

Main lacks
justification due to the
pricing factor.



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Main arguments for and against the involvement of big businesses in fair trade

Arguments for

Fair trade has promoted goods production for the reason that, since its inception, various certified products have found their way to chains of big retail markets, thus global marketing and enhancement of online shopping that minimizes on involvement of intermediaries.

Arguments against

Why are there lower tariffs on the supplies that do not need processing as opposed to processed products? Major brand like Nestle' support fair trade through the ' Partner Blends', but fail to support producers by supporting tariffs that may encourage them to produce, process and export their labelled products. They offer good tariffs for green coffee beans and higher tariffs for the roasted beans. The big business/retailers fail to encourage investing on processing facilities for producers, yet this is the only way that producers can enjoy better profits. Arguably, from this point of view, big retailers attempt to promote fair trade is just a cynical way of cashing in as opposed to an ethical commitment to promote or appreciate supplier's efforts. What would the purchase of fair-trade certified products and changing the label of the final product indicate? Fair trade is about protecting and promoting producers from possible supplier's abuses. If major brands are allowed to boast their labels on these products, consumers are made to believe that these companies always promote fair trade.

To the producer, fair trade compromises the quality since the current standards fail to specify criteria to determine quality of products.

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Critics over involvement of major brands in fair trade

Statistics indicate that although most fair trade goods are in major brands or specialized stores and within mainstream distribution channels. The major retailers also offer online shopping for the certified brands thus promoting the products. However, the process lacks justification due to the pricing factor. Ethically the situation creates a huge imbalance between the producer and consumer. Minimum pricing of fair trade goods means that if it were above normal equilibrium price, then supply of the products would exceed demand, consequently majority of products would end up being sold through the free markets. This is a common scenario today and the producers would rather sell through free markets, other than lose while waiting for fair trade.

It is not ethical to have a policy meant to promote production that ends promoting free trade. Major brand groups are using the fair trade in their advertisements to achieve significantly. They draw out ethical conscience of consumers in developed countries by indicating that fair part of the price goes back to promote the producer's standard of living. Is it unethical for consumers to buy free-trade goods and donate some equivalence to charity?

Relevance of consumer prices on fair treatment of producers

Although Fair Trade is enabling customers to understand and appreciate both the organic and fair-trade label of products, consumers are made to believe that the high prices they pay go to the good will producers especially in developing countries. Fair trade is currently based on dialogue, respect for producers and transparency, therefore high pricing does not necessarily

translate to better global equity, fair treatment or better compensation of producers.

Only a small percentage of the prices directly reach to the producer. Majority is supposed to benefit the community through promotion of development projects through cooperatives. However, the cooperatives pay high annual registration or certification fees to the fair trade labelling organizations. The situation is not fair enough since the additional costs leave the farmer with very little profit gains. Furthermore, in fair trade, guaranteed prices do not mean support for a certain quantity of produce.

Responsibility of ensuring producer's protection

Although free markets are promoting ways of reducing exploitation by the intermediaries, protection of grower's interests mainly depends on the producers.

A well-established free trade that lacks infringing barriers of trade for instance the harsh import fees or tariffs would certainly improve the product prices. The challenge of managing exploitation can be catered for through entrenched producer's cooperatives. They would also be in a position to manage fluctuation of prices at the international commodity markets. The situation would lead to a balance between supply and demand.