

## The Questions

### Fair Trade

Who benefits from Fair Trade Certification?

Are there any losers in fair trade?

How do the results of fair trade differ from the original goal?

### Fair Trade as a Temporary

### Solution

How significantly does fair trade differ from free trade?

How effective has fair trade been at reducing inequalities between the developed and developing world?

### Choco-Togo

Apart from creating companies like Choco-Togo, how can producers in developing countries retain their profits?

What obstacles does fair trade create for companies like Choco-Togo?

## Issues in Contemporary Ethics:

### Fair Trade

#### At a Glance

Fair Trade Certification (FTC) is a label that is mainly given to products or commodities that have been exported from developing countries to developed countries in processes that have been deemed ethical and fair as defined by various fair trade corporations. Some products that receive FTC include things like handicrafts, coffee, cocoa, etc. This brief will examine fair trade, the practice of FTC, its benefits and limitations, and the ethical questions it raises.

Value Distribution	Sells	Buys	Value Added	Profit	final sale
Farmers income weighted	\$ 1.874	\$ 664	\$ 1.210	\$ 1.210	6,6%
Inland Transport	\$ 1.971	\$ 1.874	\$ 97	?	0,5%
Taxes/MarketingBoard	\$ 2.745	\$ 1.971	\$ 774	?	4,2%
International Transport	\$ 2.793	\$ 2.745	\$ 48	?	0,3%
Costs port of arrival	\$ 2.993	\$ 2.793	\$ 201	?	1,1%
International Traders	\$ 3.038	\$ 2.993	\$ 45	\$ 15	0,2%
Processors & Grinders	\$ 4.434	\$ 3.038	\$ 1.395	\$ 211	7,6%
Manufacturer*	\$ 10.858	\$ 4.434	\$ 6.425	\$ 870	35,2%
Retail& Taxes	\$ 18.917	\$10.858	\$ 8.058	\$ 473	44,2%

Per tonne of sold cocoa

According to the Cocoa Barometer, cocoa farmers from the global south often make 6.6% of the total sale price of chocolate sold (Neiburg, 2015).

#### Case Study: Fair Trade USA

Fair Trade USA (and by extension the fair trade industry) originally started in 1997 when Paul Rice founded the company to remove the series of actors in-between producers and consumers and thereby increase the share that farmers and other producers receive from their products. According to the founder, Fair Trade USA has sought to pay producers an above-market "fair trade" price provided they meet specific labor, environmental, and production standards (Lee, 2012). Part of the appeal of this industry for producers is the fact that they reportedly get to retain more of their profit. The certification of their products as ethically produced allows consumers to purchase their products knowing that environmental and labor standards are upheld. Although the fair trade industry has often been praised for making the lives of producers in developing countries better, critics of the industry assert that it is fraught with many of the same problems it claims to alleviate. Examples of these problems include: (i) less profit for local producers (ii) unethical selling techniques (iii) overproduction/oversupply, and (iv) negative effect on non fair trade producers. Alternative models have emerged that present different pathways to achieve the original objectives.

#### Implications

Choco-Togo is the first and only cocoa processing company in Togo. Prior to the creation of this company in 2013, despite the country's second biggest export being cocoa, the country of Togo did not process its own cocoa or produce its own chocolate (Akwei, 2016). This phenomenon can be traced to the legacy of the colonial and mercantilist systems implemented in colonies like Togo that made colonies sources of raw materials that were taken to the colonizing country and then brought back in the form of finished goods into the colonies. The resulting system put the colonies in a position that they could rarely produce products by themselves and were often dependent on

## Further Reading

Forbes

[What Exactly Is Fair Trade, and Why Should We Care?](#)

Stanford Social Innovation Review

[The Problem with Fair Trade Coffee](#)

Booth, P., and L. Whetstone (2007)  
[Half a Cheer for Fair Trade](#)

Ressources Magazine  
[Togo and Gabon: Two Promising Outsiders](#)

BMP International  
[Republic of Togo](#)

Valkila, J. (2009)  
[Fair Trade Organic Coffee Production in Nicaragua – Sustainable Development or a Poverty Trap?](#)

Raynolds, L, T. (2009)  
[Mainstreaming Fair Trade Coffee: from Partnership to Traceability](#)

Schleifer, P., and Sun, Y. (2020)  
[Reviewing the Impact of Sustainability Certification on Food Security in Developing Countries](#)

exporting the raw materials that they produced. These systems have continued decades after gaining independence. The creation of Choco-Togo can be seen as a move towards (i) creating a new economic model and export relationship, and (ii) creating a market for locally produced goods (iii) and producing an alternative to the fair trade system that that allows local producers to keep a much greater share of their profit.

### Comparing Perspectives

In this series, one rationalist ethics theory and one alternative ethics theory are explored to present contrasting views on issues and questions raised.

### Postcolonialism

Postcolonial ethics is an alternative theory that focuses on the ways that colonial systems of power continue to exist in institutions around the world. The institution of fair trade is one that is a response to the colonial mercantilist system that dictated that various colonies were unable to develop processing capabilities and instead had to focus on producing and exporting raw material for the colonizing nation. With the emergence of companies like Choco-Togo, where the processing and production of goods is done in the countries where the raw materials exist, a greater share of profits can remain within the country, rather than being shared by foreign producers and fair trade companies. Given this context, a post colonial ethicist could argue that fair trade companies are merely a temporary solution for the harm caused by colonialism and that local companies like Choco-Togo are a better solution.

### Discourse Ethics

As a rational ethical theory, discourse ethics asserts that positive ethical conclusions can only be drawn from inclusive discussions that include all those affected by an issue. Regarding this market question, according to a discourse ethicist, a solution to the questions raised could only be answered from inclusive discussions with all involved actors. Such a discussion would encompass the various ways fair trade positively and negatively impacts the communities involved. As is often found in situations where discourse ethics is used, it is unclear how such a consensus would be reached as various systems might work best for various people but a combination of Choco-Togo's system and the current framework might create a reasonable system for all involved.

### Questions for Reflections

When it was founded, while critics like Samir Amin had been writing for decades about these extractive and colonialist relationships and how fair trade was likely a continuation of them, the system was mostly positively viewed as an answer to the problems that producers in developing countries faced with regards to getting their products into Western markets. Apart from the problem of affecting the profits retain by producers, what other problems does the fair trade system cause? How can these problems be solved, if at all? Does it require the creation of a new and different system or can the current fair trade system be reformed into one that fully benefits everyone involved? Furthermore, should consumers care and labor standards in other countries? Why are governments not taking this action?

Lee, E. (2012, August 06). Q&A with Fair Trade USA founder Paul Rice. Retrieved July 23, 2020, from <https://www.sfgate.com/business/article/Q-A-with-Fair-Trade-USA-founder-Paul-Rice-3482390.php>

Akwei, I. (2016, May 02). Togo takes pride in its first locally produced fair-trade chocolate. Retrieved July 23, 2020, from <https://www.africanews.com/2016/05/02/togo-takes-pride-in-its-only-locally-produced-fair-trade-chocolates/>

Nieburg, O. (2015, March 06). Extreme poverty ignored in sustainable cocoa drive, say NGOs. Retrieved July 28, 2020, from <https://www.confectionerynews.com/Article/2015/03/06/Poverty-in-cocoa-ignored-in-sustainability-drive-Cocoa-Barometer-2015>