

rubbernews

on tap – angezapft

April 2017

Fair Trade - No Longer Needed?

The world market price for natural rubber has increased somewhat over the last months. Instead of ca. USD 1.50/kg a year ago, it is now at ca. USD 2.50. That's good news for the producers.

In response we were promptly confronted with the comment: 'We no longer see a need for a Fair Trade premium'. The remark came from a tyre company, which the Fair Rubber Association (FRA) had approached in an attempt to interest them in Fair Trade.

Really?

A year ago the world market prices did not even cover the costs of production for some producers – but the FRA was told: Your Fair Trade premium of EUR 0,50/kg is far too high.

Today the response is: Since the prices are above the costs of production – it is impossible for us to pay (even) more. In February 2011 prices for natural rubber exceeded USD 6/kg – and going back in history the highest rubber prices were recorded in 1913: USD 6.74/kg. Eight years later they were at USD 0.26/kg ...

But, we are told: 1913 and 2011 were speculation highs!

Indeed. Are things any different today?

In particular small farmers are totally at the mercy of the 'anonymous' market, they have zero influence over any of these developments: Whether the price of petroleum (the raw material for synthetic rubber) goes up or down; whether the demand for cars in China fluctuates in line with the global economy; whether governments encourage new rubber plantations (which can contribute to a glut seven years down the line when the trees are ready for tapping) ... and in any case: what share of the world market price actually reaches the farmers?

And while some plantation workers (e.g. in India and Sri Lanka) have employment contracts, the plantation owners may struggle in times of low rubber prices to pay for upgrades of worker housing etc.

Furthermore: Why should raw material producers (and farmers) accept that it 'suffices' for them to receive a price that just about covers the cost of production? Why should they not have the right to earn a decent margin?

As mentioned, current prices are a bit higher. Has this led to an increase in tyre prices? Or do the tyre manufacturers have sufficient 'flexibility' allowing them to buffer the raw material increase without having to pass it on to their customers? A standard tyre for a passenger car contains approx. 3 kg natural rubber, which represent an increase of USD 3 (ca. EUR 2.80) over the price of a year ago. Compare this with the Fair Trade premium of EUR 1.50/car tyre as per FRA criteria. Why did/does paying such a premium seem impossible?



Fair Rubber educational material published (in German)

With Fair Rubber, many people associate good working conditions in poor countries. But what exactly is different, if you buy products from Fair Trade? What does one as a consumer support, if one buys products from Fair Trade? Should Fair Trade be mandatory for all goods or would this make products too expensive? Students deal with these question in a short learning sequence using as an

example of the Fair Rubber Association. The teaching and learning sequence is designed for classes 10-12. It contains an introduction for teachers, a detailed lesson plan, an extensive coverage of Fair Rubber as well as its Fair Trade projects and finally a discussion about the question, whether Fair Trade should be mandatory. The material is based on standards from global learning. It is ready to be used and covers app. 2-3

lessons. Unfortunately, at this point only the German version of the teaching material is ready for publication.

David Löw Beer
has produced the material
and appreciates any feedback.
Here is the link to the material:
[www.fairrubber.org/
english/teaching-material](http://www.fairrubber.org/english/teaching-material)

On Board Again: HORANA :)

Years before the founding of the Fair Rubber Association Martin Kunz (who is the Association's Executive Secretary) embarked on a search for a rubber producer willing to become a partner in the first ever Fair Trade rubber project. In 2007 the Sri Lankan plantation HORANA became that first Fair Trade supplier partner.

Which is why it was particularly sad to note that in 2016 HORANA could not participate in any Fair Trade contracts, as there were issues with the renewal of its Forest Stewardship Council (FSC) certification: The Fair Trade rubber project has always insisted on the combination of Fair Trade and sustainabil-

ity in its criteria for supplier partners: Good for the people, good for nature, too.

In the meantime the issues have been solved, and as a result HORANA is part of the Fair Trade supplier system again.

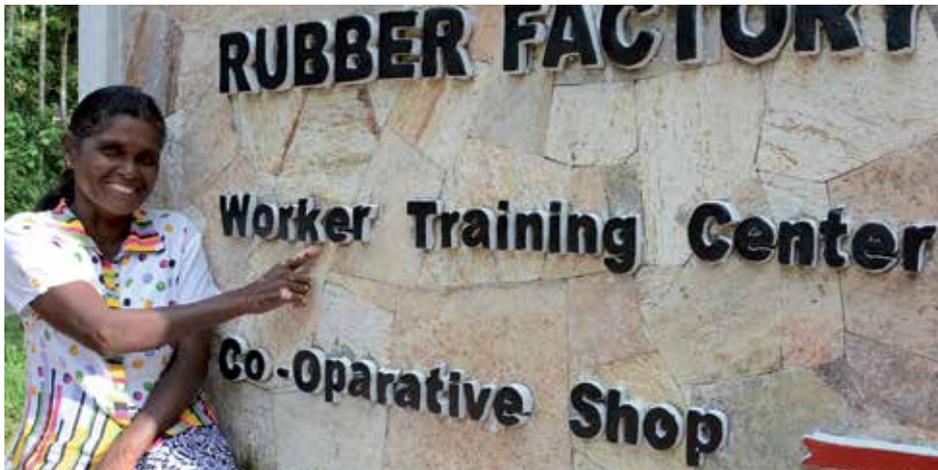
And fortunately the suspension did not affect projects previously financed with Fair Trade premiums: The training centre is up and running. The bridge linking a distant hamlet of worker housing with the nearest small town is in use day after day, cutting in half the time it takes for school children to get to and from school, and in case of medical emergencies the ambulance can trans-

STORIES
THAT MAKE
US SMILE

port patients to the nearest hospital in less time.

The deep freezers (paid with Fair Trade premiums) in the fair price shop run by the worker co-op are well stocked. The drinking water supply system, which was the first Fair Trade premium financed project, continues to provide clean water.

But of course: Plenty of new ideas are waiting for new Fair Trade premium payments.



A Good Year For Fair Trade?

The Fair Rubber Association (FRA) is almost five years old by now, and the news at a recent Annual General Meeting (AGM) was mostly positive: Despite an extremely slim budget we managed last year to initiate and co-finance a study on the impact of low rubber prices, and to revamp the Association's website.

And thanks to the extremely low personal and office costs the Association nevertheless ended the financial year with a surplus. Members decided to share some of it as a small bonus with the supplier partners. Horana is once again among this group of suppliers – which is another item of good news. The problems the plantation had with renewing its Forest Stewardship Council (FSC) certification have been resolved

– a precondition for being a Fair Trade rubber partner.

And: For the first time ever the members of the FRA Fair jointly imported/used more than 100 tons of rubber, paid for in line with the Fair Trade criteria of the FRA. In other words: Members paid more than EUR 50,000 as Fair Trade premiums on top of the market prices. The work of the Association is gaining recognition within the industry, too: RCMA, a trading company, was welcomed as a supporting member at the AGM.

In order to promote further growth a new category was created for start-up companies that want to use the FRA's logo, but cannot afford full membership fees.

All of which cannot mask the fact that the FRA remains a dwarf in the world of rubber trading giants and can benefit only a very small number of supplier partners. This will only change, once the world market prices for rubber rise further. And only if they stay higher. See the article on page 01. Only once this happens will the FRA be superfluous.

Association address:
Fair Rubber e.V.
Decksteinerstr. 26
50935 Köln, Germany
Office: Fair Rubber e.V.
83A Mill Hill Road
London W3 8JF, UK

E-Mail. info@fairrubber.org
www.fairrubber.org

