



Die Kaapse Instituut vir Handwerk & Ontwerp
IZiko Lasekapa Lobuchule Nobugcisa
**Room 2.413, Administration Building, Cape Technikon,
P O Box 652, Cape Town, 8000.**
Tel: 27 (0)21 460-3982
Fax: 27 (0)21 460-3553
E-mail: ccdi@ctech.ac.za

Export Development Pilot Programme

*Report on Fair Trade
Fair & Symposium
Cancun, Mexico*

Report No 6/2003

September 19, 2003

Catherine Wijnberg
Export Project Manager
Cape Craft & Design Institute

1	Executive Summary	3
2	Introduction	4
3	Aims and Objectives	4
4	Enabling environment	4
5	Trade Fair	4
6	The Fair Trade Symposium.	5
7	Mexico	5
8	Overall impressions	5
8.1	Fairtrade Movement	5
8.2	The FT producers	6
8.3	The FairTrade consumers	7
8.4	Marketing Challenges	7
8.5	Challenges to the FT Movement.....	8
9	The South African Lessons	8
10	Outcomes	8
11	The Way Forward	9
11.1	South African Fairtrade producer's organisation.....	9
11.2	Ownership of marketing resources	9
11.3	Fairtrade Fair & Symposium Cape Town 2004	9
12	Appendix I	9

Fair Trade Fair and Symposium, Cancun Mexico 10 – 12 Sept 2003

1 Executive Summary

The Fair Trade Symposium in Mexico provided valuable insight into the worldwide Fairtrade movement.

The Fair Trade movement has much to offer South Africa. Although FT is officially almost non-existent in South Africa, the aims and objective of the movement are closely aligned with those of the South African Government. Many community projects are already run along these lines.

Fairtrade offers a good way to **eradicate exploitation** of crafters/producers, and is a valuable marketing tool, especially in the international market, where the concept of “Fair Trade” is already well understood. A recognised **Fair Trade label** adds authenticity to a product and will enable South Africa to differentiate from similar products made under very unfair practise in China/India etc.

Valuable lessons can be learned from less fortunate developing nations in S America. In particular, pointers for marketing of SA Craft locally, regionally and internationally were of interest – especially the need to empower sellers by **stepping into the target market**, not sitting waiting in SA at the whim of foreign buyers. The widespread success of South American Co-operatives was also very noticeable, highlighting the need to encourage / facilitate the development of working clusters in RSA.

The need to **develop local markets** for retail and as part of the National / Corporate **Social Responsibility** was emphasised. The craft sector could do more to ensure that National organisations, embassies, Government bodies were targeted as a market for local product.

Other strong impressions were the great value placed by S Americans on their indigenous culture and long traditional history – it is from this historical anchor that good craft products are created. SA needs to do more to unearth and **give value to traditional craft** and local history. Valuable new craft products will arise from this historical unearthing.

Outcomes from the symposium are the proposal to create a **single South African Fair trade organisation**, and to link (or build) **Fair Trade labelling** onto **the Proudly South African campaign**. There is value in bringing the Fairtrade aims to the CCDI marketing organisation proposal that is currently being developed.

Cape Town is proposed as the venue for the **next Africa-Europe Fair Trade Symposium**.

2 Introduction

The Fair Trade Fair was far smaller than had been expected and yielded little in the way of trade. It did provide an opportunity to view the craft of S American countries and the opportunity to learn from their longer history of craft export development.

Attendance: Cathy Wijnberg – Cape Craft & Design Institute (also attending on behalf of Streetwires) & Cynthia Mbuwazwe – Monkeybiz

3 Aims and Objectives

1. To attend Trade Fair
 - a. To sell product (Monkeybiz only – Streetwires did not send stock)
 - b. Generate trade contacts with Fair trade buyers
 - c. To view other handcraft products
2. To attend symposium
 - a. To increase knowledge of FT movement and
 - b. Make contact with FT organisations
3. To view Mexican handcraft
 - a. To understand how they have become successful exporters
 - b. To assess their product range

4 Enabling environment

The Institute for Agriculture and Trade IATP made participation at the event possible through the donation of airfares and accommodation¹. The invitations were received by Rae Wolpe: Interim Manager Foreign Trade Promotion City of Cape Town: Economic Development and Tourism. Streetwires kindly donated their invitation to CCDI that enabled Cathy Wijnberg to participate on a joint agenda.

5 Trade Fair

The Trade Fair was a very much smaller event than we were expecting from the glossy brochures we received. Approx 50 exhibitors displayed goods in the small “Mexican Fair / Market” on the beach. South American producers displayed and sold coffee, chocolate and handcraft (Peru, Bolivia, Guatemala, Ecuador, Mexico, Honduras, Chile etc). There were some other countries with displays - Africa (ours) Indonesia & Nepal. Most crafts on display were textile and clothing, with some carved wooden products and fashion accessories. There was a strong cultural / traditional emphasis in most products.

South African products were very different from others on offer.

Coffee Trade organisations (Green Mountain Coffee, Equaterre), lobby groups (Oxfam, Animal Anticruelty) and FT organisations (Fair Trade Assistance Holland, Enlaces America, Rural Coalition) also had displays. (A complete list of attendees is available from CCDI)

¹ www.iatp.org

The Trade Fair operated from 12.30 – 20.00 hrs each day. It was located a kilometre from the symposium and near to the WTO venue. Local, tourist and WTO related buyers attended. It was intended as a selling fair.

Monkeybiz made sales of approx US\$600 which represented about 33% of the stock they took and Streetwires sold samples off the table to value of approx \$150.

Visitors to the Fair took Streetwires & CCDI promotional material and business cards. An estimated 50 people visited the stands each day.

6 The Fair Trade Symposium.

There were three days of interesting and valuable lectures focussing on both producer and consumer issues, marketing and governmental, institutional interventions. These sessions provided good insight into the challenges faced by S American producers and USA traders, and served to highlight the South African opportunities and needs.

Our Minister Ngubane (DAC) presented a talk on sustainable development and social / eco-labelling policy and joined National ministers from Netherlands & Canada in representing the most progressive Governments in the world today.

Many talks from producers and FT organisations gave a lasting impression on the value of, and challenges affecting the FT movement in the Americas.

CCDI has a complete list of speakers and a list of contact details will be circulated by IATP shortly.

7 Mexico

Cancun proved to be a disappointment for anyone wishing to see the real Mexico. A tourism monster, with hundreds of high-rise hotels along an ecologically sensitive spit of land, there is little that is really Mexico in Cancun. Focus is on American taste in food & entertainment and the dominant theme is “Home away from Home in the tropics”.

There was insufficient time to pursue the cultural and craft angle, apart from the few producers who exhibited at the Fair.

Mexican Produce at the fair included clothing with embroidery detail, cloth bags made from handmade cloth, food products and the ubiquitous Tequila!

Producers were at pains to advise that the Mexican Trade Model – Governmental trade promotion overseas was for the benefit of large businesses and had no value (negative value?) to small craft producers / co-operatives.

It was not possible to investigate these claims further due to language and time constraints.

8 Overall impressions

8.1 Fairtrade Movement

The Fairtrade Movement has its roots in the 1940's and 50's in international development and solidarity movements that traded with politically and economically disadvantaged

countries in the South and East. Initially the desire to deal with marginalized producers and ensure they were fairly treated was called ‘Alternative Trade’.

In 1989 these solidarity and political groups combined to create the International Federation for Alternative Trade IFAT² (Now with 160 members in 50 countries) and the European Fair Trade Association EFTA³ (11 companies in 9 countries)

Much progress has been made in the past 50 years and globally the worldwide Fairtrade sales totalled an estimated \$400 million in 2002⁴ - made largely from food products such as coffee, cocoa, bananas etc.

The intentions of FT organisations are noble – to assist with the empowerment and upliftment of grassroots producers through the payment of a fair price for their product. Additional focus is now placed on the importance of sustainable development, the environment social as well and political and economic needs.

Aims of the Fair trade movement are to ensure that

- Fair price paid for produce (Producer empowerment)
- Limitation / elimination of child or slave labour
- Equal gender opportunities
- Ecologically friendly production methods
- Sustainable production methods
- Transparency in all transactions

Numerous FT organisations now exist across the globe, such as the Fairtrade Labelling Organisation FLO⁵, the Ethical Trading Initiative ETI⁶, and the Network of World Shops NEWS⁷.

In addition many local, national and regional bodies exist globally, with FT represented in all continents.

8.2 The FT producers

South American producers appear well organised into working co-operatives. Some cooperatives had as many as 3500 producers and others were co-operatives of co-operatives.. Production, logistics, marketing and lobbying resources are pooled into efficient organisations that mostly operate without any government assistance and in many instances in direct opposition to their government policies.

² www.ifat.org

³ www.eftafairtrade.org

⁴ Designing Policy to support Fair Trade – Ileana Cordon 2003

⁵ www.fairtrade.net

⁶ www.ethicaltrade.org

⁷ www.worldshops.org

Many producers were from countries with highly oppressive and dictatorial leaderships and suffer human-rights abuse. We heard tales of individuals who had grouped together to battle against poverty and hardship, creating success stories through sheer will, hard work and ingenuity.

Traditional, indigenous heritage runs very high in South America with many producer groups of native Indian origin. Individuals were very proud of their heritage and cultural identity is very strong. Traditional dress was common amongst S American producers.

The common language of most individuals was Spanish and few producers spoke English.

Producers face two major problems

1. Low prices (coffee prices at all time low) and
2. Lack of sufficient market – more product than buyers. Only one producer group had more buyers than product.

In addition, the common production-side problems are

1. Lack of Finance
2. Lack of Market Information & intelligence
3. Poor Technical information & training
4. Inadequate infrastructure (roads, telecommunications, schools, health)
5. Poor freight and export logistical support.
6. Hostile governments, violence and corruption

8.3 The FairTrade consumers

The buyers/consumers of FT produce are largely situated in the Northern affluent countries such as USA and Europe. The original zeal for ‘doing good’ in the world is still in evidence, but realities of economics mean that many buyers are driven by a simple need to create sustainable business by selling good product at a marketable price.

Issues facing buyers’ organisations are

- Low consumer awareness
- Confusions about labeling
- Poor and inconsistent quality
- Inconsistent and unreliable supply
- Price – often higher than non-FT produce.

8.4 Marketing Challenges

Despite the noble intentions of the FT movements, producers remain in a position of weakness, with the ‘buy or not to buy’ decisions held firmly by buyers and traders in the Northern states. Only one mutually owned buying co-operative was in evidence – an ecoffee marketing concept called Pachamama.⁸ It is situated in USA and owned jointly

⁸ www.pachamamacoffee.com

by coffee producers located around the world. Their target market is the USA retail and wholesale coffee market.

8.5 Challenges to the FT Movement

The major challenge to the movement is the fragmentation of the organisation. On unified umbrella organization is needed to structure and control the use of the term 'Fair Trade' and to ensure that the use of this label is limited to organisations that really do practice Fair Trade. There is increasing concern about 'rogue businesses' using the FT labelling, whilst practising non FT methods.

Tensions between countries and regions a natural result of market competition and the opposing needs of buyer and seller, need addressing. Equitable distribution of power can be ensured by fair representation on umbrella bodies.

Ongoing challenges to finance the promotion, education and market intelligence budget need to be addressed. Cohesion of the FT movement will enable a stronger lobbying voice to heard - most important in this time of global shut-outs, trade protection policies and dumping.

Methods to encourage participation and support by governmental bodies need addressing. In our region, the positive enthusiasm of the South African Government could be used to promote the FT movement in Africa.

9 The South African Lessons

South Africa can take some very powerful lessons from this Fairtrade symposium

1. Fairtrade marketing is a valuable niche market
2. The aims of FT movement are in close agreement with the desires and aims of many W Cape Craft producers.
3. FT Labelling is a way to standardise, and to recognise good business practise.
4. The South African business environment is significantly more enabling than those of other developing countries. Our Government is actively assisting & promoting the craft sector.
5. Unity within and between groups creates strength. Clusters and co-operatives are a way to improve productivity and market reach.
6. Our African identity is our most valuable asset.

10 Outcomes

The Fair was not a good trade venue. Minimal sales were made and little if any long-term trade is expected to arise from the event. Streetwires will cover their small exhibition costs from sale of samples and Monkeybiz broke even with their sales. CCDI will fund the living expenses of their representative from the CCDI promotion & facilitation budget.

The Symposium was an excellent event and provided good understanding of the Fairtrade movement & its value to South African crafters. There were good opportunities to network with other Fairtrade movements and individuals involved in sustainable development.

11 The Way Forward

South Africa appears to be one of the few developing nations whose heart is already in Fair Trade, and yet there is very little official Fairtrade presence in the country.

11.1 South African Fairtrade producer's organisation

It is proposed that a single South African Fairtrade producer's organisation be formed.

The purpose of this organisation be to

- Promote the Fairtrade movement in South Africa
- Standardise and monitor a South African Fairtrade labelling process (building on the Proudly South African label?)
- Lobby for markets locally, regionally and internationally

- Be a positive force in the regional and international Fairtrade movement

11.2 Ownership of marketing resources

It is proposed that

- A South African craft-marketing organisation be created in order to generate local, regional and international sales of SA Craft. Fairtrade principles to be upheld.
- Ownership of the business to be purchased by local SA producers who subscribe to the Fairtrade aims and objectives.

11.3 Fairtrade Fair & Symposium Cape Town 2004

It is proposed that Cape Town be promoted as the next venue for an African – European Fair Trade Symposium & Fair in 2004. The City of Cape Town has already expressed interest, and DAC (Minister Ngubane) is on board with the FT and Sustainable Development movement. A South African Fair will be an excellent way of promoting FT Nationally, regionally and internationally. Cape Town is a well-appointed, safe, beautiful and inexpensive venue.

Agro processing is strong in the Western Cape making linkages with other FT producers as strong possibility.

12 Appendix I

Fair Trade Organisations

www.fairtradeexpo.org

www.fairtradedcertified.org

www.fairtradefederation.org

www.euiterre.qc.ca

16 September 2003

Report on Fair Trade Fair, Cancun Mexico



www.ifat.org

www.worldshops.org

www.eftafairtrade.org

www.fairtradenet.org

www.ifat.org.uk

www.tradeobservatory.org

www.ruralco.org

www.fairtrade.net

www.globalexchange.org

www.traditionsfairtrade.org

www.fairtraderesource.org