

FAIR TRADE *fact sheet*

What is Ethical Trade?

Ethical Trade is an important and effective means of bringing benefits to workers in the South. It is having a real effect on large companies in the United Kingdom, encouraging them to look at all their trading activities.

The Ethical Trading Initiative (ETI) consists of companies, NGOs and Trade Unions “working to improve conditions of employment in the supply chains” of the goods sold on the High Street in the UK. It arose mainly because of pressure from consumers, who wanted retailers to act responsibly towards their suppliers at farm or factory level.

The ETI code is based on international standards and, briefly, includes:

- no forced labour
- freedom of association and the right to collective bargaining
- safe and hygienic working conditions
- no child labour to be used
- living wages to be paid
- no excessive working hours
- no discrimination
- regular employment to be provided
- no harsh or inhumane treatment.

Fair Trade has a different focus. It is an alternative approach to conventional international trade, being a partnership which aims at sustainable development for excluded and disadvantaged producers in the ‘South’ – Africa, Asia, Latin America, the Caribbean. These producers have no access to mainstream markets, so Fair Trade seeks to change the unfair structures of world trade to help create a fairer society. Poverty alleviation is a main objective.

See separate fact sheet *What is Fair Trade?*

trading for justice

people behind the products

The ETI in action

Each member of ETI is expected to take part in at least one pilot project, targeting particular products in South Africa, Zimbabwe, China, Costa Rica and Sri Lanka to date.

Sri Lanka

The **NGO** members of ETI have been keen to test approaches to monitoring in the clothing industry that make greater use of local **NGO** and trade union input, and ETI member companies agreed to explore the possibility of a pilot project in Sri Lanka. Discussions have been undertaken with suppliers, trade unions, **NGOs** and the government in Sri Lanka, with a view to developing a proposal looking at hours of work, living wages, freedom of association and housing.

Costa Rica

In 1999, a pilot project on the banana industry in Costa Rica was requested by ETI supermarket members, after allegations of infringement of the basic ETI code. A visit to Costa Rica was undertaken to consult with potential partners, including the main banana companies, the unions and **NGOs** involved with the banana sector. A pilot project was agreed in principle, and it is planned to monitor 8 plantations.

Since this project arose in response to allegations of specific labour rights violations, there is a need to work out how to respond fairly and appropriately to allegations of breaches of the ETI code, making no assumptions about the validity of the alleged breaches.

acknowledgement: Ethical Trading Initiative

**For further information about Fair Trade and the *people behind the products* project contact:
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