

STATE CAPITAL HANNOVER

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NOT EVERYTHING IS FAIR – NOT EVERYTHING IS ORGANIC – FAIR TRADE CAN'T ACHIEVE EVERYTHING

Fair trade has set itself the task of improving the position of producers in the Global South. This includes supporting organic farming measures. Many fair trade products now also carry the "organic" seal. Unfortunately, the opposite is not true. Organic farming is certainly good for people and the natural environment, but there is no requirement for producers to comply with the guidelines for fair trade. Therefore, there are plantations that are exemplary ecologically, but which are not tenable from a labour law perspective.

The transport chain from the producers' cooperative to the port, from there via ship to the manufacturers, the further processing stages, and finally the sale of the products in shops – none of these are covered by fair trade principles. Especially on cargo ships, working conditions are often miserable, and some retail outlets offer their staff precarious employment relationships.

This is why development cooperation organisations complain that FLO is departing from the idea of solidarity-based trade by involving companies interested in maximising profits. They fear a loss of consumer confidence in the seal.

Nevertheless, the producers of the raw materials for products with the Transfair seal or the products of the major fair trade organisations and recognised suppliers of the world shops do receive a better price for their goods. In comparison to conventional products, they are worth the higher price.

WHAT DO THE PRODUCERS GET?

Fair trade is not an alternative method of making charity donations – the producers don't receive any handouts! Economic principles also apply in the world of fair trade. Money is exchanged for goods. However, in contrast to conventional trading relationships, the price is calculated differently. The price depends on the local cost of living. And above all – the price is negotiated fairly with the producers in a partnership of equals.

How much money the producers receive in comparison to conventionally produced goods varies according to the respective product, region, and fair trade organisation. A minimum price is agreed which must cover the production and living costs of the producers. In addition to this, a fair-trade premium is paid to help finance community projects. There are further allowances to help with a transition to organic production methods or for particular quality.

The price charged in the shops is calculated in the same way as with conventional products. Here the purchase price is the basis for the calculation. However, costs for advertising and brand rights, as well as staff wages, also need to be taken into account. This means that the sales price cannot be used to infer the producers' income.

Supermarkets and discounters can operate with tighter profit margins on account of compensatory pricing and higher overall sales figures. They can therefore offer fair trade products at a lower price. To prevent specialist fair trade shops from being driven out of business by this practice, a number of fair trade organisations set minimum retail sales prices.

WHAT IS SPECIAL ABOUT MIXED PRODUCTS?

Coffee, sugar and bananas all consist of just one ingredient. Ice cream, biscuits or chocolate, on the other hand, are so-called mixed products made from various different ingredients, and may only contain a proportion of fair trade ingredients. The manufacturers also use conventional ingredients, such as milk or flour, which come from the Global North.

Under certain circumstances, these products may bear the Transfair seal. For this to be permitted, all ingredients that can be sourced from fair trade (e.g. sugar or cocoa) must originate 100% from fair trade suppliers. Furthermore, at least 20% of the ingredients in the product must be from fair trade suppliers – although drinking water and milk are not included in this figure if the percentage of these two ingredients is more than 50%.

You can find out more about this on the Transfair website: www.fairtrade-deutschland.de/was-ist-fairtrade/fairtrade-standards/mischprodukte.html

AND IF THERE ARE ANY OTHER QUESTIONS?

In addition to the addresses already mentioned, you can also find further information on fair trade at the Agenda 21 and Sustainability Office, where you can also find information on educational offers focusing on fair trade and on further aspects of sustainable consumption.

WHAT IS THE CITY OF HANNOVER DOING?

Since 2010, following a council resolution, the state capital Hannover and its municipal institutions and facilities have been committed to ensuring that they no longer purchase any products from companies involved in exploitative child labour. Instead, they aim to purchase fair trade products wherever possible. Now, fair trade coffee, tea and orange juice are served in all meetings in the town hall. Other things, such as work clothing, are still in the process of changing over to fair trade suppliers.

The Agenda 21 and Sustainability Office is actively working on spreading the message about fair trade in a steering group made up of representatives from trade, catering and civil society. Together they organise local events and campaigns as part of a nationwide Fair Week in September. The Agenda 21 and Sustainability Office publishes a flyer on this subject, listing all the events taking place in Hannover, and this is distributed across the city.

On 10 May 2010, Hannover was awarded the title "Fairtrade-Town", the first city in Lower Saxony to receive the award. In addition to cities and communities, schools and universities and, as a pilot project, scout groups can be certified. As of 2016, there are five fair trade schools in Hannover, with three further schools currently in the application process. This makes Hannover a nationwide leader in this respect. One of the first two fair trade scout groups is also based in Hannover, having gained their status in 2015.

Further information on the "Fairtrade Towns Campaign" and information on fair trade schools and universities can be found at www.fairtrade-towns.de and information on fair trade scouts can be found at www.fairtrade-scouts.de



FAIR TRADE

Strong arguments for sustainable economic activity



RESPONSIBILITY DOESN'T END AT OUR CITY BOUNDARIES

Chocolate, orange juice or a "latte to go" – we often forget that many of the raw materials for these products come from the Global South¹. The people there often work under inhumane conditions. A 12-hour day is the norm, and even 16-hour days are not uncommon. Even children often have to work up to ten hours a day to feed their families. Their income is still not enough to live on and there is no health protection or health insurance.

But there are alternatives. Fair trade makes an essential contribution towards achieving social and ecological justice. It helps to improve the living and working conditions of the people in these areas. Without it, a sustainable way of life in the Global North² is unimaginable.

The Agenda 21 and Sustainability Office have collected the most common questions and answers on the subject of fair trade. By providing this information, they aim to help consumers make informed purchasing decisions, but also to promote political commitment to sustainable business practices.



WHAT IS "FAIR TRADE"?

Many consumers associate fair trade with the payment of a fair price to producers in the Global South. But fair trade means much more:

The trading relationships are long-term and where possible direct. The producers in the Global South are paid significantly higher prices than they would receive on the world market. Additional premiums are paid to help strengthen democratic structures and improve healthcare and education. The transition to organic farming is also an objective of fair trade and is being promoted.

Workers don't just receive the statutory minimum wage. They are paid a "living wage" with which they can finance their livelihood without difficulty. Health and safety regulations and health insurance are also ensured. And it goes without saying that exploitative child labour and forced labour are forbidden.

The partners involved in fair trade are committed to dialogue, mutual respect and transparency. Therefore, all the decision-making bodies in the most important fair trade organisation, the World Fair Trade Organisation, are composed equally of producers and traders.



HOW CAN I RECOGNISE FAIR TRADE PRODUCTS?

To prevent abuse of the fair trade concept, stakeholders have two important approaches that aim to give consumers certainty: transparency and control. In doing so, they pursue different strategies.

The big "fair trade companies" (GEPA, El Puente, Banafair, dwp and Globo) are importers. They are committed first and foremost to ensuring transparency in their trading structures – from production and processing right through to sales. They purchase directly from cooperatives and award contracts for the processing of the raw materials. The finished products are then sold, bearing their brand labelling, in "world shops", online and in a number of supermarkets.



PRINCIPLES OF FAIR TRADE

In 2001, four international umbrella organisations working in fair trade (FLO, IFAT, NEWSI and EFTA) agreed on the following common definition of fair trade: "fair trade is a trading partnership that is based on dialogue, transparency and respect, that strives for more justice in international trade. Through better trading conditions and by securing social rights for disadvantaged producers and workers – in particular in the countries in the Global South – fair trade makes a positive contribution to sustainable development. Fair trade organisations are committed (together with consumers) to helping and supporting producers, to raising awareness and to engaging in campaigns to change the rules and the practice of conventional world trade."

GEPA, EL PUENTE, BANAFAIR, DWP AND GLOBO

In addition to the major fair trade organisations, there are also numerous small importers and direct traders. They can be certified by the Weltladendachverband (world shop umbrella organisation) as "suppliers of fair trade products". Information on these "recognised suppliers" can be found on the world shop umbrella organisation website: www.weltladen.de/de/anerkannte-weltladen-lieferanten.html

By contrast, the well-known fair trade seal of the Fair Trade Labelling Organisation (FLO) relies more heavily on independent monitoring. This seal is awarded following the inspection of individual raw materials, such as coffee or cocoa, which is carried out on the producers' premises. Producers have to obtain regular certification to confirm compliance with the criteria of the FLO. Companies can purchase and process these raw materials. The products are then sold under their brand labels. To demonstrate that they have used fair trade raw materials, they are allowed to use the fair trade seal. In return for this, they pay a licence fee to the FLO, which then uses the funds to finance their work.



TRANSFAIR SEALS

There are also traders and corporate groups who use other seals. Some of these adhere to the strict guidelines that the fair trade organisations have formulated (see box – Principles of fair trade). Others only comply with the core labour standards, which is at least a start. "Fantasy" seals have also been seen in use in recent times that have no real significance in terms of fair trade – these are primarily marketing tools.

You can find an overview and evaluation of the various seals and labels in use – not just fair trade – on label-online.de



BUYING FAIR TRADE PRODUCTS

Fair trade products are no longer only available in world shops or other fair trade shops. You can also find quite a selection of fair trade items in both organic shops and supermarkets, especially food products with fair trade ingredients. Many restaurants and cafés also serve fair trade coffee. You can find a flyer with the addresses of outlets where fair trade products are sold here: www.hannover-nachhaltigkeit.de

To make sure you don't get lost in the jungle of different seals, you may find the following seals and labels helpful. They guarantee compliance with minimum fair trade standards and are independently monitored.



¹ The Global South comprises the so-called developing and newly industrialised countries in South and Central America and Africa, as well as India, China and South East Asia.

² The Global North means the industrial countries in Europe, North America and Russia, as well as Japan, South Korea, Australia and New Zealand.