

Boenning, Kinga

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# The Introduction of Fair Trade in Poland: Opportunities and Challenges

**Kinga Boenning**

Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO), Theodor-Lieser-Str. 2, 06120 Halle, Germany. Corresponding author. E-mail: boenning@iamo.de.

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## Abstract

Fair Trade aims to improve the working and living conditions of producers by paying a higher price for their products as well as offering additional support. The strategic goals of Fair Trade are to support marginalized producers and workers to attain economic security and to make a decent living from their farming activities. In Poland, Fair Trade is expanding very rapidly. Given this development, an ongoing market for Fair Trade products can safely be assumed, but greater coordination among actors and common activities between NGOs and interested businesses may accelerate development even further.

**Keywords:** Central and Eastern Europe; civil society; consumption; Fair Trade; Poland; smallholder producers

## Abbreviations:

FLO International – Fairtrade Labelling Organisation International  
NGO – nongovernment organization  
UNDP – United Nations Development Programme  
WTO – World Trade Organization

## Introduction

Fair Trade aims to improve the working and living conditions of producers by paying a higher price for their products as well as offering additional support. The strategic goals of Fair Trade are to support marginalized producers and workers to attain greater economic security and to make a decent living from their farming activities (Fair Jobbing, 2007; IFAT, 2007).

Whereas Fair Trade presents a concept for producers in the global south, the consumers of Fair Trade products live in Western Europe and other industrialized countries. The most common Fair Trade food products are coffee, tea, and bananas; however, the production of Fair Trade clothes or handicrafts is also increasing. While Fair Trade is still a niche market, some Fair Trade products, especially bananas and coffee, have gained high market shares amounting to 50% in some countries. The expansion of Fair Trade products is entirely demand driven and dependent on the willingness of consumers to pay a premium for “fair”-traded products.

In Western European countries, the introduction and expansion of Fair Trade has been fostered mainly by NGOs and informal groups dedicated to “One World” issues, as well as individuals engaging, often voluntarily, in activities related to Fair Trade. In Germany, for example, the “One-World-Shops” which sold majority of the Fair Trade products for many years were run mainly by volunteers. Today, importing organizations and supermarkets play a more important role in distributing Fair Trade products in Western Europe, but the range of actors and the methods of promotion differ a great deal from that of mainstream products.

In Central and Eastern Europe, Fair Trade was introduced after the breakdown of communism. In some countries like the Czech Republic, several associations have promoted Fair Trade for a number of years. In others countries, like Poland, the introduction of Fair Trade has been quite recent. After groups started to promote Fair Trade, products became available in some cafés and shops in Warsaw and Gdansk.

As Fair Trade activities are only a recent phenomena in Poland, there is little literature available on this subject. This paper therefore aims to provide an overview of the current trends and analyze possibilities and challenges for the introduction of Fair Trade products based on the experiences of the main actors. We hope that this paper will encourage greater research on Fair Trade among the different EU member states, as well as the exploration of theoretical questions on the current development of Fair Trade.

## Materials and Methods

There are a number of studies analyzing the impact of Fair Trade on local producers in different countries (EFTA, 2006). While this paper does not

discuss the effects on producers, it does highlight the rising demand for Fair Trade products in Poland.

Due to the lack of literature in this area, information was gathered through interviews and via the Internet. The results presented are mainly based on the results of an Internet search and qualitative interviews conducted in Warsaw in autumn 2007. The respondents were 12 individuals from NGOs promoting Fair Trade, firms selling Fair Trade products, the Ministry of Foreign Affairs, and development organizations. The information gathered was enriched by participation in a workshop on an “ethical office” carried out by eFTe<sup>1</sup>, as well as visits to shops and cafés that offer Fair Trade products.

## How Fair Trade Operates

Fair Trade is defined as a “trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade” (FINE, 2005). It is meant to contribute “to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers—especially in the South” (FINE, 2005). In addition, “Fair trade organizations (backed by consumers) are engaged actively in supporting producers, raising awareness and in campaigning for changes in the rules and practice of conventional international trade” (FINE, 2005; FTAO, 2007a; 2007b).

Fair Trade importing organizations pay a higher price for the products to producer organizations, based on production and living costs. In addition, a Fair Trade premium is paid to producer cooperatives, which then decides on their own where to invest the money. In this way, Fair Trade organizations supply the producers with money for community projects, including education and housing. In some cases, producers can also get financial support to comply with quality or ecological standards. Fair Trade organizations also guarantee long-term contracts (Fair Jobbing, 2007).

Fair Trade products have to meet a number of criteria, including decent working conditions (FLO, 2007a) and price of produce that guarantees a decent living for producers (TransFair Germany e.V., 2007). Both producers and importing organizations have to comply with these standards. The products are certified by national labelling initiatives, and the fulfilment of the standards is controlled by the Fairtrade Labelling Organisation International (FLO), which provides consumers with information that Fair Trade products are traded according to internationally agreed standards (FLO, 2007a; Forum Fairer Handel, 2007; El Puente, 2007; TransFair Germany e.V., 2007; “Fair trade,” 2007).

Fair Trade sales have been growing steadily at rates of more than 20% per year over the last decade (Krier, 2006, p. 5). With 60% to 70% of total sales,

Europe presents the biggest market for Fair Trade products (Krier, 2006, p. 7). In Germany, sales increased by 55% in 2006 (Krier, 2006, p. 5) (Table 1).

The two main Fair Trade products, bananas and coffee, demonstrate how rapidly market shares have increased since 2004, although often from a very small base (Table 2).

## Current Trends for Fair Trade in Poland

To understand the current trends with regard to Fair Trade in Poland, it is necessary to highlight two parallel trends: (1) the increasing number of activities which aim to raise consumer awareness for Fair Trade and increase the demand for its products and (2) the growing supply of Fair Trade products in shops and cafés.

**Table 1.** Estimated Fair Trade retail value (in million euros)

Country	2005	2006	Increase (%)
Austria	25.6	41.7	63
Belgium	15.0	28.0	86
Canada	34.8	53.8	54
Denmark	14.0	21.5	54
Finland	13.0	22.5	73
France	109.1	160.0	47
Germany	70.9	110.0	55
Ireland	6.6	11.6	77
Italy	28.0	34.5	23
Japan	3.4	4.1	23
Luxembourg	2.3	2.8	23
Netherlands	36.5	41.0	12
Norway	6.7	8.6	28
Sweden	9.3	16.0	73
Switzerland	133.8	135.3	1
UK	276.8	409.5	48
USA	344.1	499.0	45
Australia/New Zealand	2.5	7.2	191
Spain	0.03	1.9	7
Total	1,132.4	1,609.0	42

Source: FLO (2007b)

**Table 2.** Market shares (%) of Fair Trade-labelled coffee and bananas in 14 European countries

Country	Coffee		Banana	
	Latest year available	5 years ago	Latest year available	5 years ago
United Kingdom	20.0	1.5	47.0	15.0
Switzerland	6.0	3.0	5.5	<1.0
Austria	2.3	0.7	5.0	n/a
Denmark	2.0	1.8	4.0	0.6
Ireland	2.0	0.5	2.7	n/a
Belgium	1.7	1.0	<1.0	1.8
Germany	1.0	1.0	0.9	2.0
Sweden	<1.0	0.8	0.6	n/a
Norway	0.9	0.3	0.5	n/a
Finland	0.4	0.3	n/a	4.2
Luxembourg	n/a	3.3	n/a	4.0
The Netherlands	n/a	2.7	n/a	1.2
Italy	n/a	0.1	n/a	<1.0
France	n/a	0.1	n/a	n/a

**Source:** Krier (2005)

Two main groups are promoting Fair Trade products in Poland. The Polish Fair Trade Association's "Third World and Us" began in 2003 (Trzeci Świat i My, 2007b). Since May 2006, they have provided Fair Trade products through an Internet shop (Trzeci Świat i My, 2007a). Within one year, the association convinced about 30 shops and restaurants to offer Fair Trade products (Zięba, 2007). The association, based in Gdansk, is rooted in the Catholic tradition and presents Fair Trade mainly as a "humanitarian" way to help people in third world countries.

In the autumn of 2005, the association eFTe, which is dedicated to responsible consumption, has been promoting Fair Trade in Warsaw (eFTe, 2007). The organization, which is comprised mainly of students and young people, carries out activities like panel discussions and workshops for NGOs on how to become a "responsible office" (eFTe, 2007; Paszewska, 2007; Rok, 2007). In their work, they highlight not only the positive effects of Fair Trade on southern producers but also the high quality of Fair Trade products.

Apart from these organizations, Fair Trade has been discovered lately by a number of organizations working in related areas, particularly those dealing

with responsible consumption in the broader context of ecology and, to a lesser extent, those dealing with development cooperation. Their activities include panel discussions and workshops on Fair Trade, and they often invite members of the Polish Fair Trade Association and eFTe as speakers (Polska Zielona Sieć, 2007a).

Several articles regarding Fair Trade appeared in the economic section of *Rzeczpospolita*, one of the biggest daily newspapers in Poland (Biały, 2006a; 2006b; 2006c; 2007). In the daily *Gazeta Wyborcza*, several articles on Fair Trade can also be found. In all cases, these articles are usually written by journalist who are personally interested in the subject.

In general, the number and range of Fair Trade activities are growing very rapidly. Two to three years ago, it would have been hard to find more than one event dealing with Fair Trade, but nowadays, conferences, festivals, film shows, and similar events which discuss Fair Trade are occurring on a regular basis.

When estimating the level of knowledge on Fair Trade among the Polish population, the distinction must be made between Warsaw, Gdansk, and Sopot and the smaller towns and rural areas which have been largely untouched by Fair Trade. When Fair Trade is discussed, the question that is most often raised is related to the reliability and control of Fair Trade products. The big concern is whether the product is certified and if the money actually goes to the producers. Once familiar with the concept of Fair Trade, most people react very positively. Interest in the subject has been growing over the years as indicated by attendance to panel discussions and workshops related to Fair Trade—e.g., the panel discussion on Fair Trade organized by UNDP Poland and eFTe in March of 2007 and the workshop on the “Ethical NGO” provided by Daria Zebrowska and Weronika Paszkeiwicz of eFTe for the Akademia Rozwoju Filantropie w Polsce in October of 2007.

### **Supply of Fair Trade Products**

During the last two years, Fair Trade products have been introduced into a number of shops and supermarkets. A large number of them offer high-quality food, organic food, and different types of “exotic” food. These outlets offer Fair Trade products as an extension to their range of goods. Often, they are both unaware and disinterested in the subject (CEEFTA, 2007; Polska Zielona Sieć, 2007b).

On a larger scale, Fair Trade products are sold by Marks & Spencer, which is known in Poland, especially for its clothes. The firm offers many food products, especially coffee, tea, and chocolate, that are certified Fair Trade products. The prices of Fair Trade products are often no higher than the prices of non-Fair Trade goods. When the headquarters in the United Kingdom decided to introduce Fair Trade products into Poland two years ago, the majority of the Polish staff had no idea what the products represented.

About five cafés in Warsaw serve Fair Trade coffee or tea (CEEFTA, 2007; Polska Zielona Sieć, 2007b). The Baristo Coffee and Bakery Shop, which opened in spring 2007, is in one of the modern Warsaw shopping centers. The owner introduced Fair Trade coffee not only because he supported the idea behind it but also because the quality of the brand convinced him. Although his coffee is Fair Trade, it doesn't influence the final price for a cappuccino, for the cost of the beans is only a marginal part of the overall cost. However, according to the founder of Coffee Heaven, the higher price of Fair Trade coffee hinders the introduction of the product into the bigger café chains. Other cafés, like the Yamaya, attract students and others by their unique ambience and the availability of other prepacked Fair Trade products. This was also the only place visited where the offer of Fair Trade products was visible from outside the café.

In Poland, Fair Trade products are sold in retail stores often “by accident” as the result of a decision by a foreign owner or to enrich the product assortment rather than by conviction. On the other hand, and to a much smaller extent, mainly in cafés and Internet shop, Fair Trade products are part of the philosophy. In general, knowledge on Fair Trade products in most retail stores is rather low. In those shops visited by the author, the background knowledge of Fair Trade by the salespersons ranged from “none at all” to “good.” According to the salespeople, consumers in most places frequently ask about the meaning of the Fair Trade sign on products.

### **General Observations: Possibilities and Challenges in the Introduction of Fair Trade in Poland**

In Poland, few shops and cafés offer Fair Trade products because there is currently little demand. An increasing supply of Fair Trade products will probably create some new demand for the product, but at the moment, this effect is limited due to poor visibility of the products. However, there is currently a growing consumer awareness, inspired by experiences of Poles abroad or contact with foreigners in the country and enhanced by different NGO activities.

To facilitate the development of Fair Trade in Poland, it is possible to identify several groups of potential consumers. Firstly, there is a group of “responsible consumers” who are primarily students and NGO staff. This group presents a natural target group for Fair Trade activities. Secondly, there is a rising demand for Fair Trade products among educated, financially secure, and successful young individuals often described as “yuppies.” For them, Fair Trade presents part of an interesting modern trend: something special rather than idealistic. In contrast to the first group, they are more likely to buy Fair Trade products when they are offered in fashionable cafés and shops. The third group, which consists of a greater part of society, have the potential to



be reached with the message that they “help” others when they purchase Fair Trade products. This large group may be willing to purchase these products on special occasions rather than on a day-to-day basis.

Another factor supporting the consumption of Fair Trade products is the exponential increase in the activities of NGOs in this field. The “discovery” of Fair Trade by ecological, social, or development NGOs presents a major opportunity. Together with eFTE, these NGOs have a great opportunity to provide knowledge on Fair Trade to the public. There are several resources eFTE can build on. Through its members working in Polish NGOs and institutions, they can provide speakers for panel discussions and debates. They are convincing because they are committed and enthusiastic about the principles of Fair Trade. The positive atmosphere and the energy they expend attracts additional people to join them. Fair Trade in Poland is presented in many different contexts including responsible consumption and humanitarian aid. In most cases, it is not linked with any discussions on world trade issues or the World Trade Organization (WTO) *per se*. This is remarkable in that the third part of the Fair Trade definition internationally agreed upon by FINE<sup>2</sup>, which underlines the advocacy of Fair Trade organizations for more equitable trade, is not mentioned in any Polish text on the subject. Fair Trade in Poland seems quite non-ideological, which may be less convincing to some, yet at the same time, it offers the potential to reach greater parts of society.

At the same time, some limitations are observed. One of them is the failure to identify with development issues and accompanying knowledge on developing countries as such. This means that for many consumers, some background information on the situation for producers in the south must be provided first in order to explain how Fair Trade benefits producers. There is still a danger that many Poles regard Poland as a “poor” country, which must first focus on its own problems.

While there are still a lot of opportunities to broaden the knowledge of Fair Trade within the community, it will be a challenge for activists to reach broader parts of society. Even if they work very hard, the absolute number of people reached directly or indirectly by the activities is limited. The downside is the lack of any strategy on how to use the scarcest resource, namely, the time of the core activists, most effectively to achieve the greatest publicity. This could mean, for example, focusing more on how to engage volunteers in the current work.

NGOs trying to reach the target group of well-educated young people might try to convince some of the bigger café chains to offer Fair Trade products. As part of their marketing strategy, this could encourage other firms to follow suit and would consequently increase the consumption of these products considerably.

It is not yet possible to determine whether the availability of Fair Trade products in supermarkets will prove to be an advantage or disadvantage in the

medium to long term. While distribution through the major retail chains offers an opportunity to popularize Fair Trade and to achieve greater market shares, the introduction of Fair Trade products into those supermarket chains which are known for their unethical treatment of staff could discredit the principles behind Fair Trade for greater parts of society.

In general, there is almost no connection between the firms providing Fair Trade products and the NGOs which aim to increase consumer awareness of Fair Trade. More cooperation between NGOs and the firms already interested in or providing these products may provide an opportunity to popularize the idea and achieve synergies. Possibly the biggest influence on the greater knowledge of and demand for Fair Trade products will come from the current (temporary) out-migration and seasonal work undertaken by Poles in other countries—for example, in the United Kingdom—where Fair Trade is well established. The existence of foreigners in Poland, as well as more opportunities for Poles to spend time abroad, have had a significant influence on the introduction of Fair Trade to Poland. Almost all interviewees acknowledged that they were first introduced to Fair Trade either through their travels abroad or contacts with foreigners.

## Conclusions

The paper presented current trends with regard to the introduction of Fair Trade in Poland. There are many open questions regarding the future development of Fair Trade in the country, but there are also more general ones inquiring on the role of NGOs and the possibilities for and means of cooperation between the private and nongovernment sector in this area. Whereas a range of studies can be found on the impact of Fair Trade in southern countries, there is very little literature available on the demand side for Fair Trade products and the corresponding activities of NGOs in Europe or other continents.

The rapid growth of the Fair Trade market within Europe has drawn up a number of questions. One of the basic questions will be whether Fair Trade can be seen and analyzed as a common market, a new brand which captures specific consumers preferences, or it presents a bigger challenge to common economic thinking. Fair Trade is based on a market approach which has some vital differences with mainstream products. In addition, the motives and attitudes of consumers and other actors engaged in Fair Trade can differ greatly and will therefore have some impact on the final range and form of the Fair Trade market.

In practical terms, Fair Trade is currently promoted as a concept to facilitate more equitable trading relationships between north and south, but it may also provide a model for more equitable relationships between producers and

consumer in the northern countries as well, especially with regard to agricultural production.

## Notes

1. The name eFTe, which is not an acronym, was created in relation to Fair Trade, but the group does much more than just promote Fair Trade now. The group advocates ethical consumption.

2. FINE is the acronym derived from the acronyms of the four Fair Trade initiatives: Fairtrade Labelling Organizations International (FLO), International Fair Trade Associations (IFTA), Network of European Worldshops (NEWS), and European Fair Trade Association (EFTA).

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