

Global Leaflet 8: Trade



promoting global learning in schools

Trade is the buying and selling of goods and services. Trade between various countries of the world has taken place for thousands of years. Originally trade enabled people to obtain food and materials that they could not produce for themselves. For example, the UK does not have a climate suitable for growing bananas, and therefore needs to import these from abroad.

More recently, it has been recognised that some countries are 'better' at producing certain types of product than others. (By 'better' we mean that the country can produce the good more cheaply, quickly or efficiently.) It seems to make sense then, for countries to specialise in producing the goods that they can produce most efficiently, and to trade their surpluses of those goods for the products they cannot produce, or are less efficient at producing. This is known as the principle of free trade. Free trade does not automatically lead to poverty eradication or environmental sustainability. In fact, it can increase poverty and be harmful to countries at different stages of development.

The Global context

In the past, our fresh food was produced by farmers who lived relatively near to the people who would consume the food they grew. This was because fresh food is perishable and it could not be transported long distances without going off. Today, the transport of food by air, together with new methods of harvesting and storage, means that the food sold in our shops comes from all over the world.

A global market has a lot of advantages. For one, we can eat tropical fruit in the middle of a cold British winter. However, there are disadvantages too.

A global food market has an effect on the livelihoods of farmers. Previously, they would compete with other local farmers to sell their produce. Now, they may have to compete with farmers from all over the world. The global market is controlled by international trade rules. In theory, these rules follow the principle of free

trade. Countries produce the goods they are best at producing, and trade their surpluses for products that they cannot produce, or are less efficient at producing.

In practice, the richer and more powerful countries subsidise their own produce and protect themselves against cheaper imports by imposing tariffs and quotas. They also dump surplus produce on poorer countries, often at prices lower than it would cost farmers there to produce them. The rich countries get away with this, because they have greater power and influence within the international institutions that regulate trade.

Many poor countries rely on loans from the rich countries or the large international organisations. The loans are given on the condition that the poor countries abide by the rules of free trade. This means that they must not subsidise farmers or protect their markets from cheap imports, including the dumped surpluses of the rich countries.

Poorer countries are not allowed to protect their markets. Richer countries can protect theirs. Thus, poorer countries are prevented from improving their situation.

Why is Fair trade important?

International trade flows have tripled in the last twenty years, but the benefits of this trade are unequally shared. The 48 least-developed countries which are home to **10 per cent** of the world's citizens, have seen their share of world exports decline to a tiny **0.4 per cent** over the past two decades. In comparison, the US and EU contain roughly the same number of people, yet account for nearly **50 per cent** of world exports.

Trade 'liberalisation', enforced by the World Trade Organisation (WTO) makes it increasingly difficult for small traders to compete. 'Free trade' is supposedly in the interests of increased competition, but when multinational companies are able to benefit from subsidies and protections denied to small economies this competition is unfair.

But while changing trade patterns and ways of trading can be a cause of poverty, they also offer a possible solution. Through trading, campaigning and working with producers, Oxfam aims to enable poor producers to take part in trade and overcome the significant hurdles they face.

* World Bank World Development Indicators 1998

Actions:

- Buy your friends a bar of Fairtrade Chocolate
- Design a poster advertising a Fairtrade product
- Name and design a wrapper for a Fairtrade chocolate Bar - what features should the wrapper contain?
- Act out your own drama about the effects of Fairtrade either at home or in your school assembly
- Write to your local shops and supermarkets and ask them to stock Fairtrade product
- Challenge your school to stock Fairtrade tea and coffee in the staff room.
- Write to your favourite chocolate company to ask if they use Fairtrade products.
- Design your own poster to promote Fairtrade.
- Invite into your school a guest speaker about Fairtrade.
- Get your school council to vote for a policy to promote and support Fairtrade.
- Liaise with the school canteen/cafeteria to hold a Fair Trade Breakfast, or Lunch, serving as many Fair Trade items as possible.
- Produce display materials – posters to promote Fair Trade, giant Fair Trade packaging, profiles of producers and their products.
- Link up with your local supermarket and/or World Shop. Arrange for students to visit them and carry out a product survey or consumer questionnaire to gauge public awareness of Fair Trade. Analyse the results, and send a report to the shop manager!
- Complete a 'Fair Trade audit' of the school, using student and staff questionnaires. Devise a Fair Trade policy for the school – become a 'FairTrade School'.
- Visit www.eastendtalking.org.uk and click on the School Councils section. Here you will find an interview of the Director of Children's Services. Click on the link about the town hall and you can find out about Fair Trade and Tower Hamlets and get your teacher to arrange a visit to the Town Hall!

Resources

Allen, Julia and Iggulden, Margaret
Food and the World
Franklin Watts (2005), ISBN: 074966276X

Bowden, Rob
Food Supply:
Hodder Wayland (2003), ISBN: 0750244542

Cooper, Adrian
Fair trade
Franklin Watts (2008), ISBN: 9780979670122

Humanities Education Centre
Locococo: The Trading game
Learning Design (2000), ISBN: 1 873928 017

Morgan, Sally and Walpole, Brenda
Feeding the world
Franklin Watts (2000), ISBN: 9780531145586

Morgan, Sally
World Food
Franklin Watts (1997), ISBN: 0749628545

Websites :

Global Footprints: www.globalfootprints.org
Ideas and activities aimed at empowering all participants, but particularly the young, to take steps towards a more sustainable future.

www.makepovertyhistory.org
The biggest ever anti-poverty movement came together under the banner of MAKEPOVERTYHISTORY in 2005. In 2007, the fight against poverty continues. On this page you will find actions you can take to pressure politicians and decision makers to help make poverty history.

BBC: www.bbc.co.uk: search for World Trade Organisation

Fairtrade: www.fairtrade.org.uk
Website of the Fairtrade Foundation, the campaigning and certification organisation behind the FAIRTRADE Mark.

www.oxfam.org.uk/coolplanet/kidsweb/banana
Information about banana farming.

www.oxfam.org.uk/coolplanet/kidsweb/fairtrade
Information about fair trade.

www.oxfam.org.uk/what_we_do/fairtrade
Oxfams ethical collection.

www.oxfam.org.uk/education
Oxfam Education offers a huge range of ideas, resources and support for developing the global dimension in the classroom and the whole school

http://mnlj.com/art/artists/robert_r.php
Artist who make things which move in simple but interesting ways, that appeal to both children and adults. Inspired by moving toys have been made all over the world.

For more information contact:

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www.globalfootprints.org

Events

March The first two weeks are Fair Trade Fortnight.

November The third week is UK Enterprise Week with Social Enterprise Day on Thursday.

World Trade Organisation

The World Trade Organisation (WTO) is an international body whose purpose is to promote free trade by persuading countries to abolish import tariffs and other barriers. As such, it has become closely associated with globalisation.

The WTO is the only international agency overseeing the rules of international trade. It polices free trade agreements, settles trade disputes between governments and organises trade negotiations.

WTO decisions are absolute and every member must abide by its rulings. So, when the US and the European Union are in dispute over bananas or beef, it is the WTO which acts as judge and jury. WTO members are empowered by the organisation to enforce its decisions by imposing trade sanctions against countries that have breached the rules.

What is wrong with the WTO?

In theory, the WTO is democratic, and each member has one vote. But in practice, the WTO is quite undemocratic, and poor countries are subject to bullying and exclusion from key discussions and decision making. Over 30 developing countries have no negotiators at the WTO headquarters. Other poor countries have only one negotiator, who has the impossible task of attending over 1000 WTO meetings a year.

What is the difference between Fair Trade and Ethical Trade?

Both Ethical trade and Fair trade aim to bring real benefits to the lives of workers in developing countries. Both seek to improve incomes and working conditions. But they differ in the groups of producers and workers they target, and in the methods used to achieve their objectives, as well as in the underlying objectives of the organisations involved in them.

Fair trade targets disadvantaged communities and organisations working with them, to enable them to be involved in international trade. Fair Trade involves working in partnership with producers to help them build their skills and capacity to trade more effectively with organisations in developed countries.

The term 'Ethical trade' is now most commonly used to refer to the work of the Ethical Trading Initiative (ETI). This is a partnership of high street companies, NGOs and trade unions, with support from the government. The ETI's aim is to ensure that internationally recognised labour standards, in particular fundamental human rights in the workplace, are observed at all stages in the production of high street goods sold in the UK. The ETI's work is based on standards laid down in Conventions agreed under the International Labour Organisation, which have the force of international law. For more information about the ETI, visit www.ethicaltrade.org

What is Fair trade?

Fair trade is about paying poor producers a fair price, and helping them gain the business skills and knowledge to work their way out of poverty. Fair trade is an alternative approach to conventional international trade. It is a trading partnership which aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, by awareness raising and by campaigning.

The goals of Fair trade are:

- To improve the livelihoods and well-being of producers by improving market access, strengthening producer organisations, paying a better price and providing continuity in the trading relationship.
- To promote development opportunities for disadvantaged producers, especially women and indigenous people, and to protect children from exploitation in the production process.
- To raise awareness among consumers of the negative effects on producers of international trade so that they exercise their purchasing power positively.
- To set an example of partnership in trade through dialogue, transparency and respect.
- To campaign for changes in the rules and practice of conventional international trade.
- To protect human rights by promoting social justice, sound environmental practices and economic security.

What is the FAIRTRADE Mark?

The FAIRTRADE Mark is the one independent consumer guarantee that goods on sale in mainstream retail outlets have been fairly traded. The Fairtrade Foundation awards the Mark to products using the core ingredients of coffee, tea, cocoa, bananas, sugar, honey, juice and rice which have been bought from internationally recognised Fair Trade sources. The Fairtrade Foundation checks that Fair Trade criteria have been adhered to.

Fair trading relations include:

- A price that covers the cost of production
- An additional social premium for development purposes
- Partial payment in advance to avoid small producer organisations falling into debt
- Contracts that allow long term production planning
- Long term trade relations that allow proper planning and sustainable production practices
- Fair production conditions include:
 - For small farmers' cooperatives a democratic, participative structure
 - For plantations/factories, reasonable working conditions and minimum environmental standards

While out shopping see if you can spot the Fair Trade Mark. It shows that what you're buying really does help those who have produced it. Find out which products carry the Fair Trade Mark and where to buy them on the Fair Trade Foundation website.

www.fairtrade.org.uk

Case Study :

With everyone buying Italian tomato paste, processing factories in Ghana don't need local tomatoes anymore.

Charles Avaala and Asugre Akaso can't sell their tomatoes. It's not because their tomatoes are bad or have gone squidgy, it's because Ghana – where they both live – has been bombarded with cheap tomato products from Italy.

Ghana's tomato farmers are blighted by world trade rules that work great for rich countries but leave poor countries out in the cold. Italian tomato farmers receive millions of pounds of financial help to process their tomatoes, meaning they can sell them cheaply, but Ghanaian farmers aren't allowed the same help.

You can't blame Ghana's buying public – if you had the choice of paying £1.50 for Italian tomato paste or £2.50 for the Ghanaian equivalent, which would you go for? But with no demand for Ghanaian tomato paste, there's no demand for Ghanaian tomatoes. Processing factories have closed down leading to job losses. Meanwhile, tomato farmers sell their juicy wares on the roadside for whatever people will pay.

The obvious outcome for people in Ghana who are already poor and depend on tomato sales for survival is lack of money for food, medicine and schooling. Farmer Charles Avaala hopes that the tomato industry will pick up again. 'Selling our tomatoes is a game of chance,' he says. 'It's heartbreaking to stand here and watch the fruit go rotten.'

Source: www.christianaid.org.uk search for 'Ghana tomatoes' for a PDF presentation.

Case Study :

In the Piura region of Peru many small-scale farmers and their families depend on the production of coffee to make a living.

Because coffee grows well in this hilly area, it is the principal cash crop for most farmers. In the past, income from their coffee has enabled them to feed their families and meet their basic needs. But during the early 1990s, the farmers found that they could no longer make a secure living from coffee.

They did not have enough money to invest in their land, and their small plots and ageing bushes were becoming less productive; government support for coffee farming was no longer available, and the price that the farmers received for their crop was often very low. Many farmers found themselves in debt and no longer able to feed their families.

This parable shows how, by organising collectively, the farmers of Piura were able to gain a better price for their coffee, and power to influence the wider coffee industry.

Classroom Activities

Lesson plan: Spreading the message about Fair Trade from the *Making a Meal of It!* Online resource www.oxfam.org.uk search for 'Making a meal of it'.

Age group: 7 - 11

Aims: To encourage children to consider Fair trade as an issue and develop and present an argument.

What to do:

1. Divide the children into small groups and assign each group a different product, for example honey, tea, coffee, cocoa, bananas.
2. In groups ask them to brainstorm the features they should consider in preparing an advert in the UK for a fairly-traded product. They should prepare a group list to share with the rest of the class. The type of things they might consider would include factors specific to their product and factors common to all fairly-traded foodstuffs. Suggestions might include: that the product tastes good, that the product is already popular with other consumers, that the producers benefit from the purchase of this product, that the producers have taken care of the environment.
3. The groups should then share their lists with the rest of the class so that a class list can be compiled. Points for discussion might include: will people be more willing to buy the product because it helps the producers?
4. The groups should then go on to design their own poster adverts for their products, concentrating on making the adverts as different as possible from those of standard goods.

Further activities:

Children could write a letter to a retailer in the UK telling them about their views on Fair trade.

Children could role-play a conversation between a fair trade company representative and a representative of a 'commercial' company.

Children could support Fair trade by discussing it in their school council and voting on promoting it to teachers, children, parents and their borough or borough steering group.

