



**STRONG
PRODUCERS,
STRONG
FUTURE**

**ANNUAL REPORT
2013-14**



**FAIRTRADE
INTERNATIONAL**

Who we are

Fairtrade International works to secure a better deal for farmers and workers in developing countries. We own the FAIRTRADE Mark - the product label that certifies that international Fairtrade Standards have been met.

The international Fairtrade system includes → **three producer networks**, and → **19 National Fairtrade organizations** that promote Fairtrade in their countries.

→ **FLOCERT** (www.flocert.net) is the independent certification body of the global Fairtrade system.

Our vision

A world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future.



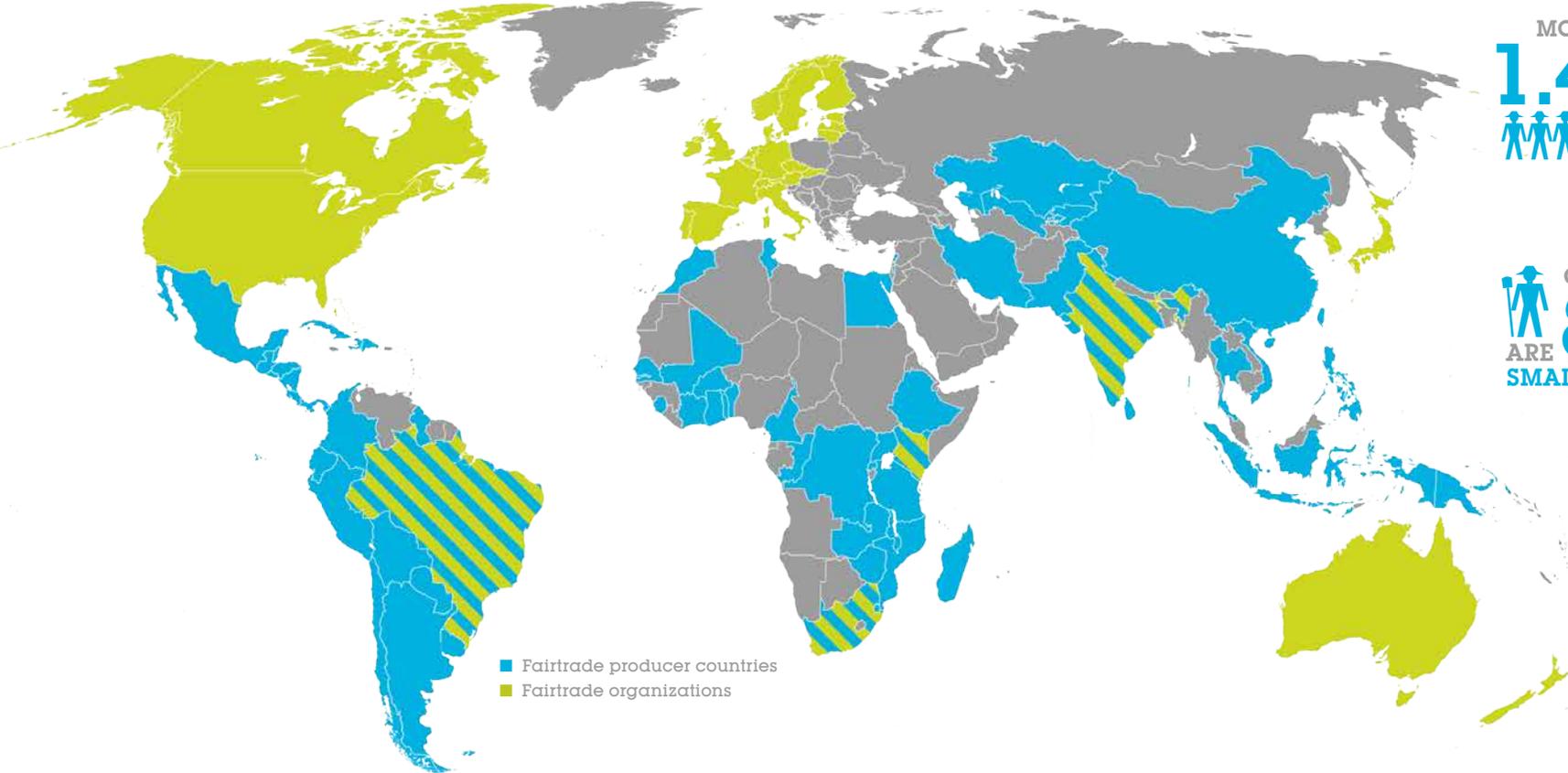
Cover photo: Members of Chetna Organic, a Fairtrade cotton group in India. Read more about the powerful role of women seed guardians at Chetna on our blog. © Vipul Kulkarni

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The → symbol means you can find more information about this subject online. Download the pdf version of this report at www.fairtrade.net, and click on the → symbols to get automatically directed to extra content.

FAIRTRADE WORLDWIDE



MORE THAN
1.4 MILLION
FARMERS AND WORKERS
IN **74** COUNTRIES

OVER
80%
ARE
SMALLHOLDERS

23%
OF FAIRTRADE
PRODUCERS
ARE WOMEN

55%
ON
PLANTATIONS IN
ASIA

Latin
America &
Caribbean
624

Africa &
Middle East
404

Asia &
Oceania
182

1210 PRODUCER
ORGANIZATIONS
WORLDWIDE

STRENGTH IN DIVERSITY

Marika de Peña is director of a banana cooperative in the Dominican Republic, Chair of CLAC (Network of Fairtrade Producers of Latin America and the Caribbean) and Chair of the Fairtrade International Board.

It is a great honour to be the first producer representative to occupy the post of Board Chair. This is one more sign of our ongoing evolution: that producers are not only equal owners of the Fairtrade system, but are intrinsically involved in its direction and development.

Equal ownership is vital to drive change. Governments and leaders are increasingly realizing what we have long known: that inequality is one of the greatest obstacles to peace and prosperity.

I know from first-hand experience that the most effective change starts when producers begin to take ownership of issues, set their own development goals and work together to meet them.

This kind of development was apparent when I visited flower farms in Ecuador this year. The workers spoke with pride about their Fairtrade Premium projects, such as an internet centre, a health clinic, and their plans to build decent houses for their families. But they also spoke passionately about the challenges they face, such as low Fairtrade sales, and their opinions on our Hired Labour Strategy. I was impressed by the open and honest dialogue. One of these workers now sits on the CLAC Board, and took part in the annual Fairtrade General Assembly, an important

step in strengthening the position of workers in the Fairtrade system.

Strong, independent producer organizations rooted in fairness and striving for social, economic and environmental sustainability are good for businesses too. They are reliable partners, who know their farmers and crops, and what the market needs. Likewise, buyers begin to better understand the challenges that small farmers face. Coffee farmers in Central America for example were better able to combat the devastating leaf rust last year, thanks to the stability of the Fairtrade Minimum Price and Premium, training workshops, interchange amongst organizations and strong relationships with buyers. Financial firms also supported producers to access funding to combat leaf rust. Fairtrade thrives on this kind of partnerships.

Fairtrade is about empowerment and long-term development, as farmers and workers transform deeply ingrained problems step-by-step to build a better future for themselves, their families and communities. As we tackle one issue we find others underneath needing attention.

For example meeting the needs of the most vulnerable in our supply chains remains a big challenge. We need to do more to promote gender



equality in farming communities; to protect the rights of migrant and temporary workers; to support small farmers facing the negative consequences of climate change; and to guarantee that farming can be a viable, sustainable option for the next generation.

Sometimes these challenges seem insurmountable. But I believe the diversity of knowledge, experience and partnerships in our movement is one of our main strengths, as is our commitment to involve farmers and workers actively in decision-taking, planning and implementation. By uniting all our members and working together with like-minded organizations, we can and will change the rules of trade and enable producers and workers to map out their own future.

UNLOCKING THE POWER OF THE MANY

Fairtrade International and our members have united behind a common strategic framework for 2013-15, focussed on four key areas:

Unlocking the power of smallholders

Our work with smallholders will be world class, supporting them to organize and to build thriving businesses and communities.

Unlocking the power of workers

We will re-focus our efforts to make Fairtrade deliver real change for workers, in particular in bananas, tea and flowers.

Unlocking the power of citizens and companies

We will strengthen the grassroots social movement further, so we can increase producers' sales and ensure even greater impact.

Unlocking the power of the people in the global Fairtrade system

We will strengthen our global Fairtrade system, increasing the voice of producers and working closely together across all countries to minimize costs and maximize impact.



Workers at Du Toitskloof winery, South Africa.

THE POWER OF SMALLHOLDERS

At its best, the Fairtrade model is game-changing for smallholder farmers. The Fairtrade Minimum Price and Premium, development of long-term business relationships, and access to credit are enabling farmers to negotiate better trade terms, attract investment, and strengthen their collective voice.

Small producer organizations are investing an increasing proportion of the Fairtrade Premium in direct services for farmers (42%), or measures to strengthen their cooperative (44%). This is good news for farmers and their communities. When farmers are strong and democratically organized, generating steady income and investment, they can tackle the challenges faced by their communities and drive transformation. This is at the core of the Fairtrade model, and reflected in our → **Theory of Change**.

Strong, democratic organizations and national platforms give farmers the structures and also the confidence to speak out at country level and on the global stage. The Malawi Fairtrade Platform, for example, has been lobbying its government to incorporate Fair Trade as a development mechanism in its national budgets.

→ **A longitudinal study in Malawi** cited the effectiveness of Fairtrade Standards in strengthening all five producer organizations studied.

We're constantly fine-tuning and developing our programmes for producers:

The Fairtrade Access Fund is proving to be a valuable source of long-term credit and loans for producers. In 2013, the Fund dispensed a total of US\$10 million in loans to 14 producer organizations, benefiting more than 60,000 farmers. This year the fund is expanding to Africa.

Climate change is a major challenge for Fairtrade producers across all continents. In 2013, we launched three new climate change adaptation projects with small producer organizations in Latin America and East Africa. Crucially, producers are not just receiving training but becoming trainers themselves, passing on their knowledge throughout the cooperative and beyond.

"Fairtrade has improved smallholder cash flow because it has increased income and income stability, promoted a savings culture, lowered banana production costs, and improved access to credit and emergency funds."

→ **CODER Study into impacts of Fairtrade for banana farmers and workers in Northern Colombia.**

"Our work with smallholders will be world class, supporting them to organize, to build thriving businesses and communities."

Armando Campo Duran, a Fairtrade banana farmer in Colombia.



AVERAGE FARM SIZE IS JUST

 **1.6**

**HECTARES FOR
FAIRTRADE
SMALLHOLDERS**

Fairtrade is becoming a leader among certification schemes on confronting → Child Labour.

While Fairtrade Standards and rigorous auditing systems are important, they are only part of the answer. We also support farmers to take the lead and become agents of change themselves, identifying and addressing unacceptable child labour practices in their own communities. Early this year, Fairtrade held joint training workshops with → **CLAC in Mexico and Guatemala.**

We have been encouraging producer groups to appoint youth monitors to help drive community-based approaches to child labour prevention. Pilot projects are already underway with Fairtrade sugar and cocoa producers, with plans to roll out to producers of other major Fairtrade products in the pipeline.

We have also scaled up our focus on youth. In 2013, focus groups were held with 260 school children in four producer countries. As in previous years, children and young people report that they do not see agriculture as a sustainable livelihood. We are initiating discussions with producer networks, government, private sector, civil society organizations and academic institutions to find workable solutions.

Highlights in 2013-14

- ✓ 86% of Fairtrade Premium invested in services to farmers or strengthening cooperatives.
- ✓ US\$10 million in long-term loans, benefiting more than 60,000 farmers.



Still to come in 2014-15

- ✓ Further developing our services for producers.
- ✓ Improving market access – so more farmers can sell the majority of their crops on Fairtrade terms.
- ✓ Scaling up work to address forced labour and protecting vulnerable adults.



Dao Bintou, member of ECOJAD, a Fairtrade certified cooperative in Côte d'Ivoire: "We have seen improvements in our yields thanks to the trainings, in particular the pruning training. We have also organized a women's group in the village."

THE POWER OF WORKERS

Workers are learning more about their rights and the power of collective action.

A key part of our → **workers' rights strategy** was the revision of the → **Fairtrade Standard for Hired Labour**.

We spoke to more than 400 workers on plantations and commercial farms to get their input in an innovative consultation process. The resulting Standard takes their daily realities into account.

It includes more autonomy in decision-making, greater support for freedom of association, more flexibility on Fairtrade Premium use, and clearer living wage requirements. Some of the changes had nearly unanimous support; others were hotly debated even among workers themselves.

55%

of Fairtrade Premium on plantations spent on direct support for workers and their families.

25%

spent on wider community projects such as education and health-related investments.

We want to improve the impact of Fairtrade for workers on small farms, and better support the vulnerable farmers who employ them.

Now that these important cornerstones are in place for our work with plantation workers, we have started a project aimed at improving the situation of waged and temporary workers within small farmer organizations. Many of the small farmers who employ temporary workers are themselves highly vulnerable. Part of the project will explore ways to make them strong, model employers and to enable them to adopt best practices.

We are partnering with the Fairtrade Producer Networks to lead this work, with expert advice from Fairtrade's Workers Rights Advisory Committee.

We continue to build relationships with the trade union movement, including:

- facilitating dialogue between unions and workers;
- setting up local contacts so workers can find out more about their rights;
- supporting local trade unions to manage their organizations and negotiate collective bargaining agreements, for example in Peru, Cameroon and the Dominican Republic.

“We will clarify and re-focus our efforts to make Fairtrade deliver change for workers, in particular in bananas, tea and flowers.”



Braiman is the women's representative at Volta River Estates in Ghana.

For employers to progress towards providing workers with a living wage we must first establish benchmarks in the regions where we work.

Fairtrade has led the → **development of a methodology to calculate living wages**, collaborating with other certification schemes and renowned experts Richard and Martha Anker to set the first-ever benchmarks for rural communities. Three reports are complete, with more to follow.

The next challenge will be how to encourage farms to pay a living wage. This won't be easy. Minimum wages are often far below the living wage level and there are historic power imbalances in many producer regions.

We will need everyone in the supply chain to play their part in building a critical mass for change. Our efforts so far include joining forces with other standard-setting organizations to promote the living wage concept and how to calculate it. We are also reaching out to companies individually and through multi-stakeholder platforms like the World Banana Forum and the Ethical Tea Partnership.

“Despite difficulties and challenges, workers, supervisors, and management...acknowledged that Fairtrade has provided clear and coherent strategies and requirements for reforming plantation policies and practices, and generating substantially better social and environmental conditions for workers.”

→ Report on Fairtrade flower plantations in Ecuador, commissioned by Fairtrade in 2013.

Highlights in 2013-14

- ✓ Revised Hired Labour Standard published – 400 workers in 14 countries consulted.
- ✓ Living Wage benchmarks set for three countries.



Still to come in 2014-15

- ✓ Strategy for workers on small farms.
- ✓ Supporting workers to negotiate towards a living wage.



Piaveri is one of ten Fairtrade certified flower plantations in Ecuador.

THE POWER OF CITIZENS AND COMPANIES

Fairtrade is going truly global as producer countries become consumers too.

With one of the highest numbers of Fairtrade producers (third after Kenya and Tanzania) and its rapidly growing retail sector, India is a key Fairtrade market of the future.

→ **Fairtrade Foundation India** was launched in November 2013 with broad support from government, NGOs, producers and retailers. Home-grown Fairtrade products, such as rice, tea, spices, coffee and cotton are now on sale to Indian shoppers and businesses.

Across the globe the FAIRTRADE Mark is becoming more and more visible on store shelves. Fairtrade Czech Republic linked up with neighbouring Slovakia to launch Fairtrade products there. Partners in the Philippines and in Argentina are working to set up local Fairtrade organizations.

Citizens, policy-makers and governments increasingly recognize the value and importance of fairer trading practices.

In the European Union, new procurement rules make it easier for public authorities to purposefully opt to buy Fairtrade products. Politicians throughout

the Union have expressed their support for Fairtrade, including more than 140 European Parliamentarians.

In addition, a new → **Vote for Fair Trade** (Vote4FT) campaign is bringing together organizations from around Europe to lobby for the inclusion of Fair Trade in the EU policy agenda.

More and more young people are engaging with Fair Trade, in both developed economies and new markets such as Kenya. There is growing mention of Fairtrade in school curricula and ten countries are now running Fair Trade School schemes.

“If we are looking for inspiration on how to make a global partnership work we need to look to the Fair Trade movement itself, bringing together the private sector, civil society and local authorities to empower small producers and agricultural workers. The Fair Trade movement has certainly made its mark with the European Union’s institutions.”

Andris Piebalgs, European Commissioner for Development.

“We will strengthen the grassroots social movement further, so we can increase sales and more importantly, ensure even greater impact.”



A 2014 UK campaign calls on government and businesses to end the banana price wars. More than 70,000 people signed the petition.

We continue to innovate, finding new ways to increase sales and impact for producers.

The new → **Fairtrade Sourcing Programs** give cocoa, sugar, and cotton farmers another avenue to sell their crops as Fairtrade. The new programs connect farmers with companies wanting to buy these specific raw products on Fairtrade terms for use throughout their business or product ranges.

Launched in January 2014, ten companies have already made commitments under the Fairtrade Cocoa Program, including Mars, Ferrero and major German, Swiss and Japanese retailers.

Many of these companies have pledged to increase the volumes purchased year-on-year.

We are also innovating in other areas:

- Our revised Standard for → **artisanal gold and precious metals** is better suited to the unique nature of the gold supply chain, and is designed to support miners to tackle the many social and environmental risks endemic to this industry. It also enables smaller jewellers to participate more easily, using the Goldsmiths Registration Scheme.
- A new Standard for carbon credits will allow producers to generate vital income to combat the effects of climate change. Consultation is now underway, generating a lot of interest from producers and stakeholders.

OVER \$ 1.7 M additional Fairtrade Premium for cocoa farmers in 2014, through new Fairtrade Sourcing Program commitments.

OVER 1900 Fair Trade schools in ten countries – and growing.

Highlights in 2013-14

- ✓ **Fairtrade Foundation India established.**
- ✓ **Fairtrade Sourcing Programs launched.**

“This is the breakthrough we have been looking for. The farmers I represent in Africa have been looking to sell more cocoa on Fairtrade terms for a long time ... The more market we have, the more Fairtrade Premium we will receive, and the more we will be able to invest in community development, training for our members, and strengthening cocoa production.”

Fortin Bley, President of the Fairtrade Africa Cocoa Network, cocoa farmer and Secretary General of CANN cooperative in Côte d'Ivoire.



Still to come in 2014-15

- ✓ **Development of new markets, especially Brazil, India and Argentina.**
- ✓ **Extending our work in gold to Africa.**
- ✓ **Piloting and developing a Fairtrade Standard for textiles.**



YOU HAVE THE POWER TO DO SOMETHING AMAZING. THE POWER TO HELP FARMERS BUILD BETTER FUTURES FOR THEMSELVES, AND IMPROVE WORKING CONDITIONS AROUND THE WORLD.

WE SALUTE YOU. THE WORLD NEEDS MORE LIKE YOU. FIGHTING FOR FAIRER TRADE, A FAIRER WORLD. ONE PURCHASE AT A TIME.

That's the inspiring message of our new global campaign, the Power of You.

It tells people that they have the power to help change the world, simply through everyday choices.

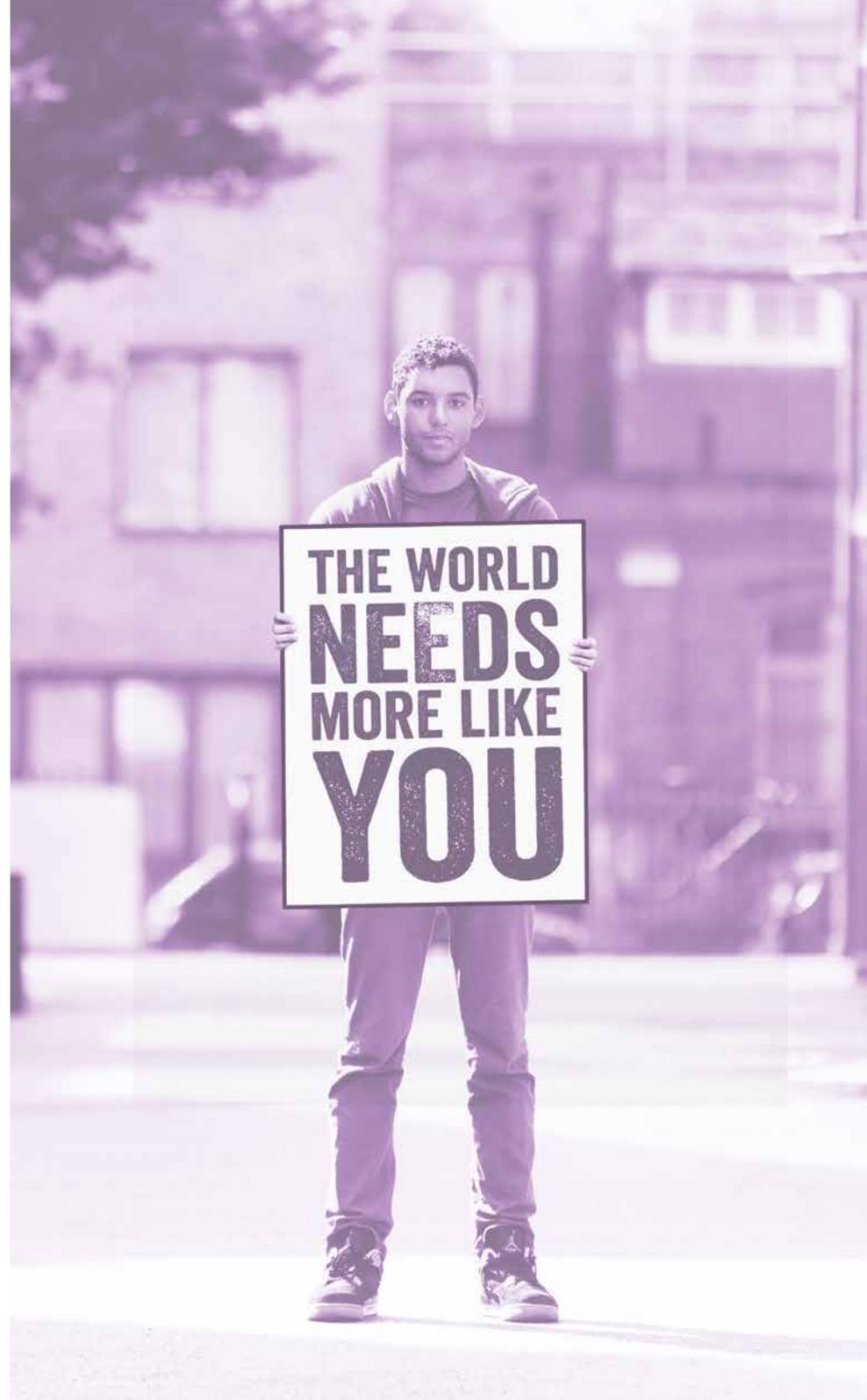
With its fresh look, the campaign appeals to the next generation of Fairtrade supporters and also resonates with young people in Fairtrade farming communities.

Ten countries have launched the Power of You, with more to come throughout 2014.

To date, the feedback from both consumers and campaigners has been very positive.

The campaign has also secured record take up from commercial partners, with companies such as Ben and Jerry's, Cafedirect and Coop getting involved.

**THE POWER
OF YOU**





THE POWER OF YOU IN FARMING COMMUNITIES

Across the world, young farmers also have the power to change the world through their actions. To bring hope to their communities and inspire change in their cooperatives.

For some, Fairtrade means the chance to get an education and set out for new horizons. For others it means coming back to their communities, ready to plough their new-found knowledge into the family farm.

Alida left her parent's remote rooibos farm to attend school in Cape Town, 400 kilometres away. When she returned, the → **Heiveld cooperative** had formed, enabling black farmers to unite commercially for the first time. She joined as their bookkeeper in 2002 and became General Manager in 2010. This year she attended the Biofach trade fair in Germany, to meet with buyers and find new customers.

Alida is passionate about her work and her community, and is determined to pass this on to young people.

"At Heiveld, we try to do things to keep people here, to make it exciting for them and give them the self-confidence to believe in themselves ... Go get your education, but come back and do something for your community".

Heiveld uses a portion of the Fairtrade Premium to enable young people to go to university in Cape Town. Alida holds talks at the local school and invites teachers to bring their students on excursions to the cooperative.

The job is not without its challenges, but Alida is proud of what she and her colleagues have achieved.

"I've learned a lot and I am still learning," she explains. "But it's our job to educate people and tell them, 'you have a right to have your say: it's your cooperative. Be proud of what's yours'."

A STRONG GLOBAL FAIRTRADE SYSTEM

Our experience has taught us that local ownership and leadership is key to increasing Fairtrade's impact on farmers, workers and their communities and keeping the international Fairtrade system accountable.

With our governance changes that make producers equal owners of the Fairtrade system, farmers and workers are leading on the changes they want to see in their communities.

Multi-stakeholder partnerships "can bring about a change in mind-sets, altering the thinking of millions of people worldwide."

→ The UN High-level report on the post-2015 agenda recognizes the importance of multi-stakeholder organizations like Fairtrade to sustainable development.

Fairtrade Africa is now running producer services in the region, giving producers a greater say in the type of services and support they need.

The Producer Networks in Latin America and Asia are also increasing services to producers and moving towards taking full responsibility for their delivery.

→ Board members

Chair: **Marike de Peña**, Producer representative (CLAC)

Vice-Chair: **Esther Guluma**, Independent

Treasurer: **David Clayton-Smith**, NFO representative

Bharath Mandanna, Producer representative (Network of Asian and Pacific Producers)

Chief Adam Tampuri, Producer representative (Fairtrade Africa)

Noel Oettlé, Producer representative (Fairtrade Africa)

Wanja Lundby-Wedin, NFO representative

Bernhard Herold, NFO representative

Franz de Bie, NFO representative

Gulam Juma, Independent

Jean-Paul Rigau, Independent

Our thanks go to Molly Harriss Olson for her dedication and enthusiasm as Chair from June 2012 to February 2014, and as member of the Board for six years. Molly stepped down to take on the role of CEO of Fairtrade Australia and New Zealand.

"We will strengthen our global Fairtrade system, increasing the voice of producers and working closely together across all countries to minimize costs and maximize impact."



CARUCHIL, a Fairtrade cooperative in Honduras, funds additional Saturday courses for children using the Fairtrade Premium.

Building strong organizations will continue to be our touchstone and key strength. We will develop more partnerships with organizations in the field, for example, to deliver training on productivity or quality. Fairtrade Africa is already putting together a catalogue of service providers for its region.



Highlights in 2013-14

- ✓ **New constitution approved and implemented.**
- ✓ **Dependency on donor income reduced.**

The Strategic Fairtrade Funding Programme

We are very grateful to the consortium of international donors whose funding over the past five years has enabled us to reach more farmers and workers, deepen our impact and strengthen Fairtrade as a system, while also putting us on a solid footing for the next phase of Fairtrade's development.

- DFID - UK Department for International Development
- ICCO - Inter-Church Organization for Development Cooperation
- Irish Aid
- NORAD - Norwegian Agency for Development Cooperation
- SECO - Swiss State Secretariat for Economic Affairs

Other funding partners in 2013-14

- Agence Française de Développement (AFD)
- Brot für die Welt - Evangelischer Entwicklungsdienst
- Comic Relief
- Deutsche Investitions- und Entwicklungsgesellschaft (DEG)
- European Commission
- Kaufland
- Kreditanstalt für Wiederaufbau (KfW)
- Lidl
- Tchibo



Still to come in 2014-15

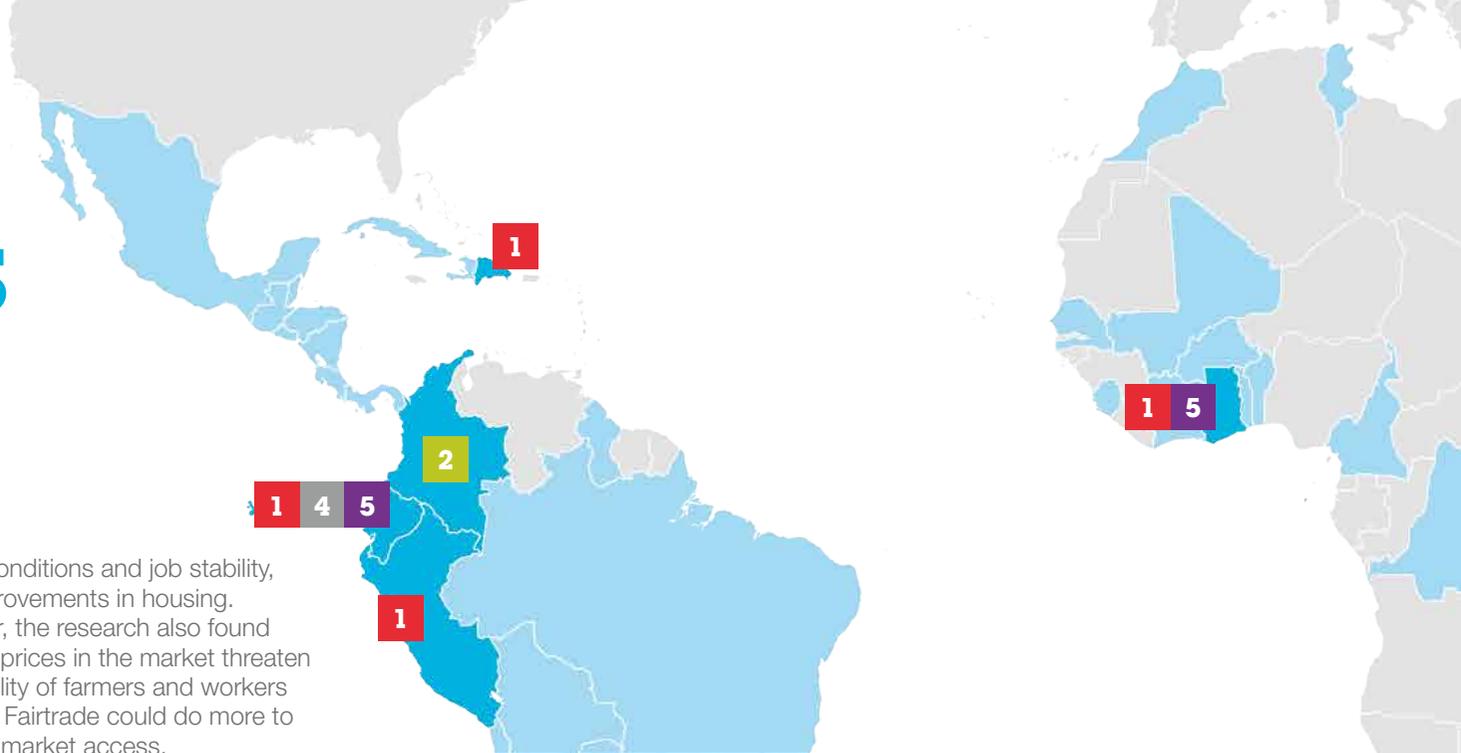
- ✓ **Global financial model allowing us to shift more funding to the South.**
- ✓ **Continued devolution of producer services to the Producer Networks.**

**PRODUCERS HAVE
50% OF THE VOTES
IN OUR
DECISION
MAKING ✓**



A meeting of the Toledo Cacao Growers, Belize.

ASSESSING FAIRTRADE'S IMPACT



Over the past year a series of research projects evaluating the impacts of Fairtrade have published their findings.

1 TWIN Trading researched the experiences of women in supply chains (in **Dominican Republic, Malawi, Uganda, Ecuador, Ghana, Peru**) casting a light on their crucial role, which often goes unrecognised, unpaid and invisible. Men own most of the land and take responsibility for bringing crops to market. However it found that women in Fairtrade producer organizations tend to have more opportunities than their unorganized counterparts.

2 La Corporación para el Desarrollo Empresarial Rural (CODER) conducted research with small-scale banana farmers and workers on banana plantations in **Colombia**. Fairtrade participation increased farmers' household income and reduced production costs; for workers Fairtrade brought improved

labour conditions and job stability, and improvements in housing. However, the research also found that low prices in the market threaten the stability of farmers and workers and that Fairtrade could do more to improve market access.

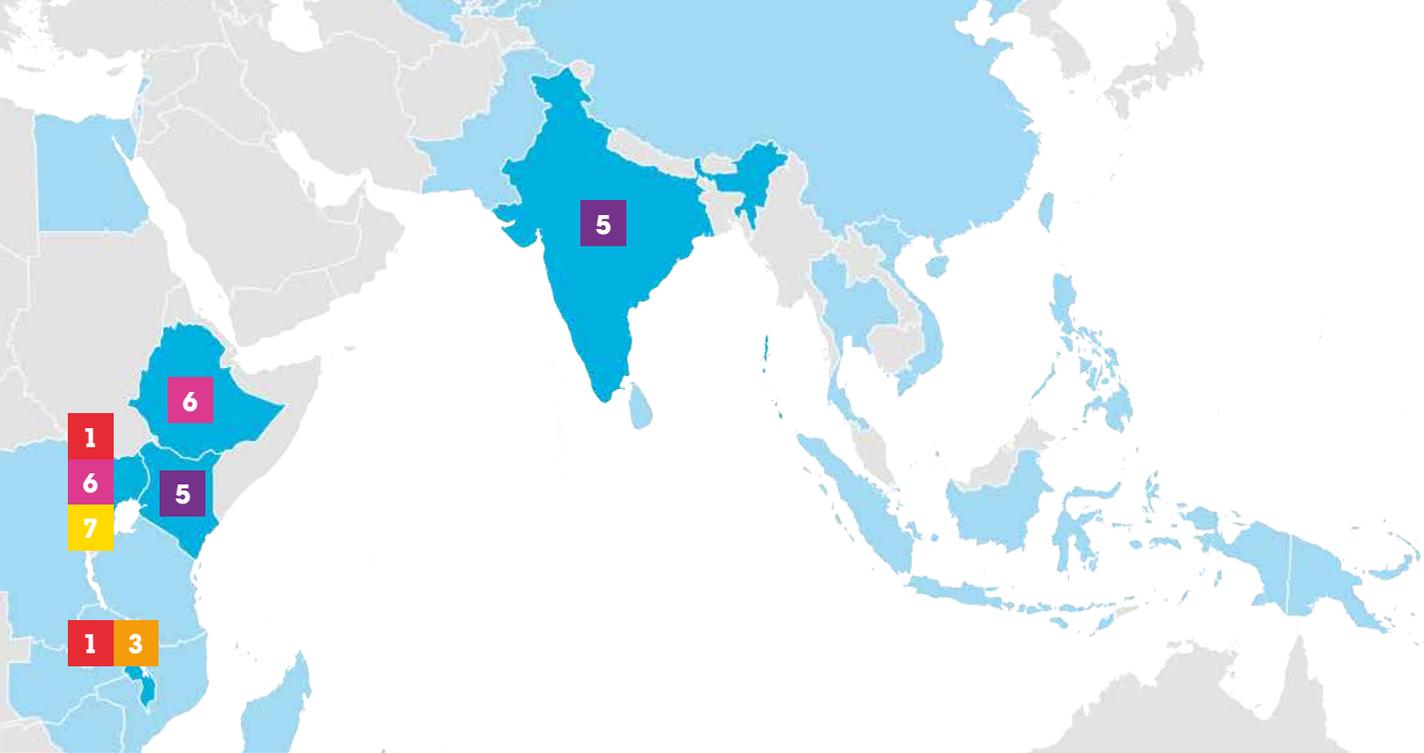
3 The Natural Resources Institute (NRI) at the University of Greenwich released the second phase of their longitudinal research project with tea, peanut, and sugar producers in **Malawi** tracking Fairtrade's impact on workers and farmers over time. In the second phase, farmers and workers cited Fairtrade sales and the Fairtrade Premium as supporting a range of livelihood and community improvements. The research recommended that further productivity improvements need to be implemented to support better returns for sugar and tea farmers.

4 Workers on Fairtrade certified flower plantations in **Ecuador** shared their definitions of empowerment



and Fairtrade with researchers in a 2013 study. Workers cited the ability to express themselves in the workplace, economic security and successful negotiation as key to their empowerment. They also highlighted challenges to achieving full empowerment, which informed the revision of the Fairtrade Hired Labour Standard, providing important feedback for concrete improvements. A broader impact evaluation of Fairtrade flowers will be released late 2014.

5 In 2013 the NRI concluded a four-year study commissioned by DFID on the impacts of various sustainability standards, including Fairtrade, on cocoa producers in **Ecuador and Ghana**, and tea producers in **Kenya and India**. The researchers found that sustainability standards bring



many benefits for individuals, their organizations, their communities and the environment. However in some communities, these benefits were offset by the rising costs of living. Researchers concluded that certification must be coupled with other approaches to transform producer and worker livelihoods on a large scale.



6 The School of Oriental and African Studies (SOAS) at the University of London conducted research on flowers and coffee in **Ethiopia**, and tea and coffee in **Uganda**. The research focussed on extremely poor people engaged in casual day labour - on large plantations, and also areas where Fairtrade certified co-ops were present. The research was not able

to find evidence that Fairtrade was making a positive difference to wages or working conditions of these casual labourers.

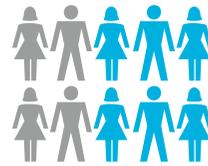
7 A research team at the University of Göttingen studied the impacts of certification schemes in **Uganda**, focussing on small-scale coffee farmers. The research found that Fairtrade certification increased the household living standards of the farmers by 30 percent, and significantly reduced the depth and prevalence of poverty. Fairtrade was associated with significantly better outcomes in this context than other certification schemes that were studied. Researchers attributed this to prices and the Fairtrade Premium, the ability of the cooperative to process its coffee, and wider market access.



The research findings challenge Fairtrade and other standards systems to expand the scope of their work or team up with other actors to continuously improve. This year, research highlighted challenging conditions for casual labourers on small-scale farms and the need for greater market access for many producers. Fairtrade is already taking some steps in both areas, including a new project addressing casual labour on small farms and new models and strategies on the market side to bring more opportunities for farmer to sell on Fairtrade terms.

The fifth edition of → **“Monitoring the Scope and Benefits of Fairtrade”** gives more insight into these studies, as well as detailed facts and figures on Fairtrade farmers and workers, production volumes, Premium use and more.

FAIRTRADE SALES WORLDWIDE



NEARLY
6 IN 10
CONSUMERS
HAVE SEEN THE
FAIRTRADE MARK.
OF THOSE,
9 IN 10 TRUST IT.



* According to a 2013 GlobeScan survey carried out in 17 countries.

Shoppers spent €5.5 billion on Fairtrade products in 2013, 15 percent more than in 2012.

Consumers in established Fairtrade markets continued to increase their Fairtrade purchases, with sales in the UK breaking the €2 billion mark and steady growth across all European markets.

Fairtrade's newer markets such as Czech Republic, Hong Kong and the USA, experienced strong growth. With the launch of Fairtrade marketing organizations in Eastern Africa and India in May and November 2013 respectively, we hope to build on this trend in 2014 and beyond.

SHOPPERS SPENT **€5.5** BILLION ON FAIRTRADE PRODUCTS IN 2013



Magda Reza is a coffee farmer at Sonomoro coffee cooperative in Peru, and trains the co-op's members on → climate adaptation techniques.

Estimated retail sales by country

Country	2012 (in €)	2013 (in €)	Growth rate
Australia/NZ	188,045,618	189,244,894	1%
Austria	107,000,000	130,000,000	21%
Belgium	85,837,221	93,209,845	9%
Canada	182,638,667	173,179,745	1%*
Czech Republic	2,744,524	6,439,976	142%*
Denmark	71,836,714	81,080,778	13%
Estonia	1,061,938	1,756,251	65%
Finland	152,263,629	156,785,309	3%
France	345,829,378	354,845,458	3%
Germany	533,062,796	653,956,927	23%
Hong Kong	422,803	825,175	95%
India	-	641,890	n/a
Ireland	174,954,927	197,296,405	13%
Italy	65,435,059	76,355,675	17%
Japan	71,419,147	68,976,524	22%*
Kenya	-	51,064	n/a
Latvia	938,975	975,010	4%
Lithuania	846,027	842,258	0%
Luxembourg	8,319,391	9,628,859	16%
Netherlands	186,100,623	197,142,624	6%
Norway	65,450,834	68,441,095	9%*
South Africa	22,263,619	22,573,605	22%*
South Korea	1,989,631	3,814,805	92%
Spain/Portugal	22,274,635	23,663,783	6%
Sweden	178,951,375	231,668,646	29%
Switzerland	311,590,237	353,206,210	13%
UK	1,904,891,092	2,044,926,208	12%*
USA	53,116,711	309,131,263	501%*
Rest of world	47,487,290	49,657,508	5%
Grand Total	4,786,772,862	5,500,317,789	15%

* Growth rate is based on the percentage increase reported in the local currency, not the value converted into euros.

Fairtrade International calculates the total estimated retail sales value based on both out of home sales and retail sales since this more accurately reflects what consumers spend on Fairtrade products.

Out of home sales come from products consumed outside of the home; for example in cafés and restaurants. Retail sales come from consumer products bought in stores and supermarkets.

In 2013 the following countries calculated their out of home sales value using the average out of home retail price; for example, the average price of a cup of coffee at a café: Estonia, Finland, Germany, Ireland, Japan, Latvia, Lithuania, Spain/Portugal, USA.

The rest of the countries calculated their out of home sales value using the average retail price for consumer products bought in stores and supermarkets. Out of home retail prices often have a higher value per volume sold than the retail sale price found on products in stores. Therefore, the countries that use the out of home retail price for their calculation may have relatively higher sales values.



FAIRTRADE PRODUCTS GLOBALLY

Sales of most major products grew in 2013, generating an estimated 86 million euros in Fairtrade Premium for Fairtrade farmers and workers worldwide. This is paid on top of the selling price.

Fairtrade certified gold from artisanal and small-scale miners in Bolivia, Colombia and Peru has been launched in ten countries, and we look forward to building on this further in 2015.

We continue to develop new ways for producers to sell more on Fairtrade terms. The new Fairtrade Sourcing Programs, which allows companies to purchase Fairtrade cocoa, cotton or sugar for use throughout their supply chain, will open up new sales opportunities for farmers. Cocoa has already launched, with sugar and cotton set to follow. We are also starting work on a Fairtrade Textile Standard, which we aim to publish in 2015.

We are also exploring how we can deliver more impact for tea farmers and workers, given the low level of Fairtrade sales for many producers. We are working with a wide range of partners to support improved wages for workers on tea estates. We hope this collaboration will facilitate a new approach to setting tea industry wage benchmarks and the promotion of wage bargaining, so that better wages become a commitment of everyone along the supply chain.

The number of Fairtrade products and countries continues to grow. Newcomers in 2013 included saffron farmers from Iran, Samoan coconut farmers, coffee farmers in Burundi and a cashew cooperative in Gambia. Their successful application for Fairtrade certification brings the total number of Fairtrade producer countries to 74.



OVER
30,000
FAIRTRADE PRODUCTS
ON SALE WORLDWIDE




74

Countries where Fairtrade certified producers are based.

OVER
125

countries where Fairtrade products are sold.

Dayana Rivera displaying some of COOPEAGRI's coffee brands at the co-op's supermarket in Costa Rica.



€86 MILLION
ESTIMATED
FAIRTRADE
PREMIUM PAID
IN 2013




Estimated Fairtrade retail sales by product volume

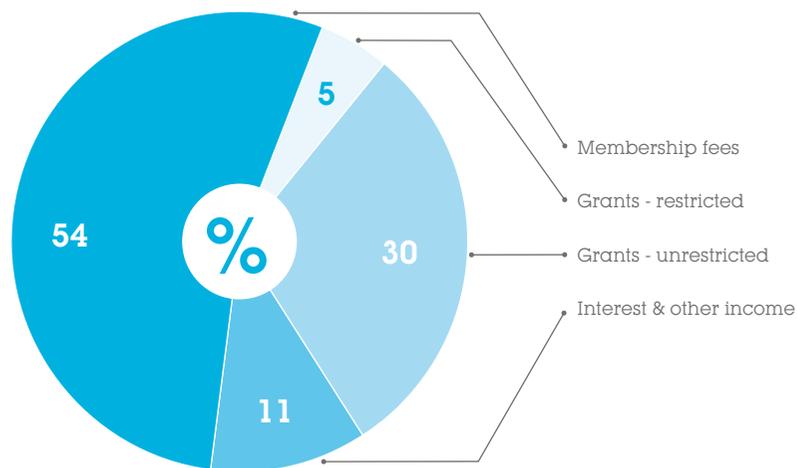
As in previous years, figures are calculated using estimated retail sales of Fairtrade certified products in consumer countries, based on data provided by National Fairtrade Organizations. Figures refer only to products sold under the international FAIRTRADE Mark.

Product	Unit	2012 Total	2013 Total	Conventional		Organic	Growth rate
Banana	MT	331,980	372,708	66%		34%	12%
Cocoa (cocoa beans)	MT	42,714	54,485	84%		16%	n/a*
Coffee (green bean)	MT	77,429	83,709	54%		46%	8%
Cotton (lint)	MT	9,005	7,817	80%		20%	-13%
Dried and processed fruits	MT	1,507	1,430	60%		40%	-5%
Flowers	1,000 stems	536,669	623,907	100%		0%	16%
Fresh fruit	MT	12,094	13,329	91%		9%	10%
Fruit juice	1,000 litres	37,165	42,577	97%		3%	15%
Gold	Gramme	-	7,562	100%		0%	n/a
Herbs, herbal teas and spices	MT	637	1,795	44%		56%	182%
Honey	MT	1,319	1,898	66%		34%	44%
Quinoa	MT	590	658	8%		92%	11%
Rice	MT	5,623	5,482	63%		37%	-3%
Sports balls	1,000 items	152	108	100%		0%	-28%
Sugar (cane sugar)	MT	158,986	193,829	95%		5%	22%
Tea	MT	11,649	11,375	78%		22%	-2%
Vegetables	MT	435	706	97%		3%	62%
Wine	1,000 litres	16,432	20,934	91%		9%	27%

* In 2013 we began transitioning our calculation method for cocoa, in order to more accurately represent the amount of cocoa beans used to produce finished retail products. This means it is not possible to show an accurate growth rate.

FAIRTRADE INTERNATIONAL'S 2013 FINANCIALS

Income



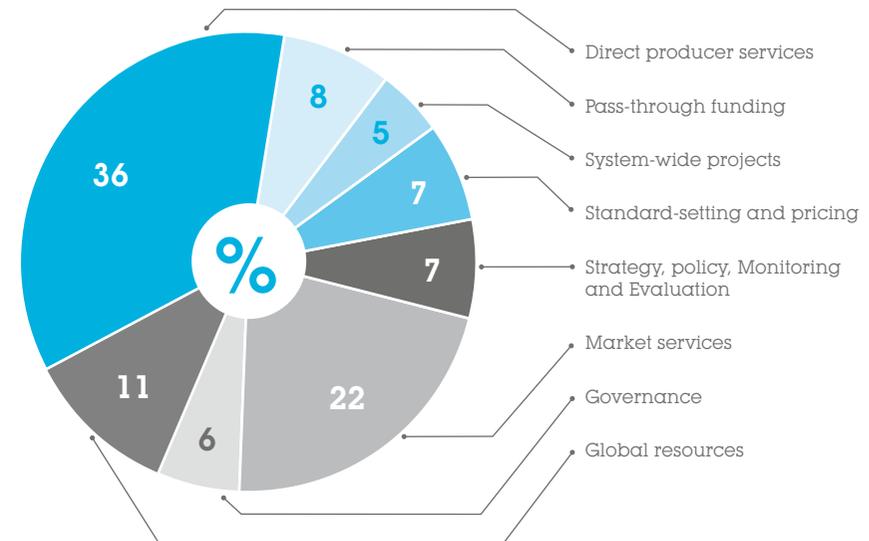
Membership fees: As a membership association, Fairtrade International receives membership fees from the national Fairtrade organizations. The membership fee is unrestricted funding and is calculated as a percentage of the licence fee income of each national Fairtrade organization.

Grants: We received grants totalling €5.4 million from the funding partners mentioned on page 15. An amount of €832k is restricted funding; these funds can only be used for specific projects approved by the funding partner. The remaining €4.6 million is unrestricted funding.

Statement of Accounts

The summarized key financial figures outlined below have been extracted from internal management reports and from the audited financial statements 2013. The latter, as in previous years, received an unqualified opinion (DHPG). Fairtrade International's accounting practices comply with generally accepted accounting practices and relevant German legislation (KStG and HGB).

Expenditure



Direct producer services: This comprises the Producer Services and Relations unit, funding of the producer networks, the [→ Producer Certification Fund](#), and specific producer services funded by funding partners (such as Irish Aid's funding of our producer support in Central America).

Market services: This includes managing global accounts, our work in new markets, (such as Brazil, India and Kenya, as well as establishing a new organization in the USA), brand management and communications.

Global resources: This encompasses cost-effective central services for areas such as HR, finance and IT.

System-wide projects are projects developed for the benefit of the global Fairtrade system.

Pass-through funding: As part of our agreements with DFID and the EU, a proportion of the grants we receive from them goes directly to funding work and projects of our partners.

Income Statement	2013 (€'000)	2012 (€'000)
Total income	15,699	14,972
Total expenditure	14,420	14,051
Changes in reserves	529	921
Retained earnings	750	0

Balance Sheet December 2013 (€'000)

	31.12.2013	31.12.2012		31.12.2013	31.12.2012
Fixed Assets	2355	2141	Equity	4484	3205
Intangible fixed assets	1130	875	Restricted & designated reserves	113	100
Tangible fixed assets	62	103	General reserve	3621	3105
Financial assets	1163	1163	Retained earnings	750	
			Provisions	294	266
Current assets	4624	3314			
Outstanding accounts for services	2256	2130	Liabilities	1154	1363
Other assets	405	239	For supplies & services	968	1233
Liquid funds	1963	944	Other liabilities & accruals	186	129
Accrued income	20	24	Deferred income	1067	645
	6999	5479		6999	5479

The increase in **intangible fixed assets** is due to further investment in a global information management system.

Tangible fixed assets relates to office equipment.

Financial assets relate to an investment in the capital reserves of our subsidiary company, FLOCERT GmbH, and investment in the Fairtrade Access Fund.

Outstanding accounts for services mainly comprises outstanding membership fees.

Restricted & designated reserves comprise the Producer Certification Fund through which, under specified criteria, certification costs can be subsidized in part for producers.

The **general reserve** was introduced in 2009 and represents accumulated unrestricted surpluses.

Deferred income consists of grants from funding partners for 2014, already received in 2013.



FAIRTRADE
INTERNATIONAL

Fairtrade International Bonner Talweg 177 53129 Bonn Germany
Telephone +49 (0)228 949230 Telefax +49 (0)228 2421713 info@fairtrade.net www.fairtrade.net

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Credits

Photos: Kyle Freund (p.4, 13), Nico Gründlingh (p.5), Tessa Jol (p.6), Éric St-Pierre (p.7, 11, 16), James Robinson (p.8), Sean Garrison (p.9), Rob Kenyon (p.10), Inferno /Andrew Attah (p.12), Sean Hawkey (p.14), Mimundo.org (p.15, 20), Nathalie Bertrams (p.16 bottom), Tatiana Marin (p.17, top), Santiago Engelhardt (p.17 bottom, p.18), Didier Gentilhomme (p.19), Linus Hallgren (p.21).

Concept & layout: GERMAX media, Aachen Print: In Puncto druck+medien GmbH

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