

Исследование организованного общественного движения «Справедливая торговля»: результаты эффективности справедливой торговли

Сирис Валерий Викторович, студент 3-го курса факультета МШБиМЭ РЭУ им.
Г.В. Плеханова, г. Москва, Российская Федерация

E-mail: siris.valeriy@gmail.com

Аннотация

В статье приведен принцип действия организованного общественного движения «Справедливая торговля» (10 принципов справедливой торговли). А также показано влияние справедливой торговли на производителей, которые входят в состав этого организованного общественного движения. Результаты продемонстрированы в качестве статистических данных, а именно: приведением динамики изменений экономических показателей по отраслям и странам (преимущественно участники данного общественного движения являются экспортерами из развивающихся стран).

Ключевые слова: справедливая торговля, развивающиеся страны, развитые страны, валовый внутренний продукт, экспорт.

Analysis of the Fair Trade's movement operation: the effectiveness of the organized social movement

Valeriy Siris, student, Plekhanov University of Economics, Moscow, Russia Federation

E-mail: siris.valeriy@gmail.com

Abstract

The article describes the principle of operation of the organized social movement Fair trade (fair trade's ten principles). It also depicts the impact of fair trade on producers who are part of this organized social movement. The results are shown as statistical data, namely: the dynamics of changes in economic indicators by industry and country (the participants of this social movement are mainly the exporters from developing countries).

Keywords: Fair Trade, developing countries, developed countries, gross domestic product, exports.

Nowadays advertising ads incorporate the term Fair Trade. Fair trade clothing, food, and coffee are among the most common products sold to the General public on a daily basis. Sometimes it is hard to know whether to invest in a product if you don't know what it means. What is "fair trade"?

Many consumers view labels such as "organic", "eco", "fair trade" as a trick or deception, but be sure that — in accordance with the ninth principle of fair trade — if there is a Fair Trade icon on the label, then it deserves it.

There are ten principles that must be followed in order to consider a product as a fair trade one. These principles were developed at the world trade organization exhibition (WFTO – World Fair Trade Organization) and consist of the following actions:

1. Creating opportunities for economically disadvantaged producers
2. Transparency and Accountability
3. Fair trading practices
4. Payment of fair price
5. Ensuring no child labor
6. Commitment to non-discrimination, gender equality and freedom of associations
7. Ensuring good working conditions
8. Providing capacity building
9. Promoting fair trade
10. Respect for the environment

1. Creating opportunities for economically disadvantaged producers

Overcoming poverty through trade is a key part of the WFTO's (World Fair Trade Organization) goals. The organization supports small producers, whether they are independent family businesses or grouped into associations and cooperatives. It seeks to enable them to move from financial instability and poverty to economic self-sufficiency.

2. Transparency and Accountability

The free trade organization is transparent in its management and commercial relations. It is responsible to all stakeholders and respects the confidentiality of commercial information and simply guides small producers in their business, rather than taking on management responsibilities.

In addition, fair trade organizations must provide all relevant and necessary information to trading partners to ensure a safe, honest and friendly business relationship.

The organization estimates compulsory the involvement of employees, members, and manufacturers in the decision-making process. This ensures that relevant information is provided to all its trading partners. Communication channels are good and open at all levels of the supply chain.

3. Fair trading practices

The fair trade organization cares about the social, economic and environmental well-being of marginal small producers (from distributors to farmers) and does not maximize profits at their expense.

Communication should always be open between buyers, suppliers and manufacturers in order to promote a higher level of customer service, respectful relationships, and create a top-class product. Fair trade relations based on mutual respect, trust, solidarity and compliance with these standards avoid unfair or unnecessary competition, and ensure the protection and promotion of cultural identity.

4. Payment of fair price

Much of fair trade comes down to setting a fair price. In direct opposition to capitalism, fair trade creates a point of security for all participants, paying well for their labor and / or their products. All product prices and wages are mutually agreed upon in advance by the parties and — unlike many large corporations of industrial activity — men and women are paid the same wages based on equal work not gender or age.

5. Ensuring no child labor

The organization adheres to the United Nations (UN) Convention on the rights of the child as well as national / local legislation on child labor. Children can choose voluntarily to be part of the production process (in this case all children receive and are treated equally with adults) and any involvement of young people must be openly disclosed and well monitored. In addition, a child's employment should not affect their health, safety, education, or need for the rest.

6. Commitment to non-discrimination, gender equality and freedom of associations

The free trade organization does not discriminate in the employment, remuneration, training, promotion, termination, or retirement of any person based on race, sexual orientation, disability, religion, gender, political affiliation, trade Union membership, health status or age.

The organization takes into account the special health and safety needs of pregnant women and nursing mothers. The organization respects the right of all employees to form trade unions and to enter into collective bargaining of their choice.

7. Ensuring good working conditions

All working hours and conditions must be brought into line with national and local legislation as well as with acts of the International labor organization (ILO). These conditions are monitored on a regular basis to ensure the health, safety and happiness of all persons involved in the production process.

8. Providing capacity building

Fair trade should be aimed at increasing the positive development of small producers. This development can be achieved by improving management skills, market availability and production capabilities.

Organizations working directly with small producers should develop specific activities to help these producers improve their management skills, production capabilities, and market access — local / regional / international / exhibitions and major as needed.

9. Promoting fair trade

The organization raises awareness of the fair trade goals needed for greater fairness in world trade. It advocates for fair trade goals and activities in accordance with the organization's field of activity.

The organization provides its customers with information about itself, its products that it sells, and the organizations that make or collect the products. Only honest advertising and marketing methods are always used.

10. Respect for the environment

Organizations that produce fair trade products make the most of raw materials from sustainably managed sources in their sector, buying locally whenever possible. They use production technologies aimed at reducing energy consumption and use renewable energy technologies that minimize greenhouse gas emissions.

They strive to minimize the impact and flow of waste on the environment. The fair of agricultural producers should minimize their impact on the environment, using organic pesticides or low use of production methods where possible.

Buyers and importers of “green” products should give preference to purchasing products made from raw materials that come from sustainably managed sources and have the least overall environmental impact. All organizations use recycled or easily biodegradable materials for packaging.

Statistical data

It is a well-known fact that fair trade is aimed mostly on the developing countries. There are several reasons for that. Firstly, it is hard for countries with a developing economy to enter the modern sophisticated and over-saturated market. Secondly, developed countries are continuously interested in helping the 3rd world countries as they see the potential in possible economic development and further engagement into the world trade. Thirdly, the developing economy is the greatest incentive for causing the social dumping, which especially WTO (world trade organization) tries to eliminate.

Thereafter, there is a table with the statistical data regarding the effectiveness of implementing the Fair Trade. The inputs Exports growth and GDP (Gross Domestic Product) Annual Growth Rate were taken for the analysis.

Table 1
Fair Trade's effectiveness

Commodities	Country	Increase in exports 2019, USD mln	GDP annual growth rate 2019, %	Notes
Coffee	Brazil	18503	1,7	
	Nicaragua	460	-0,3	GDP increased by 1,8% in Jan 2020
	Peru	4608	1,8	
	Guatemala	917	4,05	
Tea, cocoa, flowers, wine	Bangladesh	233	8,2	
	Ghana	1304	5,6	
	Uganda	338	6,7	
	Tanzania	1583	6,8	
	Kenya	487	5,2	
Textiles	India	25980	4,4	
	Pakistan	1857	1,9	

Regarding the (Table 1) it can be firmly stated that Fair Trade organization copes well with the improving the economic situation of the developing countries. Increase in exports is substantial as far as the GDP's upward trend. Nicaragua had a slight decrease in terms of GDP annual growth rate in the end of 2019. Nevertheless, it gained 1.8% in the 1st quarter of 2020, despite the harsh times caused by COVID-19 and the disrupted negotiation on oil extraction. This is a perfect demonstration of Fair Trade performance.

The bottom line is that world should be grateful for the Fair Trade organization. It is a real rescue for the countries.

Список использованных источников

1. Интернет-издание Trading Economics [Электронный ресурс] – Режим доступа. – URL: <https://tradingeconomics.com> (дата обращения 23.06.2020).
2. The World's Trusted Currency Authority // Интернет издание «XE» [Электронный ресурс] – Режим доступа. – URL: <https://www.xe.com/currencyconverter/convert/?Amount=310%2C000&From=PKR&To=USD> (дата обращения 23.06.2020).

References

1. Internet-izdanie Trading Economics
<https://tradingeconomics.com>
2. The World's Trusted Currency Authority // Internet izdanie «XE»
<https://www.xe.com/currencyconverter/convert/?Amount=310%2C000&From=PKR&To=USD>

USD