

CURRICULAR WORKSHEETS –

HUMANITIES AND SOCIAL SCIENCE

UNIT 5

Unfair trade?

- A** Today's consumers are spending more than ever on ethically produced versions of foods like coffee and chocolate. These goods are known as 'Fairtrade' because they don't exploit the third-world farmers that produce them, but are they really as fair as we all think?
- B** The Fairtrade Foundation was ¹set up in 1992 in response to the dropping prices developed countries were willing to pay for basic farm commodities* like coffee. The other problem was that the various people involved in the process of getting food from the farms to our homes, such as processors and retailers, each took a large portion of the ²profit, leaving very little for the farmer.
- C** Fairtrade works by offering growers a minimum price for their products and then paying them an extra premium, to be invested in social projects such as education, health and environmental initiatives. How and where money is invested is decided by a committee elected by co-operative members or workers on a plantation. This system allows small farmers to protect themselves against market volatility and gives them better access to global markets. Shoppers who buy Fairtrade food are willing to pay a little more in order to benefit these farmers.
- D** However, not everyone agrees that Fairtrade is a good idea. Some economists say these schemes encourage farmers to produce the same crops that kept them in poverty before Fairtrade and rely on the 'charity' of those who are willing to pay for these products. By guaranteeing a minimum price, Fairtrade also encourages market ³oversupply, which decreases global commodity prices. This means that farmers become even more dependent on selling through these channels and that other farmers who are not involved in the schemes become even poorer. Fairtrade coffee farms are not allowed to employ any full-time workers, which means that during harvest season, workers must be employed on short-term contracts and that they don't have the stability of long-term jobs.
- E** Perhaps the main problem with Fairtrade is that the vast majority of the money

from sales remains in the West – only about 5% of the sale price makes it back to the farmers. Furthermore, many Fairtrade products are processed in developed countries. For example, 90% of the world's cocoa is produced in the Third World, but only 4% of the chocolate is processed there. This means third-world countries remain locked into producing ⁴primary sector commodities, while the West profits from the value added by conversion.

F Fairtrade has its pros and cons, and while it's certainly not time to forget about ethical products, it may be time for the organization to consider better ways of using the goodwill of ethical shoppers to provide long-term benefits to ⁵agrarian communities.

*commodities: unprocessed or partially processed goods or products

1 Choose the best answers according to the text.

1 The Fairtrade Foundation ...

- a** is not working well at the moment.
- b** has been a huge success.
- c** is ending poverty in the developing world.
- d** could improve the way it works.

2 Fairtrade ...

- a** offers farmers low prices for their goods.
- b** exploits processors and retailers.
- c** gives farmers a bonus when they produce large amounts of crops.
- d** gives farmers a fair price for their goods.

3 Fairtrade farming ...

- a** provides workers with stable employment.
- b** does not give workers contracts.
- c** can decrease the global value of products.
- d** can increase the global value of products.

2 Match words 1–5 in the text to definitions a–e.

- ___ a an excess of something
- ___ b to establish a business
- ___ c the money that is left after all the expenses of a business have been paid
- ___ d the section of the economy dedicated to extracting products from the Earth
- ___ e farming

3 Find words in the text that mean the same as ...

- 1 shoppers. _____
- 2 sellers. _____
- 3 a bonus or additional quantity of money. _____
- 4 instability. _____
- 5 written agreements between two people or organizations. _____