

## Factsheet: Fair Trade and Timber

### What is fair trade?

At its core, fair trade is a concept aiming to ensure that the producers of the product being purchased (such as those harvesting timber) receive a fair price for these goods, through fairer trading relationships along the supply chain.

The main fair trade organisations – Fairtrade Labelling Organizations International (FLO), and the World Fair Trade Organization (WFTO)<sup>1</sup> – agreed on the following common definition for fair trade:

*"Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the right of, marginalized producers and workers - especially in the South".*

In addition to ensuring a fair price for producers, the definition includes a number of key principles as outlined at the end of this fact sheet.

### Why is Fair Trade relevant to the timber sector?

More than a fifth of the world's population, including many indigenous groups in the developing world, rely on forest resources for their livelihoods (FAO, World Bank). However, unbalanced trading relationships within the timber industry often mean that forest communities and small forest companies do not sufficiently benefit from the global market – receiving low prices for their produce, and enjoying little security of livelihood.

Furthermore sustainable forest management is time and resource intensive. Applying Fair Trade to timber products would encourage this by allowing community and small forest owners to be compensated for managing their forests in a sustainable manner, through an assurance of fair and premium prices.

So far, however, the concept of fair trade has not been widely applied in the timber sector. Some initiatives are now starting which combine sustainable forest management (SFM) and fair trade. Public authorities are well placed to provide the market for fair trade timber products which these initiatives require to be successful, and help drive poverty reduction in the global South.

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<sup>1</sup> FLO ([www.fairtrade.net](http://www.fairtrade.net)) products are certified as being produced, traded, processed and packaged according to their agreed international standards. WFTO ([www.wfto.com](http://www.wfto.com)) Fair Trade Organisations are organisations that include Fair Trade at the core of their activities. Import and/or distribution of products is used as a development tool combined with campaigning and awareness raising. Such schemes allow social criteria such as long term contracts, attention to workers rights and gender equity to be included within public procurement procedures.

### **Why link Fair Trade and SFM certification?**

- Forest certification systems have proved to be a good instrument to promote SFM and give market access, but are not able to provide a system for equitable sharing of costs and benefits along a supply chain, from forest manager to end consumer – something at the core of fair trade principles.
- SFM certification is mainly used by large scale producers in North America and Europe. Almost 90% of certified forests (FSC & PEFC) are in the northern hemisphere. Only roughly 2% of tropical forest has been certified.
- Social and environmental issues concerning the world's forests arise mostly in the tropics, especially with indigenous and workers rights.
- Community forests and SMEs in the timber sector (SMFEs) can find it difficult to afford the high cost of SFM and its certification, due to the small scale nature of their operations and the lack of market access.

This has led to calls for a partnership between SFM and Fair Trade schemes. Work is ongoing to identify appropriate models for combining these standards, which would ensure they are both practical and affordable for smaller producers in the South, and usable by retailers and consumers in Europe.

### **Dual certification pilot scheme by FSC and FLO**

Fairtrade Labelling Organizations International (FLO) and Forest Stewardship Council (FSC) International Center have launched a joint pilot project to test dual labelling (FSC and FLO) as a means of bringing fair prices and new market opportunities to smallholder enterprises. FLO has developed a new Fairtrade standard for timber, designed to complement the FSC Principles and Criteria for Forest Management for small and/or community based forestry operations. FLO-CERT, Fairtrade's independent certification body, is responsible for auditing for FLO, while FSC audits (conducted separately) are carried out by accredited certification bodies in the FSC system.

### **Implications for procurers**

The Sustainable Timber Action (STA) project aims to help public authorities in applying the above principles of sustainability in their timber procurement activities – both when procuring timber products (such as furniture) or works and services which use timber (such as construction).

The STA Guide provides clear advice on implementing this in practice, and can be [downloaded directly from the STA website](#). [Latest version of the STA Guide online at: [www.sustainable-timber-action.org](http://www.sustainable-timber-action.org)]

## Key principles of fair trade<sup>2</sup>

- (a) a fair producer price, guaranteeing a fair wage, covering the costs of sustainable production and living. This price needs to be at least as high as the Fair Trade minimum price and premium where they have been defined by the international Fair Trade associations,
- (b) part payments to be made in advance if so requested by the producer,
- (c) long-term, stable relations with producers and producers' involvement in Fair Trade standard-setting,
- (d) transparency and traceability throughout the supply chain to guarantee appropriate consumer information,
- (e) conditions of production respecting the eight International Labour Organization (ILO) Core Conventions,
- (f) respect for the environment, protection of human rights and in particular women's and children's rights and respect for traditional production methods which promote economic and social development,
- (g) capacity building and empowerment for producers, particularly small-scale and marginalised producers and workers in developing countries, their organisations as well as the respective communities, in order to ensure the sustainability of Fair Trade,
- (h) support for production and market access for the producer organisations,
- (i) awareness-raising activities about Fair Trade production and trading relationships, the mission and aims of Fair Trade and about the prevailing injustice of international trade rules,
- (j) monitoring and verification of compliance with these criteria, in which southern organisations must play a greater role, leading to reduced costs and increased local participation in the certification process,
- (k) regular impact assessments of the Fair Trade activities.

**For more information on the Sustainable Timber Action (STA) project please visit**  
[www.sustainable-timber-action.org](http://www.sustainable-timber-action.org)



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<sup>2</sup> Resolution of the European Parliament of 6 July 2006 on Fair Trade and development (2005/2245(INI)), paragraph 2