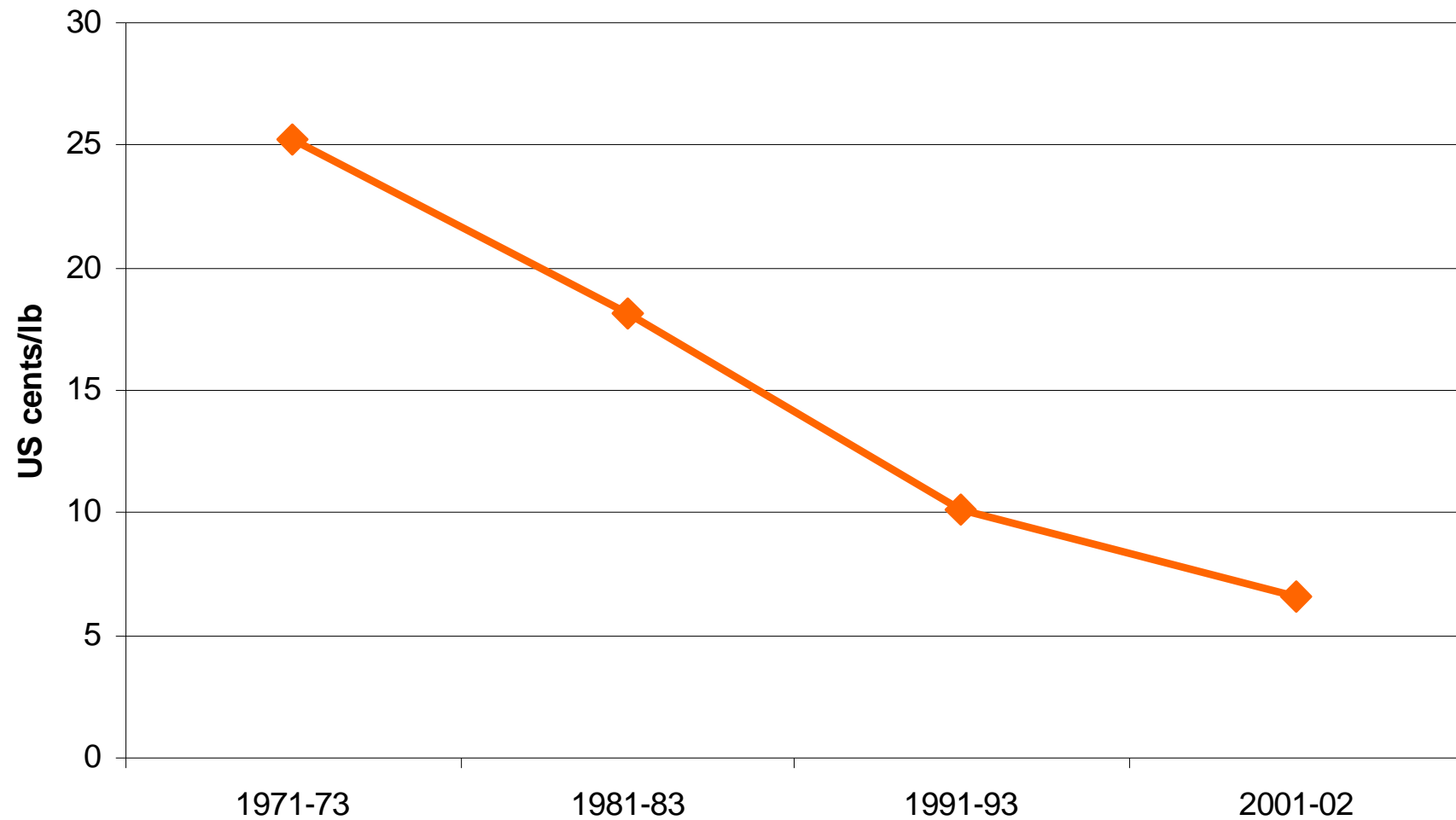
# Commodity Prices in Real Terms: Cocoa



# Commodity Prices in Real Terms: Coffee

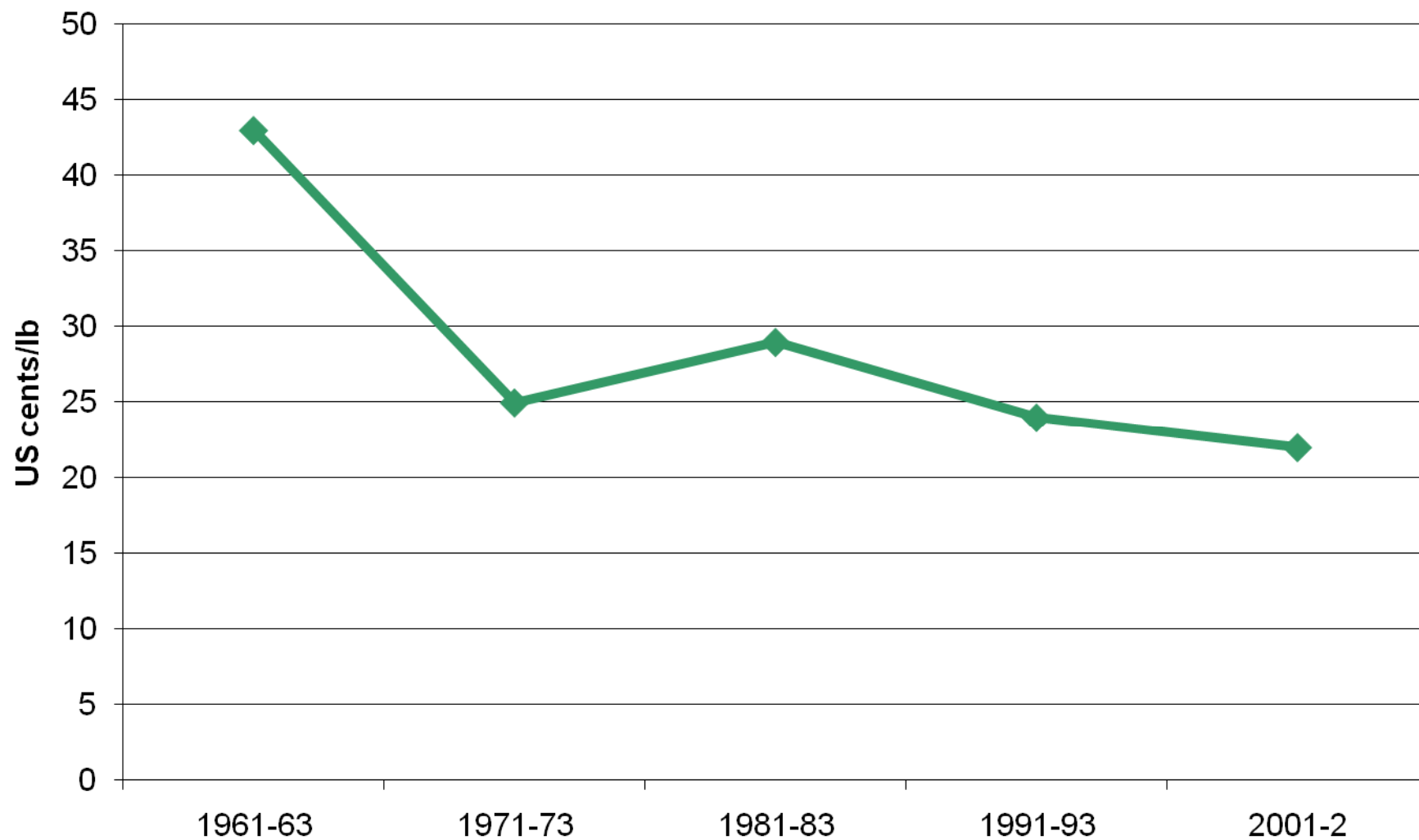


# Commodity Prices in Real Terms: Sugar



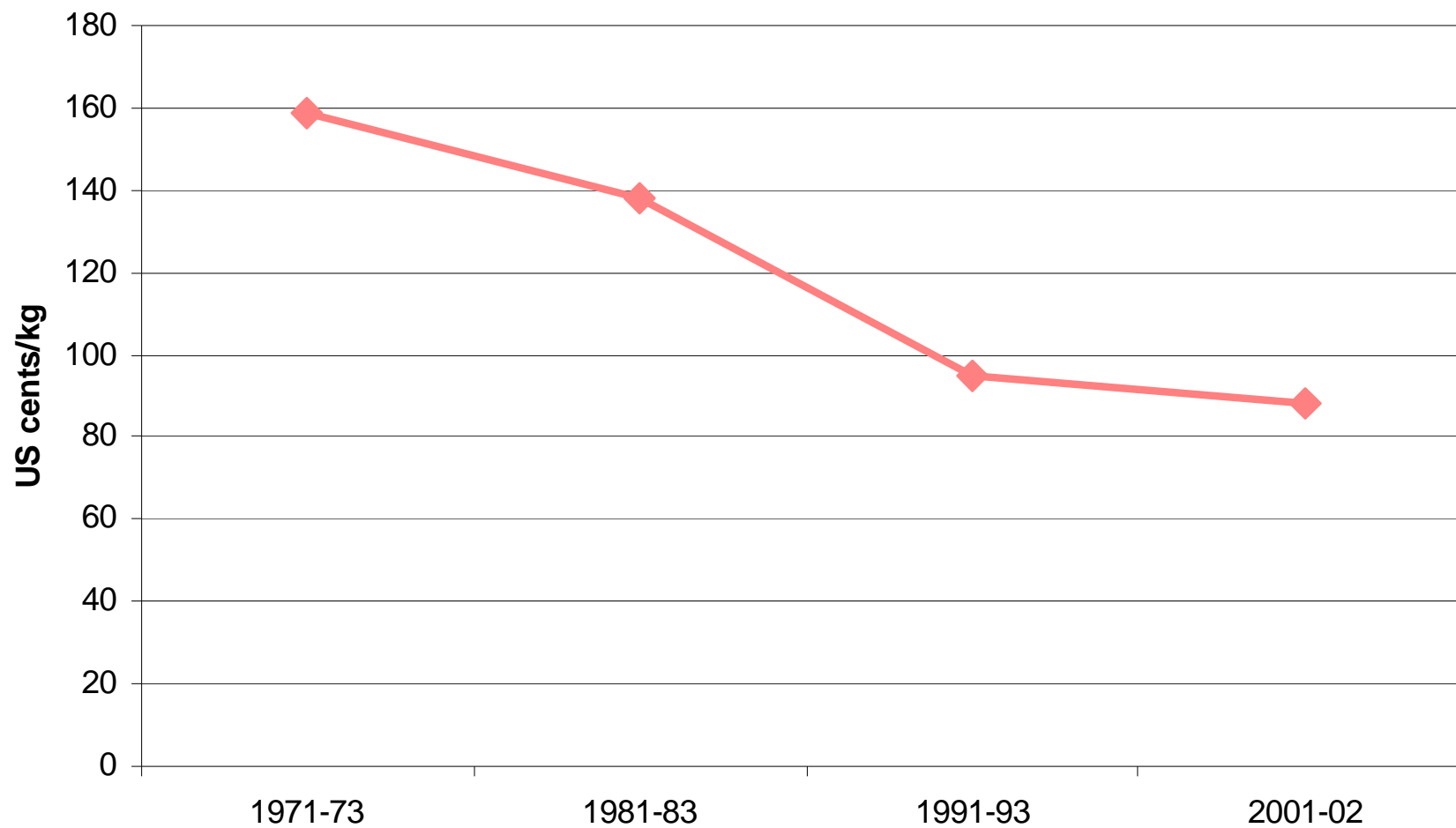


# Commodity Prices in Real Terms: Bananas

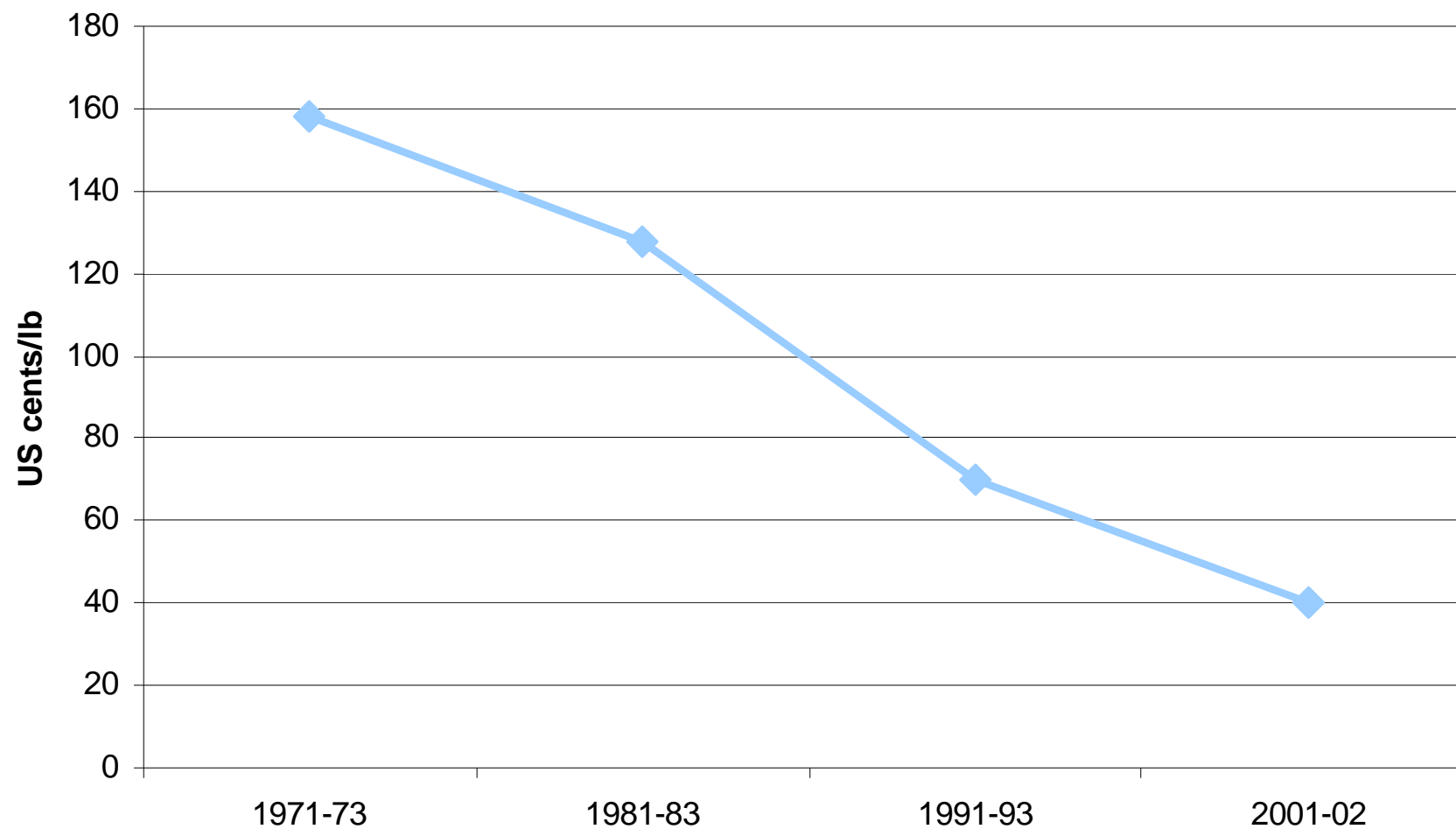




# Commodity Prices in Real Terms: Tea



# Commodity Prices in Real Terms: Cotton

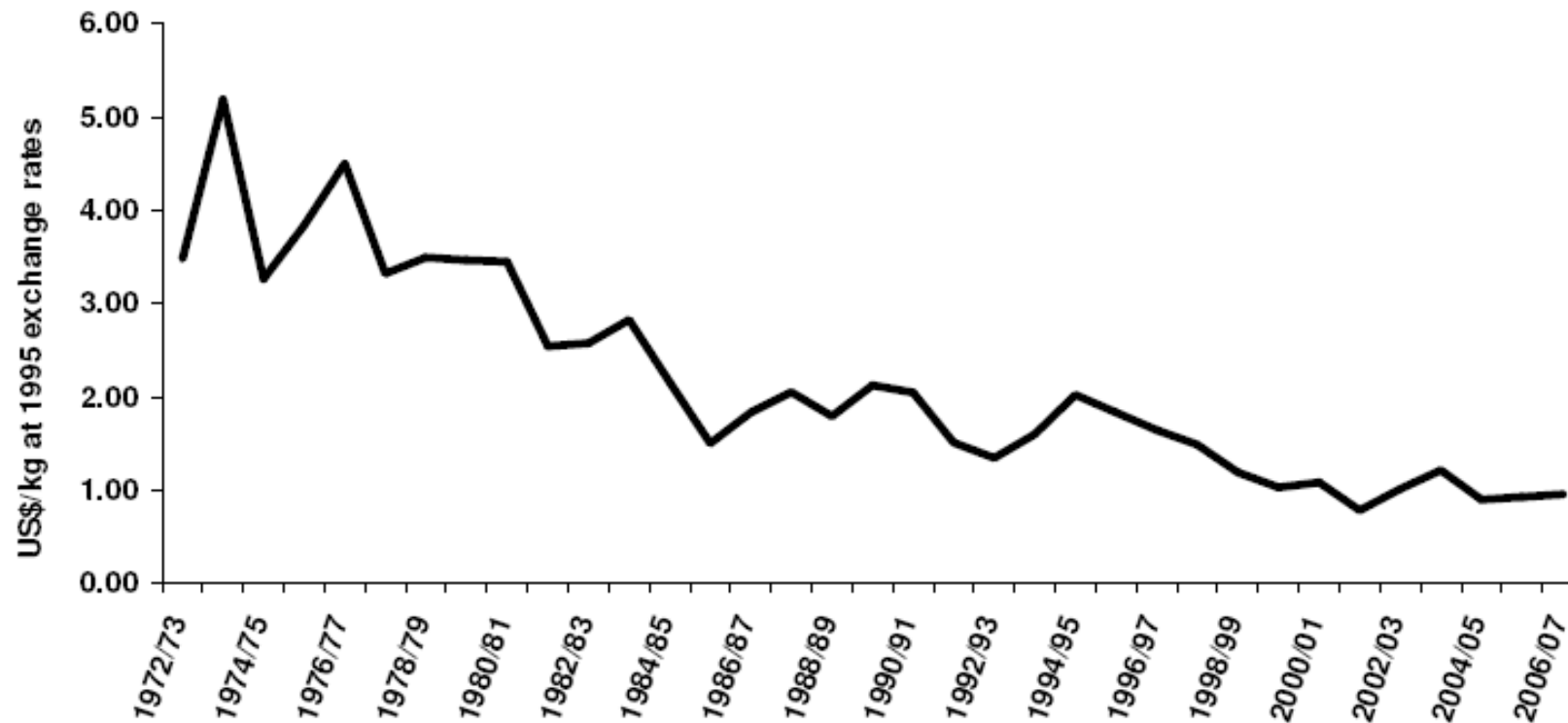




# The Real Cost of Cotton 1972 - 2007

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

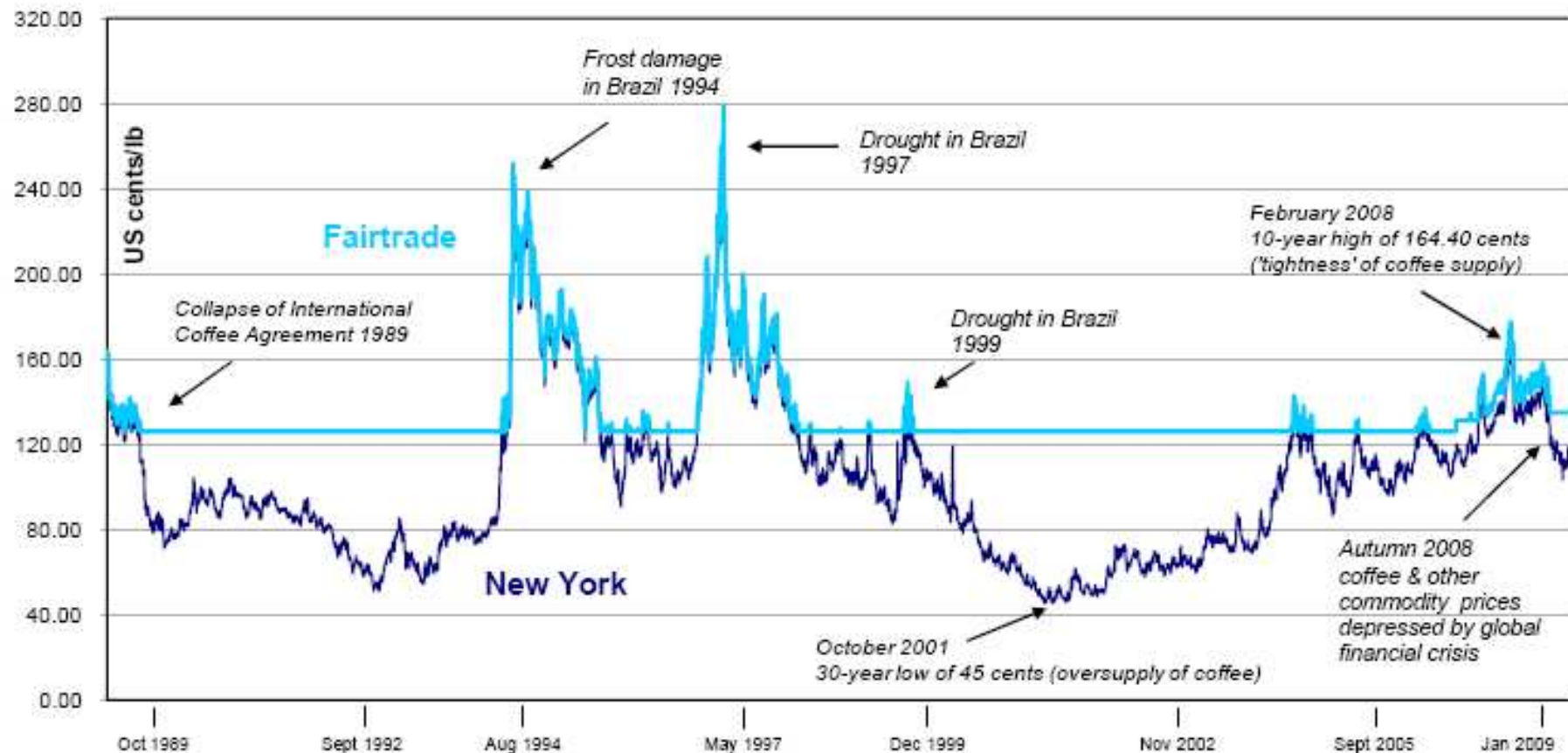
### Pricing in Mali 2005-2006



- 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



# The Arabica Coffee Market 1989 – 2009: Comparison of Fairtrade and New York Prices



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

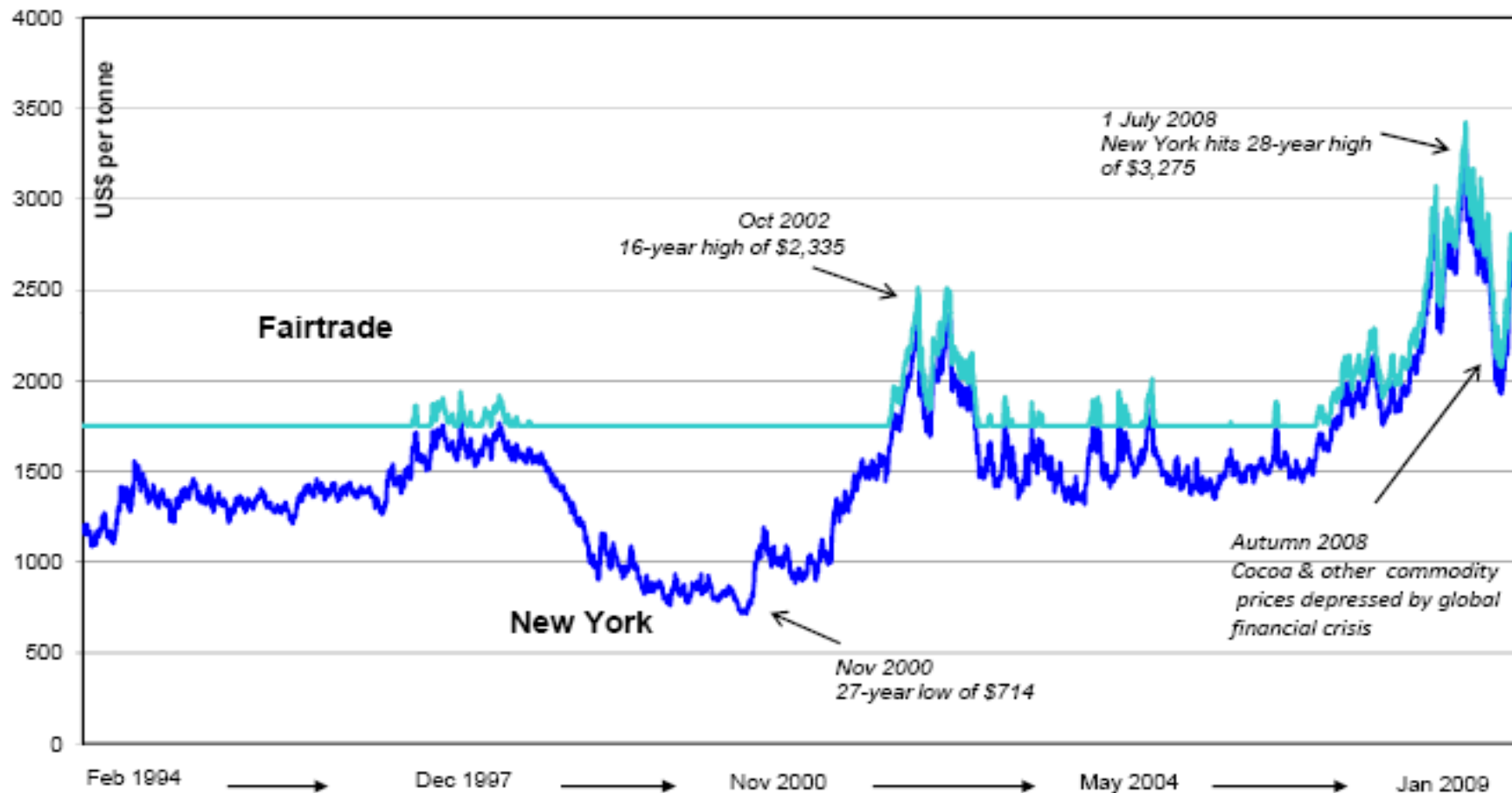
\*Minimum price was increased from 121 cents/lb on 1 June 2008 \*\*Premium was increased from 5 cents/lb on 1 June 2007

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



# The Cocoa Market 1994 – 2009: Comparison of Fairtrade and New York Prices



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.  
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# 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, Coopetrabatur; *'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  
“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**



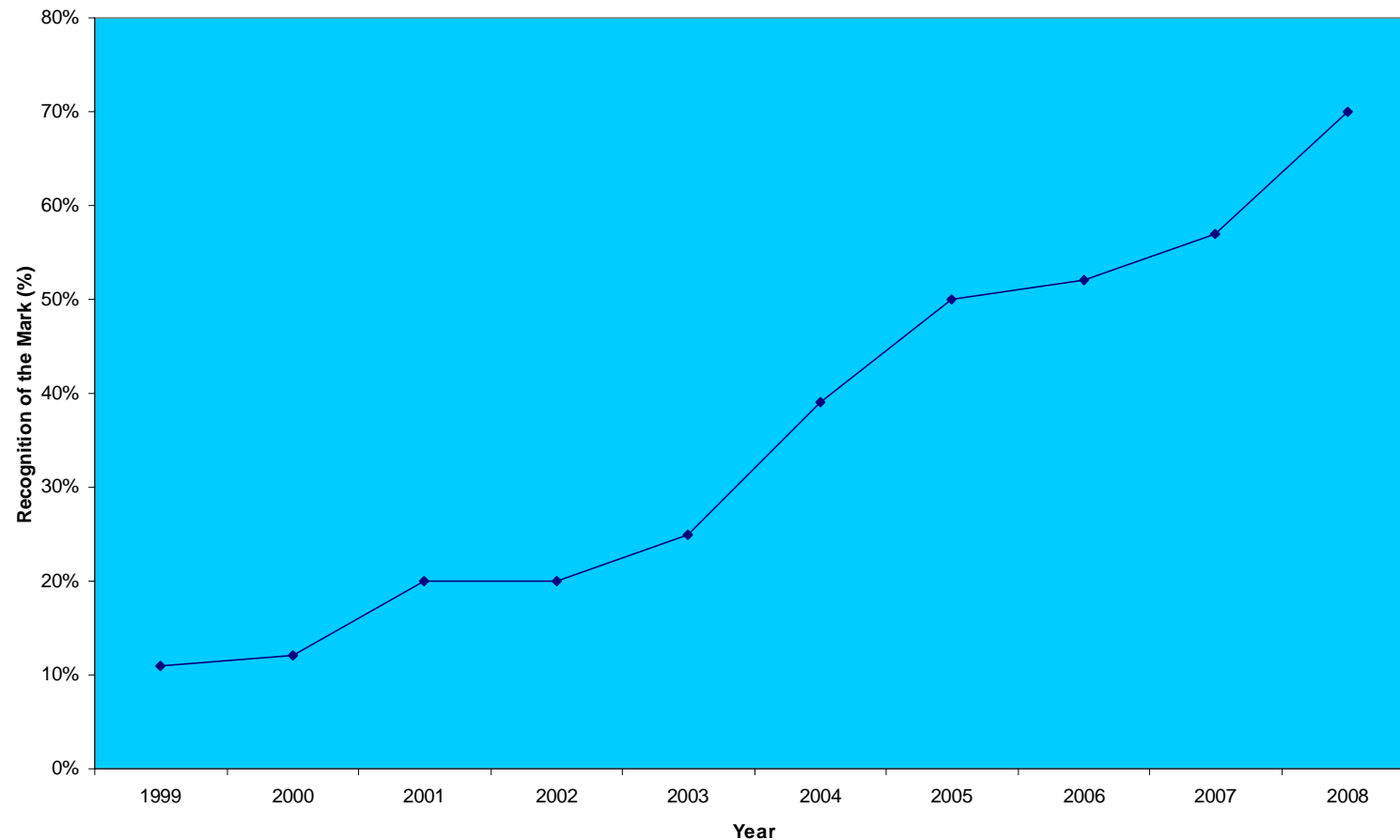




# Impact on Public



## 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

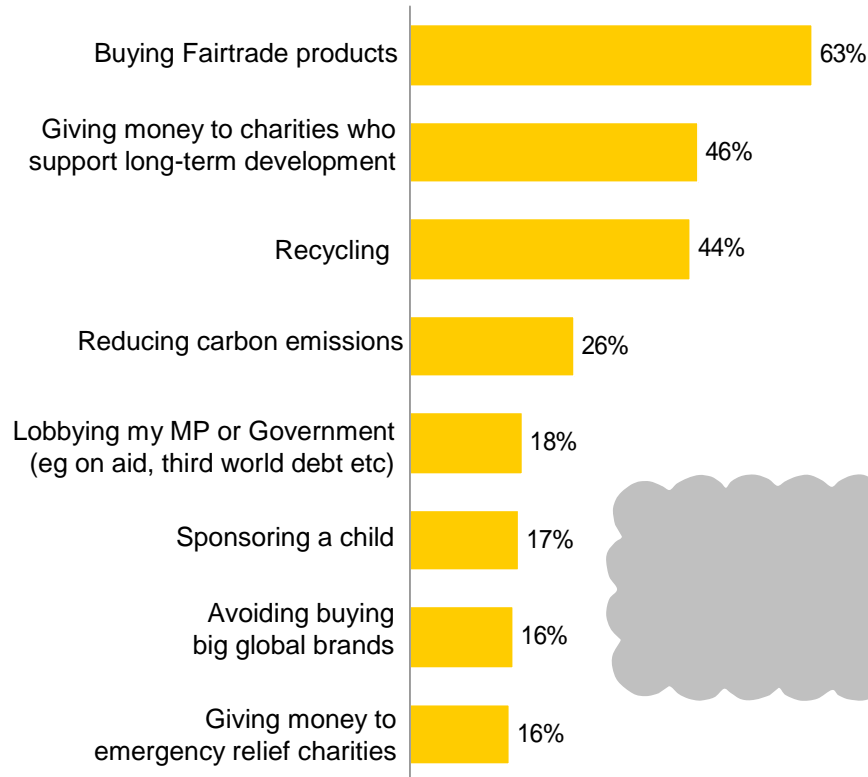


# The strong perception of Fairtrade as an effective and trustworthy way of tackling poverty suggests significant potential for growth



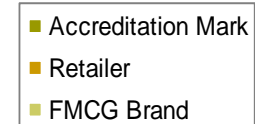
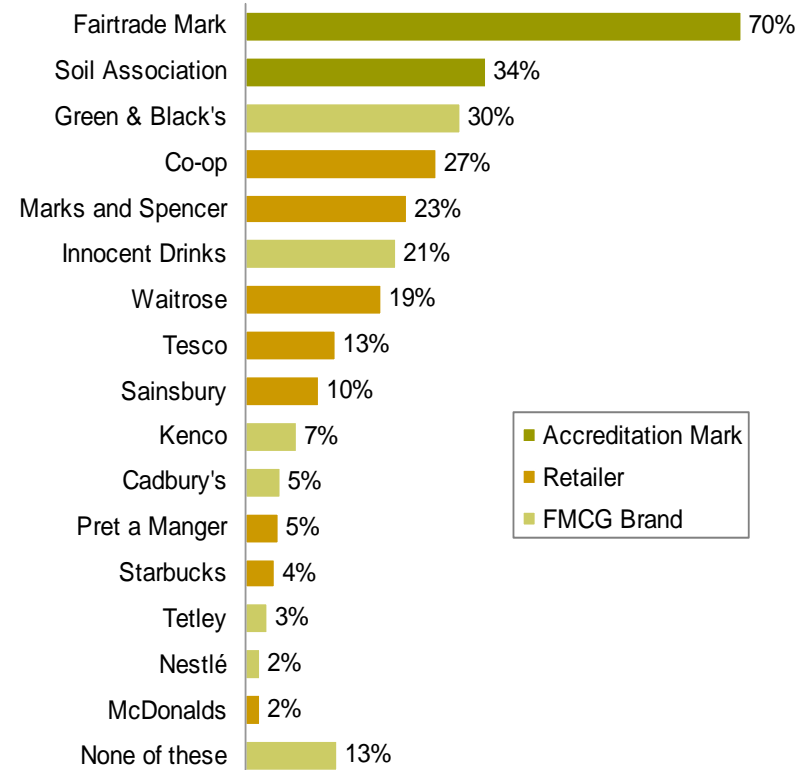
## Most Effective and Manageable Way to Help Poor People<sup>1</sup>

% of Respondents (n=503)



## Brands Most Trusted to Deliver on Ethical Promise<sup>2</sup>

% of Respondents (n=503)



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

## 23<sup>rd</sup> Feb – 8<sup>th</sup> March

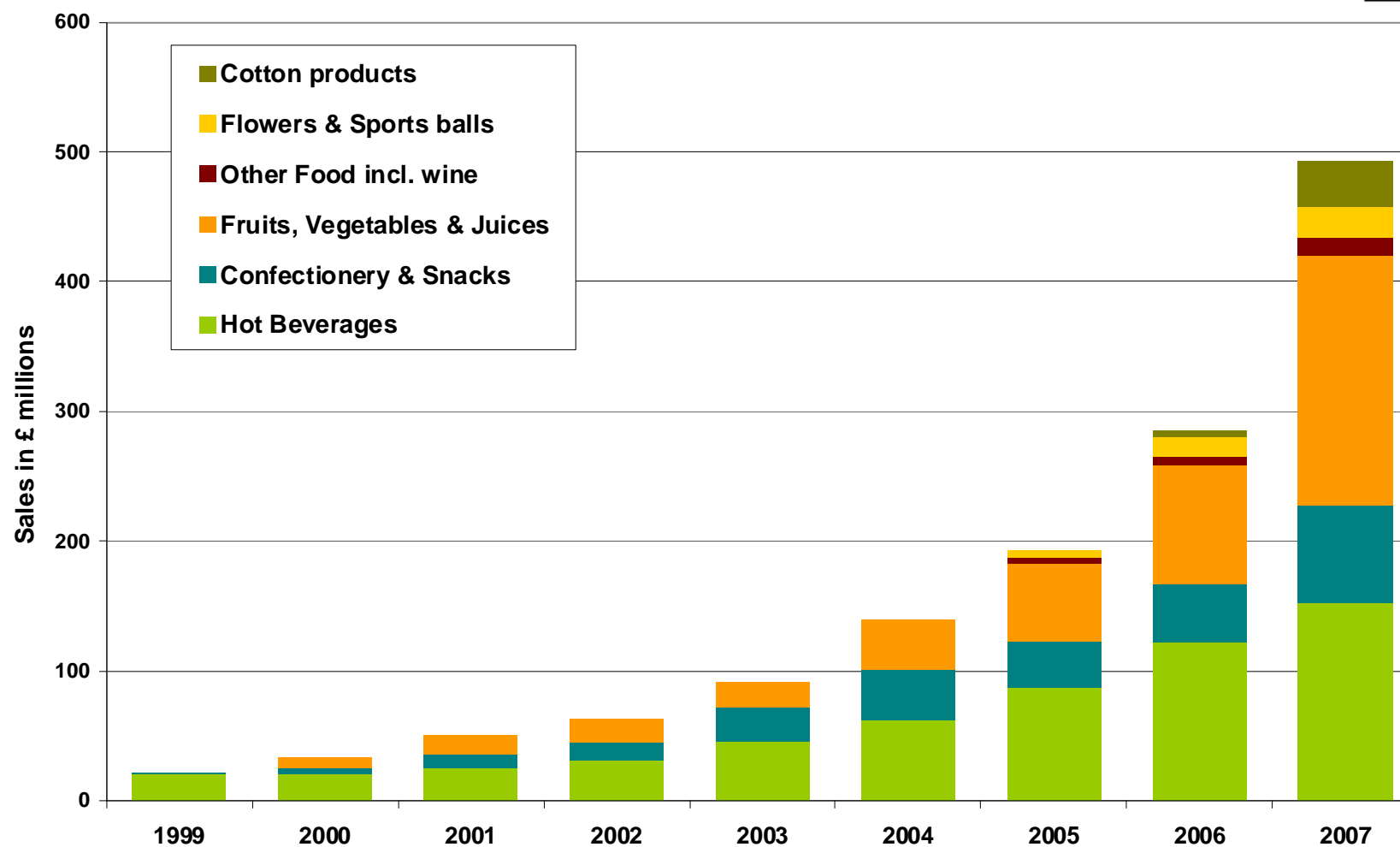


- Conference: The Global Food Crisis and Fairtrade: Small Farmers, Big Solutions?
- Launch Event: 23 Feb, South Bank
- Go Bananas for Fairtrade!



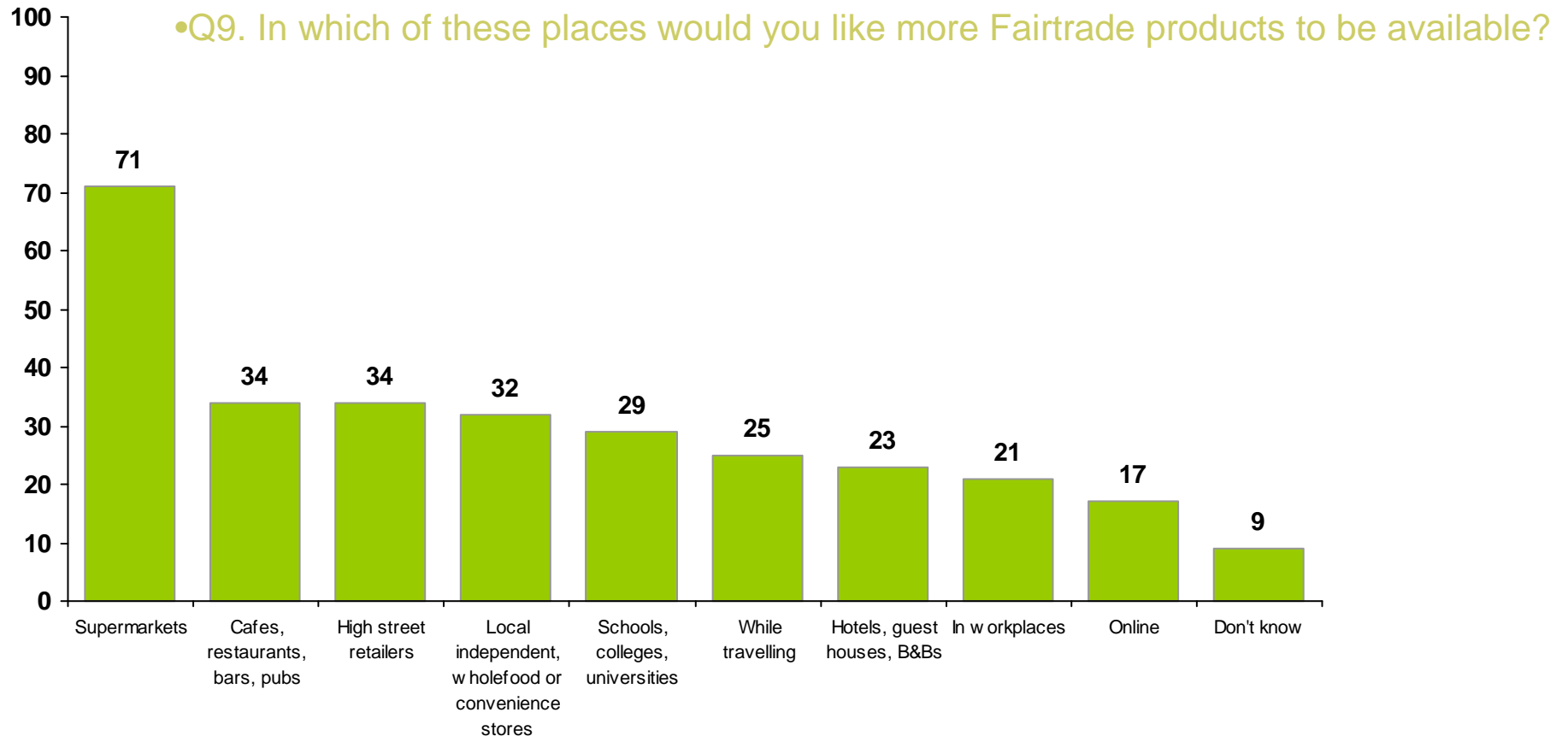


# UK Sales of Fairtrade Products 1999 - 2007



**2007: 72% increase from 2006**

# There is clearly demand for Fairtrade products to be more widely available









**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.**

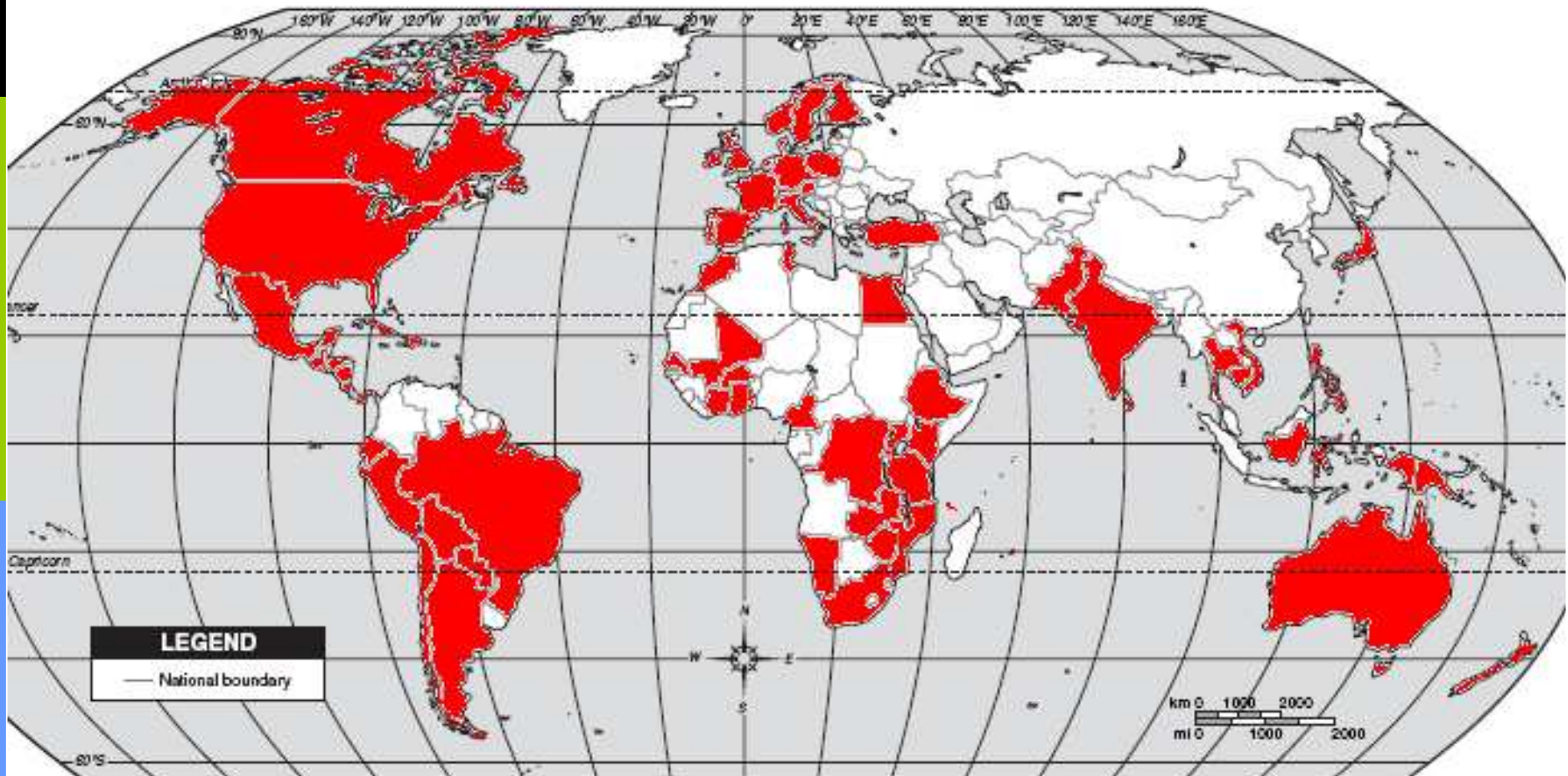




“I know that Fairtrade works. I have seen the positive impact on the banana growers in the Windwards Islands since we decided at the end of 2006 to move Sainsbury’s bananas to 100% Fairtrade. But we are not doing this for altruistic reasons – we know that our customers support the objectives of Fairtrade 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

