

Ethical trade and Fairtrade: complementary approaches

ETI media briefing note February 2008

This briefing note from the Ethical Trading Initiative (ETI) provides media information about ethical trade and Fairtrade, and how both can support each other. We provide some key facts, FAQs, and quotes about ethical trade, and contact details for spokespeople. We also provide examples of where some of our member companies, trade unions and NGOs have worked together to make a difference to the lives of workers in supply chains.

Media contacts

Ethical Trading Initiative

Julia Hawkins, ETI media relations manager

julia@eti.org.uk

020 7841 5180

Fairtrade Foundation

Eileen Maybin: eileen.maybin@fairtrade.org.uk

Martine Julseth: martine.julseth@fairtrade.org.uk

020 7440 7695/07770 957 451

Quick facts about the Ethical Trading Initiative

- ETI's 45 member companies, which include Tesco, Asda, Sainsbury's, M&S, Next, New Look, Monsoon, Boots, WHSmith and Zara, currently have a **combined turnover of £107 bn** and dedicate **335 staff** to ethical trade.
- ETI member' ethical trade activities cover over **30,000 suppliers** which collectively employ over **3.3 million** workers around the world. These numbers are growing every year.
- Last year, our members requested that their suppliers take nearly **40,000 separate actions to improve workers' conditions**.
- ETI is recognised as a global hub of good practice in ethical trade and more and more companies are using ETI's best practice guidance very year. Last year over **3,000 good practice guidelines** were requested by, and distributed to businesses.
- Last year ETI member companies delivered **22,000 hours of ethical trade training** to staff and suppliers.
- An independent assessment of ETI members' ethical trade activities carried out by Sussex-based Institute of Development Studies found that improvements have been made in **health and safety, reducing child labour, increasing wages and reducing the incidence of excessive overtime**.
- Independent analysis of ETI members' reports shows that the **longer a company stays a member of ETI, the better it gets at ethical trade**.

Common Questions

What's the difference between ethical trade and Fairtrade?

Ethical trade and Fairtrade have distinct origins, but their approaches are complementary: both focus on helping make international trade work better for poor and otherwise disadvantaged people.

The **ethical trade movement** originated in the 1990s when campaigns and media exposés brought attention to the harsh conditions of workers producing clothes, shoes, toys, food and other consumables for multinational companies. Ethical trade involves large buying companies taking a series of recognised steps to improve the conditions of the workers throughout their supply chains, wherever they are in the world.

The **fairtrade movement** originated in the 1980s to protect poor developing country farmers from low international market prices of commodities such as coffee, cocoa and tea. Products carrying the FAIRTRADE Mark help address the injustice of low prices by guaranteeing that producers receive fair terms of trade and fair prices – whatever the conventional market is. Producer organisations also receive a small premium for business or social development projects.

Ethical trade and Fairtrade: key differences at a glance

<i>Ethical trade</i>	<i>The FAIRTRADE Mark</i>
<ul style="list-style-type: none">• Focuses on protecting workers' rights throughout the supply chain• Is about the behaviour of buying companies – retailers, brands and their suppliers – and the steps they take to ensure supplier companies respect workers' rights• Does not depend on consumer awareness - that's why there is no recognised 'ethically traded' label.	<ul style="list-style-type: none">• Focuses on helping disadvantaged producers and workers in the developing world - eg, cotton, banana, cocoa and coffee farmers – take more control over their lives• Applies specifically to products, not companies• Has widespread consumer recognition and a recognised label, the Fairtrade Mark

The **Ethical Trading Initiative** was established in 1998 to tackle the complex questions faced by companies seeking to improve the conditions of workers in their supply chains. Members include retailers and brands, trade union organisations and not-for-profit organisations. Visit www.ethicaltrade.org to find out more.

The **Fairtrade Foundation** was set up in 1992 by organisations such as Oxfam, Christian Aid, CAFOD and the World Development Movement, and the first products with the FAIRTRADE Mark appeared on shop shelves in 1994. Visit www.fairtrade.org.uk

What does the Ethical Trading Initiative do?

ETI members work together to tackle tough questions about how companies should exercise their responsibilities for protecting the rights of the workers who make their products. We develop practical tools, resources and training packages to help companies put their ethical trade principles into practice. We also monitor the performance of our member companies to make sure they improve their performance over time.

Are ETI members 'ethical'?

We often get asked if our member companies get some kind of endorsement from ETI because they are members. The short answer is that being a member of ETI does not necessarily mean that workers' rights are fully protected throughout their supply chain. It does, however, mean that they have made serious commitments to improving conditions over time.

What impact do ETI members have on workers' lives?

Researchers at the Sussex-based Institute of Development Studies found that *"ETI and its member companies are making an important contribution through collaboration and learning"*. Improvements for workers have been made in crucial areas such as improving health and safety, eliminating child labour, increasing wages and reducing the incidence of excessive overtime. Real progress has yet to be made in other key areas, such as extending the reach of codes to particularly vulnerable workers, for example migrant workers, and in helping workers organise for themselves through trade unions.

How can consumers support ethical trade?

This is not easy because the issues are complex but you can:

- **buy from ETI members** – by joining ETI they have made serious commitments to ethical trading and their activities are scrutinised by ETI trade union and NGO members
- **ask searching questions** – write to CEOs; ask store staff if they know where their products come from
- **learn more about the issues** – see our Factsheet at www.ethicaltrade.org/d/ethicaltrade
- **join a campaign** for better conditions in supply chains – our Factsheet has some examples.

Available spokespeople from the Ethical Trading Initiative

- **Dan Rees**, ETI Director
- **Alan Roberts**, ETI Chairman
- **Neil Kearney**, General Secretary, International Textile, Garment and Leather Workers' Federation

Please contact Julia at ETI on 0207 841 5180 to arrange an interview

Quotes

"All companies across the board need to do much more to integrate ethical trade into their core business decisions – and that includes making sure the price they pay to their suppliers allows them to pay their workers a living wage"

Alan Roberts, ETI Chair

"Co-operation with ETI member companies has been possible through a long process of developing trust under ETI's stewardship"

Neil Kearney, General Secretary, ITGLWF

Examples of how ETI members are helping make a difference to workers' lives

Kenya flower industry: Widespread improvements have been made for women workers, including provision of allocated breaks for breastfeeding mothers, daycare for children and light duties for pregnant women. More workers are now being given permanent contracts instead of rolling temporary contracts.

Indian homeworkers – improved security and skills:

ETI members are supporting the work of a new initiative in one of the poorest regions in India – Bareilly, Uttar Pradesh - involving buyers, suppliers, contractors (the people who give work to homeworkers) and trade unions. So far the following has been achieved:

- Over 550 homeworkers in Bareilly, Uttar Pradesh – one of the poorest regions in India – are benefiting from an insurance scheme offering social protection against injury
- 1,500 homeworkers in Bareilly have also improved their knowledge and skills in simple record keeping, quality, health and safety, and 1,600 homeworkers have received primary healthcare screening.

Ayesha, a Homeworker, says: “we never thought of insurance as no-one had ever told us about it. I came to hear about the government insurance scheme through [the Bareilly Homeworker Group], and I am happy to invest in it.”

China – getting children back to school: ETI members made sure that 300 children were removed from hazardous work in glass-blowing factories in Shanxi province and placed into paid education. Children and their parents also received training about the dangers of child work and the wider educational opportunities available to them.

Xiao Li, a former child worker, says: “it was not until we arrived at the new school that I figured out, without knowledge, it’s impossible to rise in this society.”

Bangladesh - minimum wage boost: ETI member companies supported local calls to increase the monthly minimum wage in Bangladesh from its 1994 level of 900 taka (around US\$13) to 1660 taka (US\$22) – an 80% increase.

Maggie Burns, ETI NGO Board member, says: “The minimum wage in Bangladesh is still too low, but at least we’re heading in the right direction”.

Sri Lanka – worker education: ETI members supported the training of over 4,000 Sri Lankan garment workers on their rights, and shared information on worker complaints procedures. Sonali Gunsekera, project co-ordinator, says *“I think the training helped the workers to know that even if their lives are hard, Western consumers are sending strong messages to suppliers that they should not be exploited”.*

UK: extra protection for migrant workers: Up to 600,000 temporary agricultural workers in the UK now receive the extra legal protection of the Gangmaster Licensing Act after ETI successfully led a cross-industry alliance to lobby for licensing.

Jack Dromey, Deputy General Secretary of the Transport and General Workers' Union (UK) said, *“ETI played the key role in facilitating... stronger protection for UK migrant workers”*

More detailed case studies and photos are available on request from Julia Hawkins:

Julia@eti.org.uk