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STV004

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Sustainable Development and Empowerment through Fair Trade

A Minor Field Study of the Impacts from Fair Trade
Participation on Sri Lankan Producers and Workers

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Abstract

Fair Trade is a growing international movement with the aim to *empower* disadvantaged producers and workers in the developing world and to promote *sustainable development*. With an understanding of the increased economic globalization as unfair, Fair Trade seeks to make the relationships in the international trade more equitable. The aim of this thesis is to investigate the impacts from Fair Trade upon producers and workers as to examine if Fair Trade does promote sustainable development and empowerment. In order to do this, theories of development, sustainable development and empowerment have been used to define these multi-dimensional concepts in the theoretical framework. The empirical material was gathered during a two months long stay in Sri Lanka. Three Fair Trade Organizations; a tea plantation, a cinnamon farm and a garment factory were visited. During these visits focus group discussions with producers and workers were conducted. The results from this study show that there are many impacts from Fair Trade participation such as higher incomes, better housing conditions, greater knowledge about one's legal rights and increased participation in decision-making. Drawing from the identified impacts presented in this thesis, it is argued that Fair Trade participation does promote both sustainable development and empowerment.

Key words: Fair Trade, Sri Lanka, sustainable development, empowerment, globalization

Characters: 69 208

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Acknowledgements

There are many people that have contributed to this minor field study and therefore deserve to be mentioned. First of all I would like to thank Sida and Internationella programkontoret that through the minor field study scholarship program have sponsored this study. Many thanks also to the Department of Political Science at Lund University that granted me the scholarship and my tutor Anders Sannerstedt. This thesis never would have been possible without the help of my contact person in field, Mr. Roshan Lyman and his assistant Ms. Sandali Wijayatilake at the Delegation of the European Commission to Sri Lanka. Thank you very much for arranging meetings with the right persons. Through the advices and practical information from Annika Axelsson and Karin Stenmar my stay in Sri Lanka become a lot easier and memorable, thank you. I also would like to thank the following persons for helping me and informing me; Per Dans, Ms. Nalika Kodikara, Mr. Anton Marcus, Mr. Indika de Costa and the representatives from the Agricultural Export Department of the Gampaha district. Last but not least, my warmest thanks to all the persons that have been interviewed and participating in the focus group discussions, thank you all at Bio Tea Garden, PODIE, Tibbottugoda Farmer group and Dem Collective.

Lund, August 2006

Jenny Lindblad

List of Abbreviations

ATO	Alternative Trading Organizations
EDB	Export Development Board
EFTA	European Fair Trade Association
EPZ	Export Processing Zone
FINE	Cooperation between FLO, IFAT, NEWS! and EFTA
FLO	Fairtrade Labelling Organisations International
FTO	Fair Trade Organizations
FTZ	Free Trade Zone
FTZ&GSEU	Free Trade Zone & General Services Employees Union
GDP	Gross Domestic Product
IFAT	International Fair Trade Association
IFOAM	International Federation of Organic Agriculture Movements
IMF	International Monetary Fund
JAAF	Joint Apparel Association Forum
LTTE	Liberation Tigers of Tamil Eelam
NEWS!	Network of European Worldshops
NI	National (FLO-certification) Initiatives
OECD	Organization for Economic Cooperation and Development
PODIE	Peoples Organization for Development Import & Export
Sida	Swedish International Development cooperation Agency
SLR	Sri Lanka Rupee
UNDP	United Nations Development Program
WCED	World Commission on Environment and Development

List of Performed Interviews and Focus Group Discussions

Informant interviews:

Mr. Rajasingham, FLO (Fairtrade Labelling Organisations International) Fair Trade inspector, and Mr. Gratian A. Peiris, representative for EDB (Export Development Board), held 18th April 2006.

Mr. Anton Marcus, the general secretary for FTZ&GSEU (Free Trade Zone & General Services Employees Union), held 20th April 2006.

Ms. Manel Pandittsekere Rodrigo and Mr. T.G. Ariyaratne, assistant secretaries general from JAAF (Joint Apparel Association Forum), held 24th April 2006.

Mr. S. Vamadevan, medical officer at Bio Tea Garden, held 3rd May 2006.

Mr. Gnanasekaran, project manager at Bio Tea Garden, held 3rd May 2006.

Mr. Tyrell Fernando, the chairman of PODIE (Peoples Organization for Development Import & Export), held 9th May 2006.

Ms. Dammika Niroshenie, responsible for the administrative and commercial business at Dem Collective, held 14th May 2006.

Focus group discussions:

Focus group discussion 1, 12 workers and members of the joint body at Bio Tea Garden, held 5th May 2006.

Focus group discussion 2, 16 producers from the Tibbottugoda Farmer Group, held 9th May 2006.

Focus group discussion 3, 4 workers from Dem Collective, held 14th May 2006.

1 Introduction

1.1 Background

Through the process of globalization the developing countries have been closer integrated into the world economy in the same time as trade has become increasingly important. Exports have been growing much faster than many countries' Gross Domestic Product (GDP)¹. The developing countries in particular have had a rapid increase in exports which accounts for more than 25% of their GDP (Smith 2003 p.5, Oxfam 2002 p.8).

With this remarkable growth in exports, trade is becoming an increasingly important factor in the development process. Especially when the foreign aid to the developing countries to date has been superseded by the private capital flows (Elliot 1999 p.81, Todaro & Smith 2006 p.577). Many scholars claim that this trade liberalization at large benefits the developed countries and marginalize the developing nations (Smith 2003 p.5).

Due to the increased economic globalization and interdependency in the world trade, our daily consumption in the developed world has consequently become more intertwined with global issues of justice, solidarity and human rights (Oxfam 2002 p.20-22).

Fair Trade is a relatively new movement that tries to modify the negative aspects of globalization such as growing social and environmental inequalities between the developing and developed world (Nycander 1999 p.13, Micheletti et al. 2004 p.297). The driving force of Fair Trade is the perception that the present world trade order is unfair and that the trade relationships and rules regulating it favor the developed nations. Moreover the export-led production in the developing countries is considered to often exploit both the people and the environment (Nycander 1999 p.7).

Fair Trade encourages consumers in the developed world to buy goods so that the producers and workers get a fair price and salary for their labor and can ensure a sustainable living. In this way Fair Trade challenges the inequity on the global market, by trying to reduce poverty and to empower the producers and workers with the strategy of "trade not aid" (Raynolds 2002 p.2).

¹ Gross Domestic Product (GDP) is the "value of the total financial output of all goods and services produced in a single year within a country's borders" (Soubbotina 2004 p.12).

Two explicit goals with Fair Trade are the *empowerment* of producers and workers and the promotion of *sustainable development*. In the Fairtrade Labelling Organisations International's (FLO) 2005 annual report two questions are posed;

...does it [Fair Trade, author's note] really give those producers and workers in developing countries that need it most a greater influence on their situation ("empowerment"), and a better life for themselves and their children ("sustainable development")? (FLO 2006 p.1)

These are the questions that this thesis seeks to answer. At present, there is a lack of research concerning how individual producers and workers are benefiting from Fair Trade participation (Raynolds 2002 p.2, 17). Therefore, this study aims to redress this lack through exploring if Fair Trade participation leads to empowerment and sustainable development for Sri Lankan producers and workers.

1.2 Aim and Research Questions

The aim of this minor field study is to (i) explore if and how participation within the Fair Trade system has made any difference for Sri Lankan producers and workers and (ii) if this difference promotes sustainable development and empowerment. The definition of sustainable development and empowerment in this thesis encompass both the material and non-material needs of people. Moreover, earlier research shows that the impacts from Fair Trade participation are both material and non-material in character. Therefore, the following questions are asked in this study in order to answer the twofold aim:

- What are the material impacts for the producers and workers from participating in the Fair Trade system?
- What are the non-material impacts for the producers and workers from participating in the Fair Trade system?
- Have the material and non-material impacts promoted sustainable development and empowerment of the producers and workers?

In order to answering these questions, three focus group discussions with producers and workers from three different Fair Trade Organizations and seven informant interviews have been carried out during a two months long stay in Sri Lanka.

1.3 The Sri Lankan Context

Sri Lanka, or officially the Democratic Socialist Republic of Sri Lanka, is situated southeast of India and has an estimated population of 20 million people. About $\frac{3}{4}$ of the inhabitants are Sinhalese and $\frac{1}{5}$ is Tamils and the most important religions are Buddhism (68%) and Hinduism (18%) (www.wikipedia.org).

Sri Lanka became independent in 1948 after a long history of colonial rule dating back to the 16th century. Since the 1970s the country is plagued by a conflict between the government and the Liberation Tigers of Tamil Eelam (LTTE), fighting for autonomy for the Tamil minority. It is estimated that more than 65 000 people have been killed during this conflict. A truce was signed in 2002 but during 2006 the conflict has accelerated and today the situation is insecure (*ibid.*). Sri Lanka was one of the countries affected by the tsunami in December 2004, more than 40 000 people died and around 500 000 households were affected (UD 2005 p.1).

In comparison with other countries in South Asia, Sri Lanka is considered to have a relative favorable economy (*ibid.* p.5) with a Gross Domestic Product (GDP) annual growing rate of 5% (Swedish Trade Council). Despite this economic growth, 5% of the population is living in extreme poverty² and almost 40% lives on less than two US dollars per day. Furthermore it is estimated that 20% of the population is undernourished and does not have access to clean water. However, these statistics do not cover all the people living in the northern and eastern part of the country affected by the ongoing conflict where the poverty is believed to be widespread (UD 2005 p.3-5, 16).

In 1977 the importance of an export-led industrialization that attracts foreign investment was recognized. From a state planned import substitution trade policy Sri Lanka opened up its economy following the strategy of the World Bank and International Monetary Fund (IMF) including privatization and market-oriented policies. Due to the new economic policy, several Export Processing Zones (EPZs) were established and in 1992 whole Sri Lanka was declared a Free Trade Zone (FTZ) area (Heward 1997 p.5-6). Ever since, the importance of export has increased and in 2003 the exports accounted for 27.7% of Sri Lanka's GDP. Garments and tea are the most important export commodities, followed by amongst others spices, gems and rubber (Swedish Trade Council).

² To live in extreme poverty means that a person is living on less than one US dollar per day according to the definition of the United Nations (see www.un.org)

1.4 Delimitations

The aim and focus of this study is to explore the impacts on producers and workers from Fair Trade participation. The theoretical framework adopted in this thesis is based upon the beliefs guiding the Fair Trade movement, including a critical approach to neoliberal globalization and economic liberalization. Furthermore, the objective is not to describe how the Fair Trade system operates in detail or to perform a critical examination of Fair Trade. However, with more time and space it would have made it more nuanced and comprehensive to incorporate other perspectives upon globalization and liberalization and to give a more in-depth picture of the Fair Trade system. Moreover, within the theories of empowerment special attention is given to the empowerment of women which is not at all evaluated in this thesis.

1.5 Definition of Concepts

In this thesis the terms of *developing* and *developed* is used in order to make a distinction between the richer (mainly the OECD countries) and the poorer countries. These concepts are loaded since they imply a world hierarchy. Nonetheless, these are used since they are the acknowledged terms in the academic world, including literature from the “developing world”³. When using the expression *Fair Trade system* the whole world wide network of different Fair Trade Organizations are incorporated. *Fair Trade Organizations* (FTOs) are all different kinds of organizations ranging from producer groups, cooperatives, exporters, importers and Fair Trade labeling initiatives involved in Fair Trade.

1.6 Outline of the Thesis

In the next chapter the theoretical framework will be set out, including theories of globalization, liberalization, sustainable development and empowerment, finishing by a presentation of the major actors and the functions of the Fair Trade system. In chapter three the methodological concerns of this study will be presented and discussed. An overview of the three business sectors; tea, spices and garments and a presentation of the visited Fair Trade Organizations are available in chapter four. The empirical findings from this field study will be

3 For an excellent discussion see Elliot 2004 p.167-168

presented in chapter five followed by the analysis of the results in chapter six. Finally, the thesis will be ended by a concluding discussion in chapter seven.

2 Theoretical Framework

The academic literature and research on Fair Trade in general and its impacts upon producers and workers in particular is very limited. Hence, in order to put this thesis into a context, the fundamental thoughts and ideas to why there is a need for the Fair Trade system will be presented. First a critical view upon the neo-liberal globalization and liberalization will be given, followed by a discussion of sustainable development and empowerment that are two of Fair Trade's main objectives. Finally, this chapter is ended by a presentation of the Fair Trade system.

2.1 Globalization and Liberalization

One of the most frequently used concepts when discussing trade, development and international political economy is globalization (Todaro & Smith 2006 p.578). Globalization is a multi-dimensional concept and can be understood in many different ways. In this thesis, the focus lies on the economic dimension of globalization and thus is defined and discussed in terms of internationalization and liberalization, with the focus on the latter. *Internationalization* describes the process of the increased international interdependency and exchange whereas *liberalization* refers to the increasing integration of the international economy through the creation of a borderless and open world economy (Scholte 2000 p.15-16).

The neo-liberal view of globalization and liberalization, including the idea that market forces will bring about democracy, prosperity and liberty to all humans has been the prevailing one. Since the 1980s most countries and their governments have been adopting economic policies accepting these thoughts (ibid. p.34-35), resulting in among other things increased privatization, export-led production and market-based policies.

The impact from this neo-liberal approach to globalization has been enormous in the developing world. Many of these countries were forced during the 1980s and 1990s, in line with the policies of IMF and the World Bank, to implement free markets due to debt conditions and to attract foreign investment to achieve economic growth (Thomas 2005 p.646, Elliot 1999 p.31). This has led to that many developing countries have become dependent on their export-led production and at present suffer from for example increased poverty, rural-urban mass migration and environmental degradation, identified as some of the negative impacts from globalization and the world trade (Nicholls & Opal 2004 p.32).

2.2 From Development to Sustainable Development

According to Elliot (1999) many practitioners and academics both in the developing and developed countries agree upon that the development thus far too often is unsustainable (p.1). This section seeks to explain the shift in focus from a conventional view of development, to a more multi-dimensional understanding of development including sustainability and human development.

2.2.1 Development

The dominant understanding of development has since the Second World War been associated with economic growth, in a free international economy and market, as necessary to combat poverty (Thomas 2005 p.646-649). The traditional understanding of poverty considered only the unfulfilled material needs of people including low income, low consumption, poor nutrition and poor housing conditions (Soubbotina 2004 p.33). Although remarkable international economic growth has occurred ever since, the gap between the developed and the developing world is growing and in some parts of the world poverty even is increasing (Thomas 2005 p.646-649).

However, it is now acknowledged that development is more than merely economic growth and that poverty also includes non-material dimensions such as health, education, voicelessness and lack of power to increase one's living situation (ibid. p.647-649). Amartya Sen, one of the leading scholars on the meaning of development, has expressed this in the following way:

Economic growth cannot be sensibly treated as an end in itself. Development has to be more concerned with enhancing the lives we lead and the freedoms we enjoy (Sen 1999 p. 14)

Hence, within the field of development there has been a shift in focus from economic growth to what is defined as human development. The concept of human development includes all dimensions of people's wellbeing from health to political freedom. Economic growth is still viewed as important but not as an end itself but rather as a means to achieve human development (Soubbotina 2004 p.7).

Todaro & Smith (2006) have developed a definition of development that considers this more encompassing view of both development and poverty. Three key values of development are identified and understood of as universal and striven for by all humanity; *sustenance*, *self-esteem* and *freedom*. Drawing from those three "universal values of development" three fundamental objectives of development is identified (Todaro & Smith 2006 p.21-22).

The development objective of sustenance refers to both the widening of the distribution of and the increased availability of the most basic goods such as shelter, health, food and protection. In order to generate self-esteem and to enhance the material wellbeing of people, it is important to increase the living standards and not only in terms of higher incomes. In addition, better education

and more attention to the human values also are of great importance. Human freedom includes the expansion of social and economic choices that are available for people and to free people from dependence and servitude. Economic growth is seen as important to achieve those objectives, however;

‘The advantage of economic growth is not that wealth increase happiness, but that it increase the range of human choices’ (W.Arthur Lewis quoted in Todaro & Smith 2006 p.22)

Hence, according to the definition of development used in this thesis, economic growth can be seen as necessary as a means for development but not enough for development to be achieved.

2.2.2 Sustainable Development

The notion of sustainable development is contested, it has been suggested that more than 70 different definitions exist. Literally, sustainable development means “to maintain development over time” (Elliot 1999 p.7). As a political concept and goal sustainable development was popularized in 1987 through the World Commission on Environment and Development’s (WCED) report “Our Common Future” where it is defined as:

[D]evelopment that meets the needs of the present without compromising the ability of future generations to meet their own needs (WCED 1987 p.43)

One of the principles behind this definition is that in order for development to be sustainable it must stress the human needs and especially those of the poor. Further, the importance to incorporate economic, social, cultural and ecological aspects of development was illuminated. Economic growth was acknowledged as important to overcome poverty which was identified as one of the major cause to the environmental degradation. However, the economic growth needed to be changed and become less material and energy intensive in character according to the report. Additionally, economic growth has to meet the essential basic human needs such as for example food, housing, water, energy and health care to be sustainable. It was also established by the Commission that equity and social justice between and within generations is a requirement for a sustainable development (Elliot 2004 p.158-160).

The following objectives of sustainable development have been advanced by Soubbotina (2004 p.10) in order to give examples of what this complex concept of sustainable development encompasses⁴.

⁴ These are only examples of the objectives of sustainable development. The list could be made longer, however these are mentioned just to give an idea of what kind of goals that are incorporated in the concept

- *Economic objectives of sustainable development*: growth, efficiency and stability
- *Social objectives of sustainable development*:: full employment, equity, security, education, health and participation
- *Environmental objectives of sustainable development*: healthy environment for humans, rational use of resources and the conservation of non-renewable resources

To conclude, development has to be equitable and balanced in order to continue indefinitely. Thus, the interest of different groups, both within and between generations have to be balanced and all the important dimensions of sustainable development; economic, social and environmental has to be integrated (ibid. p.9-10).

2.3 Empowerment

The term empowerment has become a frequently used term in the academic discussions as a development goal. Despite this there is no consensus in the existing research and literature over a definition or how to measure it and track changes (Mosedale 2005 p.243). However, in its broadest sense, empowerment is defined as:

[T]he expansion of freedom of choice and action for increasing one's authority and control over the resources and decisions that affect ones life. (UNDP 2004 p.122)

Power is central to the idea of empowerment, in this thesis power is understood as “power to” or as Kabeer (2002) describes it; “the ability to make choices” (p.18). Empowerment is understood as a social process where people either are empowered or disempowered in relation to others but also in relation to themselves in a time perspective. To be disempowered or disadvantaged means that the current power relations work in a way that affects the possibility to make choices, affects the wellbeing and opportunities of people in a restraining manner (Mosedale 2005 p.243-244). In other words, disempowerment means that a person has no ability to choose for oneself.

Hence, empowerment is recognized as the transformation of power relations in favor of the disadvantaged that are facing limitations in making voluntary choices and exercising power (UNDP 2004 p.121).

The available research on empowerment offers a wide range of dimensions of where empowerment can occur. Within the field of development studies three fundamental components of empowerment have been identified; *economic, social*

and *political*⁵. *Economic empowerment* entails the increased opportunities of people to pursue economic gains, for example access to credit and higher income. This is critical for the wellbeing of people since poor often are excluded from equal access to economic opportunities due to for example lack of information and market regulations. *Social empowerment* is the process where both human capabilities such as the access to water, health care and education, and social capabilities such as dignity, feeling of belonging and participation in social organizations are expanded. *Political empowerment* includes, in addition to gaining the power to vote and participate in the political life, the legal empowerment of people which refers to the acquirement of the necessary legal knowledge to protect and assert one's rights (UNDP 2004 p.12-13,122-125).

Hence, in this thesis empowerment is defined as the process of gaining the ability and the power to improve one's life situation in the economic, social and political dimensions.

2.4 The International Fair Trade Movement

Fair Trade is a growing global movement that is well-established in many countries in the developed world (Oxfam 2001 p.21). The global sales of Fair Traded products increased from 600 million US dollars in 2002 to 895 million US dollars in 2003 (Nicholls & Opal 2005 p.5). It is estimated that more than one million people and their dependents in the world are benefiting from participating within the FLO system⁶ (FLO 2006 p.5). This is one of the greatest reactions to the problems of the producers and workers in the developing world (www.maketradefair.org).

2.4.1 Definition of Fair Trade

The two fundamental objectives of Fair Trade are to have an impact upon the producers' and workers' development and the need to be sustainable (Nicholls & Opal 2005 p.201). The most widely accepted definition of Fair Trade is the following and was developed by FINE (see the next page for an explanation of FINE) in 2001;

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seek greater equity in international trade. It contributes to *sustainable development* [author's italicization] by offering better trading conditions to, and securing the rights of, marginalized producers and

⁵ For further reading and for a more comprehensive picture of these three different dimensions see UNDP 2004

⁶ It has not been possible to find reliable figures of how many producers and workers that are estimated to benefit from the Fair Trade in general

workers - especially in the South. [...] Fair Trade's strategic intent is: deliberately to work with marginalised producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency, to *empower producers and workers* [author's italicization] as stakeholders in their own organizations, to actively to play a wider role in the global arena to achieve greater equity in international trade (EFTAA).

2.4.2 General Key Practices of Fair Trade

Nicholls & Opal (2005) have identified the following operational definitions of Fair Trade that can be said to be general for all kinds of Fair Trade (p.6-7):

- Agreed minimum prices, usually set ahead of market minimums
- Focus on development and technical assistance via the payment of a agreed social premium (often 10 per cent or more of the cost price of the goods)
- Direct purchasing from producers
- Transparent and long-term trading partnerships
- Provision of credit when requested
- Provision of market information to producers
- Farmers and producers are organized democratically
- Sustainable production is practiced
- No labor abuses occurred during the production process

2.4.3 The Major Actors within the Fair Trade System

There are four major international organizations working with Fair Trade, these are Fair Trade Labelling Organisations International (FLO), International Fair Trade Association (IFAT), Network of European World Shops (NEWS!) and The European Fair Trade Association (EFTA). When these four organizations cooperate they do it under the name of FINE (Rignell 2002 p.24).

In this thesis the focus will be on FLO and IFAT since the Sri Lankan Fair Trade Organizations that have been visited for the purpose of this study are certified by any of these. Before presenting the two of them, a brief overview of the other organizations is given below.

The purpose with FINE is to streamline the cooperation between all different Fair Trade actors (Friholt 2003 p.42). EFTA was established in 1990 and constitutes of eleven Fair Trade importers from nine countries in Europe. EFTA is amongst other things working to make the trade with Fair Traded goods more effective and lobbying for Fair Trade within the political sphere such as the European Parliament (EFTAb). NEWS was established in 1994 and is a network

consisting of 15 national World Shop associations from 13 different countries and thus represents more than 2500 Worldshops. The aim with NEWS is to link the Worldshops in Europe and to initiate, direct and promote joint campaigns (www.worldshops.org).⁷

2.4.4 Fairtrade Labelling Organisations International (FLO)

FLO International exists to improve the position of the poor and disadvantaged producers in the developing world, by setting the Fair Trade standards and by creating the framework that enables trade to take place at conditions favourable to them (FLO 2002 Mission Statement)

The Fairtrade Labelling Organisations International (FLO) was founded in 1997 and to date consists of 20 different National Initiatives (NI) who market and promote Fairtrade labeled products in their respective country (FLO 2006 p.5.). This makes FLO the largest system in the world for social certification (Nicholls & Opal 2005 p.128). By establishing standards and controlling that these are followed during the production process through inspections, FLO guarantees that the product has been produced with respect to human rights (Föreningen för Rättvisemärkt 2005 p.7-10). There are three different kinds of Fair Trade standards: producer organizational requirements, sustainable production requirements and trade standards (Nicholls & Opal 2005 p.129-131).⁸

FLO guarantees that a minimum price or a minimum wage that people can make a living of is being paid. Additionally, a social premium is paid by the importers for the sold Fair Trade products to the cooperative or the farm workers' organization. This money must be spent on social developmental project that benefits the whole producer community (ibid. p.45-47).

To conclude the purpose of FLO is to guarantee a reasonable price for the product produced and through a long term business relationship offer a stable base for development for the small-scale producers and the employed that otherwise are being abused because of the terms offered by the conventional world trade.

2.4.5 International Fair Trade Association (IFAT)⁹

IFAT's mission is to improve the livelihoods and well being of disadvantaged producers by linking and promoting Fair Trade Organisations, and speaking out for greater justice in world trade (IFATa)

⁷ For further reading about those organisations see www.worldshops.org and www.eftafairtrade.org

⁸ For a more detailed description of the certification process, the Fairtrade standards and how FLO is organised see www.fairtrade.net

⁹ Formerly International Federation of Alternative Trade thereof the abbreviation IFAT

IFAT consists of 300 FTOs from 70 countries whereof 65% are based in the developing countries. The members represent all different steps in the production chain, from producer organizations and exporters to importers and Fair Trade networks (IFATb). The aim of IFAT is to improve the situation for the poor people through facilitate the creation of networks, spread information and give technical support to the business, improve the possibilities for contact with markets for Fair Traded goods and to educate, making campaigns and lobbying for the sake of Fair Trade (Friholt 2003 p.41).

IFAT has developed the “Code of Practice” in accordance with the different actors in the developed world and developing world which must be followed by all actors involved in the business chain (IFATc). In order to build trust for Fair Trade, a three-step monitoring system exists to guarantee that the members of IFAT follow the Fair Trade principles. Through self-assessment, mutual review and external verification the standards are secured (IFATb).

3 Method and Material

3.1 Method

3.1.1 A Multiple-case Study

The empirical material in this thesis is based upon an explorative multiple-case study (see Yin 2003 p.13-19) conducted during April to June 2006 in Sri Lanka. Following the recommendations of Yin (2003), more than one case is investigated, since this makes the analytical benefits more substantial (ibid. p.53). Three different Fair Trade Organizations within three of Sri Lanka's most important industries, tea, garment and spices were visited. In order to get as much width in the material as possible the visited Fair Trade Organizations participate within the Fair Trade system in different ways. The tea plantation is certified by FLO, the cinnamon plantation by IFAT and the garment factory are certified by both FLO and IFAT.

In the sampling process it has not been the goal to find the most representative Fair Trade Organizations but rather to grasp as many angles as possible. The three different cases were chosen primarily because they represent different important industries for the Sri Lankan economy and the different way they are participating within the Fair Trade system. However, the intention is neither to compare these three different cases nor to compare FLO and IFAT, but rather to be able to say something about the practice of Fair Trade (no matter what kind of certification or what kind of products you are selling) and its impacts.

Before going to Sri Lanka, a meeting was arranged in Gothenburg with one of the managers from Dem Collective. It was agreed that a visit to the factory in Sri Lanka was possible. The manager did also recommend some interesting people involved in the Fair Trade business in Sri Lanka. In addition, when arriving to Sri Lanka an initial meeting with the contact person in field was held at the Delegation of the European Commission to Sri Lanka in Colombo. After stating the aim of the field study, meetings with persons and organizations that could be valuable for the study was arranged and in turn these people set up meetings with other interesting people and organizations. This method for gathering the material is called snowball sampling (see Halvorsen 1992 p.102).

3.1.2 Informant Interviews and Focus Group Discussions

When conducting case studies interviews are one of the most important sources (Yin 2003 p.89). In this study both unstructured informant interviews and focus group discussions have been carried out in order to gather the empirical material. In total seven informant interviews and three focus group discussions with producers and workers were performed.

The aim with performing informant interviews is to obtain knowledge about a phenomenon where the interviewee is expected to give the researcher information about what the reality is like. With this kind of interviews there is no reason to ask the same questions to all interviewees, however it is important to critical value the obtained information since it is being used as a source (Esaiasson et al. 2004 p.253-254).

Focus group discussions take place when a number of people are getting together to discuss a certain topic. The strengths are that the interviewees can complement each other and react on the others' statements. It is a good technique when searching for collective opinions regarding a certain phenomenon (Halvorsen 1992 p.86). Additionally, the use of focus group discussions reduces the interviewer's role and influence (Esaiasson et al. 2004 p.346).

The participants of the focus group discussions were selected by the management of the visited organizations. At Bio Tea Garden for example, the participants were all members of the joint body¹⁰. Thus, this makes it difficult to value how well these participants' views and knowledge represent the average workers.

Before the interviews and focus group discussions two separate interview guides were prepared to function as guidance to make sure that all topics necessary for answering the aim would be covered (see Holme & Solvang 1997 p.100-101). Regarding the informant interviews a new interview guide was developed for each interview since the informants possessed different kinds of information. The main question guiding the focus group discussions and the interview guide was: *Can you tell me about how it was before you entered this Fair Trade Organization and how it is now?*

All the interviews and focus group discussions started with a presentation of the author and the purpose of the study. Something that characterized all the focus group discussions and interviews was that hardly any questions had to be asked, the participants spoke very freely and the only time direct questions were asked was to make sure that a topic would be covered. During the interviews and focus group discussions notes were taken and following the advice of Esaiasson et al.

¹⁰ The joint body is the democratically elected body that are deciding upon how to spend the social premium paid for the FLO certified products

(2003) these were written down immediately after the interview or focus group discussion occasion.

During the focus group discussions interpreters from the visited organizations were used. There is always a risk that the meaning or information might be misunderstood when using interpreters. However, during all the focus group discussions more than one interpreter attended which hopefully reduced the risk for eventual misunderstandings. Perhaps it would have been preferable to have an interpreter from the outside to reduce the risk of bias. However, having interpreters from the organization was experienced as something positive since the ambiance during the focus group discussions was very relaxed.

3.1.3 Observations

During the visits to the tea plantation, tea factory, cinnamon farm and garment factory the opportunity to make direct observations was given. Instead of developing a formal observational protocol, less formally observations were made during the interviews and focus group discussions. When visiting the different organizations, observations of the condition of buildings and work space, the physical surroundings and the way people interacted during the interviews, were made (see Yin 2003 p.92-93).

3.1.4 Ethical Considerations

When performing interviews it always affects people in one way or another. Therefore it is important to consider the ethical aspects of the study and the people that are participating. The principles of *informed consent* were followed, the interviewees was informed about the general aim of the study to investigate the impacts from Fair Trade, and that the results should end up in a master thesis in political science. Regarding the *confidentiality*, the respondents that participated in the focus group discussions are held anonymous. However, all the informants have agreed upon participating with their names and have read through the notes from the interviews and got the chance to correct eventual misunderstandings and hence are referred to with name and occupational status (see Kvale 1997 p.107-109).

3.1.5 Reliability and Validity

Regarding the *reliability*, to what extent the results are reliable and replicable (Halvorsen 1992 p.42), the author has tried to as far as possible be explicit about how the study has been performed. A study that measures what it is intended to measure is characterized by high *validity* (Holme & Solvang 1997 p.167). With a twofold aim of investigating the impacts from Fair Trade and whether these promote sustainable development and empowerment, the issue of validity needs to

be considered on two levels. First, it is important to be aware of the difficulties to know for sure that the found impacts really are the results from Fair Trade participation¹¹. Secondly, the concepts of sustainable development and empowerment must have been defined and operationalised in a proper way. Through relying on earlier scholars' accepted definitions of these concepts the definitional validity is considered to be high (see Halvorsen 1992 p.41).

3.1.6 Criticism to the Method

When measuring change the optimal is to gather data from many different points of time. As this study is performed it is rather an on-the-spot account (Halvorsen 1992 p.62). However, through asking the participants to describe what it was like before they participated in Fair Trade and what it is like now, it is still possible to trace a change.

Since the author had the possibility to spend more time at Bio Tea Garden, more material was gathered from there than during the other visits. However, this is not considered to be a problem since it is not a comparative study in that sense.

To conduct focus group discussions with 12 and 16 participants borders on to what is practicable. The drawbacks are that it might be someone not expressing his or her opinions to the same extent as should have been the case with a smaller group. Still, with a larger group of people many different opinions are uttered which is here seen as a strength.

3.2 Material

As a complement to the primary material gathered through the interviews and focus group discussions, secondary sources have been used. Examples of secondary sources are the visited organizations' own printed material and annual reports, statistics and information from different organizations and institutions in Sri Lanka including websites. As much as possible, material from Sri Lankan sources has been used when describing the situation in the country.

The material for the theoretical framework has been collected mainly through literature covering Fair Trade aspects, globalization and trade, development and trade and questions of sustainable development and empowerment. As mentioned in the delimitation section (see section 1.4) the selection of material is based upon the view of globalization and liberalization adopted by the Fair Trade advocates and hence the material is biased in that sense. Moreover, no criticism to Fair

¹¹ Reynolds (2002) points out that it is difficult to causally prove that the found impacts are a direct result from Fair Trade participation. Especially when only a small share of the production is sold as Fair Trade (p.18)

Trade, sustainable development and empowerment has been incorporated which also makes the material less nuanced.

Much of the information used in this thesis has been gained through internet sources. Mainly those websites are provided by large and well-known organizations and authorities and therefore the material is regarded as valid.

As far as possible the gained information has been triangulated through comparing the information from interviews with other testimonies, my own observations and other kinds of sources.

4 Presentation of the Business Sectors and the visited Fair Trade Organizations

Before the impacts upon the producers and workers from Fair Trade participation in this study are presented in the next chapter, an overview of the respective business sectors will be presented followed by a short description of the visited Fair Trade Organizations.

4.1 An Overview of the Sri Lankan Tea Industry

The tea from Sri Lanka is said to be the best in the world (Sri Lanka Tea Board) and tea cultivation has a long history in the country. It was during colonial rule that the British introduced the tea for more than 130 years ago. At present almost 190 000 hectares of Sri Lanka's hill country is covered with tea plantations (EDBa).

Sri Lanka is the third biggest tea producing country in the world. During the first quarter of 2006, the export of tea constituted during about 34% of the total export income for Sri Lanka. Almost all produced tea in Sri Lanka is being exported; 92-95% of all tea production is estimated to be exported in 2006. The tea sector is one of the largest employers in Sri Lanka since the business provides both direct and indirect employment for around one million people (Sri Lanka Tea Board).

It is estimated that 85 000 Tamils are living and working at the tea estates in Sri Lanka. These people are descendants from the workers that the British brought from India in the beginning of the 19th century to work at the plantations. Due to the Sri Lankan history the Tamil tea workers have suffered from low status due to language barriers and difficulties to get employment outside of the tea estates. It was first in 2003 that this group of people acquired Sri Lankan citizenship and got the right to education. Hence, the literacy is very low at the tea plantations (UD 2005 p.23).

Moreover, the working conditions at the tea plantations are in general worse than the average working conditions in the country. One illuminating example is that 85% of the children are undernourished and the infant mortality is twice as high at the tea plantations, in comparison with other parts of Sri Lanka (www.fairtradecenter.se).

4.1.1 Fair Trade Tea - Bio Tea Garden

Three days were spent at Bio Tea garden in the UVA-region in Sri Lanka. The first day included a guided tour at the estate, a visit to the medical office, a day care centre, a preschool, the houses in a division and the IT-centre. Also, an interview with the project manager was performed. The second day the tea factory was visited and the last day a focus group discussion with the members of the joint body together with two interpreters was carried out.

In 1982 the company Stassen Natural Foods took over the tea plantation from the previous management which marked the beginning of better conditions for the workers. In 1987 Bio Tea Garden was the first tea plantation in the world to become organic certified by International Federation of Organic Agriculture Movements (IFOAM). When Bio Tea Garden later on became FLO certified they did not have to change anything regarding their practices (Gnanasekaran 2006).

There are 71 staff members working with social development projects aiming at improving the situation for the workers. Bio Tea Garden is running many different social development projects ranging from offering sport and cultural activities to provide family counseling and women programs. At Bio Tea Garden all the social development work is following a ten year master plan that the manager of the plantation makes sure is followed even if the incomes do not cover the costs. According to the project manager this differs from other Fair Trade plantations in Sri Lanka that are according to him dependent upon the social premium to finance these kinds of projects (ibid.).

The total population at the tea estate is 2372 whereof 1160 are workers and out of these are 600 females and 560 males. Not all tea produced at Bio Tea Garden is sold to the Fair Trade market since they also are selling their tea to the organic and specialty tea markets (ibid.).

4.2 An Overview of the Sri Lankan Spice Industry

Due to its export oriented character the spice industry plays an important role in the Sri Lankan economy. The most important spice crops are cinnamon, pepper, nutmeg, clove and mace (EDBb). The spice industry in Sri Lanka is a very important cash provider for approximately 400 000 smallholder farm units in the country. Those smallholders are providing 70% of the spice production (USAID). Spices are the fifth largest export income earner for Sri Lanka, contributing with 8 billion SLR. Cinnamon is the most important spice for Sri Lanka concerning export earnings and employment (The Spice Council p.6) accounting for 50% of the total spice export (USAID). The cinnamon originates from Sri Lanka and the country is producing 60% of the global supply (PODIE 2005 p.10).

Many small-scale spice farmers are facing difficulties in Sri Lanka such as the inaccessibility to their villages, lack of water, problem to find a market for the products and the dependency on middlemen (ibid. p.2-3).

4.2.1 Fair Trade Spices - Peoples Organization for Development Import & Export (PODIE)

One full day was spent at the Peoples Organization for Development Import and Export (PODIE) in Negombo and the Tibbottugoda Farmer Group located in the Gampaha district. The chairman of PODIE was interviewed and a guided tour in PODIE's processing unit was given. In the afternoon a focus group discussion with the producers at the Tibbottugoda Farmer Group were carried out and a producers training activity was attended.

PODIE is a certified member of IFAT and started out in 1974 as an Alternative Trading Organization (ATO) with the objective to eradicate the existing middlemen and create a new group of middlemen in order to make sure that both producers and consumers benefits from the trade relationship. PODIE buys the raw material directly from their member producers, paying 25-40% more than the market price. PODIE has its own processing unit where the spices are processed and packaged before exportation. The 65 workers at the processing unit benefit from working for PODIE through for example medical schemes, library facilities and access to loans (PODIE 2005 p.2-4, Fernando 2006).

PODIE is organized as a cooperative, in the Board of Directors six members out of ten represents the farmer groups and workers. The directors hold meetings once a month. Meetings with the producers and workers are held when necessary and at those meetings the problems are being discussed and the views and ideas of the producers and workers are taken into account for immediate action (PODIE 2005 p.3). In addition to the Fair Trade certification PODIE became organic certified in 2005 by Skal ¹²(Fernando 2006).

The farmer groups that are members of PODIE are situated in difficult areas of Sri Lanka and there are in total nine producer groups working together with PODIE. A visit was made to PODIE's largest producer group, Tibbottugoda Farmer Group located in the Gampaha district in the western province of Sri Lanka, north of Colombo. This farmer group is producing cinnamon and at present sells all their production to PODIE. The farmer group consists of 70 families, 172 male workers and 178 female workers and the total area of cultivation is 105 acres (PODIE 2005 p.5).

¹² Skal is the inspection body for organic production in the Netherlands see www.skal.org

4.3 An Overview of the Sri Lankan Garment Industry

Sri Lanka is traditionally an agricultural economy but now the earlier important exports such as tea and rubber have been superseded by the apparel industry. In 2001 the total amount of exports reached the number of 2333 millions US dollars followed by tea with 690 million US dollars which makes the garment sector the biggest export earner (EDBc).

About 51% of the total export earnings come from the garment industry in Sri Lanka and the total contribution to the GDP is 5.5%. The Sri Lankan apparel industry provides apparels to designer brands to among others Calvin Klein, Marks & Spencer, Triumph and Tommy Hilfiger. More than 340 000 workers are involved directly in 830 factories in the country and as many as 700 000 indirectly which makes it the biggest employer in Sri Lanka (Pandittesekere 2006 & Ariyaratne 2006, JAAF).

Of the workers involved directly in the business 82% are women. Due to the Sri Lankan history and culture, these women get a bad reputation since they are leaving their families and rural towns to move to the big cities to work and earn money (Marcus 2006).

The results from a very extensive Sri Lankan research project concerning the situation of the female workers in garment factories highlighted some problems; only 44, 8% had a contract of employments and 12, 4% did not know if they had it or what it was. Although 8-9 hours of work was considered a normal working day, they are often forced to work up to 14 hour per day due to the target system. The wage for a machine operator, working full-time differed from 2180 SLR to 2800 SLR per month (Heward 1997 p.3-4).

4.3.1 Fair Trade Garments - Dem Collective

In total two days were spent at Dem Collective in Kadawhata, during the first day informal conversations with the two managers took place and a round tour of the factory was given. During the second day an informant interview and a focus group discussion were performed.

Dem Collective was established in 2003 with the aim to introduce a new concept within the garment industry. The unique with this concept is that these clothes are being produced by Fair Traded and organic raw-material and that the production process itself follows the IFAT standards for Fair Trade (www.demcollective.com).

Dem Collective is a Swedish owned company with a factory in Kadawhata, north of Colombo, where six persons are working, four are sewing, one is responsible for the security and one is taking care of all the administrative matters. All the produced clothing is exported to the Swedish market (Niroshenie 2006).

Dem Collective can through the supervision of all the stages of production and the fully transparency of the production chain, from suppliers of the raw-material to the production in their own processing unit, guarantee that the Fair Trade and organic principles are being followed (www.demcollective.com).

According to the general secretary for the Free Trade Zone & General Services Employees Union (FTZ&GSEU) Dem Collective is the first Fair Trade factory:

...we are always talking about Fair Trade but until Dem Collective there was no such thing within the garment industry... (Marcus 2006)

FTZ&GSEU is looking upon Dem Collective as something that can challenge the whole garment industry. The reason for this is that the common argument from employers within the business is that they cannot treat their workers in a fair way because of the competition. However, Dem Collective shows that it is possible to do it in a different way (ibid.)

5 The Impacts from Fair Trade

In this chapter the results from the study is presented. As this thesis aims to investigate whether Fair Trade participation makes any difference in terms of material and non-material impacts for the producers and workers, the findings are divided and presented accordingly. During the interviews, focus group discussions and observations several impacts were identified and these have been crystallized below. If these impacts promote sustainable development and empowerment will be discussed and analyzed in the next chapter.

5.1 The Material Impacts from Fair Trade

5.1.1 A Higher, More Secure and Equitable Income

One of the most obvious impacts for the producers and workers from Fair Trade participation is the increased payment. All participants earn more money now than before. It is also being expressed as a big difference that nowadays they are getting properly paid when working overtime. At Bio Tea Garden the workers get paid the legal governmental minimum wage of 200 SLR¹³ per day. The previous management paid the workers less than the legal minimum level; they got 105 SLR per day although the governmental level was 150 SLR. Today both women and men have the same salary whereas the men used to get paid more before. In addition to the minimum wage, the workers get a social premium of 10 SLR per kilo sold tea through the joint body that is spent on social development projects. Moreover the workers claim that it is better now because:

Now if we work more and harder we get more money, if we pick more [tea leaves, author's note] we get 10 rupees extra per kilo but if we do not reach the target there is no fine system. It was not like this before Stassen. (Participant focus group 1)

The Tibbottugoda Farmer group sells their cinnamon for 540 SLR per kilo to PODIE, although the market price at present is 450 SLR. A cinnamon farmer expresses his concerns in the following way:

¹³ 100 Sri Lanka Rupees are equivalent to 7,52 SEK according to the currency converter at www.di.se 27th July 2006

It is very good and high valued with the extra money that comes from selling to PODIE but because of the bad Sri Lankan economy it is not enough (Participant focus group 2)

The workers at Dem Collective earn either 10000 SLR or 11000 SLR per month depending on earlier working experience. Additionally, the employees get 50 SLR extra per day to cover the food expenses during office hours. According to one of the workers:

Some months it is more than enough and other months there are many bills to pay for the children's education and housing. This salary is much better than when I worked in another garment factory where I only earned 6000 SLR. (Participant focus group 3)

5.1.2 Better Health and Access to Health Care

At Bio Tea Garden an extensive health program is being run. There are a large number of activities aiming to improve the health of their workforce and neighbor villagers. For example, there are child welfare, parents meetings, mobile clinics going once a month to the divisions provided. According to Bio Tea Garden's own reports the efforts have given results, the malnutrition has been decreasing from 30% in 1997 to 7% today and the mother and child-mortality is at date zero percent (Vamadevan 2006). Today all health care is free of charge for the workers:

Before Stassen took over there were no medical officer or dispensary and if we were sick we had to pay for the medical care ourselves, now it is free of charge and we get transported if we need to go to the governmental hospital. (Participant focus group 1)

For the workers in the processing unit employed by PODIE medical schemes are provided and every year the workers go through a health investigation (Fernando 2006, PODIE 2005 p.2).

At Dem Collective sickness is very rare according to the workers but when a worker gets sick during working hours, the company pays for the transport, medicines and the doctor's fee. Then if the worker fails to come to work the next day she or he is keeping the full salary (Niroshenie 2006).

5.1.3 Better Housing Conditions

According to the workers and observations made at the tea estate the housing standards at Bio Tea Garden have improved to a great extent. According to one worker:

We used to stay 14 to 15 persons in one room earlier and it was more like a remand home with no privacy or space at all. [...] Before Stassen we did not even have any idea about toilets or latrines,

there were no water facilities or proper roads either. [...] Now we have electricity and the children have their own room where they can study. Before it was only one room. (Participant focus group 1)

At present, almost all the houses at the estate have been improved and all the 469 families have their own toilets. A female worker explains that it also has become much better for the women:

Before there was no privacy for us women when we had to wash ourselves, now we can take cover and wash ourselves in privacy. (Participant focus group 1)

5.1.4 Improved Working Conditions

Due to the environmental dimension incorporated in the concept of Fair Trade all producers and workers are working in a more ecologically sound environment since for example no pesticides or hazardous materials are being used. At Dem Collective the working conditions are described as much better than in other factories due to the better ambiance and the absence of a target system:

The work is much harder at other factories because the daily targets there are very high, had to produce 125 pieces per hour [...] here there is no stress in that sense [...] the ambiance is much better here and the work itself less physically hard (Participant focus group 3)

At Bio Tea Garden the workers wear gumboots in order to protect them from snakebites and leeches which were earlier denied them. The working conditions in the tea factory have improved especially with regard to the security and safety regulations.

5.1.5 Access to Saving Schemes and Credit

PODIE has started a saving scheme to help their member farmers to save for their future. Additionally there is a micro finance program for the benefits of the members from the farmer groups (Fernando 2006, PODIE 2005 p.3).

At Bio Tea Garden it is possible for the workers to get loans which are financed through the social premium from the sales of the FLO certified tea. When a child is born at Bio Tea Garden, 1000 SLR goes to an account and stays there until the child is 17 years old with the purpose to be used to for example paying for education. Furthermore, the parents are offered the possibility to save more money each month that is withdrawn directly from their salary (Gnanasekaran 2006).

5.2 The Non-material Impacts from Fair Trade

While it was easier to identify the more tangible material impacts from Fair Trade many non-material impacts affecting the producers and workers also were identified. However, it is possible that many of the non-material impacts identified here are the results from the material impacts described in the previous section.

5.2.1 Feeling of Freedom, Wellbeing and Dignity

A feeling of pride was evident at all the visited organizations; the producers and workers seemed to be very proud of their work and their products as is illustrated in the following quotes:

Our plantation was the first plantation in the world to become organic certified and we are making the best tea in the world. (Participant focus group 1)

The cinnamon from this area is the best in the world. (Participant focus group 2)

It makes me proud working for a Fair Trade company, to take part in something that is good for others and not only for myself. (Niroshenie 2006)

Furthermore all the persons that were interviewed and participated in the focus group discussions expressed a great sense of wellbeing through their way of talking and interacting with me and each other. One worker even said that: “Nowadays we are even happy to work” (Participant focus group 1).

At Bio Tea Garden the workers agree that nowadays they all have more dignity and care much more about their personal hygiene and about cleaning their houses. Two workers expressed this in the following way:

Before I did not care whether or not my house was filthy, now I want it to be clean. (Participant focus group 1)

We did not wear any nice clothes and when chewing we didn’t care if our saliva was dripping, we also used to drink more. (Participant focus group 1)

The workers at Dem Collective describe their factory as a good factory and a “freedom factory” and that the freedom they experience working there is the biggest difference from their earlier working experiences.

For me Fair Trade is the same thing as free working conditions. (Participant focus group 3)

The feeling of freedom is also expressed by the workers at the tea estate:

Before Stassen took over the plantation we were like slaves. We did not have any freedom. Now we have freedom. (Participant focus group 1)

5.2.2 Greater Knowledge about one's Legal Rights

All producers and workers that have participated in the focus group discussions possess great knowledge about the legal rules that affect them. At Bio Tea Garden the workers have been educated by the management and moreover a labor commissioner has educated the joint body more in depth. Then the members of the joint body have informed the workers within their division. An example of this greater knowledge is expressed by one worker in the following way:

We used to get our salary in our hands through a window with no specification at all, now we get a pay check in an envelope with complete details on for example how much money that has been paid to the pension fund. (Participant focus group 1)

During the focus group discussion it became evident that the workers at Dem Collective knew exactly what rules that applies to them if for example working overtime, being sick or maternity leave.

5.2.3 Better Unity within the Community

At Bio Tea Garden there used to be a lot of problems between the Sinhalese villagers and the Tamil tea estate workers. However, this has changed due to a village integration program initiated by the management at the tea estate. There are common sport activities once a year and common New Year celebrations. Additionally, the villagers can employ the IT-centre and the healthcare available on the estate. One worker expressed it in this way:

So now Tamil people and Sinhalese people are friends and we can speak each others language. One female worker from the outside [a Sinhalese women, author's note] is going to marry with a Tamil boy from the estate. (Participant focus group 1)

The cinnamon farmers at the Tibbottugoda Farmer Group also stress that participating in Fair Trade through PODIE has brought a sense of unity within the community:

In the community people are working together and cooperate with for example transport and the relationship with the police has also become better. Nowadays everybody is there for one another. (Participant focus group 2)

5.2.4 Participation in Decision-making

An increased possibility to participate in decision-making is evident at all three visited organizations. At Dem Collective all the workers have been involved in the formulation of the working agreement. Through negotiation with the management the salaries and other working conditions have been decided upon. The working agreement is valid for two years and then new negotiations takes place and new agreements are made. This possibility to improve one's working conditions is highly valued at Dem Collective by all the workers.

At Bio Tea Garden the workers have meetings every week in the different divisions and discuss issues of importance and every month the management visits the divisions to discuss burning issues. Closer contact with the management is experienced as a very important difference by the workers:

Before the estate was run by business people that gave order like in the army, it was like dictatorship and we were afraid of them, now we discuss with the management and they give us a lot of freedom on how to solve problems. (Participant focus group 1)

Moreover the practice of the joint body has improved the chance for the workers to take part in the decisions affecting them.

Since PODIE is organized as a cooperative this has brought about a bigger opportunity for the member farmers to participate in the decision-making. Farmers from all the producer groups attend the annual meetings of PODIE and when there are problems they are being consulted.

5.2.5 Education

Through ongoing trainings and educations all the participants in this study have accrued new knowledge through their participation in Fair Trade. PODIE offers at least two to three farmer's training in the community centers every year. Presently the farmer's training regards how to develop organic manure and how to build organic composts.

All the material is there [for making organic manure, author's note] we only need to provide the knowledge on how to use it. (Representative from the Agricultural Export Department of the Gampaha district)

The children at Bio Tea Garden have nowadays the access to day care centers and preschools before they start the governmental school at the age of six. Moreover the IT-centre, where diplomas in three different levels are offered, at the estate has since its opening in 2001 educated 423 students (Gnanasekaran 2006).

6 Does Fair Trade Promote Sustainable Development and Empowerment?

In this section the results will be analyzed as to see whether the identified material and non-material impacts promote sustainable development and empowerment. This will be done through connecting the empirical results presented in the previous chapter to the theoretical framework discussed in chapter two. In order to answer the question if Fair Trade participation promotes sustainable development and empowerment, these two are discussed and analyzed separately. However, some of the identified impacts from Fair Trade overlaps and can be seen as promoting both sustainable development and empowerment.

6.1 Sustainable Development through Fair Trade Participation

Many of the identified impacts from Fair Trade participation in this study can be seen as promoting sustainable development following the earlier theoretical discussions. Due to the higher salary the workers gain, the higher prices paid to the producers and the access to saving schemes and credit the basic human needs such as food, shelter and health are better met and have been improved. The identified impacts of “better housing conditions”, “better health and access to health care” and the “improved working conditions” all illuminate this. The recognized feeling of pride and dignity among the producers and workers indicates that a sense of self-esteem also is stemming from taking part in the Fair Trade system. Which if following the line of thought of Todaro and Smith (2006) can be understood as the result from the increased living standards experienced by the producers and workers. Moreover, the expressed feeling of freedom and wellbeing can be viewed as an expression of the increased possibility to make choices that affect their lives. Hence, through analyzing the results the three development objectives of *sustenance*, *self-esteem* and *freedom* identified by Todaro & Smith (2006) all can be said to be promoted by Fair Trade participation.

As stated earlier in the theoretical framework, development needs to balance the *economic*, *ecological* and *social* interests in order to be sustainable. Through paying fair prices and wages to the producers and workers for their labor, improving the social conditions and encouraging the improvement of the environmental conditions, Fair Trade does promote all dimensions of sustainable development. Hence, the results from this study show that the social conditions have been improved as is illuminated by the identified impacts of better health,

knowledge, housing and working conditions and feeling of wellbeing and freedom. Furthermore the economic conditions have also been enhanced through the higher payments and access to saving and credit schemes. Also, all the visited organizations were organic certified and the workers and producer had all gained knowledge about environmentally friendly working methods.

Moreover, in order for the development to be sustainable or “*to maintain development over time*” it should also be equitable and balanced both within and between generations. From the findings of this study this objective is difficult to analyze. Yet, it is possible to draw the conclusion that Fair Trade at least make development more equitable within generations. This since it provides the producers and workers in the developing world, a disadvantaged group, with more equal opportunities to participate in the world trade and hence possibilities to develop.

6.2 Empowerment through Fair Trade Participation

Although empowerment is a complex phenomenon that is difficult both to define and hence also to measure, based upon the findings of this study, it is here argued that Fair Trade participation does promote the workers’ and producers’ empowerment process.

The “higher, more secure and equitable income” in combination with the access to saving schemes and credit indicate that *economic empowerment* has occurred and thereby the possibilities for the workers and the producers to pursue economic gains have increased. That *social empowerment* has taken place is demonstrated by the identified impacts from Fair Trade such as the educational opportunities, better health, the feeling of dignity and wellbeing and belonging as expressed through the better unity within the community. These findings are seen as evidence of that both the human and social capabilities have been expanded. All the producers and workers participating in this study have gained greater knowledge about their legal rights and also experience greater possibilities to participate in the decision-making processes. Improvements which are here claimed to be a sign of that *political empowerment*, or the legal dimension of it at least, has been promoted by Fair Trade participation.

Supported by the findings from this study the producers and workers have been empowered both with regard to others, mainly the management but also in relation to themselves when comparing their current situation with the past.

7 Concluding Discussion

This minor field study has been performed in the light of a growing international Fair Trade movement and the recognized need for more systematic attempts to evaluate the impacts from Fair Trade upon individual producers and workers. The explicit purpose with the Fair Trade system is to promote both sustainable development and empowerment. Therefore, the aim of this thesis was to investigate whether Fair Trade leads to sustainable development and empowerment, through exploring the material and non-material impacts from Fair Trade.

The empirical findings in this thesis show that participation within Fair Trade has made a difference for the producers and workers. This is shown in the many, both material and non-material, identified impacts from Fair Trade. As discussed in the previous chapter the results from this study indicate that Fair Trade does promote both sustainable development and empowerment. It has been argued for that the producers and workers have gained more control over their lives and that their living standard and quality of life have improved. Identified impacts supporting this statement are among other things the increased income, the improved housing standards, the access to health care, the greater knowledge about one's legal rights and the increased possibility to participate in decision-making.

However, as acknowledged in the discussion of validity in section 3.1.5 it is difficult to know for sure that the impacts identified in this thesis in fact are the result from Fair Trade participation. This is especially so in the case of Bio Tea Garden since they do not sell all their tea as Fair Trade. How do we know then that the identified impacts are the impacts from Fair Trade? Well, that is almost impossible to know for sure and this problem is not unique for this study rather it is shared with all impact assessment studies of Fair Trade. Nevertheless it is important to have this in mind when evaluating the findings.

One of the reasons for conducting this study was to redress the lack of research upon Fair Trade as a development strategy. Since Fair Trade is a relatively new phenomenon and so far unexplored, more research needs to be done in order to really understand how Fair Trade affects the producers and workers in the developing countries. The findings from a small qualitative study like this cannot provide any general conclusions. Rather the conclusions are tentative. In order for Fair Trade to keep its credibility it is of great importance to conduct further studies within the field. Possible future research projects could be to compare the situation of producers or workers in a Fair Trade Organization with those in a conventional one, and to perform an impact assessment of how Fair Trade influences female empowerment.

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