

# delivering opportunities

ANNUAL REPORT 2004 | 2005



FAIRTRADE LABELLING ORGANIZATIONS INTERNATIONAL

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# FAIRTRADE contributes to

AT THE UNITED NATIONS MILLENNIUM SUMMIT in September 2000, world leaders placed development at the heart of the global agenda by adopting the Millennium Development Goals (MDGs), an ambitious agenda with clear targets for reducing poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women by 2015.

With 2005 marking the start of the ten-year countdown to 2015, the major concern is that progress is going slower than expected, particularly on the African continent. According to the United Nations Conference on Trade and Development (UNCTAD), Africa's economic growth levels must double to 7 per cent annually over the next decade in order to halve poverty by the year 2015. Foreign aid alone proved unable to alleviate misery and it becomes increasingly obvious that a development-friendly international trading system is essential.

Under the existing trade system, the loss of sales for producers in developing countries speaks for itself. U.S. cotton and EU sugar subsidies are an example of it. According to Oxfam, the U.S. cotton subsidies led to losses amounting to more than US\$ 300 million in potential revenues in sub-Saharan Africa during 2001/02. In the same period, the EU dumped millions of tonnes of subsidized sugar on world market depressing world prices and leading to foreign exchange losses of US\$ 494 million for Brazil, US\$ 151 million for Thailand, and US\$ 60 million each for South Africa and India. ++

## meeting the MDGs

MILLENNIUM DEVELOPMENT GOALS

++ Created to present a solution to some of these injustices, Fairtrade Labelling Organizations (FLO) International works to improve the position of the disadvantaged producers and workers in the developing world. Last year, Fairtrade Standards were developed for cotton and textiles, as well as for spices, more fruits and vegetables. By now, chances are that the roses you give or receive on Valentine's Day come from a Fairtrade Certified producer. As a consequence of these new markets, the number of certified producer organizations grew from 400 in 2004 to over 500 by the end of 2005. To help them face the market challenges, producer business support is now one of FLO's core tasks.

But Fairtrade is not only about ensuring that disadvantaged producers can sell their goods under fair conditions, it is also that they can use Fairtrade benefits to promote sustainable development in their communities by, for example, investing in developing their businesses and health care services, contracting a pension scheme or sending children to school. Last year we witnessed the empowerment of hundreds of producer organizations and their communities worldwide.

We salute the contribution of millions of Fairtrade consumers to further the achievement of the MDGs by buying Fairtrade Products. In this report, you will read that Fairtrade really does "deliver" development.

**SIMON PARE | FLO President**





# the world is watching

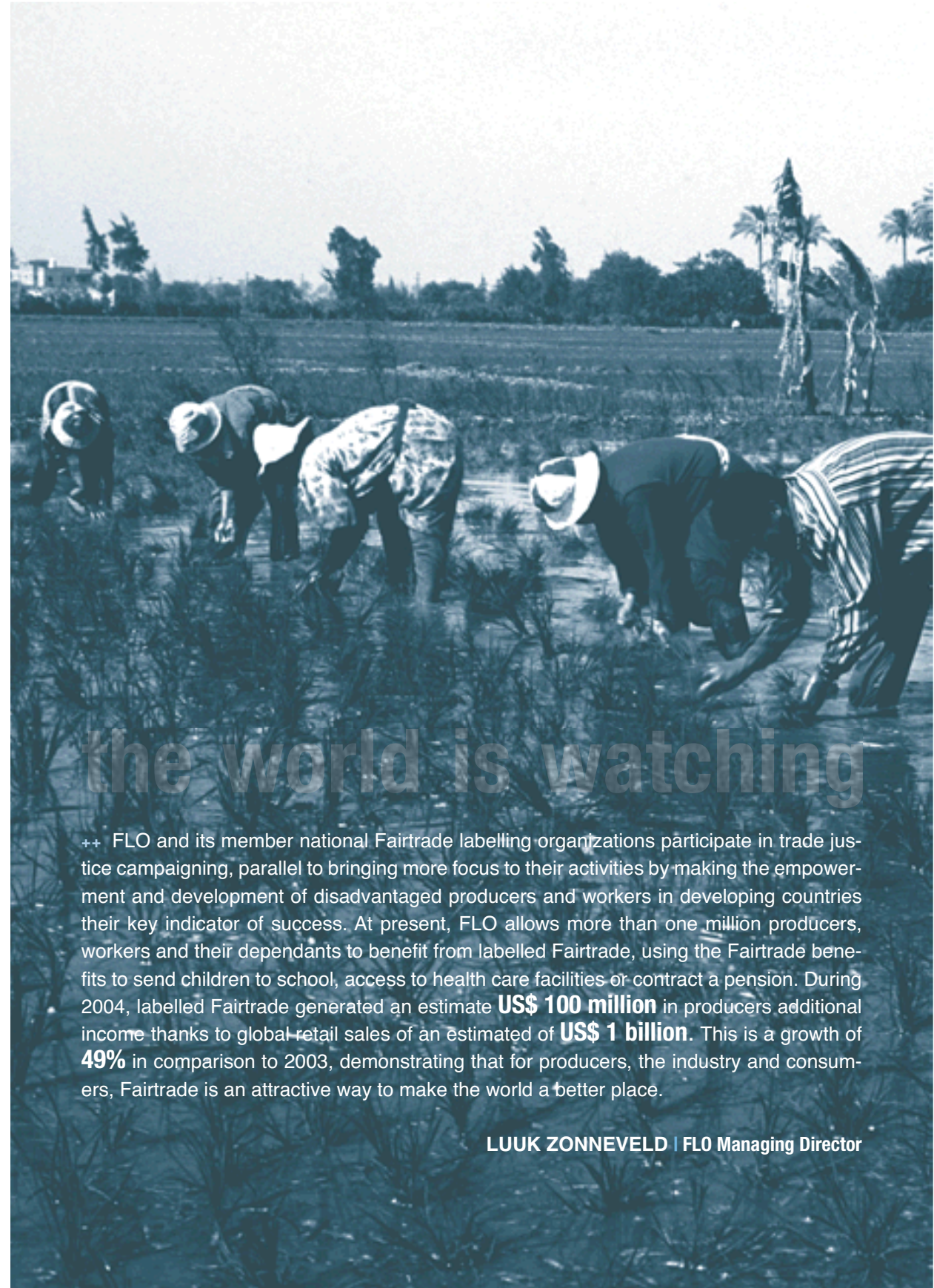
AS NIGHT FALLS, hundred thousands in Hyde Park watch Sting as he intones his first song. He'll send an S.O.S. to the world, he sings, "I hope that someone gets my message in a bottle". His message: the three demands of the MakePovertyHistory campaign – drop the debt, double aid and make trade fair.

As the moon lights up the sky, Sting denounces the world's passivity to poverty. "Hide my face, shame wells in my throat; it seems that when some innocent die all we can offer is a page in some magazine, too many cameras and not enough food." As stars twinkle high above, Sting becomes ominous. As images of Chirac and Bush, Blair and Schröder are projected on the huge screen behind him, Sting warns that "Every breath you take, and every move you make, every bond you break, every claim you stake, I'll be watching you". On a man-size ticker high above the stage, the message scrolls: "G8. Be great. The world is watching."

It helped – a bit. A few days later, during their summit in the Scottish Gleneagles, the rich country leadership did confirm a partial debt remission for the poorest developing countries and pledged significant increases in aid. But it failed miserably on making trade fairer by eliminating tariff barriers and export subsidies.

In this context, the G8's final communiqué in which they "welcome the growing market for fair trade goods and their positive effect in supporting livelihoods and increasing public awareness of the positive role of trade in development" may sound cynical. Still, it is their acknowledgement that Fairtrade, at least, delivers what it promises.

But while Fairtrade can serve as proof that "another world is possible", only major changes in global trade policies can make that better world come true. For example, over the last two decades, G8-driven trade liberalization has cost sub-Saharan an estimated US\$ 272 billion, roughly the same amount it received in aid over the same period. ++



# the world is watching

++ FLO and its member national Fairtrade labelling organizations participate in trade justice campaigning, parallel to bringing more focus to their activities by making the empowerment and development of disadvantaged producers and workers in developing countries their key indicator of success. At present, FLO allows more than one million producers, workers and their dependants to benefit from labelled Fairtrade, using the Fairtrade benefits to send children to school, access to health care facilities or contract a pension. During 2004, labelled Fairtrade generated an estimate **US\$ 100 million** in producers additional income thanks to global retail sales of an estimated of **US\$ 1 billion**. This is a growth of **49%** in comparison to 2003, demonstrating that for producers, the industry and consumers, Fairtrade is an attractive way to make the world a better place.

LUUK ZONNEVELD | FLO Managing Director

## a brief introduction to FLO'S WORK & SERVICES

FAIRTRADE LABELLING ORGANIZATIONS INTERNATIONAL is the worldwide standard setting and certification organization for labelled Fairtrade. It facilitates the sustainable development and empowerment of almost a million disadvantaged producers and workers in more than 50 countries by enabling them to benefit from Fairtrade Labelling.

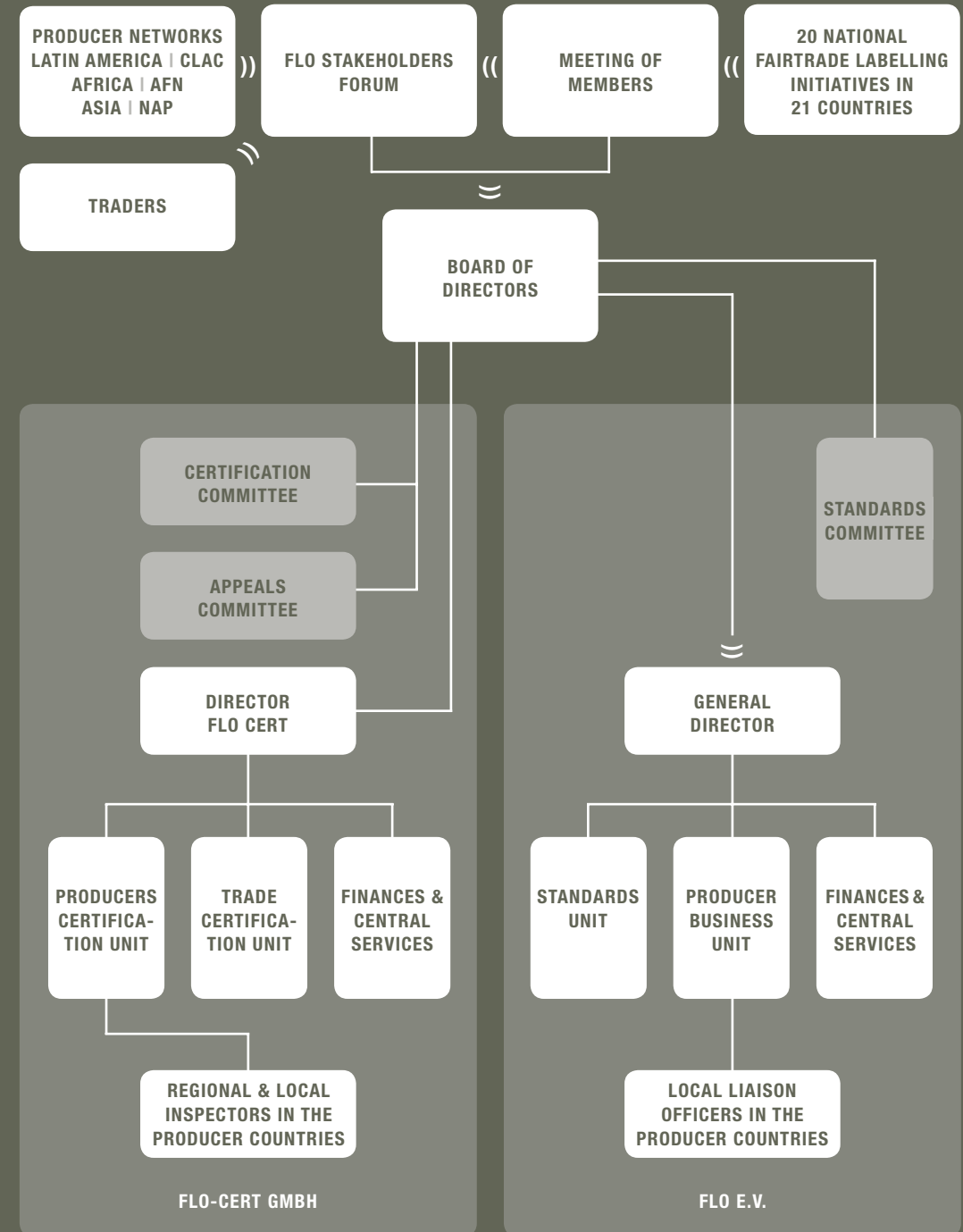
### FAIRTRADE LABELLING ORGANIZATIONS INTERNATIONAL IS MADE UP OF TWO ORGANIZATIONS:

**01 | THE MULTI-STAKEHOLDER FLO E.V. DEVELOPS AND REVIEWS STANDARDS AND ASSISTS PRODUCERS TO GAIN AND MAINTAIN CERTIFICATION AND TO CAPITALIZE ON MARKET OPPORTUNITIES. IT WORKS WITH LOCAL LIAISON OFFICERS WHO HELP PRODUCERS PARTICIPATE IN FAIRTRADE. TO ENSURE THE TRANSPARENCY OF THE SYSTEM, THE STANDARDS ARE DEVELOPED AND REVIEWED BY THE FLO STANDARDS & POLICY COMMITTEE, IN WHICH STAKEHOLDERS FROM FLO'S MEMBER ORGANISATIONS, PRODUCER ORGANISATIONS, TRADERS AND EXTERNAL EXPERTS PARTICIPATE.**

**02 | FLO CERTIFICATION LTD. ENSURES THAT PRODUCERS AND TRADERS COMPLY WITH THE STANDARDS AND THAT PRODUCERS INVEST THE BENEFITS RECEIVED THROUGH FAIRTRADE IN THEIR DEVELOPMENT. FLO-CERT WORKS WITH OVER 60 TRAINED LOCAL INSPECTORS. EARLY 2004, FLO CERT STARTED THE PROCEDURE TO OBTAIN ISO 65 ACCREDITATION, THE WORLDWIDE QUALITY STANDARD FOR CERTIFICATION ORGANIZATIONS.**

FLO International is also the umbrella association of National Labelling Organizations known as Max Havelaar, Transfair and by other national names. At the moment, there are 20 national initiatives, mainly throughout Europe and North America. These national initiatives are responsible for promoting Fairtrade and licensing the Fairtrade Label in their respective countries.

FLO and its 20 members work to ensure a win-win situation, serving both producers and consumers. For farmers in developing countries, being part of a Fairtrade certified producer organization means a fair price, a decent standard of living, and possibilities to invest in their business, education and healthcare. For consumers, buying products certified by FLO, it is a guarantee that those who work to supply the products are treated fairly and with respect.





# Good luck for Southern Producers?

**“I feel happy to work at FLO and to be able to contribute to the development of smallholders and workers by linking producers with the international market.”**  
**TATIANA MATELUNA ESTAY** | Regional Coordinator for West Latin America and Fresh Fruit Responsible (worldwide) | FLO e.V.

**IF YOU ARE A SMALL-SCALE COTTON PRODUCER IN MALI**, bad luck: your most important export market, the European Union, pays a bunch of cotton producers in Spain and Greece a subsidy of over one EURO per kilo of cotton – more than half the going price for cotton – so that they can keep competing with you. Subsidies in the United States are somewhat lower, but because they are paid to many more U.S. farmers, their effects are even worse. These subsidies contribute to worldwide overproduction of cotton and dismally low market prices – especially affecting those who are most hard-pressed for cash: farmers like you.

In the early 1960s, UNCTAD recognized that the world’s poor are helped best not by charity but by international trade and coined the slogan “Not aid but trade”. Since then, GATT and WTO have been doing their best to make it happen.

Yet trade in itself will only ‘deliver’ development if it gives the world’s poorest producers a fair chance in the world market. That is why FLO and other Fairtrade organizations seek to use their commercial success as proof that fairer rules for international trade are economically possible. They have set up a modest advocacy office in Brussels to lobby the EU and are finding that the EU has been responding positively. Following the “Everything but Arms” program to provide LDCs tariff-exempt entry into the Union, the EU had recently come forward with a proposal to reduce tariffs and subsidies for sugar. FLO believes that besides general reductions of tariffs, an excellent way to promote sustainable development is to give preferential treatment – tariff or VAT-exemption, quota exemption etc. – to fair trade- or organic-certified products. The Commission for Africa installed by the British government has made “fairer trade” a cornerstone of its recommendations to reduce poverty and achieve the MDGs.

In this Annual Report, we focus on the people for whom Fairtrade exists: the smallholders, the workers on the plantations, their children and the community they belong to. In the next pages, you will read about coffee farmers in Tanzania, flower growers in Kenya, banana producers in the Dominican Republic and Ecuador and many others. They tell us their story, their fight for a better world for future generations.

NATIONAL INITIATIVES ESTIMATED RETAIL VALUE 2003 | 2004



\* MT \* LITRES \*\* ITEMS \*\* STEMS

PRODUCT	2003	2004	GROWTH	PRODUCT	2003	2004	GROWTH
COFFEE *	19.293	24.222	26%	RICE *	544	1.384	154%
TEA *	1.522	1.965	29%	DRIED FRUIT *	23	238	934%
BANANAS *	51.151	80.641	58%	BEER *	3.635	62.934	1631%
FRESH FRUIT *	1.291	5.157	299%	WINE *	--	617.744	--
COCOA *	2.698	4.201	56%	SPORTBALLS **	165.125	56.479	-66%
SUGAR *	718	1.960	173%	FLOWERS **	--	13.008.850	--
HONEY *	1.164	1.239	6%	ICE TEA *	160	532	233%
JUICES *	2.193	4.542	107%	OTHER *	35	46	32%



## Fairtrade helps African farmers beat poverty

**“We pray for expansion of this business relationship between the North and the South.”**

**JOHN KANJAGAILE | Kagera Cooperative Union LTD Tanzania**

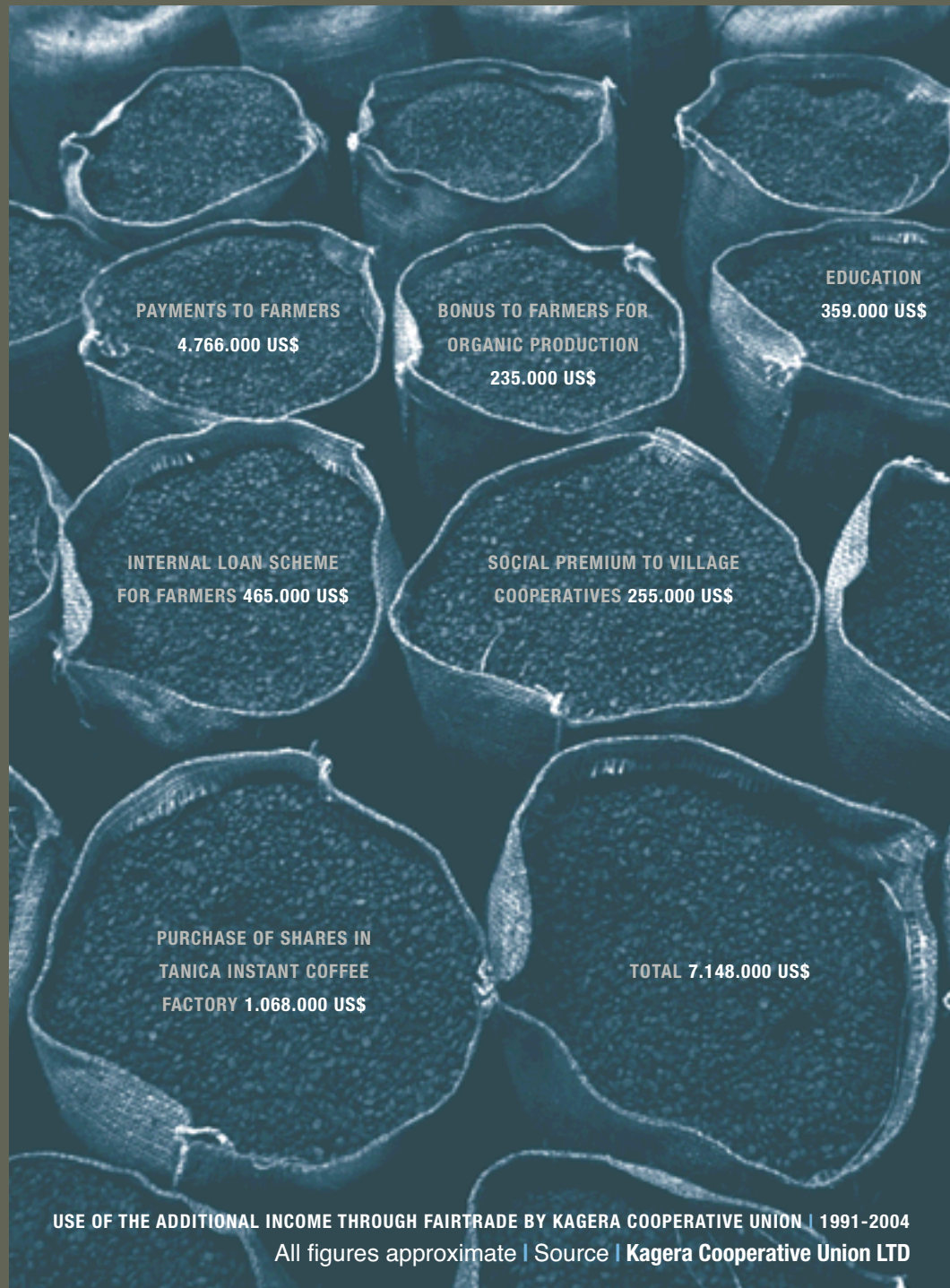
FOR 19TH-CENTURY EXPLORERS, the Kagera region was in the heart of Africa, between the continent's great lakes, where Livingstone and other adventurers searched for the source of the Nile. Today, Kagera is the north-west tip of Tanzania, remote and isolated between the Rwanda Mountains and Lake Victoria. In the past decades, the people there have had their share of misery. In the 1980s, a well-meant development project to increase the fish in Lake Victoria ruined the lake's delicate ecological balance and led to endemic insect plagues gravely affecting agriculture in the region. And in the ensuing years, world market prices for coffee, Kagera's only cash crop, plunged to record lows, reducing farmers' income to less than a dollar a day, far below the poverty line. The consequences of the lack of income are not difficult to guess: no education, no health facilities, not even food for the family, none of the most pressing MDGs covered.

It's in this difficult environment that Kagera Cooperative Union (KCU) must operate. Founded in the 1930s, it currently comprises some 90.000 small coffee farmers organized in 124 village cooperatives. In Kagera, "small" means half a hectare of land on average, which must feed a family of six and generate sufficient cash income, through

the sales of coffee, to pay for school fees, clothing, health care and all the daily necessities. Since 1988 KCU has been selling an increasing part of its members' coffee under Fairtrade terms. Throughout the years, farmers' and KCU's total additional income through Fairtrade has surpassed US\$ 7 million.

At the same time, the Union's leadership thought hard how to use the extra money to achieve sustainable longer-term improvement in their farmers' livelihood. The thinking concentrated on "Tanica", the region's only factory, set up by Tanzania's coffee marketing parastatal in the 1960s to produce instant coffee powder. Yet the parastatal was doing little to boost the revenues of the factory. When the parastatal decided to privatize Tanica, KCU's farmers approved that the Union use some of the Fairtrade income to buy shares – a few every year, as finances permitted. In 2004, after 14 years, the aim of owning 51% of the factory was reached. At last, KCU can implement its ambitious marketing plan to multiply instant coffee sales by making it available in every corner of Tanzania. Controlling Tanica fills the farmers with pride. From a business point of view; Tanica is bound to strengthen the Union as it diversifies its income and reduces its dependence on exports. ++





USE OF THE ADDITIONAL INCOME THROUGH FAIRTRADE BY KAGERA COOPERATIVE UNION | 1991-2004  
 All figures approximate | Source | Kagera Cooperative Union LTD



++ Through the years, the Union also used part of the Fairtrade income to invest in the three schools it runs for the children of the coffee farmer villages. They hired more teachers and offered pupils more nutritious school lunches. Another project was to promote organic coffee production. The cooperative offered supplementary payments to farmers who do decide to switch to organic. As a result, in 2004, organic coffee represented 7% of the Union's total coffee exports.

Yet of all the uses of the Fairtrade income, arguably the most significant and longest impact was achieved with very little money. Seeking to invigorate farmers' participation in their cooperatives, in 2004 the new management proposed to the Union's general assembly – the yearly event where delegates of all the 124 village cooperatives approve the budget and decide on the use of the Fairtrade benefits – to allocate about US\$ 2.000 of the Fairtrade money to each of the village cooperatives. The assembly agreed, recommending that each village first decide on how

to use the money before it was disbursed. Simple as the measure was, it was still astonishing. In dozens of villages in Kagera's hilly countryside, farmers are passionately discussing what to do with the US\$ 2.000. Should the bridge of the main road that was washed away by the monsoon rains be reconstructed? Should a cooperative store be set up, so that the villagers no longer have to walk an hour to the next village to buy sugar or soap? Or is the money better spent on repairing the local school? In the end, most decided to invest in education. One cooperative is spending US\$ 700 to buy schoolbooks, another is buying new blackboards, and many are repairing or expanding school buildings.

Most importantly, the Fairtrade money gave Kagera's farmers more incentive to debate future plans. Thousands of poor farmers came away confident that with the effort of all it is possible to avoid that the situation many of them had to face, living with less than one dollar per day, will never happen to their children.



# education

Fairtrade providing better educational opportunities



**“Seeing the content smile of a FLO Fairtrade farmer or a worker and their happy healthy children makes it very fulfilling to work for FLO Fairtrade!”**

WENDY YEGON | Trade Certification Assistant | FLO Cert



**“THE MOST IMPORTANT ASPECT FOR US** is the education of our children, we want a good future for them”, Heriberto Librado Custodio, Producer and President of Aprobano, a Fairtrade Banana Certified Producers Association in the Dominican Republic, becomes emotional when he talks about the benefits Fairtrade has brought to the lives of the people of his community. Recently, the association he leads invested part of the Fairtrade Premium in buying a bus for the children to go to the local school, three kilometres away from the banana plantation. “We could not allow that 80 children had to walk six kilometres everyday to go to school”, explains Heriberto. The children are all sons and daughters of the 332 members of Aprobano, smallholders who, on average, barely have one hectare per producer.

Thousands of kilometres away, in El Oro province, south-western Ecuador, another Fairtrade Certified Banana Producers Association, “El Guabo”, is investing part of the Fairtrade Premium in the education of their children. El Guabo was established in November 1997 by a group of small producers who decided to organise themselves in order to bypass local middlemen and manage their own exports.

Together with many other benefits like social security, training programmes and safer working conditions, the Fairtrade Premium allows the producers to receive allowances for their children, concretely 444 scholarships and 441 food credits. The Premium for this year will be invested mainly to improve the infrastructure of the local schools and in kindergartens where the producers and workers can trust that their children will be looked after in a safe environment while they are at work. “Even though Fairtrade Standards are very strict, I am happy to be part of it. Comparing to other producers, my situation is really good”, comments Teófilo Abril, a member of “El Guabo” for the past four years.

Information sources | **FLO LIAISON OFFICE FOR ECUADOR AND PERU & HERIBERTO LIBRADO CUSTODIO** | President of Aprobano



# health care

## Fairtrade Farm in Kenya...

providing health care facilities to workers and community

**A HEALTHY AND SAFE WORKING ENVIRONMENT** is in theory a right for any worker in any part of the world. However, reality does not always reflect this. The Kenyan Flower Industry, which employs 70.000 people – the majority of whom are women – had been accused of exposing workers to unhealthy and dangerous working conditions.

In a research conducted by the Kenya Human Rights Commission (KHRC) in 2002, the industry was accused of paying their workers less than one US\$ a day for an eight to 12-hour workday, housing them in crowded facilities and very often handling dangerous chemicals without the proper protective equipment, taking the risk of being poisoned. The Flower growers, mainly the Kenya Flower Council (KFC) and the Fresh Produce Exporters Association (FPEAK), have indicated on behalf of their organization their concern about the situation where some producers do not adhere to ethical practices, while also saying that a large majority of their members observe responsible business practices.

The Fairtrade Label in the industry is a reference of responsible business practices. Karen Roses is a Fairtrade Certified Flower Producer Farm in Kenya. It employs 800

people, of whom 456 are women. The farm is investing most of the Fairtrade Premium in the improvement of the working conditions for their flower growers. They now have a company clinic with a resident doctor, medical samplings are being carried out for all workers once every year and the paid maternity leave has increased from one to three months. Apart from the medical facilities, the Fairtrade Premium is also being invested in carrying out detailed risk assessments and Control of Substances Hazardous to Health (COSHH) assessments based on hazards in the work place. This has led to the improvement in the uniform and personal protective clothing that are issued to the workers.

Karen Roses is aware of the difficulties of accessing health facilities in a country like Kenya. For this reason, the joint Body has decided to invest part of the Fairtrade Premium to contribute to the improvement of the medical facilities outside of the farm as well. “We are currently supporting programmes in Koibatek District Hospital to enhance medical services for the community. So far, a 12-bed wing of the hospital has been opened through cost sharing with the Joint Body” explains Joyce Gema, Human Resources Manager of the farm.

“We would never have been able to achieve this without the Fairtrade premium.

Thanks to FLO, Fairtrade consumers and all those who make it possible for us to receive the premium.”

**RICHARD KOECH** | Karen Roses Joint Body Chairman

Source | **JOYCE GEMA** | Karen Roses Human Resources Manager



**“Unless women are empowered, a community can not march positively, and at Makaibari this is the living proof of the adage.”**

**RAJAH BANERJEE | Makaibari Owner and Manager**



## Fairtrade empowering women

ON INDIA'S TEA PLANTATIONS, women do most of the work. They pluck roving through uneven terrain, toss leaves into a woven basket on their back and carry them to the tea processing factory. It is the women's traditional role: a long and hard journey.

On the Makaibari Tea Garden plantation, Fairtrade Certified since 1994, women workers are getting their voices heard. Makaibari, which literally means “Maize Land,” lies in the foothills of the mighty Himalayas in Darjeeling, India. A paradisiacal location where 625 tea workers and their families live.

Like on any other Fairtrade Certified Plantation, the Joint Body committee in Makaibari is responsible for monitoring and implementing all the social development programmes financed with the Fairtrade money. In Makaibari Joint Body 10 of the 16 members are women. As global tea sales have been declining over several years, the women decided to diversify their income generating activities. After long discussions, the Makaibari Joint Body decided to invest in eco lodges (eco-tourism venture), an innovative and ambitious project, which aims to bring prosperity to the whole community.

Makaibari has over 50,000 visitors a year. Many wish to stay to experience the peace and tranquillity of the commune. Hence the Makaibari Joint Body passed a resolution last year to build a small cottage to cater to groups who wish to glean a whiff of the Makaibari mystique. Fourteen double rooms at the best location are being constructed and are nearing completion.

The next phase envisages the building of additional accommodation in each of the 560 households in the seven villages. A trial at Koilapani has been very successful. Each house would be equipped to host a couple and share a meal as well as their day-to-day, for a small charge. Rs 400/- (US\$ 10) for a double per day, whereas the guest house would cater to a more upscale group package at Rs 1000/- for a double with three meals included (US\$ 25). Enquiries have been pouring in and it is foreseen that tea sales at the gate will also perk up as a result of the visitors. “We hope that visitors staying at Makaibari spend money on the local shops, generating new income for the whole community” explains Pratima, member of the Joint Body.

Information source | **RAJAH BANERJEE | Makaibari Owner and Manager**



TRADE

## promotes investment

“THE GUARANTEE OF THE MINIMUM PRICE brings stability. We, producers, are not totally subjected to the law of supply and demand. We know that we will be paid at least US\$ 69 the quintal. This guarantee makes it possible to plan long term, to invest, to develop technical support, in one word, to develop our business”, explains Felipe, a producer from The Ceibo Cooperative, a Fairtrade Certified cocoa producer in Bolivia.

During the celebration of the Fairtrade Fortnight in May, Felipe visited France to talk about his experience with Fairtrade, its benefits, the daily problems of smallholders. To consumers in France, he became the face and the voice of millions of producers in the South. ++

“In times of low market prices for their products, the Fairtrade minimum price allowed the FLO certified farmers to keep exercising their profession and stay with their family instead of having to leave them behind to earn better money in the cities or even other countries.”

EVI MATEBOER | Certification Analyst for Latin America | FLO Cert



++ Felipe was born in the Andes, on the Altiplano, 3600 metres altitude, on the banks of the Titicaca Lake. He is an Aymara, a member of an ancient Andean people who have been living in these mountains for thousands of years. His parents were farmers and Felipe still smiles when he remembers the taste of the coffee, bananas and vegetables they used to grow. After his studies, he decided to follow the family tradition and started to cultivate the land. He concentrated on cocoa production and in 1985 became a member of The Ceibo Cooperative in Alto Beni, Bolivia. The Ceibo is made up of 38 cooperatives, which include nearly 800 families. Each producer, who owns an average of two hectares of land, is affiliated to one of these 38 grassroots cooperatives, which are coordinated by the central cooperative. The Ceibo processes and markets the cocoa and provides technical support to the producers.

“When I became a member of the Cooperative, we were still selling to the traditional circuit, we did not know about Fairtrade. We had never heard anything about it. The representatives of the cooperative were the ones who found out” explains Felipe. In 1997, The Ceibo started to sell cocoa to the Fairtrade labelled market. In 2002, The Ceibo sold 300 tons of Fairtrade Certified cocoa, 460 tons the following year and 420 tons in 2004. In 2002, the Fairtrade Premium added up to US\$ 50.000, in 2003 62.000 and in 2004 58.000. “Almost 50% of the amount is invested in technical aid. The rest is distributed for different purposes: assistance to the families who do not have the resources to access medical treatment after accidents, contributions for the school’s infrastructure trough grants and donations. Every case is treated and discussed individually” adds Felipe.

When asked about the future, Felipe says that he wishes for a long term relationship between The Ceibo and its Fairtrade buyers. “For us that is not a business of two or three years, it is long term collaboration. The idea is not to sell only cocoa, but other products like dry fruits, coffee. That is what we have in mind at the moment. Our dreams go even further... We think about Fairtrade tourism. Alto Beni is very beautiful. There is much to see and to do” says Felipe smiling.

In Alto Beni, Fairtrade is helping smallholders not only to survive but to plan long term, to think about investing in new income generation activities, which is especially important in a country like Bolivia, which has the lowest Human Development Index (HDI) of all South America.

Information source | **Max Havelaar France**







“What I like of FLO is seeing the complex web of relationships eventually boiling down to something simple: allowing producers to sell their products at a good price to the socially engaged consumer.”

**GUILLERMO DENAUX** | Regional Coordinator for Mexico and Central America & Coffee Responsible (worldwide) | FLO e.V.



## FLO INSPECTORS: the witnesses of development



“MY WORK BEGINS LONG BEFORE the inspection visit. It is necessary to get all the information about the local context and the producer organization. I need to know the legislation, the FLO Standards according to the type of group and the product, the prices etc. It is very important to be aware of any possible problem.” says Ruth Fernández as she prepares for another inspection visit.

To ensure that producers comply with the Fairtrade Standards and invest the benefits received through Fairtrade in their development, FLO-Cert works with over 60 local inspectors all over the world. They conduct annual inspections of every certified producer organization, guaranteeing the credibility of the system. Ruth works mainly in Argentina, where she lives, but she has also conducted inspections in other countries like Peru, Bolivia and very soon she will go to Uruguay. She visits small coffee and honey producer organizations, citrus plantations and will soon start inspecting wine producers.

On-site with the producers, she uses a questionnaire, specific to the product and type of organization, which contains objective indicators for each one of the criteria of the FLO Standards. Apart from the producers, the inspector is the first person to observe how the Fairtrade System is empowering the organizations and how they are investing the Fairtrade Premium in their development. Ruth has witnessed this in many occasions. “The Minimum Price gives a lot of security to the producers. It is possible for them to think long term, to invest, to take control of their own lives. It is difficult to measure but from the first visit you can see the emancipation of the organizations and the empowerment of the workers in the plantations.” explains Ruth. ++

++ The inspectors also witness how the Fairtrade Premium is being invested. “The organizations use it for very different purposes: to contract doctors, to enlarge schools, to improve specific productions, income generation activities for the women, etc.” The objective is always the same: promoting development. Ruth will never forget the answer she received when she asked a group of workers of a citrus plantation what the Fairtrade Premium brought to them: “The most important aspect is the pride that we are going to be able to contribute something to our community”.

Recently Ruth inspected a very special producer group. It is not a common cooperative of producer owners but a cooperative of workers in which each member contributes with working hours. The co-op, Coopsol, is in the North of Argentina, in one of the most impoverished provinces of the country. It is composed of eleven members and produces mainly honey. Ruth remembers perfectly the words of these workers who hope for a better future through participating in the Fairtrade Market. “We want to stop being a zone where people have to emigrate, we want to be able to live on what we produce here without having to leave” explained one of the members “By entering the Fairtrade Market, we hope to find a bit of stability, For us, access to a minimum and stable price means being able to plan medium term”. And precisely this, to be able to invest, in the fragile and volatile economies of the South is indispensable to being able to grow, to promote sustainable development, to achieve the MDGs.

Information source | RUTH FERNÁNDEZ AUDERA | FLO Inspector

## Extending the Fairtrade product range



# EXTENDED

FLO AND ITS NATIONAL INITIATIVES are continuously extending the Fairtrade product range. Product range extension is important because it allows new producers and workers to join Fairtrade. And for producers of existing products, like coffee, new products create opportunities to diversify production and reduce their dependency on just one crop. In 2004, while the Fairtrade labelled product range was extended by half a dozen products, efforts focused on flowers and cotton.

By extending Fairtrade Certification to cotton producers, FLO aims not just to bring tangible benefits to these farmers but also to make a practical contribution to ongoing campaigns for reform of international trade rules affecting developing country cotton farmers. Standards have now been developed for raw cotton (seed cotton). Several cotton producer organizations in India and West Africa (Mali, Senegal and Cameroon)

have already been certified and many more in Peru and India are now working towards Fairtrade Certification.

In some African countries, the cut-flower industry is one of the major export earners with Kenya upfront. However, various labour unions and NGOs have been denouncing the inhuman working conditions of labourers on flower farms: long working days, low salaries, crowded housing and no access to protective work clothing. In this situation, through labelling, Fairtrade aims to support these campaigns by certifying those farms which ensure safe and good working conditions for the employees. Consumers in Canada, Germany, Switzerland, Belgium and the United Kingdom can now purchase Fairtrade flowers from developing countries with the guarantee that the rights of the workers who have produced them are being respected. Other countries will follow soon.

**COFFEE PRODUCTS** \* ROASTED GROUND COFFEE \* ROASTED WHOLE-BEAN COFFEE \* ESPRESSO \* SOLUBLE COFFEE \* DECAFFEINATED COFFEE \* CAPPUCCINO \* INSTANT CAPPUCCINO \* SINGLE-CUP DOSES \* COFFEE PODS **SUGAR PRODUCTS** \* WHITE REFINED CANE SUGAR \* SPECIAL RAW CANE SUGAR: DEMARARA LIGHT, DEMARARA DARK, FINE RAWS \* WHOLE CANE SUGAR: MASCOBADO, PANELA \* GRANULATED SUGAR: MASCOBADO, PANELA \* SYRUP, ALSO FRUIT-FLAVOURED **SWEETS & BISCUITS** \* CHOCOLATE-COATED COFFEE BEANS \* FRUIT-FLAVORED SWEETS \* BISCUITS: CHOCOLATE CHIP, BRAZIL NUT, STEM GINGER \* NOUGAT CANDY \* COLA-FLAVORED GUMMY BEARS **DRIED FRUIT** \* DRIED BANANA \* DRIED PINEAPPLE \* RAISINS **RICE PRODUCTS** \* LONG GRAIN CONVENTIONAL \* LONG GRAIN CONVENTIONAL PARBOILED \* LONG GRAIN ORGANIC IN CONVERSION \* JASMINE \* BASMATI \* PERFUMED RICE **ALCOHOLIC BEVERAGES** \* RED AND WHITE WINES \* COFFEE LIQUOR \* COCOA LIQUOR \* BANANA BEER \* RUM **COCOA PRODUCTS** \* CHOCOLATE BARS IN MANY FLAVOURS: MILK, DARK, WHITE, PECAN AND OTHER NUTS, PRALINÉ, WHITE CRISPY, HONEY-MILK, WHITE WITH ALMONDS, WITH FILLING, ETC. \* EASTER EGGS & BUNNIES \* INSTANT CHOCOLATE DRINK \* COCOA POWDER \* MILK CHOCOLATE CRISPS \* CHOCOLATE COINS \* CHOCOLATE BARS WITH FILLINGS: WITH CREAM, NUTS, MANGO & RICE, ETC. \* SPRINKLES \* CHOCOLATE-COVERED NUTS \* HOT CHOCOLATE MIX WITH COCOA, EVAPORATED MILK \* COCOA MIX FOR VENDING MACHINES \* COCOA BUTTER, CRÈME **HONEY PRODUCTS** \* POLYFLOWER & FOREST HONEYS (AFRICAN ORGINS) \* MONOFLOWER HONEYS (ORANGE BLOSSOM) \* HONEY CAKE \* CEREAL BARS \* SWEETS AND CANDIES **NUTS AND SEEDS** \* CASHEW NUTS \* PEANUTS \* MACADAMIA \* AMAZONIA (BRAZIL) NUTS \* HAZELNUT BREAD \* SESAME SEED **JAMS AND MARMELADES** \* ORANGE MARMALADE \* ORANGE-MANGO MARMALADE **SPORTSBALLS** \* FOOTBALLS \* BASKETBALLS \* VOLLEYBALLS (BEACH AND REGULAR) \* RUGBY BALLS **TEA PRODUCTS** \* BLACK TEAS, GREEN TEAS, EARL GREY TEAS \* WHITE TEAS \* TEAS FLAVORED WITH JASMINE, BERGAMOTTE, ETC. \* REDBUSH, HONEYBUSH & OTHER HERBAL TEAS \* GREEN TEA LEAF FRUIT SNACK \* ICE TEA \* INFUSIONS **FRUIT JUICES** \* ORANGE JUICE (ORGANIC AND NON-ORGANIC) \* FRUIT PASSION BREAKFAST \* FRUIT PASSION TROPICAL \* GRAPEFRUIT JUICE \* MANGO JUICE \* PINEAPPLE JUICE \* BATIDO DEL MUNDO I TROPICAL (MIX JUICE) \* MANGO-ORANGE JUICE \* PASSION FRUIT-JUICE \* BANANA NECTAR **FRESH FRUIT** \* BANANAS \* BABY BANANAS \* ORANGES \* LEMONS & LIMES \* APPLES \* GRAPES \* MANGOES \* PINEAPPLES \* AVOCADOES \* PEAR \* PLUM \* SOFT CITRUS \* PLANTAIN **VEGETABLES** \* NEW POTATOES \* GREEN BEANS **SPICES** \* VANILLA FRESH (GREEN BEAN) CONVENTIONAL AND ORGANIC \* VANILLA (CURED) CONVENTIONAL AND ORGANIC \* BLACK PEPPER \* WHITE PEPPER \* GINGER \* NUTMEG \* MACE \* TURMERIC (FRESH) \* CLOVE \* CARDAMOM **HERBS** \* LEMON VERBENA \* DILL \* WATER MINT \* LEMONGRASS \* ORANGE LEAVES \* GERMAN CHAMOMILE \* PEPPERMINT \* LEMON BALM \* BORAGE \* BASIL \* CELERY \* OREGANO \* PARSLEY \* ROSEMARY \* THYME **FLOWERS AND PLANTS** \* SINGLE ROSES \* ROSE BOUQUETS \* LIVISTONIA \* ZAMIOCULCAS \* DRACAENA MARGINATA \* DRACAENA SANDERIANA \* DRACAENA GODSEFFIANA \* CODIAEUM **COTTON AND TEXTILES** \* COTTON-WOOL \* COSMETIC COTTON PRODUCTS \* SOCKS \* T-SHIRTS \* BABY UNDERWEAR (BODY) \* TOWELS \* BATHROBES





## FAIRTRADE **flowers**

“THE WORKERS ARE NOW MORE AWARE of the minimum acceptable working conditions and have a sense of pride in being able to contribute to the community from their premiums”, explains Harry Milbank, Manager of Logonut Horticulture LTD, a Fairtrade Certified flower farm in Kenya. Logonut employs 993 people and was certified in November 2004. The first Fairtrade money has been invested in buying a television and DVD player for educational programs for the workers. But more important than the material benefits is that the workers are assuming a more active role on the farm. “They are more involved in the whole flower business, including the marketing, as the returns feed back to them. They are gaining experience in dealing with the premiums, such as handling banks, making decisions on how to best spend the money and how to organize. It is very self motivating for the workers”, says Harry.


96% of the flowers produced in Logonot are sold in the British supermarkets. Fairtrade Certified flowers were launched in the United Kingdom in March 2004 and in the first ten months British consumers bought more than 13 million stems. In Switzerland, Fairtrade Certified flowers carrying the Max Havelaar mark are available in the supermarkets since 2001. In 2004, 89 million stems were sold, representing 28% of the Swiss market for cut-flowers. In Canada, Fairtrade Certified flowers were launched in June 2005 and in Germany and Belgium in September 2005. FLO is in the process of certifying new flower farms in Africa and Latin America, which will allow meeting the market demand and bringing prosperity to more flower growers worldwide.

Sources | Logonut Horticulture LTD and Max Havelaar Switzerland

“It’s great that we can now buy flowers with a good conscience – bringing beauty into our houses whilst bringing a better life for the producers.”

MARTINA MECKEL | German Fairtrade consumer





**“WHEN I WAS STILL PRODUCING** conventional cotton, at the beginning the grounds allowed good harvests, but with the passing of time, the soil became infertile. Each year, it was necessary to contract increasingly higher credits to purchase phytosanitary products and other artificial fertilisers. The price of these products continued increasing, while the price of cotton fell”, that was the problem that Philippe Sagara, Founding member and president of the producers’ cooperative of Bio cotton in Yanfolila, Mali, had to face every harvest.

He is not the only one: more than three million Malians depend on cotton to survive. Due to the instable and low market prices, many producers do not get back the money they put into their field of cotton – the seed, pesticides and fertiliser, without counting the months of hard work. Many cotton producers are not only poor but in debt. They also have to face a tremendous pollution problem. “The reek of pesticides used to grow cotton is everywhere and many waterways in the country are stinking beds of black and green sludge”, the people complain.

In order to find solutions to these problems, in 2001, the cooperative Philippe Sagara leads started the conversion from conventional to organic agriculture and, at the end of 2004, they became Fairtrade Certified. Since April 2005, the cotton is sold as T-shirts in Migros, Switcher and Helvetas stores in Switzerland. The United Kingdom will soon follow.

Source | **HELVETAS, SWITZERLAND**

cotton

cotton

**new possibilities for consumers**

“For twelve years Helvetas sells organic cotton textiles and since four we are engaged in a project of BIO cotton in Mali. From the very beginning, we wished to integrate the Fairtrade model. The Fairtrade Certification is a step further for textiles produced respecting the environment and the producers in developing countries.”

**CÉCILE EISENRING** | Responsible for Fairtrade products | Helvetas, Switzerland





## Fairtrade Avocadoes:

# their trip from Mexico

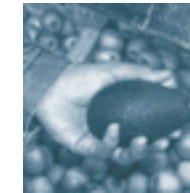
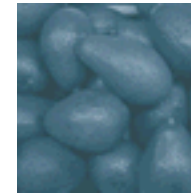
### PRAGOR | FAIRTRADE CERTIFIED PRODUCER ORGANIZATION | MEXICO

“Two of the biggest problems our producers face are that growing organic avocadoes leads to higher production costs while the organic fruits are smaller. Up to now production losses could not be compensated by higher selling prices because of the small demand for organic avocadoes, and because the middlemen got most of the benefits.

For us the Fairtrade market is a bridge between the environmentally aware producer, who produces a better quality fruit, and the sensitized consumer, who knows that his money goes directly to the producers. Fairtrade guarantees that everyone wins,” says Gustavo Alonso Vallejo Esquivel, PRAGOR President.

### FAIRTRASA | FAIRTRADE CERTIFIED EXPORTER | MEXICO

“Our export function for the avocadoes includes all steps from the tree into the container: fruit picking at the orchards, transport to the packaging plant, packaging and shipping. Providing access to new markets for small producers and helping them to benefit from better and more stable conditions are our objectives. We want to demonstrate to small producers that reliable, consistent, transparent and fair (non-corrupt) business practices are possible,” explains Patrick Strübi, Fairtrasa Manager from Mexico.



# to Switzerland...

### EOSTA | FAIRTRADE CERTIFIED IMPORTER | THE NETHERLANDS

“We want to introduce products to the market which are produced in a socially acceptable way, are healthy and do not harm the environment. We want to distinguish ourselves from other importers by building long-term relationships with producers and assist them in the production process,” claims Heike Axmann of Eosta.

### A SUPERMARKET IN SWITZERLAND

“By offering Fairtrade products, among them avocadoes, we want to satisfy the demand of our customers and prove our commitment to people, to animals and to nature.”

### A CONSUMER IN SWITZERLAND

“I have bought Fairtrade since the first products were launched around ten years ago: coffee, tea, chocolate, dried fruits and since April also avocadoes. I am happy to see that the supermarkets are enlarging the selection of Fairtrade products. It is not only that they allow the consumers to shop with a clear conscience. Fairtrade products taste delicious, too,” quotes Veronique Kolly from Switzerland.

## Opening markets for Fairtrade Products

**TO SURVIVE PRODUCERS NEED MARKETS**, consumers to purchase their products. This simple marketing rule also applies to Fairtrade products. In that sense, 2004 has been a good year. Two new National Initiatives have become members of FLO: the Fair Trade Association of Australia and New Zealand (FTAANZ) and La Asociación del Sello de Productos de Comercio Justo España. They will be responsible for promoting Fairtrade in their own markets, raising awareness about Fairtrade and trying to reach new consumers for Fairtrade labelled products. With these two new initiatives, FLO has now 20 members.

Besides Australia, New Zealand and Spain, conversations have started in India, Brazil and South Africa to analyze the possibility to start National Initiatives in these three countries. If that materializes, these would be the first countries in the developing world, after Mexico, where Fairtrade labelled products are produced and sold.

## Spain **comercio justo**

**“The Fairtrade products are very well received by the Spanish consumers. We are convinced that, once the Fairtrade certified products are placed in the daily points of sale, their consumption will increase remarkably.”**  
PABLO CABRERA | President of The Asociación del Sello de Productos de Comercio Justo

**LIKE IT HAPPENED BEFORE** in other European countries, in Spain Fairtrade products were introduced by Non Governmental Organizations, Organizations of Alternative Trade and world shops, all of them grouped in the Coordinadora Estatal de Comercio Justo (CECJ). In the last three years, the Fairtrade movement in Spain has debated intensely the model of participation of traditional companies in the Fairtrade market. In the end, CECJ decided to create a National Labelling Organization. The first Fairtrade labelled products available for the Spanish consumers will be: coffee, cocoa, tea and sugar. Initially, these will be on offer especially in hotels, restaurants and through catering. The new NI will analyze the market situation again and will decide about the incorporation of further products.

Source | **Asociación del Sello de Productos de Comercio Justo España**







14 15 16 17 18 19 20 members  
21 countries

**fairtrade**  
**Australia & New Zealand**

**“These are exciting times in Australia and New Zealand as awareness and demand for Fairtrade Labelled products are growing very fast.”**  
STEPHEN KNAPP | Coordinator of New Zealand | FTAANZ

SINCE THE LAUNCH OF THE FAIRTRADE ASSOCIATION in Australia and New Zealand in October 2003, the supply and demand for Fairtrade products increased considerably and consumers can now buy different brands of Fairtrade coffee, and various teas, chocolate and drinking cocoa. More than 50 local companies are participating in importing and wholesaling Fairtrade labelled products and in the first full calendar year, January to December 2004, wholesale sales were over US\$ 840.000, with an average growth of over 45% per quarter.


The Fairtrade products Australian and New Zealander consumers are purchasing come from some 30 different Fairtrade certified producer organizations all over the world, in particular East Timor, Sri Lanka, the Dominican Republic, Indonesia and the Philippines.

In 2005, FTAANZ and its members have started to get offices and other organizations to buy Fairtrade products, as part of their procurement policies. Around Australia and New Zealand, student groups for fair trade are being supported to form and coordinate their activities, working on campuses and in their communities, following the example of student movements in the US and UK. FTAANZ has also commissioned the production of a fair trade education package for delivery in schools and youth organizations later this year.

Source | Fairtrade Association in Australia and New Zealand | FTAANZ

- AFGHANISTAN \* ALBANIA \* ALGERIA \* ANDORRA \* ANGOLA \* ANGUILLA \* ANTIGUA UND BARBUDA
- \* APOSTOLIC NUNCIATURE (HOLY SEA) \* ARGENTINA \* ARMENIA \* AUSTRALIA \* AUSTRIA \* AZERBAIJAN \* BAHAMAS \* BAHRAIN \* BANGLADESH \* BARBADOS \* BELARUS \* BELGIUM \* BELIZE \* BENIN \* BHUTAN \* BOLIVIA \* BOSNIA AND HERZEGOVINA \* BOTSWANA \* BRAZIL \* BRUNEI \* BULGARIA \* BURKINA FASO \* BURUNDI \* CAMBODIA \* CAMEROON \* CANADA \* CAPE VERDE \* CENTRAL AFRICAN REP. \* CHAD \* CHILE \* CHINA PEOPLE'S REP. \* CHINA REP. \* COLOMBIA \* COMOROS \* COSTA RICA \* CÔTE D'IVOIRE \* CROATIA \* CUBA \* CYPRUS \* CZECH REP. \* DEM. REP. OF CONGO \* DENMARK \* DOMINICA \* DOMINICAN REP. \* ECUADOR \* EGYPT \* EL SALVADOR \* EQUATORIAL GUINEA \* ESTONIA \* ETHIOPIA \* FIJI \* FINLAND \* FRANCE \* GAMBIA \* GEORGIA \* GERMANY \* GHANA \* GREAT BRITAIN \* GREECE \* GRENADA \* GUATEMALA \* GUINEA \* GUINEA-BISSAU \* GUYANA \* HAITI \* HONDURAS \* HUNGARY \* ICELAND \* INDIA \* INDONESIA \* IRAN \* IRAQ \* IRELAND \* ISRAEL \* ITALY \* JAMAICA \* JAPAN \* JORDANIA \* KAZAKHSTAN \* KEN YA \* KIRIBATI \* KUWAIT \* KYRGYZSTAN \* LAOS \* LATVIA \* LEBANON \* LESOTHO \* LIBERIA \* LIBYA \* LIECHTENSTEIN \* LITHONIA \* LUXEMBOURG \* MACEDONIA \* MADAGASCAR \* MALAWI \* MALAYSIA \* MALEDIVES \* MALI \* MALTA \* MARSHALL-ISLANDS \* MAURITANIA \* MAURITIUS \* MEXICO \* MICRONESIA \* MOLDOVA \* MONACO \* MONGOLIA \* MOROCCO \* MOZAMBIQUE \* MYANMAR \* NAMIBIA \* NAURU \* NEPAL \* NETHERLANDS \* NEW ZEALAND \* NICARAGUA \* NIGER \* NIGERIA \* NORTH KOREA \* NORWAY \* OMAN \* PAKISTAN \* PALAU \* PANAMA \* PAPUA NEW GUINEA \* PARAGUAY \* PERU \* PHILIPPINES \* POLAND \* PORTUGAL \* QATAR \* REP. OF CONGO \* ROMANIA \* RUSSIA \* RWANDA \* SALOMON ISLANDS \* SAMOA \* SAN MARINO \* SAO TOMÉ AND PRINCIPE \* SAUDI ARABIA \* SENEGAL \* SERBIA AND MONTENEGRO \* SEYCHELLES \* SIERRA LEONE \* SINGAPORE \* SLOVAKIA \* SLOVENIA \* SOMALIA \* SOUTH AFRICA \* SOUTH KOREA \* SPAIN \* SRI LANKA \* ST. KITTS I NEVIS \* ST. LUCIA \* ST. VINCENT \* SUDAN \* SURINAME \* SWAZILAND \* SWEDEN \* SWITZERLAND \* SYRIA \* TADSCHIKISTAN \* TANZANIA \* THAILAND \* TOGO \* TONGA \* TRINIDAD UND TOBAGO \* TUNISIA \* TURKEY \* TURKMENISTAN \* TUVALU \* UGANDA \* UKRAINE \* UNITED ARAB EMIRATES \* UNITED STATES OF AMERICA \* URUGUAY \* UZBEKISTAN \* VANUATU \* VENEZUELA \* VIETNAM \* YEMEN \* ZAMBIA \* ZIMBABWE

**all over the world**

A photograph of a man with a beard and mustache, wearing a white tank top, sitting and working on a bag. He is looking towards the camera with a slight smile. In the background, another person is sitting on the floor, also working on a bag. The scene is dimly lit, with a strong light source from the right, creating a dramatic effect. The overall color palette is dark and moody, with a blueish tint.

**“When I started working as Product Manager Fresh Fruit at FLO early 2002, there were 9 banana and 2 mango producers certified by FLO. Three years later, there are around 70 producers selling more than 10 different fruits! It means that the FLO system is working well and more producers are selling under Fairtrade conditions.”**

**EMILIE DARDAINE** | **Regional Manager Latin America**

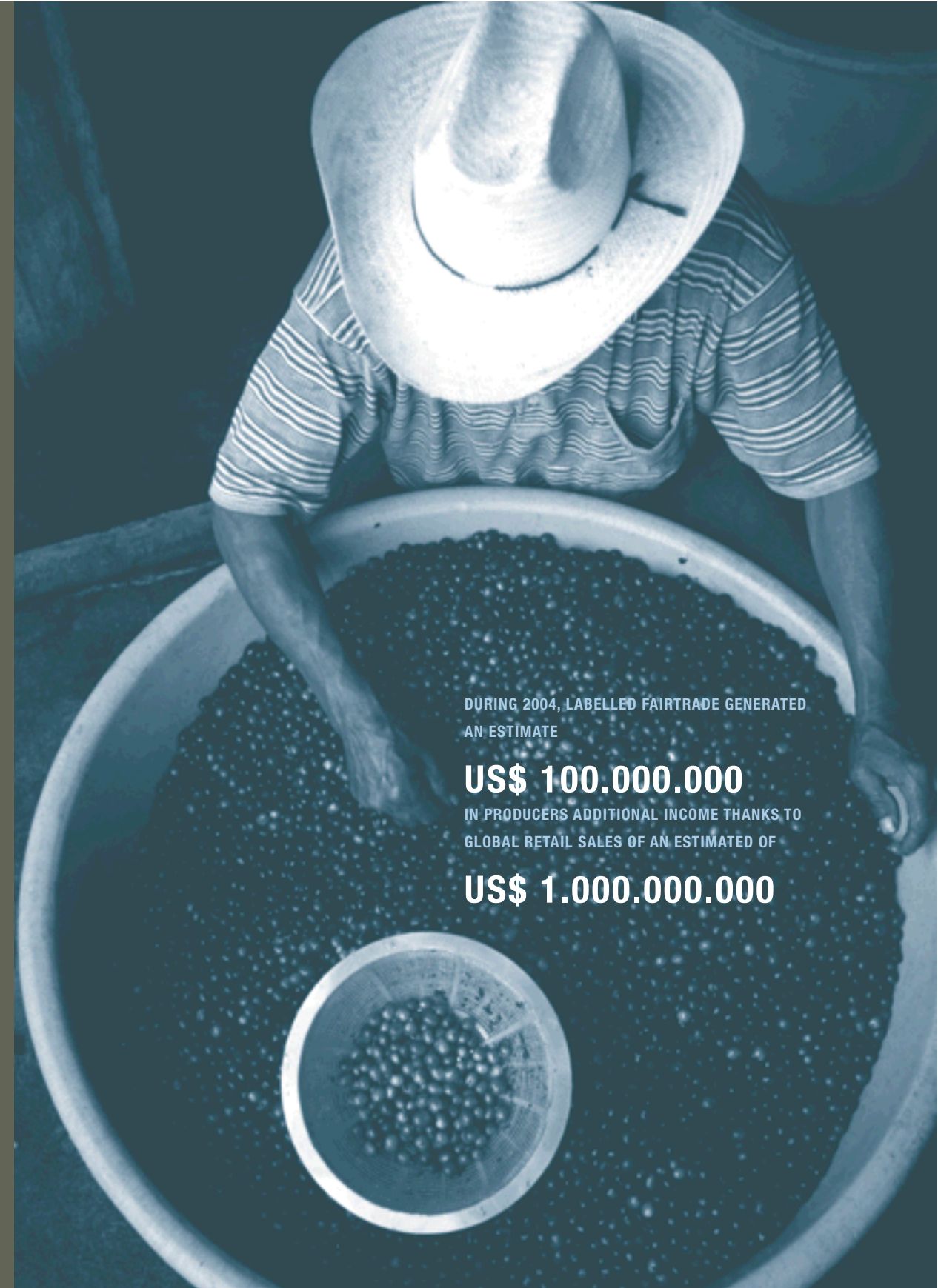


STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING DECEMBER 31ST, 2004  
ALL AMOUNTS IN € (EURO)

INCOME	2004	BUDGET 2004	2003
MEMBERSHIP CONTRIBUTIONS	890.244,84	860.783,00	1.105.673,78
EXTERNAL GRANTS FOR SPECIFIC PROJECTS	864.616,29	614.337,00	1.369.701,48
INTEREST EARNINGS & OTHER INCOME	1.263,03	--	1.300,00
	1.756.124,16	1.475.120,00	2.476.675,26

EXPENDITURES	2004	BUDGET 2004	2003
INTERNATIONAL COORDINATION	136.098,38	42.000,00	290.327,46
HEAD OFFICE OPERATIONS	658.977,31	403.020,00	407.951,01
STANDARD SETTING & POLICY DEVELOPMENT	152.494,41	203.600,00	120.823,14
NEW PRODUCT DEVELOPMENT	56.697,73	95.900,00	56.276,34
BUSINESS FACILITATION	309.359,59	416.900,00	256.915,53
PRODUCER SUPPORT & REGIONAL LIAISON	240.501,10	313.700,00	274.676,96
CERTIFICATION & TRADE AUDITING	--	--	676.298,18
SASA PROJECT	190.500,65	--	376.827,84
	1.744.629,17	1.475.120,00	2.460.096,46

BALANCE CARRIED FORWARD	11.494,99	--	16.578,80
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DURING 2004, LABELLED FAIRTRADE GENERATED AN ESTIMATE

**US\$ 100.000.000**

IN PRODUCERS ADDITIONAL INCOME THANKS TO GLOBAL RETAIL SALES OF AN ESTIMATED OF

**US\$ 1.000.000.000**

ASSETS	2004	2003
FIXED ASSETS	63.035,28	75.034,95
INTANGIBLE ASSETS	9.023,00	16.756,00
TANGIBLE ASSETS	25.487,33	29.754,00
FINANCIAL ASSETS	28.524,95	28.524,95
LIQUID ASSETS	607.350,82	913.033,69
OUTSTANDING ACCOUNTS FOR SERVICES	153.513,28	242.090,39
OTHER ASSETS	228.910,61	237.041,24
LIQUID FUNDS	224.926,93	433.902,06
<b>TOTAL</b>	<b>670.386,10</b>	<b>988.068,64</b>

BALANCE SHEET FLO INTERNATIONAL E.V. AS PER DECEMBER 31 ST, 2004

LIABILITIES	2004	2003
EQUITY CAPITAL	361.844,87	180.349,88
SEED CAPITAL	48.844,87	37.349,88
DEFERRED INCOME	313.000,00	143.000,00
LIABILITIES	308.541,23	807.718,76
PROVISIONS	50.410,61	51.640,00
LIABILITIES TO BANKS	--	23.820,07
LIABILITIES FOR SUPPLIES AND SERVICES	100.368,24	113.287,37
OTHER LIABILITIES, ACCRUALS AND DEFERRALS	157.762,38	618.971,32
<b>TOTAL</b>	<b>670.386,10</b>	<b>988.068,64</b>

THESE SUMMARIZED ANNUAL ACCOUNTS ON PAGE 21 AND 22 HAVE BEEN PRODUCED ON THE BASIS OF INTERNAL DOCUMENTATION AND INTERNAL ACCOUNTANCY FOLLOWING GENERAL ACCEPTED ACCOUNTING PRINCIPLES, AND TAKING INTO ACCOUNT GERMAN TAX LAW (KSTG) AND COMMERCIAL LAW (HGB). NOTES:

/// END 2003, FLO E.V. TRANSFERRED ALL FAIRTRADE PRODUCER AND TRADE CERTIFICATION TO THE NEWLY ESTABLISHED COMPANY FLO-CERT GMBH.

/// AS OF 2004 FLO'S MEMBER NATIONAL INITIATIVES CONTRIBUTE TO THE START-UP COSTS OF FLO-CERT GMBH, REDUCING THEIR MEMBERSHIP CONTRIBUTIONS TO FLO E.V. ACCORDINGLY.

/// 2003 "INTERNATIONAL COORDINATION" COSTS INCLUDED THE INTERNATIONAL FORUM HELD IN LONDON. IN 2004 SUCH A FORUM WAS NOT HELD.

/// IN THE 2003 ACCOUNTS, OFFICE COSTS WERE ALLOCATED TO THE VARIOUS BUSINESS UNITS. FOR 2004, FOR ADMINISTRATIVE REASONS THESE COSTS WERE INCLUDED IN "HEAD OFFICE OPERATIONS", EXPLAINING THE SIGNIFICANT INCREASE IN EXPENDITURES IN THIS AREAS FROM 2003 TO 2004.

FOR MORE INFORMATION, PLEASE CONTACT THE FINANCES & SERVICES UNIT AT FLO E.V.

SIGNED BY LUUK LAURENS ZONNEVELD, MANAGING DIRECTOR FLO INTERNATIONAL E.V., BONN, 22. AUGUST 2005





# Thanks to...

ALL THE WORK DONE IN THE PAST COULD NOT HAVE BEEN CARRIED OUT WITHOUT OUR FINANCIAL SUPPORTERS. WE ARE VERY GRATEFUL TO:

HIVOS (HUMANISTIC INSTITUTE FOR DEVELOPMENT COOPERATION), THE HAGUE | THE NETHERLANDS \* NOVIB THE HAGUE | THE NETHERLANDS \* EUROPEAN COMMISSION DG EMPLOYMENT AND SOCIAL AFFAIRS, BRUSSELS | BELGIUM \* GTZ (GERMAN TECHNICAL COOPERATION), ESCHBORN | GERMANY \* SIDA (SWEDISH INTERNATIONAL DEVELOPMENT AGENCY) STOCKHOLM | SWEDEN \* DFID (DEPARTMENT FOR INTERNATIONAL DEVELOPMENT), LONDON | UNITED KINGDOM \* COMIC RELIEF UNITED KINGDOM \* BMZ (GERMAN MINISTRY FOR ECONOMIC COOPERATION AND DEVELOPMENT), BONN | GERMANY \* EED (EVANGELISCHER ENTWICKLUNGSDIENST), BONN | GERMANY \* MISEREOR GERMANY \* NCA (NORWEGIAN CHURCH AID), OSLO | NORWAY \* ICCO (INTERCHURCH ORGANIZATION FOR DEVELOPMENT CO-OPERATION), ZEIST | THE NETHERLANDS \* APSO/DCI (DEVELOPMENT COOPERATION IRELAND), DUBLIN | IRELAND

FLO ALSO WANTS TO THANK THE INSPECTORS AND VOLUNTEERS ALL OVER THE WORLD FOR THEIR HIGHLY VALUED CONTRIBUTIONS.

FINALLY, BUT NOT LEAST, FLO WANTS TO THANK ALL THE INTERNS WHO ASSISTED THE FLO STAFF DURING THE LAST YEAR: JOEL SAMUELSSON \* KATELL SÉGALEN \* JOANNA HUBAND \* LAURA THEUERKAUF \* VIRGINIE AMAT \* TITIA SJENITZER \* ANNA PEREZ \* DAVID DUSSUT \* MARIANA AQUINO

## FLO'S BOARD OF DIRECTORS | SEPTEMBER 2005

MR. SIMON PARE MAX HAVELAAR FRANCE (PRESIDENT) \* MS. HARRIET LAMB FAIRTRADE FOUNDATION UK \* MR. JENS ERIK DALGAARD JENSEN MAX HAVELAAR DENMARK \* MR. PAUL RICE TRANSFAIR USA \* MR. NORBERT RIGASSI MAX HAVELAAR SWITZERLAND \* MR. VICTOR PEREZGROVAS GENERAL MANAGER UNION MAJOMUT | MEXICO \* MR. RAYMOND KIMARO KILIMANJARO NATIVE COOPERATIVE UNION LTD. \* MR. GEETHAL PEIRIS

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FLO WAS FOUNDED IN 1997 BY THE 14 NATIONAL INITIATIVES WITH THE AIM TO WORK TOGETHER ON (1) DEFINING INTERNATIONAL FAIRTRADE STANDARDS, (2) CERTIFYING AND AUDITING PRODUCER ORGANIZATIONS AND TRADERS INVOLVED IN LABELLED FAIRTRADE AND (3) PROVIDING SUPPORT TO PRODUCER ORGANIZATIONS THAT NEED EXTERNAL HELP.

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EDITED BY VERÓNICA PÉREZ SUEIRO

DESIGNED BY BEAU BUREAU KOMMUNIKATIONSDESIGN | COLOGNE WWW.BEAU-BUREAU.DE

PRINTED BY PRIMA PRINT | COLOGNE WWW.PRIMAPRINT.DE





## addresses

FLO INTERNATIONAL E.V.  
KAISER-FRIEDRICH-STRASSE 13  
D-53113 BONN  
T +49.228.94 92 30  
F +49.228.24 21 713  
INFO@FAIRTRADE.NET

FLO-CERT GMBH  
GOERRESTRASSE 30  
D-53113 BONN  
T +49.228.24 930  
F +49.228.24 93 120  
INFO@FLO-CERT.NET

WWW.FAIRTRADE.NET

STAMBU ZIMBABWE HAPA  
POSTAGE STAMPS SOLD HERE  
IBWERA BRANCH  
P.O. Box IBWERA BUKOBA



TRANSFAIR AUSTRIA  
OFFICE@FAIRTRADE.AT | WWW.FAIRTRADE.AT

FAIRTRADE ASSOCIATION OF AUSTRALIA & NEW ZEALAND  
A | AUST@FTA.ORG.AU | WWW.FTA.ORG.AU  
NZ | NZ@FTA.ORG.NZ | WWW.FTA.ORG.NZ

MAX HAVELAAR BELGIUM  
INFO@MAXHAVEAAR.BE | WWW.MAXHAVEAAR.BE

TRANSFAIR CANADA  
FAIRTRADE@TRANSFAIR.CA | WWW.TRANSFAIR.CA

MAX HAVELAAR DANEMARK  
INFO@MAXHAVEAAR.DK | WWW.MAXHAVEAAR.DK

REILUN KAUPAN EDISTÄMISYHDISTYS RY, FINLAND  
REILUKAUPPA@REILUKAUPPA.FI | WWW.REILUKAUPPA.FI

MAX HAVELAAR FRANCE  
INFO@MAXHAVEAARFRANCE.ORG | WWW.MAXHAVEAARFRANCE.ORG

TRANSFAIR GERMANY  
INFO@TRANSFAIR.ORG | WWW.TRANSFAIR.ORG

FAIRTRADE MARK IRELAND  
INFO@FAIRTRADE.IE | WWW.FAIRTRADE.IE

FAIRTRADE-TRANSFAIR ITALY  
INFO@TRANSFAIR.IT | WWW.EQUO.IT



WWW.FAIRTRADE.NET

**FAIRTRADE LABEL JAPAN**

**INFO@FAIRTRADE-JP.ORG | WWW.FAIRTRADE-JP.ORG**

**TRANSFAIR MINKA LUXEMBURG**

**INFO@TRANSFAIR.LU | WWW.TRANSFAIR.LU**

**COMERCIO JUSTO MÉXICO, A.C**

**COMJUSTOMEX@LANETA.APC.ORG | WWW.COMERCIOJUSTO.COM.MX**

**STICHTING MAX HAVELAAR THE NETHERLANDS**

**MAXHAVELAAR@MAXHAVELAAR.NL | WWW.MAXHAVELAAR.NL**

**MAX HAVELAAR NORGE**

**MAXHAVELAAR@MAXHAVELAAR.NO | WWW.MAXHAVELAAR.NO**

**RÄTTVISEMÄRKT SWEDEN**

**INFO@RATTVISEMARKT.SE | WWW.RATTVISEMARKT.SE**

**MAX HAVELAAR STIFTUNG SCHWEIZ**

**POSTMASTER@MAXHAVELAAR.CH | WWW.MAXHAVELAAR.CH**

**FAIRTRADE FOUNDATION UK**

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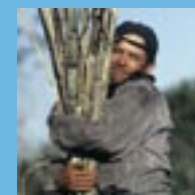
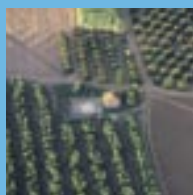
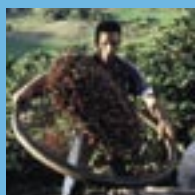
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INFORMATION, PLEASE CONSULT THE WEBSITES.**



**FLO INTERNATIONAL E.V.**  
KAISER-FRIEDRICH-STRASSE 13  
D-53113 BONN  
T +49.228.94 92 30  
F +49.228.24 21 713  
INFO@FAIRTRADE.NET

**FLO-CERT GMBH**  
GOERRESTRASSE 30  
D-53113 BONN  
T +49.228.24 930  
F +49.228.24 93 120  
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