

FAIR TRADE *fact sheet*

What is a fair price?

How much of the final selling price do producers get?

Do you just give producers what they ask for?

Do they get a lot more than from 'ordinary' traders?

These questions are the some of the most common asked by consumers.

Of course the answer is not simple... the final cost of any product includes materials, labour, transport, marketing, VAT and a profit margin at every stage. These costs vary all the time, depending on whether price increases at the different stages can be absorbed or not. Everyone in the Fair Trade chain has to make a profit to keep in business. Fair Trade is not charity.

So how do we work it out?

A fair price is a price agreed in advance by both sides, which covers true production costs and gives producers a profit. What matters to them is not how much of the final selling price they get, but how much money they actually get... what might seem a small % increase to us can be a significant amount to producers.

Some Fair Trade food importers agree on a minimum price – Cafedirect is one. No matter how low the world price of coffee falls, producers are paid this price. If the world price rises, producers are paid a 10% premium above this.

So they know what they will get and can plan, knowing that the costs of growing the crop are always covered, a situation that does not apply in the world of 'normal' trade.

trading for justice

people behind the products

“ **Now I am getting fair wages... 40% more than before. Also we are getting a bonus in the Eid festival. I saved some money and built a new house. My one son and one daughter are studying in the government school.** ”

Sheraj Gagi
weaver for a group selling through Aarong in Bangladesh

“ **If it had not been for the fair trade buyers it is likely that we would have had to give up this business... the price (other buyers) paid was not enough to cover the cost of growing and preparing (the coffee). Those of us small farmers who have survived are very grateful to those who have participated in fair trade and we hope these links will continue.** ”

Miguel Barrantes
member of the COOCAFE co-operative in Costa Rica

**For further information about Fair Trade and the *people behind the products* project contact:
British Association for Fair Trade Shops (BAFTS)
TDA House • 211 Clapham Road • London SW9 0QH
Tel 020 7737 5156 • Email info@bafts.org.uk
www.bafts.org.uk**

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