


## Chapter 4

# Fair Trade and Ethical Sourcing in Agriculture: Paving the Way for Sustainable Supply Chains

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### ABSTRACT

*This chapter examines the contemporary practices and implications of fair trade and ethical sourcing within the agricultural supply chain, highlighting its pivotal contribution in achieving sustainability. Fairtrade scheme is considered an alternative to traditional trade systems that supports farmers in developing nations by promoting sustainable development and anti-poverty efforts. The usefulness of fair-trade programs has been questioned. Ethical sourcing is a comprehensive concept that focuses on incorporating and fostering environmental and social standards in all supply chain activities. However, the application of fair trade and ethical sourcing can be challenging. By conducting an extensive literature review, the chapter seeks to identify the principles and benefits of fair trade and ethical sourcing in developing a sustainable agricultural supply chain, investigate the challenges associated with fair trade and ethical sourcing, and finally, to present case studies and recommend best practices for implementing fair trade and ethical sourcing.*

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## **INTRODUCTION AND BACKGROUND**

The modern agricultural supply chain, a vital component of international food security, is a sophisticated and interconnected form of supply chain that involves all the stages associated with production, storage and delivery of agricultural goods starting from farming till they reach consumers (Denis et al., 2020). Fairtrade in sustainable agriculture investigates an array of issues which includes ethical trade, standardization of value chain, fair pricing, market access and relevant technical support of all players along the supply chain (Alluvione et al., 2011; Talukder et al., 2019). Notably, over 1.2 million farmers across the globe have subscribed to the fairtrade framework and they have been incorporating fair trade practices into their operations (Mark et al., 2018). Resultantly, consumers have shown positive perception towards fairtrade labeled products (Alluvione et al., 2011).

The fair-trade movement operates as a voluntary organization which uses the acronym 'FINE'. Originally, it came out as a combination of four institutions, namely Fair Trade labeling (F), International Fair Trade Organization(I) Network of European World Shops (NEWS!) "N" and European Fair Trade Association (EFTA) (E) (Food and Agriculture Organization of the United Nations, 2008; International Trade Centre (ITC), 2011). The movement was extended its scope to encompass a variety of agricultural product, from cotton to textiles, handicrafts, coffee, cocoa, fruits, vegetables, and flowers (Bonisoli et al., 2019; Hilson et al., 2018). These products are noticed by specific and authentic labeling to ensure traceability and transparency throughout the supply chain (Luna et al., 2021; Partzsch & Kemper, 2019). In Bacon, (2005) and Bartley (2007), fair trade covers wide range of aspects such as child labor, wages, human trafficking, exploitation of vulnerable persons, consumer attitudes. For Jaffee, (2012 and Shorette (2014), fair trade also includes aspects of ecological issues (fertilizer, pesticides, organic farming, trade inequality and ethical concerns).

Despite the progression in fair trade initiatives across the globe, there has been some debates regarding the fair-trade initiatives among small-scale farmers. This debate emanates from the fact that small-scale farmers in developing countries remain marginalized. The small-scale farmers in Africa, Asia and some parts of Latin America receive low prices for their exported commodities and import at exorbitant prices. Despite much research being done and organizations being formed to advocate for fair trade, critics argue that it is leading to marginalization and extreme poverty. This has caused some scholars such as Hilson et al. (2018) to propose that there is need to establish a fair trade that addresses the concerns of small-scale farmers. Bartley, (2007) and Bonisoli et al., (2019) have noted in the current fair trade system large scale farmers are getting preferential treatment at the expense of small-scale farmers who constitute majority of growers across the globe.

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