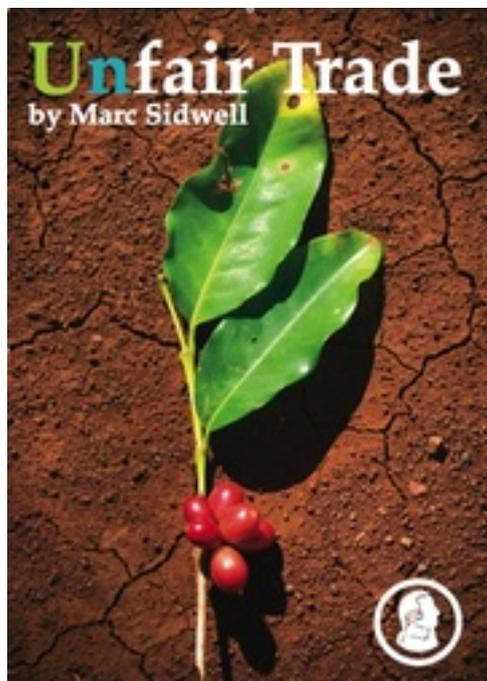


Unfair Trade [1]

Written by [Tom Clougherty](#) [2] | Monday 25 February 2008



Today the ASI publishes its latest report, *Unfair Trade* by Marc Sidwell, to mark the beginning of Fairtrade Fortnight.

Fairtrade is a nice idea, and it is great that so many consumers want to help the poor in the developing world. But it is important that we ask whether Fairtrade really helps. After all, 'Fairtrade' does not mean anyone who gives better terms to third-world farmers. It is a particular brand, which competes with other ethical schemes and charities for people's money.

There are a number of inconvenient truths about Fairtrade. Indeed, on closer inspection it may not be that fair at all. It only offers a very small number of farmers a higher fixed price for their goods. Given the way markets work, these higher prices come at the expense of many other farmers, who ? unable to qualify for Fairtrade certification ? are left even worse off.

More importantly, the Fairtrade scheme does not aid economic development. It sustains uncompetitive farmers on their land, holding back diversification, mechanization and moves up the value chain. In doing so it denies future generations the chance of a better life.

The fact that will surprise consumers most, however, is that only 10 percent of the premium they pay for their Fairtrade products actually gets to the producer. The rest goes to people further along the retail chain.

Fairtrade's success rests on its skilful advertising and its ability to persuade corporations, schools, towns and even nations to 'go Fairtrade'. But when you look at the evidence it is clear that for all its good intentions, Fairtrade is not the only way to make a difference, and it is not the best way either.

The Rainforest Alliance operates a similar certification scheme to Fairtrade, but without many of its drawbacks. Café Britt helps its farmers add value by processing and packaging its coffee in Costa Rica.

Consumers could even buy bargain products from their local supermarkets and loan the money they save directly to farmers through a microcredit agency like kiva.org. These are just some of the options available.

You can download the whole report [here](#) [3] as a PDF.

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