

# Fairtrade Certified Cotton

**FLO ID no.: 19007**

The Fairtrade Certification Mark is your independent guarantee that the cotton in this product has been certified in accordance with international Fairtrade Standards. The purchase of this product made with Fairtrade Certified Cotton enables the improvement of working and living conditions of Cotton Producers in developing countries and encourages environmental protection.



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Fairtrade cotton has met the international Fairtrade standard for production of seed cotton and is therefore eligible to carry the FAIRTRADE Mark. The Mark is an independent product certification label which guarantees that cotton farmers are getting a better deal - receiving a fair and stable Fairtrade price and Fairtrade premium, receiving pre-financing where requested and benefiting from longer-term, more direct trading relationships. The Fairtrade minimum price is set at the farm gate level and is based on actual costs of sustainable production. If the local market price is higher than this minimum price, then the market price applies. An additional payment of a Fairtrade premium is set aside for farmers' organisations to spend on social and environmental projects or to strengthen their businesses. This ensures that communities have the power and resources to invest in long-term improvements. Elected farmer committees decide democratically how these premiums are spent.

Why Fairtrade? Cotton farmers are in a very vulnerable position at the bottom of supply chains and as such are particularly susceptible to exploitation and injustice in the trading system. They have been severely affected by the fluctuations in world cotton prices which is often below the production cost. The price decline is in part due to increasing competition from synthetic fibres such as nylon and polyester which have increased their share of fibre production. But the main influences are the trade-distorting subsidies of rich nations, particularly the US, EU and China. Domestic support in these countries directly correlates with the depression in prices, damaging a number of developing countries which rely on cotton exports for vital foreign exchange earnings which could be allocated to a range of needs including health and education programmes. Cotton is also a crucial cash crop for farmers, often providing the only source of income to meet essential needs such as food, medicines, schoolbooks and tools. It is estimated that as many as 100 million rural households worldwide are involved in cotton production. Studies have indicated that there is a close correlation between cotton prices and poverty. In Benin for example, it has been estimated that a 40% decrease in farm gate cotton prices leads to a 21% drop in farmers' income and a 6-7% increase in rural poverty.

Fairtrade certification of cotton is intended to redress this injustice and focus on improving the position of cotton smallholders.