

# The Challenges of Achieving Fair Trade Textiles

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## Contents

1. Introduction	3
2. Accountability	5
3. The Textile Industry	
3.1 Protection?	9
3.2 Movement?	14
3.3 Exploitation?	15
4. The Move to Fair Trade Clothing	
4.1 What is Fair?	26
4.2 The Business of Fair Trade	30
4.3 Consuming Fair Trade	37
4.4 Possible Futures for Fair Trade	41
5. Conclusion	48

## 1. Introduction

Concerns regarding the global trade of textiles have, in recent years, focused on the movement of textiles and related produce in ever greater quantities over ever greater distances at ever increasing speed without due regard for people involved in textile production. Cotton moves from, for example, Texas or a developing country as raw material in massive quantities to China or other parts of the developing world where it is processed into clothing garments, exported back and distributed through, for example, the US and EU, where in future years it is collected once again (this time through charitable donations) and shipped back to the developing world (see Rivoli, 2005). The rapid rise in such movements has led to claims that, for example, Chinese exports have risen by as much as 1000% to the US and 500% to the EU in some clothing goods (BBC, 2005a).

This massive and rapid growth in the movement of raw materials and production processes, connecting the developed and developing world, has raised three principal issues: first, whether or not existing developed world textile manufacturers should be 'protected' from rapid increases in imports; second, questions regarding the mass movement of textiles and questions in relation to the usage and distribution of clothing (via for example charitable donations) in the developing world; third, and most notably, the extent of exploitation and poor labour conditions in the manufacturing of garments. These concerns have led to increasing calls for the textile trade to be accountable. In textiles, accountability has been called for in relation to amongst other things: large-scale retailers and manufacturers whom, it is claimed, should make available information on the production of goods and improve their Corporate Social Responsibility (for a summary, see *The Economist*, 2008); Fair Trade and ethical textile initiatives which should be able to provide information to consumers on the nature of the fair or ethical claims being made; specific codes of conduct to which different areas of the textile industry should adhere; and suggestions that import-export relationships could be altered through accountability relations. What are the

main challenges involved in these calls for accountability and what are the prospects of addressing inequality through accountability? This report will begin by offering a brief introduction to the principles of accountability before providing a summary of issues at the centre of the global textile trade. The report will then look at the prospects for Fair Trade textiles as a means for engaging with these issues.

## 2. Accountability

In a general sense accountability relates to those occasions where some particular feature of activity is made available to be assessed and goes through a process of assessment. However, in practice there are a variety of approaches to accountability. The report will briefly outline these approaches by drawing together work from sociology, development studies, management research, science and technology studies, anthropology and philosophy. These approaches can be organised into four areas of: face to face, metric, transparency and engagement-based forms of accountability. Although in practice these often overlap, they are separated out here for ease of presentation. In subsequent sections the complexity and blurring of these approaches in instances of accountability will be highlighted.

*Face to face* forms of accountability relate to the sense in which forms of interaction are occasions of accountability. For example, conversations might involve one speaker providing an utterance to be held to account by a second speaker whose subsequent response is then available to be held to account by the first speaker (Garfinkel, 1967; Luff and Heath, 1993). This approach treats accountability as a pervasive phenomenon, constitutive of everyday forms of interaction (constitutive in that through holding each other to account, more or less mutual intelligibility is accomplished). However, the form of accountability outlined can be characteristic of professional as well as everyday settings (Lynch, 1998; Suchman, 1993). In professional settings, the ways in which face to face interactions operate as moments of accountability are tied into organisational structures (for example, meetings are held as opportunities for parties to hold each other to account and those meetings form part of the structure of the organisation as they are timetabled, minuted and their existence becomes an expectation amongst organisational members). Face to face forms of accountability are characterised by more ad hoc, less systematic forms of interaction than other areas of accountability. This can be both advantageous (in that problems with for example, metric forms of accountability are easier to avoid) and disadvantageous (accountability of

this form can sometimes appear less organised or rigorous). An important principle of face-to-face forms of interaction is mutual accountability - each gets to hold the other to account. This is less apparent in other modes of accountability.

*Metric* forms of accountability relate to those systems of assessment where an organisation is measured according to certain principles, expectations, standardised measures, benchmarks, performance indicators and so on (see Power, 1997; Baxter and Chua, 2002). The metrics form the focus for accountability. The metrics draw together the aspects of the organisation to be measured and operate as principal ways in which the organisation steers itself and through which its members come to prioritise certain types of activities and organisational goals (Miller, 1992; Miller and O'Leary, 1994; Rose, 1999). Metrics are often tied into further forms of accountability such as external auditing whereby organisations are expected to be able to demonstrate that they have adhered to certain measurement standards and practices. A drawback of this approach to accountability can be that the areas of activity to be measured do not remain as measures, but instead become targets to aim toward. In this way, the metrics can be consequential for the types of activity that the organisation carries out (see, for example, Strathern, 1999; 2000; 2002). For example, when the UK government set out to measure Universities, they developed the Research Assessment Exercise which was a publication based metric. However, in place of measures of publications, came a nation of University academics all trying to publish in certain journals, in a certain time-frame; the publications became a target to aim toward. This has led to a skewing of academic priorities towards publications (in order to succeed in assessment) and away from other areas which would not come under scrutiny but might still be valuable (such as the extent to which academics have engaged in work of practical consequence). Such an approach to accountability is fine for as long as the metrics are considered appropriate and their potentially narrowing consequences are considered manageable.

*Transparency*<sup>1</sup> as a mode of accountability refers to those actions understood as carried out, usually by an organisation, on behalf of an often unspecified mass audience. This includes, for example, company accounts made available for the public good or in the public interest. In effect these 'publics' tend to be fairly narrow and specialised (those who are interested in and have the time and skill to read reports, accounts and other ephemera made available by organisations; that is they are not, in practice, often noted as members of the general public; for more on transparency systems, see Gray, 1992). This form of accountability includes calls for organisations to make certain types of information available and for (sometimes publicly funded) organisations to demonstrate their value for money, responsibility (social, corporate) and ethical standards. Demands for transparency are made in relation to, amongst other things, the media (Media Transparency, 2003), global political campaigning (Transparency International, 2003) and corporate organisations (Shaw and Plapinger, 2001). Like metric approaches, transparency forms a set of organisational principles as organisations are actively encouraged to adopt particular protocols on making information available for assessment and, indeed, for public organisations their funding can depend on an ability to demonstrate that they have adhered to these protocols. Problems with this approach to accountability involve questions regarding whether or not information made available matches internal organisational activity, whom information is made available to, what sense is made of information made available (see Wall, 1996) and how information is used (often, making information available becomes the end goal, a box to tick to demonstrate adherence to a principle rather than for any clear practical benefit; Neyland, 2007).

*Engagement-based* forms of accountability relate to those structures which actively invite audiences external to an organisation to participate in an aspect of the organisation (for an overview, see Irwin, 1995; Kleinman,

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<sup>1</sup> Transparency has been considered from a number of different perspectives in poetry (Gordon, 1969), post-modernism (Vattimo, 1992; Baudrillard, 1993), philosophy (Westphal, 1986), political analysis (Wall, 1996), psychology (Tagiuri et al, 1955) and studies of accounting (Humphrey et al, 1995; Gray, 1992; Zadek and Raynard, 1995; Sikka, 2001; Canning and O'Dwyer, 2001; Drew, 2004).

2000; Kitcher, 2001). This is not the same as members of an organisation holding each other to account face to face, or metrics and transparency standards and protocols being used as a means to make information available. Instead, engagement-based forms of accountability revolve around particular set-piece moments where those external to an organisation are offered an opportunity to enter into interaction with (an aspect of) the future direction of that organisation. This can involve citizen juries, deliberative, democratic decision-making, participatory budgeting, public involvement in new scientific developments and so on. The means of engagement becomes an opportunity for accountability and for assessment of the appropriate way forward for a particular area of organisational activity. Theoretically speaking this engagement also becomes an important means of steering the organisation; in theory the organisation and its members are steered by an awareness of the need for engagement, make decisions about appropriate areas of engagement and look to use engagement as a means for steering future activity. Problems with this approach relate to the means of engagement (what would form an appropriate structure for outside involvement in an organisation's decision-making, what sort of information should people be provided with, how to handle, for example, market sensitive information), who gets to engage (that is who is invited - which can be a broad-based invite to the general public - and who turns up - which can be a problematically narrow group with a specific agenda, such as those who may wish to protest against an organisation) and with what outcome (in a similar manner to transparency based accountability where information availability becomes the end-point, in these activities engagement can become the end-point with no clear consequence).

Having outlined four approaches to accountability, this report will now provide a succinct summary (next section) of issues faced in the global textile trade. Questions of accountability which arise in relation to these issues will be given consideration.

### 3. The Textile Industry

#### 3.1 Protection?

From the 1960's onwards the movement of textiles and clothing was regulated through various instantiations of the Multi-Fibre Arrangement (MFA). This was designed as a temporary agreement which would give developed nations a chance to change national textile industries to compete more effectively with textiles from the developing world. The MFA kept textiles and clothing mostly outside the bounds of General Agreement on Tariffs and Trade (GATT) and subsequent World Trade Organisation (WTO) discussions. However, the temporary nature of the MFA appeared misleading as it went through five alternative forms across 40 years. During the Uruguay round of trade negotiations, it was decided that the MFA was to be replaced by the Agreement on Textiles and Clothing (ATC).

The ATC was designed as a further temporary measure to phase out limits on exports/imports after which there would be no quotas. The ATC plan was designed to operate from 1998 to 2005 involving three stages of gradually reduced impositions on textile trade. According to Friends of the Earth (2001) the ATC agreement involved several problematic areas. First, the percentages of allowed imports under the ATC related to all textile imports and so included restrictions on some things which had not previously been restricted under the MFA (the result was the ATC was more restrictive than the MFA for some developing countries who specialised in areas previously not regulated). Second, developed countries could count some goods as in need of further restrictive quotas, allowing other goods to move with fewer impositions (so, for example, yarns moved more easily than finished garments). Third, 'safeguard' measures were allowed, through which some developed countries could identify specific goods as a threat to domestic products and establish strict quotas (the US developed 24 'safeguards' under the ATC). The ATC was designed to end in 2005.

The EU and US continue to control the amount of textiles allowed to enter from external markets. The ATC did not lead to a complete end to the MFA and subsequent restrictions on movement of textiles. Some NGOs (see Oxfam, 2004) have declared disappointment in this situation as have retailers seeking cheaper goods. France, Spain and Italy have supported EU producers' arguments in favour of quotas, while Germany and the Netherlands have supported retailers' arguments for removing quotas. The EU has introduced a system through which various textile products can be imported according to strict regulations. Thus the import quota of some textile goods could increase by 8% in the year following the end of the previous trade agreement (the ATC), while others could increase by as much as 12.5% (the goods covered range from men's trousers to bed linen). However, the EU introduced an early warning system which would be triggered if imports rose above or got close to this level (BBC, 2005b). In September 2005 this happened with tonnes of Chinese textiles impounded at EU ports. Eventually these were released onto the market but had to count against 2006 quotas. This EU system angered both the Chinese (citing restraint on trade) and EU textile manufacturers (citing not enough restraint on trade). Under a WTO agreement countries can limit textile import growth from China to 7.5% per year until 2008 (BBC, 2005a). India has sought to take advantage of these limitations in developing more of its own textile exports (Business Line, 2005). China has strongly opposed these measures, arguing that if US computer giants want to expand into selling electronic goods in China, why shouldn't China be allowed to expand its textile sales into the US? (Washington Post, 2005). However, the US has relaxed quotas on Cambodian textile imports in return for guarantees that goods will not be produced under sweatshop conditions, suggesting textile quotas are not entirely rigid (although the imposition of ethical labour standards has not always met with developing country support; see 'Exploitation' section).

Ethical Cambodian trousers are the tip of the iceberg in quota complexities. The quota system has been a grand contraption of metric accountability. For example, imports to the US may appear rigid with certain amounts of

certain types of goods allowed in from particular countries up to fixed limits. Yet importers can also make use of quota swings (sometimes shifting clothes from one category to another, from say ties to bras), special shifts (borrowing from one quota for another specific and approved good), quota carry over (using space left from last year's quota) and quota carry forward (borrowing from next year's quota). Import checkers in US ports have to attempt to keep track of these quotas, goods and caveats in order to hold the accountability system together. However, quotas and thus accountability are more complex than this picture may suggest; the focus of quotas is on the origin of goods, but where do clothes originate from? If cotton is from Texas but a t-shirt was cut in China, or stitched in Bangladesh, or dyed or printed in Cambodia, whose t-shirt is it? At the moment the quota focus is on stitching, although previously it was on cutting. Further complexity is introduced by quota chasing. This involves firms seeking countries which have spare capacity in their quotas and quickly shifting production to that country in order to meet, for example, an urgent order from Gap. Another example is provided by Uzbekistan which now has a flourishing government controlled cotton trade. Strong suggestions have been made that this trade involves exploitative child labour. However, being able to track the movement of this cotton, when it is combined with cotton from other countries and is at an early stage of the production lifecycle of, say, a t-shirt, has proven difficult for developed country retailers. Calls for accountability in the textile trade do not always pay attention to the complexity and costs of achieving such accountability. Arguments have been made that access to information on the origin of all the different goods that make up a t-shirt are difficult for retailers to find even if they want to promote ethical clothing. However, others have suggested that some retailers are not trying as hard as they might to find this information (see BBC, 2007).

It has been suggested that less scrupulous firms simply keep a constant supply of 'made in x, y, z' country labels to be stitched into clothing in line with available quotas and shipped to developed nations via countries with

quota capacity. The reliability of an accountability system, then, would depend on knowing this or accepting that 'country of origin' was an unreliable aspect of the system. Other features of the textile trade are equally difficult to hold to account. For example, there has also in recent years been a trade in buying and selling quotas as commodities. If a trader believes, say Nike, are going to place a huge order for trainers next year, the trader will buy up quotas in advance and then sell space to manufacturers at a profit when Nike place their order. Once a nation reaches its quota in a particular area, subsequent items are treated as illegal immigrants. However, this protection has not protected jobs in the EU and US textile industry with employment continuing to decline.<sup>2</sup> What the textile quotas have managed to introduce, particularly in the US, is thousands of jobs for pro and anti textile quota lobbyists and textile quota checkers in ports. Accountability itself becomes a business.

It is said that Texas cotton has bought its way out of the cotton market (for a summary see Rivoli, 2005). A combination of advanced machinery, few employees, consistent weather (cotton crops can be killed by cold, heat, hail, damp or dry weather), access to fertilizers (and knowledge of how to use them) and University researchers focused on cotton, subsidies from the US government, constant shifts in working arrangements and crop insurance mean Texas cotton growers have remained consistently at the forefront of cotton production. For every dollar of cotton sold, US farmers get \$1.20 and African farmers receive 50c. The US farmers get subsidies and take their goods (more or less) straight to market. African farmers often have to sell to (partially) state owned organisations such as COPACO first which then sell the material on to market. Oxfam (2004) argues strongly that: "Reform of US cotton subsidies is urgently needed to address the distortions in cotton trade that undermine the value of cotton in developing countries," (2004: 2). Although there is little agreement amongst researchers on the textile industry, it seems that the removal of US subsidies alone would not

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<sup>2</sup> It is claimed that each US textile industry job saved cost \$174,825 (Rivoli, 2005). This is part of the high cost –low cost t-shirt (other costs include labour exploitation and pollution from global movement of textiles – which could be termed cotton miles).

introduce a level playing field in cotton. Various claims are made that farmers in the developing world need more direct access to markets, or a better deal in getting their produce to markets, a better infrastructure of support for farming, better knowledge of fertilizers, more mechanised production or less mechanised production and a greater focus on organic cotton, and so on. It seems there is little likelihood of change in Texan cotton production.

Recent (and partial) textile trade liberalisation provided mixed fortunes for developed and developing countries. Textiles account for 30% of Portugal's export income and 30% of the labour force. Fewer restrictions on imports have led to calls for a mass retraining of the workforce (see Microsoft, 2006). Turkey has had to incorporate a view on textiles into its reforms required for accession to the EU. Some countries such as Bangladesh did not have strict quotas placed on them under the MFA and became attractive to textile producers. Since the demise of the MFA and introduction of across the board quotas under the ATC, Bangladesh became less attractive for manufacturers. For Pakistan 70% of their export income comes from textiles and the rapid growth and low prices of China has threatened a significant area of income. For China, although there has been a rapid rise in exports, this has led to strained relations with the EU, a continuation of quotas and questions regarding labour conditions. Discussions of EU trade liberalisation continue, although without much apparent hope of an easy or swift resolution (see for example the Guardian, 2006).

The current moves toward Economic Partnership Agreements do not seem to have been welcomed as an adequate resolution to these quota issues. The EU with significant resources in terms of finance, people and expertise for trade negotiations is said to be rushing, bullying or insisting upon trading terms between developing and developed countries which it is argued will benefit the latter (Guardian, 2007). Rather than an accountability system incorporating access to markets and market information for developing countries, the emphasis appears to be on a system which will build very

particular trading relations into an agreement (perhaps on terms preferential to developed countries) and developing countries will be held to account for the extent to which they meet the terms of the agreement. Instead of mutual accountability comes unevenly distributed accountability. It remains to be seen whether or not these Agreements come to fruition and, if so, whether they will lead to a significant increase in export of certain types of EU products into developing country markets, damaging fragile local trade. These agreements also seem to tie in particular types of economic relationship in return for aid and do not appear to offer any significant advances in terms of market access for producers from developing countries.

### 3.2 Movement?

In the global movement of textiles, less attention has been paid to the collection, shipping and distribution of clothing from developed countries back to developing countries in the form of charitable donations. However, questions have still been raised in this area. First, concerns have been expressed regarding the reliability of some organisations purporting to be charitable foundations set up to distribute clothes from developed to developing countries. This has led to several local authorities in the UK setting up their own scheme which attempts to guarantee that clothes will be sent to where organisations say they will be sent (see for example, Wirral council, 2003; Poole Borough Council, 2006). Second, concerns have been raised regarding the distribution of clothing in developing countries. These concerns focus on power struggles over the local control of distribution and the selling of 'charitable' donations for profit. Reports of this activity are scarce, but PBS (2001) made a film regarding the second-hand 'charity' clothing industry in Zambia through which Salvation Army 'donations' undersold local produce and wiped out domestic clothing manufacture (Hansen (2000) offers more detail on these issues). What appears to be 'charity' in one part of the world operates as a ruthless business in the developing world.

However, Rivoli (2005) and Hansen (2000; 2004) both suggest that the issue of 'donation' is far from straightforward. Firstly, domestic textile production in many developing countries was collapsing due to lack of equipment, low demand and the poor quality of goods produced. Secondly, the Salvation Army, for example, receives masses of donations from US households and takes out clothing it can sell in its shops. The rest is sold on to raise more money for the Salvation Army. It is the latter category of clothing which is then sorted into something like 400 categories (40 for t-shirts alone). These categories of clothing go off to different markets to be sold on at a profit to the company who bought the goods from the Salvation Army. High value items are currently vintage rock band t-shirts which are sent to Japan for re-sale. What counts as valuable vintage does shift, so currently old sports shirts are low value, but this could change. Lowest value items are dirty or damaged clothing items which are sent to be recycled as car seats or used as rags in industry. Clothes sent to Africa are selected carefully; they should be clean, made from light cotton, darkly coloured, without excessive slogans and not too revealing. Slightly used Gap t-shirts are highly valued in Sub-Saharan Africa but not in the US. It is these t-shirts which form a competitive trade in Africa (particularly Benin, Togo, Congo and Tanzania). Men's clothing is more expensive than women's clothing as seven times as many US women donate clothing as men. This trade is mostly in cents not dollars. Although concerns have been raised about this area of textile movement with calls made for more information to be made public by, for example, charitable organisations which collect donated clothing, the prospects of an extensive and rigorous accountability system in this area seem unlikely due to costs and a deficit of concern.

### 3.3 Exploitation?

Concerns regarding exploitation in the global manufacture of textiles are numerous and broadly dispersed geographically. Concerns have been raised regarding pay and conditions of textile workers in: Lesotho (Irin, 2006);

Macedonia (amongst several places highlighted by Clean Clothes Campaign, 2006); Honduras, Brazil, Guatemala, Dominican Republic and Bali (all featured in Corpwatch, 1996); Australia (The Age, 2006); Morocco (UNRISD, 1996); Bangladesh (see WSWs, 2006); amongst many other places.

A variety of attempts have been made to draw attention to these exploitation issues, improve conditions and pay for workers and get retailers and consumers to make purchase decisions based on the ethical standards of goods' manufacture. Charities (such as Oxfam, 2004) have been at the forefront of attempts to draw attention to the conditions under which textiles are produced and the ways in which they claim the textile industry operates to the disadvantage of developing countries. Fair Trade advocates have been a focal-point for attempts to assess the ethics of clothing production and encourage retailers and consumers to think about their purchases (see for example, the Clean Clothes Campaign, 2006). One aspect of such campaigns is to get clear labelling on products giving consumers the opportunity to make choices, and to make ethical statements, about what they wear. This labelling operates as a kind of transparency based form of accountability, making available a declaration about the conditions under which a good was produced.

However, in order to understand Fair Trade labelling, we need to know more about what constitutes the Fair Trade movement. Nicholls and Opal (2005) argue that "Fair Trade has emerged as the most important market-based mechanism to improve the lives of producers in developing countries," (2005: 5). They suggest Fair Trade should involve: moving people in the developing world out of poverty through market access; connecting producers and consumers; introducing beneficial not exploitative working conditions; a more equitable distribution of profits across the supply chain (this is sometimes known as a positive supply chain); and should address imbalances of information and power. Nicholls and Opal (2005) claim that these positive benefits of Fair Trade can be achieved through specific policies: setting an agreed minimum price for goods above the market

minimum (commodity prices are set by FLO, see below); development and technical assistance funded by this market premium for Fair Trade goods (the premium must be spent on agreed community developments); direct purchasing; transparent and long term contracts for goods; co-operative not competitive trade; the provision of credit in the form of advances of up to 60% on agreed purchases from traders to producers; providing market information to producers; organizing farm workers on plantations and aggregates of smaller family-run farms into democratic, participatory decision-making bodies; operating sustainable production (not using certain pesticides, not damaging local water supplies, etc); and removing labour abuses. Accomplishing these policies would enable Fair Trade to score well on its triple bottom line of economic, social and environmental accounting (for more on triple bottom line, see Elkington, 2004).

Certification of Fair Trade products, processes and agreements are deemed central to achieving these Fair Trade aims. Initially, assessments of Fair Trade goods and practices were carried out by organisations (charities and NGO's) in countries where the goods would be sold (in Europe and North America). These organisations established close relations with producers and assessed their 'fairness.' 17 of these organisations joined together to form the Fairtrade Labelling Organisations International (FLO) group in the 1990's. FLO has established certain certification standards (particularly in the area of agriculture, such as coffee, tea, cocoa and flowers). Certification involves sending FLO inspectors to spend a week or two with potential Fair Trade producers, checking their accounts and interviewing a random selection of workers. These inspectors assess the extent to which workers are organized into democratic, participatory groups engaged in decision making, that production is sustainable (including assessing local pollution) and an audit of trade standards is carried out (involving assessments of producers, exporters, importers, etc). This report is compiled by FLO-cert and goes to FLO's committee who decide whether or not a producer is entitled to be labelled and certified Fair Trade (and these inspections are repeated annually thereafter). This process also establishes

a base price for the goods to be sold. The UK member of FLO - the Fairtrade Foundation - licenses products in the UK which meet the FLO standards and enables them to display the Fairtrade mark. The term 'Fairtrade' is protected by FLO and use of the term Fairtrade refers exclusively to FLO-certified goods. Fairtrade thus stands distinct from a more generally focused Fair Trade.

Fairtrade certification appears to act as an accountability system; setting principles to be met and measuring adherence. Beyond certification FLO helps connect Fairtrade certified traders with certified producers. Producers send to FLO six-monthly aggregate data on Fairtrade sales (including price, pre-finance if any, date, ship container and dock for each sale) and traders send aggregate quarterly data (including the same information, plus proof of price paid). The trader then sells the produce to a certified manufacturer who can then label the goods Fairtrade and sell the goods to retailers. The traders and manufacturers also inform FLO of these sales. FLO then forwards this information on quantities to recognised Fairtrade organisations in the country of the manufacturer who checks for any discrepancy in produce. Any mismatches require further accountability assessment: should someone lose their certification? The amount of Fairtrade premium the producers should have received is then calculated and on the next FLO inspection the producers have to demonstrate how this premium has been invested. Producers, traders and manufacturers must pay for FLO certifications and renewals (this is designed to put off less serious organisations from taking part and funds some of FLO's work, although much also depends on donations, loans and grants; for more information on certification, see Nicholls and Opal, 2005).

Fair Trade and Fairtrade labels do not just appear, they are the result of a complex, expensive and time-consuming process. Do these accountability processes work? Although certification and labelling is designed to offer consumers informed choice and to rectify "market imperfections," (Nicholls and Opal, 2005: 127), their success has been mixed. In agricultural goods,

the FLO system operates in a number of areas, but has been questioned regarding its expense (should developing world producers have to pay?<sup>3</sup>), the length of time it takes (organisations like Tesco want goods now) and problems with introducing new goods into FLO certification. It remains the case that FLO is still working on the labelling and certification of textiles (due to the number of different organisations and geographical distances involved). Fair Trade textiles and handicrafts have thus far been monitored through the FTO mark, based on self reporting, rather than inspection.

Although FLO continues to grow, the FTO mark is one of several alternatives. These alternatives also include organisations which fund their own developing world projects, companies that adopt codes of conduct (although the value of these codes are questioned, see Locke and Romis, 2006; Locke, Qin and Brause, 2006; Barrientos and Smith, 2007), and companies which provide consumers with information to carry out their own audit. The Fair Trade Organization (FTO) mark (run by the International Federation of Alternative Trade - IFAT) relies more on self reporting and is designed to cover an organisation, not a product. IFAT specialises in goods with complex supply chains (including clothing) which go through several production stages prior to retail sales. With agricultural goods a clear aim is to improve labour conditions and market access for farmers, but with clothing, cotton farming is only one of several processes (including producing fabric, cutting, stitching, dyeing, etc) which all might form a focal point for Fair Trade. This leads to questions regarding the cost, complexity and rigour of Fair Trade/Fairtrade certification for clothing. FLO only have a mark for cotton, thus clothing with the FLO Fairtrade mark does not cover the entire production process. IFAT's self-reporting based monitoring seem better attuned to clothing manufacture than FLO which would probably prove too costly for clothing goods (inspection all the way along the supply chain would produce a very expensive t-shirt). However, what IFAT saves in complexity and cost may be at the expense of rigour; how reliable would self-reporting be as a guarantee of Fair Trade? IFAT have

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<sup>3</sup> Producers can apply for funding from FLO to cover certification costs.

attempted to build on self-reporting with peer monitoring and random external verification checks by auditors (so a random sample of IFAT members are verified by an external auditor each year). This self-reporting, plus peer monitoring and random checks might form a robust accountability process.

A similar kind of process is operated by a Fair Trade membership scheme - the British Association of Fair Trade Shops (BAFTS). To become a member of BAFTS organisations have to answer and show how they address a range of Fair Trade criteria (ranging from prices paid to length of relationship with producers/suppliers and percentage of goods sold being recognisably Fair Trade). Answering these questions, acts as a membership application process. These answers are then made available to other BAFTS members through a website ([www.bafts.org.uk](http://www.bafts.org.uk)) who can comment on, dispute or agree the membership of the new member, thus combining self-reporting and peer monitoring. Another alternative is provided by the Ethical Trading Initiative (ETI). The ETI is a code of conduct which retailers can sign up for and also involves NGO's and Trade Unions. Unlike an extensive certification and inspection process or peer monitoring exercise, the ETI sets out a range of principles to encourage more ethical trade to which retailers, for example, can commit. A further alternative to Fair Trade textiles is provided by moves toward organic certification. Organisations such as the Soil Association certify cotton production as adhering to certain principles (such as not using pesticides) in the growth of cotton. It is said that organic farming enables cotton growers to avoid expensive loans from suppliers of chemicals, requires less risk in the use of chemicals, reduces local pollution, enables farmers to grow multiple crops (such as food alongside cotton) and can increase the market value of goods (with premiums paid for organic cotton). Fair Trade/Fairtrade certification does not focus so greatly on the environmental consequences<sup>4</sup> of cotton growing, but IFAT monitoring can

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<sup>4</sup> This is not to say there is no focus on environmental issues – Fairtrade certification does include limiting environmental impact and it may be possible to use Fairtrade production as a bridge between conventional and organic cotton production (a gap arises as soil has to be left without pesticides for a period in order to be considered organic).

work further along the textile supply chain than organic cotton. This suggests a range of alternative ways of producing, certifying, monitoring and understanding Fair and ethical Trade. However, consideration of the process itself does not cover everything - there are also issues regarding consumer attitude to Fair Trade and questions of how Fair Trade ought to operate.

In terms of consumers, pertinent questions for this report are raised by parallel research on labelling processes, particularly in the labelling and certification of supermarket goods as 'organic.' Klintman and Bostrom (2004) argue that standards for what counts as organic vary between products (between, for example, organic apples and organic margarine) and between nations (through food standards agencies establishing different criteria). For consumers, what might be an appropriate standard for Fair Trade? Would it matter if different types of process (FLO or FTO), product or national Fair Trade system provided different types of monitoring for Fair Trade products? Is there a market for ethical goods? (these questions are addressed in section 4.3)

Further questions regarding Fair Trade's effectiveness have been raised by Berlan (2004). Fair Trade premiums are said to enable farmers to send their children to school.<sup>5</sup> However, Berlan suggests in her study of Ghanaian cocoa producers, that the farmers became frustrated by what they perceived to be the poor standards of education their children were receiving through schools (with an exam success rate of 0%). Subsidizing this failure through a Fair Trade premium might not address the issue. Berlan (2004) also suggests that cocoa farmers were by no means in direct trading relations with purchasers, as government organisations acted as representatives of farmers. This means that Fair Trade does not necessarily shorten the supply chain as is sometimes claimed. Nicholls and Opal (2005) also point out that more money would go to those in a developing country through £1 donated to charity than £1 spent on a Fair Trade good (however

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<sup>5</sup> Workers' co-operatives get to vote to make decisions about, for example, spending premiums on education.

they suggest charity also only tends to deal with crises, whereas Fair Trade can deal with long-term community development). Further problems are raised by Manokha (2004) who argues that for all the focus on what should count as 'fair,' insufficient attention is paid to what should count as 'trade.' According to Manokha, encouraging farmers to carry on producing goods which they have always produced, in return for payment just slightly above the market rate, will only serve to continue existing global inequity. Developing world farmers will carry on being dependent upon purchasers from the developed world agreeing to purchase goods at certain prices which are deemed OK by purchasers from the developed world. Manokha suggests "in the existing structure of global trade each one of us, in his/her routine daily shopping may make a difference to the lives of some individual producers and small communities by simply choosing products with a Fair Trade label; however, the root causes of poverty and practices of forced labour, associated with it, lie deeper and Fair Trade is not a sufficient strategy to deal with them," (2004: 220). This view certainly appears supported by a brief look at economic analyses which focus on multiple interpretations of 'fairness' without offering multiple interpretations of 'trade' (see for example Stiglitz and Charlton, 2005; Bhagwati and Hudec, 1996, volumes 1 and 2).<sup>6</sup>

Analysis of World Trade Organisation (WTO) discussions of moves to liberalize the movement of goods manufactured according to ethical standards, raise similar points. It is argued in this area that the imposition of 'ethical' trading standards is designed to ensure that developed and developing countries maintain their current (exploitative) relationship. For example, Sutherland, Jewell and Weiner (2001) suggest that "The majority of developing country governments question the sincerity of the labour rights concerns expressed by advocates of a formal trade-labour link in the WTO. These governments believe that a desire to protect high-wage manufacturing jobs from lower-wage competition is the primary motivation

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<sup>6</sup> IFAT's FTO mark commits members to campaigning for changes to global trade; recognition that Fair Trade is only part of any solution.

for industrial country pressure on this issue," (2001: 95). They go on to argue that "the WTO often has the appearance of a 'black box,' an institution from which decisions affecting their interests emerge in a mysterious and unaccountable fashion," (2001: 97). Sampson (2001) also points out that forms of standards - whether environmental or labour based - can be seen as a form of protectionism (that goods will only be allowed into developed country markets if they meet expensive criteria). Furthermore, Kofi Annan (2001) has suggested that what trade negotiations often involve is the lowering of barriers to moving raw materials from developing to developed countries with the maintenance of barriers to move finished goods in the same direction. Annan suggests that this effectively continues exploitative relations between developed and developing nations as finished goods tend to have higher profit margins than raw materials. However, each of these arguments buys into a more or less unified version of the 'developing world.' Who is talking on behalf of this constituency and what might differentiate the different member states and billions of people who make up this 'world'? Also, the implication of these arguments appears to be that industrialisation of developing countries is a necessary, inevitable step to 'development' and would be a positive step for developing nations. Should Fair Trade be a big business? What are the challenges and implications of scaling up Fair Trade? (these issues will be addressed in section 4.2).

Further problems with ethical goods and the certification of textile produce relate to the focus for labelling. Solely in the area of t-shirt production, labels exist which claim to certify: that the cotton involved in the t-shirt was grown organically (for example, through the UK's Soil Association, the EKO label by the Dutch group Skal, or a German certifier AGRECO which is a member of 'The International Federation of Organic Agricultural Movements' or IFOAM); that the textiles involved in the t-shirt have been recycled (signified by the Mobius triangular loop); that the goods have been locally produced cutting down on air-miles (using the label 'Locally Produced'); that the raw materials used have had a reduced environmental

impact in terms of water consumption, transport, energy use, pollution and waste, particularly in weaving, spinning or dyeing (through the use of Oeko-Tex Standard 1000 environmental accreditation or ISO 14001 international standard on environmental management); that the manufacturer of the goods donates profits back to charitable organisations (through the 'Ethical Donation' label); and/or that the labour conditions under which the garments were produced were ethical (through SA8000 social accountability certification). These labels can each appear alongside Fairtrade labels. Thus what counts as ethical is by no means stable or straightforward. The UK clothing retailer Adili (see Adili, 2006), for example, claims to use these labels across its range of goods. In this way the Fair Trade and ethical textile movement appears to be producing a grand contraption of accountability of its own to match the quota-based accountability system of the broader international textile trade. Nothing moves without being counted, measured and certified. What should count as ethical or Fair Trade or Fairtrade? Does one set of principles cover everyone? Are there alternative conceptions of what should count as Fair? (these issues will be addressed in section 4.1).

In sum, the making and selling of textiles involves issues of protection, movement and exploitation. In the area of textile protection, across 40 years developed countries have made and maintained a complex quota-based accountability system involving attempts to control the entry of textiles into particular trading areas. This system involves a variety of sometimes negotiable boundaries. What are the prospects for change in this system? What changes might benefit the developing world? To what extent will the developing world have a voice in these decisions? The area of textile movement also introduced challenging questions. To what extent does donated charity clothing reach the developing world as donations? How does the textile donation industry operate and who holds it to account? Are there ways in which this industry could operate and be assessed which might provide benefits for the developing world? Fair Trade initiatives designed to cut down on exploitation in the textile trade provoke a further series of

questions. What would count as an adequate form of certification for Fair Trade/Fairtrade textiles? How reliable would these forms of certification prove across complex production and supply chains? What kinds of labelling count for consumers? Fairtrade textiles appear to involve a combination of all four forms of accountability. Face to face accountability is maintained by inspectors visiting producers and through direct trading relationships. Metric accountability is maintained through a complex series of principles and protocols adherence to which is closely scrutinised. Information on this adherence, along with prices paid (etc), forms a transparency-based mode of accountability with information then made available in public. Engagement-based accountability is then offered to consumers who can actively make choices about what kind of production processes they want to support through product purchases.

The next section of this report will focus on Fair Trade textiles and will particularly involve assessing the prospects of Fair Trade for addressing inequalities between developed and developing countries. In doing so, we need to ask several questions. First, how and on what terms should 'Fairness' be incorporated into Fair Trade, what does 'Fair' mean and for whom? Secondly, how does the business of Fair Trade operate and what are the challenges in actually doing a Fair Trade? How might the business of Fair Trade focus in on the terms of Trade and go beyond a focus on what counts as Fair? Thirdly, how is Fair Trade consumed? What do Fair Trade consumers look for? How do Fair Traders go about building relationships with consumers? Fourthly, what should be the future direction of Fair Trade? What could enhance the position of Fair Trade? The next section of this report will deal with these questions in turn before returning to the issue of accountability to ask whether these areas offer prospects for addressing inequalities in the textile trade.

## 4. The Move to Fair Trade Clothing

This section of the report will address the questions set out in preceding pages. To do so the report will draw on a combination of published research into the field and research carried out by the author. This research involved semi-structured interviews with representatives from 20 organisations involved in the production, importation, retailing and certification of Fair Trade textiles and handicrafts. It also incorporated alternative voices from campaigning organisations and those advocating organic rather than Fair Trade. Interview responses have been made anonymous.

### 4.1 What is Fair?

In preceding sections it was argued that important questions can be asked of both what counts as 'Fair' and what counts as 'Trade.' Dealing with the fairness question first, it appears that what should count as 'Fair' has been a matter of systematically, organised accountability principles. That is, Fair Trade (and particularly Fairtrade) has focused on the development of specific sets of principles which will be assessed, regulated and measured. These have included generating market access, a premium for local development, reasonable working conditions, taking into account local environmental concerns, the provision of information, long term trading relations and (sometimes) providing payment in advance for goods. FLO appears to have translated these processes into a rigorous system of checks, measurement, calculations and inspections - what we might term an accountability system. IFAT, with a greater focus on self-monitoring and peer review utilise many of the same principles but in a less expensive, less inspection-oriented system. IFAT features many of the same accountability assessments, carried out less frequently, with more emphasis on participation and less emphasis on inspection. Through both organisations the emphasis is placed on 'fairness' equating to being able to demonstrate that an organisation has stuck to the principles. Interviewees who took part

in the research were able to talk through many of these principles when asked what they thought Fair Trade meant.

Interviewee 1 (Medium scale Fair Trade importer):

I think it's in the area of capacity building... In encouraging transparency .... Accountability... In terms of long-term relationships with producers, working on product development ... sort of market information skills so that producers can build their own sort of independence and ability to trade on Fair Trade terms and just trade full stop to be honest.

Other interviewees struggled a little more and sought out information from the Fair Trade organisation to which they belonged in order to talk about what counted as Fair Trade to their organisation. This suggests that for some Fair Traders the principles to be held to account as set forth by the Fair Trade organisation to which they belonged were both important (they wanted to be able to communicate those in the interview in detail) and difficult (they could not talk about the principles without finding the documentation on which the principles were written).

Interviewee 7 (Small scale Fair Trade importer and retailer):

Um ... I can't remember what the [Fair Trade] questions were [pause] I'm just seeing if I can find it in um [long pause] in my e-mails [longer pause] der der der fair-trade [long pause] importers, importers [pause] let's have a look [pause] no [really long pause, lots of background noise, papers shuffling] Yes [Interviewee then lists Fair Trade questions they had to answer]

Other interviewees sought to express a view that there were significant differences between Fair Trade organisations and whether the emphasis of accountability was placed on monitoring or inspection or evaluation.

Interviewee 18 (Small scale high-end Fair Trade retailer):

I think they feel that they've got a different role in that I think that IFAT feels like it's more a support....Because it's helping a lot of kind of small scale producers, you know, across the world....Whereas FLO is very much kind of an authority; you know, top down. IFAT's very much from the bottom up. You know, trying to help lots of different groups; you know, and help them to be marketed and whatever else. Find customers.

Interviewees also talked about the purpose of Fair Trade monitoring. In order to emphasise the ethos of Fair Trade as being about the development of partnerships and trading relationships, rather than enforcement, interviewees spoke of the need for 'Fairness' to be seen as an on-going thing.

Interviewee 4 (Large scale 100% Fair Trade organisation):

...evaluation for development is the way we would look at it. Rather than evaluation for decapitation! ...I mean it's this whole issue right. Once you put a label on something that you actually know what that label means.... I mean I was at a FLO meeting earlier this year where they were talking you know, sort of a two day workshop on it [certification and labelling] and it's just mind numbing really.

Continuing on this final point, other interviewees suggested they had become tired of the Fairtrade accountability system and were not sure that rigorous labelling, monitoring, evaluation and inspection were able to reflect their interests in what Fair Trade ought to be about (this point is also tied into concerns regarding the reliability of Fair Trade labelling, this will be taken up in section 4.4).

Interviewee 15 (Medium scale Fair Trade importer and retailer):

So as far as I am concerned the whole of Fairtrade has become so bureaucratic. The amount of time it takes us with the FLO label which costs us money and we give all our profits that are not needed

to grow the business back to the village and we are paying so much out now it makes you just feel cross. It just makes you feel fed-up. You know it's not what it's all about... And it hasn't done us any favours really the Fairtrade label coming out, we now have to stay with it whether we like it or not really because now it's there. ...the idea that the ISO organisation will certify Fair Trade ... I feel would bring the standards down to just obeying the law...

In place of extensive and expensive inspection, monitoring and evaluation, some interviewees sought a more straightforward version of Fairness.

Interviewee 2 (Small scale Fair Trade retailer):

They said well, fair trade is .... the buyer should be happy and the seller should be happy with the price. And I thought, yeah. That's kind of right really. So somehow the final customer has to feel that's fair.

This point regarding a more relaxed version of Fairness which would enable traders to get closer to their original aims, was not agreed on by all interviewees. Others sought a more rigorous and unified Fair Trade system:

Interviewee 19 (Small scale Fair Trade retailer):

[Having a unified Fair Trade label] I think it would really sort out the absolutely bona fide Fair Trade products and I think it would actually define the market much more simply for consumers as well. I think there is still a lot of confusion around

However, other interviewees thought that getting a more rigorous assessment regime in place was unlikely and only designed to appeal to large scale (corporate) retailers.

Interviewee 10 (Ethical clothing campaigner):

Interviewer: And what is the ... chances or the prospects for getting a sort of robust system in place for that?

Interviewee: I think pretty much nil [laughing]. I think there is a lot of - the corporates really want it... they all want something that they can hold up and say, 'look here is a bit paper that proves that we're ethical.'

The business of being 'Fair' appears varied and complex with various advocates of more and less rigour or bureaucracy in Fair Trade accountability assessments. Although the principles of Fair Trade were agreed as representing an ideal of Fairness, the most appropriate means to accomplish that Fairness was not so straightforward. An alternative way to approach these issues is to shift focus from what counts as 'Fair' to what counts as 'Trade.'

#### **4.2 The Business of Fair Trade**

The textile industry for those in developing countries appears characterised by long working hours, low pay, often abusive working conditions, sometimes bonded labour, suicide amongst cotton farmers, communities at risk from insecure jobs and industries, wages below subsistence levels and lack of market access for small scale producers. There is much criticism of developed country clothing retailers over their failure to ensure that workers involved in garment production receive a living wage (see for example, Guardian, 2007a; BBC, 2007). However, the business of Fair Trade is not reducible to wages. Job opportunities and job security, working conditions, market access for producers, local development projects, worker co-operatives and environmental issues are each as important as wages paid. It has been argued that suggestions that retailers should only work with organisations who promise up-front to pay a certain wage may be limiting; long-term trading partnerships between producers and retailers which can focus on a range of issues (including ensuring fair wages are paid)

might be more useful. It is not clear that promises made by producers are always necessarily matched by practices in any case, so a long-term trading partnership might help ensure that words and deeds meet and ease some of the burden of accountability (the long-term trading relationship becomes the means to establish mutual accountability in place of expensive inspections).

Questions have also been asked regarding the market for Fair Trade goods. Although sales of Fair Trade appear to be on the rise, reports have questioned the willingness of retailers to buy goods which have a higher price due to higher wages for workers, better working conditions, the cost of certification and so on. It has been suggested that Fair Trade is pointless if producers cannot find buyers willing to pay the Fair Trade premium (Guardian, 2007b). The issue of premiums and where value is retained in the supply chain of clothes has been a contentious issue amongst Fair Traders. In traditional chains, most value is retained by those at the finished, retail end of goods. This may still be the case for some Fair Trade goods. A focus on who gets what amount from the final selling price of a t-shirt is a matter of concern for Fair Traders (for more on supply chains, see Humphrey and Schmitz, 2001). It has been suggested that the move towards supply chains as integrated production networks in the textile industry, is useful for Fair Trade (Nordas, 2004). With retailers pushing to integrate chains into networks to control price and quality, comes opportunities for greater and easier oversight of the chain/network. This oversight might lead to more opportunities for introducing fair trading relations to each aspect of the chain/network. This may lead to a resolution of very specific problems (such as low payment to farmers for cotton leading to an increase in child labour; see Anti-Slavery, 2005) or a broader engagement with how supply might be modified to incorporate a sense of fairness.

This integration should not be over-emphasised. Some commentators (Labour Rights, 2007a) suggest that there are supply chains which remain incredibly opaque with buyers acting for producers further down the line

and, for example, buying cotton from government representatives with little idea of where the cotton has come from or under what conditions it has been produced. This opacity continues with cotton from multiple sources (say India and Uzbekistan) being mixed in single garments (in say Bangladesh) with consequences for the traceability of the chain. Even retailers such as Gap who have tried to introduce more ethically produced goods through accountability mechanisms such as social audits of factories lose track of chains under these conditions. This can lead to goods being produced by sub-contractors unknown to retailers who are trying to keep track of the social standards of production and can lead to criticism for retailers (Labour Rights, 2007b).

A central concern amongst discussions of the business of Fair Trade and what kind of Trade should be promoted has been issues of scale. Firstly, there are questions regarding the rise to prominence of Fair Trade, how it has got to where it is and what kind of status it has acquired.

Interviewee 12 (Fair Trade organisation):

I think it's been a combination of different factors. I think the fair trade towns initiative has been amazingly effective in terms of using incredibly dedicated volunteers to actually move things a lot. And get a - I think to get a sort of conscious consumer movement behind promoting fair trade. So on one level you've got the Fair Trade Foundation for instance on promoting the commodity side. On the other side you've actually got a huge consumer movement behind it who are, you know ... lobbying their [supermarket] and so on.

Interviewees reflected on the ways in which the rise of Fair Trade is tied into developments in globalisation.

Interviewee 6 (Ethical clothing retailer and campaigner):

I mean globalisation has often dictated that you know, it goes from country to country just to find the cheapest, best - you know, the

best option. And I think that's hopefully changing a little bit now. I mean [mainstream retailers] seem to be you know, putting money in and really sort of buying cotton up front

Secondly, there are questions regarding the prospects of Fair Trade moving into the mainstream. While there were both advocates and those against moving the Trade of Fair Trade into the mainstream, there was broad agreement that this was not a straightforward thing to accomplish.

Interviewee 19 (Small scale Fair Trade retailer):

... you know a lot of it's based on the Christian work in this country as well. You know the Christian bookshops will go and they will sell Fair Trade gifts and that is really the image I wanted to get away from. I have absolutely no issue with what they are doing but I just want to try and bring it to the mainstream.

Interviewee 6 (Ethical clothing retailer and campaigner):

I think one of the biggest challenges that you know, fair trade fashion has faced in the past is it's been very difficult to up scale these small co-operatives into something you know, sort of can they deliver on the time to the right quality, and because you know, they often don't have the people and personnel there to kind of up scale really... the Fairtrade Foundation it does, you know, whether you like it or not it does favour bigger customers because you know, in order to completely certify your fair trade - your supply chain ... - they have to go through the SA8000 or some form of ethical process. And if you're a very small spinning or dyeing unit or weaving ... You're not going to be able to get SA8000. IFAT can take three years. So there are real challenges to everything ...

Interviewee 1 (Medium scale Fair Trade importer):

the proposals for pushing Fair Trade values down the supply chain seem to be moving towards criteria that can be fulfilled by larger

producing units... Small factories... This has made very small scale artisan based units who have previously seen themselves as being right at the heart of Fair Trade movement suddenly thinking, well actually we wouldn't be able to fulfil Fairtrade foundation criteria for Fairtrade because we just haven't got - they just haven't got the skills and the time to go through all the kind of recording procedures... we are going to be marginalised from this particular definition of Fairtrade and that makes them feel uncomfortable because that Fairtrade Foundation trademark is regarded by the public as some kind of absolute benchmark. If it is not Fairtrade Foundation stamped then for a lot of people its not Fair Trade...Its about making sure that everybody has got somewhere to go... and to avoid suggesting that there is only one route towards Fair Trade ideals... And I understand that this is a tricky thing to do because what the Fair Trade foundation and people who have got good Fair Trade credentials across the board want to do is to communicate beyond any doubt, very simply to the public that this is good. This is authenticated and you can be absolutely confident in what we are doing.

The latter interviewees suggest that the rigorous accountability mechanisms of Fairtrade mean that it may only be larger scale producers who can afford to be held to account. Although these interviewees suggested mainstreaming was a difficult practical challenge, others felt that staying out of the mainstream (if that equated to large scale operations) might be advantageous.

Interviewee 15 (Medium scale Fair Trade importer and retailer):

I wouldn't touch it [mainstream business] because you see this is another thing that comes because mainstreaming seems to be the only good word these days and the lovely old idea that small is beautiful seems to have gone for a Burton [laughing].

Thirdly, discussions relating to the scale of Fair Trade involved concerns regarding the move of large-scale retailers into Fair Trade. These moves suggested that the type of Trade might change through the mainstream entering Fair Trade (whether or not Fair Traders entered the mainstream).

Interviewee 10 (Ethical clothing campaigner):

I mean [mainstream retailers] are in an interesting position because they, and they are sort of typical of the sort of schizophrenia of the market at the moment but they, on the one hand they are slashing prices left, right and centre because that's the way the industry is going.... And on the other hand they are promoting themselves as an ethical retailer and it is quite ironic and the way they are doing it is ... that they can say, 'well we are rolling out Fairtrade cotton across as much of our supply chain as we can' but you know if they are cutting their prices like that we know that that's going to translate into workers losing out sort of in other bits of the supply chain, other than the cotton bit.

Interviewee 12 (Fair Trade organisation):

Well, empowerment is the - this is the issue. I mean I think this is - if you're talking about fair trade in terms of empowering the poor and the marginalised, if you were to go to I would say, [a mainstream retailers] best factory in wherever; let's say Indonesia, I would ... say that it's probably one of the best places to work. ... You know, they are the most skilled, they are the best paid. They've got the best working conditions. Okay. It is - you know, it's great ... the supply chain work they're doing and I think it's totally important. It's totally essential ... but it's not to do with reaching out and improving the conditions of those people who are being - on the margins of that situation.

... Because we're not talking about the marginalised. We're talking about people who are doing quite well and to me that's not fair trade; that's to do with ethical trade.

Thus in terms of scale we find issues regarding the rise of Fair Trade, its future prospects in terms of entering the mainstream and the challenges involved in mainstream retailers entering Fair Trade. Interviewees suggested mainstream retailers may only change some of their business practices and may only work in the best situations in developing countries, not the poorest situations. The business of Fair Trade does not stop here. There are also complex questions of both value and costs. In terms of value, interviewees spoke at length of textile supply chains and where value should be held.

Interviewee 6 (Ethical clothing retailer and campaigner):

Well, I think there should be an extra price involved [for Fair Trade goods] but that's only when you directly relate it to how ridiculously cheap clothes are now... I mean three T shirts for £5, what - Where's the value in that? There's no value. People who buy it don't value it; they just kind of wear it for a season, then throw it away. And you know, not one person has really benefited in that whole supply chain from producing that T shirt. So I mean I just think that in real terms you know, you can buy clothes for a reasonable price that have been fair trade

Interviewee 8 (Large scale 100% Fair Trade organisation):

... there's a very interesting suggestion that we should ensure that the price a consumer pays is not inconsistent with what is happening on the ground. This means that if the producer is selling their cotton at 15% profit the last person in the chain should not be getting more than that in profit. Not irrespective of overheads

In terms of costs, interviewees discussed the price of Fair Trade clothing and the ways in which this might inhibit Trade.

Interviewee 9 (Organic clothing importer):

When you're at our end of the market, we're already charging three times the price of a conventional t-shirt and the market just won't take any more. A [conventional] t-shirt wholesale will cost between 90p and £1. Our t-shirts cost £3. And the quotes we were getting from India for t-shirts which were both fair-trade and organic was £5.50. So by the time you get import duties etc added you're talking about £7 wholesale and no-one will bear that price.

Shifting emphasis from questions of 'Fair' to questions of 'Trade' has highlighted the difficulties of dealing with scale (the possibility of moving into the mainstream, the possibility of the mainstream moving into Fair Trade), value (who should get what kind of value) and cost (the price paid by various parts of the supply chain which would have to cover conventional market costs, plus the costs of the accountability certification, monitoring, inspection and Fair Trade premium). The business of Fair Trade appears challenging from the perspective of interviewees who took part in this research. The next section will look in more depth at the question of Fair Trade consumption.

#### 4.3 Consuming Fair Trade

Some writers have suggested that both the ethical consumer (those who shop in a highly principled way) and the sophisticated consumer (those who read every label and bring a wealth of knowledge to their shopping habits) are myths, or at least their numbers have been greatly exaggerated (Carrigan and Attalla, 2001). It is argued that negative information about a company is more influential on purchasing than positive information (suggesting, for example, that a company is Fair Trade may have less impact than suggesting a High Street store should be avoided). Consumer boycotts of unethical retailers have perhaps been more decisive in retail terms than any particular positive ethical moves made by consumers (Shaw et al, 2006). It appears that consumers often continue to buy goods from an unethical source, but only if they are cheaper (price counts more than ethics). It is

also argued there is a words/deeds inconsistency amongst consumers with significant proportions of consumer research participants suggesting they will act ethically and only a small proportion actually reflecting this in their shopping habits. "One thing is clear, don't do any research. Don't ask the public any questions on this subject. The answers are never reliable," (Ulrich and Sarasin, 1995, quoted in Carrigan and Attalla, 2001). Consumers are more likely to purchase according to price, value, brand image and fashion trends than ethics. Others have suggested that availability and visibility play a clear role in shaping consumers' buying habits (Wright and Heaton, 2006). Shaw et al (2006) suggest that although 81% of consumers in their study displayed strong intentions to shop ethically, in follow-up questions 6 weeks later only 32% thought they had attempted to do so. Some have labelled this the ethical purchase 'gap' (Nicholls and Lee, 2006). Calls for forms of accountability which could provide consumers with access to more information in the production of goods might need to pay attention to this issue: consumers do not necessarily take in information on ethics or act on that information.

Having said this, the recognition for the Fairtrade (FLO) mark seems to be increasing (MORI, 2006) and the demand for Fair Trade clothing doubled in 6 months at the start of 2007 according to some commentators (Independent, 2007). However, the suggestion seems to be that Fair Trade clothing cannot survive on good will alone. The traditional view of ethical clothing may have been characterised by "a distinct whiff of the knit-your-own muesli brigade," (Scotsman, 2006), but the future of Fair Trade clothing appears to require a stronger emphasis on fashion. This section will look at both the attempts made to enhance Fair Trade clothing as fashionable and the risk involved that Fair Trade itself might be understood as a fashion.

Interviewees who took part in this research expressed an aim to move Fair Trade clothing away from traditional associations with uncomfortable, badly fitting, poorly designed items which consumers might purchase out of sympathy for the producers rather than because they liked the items.

Interviewee 2 (Small scale Fair Trade retailer):

So they [the producers] sort of sent me stuff and I thought oh, my god. ... Some of the stuff they sent I thought - oh no, this is awful!

Interviewee 6 (Ethical clothing retailer and campaigner):

there's real design involved in the process as well now. So... I think the idea was that we were just going to obviously not only meet our existing customer but broaden it out because we know that there's people within the mainstream that are becoming more and more interested in green issues and ethical issues. But they're not willing to sacrifice their style for that.

However, interviewees were also keen to express the view that these moves to enhance the status of Fair Trade clothing were not about moving into the fast fashion market (where a good may stay current for around 6 weeks). Interviewees suggested that these moves to enhance Fair Trade clothing needed to involve the development of classic, durable, clothing which consumers actively wanted to buy and wear.

Interviewee 18 (Small scale high-end Fair Trade retailer):

you know, we started to realise that actually there were companies who were offering fair trade clothes; you know, kind of actual proper clothes as opposed to just you know, from the kind of hand loomed kind of just smocks... So that in a way does kind of limit kind of capabilities in terms of being able to produce things very, very quickly. But my aim of the company is not produce clothes which are very, very fast fashion because I think that that's a slightly - it's a kind of a slightly silly view. If you're trying to produce something which has all of its processes that are very sustainable...But to produce something which is only actually kind of wearable for a few months, is not the right aspiration.

Fair Traders, though, had mixed ideas about their consumer profile and varying degrees of knowledge as to the views, desires, spending patterns and interests of their customers.

Interviewee 3 (Large scale 100% Fair Trade organisation):

[Customers are] looking for designs they want a nice product that's the first thing they're looking for. Whether it's Fairtrade is a second thing. If the product is nice it will sell so it really is design. Photography is another crucial thing in catalogues.

Interviewee 14 (Small scale Fair Trade retailer):

Interviewer: Is there a risk of labelling overload?

Interviewee: I think you have most consumers don't know enough to be confused.

Interviewee 18 (Small scale high-end Fair Trade retailer):

I think that people feel that they should be purchasing kind of - using their purchasing power for good things. But I'm not sure that they necessarily differentiate between kind of investing in developing and investing in kind of environmental kind of ... Eco issues in terms of reducing waste.... I mean I'm not trying to be - I'm not trying to say customers are stupid but I think ... The presentation in the media is like 'ethical fashion' as opposed to fair trade fashion and recycled.

Finally, the durability of Fair Trade clothing as a way forward was questioned by several of the interviewees who felt there was a risk that Fair Trade clothing was no more than a fashion itself.

Interviewee 15 (Medium scale Fair Trade importer and retailer):

Well I have a nasty feeling that it is a fashion. They are all interested in it, it is the thing this year and particularly with clothing that's fashion orientated it's the thing and next year I think, and rightly they will be more worried about the climate change.

Interviewee 9 (Organic clothing importer):

I think there's a big risk. Maybe not going out of fashion, but maybe not hitting the mainstream. It will be interesting to see what happens with [mainstream retailers] because they've all gone into it in a way that limits their exposure and maximises their publicity. For them it's not that much money and it's a way to see if there is take up and if there's not, they'll drop it

These final excerpts suggest that Fair Traders in the clothing sector need to pay attention to their position and where they might be heading. The next section of this report will continue this theme by looking at the prospects of enhancing (although not necessarily mainstreaming) Fair Trade clothing.

#### 4.4 Possible Futures for Fair Trade

This section will now look at ways in which interviewees suggested the position of Fair Trade clothing might be enhanced through reconsideration of Fair Trade accountability processes, education initiatives, government policy and Fair Trade organisations themselves. Firstly, the accountability processes of FLO and IFAT have been a focus for discussion in this report. Arguments have been made regarding the strength or inconvenience and cost of inspection based certification processes and the possibly less rigorous but perhaps more suitable (for clothing) self-monitoring and peer review process. Several interviewees reflected on the ways in which these processes could be better attuned to their understanding of Fair Trade.

Interviewees spoke of the danger of rapidly expanding the membership of Fair Trade organisations with associated risks that not all of those who become members might adhere to the same standards of Fair Trade.

Interviewee 19 (Small scale Fair Trade retailer):

Yeah because to be honest it is something that I am quite cross at BAFTS at actually they are going through a process at the moment of accrediting lots of, you know giving people membership of BAFTS and a lot of them are just going out to countries and coming back with cases full of products from villages ... so what worries me is how can we absolutely be sure these people are getting a fair price.

Interviewees also spoke of the problems with auditors not necessarily knowing much about the local conditions they were inspecting for Fair Trade accountability assessments and the importance of direct, long-term trading relationships as an alternative to audits for assessing fairness. These Fair Traders suggested trust might form an adequate alternative to audit.

Interviewee 4 (Large scale 100% Fair Trade organisation):

it's part of a relationship as well in that we already have a trading relationship with the producer. ... I think we would want to be in a position of trust to start with. We're not out there to assume that people are going to pull the wool over our eyes. ... But we just want the proof of what they're saying... Now I don't think for most small producers they're going to be in the position to be dead canny about hiding anything... Because it's going to come out... I think a good auditor who knows the area and... particularly where we try and use local people as well... You'll hear rumours... People can do things in advance but then you go back another day if that's what you really think is happening... I've observed what are meant to be you know, first rate audits and they're just rubbish... Because they're not - you know, there's ways in which you set them up by having group meetings with workers in a place where it's safe and where they're comfortable. You'll start to hear things that you wouldn't you know, that ... makes you concerned about stuff.

Interviewee 1 (Medium scale Fair Trade importer):

... its very complex and the cultural issues involved are complex and I don't think its appropriate for Europeans to come into an Indian or Nepalese context for example and say, 'well you should have been paying this much' or 'you should have done this deal in that way' so on and so forth. So for us, we just focussed on transparency so that in Fair Trade terms, producers would be expected to tell us what people were being paid... Now, that information is then available so that people with more experience, contacts and knowledge of the local contacts can then go into the situation and say, 'we think that's good' or 'we think that's not enough' or 'that's average' 'that's above average.'... trust is established and business is going on.

Other interviewees expressed concern regarding the labelling process with goods labelled Fair Trade only covering certain aspects of the supply chain.

Interviewee 12 (Fair Trade organisation):

I have a massive reservation about the fact that we have Fairtrade cotton which is only having a relatively low level of the actual value added through the cotton in the final product.... And being sold as a Fairtrade cotton shirt. Where only the actual cotton is Fairtrade and the manufacturing is happening in a developing country without it being Fairtrade....

The future prospects of Fair Trade accountability in terms of certification, monitoring and labelling appear mixed for Fair Traders. These processes are frequently identified as central and crucial to Fair Trade, but also problematic in relation to membership, the apparent inadequacies of audit, the question of whether or not trust is an appropriate alternative to audit and the limits of labelling.

This was not the only issue raised by interviewees regarding the possible future of Fair Trade clothing. Secondly, interviewees discussed education initiatives. Rather than depending on an idea that accountability in terms of

making information available is sufficient to promote Fair Trade, this approach suggested education could help as a way of enhancing the position of Fair Trade clothing. However, education was approached cautiously by interviewees.

Interviewee 6 (Ethical clothing retailer and campaigner):

[I would like] To really educate people on issues relating to fair trade and... deliver that message in a much more savvy way. And get away from the sort of ... unfortunately the traditional sort of message about fair trade has always been quite sort of - dare I say neo-colonialist - .. But kind of just a little bit, you know, more based on the charity model...You know, and let's help these poor people dying ... in Africa. Whereas actually you know, fair trade is about empowerment in the same way that you know ... educating people in the UK that didn't sort of do that well at school is important. You know, it's about us all treating each other a little bit more fairly.

Thirdly, it was argued that government policies were an area of attention for enhancing the status and future expansion of Fair Trade clothing. As the opening of this report emphasised, the textile industry has a long, complex and on-going history of attempts to shape trading relationships in particular ways (through accountability/protection initiatives and the regulation (or not) of the global movement of clothing). Interviewees reflected on the ways in which trading agreements might be re-designed to better suit developing countries and begin re-shaping trading relations between developed and developing countries.

Interviewee 8 (Large scale 100% Fair Trade organisation):

Interviewer: What do you think of EU partnership agreements?

Interviewee: Most of them are unilateral even though they're supposed to be bilateral. They are serving the needs of the European Union rather than the countries that they're really exploiting. The people on the ground don't have the resources or the understanding

of negotiations. Some of the work that needs to be done is helping in countries and government for them to understand what they could be doing and how to negotiate.

Interviewee 17 (Organic textile campaigner):

[On changing import duties for organic textiles] We met with the Commission a few months ago but unfortunately we've only met with the Environment at the moment which are very supportive anyway of agriculture so it's more important now to try to meet with Trade people and Development people. They are a little bit more difficult to convince but it's definitely one of our main lobbying activities, to get this kind of support from the EU.

Interviewee 10 (Ethical clothing campaigner):

[changing import duties] I don't think that's politically palatable at the moment at the EU level.

Interviewee 2 (Small scale Fair Trade retailer):

I think one of the biggest challenges for fair trade are things like governments, taxes, okay. Because if you're going to pay three times more for the product or possibly more than that with - if it's organic, then as you bring it in you've got to pay three times more VAT.

Interviewee 12 (Fair Trade organisation):

Yes, it's interesting. I mean in the report to the European Union that we had approved last July ... that was one of the areas that we put into the report. It's only a report ... But it has been approved by the European parliament. And in that it says - talks about the issue of VAT and duties... This isn't agreed and not everybody agrees on this issue... I think because there is potential for large companies to take it as an opportunity and we sort of - within fair trade we aren't charities... We all believe in sustainable fair trade... And believe in trying to operate on an even playing field as much as it is an even

playing field with everybody else... I think there is a lot of debate as to whether that is the right way to go or not but it is in the European Union report. And I think - I can see the pros and the cons for that because I can see that there would be potential for people to hijack it... And in some ways you know, we do belong to a country which does need to generate revenue and taxes and so on so you know, why should a fair trade business not contribute to that equally to any other business?

Fourthly, interviewees looked to Fair Trade organisations themselves (FLO, IFAT and the British Association of Fair Trade Shops - BAFTS) as organisations which might help enhance the position of Fair Trade clothing.

Interviewee 14 (Small scale Fair Trade retailer):

I know you ... don't want to have multiple accreditation bodies but if you had one body that had multiple levels that would be good.

Interviewee 1 (Medium scale Fair Trade importer):

[Discussing the possibilities of developing a stronger Fair Trade community] Well it would be an opportunity to first of all get people together and discuss the issues... Because I think there is an enormous potential and untapped potential for networking, for information exchange, for comparing practices and for getting baseline information about producer context and other issues which would then be useful in going into negotiation with producers and saying 'well actually we think you could be doing a little bit more in this area.'... So that we can actually pursue Fair Trade values more specifically and on specific issues on the basis of information we are confident about. So I think there is enormous potential for that and that at the moment is completely untapped.

This section suggests there are several possible future directions which might enhance the status of Fair Trade clothing. Possibilities include:

- Developing differentiated assessment, monitoring and evaluation systems
- Enhancing educational initiatives
- New trading policies at the governmental and inter-governmental level
- Building a stronger Fair Trade community

These ways forward are also challenging with questions raised regarding:

- The rigour of trust based accountability systems
- The neo-colonial aspects of education
- The lack of political will for ethically oriented changes in trade policy
- The possible costs of building a stronger community.

The conclusion to this report will now turn attention to assessing what these possible ways forward mean for the development of Fair Trade clothing.

## 5. Conclusion

The preceding sections of this report have offered a mixed picture of Fair Trade clothing. There is growing consumer recognition of the Fairtrade (FLO) mark (but not necessarily a deep understanding of what it means), a growing body of consumers interested in ethical clothing (although this may not follow through into actual purchases), there has been an increase in the breadth (number of items) and depth (number of criteria of assessment) of Fair Trade accountability in monitoring, inspection and certification (although whether or not this is the right way forward is questioned), issues of cost and value are on the agenda for discussion (but there is not clear agreement on how high-costs should be managed and who should retain what value and for what purpose) and large-scale mainstream retailers are moving into Fair Trade (but perhaps as a limited cost, high-value marketing opportunity) with some Fair Traders considering a move into the mainstream (while others would rather avoid it).

In the final section of the report there were discussions of altering the Fair Trade accountability system through the certification or monitoring process so that it is more closely attuned to the interests of Fair Traders or more varied and able to cover more developing country contexts. There are suggestions that Fair Trade could get more involved in more sophisticated educational initiatives both in developing and developed countries. In terms of international accountability systems some Fair Traders advocate a change in import policies which might encourage the movement of more ethical or Fair Trade goods by, for example, lowering import duties or taxation on such goods. Finally there are Fair Traders who advocate a stronger role for Fair Trade organisations to build a more effective community of Fair Traders with greater opportunity to share information, interact on particular initiatives and develop co-operative rather than competitive trade.

It should not be assumed that these four possible futures are easy to achieve and unproblematic. Accountability through the certification and monitoring process of Fairtrade has introduced a labelling system with increasing

consumer recognition. Although there are Fair Traders with long-term, close and direct relationships with producers who feel that they know and trust producers sufficiently to guarantee the Fairness of their Trade, there are other Fair Traders who are more reliant on the current certification and monitoring system (and indeed there are some who would like to see this enhanced). Furthermore, although education initiatives may set out grand aims and ambitions, these are not easily achieved. Educational schemes on a larger scale would require funding, run the risk of incorporating neo-colonial aspects and require interest from potential participants (raising questions such as who would want more Fair Trade education and for what purpose?). Also it is difficult to assess the likelihood of a change in trade policy towards ethical, organic or Fair Trade goods - how much political will is there for a change in, for example, trade tariffs? Finally, the development of a stronger Fair Trade community would require organisations which are working in a profit-oriented business to share information and co-operate (which would require a certain amount of willingness on each party involved) and Fair Trade organisations would need to be active in achieving this community building (something which they may not have the funds to accomplish).

This is not intended to suggest that the future for Fair Trade clothing looks bleak. The field appears characterised by a wide variety of different participants, involved for different reasons, with different commitments. There are a range of different Fair Trade organisations, accountability processes, certification and monitoring schemes. Sales of Fair Trade clothing and awareness of what Fair Trade is about appear to be on the increase. Such diversity can be advantageous. A narrow range of organisations each trying to do the same thing, all dependent on one over-arching Fair Trade organisation, could be more likely to fail. Even if pessimistically we conclude that Fair Trade clothing is a niche sector, it occupies more than one niche (appearing in mainstream retailers, high fashion retailers and small and medium scale ethically committed retailers). More optimistically there appear strong grounds for suggesting Fair Trade clothing is in a good position to develop further.

The challenges of Fair Trade can be summarised through the different modes of accountability considered in this report:

*Face-to-face accountability* through inspections has been a central principle of Fair Trade. For clothing this appears to be too expensive. What would count as a reasonable alternative? Are IFAT's self-monitoring, random inspections and peer-review a sufficient alternative? Would trust-based long-term trading relationships be more suitable as an effective guarantee of Fair Trade?

*Metric accountability* has been a focus for international textile trading. With the continuing slow demise of quotas as an accountability system to categorise, count, regulate and assess textiles, what will and should come next? What are the accountability implications of, for example, proposed EU trading partner agreements?

Forms of metric accountability have also been closely tied into *transparency-based accountability* with Fair Trade organisations using common principles as a means to measure and make information available on the production of particular clothing goods. Campaigning organisations follow similar principles in attempting to render transparent the supply chains of High Street stores. How important is this information? What else could be held to account? Who uses this information and to what end?

*Engagement-based forms of accountability* are the central means by which consumers are offered the opportunity to make particular kinds of purchasing decisions. What kind of detailed consideration (if any) do consumers enter into in making their clothing purchases? How much are they willing to pay for Fair Trade? Although there is growing

recognition of the Fairtrade mark, what does this mean to consumers?  
To what extent do consumers orient their shopping toward fairness?

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