



FAIRTRADE  
INTERNATIONAL

## Fairtrade's Contribution to a More Sustainable World

Sustainability is a concept that is gaining more and more attention across all spheres of human life.<sup>1</sup> The *sustainable* term is increasingly used to describe different processes ranging from sustainable development to sustainable agriculture, sustainable production, sustainable consumption, etc. In addition, sustainability standard systems are proliferating across different product domains and throughout different markets.

As the *sustainable* term is applied in a multitude of contexts, sustainability can often be perceived as an unclear, inflationary and challenging concept to understand. In 1987, the Brundtland commission made a correlation between sustainability (previously used mainly in environmental terms) and development (previously used mainly in economic terms) by defining sustainable development as: "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".<sup>2</sup> This simple definition became the most widely used and recognized definition of sustainable development, thereafter, indicating that any development process taking place today must

not compromise the continuity of any development process in the future. In other words, sustainable development entails "improving the quality of human life while living within the carrying capacity of supporting ecosystems".<sup>3</sup>

Fairtrade works to support producers so that they enjoy secure and sustainable livelihoods and sees people (disadvantaged producers, in this case) at the centre of any development process. As a result, Fairtrade believes that people's ability to implement sustainable environmental and social practices depends on their incomes and standards of living. Moreover, Fairtrade is adamant on ensuring that the carrying capacity of ecosystems is not affected by agricultural production, as this would have a direct impact on producers' sustainable livelihoods.



**Fairtrade supports producers facing economic, environmental and social challenges to strengthen their livelihoods and contribute to a more sustainable world.**

This paper will first take a look at the global context. Subsequently, it will develop on the importance of sustainability and how Fairtrade aims to support producers strengthen their livelihoods through sustainable development. Lastly, a conclusion will be developed making a link to the position taken in this paper.

<sup>1</sup> In an assessment to study the attitudes and habits of 4,000 UK consumers, PricewaterhouseCoopers states that "[s]ustainability is becoming a business imperative; doing nothing is no longer an option. It is about securing your business for the future." Moreover, it also indicates that "over 60% of consumers [surveyed] stated that sustainability issues [...] were most important issues facing the world". 75% of consumers also indicated that they had made changes to their lifestyle over the past two years (Sustainability: Are Consumers Buying it? PricewaterhouseCoopers, 2008, p. 4). Major corporations and retailers are now indicating their support for the sustainability agenda. According to the Economist Intelligence Unit (EIU), "57% top executives believe that the benefits of efforts to achieve sustainability outweigh the costs". Further, "[f]ifty-three percent of executives surveyed by the EIU say they have coherent sustainability policies" (*The Sustainability Agenda: Industry Perspectives*, PricewaterhouseCoopers, 2008, p. 1. This document is available online at: [http://www.pwc.com/en\\_GX/gx/sustainability/sustainability\\_agenda.pdf](http://www.pwc.com/en_GX/gx/sustainability/sustainability_agenda.pdf))

<sup>2</sup> World Commission on Environment and Development – Brundtland Commission (1987), *Our Common Future* (Brundtland Report).

<sup>3</sup> Lütteken, Antonia and Konrad Hagedorn, *Concepts and Issues of Sustainability in Countries in Transition: An Institutional Concept of Sustainability as a Basis for the Network*, Humboldt University of Berlin (document available online at: <http://www.fao.org/regional/SEUR/ceesa/concept.htm>)

## Where is unsustainable development taking us?

The population on this planet continues to grow – it is expected that by 2012 the world's population will reach 7 billion and 9 billion by 2050.<sup>4</sup> Clearly, as the number of inhabitants on this planet continues to rise and unsustainable practices persist, the amount of resources available will increasingly be scarce.

Water resources, for instance, are decreasing across the planet - this is especially the case in many developing countries. Access to freshwater is already limited as 1 person in 6 has no access to safe drinkable water (1.1 billion people)<sup>5</sup> – this situation could further be hampered, given the current exploitation of the world's natural resources. Water used for agricultural production is also scarce and its misuse has a negative impact on the water levels available, which points out to the need to develop appropriate water management systems.

Desertification is another crucial problem facing humanity.<sup>6</sup> The degradation of dry lands is taking place across the planet at an alarming rate. Over 250 million people are directly affected by desertification and nearly one billion people are currently at risk.<sup>7</sup> Desertification has direct repercussions on people's livelihoods, as land is a source of both earnings and food. Desertification is closely linked to deforestation, overgrazing and bad irrigation as they all affect the fertility of the soil<sup>8</sup> – this reiterates the need for proper soil management.

Food production will certainly be affected by the decreasing availability of natural resources (water, arable land, etc.) and an ever growing demand for food. Food production will also be

affected by new challenges such as climate change and its different repercussions including: unpredictable weather patterns, higher temperatures, increasing number and intensity of droughts and floods, natural disasters, etc. Alarmingly, food crises have been taking place in many developing countries since 2008.

The context described above displays the gravity of the situation ahead of us. If our production and consumption patterns and habits do not change, the future of the world's population will progressively and increasingly be at risk. Given the uncertainty that lies ahead, sustainability emerges as an indispensable concept to look at.

## Why is sustainability so vital for our future?

Sustainability is often explained as a concept that comprehends the interaction of three different dimensions that are interlinked and complementary to each other. These sustainability dimensions include economic, environmental and social spheres of human life. In order to achieve the most sustainable equation, a balance needs to be achieved between these dimensions; none of which should be compromised at the expense of the other as the sustainability of any and all would be at risk, given their interdependence. This is due to the fact that human development needs these three key dimensions of life in order to subsist.

Keeping this equilibrium is rather challenging. This is especially the case, given unconscious consumption habits that fuel overproduction. In spite of this, efforts to achieve a more sustainable way of life must be carried out as it is the future of our mere existence that is at stake. Human quality of life should, thus, be sustained or improved within the carrying capacity of our world. To do this, two major factors must be addressed: production and consumption.

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<sup>4</sup> World Population Prospects – The 2008 Revision: Key Findings, United Nations Population Division, Department of Social and Economic Affairs, 2009. For more information, please see: World Population to Exceed 9 Billion by 2050: Developing Countries to Add 2.3 Billion Inhabitants with 1.1 Billion Aged Over 60 and 1.2 Billion of Working Age (Press Release) – available online:  
<http://www.un.org/esa/population/publications/wpp2008/pressrelease.pdf>

<sup>5</sup> Water for Life: Making it Happen, World Health Organization (WHO) and UNICEF – available online at:  
[http://www.who.int/water\\_sanitation\\_health/waterforlife.pdf](http://www.who.int/water_sanitation_health/waterforlife.pdf)

<sup>6</sup> Desertification is “the degradation of land in arid, semi arid, and dry sub-humid areas”, Explanatory Leaflet, United Nations Convention to Combat Desertification (UNCCD) – available online:  
<http://www.unccd.int/convention/text/leaflet.php>

<sup>7</sup> *Idem.*

<sup>8</sup> *Id.*

## How does Fairtrade support sustainable development?

Fairtrade believes that it plays an important role in the sustainability agenda as a promoter of sustainable practices in the production of Fairtrade products. It also believes that by providing suitable support and adequate information, all actors can play a role in supporting sustainable practices whether this is done through the production of sustainable commodities (disadvantaged producers) or the consumption of sustainable products (sensitized consumers). Fairtrade, thus, acknowledges that it must play an important role as a supporter of sustainable production (through secure and sustainable livelihoods) and sustainable consumption (through information and awareness).



- *Supporting sustainable production through secure and sustainable livelihoods*

Fairtrade brings a human face to global trade aiming to secure fairer terms of trade so that producers and workers in developing countries can invest in a better future for themselves and their communities. It is a holistic approach to sustainability with a focus on improving long-term economic, environmental, and social conditions.

Fairtrade works to support producers to economically and sustainably strengthen their livelihoods, as follows:

- Encouraging that producers get a better price for their products. Most Fairtrade products have a Fairtrade Minimum Price – a price floor which aims to cover producers' costs of sustainable production;
- Providing on top of stable prices, a Fairtrade Premium – that producers can invest in economic projects such as farm improvements to increase yield and quality;
- Improving the terms of trade for producers, promoting long term relationships, pre-payments and market access.

Fairtrade's environmental standards have emphasized on making products without harming the environment or having a negative impact on the sustainability of the production site's habitat.<sup>9</sup> In order to implement this, Fairtrade will continue working at different levels:

- Supporting producers to meet Fairtrade's social and environmental standards;
- Providing the tools needed for producers to elaborate their own development plans;
- Providing producers the technical tools needed to face environmental and climate change challenges;
- Providing financial services to producers to face and adapt to environmental and climate change challenges.

The Fairtrade premium is also a key sustainability driver that enables producers to invest in long term social development projects that benefit the producers, their families and their communities. A crucial feature of this premium is that its use is decided by the producers themselves, and is not imposed upon them. The Fairtrade premium is a tool that allows producers to:

- Empower themselves as they can make decisions that have a direct impact on the sustainability of their activities;
- Decide where to allocate these resources according to their needs;
- Address sustainability issues that are pressing to them ranging from education to healthcare.

Sustainable production can only be achieved once producers have been able to face their economic, environmental, and social challenges. Economic stability is a

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<sup>9</sup> This is mainly done through the adherence to minimum environmental requirements. In addition, producers are asked to fulfil progress requirements that reinforce sustainable agricultural practices.

precondition for any individual to respect sustainable social and environmental practices. Fairtrade works to enable producers to strengthen their livelihoods and contribute to a more sustainable world. As production in the southern hemisphere is heavily shaped by consumption in the northern hemisphere, consumption in developed countries must be carried out also in the most sustainable way.



- *Supporting sustainable consumption through information and awareness*

An increasing number of consumers are inclined to make consumption decisions that support social and environmental causes. This has been shown by the growth Fairtrade and other ethical labels have experienced in the last few years, throughout most developed countries. In order to make informed decisions, consumers must be informed on their options and on the impact that their consumption choices generate.

Sustainable production is to a great extent shaped by sustainable consumption. Consumers have, in fact, sent a message to retailers indicating that they want to consume more sustainably.<sup>10</sup> This message has been heard, which explains retailers' growing interest in sustainable production. This success story will only continue, nonetheless, if consumers keep on buying sustainable products.

Fairtrade has taken the responsibility to inform consumers on the benefits generated by purchasing Fairtrade products – this is yet another means to demonstrate that by consuming Fairtrade products, consumers support economic, environmental and social sustainability. In this regard, Fairtrade will continue to inform consumers on their

Fairtrade consumption options and to carry out awareness campaigns through its labelling initiatives.

### **Conclusion: Fairtrade for a more sustainable World**

Fairtrade works to support producers so that they enjoy secure and sustainable livelihoods. In doing so, Fairtrade connects disadvantaged producers in the South and sensitized consumers in the North.

Fairtrade believes it plays an important role in supporting sustainable development. It believes that Fairtrade products can be used as a vehicle to support sustainable production and it acknowledges that this cannot be done without sustainable consumption. This highlights once again Fairtrade's role to connect producers and consumers through a label that represents both fairer trade conditions and a more sustainable development scheme.

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<sup>10</sup> See footnote 1 (attitudes and habits of 4,000 UK consumers).