

Session 3-2 “Manufacturing and Marketing of Traditional Arts and Crafts -Case Studies of APEC member Economies-”



The Practice of Fair Trade at Mitra Bali

By Agung Alit

Background

The organization Fair Trade originated around 1960 in the Western country of The Netherlands. The objective was to change the impact of the world free market known as *free trade*, particularly the style of free trade promoted by the World Trade Organization (WTO).

The spark for *fair trade* was struck within the intellectual, activist circle of the LSM, a group of spiritual background concerned about business ethics. This group believed that *free trade* would profit ordinary people rather less than holders of capital, and that the latter would be mainly from the wealthier nations. The most vulnerable to change would be those in ordinary day-to-day production (farmers, fishermen, craftsmen, hunters) and in both often-overlooked groups such as the women of poor countries and also the see better-known Southern nations: of Africa, Latin America, and parts of Asia such as Indonesia. This situation was being brought about via organizations of world business such as the WTO that mainly promote the interests of countries powerful, rich, and capable in many fields. A style of thinking was being born, midwifed by the WTO, that would increase the importance of the nations wealthy in high technology. Please do not forget that every policy tends to further primarily the interests of those who sponsor it. Thus was begun the group Fair Trade to unite those with skills and knowledge that lay outside those promoted by the WTO and did not necessarily stand to benefit from the process.

The process of globalization belongs to no one and anyone may organize to influence it as they fit. To this end the fair trade movement is growing throughout the world. The practice of fair trade may become an international standard, or perhaps even the international standard.

The Meaning of Fair Trade

Before we define *fair trade*, I would like to explain about the umbrella organization of the fair trade movement. To this end the International Fair Trade Association (IFAT) is now at work in 61 countries and is actively growing. The IFAT is now centered in Culemborg, The Netherlands, and functions to actively campaign and lobby for the market concepts of its members throughout the world, who are from Africa, Latin America, Asia-Pacific and advanced countries of Europe and American. In these respective regions came into being forums for fair trade that are associated with IFAT. Indonesia at this time has entered the Asia Fair Trade Forum (AFTF), whose members include Thailand, Philippines, Vietnam, India and Sri Lanka. The office of the AFTF now resides in Philippines. IFAT and AFTF renew their association every two years. Together they monitor international business practices, train business people in the practices of fair trade, and build consumer awareness of the quality products resulting from the fair trade model as well as identifying products of exploitation. Products of members of fair trade are food, arts, and crafts produced at home Mom-and-Pop operations. As an umbrella organization IFAT makes the following statement:

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 rights of, marginalized producers and workers especially in the South.

Mr. Komank Redana, Yayasan Mitra Bali, Indonesia

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Those who would like to learn more are welcome to the IFAT web site at www.ifat.org.

Principles of Fair Trade

Those practitioners of business who choose the fair trade model must in the workplace implement at least these nine principles, which are:

- Create opportunities for employment and income in the producer group particularly to relieve poverty
- Our business model is based on transparency and accountability
- Capacity building: teaching skills in production, design, and marketing to producers so they might enlarge their own markets and be independent of the fair trade organization
- Campaign together for fair trade
- Fair payment to the producer
- Working conditions that are healthy and safe
- Gender equity, as men and women should be treated equally
- No child labor
- Care of the environment, not using old-growth wood or toxic chemicals and giving attention to all aspects of human life and ecology. Production that is sustainable in this world.

All of these principles are included in every purchase order (PO) that is accepted by Mitra Bali, usually in the upper-right-hand corner.

The Practice of Fair Trade at Mitra Bali

Mitra Bali is an organization practicing fair trade since 1993. After demonstrating allegiance to the principles of fair trade Mitra Bali was accepted as a member of IFAT in 2001, thus automatically becoming a member AFTF as well. As a member of IFAT Mitra Bali is obliged to follow the principles of fair trade show above.

Why Does Mitra Bali practice fair trade?

We begin with some short stories that arose from the group of producers – farmers, fishermen, laborers, and suppliers -- in Bali. All their stories are unhappy, especially supplying to hotels, restaurant, art shop, and so forth. Bali is very well known as the Island of a Thousand Temples and is an international center of tourism with five-star hotels. The producers had a dream being suppliers to these places, but the dream fell flat. Supplier Wayan Jenggo of Ubud said, “The first order for one to two million rupiah went smoothly, but when the order was 17 million neither the foreign buyer or local partner has yet paid.” Made Kardi is a supplier of elephant grass roofs. He said, “My dream to be a supplier has totally collapsed when it came time for payment. It is hard, so hard.” The same problem is also faced by the farmers and fishermen, difficulties in payment when dealing with a big company with complicated bureaucracy when asking for cash payment. So the small producer becomes smaller and more marginal and the rich take advantage and become richer. This bitter reality encouraged Mitra Bali to implement fair trade to create a fair business climate for the producers, especially to bring justice to the smaller producers.

Briefly I can inform you about the concrete action performed by Mitra Bali in translating fair trade principles in the handicraft sector of Bali. We meet with the producers, hold workshops on

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design and product development, and offer the resulting products to buyers all over the world. If the buyer places an order Mitra Bali will follow up by contacting producers and making a dialog about the raw material, production capacity, and scheduling. We explain to the producer about fair trade and the buyer, which country they come from and their requirements. After this transparency dialog Mitra Bali pays a 50% deposit. Once the goods are delivered to our warehouse the balance is paid in cash. For the social activities Mitra Bali has begun a program of planting of blalu wood at Abuan village located under the shadow of Batur volcano to commemorate World Fair Trade Day. We call this program Bali of a Thousand Blalu.

We see Mitra Bali as a melting pot and source of information about many things. When producers visit Mitra Bali there is dialog not only about business but also social, political, ecological, spiritual, and even sexual matters. We want to build the image of Mitra Bali as a good and reliable partner in all sorts of activities, not only business.

The main attention of Mitra Bali in implementing fair trade is payment and treatment of the workers in a workplace that is safe and healthy, open with fresh air. To make a sustainable order of things, Mitra Bali has established a workshop called Bengkel Kerja Fair Trade (BKFT) which has a significant function to analyze the fair price and to respond quickly to develop a new design and product when there is a sample request by the buyer. When the buyer places an order we work to train and assist the producer in the manufacturing process and ensure they understand export quality, and as a reference for establishing a safe, healthy workplace. BKFT works to ensure a steady supply of product by distributing production fairly between the producers but without resorting to in-house production, as would not benefit the small producer in the villages of Bali.

Doing fair trade is not always easy, especially the principle of sustainability as market trends change rapidly. Mitra Bali believes that to help the producers with a steady stream of orders we have to enlarge the market and has opened a local shop. We have to be active and creative in producing new designs and searching for market potential.

Conclusion

Although fair trade came from the Western countries, it can exist equally well in Bali. Fair trade is not only a guideline in business but also as a moral ethic for any organization -- government, NGO, social – to ameliorate the side effects of free trade, of killing the spirit of the producer in Bali in particular and Indonesia in general. The proponents of free trade are powerful, smart, elegant, and hospitable, and offer a tempting promise for big increases in the welfare of society. To us, free trade is a Machiavellian attempt to grab as much as possible for the few. Remember, the struggle of the fair trade movement is against **un**fair business relations between rich countries and poor countries. Let's wake up together our awareness and brotherhood in diversity which will disappear if hit by the tsunami of free trade! Thank you to consumers of fair trade products wherever you are on this planet.