



## Fairtrade and ethical trade – complementary approaches

### A joint statement by the Ethical Trading Initiative and the Fairtrade Foundation

May 2007

Fairtrade and ethical trade are complementary approaches to improving the lives of workers and vulnerable producers in global supply chains.

**Fairtrade** aims to ensure producers in developing countries get a better deal from trade. Products that carry the FAIRTRADE Mark are independently certified against internationally agreed standards defined by the Fairtrade Labelling Organisations International (FLO). These cover a range of social and environmental criteria, and include trading standards to ensure the producers' organisations receive an agreed, stable price and additional premiums to invest in improving life for their communities.

Buying companies that adopt **ethical trade** strategies take agreed steps to ensure their supplier companies respect the rights of their workers by adhering to national labour laws and the Conventions of the International Labour Organisation (ILO). These include requiring that their suppliers to comply with a code of labour practice such as the ETI Base Code, checking their progress towards meeting the code, and giving them support to do so.

**Fairtrade** applies specifically to products and carries a recognisable label - the FAIRTRADE Mark - while **ethical trade** applies to a buying company's overall behaviour with respect to working conditions throughout its supply chain, and does not currently carry a label.

#### Fairtrade cotton

Since the launch of the FAIRTRADE Mark on cotton products in November 2005, 22 companies have launched ranges (clothes, homewares, cotton wool etc) made with Fairtrade certified cotton.

Fairtrade cotton is intended to benefit the many thousands of small scale cotton farmers who find themselves at the sharp end of falling commodity prices and trade injustices. The FAIRTRADE Mark for cotton applies very specifically to cotton growing, rather than other stages in the production process – for example garment manufacturing.

It is up to all companies launching products made with Fairtrade cotton to take responsibility for improving conditions and promoting respect for the rights of all the workers involved throughout their supply chain. We encourage consumers buying Fairtrade cotton products to also ask retailers how they are putting this responsibility into practice.

Further information:

[www.ethicaltrade.org](http://www.ethicaltrade.org)

[www.fairtrade.org.uk](http://www.fairtrade.org.uk)