

Fair Trade

A Cooperative Revolution

Cooperatives UK Magazine, Issue 3, 2004

“Fair trade is founded on an alternative system of ideas and values and it is important that we don’t lose that.”

The [Cooperative Group](#) was the first major supermarket in the UK to stock fair trade products – it is now the country’s leading fair trade retailer. But what is the background to this innovation and how are cooperatives leading the revolution, which is bringing fair trade to both producers in the countries of the South and consumers across the UK.

Fair Trade

A Cooperative Revolution

Cooperatives UK Magazine, Issue 3, 2004

“Fair trade is founded on an alternative system of ideas and values and it is important that we don’t lose that.”

Content:

- What is fair trade
- Fair trade landmarks
- In the beginning
- As it is now
- Looking to the future

What is fair trade

Fair trade is a system of world trade based on mutual respect. It is about retailers, distributors and consumers in the North co-operating with producers in the South to provide a fair price for a fair product. A fair price to cover the producers costs, basic needs, and a margin for investment, with part of the price paid in advance; a fair product produced sustainably, without jeopardising local food needs, and democratically, with decent working conditions.

Fair trade aims to minimise the insecurities of fluctuating world prices to producers, which can threaten lives and livelihoods, and to eliminate the inherent exploitation of trading systems, which have tended to restrict the price paid to the producer in the South whilst maximising profit margins to distributors and retailers in the North.

It is not hard to see the parallels between the objectives of fair trade and the values of co-operation, such as democracy, self-help and equality. Indeed, the cooperative structure is proving the best route for many of the producers in the South to achieve the appropriate working environment to gain Fairtrade status. From the fields and hills of West Africa and South America to the shops and tables of the UK, fair trade has become a truly cooperative venture.

Fair Trade Landmarks

1986:	<i>Solidarity through Trade</i> conference held in Glasgow. Fair trade and wholesale worker cooperatives agree to collaborate on UK distribution network.
--------------	---

1987:	Equal Exchange fairly traded products stocked in High Street stores for the first. Many of which were worker-owned.
1992:	The Cooperative Group stocks Cafedirect ground coffee, the first supermarket chain to stock a Fairtrade product.
1998:	The first honey to carry the Fairtrade Mark is launched by Equal Exchange cooperative.
2000:	The first bananas to carry the Fairtrade Mark are launched in over 1,000 Coop stores. The supermarket's own-brand Fairtrade product, Coop milk chocolate bar is launched.
2002:	The Coop switches all of its own brand chocolate to Fairtrade and sales increase by 25 percent.
2003:	The Coop switches all of its own brand coffee to Fairtrade.

In the beginning

According to Martin Meteyard, Cooperative consultant and current Chair of Cafedirect, a conference entitled ***Solidarity through Trade*** held in Glasgow in 1986, was the beginning of cooperative fair trade in this country. *“Before then, Campaign Coffee Scotland (CCS) had been selling powdered Tanzanian coffee (Africafe) in plastic bags in a small way but as a result of the conference, CCS started working with cooperative wholesalers such as [Suma](#), [GreenCity](#) and [Infinity](#) to set up distribution for the Equal Exchange range of fairly traded products.”*

“Fair trade products had been available by mail order but they were very expensive. The wholesalers were able to get Equal Exchange products into a network of shops in what was the first commercial distribution of fair trade products in the UK.”

CCS eventually became [Equal Exchange Trading](#) – a workers cooperative – and with an annual turnover now topping £1 million, the Edinburgh-based business is still a key contributor to the fair trade food market.

In 1989, the International Coffee Agreement collapsed and coffee prices plummeted to a 30 year low, leaving farmers worldwide exposed to financial insecurity and ruin. In response to this disaster, Oxfam, Traidcraft, Equal Exchange and Twin Trading got together to set up [Cafedirect](#), with the aim of improving the security and income of coffee growers and helping to strengthen the growers influence by linking them directly with the consumer in the North.

Cafedirect guaranteed to always pay above the world market price for coffee and to help the growers with a major support and development programme. Cafedirect Medium Roast Fresh Ground coffee was launched onto the UK market and initially sold through Traidcraft, Oxfam and ethical stores, however, supporters started campaigning to gain listings in major supermarkets.

In 1992 Cafedirect ground coffee was put on trial in [Cooperative Group](#) stores and as a result the Coop became the first major supermarket chain in the UK to stock fair trade.

“By sending us a case of Cafedirect coffee, Oxfam made what was at the time a significant investment in trying to persuade the Coop to stock a fair trade product,” says Sean Bish, the Coop’s Social Policy Officer at the time. *“On the back of this the Cooperative Group made the pioneering decision to trial the product in their stores across the South East of England.”*

“There was a good deal of concern as to whether consumers would pay 30 or 40 pence more for a product that looked the same and tasted similar to, if not slightly better than, other brands and in addition was ground and not instant. How attitudes have changed.”

Also in 1992, the [Fairtrade Foundation](#) was set up by CAFOD, Christian Aid, New Consumer, Oxfam, Traidcraft and the World Development Movement. Through the award of its [Fairtrade Mark](#) to products that meet internationally recognised standards of fair trade, the Fairtrade Foundation helps ensure that producers, distributors and retailers meet the Fairtrade guidelines and that consumers can easily identify this on the product label.

[Kuapa Kokoo](#) was set up in 1993 by a group of farmers in Ghana. Supported by [Twin Trading](#), the UK based fair trade development company, they set up a cooperative to buy their cocoa and sell it on to the Government Cocoa Buying Board. *Kuapa Kokoo* means *Good Cocoa Farmers Company* in the local language and their motto is *Pa Pa Paa* which means *The Best of the Best*.

The cooperative now has 35,000 members. Kuapa Kokoo own a third of the The Day Chocolate Company who manufacture Fairtrade [Divine](#) and [Dubble](#) chocolate bars. The UK. Cooperative Group’s own-brand block chocolate is all made from cocoa sourced from Kuapa Kokoo.

Comfort Kumeah is a member of Kuapa Kokoo cooperative and a widow in her early fifties with 5 children.

“Before, we farmers were cheated,” says Comfort. *“People adjusted the scales. We got little money from the purchasing clerks and no bonuses. The farmers’ welfare was neglected. I joined Kuapa because I saw it was the only organisation which could solve some of our problems – they trade without cheating, with the welfare of the farmers at heart.”*

“There are many problems with poverty. During the lean season there was no money. Now there is a credit union we can borrow from to keep our farms. The AGM (annual general meeting) is also very good – farmers make their own decisions.”

As it is now

By the end of 2002 the value of Fairtrade sales in the UK had reached £63 million, with the number of Fairtrade products for sale now at over 250. There are 360

Fairtrade certified producer groups (including many umbrella bodies) in 40 producer countries selling to hundreds of Fairtrade registered importers, licensees and retailers in 17 countries. The annual [UK Fairtrade Fortnight](#) is now a major promotional opportunity each year with government, celebrity and retailer backing for thousands of events around the country.

The dramatic growth of fair trade sales in the UK has, in large part been driven by cooperative retailers and distributors. The Cooperative Group and the other consumer owned cooperative societies have led the fair trade revolution with significant decisions to boost sales by example, switching certain own brand products over to fair trade in their entirety. However, the important contribution to fair trade by the many worker-owned High Street stores around the country such as [Infinity Foods](#), [Unicorn Grocery](#), [Daily Bread](#) and [Eighth Day](#), in addition to cooperative wholesalers, such as [GreenCity](#), [Essential Trading](#), [Suma](#) and [Equal Exchange](#) should not be overlooked.

The Cooperative Group's current Fairtrade range comprises 62 products, with plans to double the own brand range by 2005, bringing total Fairtrade sales up to £21 million and returning £1.25 million each year in fair trade premiums to growers in developing countries.

The Cooperative Group's aim is to bring fair trade into the mainstream shopping experience. *"Our goal is that, eventually, all Coop products from developing countries will be fairly traded and that fair trade ingredients are used more and more in our standard products,"* says Brad Hill, Marketing Manager at the Cooperative Group. *"It is also important for us to continue to build awareness of the issues surrounding fair trade, so people understand how and why fair trade makes such a difference."*

For [Out of This World](#), a consumer cooperative, which has shops in Nottingham, Leeds and Newcastle, fair trade is a core value. In addition to fair trade food and drink, they stock fair trade crafts, ceramics and paper products. According to Sue Fairbairn of Out of This World, *"fair trade sales are booming at the moment and we expect this to continue as more products come onto the market. As fair trade products become more main stream, people are becoming increasingly aware of its values."*

Sue mentions the Cooperative Group slogan,

"the extra cost to switch to fair trade coffee – much less than one penny a cup, for the producer a world of difference"

and how important this sort of message is in communicating fair trade to consumers. It only costs one penny more per cup of coffee to give producers a fair deal.

However Sue makes it clear that, to Out of This World, fair trade is not just about the product and the price but about the importance of providing community development support to the producers. This is what will really change lives.

In terms of developing the global fair trade infrastructure, another cooperative, [Shared Interest](#) is leading the way. Shared Interest is a cooperative lending society that provides fair and just financial services to fair trade producers and buyers. It was

started in 1990 and has some 8,000 members who have invested more than £18 million.

Shared Interest makes loans to fair trade producer groups in developing countries to allow them to buy raw materials and pay for production before they sell their goods for export. Loans are also provided to fair trade buyers in developed countries to allow them to make advance payments to producers. In 2003, Shared Interest financed approximately 10 percent of all worldwide fair trade transactions.

“Shared Interest is a cooperative that enables individuals in the UK to invest some of their money in a direct and ongoing relationship with people in poorer parts of the world,” says Managing Director, Stephanie Sturrock, *“We are part of the worldwide fair trade movement tackling poverty and showing that trade can be done on fair and just terms. As well as buying more fairly traded products, people in the UK can also make a positive contribution by investing with Shared Interest, recognised as one of the UK’s top social enterprises.”*

Looking to the future

According to Sam Roger of Equal Exchange Trading, it is important to keep remembering that fair trade is part of a much larger ambition to create a fair trade and mutually-beneficial system across all trading relationships between countries of the South and North.

“Fair trade is founded on an alternative system of ideas and values and it is important that we don’t lose that.”

To really create sustainable wealth in the communities of the South, producers must gain ownership of the brand. *“It’s about flipping the current way of working to give producers control,”* says Sam. Kuapa Kokoo’s part ownership of The Day Chocolate Company is a perfect example of this. With regard to the supply of fair trade products, Sam Roger says, *“at the moment there are a lot of people jumping on the fair trade bandwagon who, unlike those in the Cooperative Movement, are not fundamentally committed to its principles, so it will be interesting to see if they are in it for the long term.”*

A long-term commitment is especially important as apart from commodities like tea and coffee, many of the smaller volume fair trade products have fragile supply chains, so keeping a balance between supply and demand is important. A long-term commitment from retailers and wholesalers is needed to help develop this supply chain and to bring stability to the trading relationship.

The Cooperative Group has brought fair trade into the mainstream, it is no longer a niche product aimed at affluent consumers happy to pay a premium. At the Coop, fair trade has become part of the weekly shop for the average customer. Working in partnership with the Cooperative Group, the [Cooperative College](#) is launching a guide for co-operators to enable them to get involved in the current growth of the [Fairtrade Towns Campaign](#), building awareness and understanding amongst consumers of the key issues, and helping to close the loop between producer and consumer.

“The future for fair trade is fantastically exciting,” concludes Martin Meteyard, “with the Coop looking to put clear blue water between itself and other retailers as it moves more and more of its products to fair trade.”

© **Cooperatives 2004.** *Cooperatives* is the quarterly magazine of [Cooperatives UK](#)

Cooperatives UK is the apex organisation for cooperative enterprises in the UK. It promotes cooperative and mutual solutions and works in partnership with its members to build a strong and successful cooperative movement