People centred trade
Why we need to transform trade now
About Transform Trade

We are Transform Trade. Alongside communities experiencing injustice, we fight together for trade that values people over profit. Our roots are in the alternative trade movement in the North East of England and we draw support from across the UK and beyond. We work in partnership with networks of workers, farmers and social entrepreneurs in South Asia and East Africa to transform trade so that everyone benefits. Our focus areas are Fashion, Tea and Farming. We used to be known as Tradcraft Exchange.
About this report

This report was written by Mary Milne and Mamata Dash, with contributions from many colleagues at Transform Trade including Charlotte Timson, Maveen Periera, Alexander Carnwath, Laurey Boughey and Fiona Gooch. Any errors remain the responsibility of the authors.

September 2022

This report is dedicated to the memory of Mary Milne, whose passion for trade justice lives on in her work.

Executive summary

Trade is a fundamental human activity that connects people both locally and internationally. As well as creating wealth and added value, it can foster resilience, communication and understanding, and can spread opportunity, resources and ideas.

The growth in international trade over the past 200 years has been exponential – and with this growth has come a system which values profits above the needs and expectations of people.

Trade has the potential to deliver dividends for everyone – but right now millions are excluded from these benefits, while many more are exploited or abused, (especially those belonging to already vulnerable and marginalised groups), in order to deliver short term profits for those with power and wealth. All the while, the planet on which we all depend is paying the price.

Some multinational corporations are now richer and more powerful than nation states. They have amassed their wealth through a trade system set up to protect corporate profitability. The legal framework for the protection of corporate profits is often stronger than that protecting human rights, the environment and a safe climate.

As the world faces increasingly catastrophic events as a result of the climate emergency, the challenge is urgent. We need to transform trade so that it is equitable and sustainable, protects the earth, and benefits everybody.

There are many examples of trade around the world which do put people and planet first. Now more than ever, these need to be supported, amplified and replicated. This manifesto introduces the concept of ‘people centred trade’ and explains how it differs from conventional trade.

Transform Trade has identified six hallmarks of people centred trade which are explored in more detail in this report:

- Sustainable resource use
- Transparent supply chains
- Shared reward
- Equality, dignity and power for women
- Human rights respected
- Shared ownership

‘People were created to be loved. Things were created to be used. Most of our troubles come from the fact that we love things, and use people.’

(attributed to the Dalai Lama)

To achieve these hallmarks, action will be needed by citizens as well as consumers, and by elected representatives as well as businesses. Together they provide a potential pathway to make trade equal, inclusive, accountable, and transparent so that everyone benefits, and the planet is restored and sustained.

Together these form a manifesto for action by Transform Trade. The document concludes with recommendations for action for individuals and communities, businesses, and governments.
What is people centred trade?

<table>
<thead>
<tr>
<th>CONVENTIONAL TRADE</th>
<th>PEOPLE CENTRED TRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource-use</strong></td>
<td></td>
</tr>
<tr>
<td>Extractive &amp; wasteful</td>
<td>Sustainable</td>
</tr>
<tr>
<td><strong>Supply chains</strong></td>
<td></td>
</tr>
<tr>
<td>Opaque, complex &amp; shifting</td>
<td>Transparent with producers &amp; consumers in partnership</td>
</tr>
<tr>
<td><strong>Rewards</strong></td>
<td></td>
</tr>
<tr>
<td>Monopolised by those with most power</td>
<td>Shared so that everyone benefits</td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td></td>
</tr>
<tr>
<td>Exploited &amp; excluded from power</td>
<td>Equal dignity, opportunity &amp; power</td>
</tr>
<tr>
<td><strong>Human rights</strong></td>
<td></td>
</tr>
<tr>
<td>Businesses not held to account; abuses go unchecked</td>
<td>Businesses are held accountable; rights are respected</td>
</tr>
<tr>
<td><strong>Ownership</strong></td>
<td></td>
</tr>
<tr>
<td>Monopolised by those with capital</td>
<td>Shared among stakeholders</td>
</tr>
</tbody>
</table>

Trade: what is it and why does it matter?

Trade is the act of exchanging goods or services, of buying and selling, between people within and across countries. Trade takes place across different supply chains in different geographical and cultural contexts at local, regional, and cross-border levels. The players in trade range from small businesses – sometimes just one or two people, or a family – through medium and large national companies to multinational corporations which span the globe and are worth more than some nation states.

Ever since the dawn of human history, people have traded goods and services with one another. Trade connects people, enables the exchange of ideas, skills and knowledge, fosters specialisation, leading to higher productivity and enables people to benefit from things created by others.

In the UK, trade means people can enjoy bananas, coffee and avocados which will not grow in their climate. In Kenya, trade means that women small-scale farmers can make the most of opportunities to sell fresh vegetables in the cities. In Bangladesh, trade means that people can cultivate tea to supply a growing local market. In India, trade means that women can work at home for global supply chains.

International trade has grown exponentially over the last two centuries and the value of global exports and imports now amounts to around $28 trillion every year. Around one quarter of all global production is exported.
While trade which crosses international borders is globally significant, for many people and communities local or regional trade is far more relevant. The issues affecting communities are similar: power imbalances in supply chains which lead to exploitation or abuse of the most vulnerable by the most powerful.

In some instances, production for the local market can be more stable and flexible than for the international market. For example, in Meru County, Kenya, some farmers who previously grew green beans for export have switched to growing onions and potatoes for the local market. The key is for farmers and artisans to have the knowledge and power to make their own decisions about where to invest.

It has been noted that working conditions in international supply chains may be better than those in national supply chains, because of pressure from international consumers and the value of international labour standards. It is important not to see ‘local trade’ as always good and ‘international trade’ as always bad. Exploitation, human rights violations, and environmental destruction can happen just as much through local trade as through international trade.

However, there are many reasons – including the need to reduce carbon emissions – why shorter and more local supply chains can benefit both people and the planet.

Throughout this report, the term ‘trade’ should be taken to include both international and local trade. The potential benefits of trade and business done well are numerous. But the reality is that conventional trade has become less about the exchange of goods and services and more about using trade and business to foster concentration of profits among the few at the cost of social and environmental protection.

In the last few years, the combined threats of the climate emergency and the Covid-19 pandemic have exposed the fault lines in conventional trade and business. It has shown how putting profit over people in the trade system has fuelled extreme inequalities, hunger and poverty.

Transform Trade believes there is a way for this to be turned around. We have identified six hallmarks of what we call ‘People centred trade’. These put people and planet at the centre of trade and prioritise equitable and regenerative trade practices and systems.

People centred trade is possible – it is already happening to a greater or lesser extent around the world. But right now, the system is against businesses which work in this way. It’s time for change.
2 Profit at all costs: how conventional trade works

2.1 The reality of trade today

The people at the centre of trade: Samoni Sawra

Samoni Sawra (see case study) is a tea picker in a plantation in Assam, India. Some of the leaves she plucks end up on the shelves of UK supermarkets and the mugs of UK households. Between Samoni and the people who drink her tea is a series of transactions between workers and businesses which is known as a supply chain.

Samoni is paid just £1.50 for an 8-hour day during which she is expected to pick more than 20kg of fresh tea leaves. The wage is less than the Assam minimum wage for unskilled agricultural workers despite the skilled nature of the work.

Challenges in trade

Like her father-in-law and grandfather before her, Samoni has been employed on a tea plantation for the last 14 years. With few alternatives, workers are tied to the estate, where they are paid just £1.50 for an 8 hour day. Plantation owners are required to provide housing, some basic food, schools and clinics, but these are of low quality. Wages are agreed on a state-wide basis but are currently below the Assam minimum wage for unskilled agricultural workers despite the skilled nature of the work.

In her own words

‘We have to work in scorching heat, there is not much tree shade. Without an umbrella, it gets too hot and when we complain about water, sometimes we get water, sometimes not. Sometimes they [the estate management] would assure of supplying water, but won’t.

‘Then when the auditors come, the management would warn us, “Don’t show up. It is not for you to see. Stay aside.” We are warned not to speak to the inspection team.’

The big picture

Tea has been grown in Assam since colonial times. The majority of workers are descended from the ‘tea tribes’ who were brought to Assam as indentured labourers by the British. They face multiple levels of discrimination. Fear of the power of the estate managers means that workers are reluctant to speak out and claim their rights.

Until 2018, UK tea brands refused to disclose the names of the estates they bought from – meaning that any ethical claims they made could not be substantiated by workers or their representatives. Following a campaign by Transform Trade, this situation changed dramatically and now the majority of brands are open.

Where next?

Transform Trade is continuing to work with groups representing tea workers in Assam.

Credit: India, Helm Studios/Transform Trade
According to Forbes, 7 in 10 of their list of billionaires in 2022 made their wealth from trade and business. The collective wealth of the world's billionaires has increased by 1600% since 1987, even accounting for inflation. Billionaires did particularly well during the pandemic, with their collective wealth increasing by $3.9 trillion between March and December 2020.

The drive for more and more profit for those who already hold capital and wealth has been cemented into the conventional trade system, while the majority are excluded. The next section explores how this happened.

Assam tea is prized for its unique taste and can sell for as much as £84.20 per kilo in the UK. The global tea market was worth around US$49.4 billion in 2017 and is expected to grow annually.

This is the reality of cross-border trade in the twenty-first century. How does this happen? How can such injustice persist? To answer that question, we need to unpack the pervasive power dynamics prevailing in trade and examine how the drive for profit has trapped everyone in a system that creates and perpetuates inequality. While Samoni and her fellow tea pickers are clearly not getting anywhere near their value of the tea, others are doing very well from the current system.

### 2.2 Trade and the colonialism of Western Europe

Human societies have always traded with each other. Historic trade routes show that gold was exported from West Africa across the Sahara, silk and tea from China and incense from the Arabian Peninsula over many thousands of years.

But in the seventeenth and eighteenth centuries, international trade began to accelerate in an unprecedented way as European ‘merchant adventurers’ competed for lucrative trade with parts of the world new to them. Initially seeking gold and spices, they soon discovered that huge profits could be made by trading in people.

Between 1501 and 1866, over 12 million African people are estimated to have been transported to the Americas, around two million of whom died on the journey. All aspects of this trade fuelled the growing industrialisation of Europe – and particularly Britain. Products such as cooking pots, textiles, alcohol, and firearms were specifically manufactured in Britain for sale in West Africa. The profits from this trade were used to buy enslaved people, who were then shipped across the notorious ‘middle passage’ to the Caribbean and southern United States on an industrial scale. There they were sold to work in sectors that involved intensive labour – sugar, cotton, and tobacco. These crops would not have been profitable without the use of unpaid labour.
Figures for the total profit made from the Atlantic slave trade are hard to calculate – but it has been estimated that slave-related industries accounted for over a tenth of UK gross domestic product (GDP) in 1800. All four of the UK’s big high-street banks were formed through mergers that included lenders involved in the slave trade.12

Elsewhere in the world, European colonists were grabbing land, and forcing local and indigenous people to work on plantations, down mines and in factories. Raw materials, including diamonds and gold from South Africa, tea from India and Sri Lanka, jute from Bangladesh, copper from Zambia, cocoa from West Africa, sugar and bananas from the Caribbean poured into Europe, fuelling exponential economic growth.

The legal abolition of the trade in enslaved people did not deter the colonial, extractive, and exploitative practices of trade. And despite the political independence of countries like India, Bangladesh, and Kenya from the 1940s onwards, many of those exploitative trading patterns continued as the UK and EU and other so-called ‘developed countries’ brought in trade policies that trapped ‘supplier countries’ or former colonies into being so-called ‘primary producers’ of raw materials within a supply chain.

The tea plantations of Assam were originally set up by British ‘planters’ to provide an alternative source of tea to China. The owners displaced hundreds of thousands of people from modern day Odisha, Jharkhand, Chhattisgarh and Bengal and forced them to work in the plantations as indentured labourers. A contemporary account explains that: ‘Government agents procure their men by a regular system of recruiting, established throughout the thickly-populated districts (some people unkindly say that the business bears an uncommonly near resemblance to kidnapping) so that the supply [of workers] hardly ever runs short in a case of emergency’13.

The majority of workers on estates in Assam today, including Samoni, are descended from those original indentured labourers. Workers in plantations continue to be exploited and denied their basic rights and entitlements, while estate managers maintain absolute control.

This is just one example of how colonialism and the trade in enslaved people paved the way for modern day exploitation, entrapment, and threat. Just as was the case 200 years ago, UK and other companies’ change to ‘companies from the UK and elsewhere.

2.3 Power in supply chains and the role of multinationals

Today, multinational corporations – a single or network of linked businesses which operate across national borders – account for a third of global output and gross domestic product (GDP) and two-thirds of international trade4.

Many big corporations are richer than nations – a list of the richest 100 global entities based on revenue shows that 71 are corporations and only 29 are countries. Walmart is richer than Spain; BP is richer than Mexico5. A more recent comparison based on GDP (for countries) and market capitalisation (for companies) puts the value of Apple ($2.2 trillion) higher than Italy, Brazil or Russia, and Microsoft – valued at $1.8 trillion – as around the same as the GDP of Canada6.

Multinational corporations hold huge power within key points of many global supply chains. This concentration of power gives them the ability to control production, constantly shifting to the cheapest and most economical suppliers, in order to maximise their own profits. For consumers in the Global North, this means continuity of supply – something which many people were unaware of until the Covid-19 pandemic disrupted supply chains.

Global Supply Chains

Some multinational corporations exert a disproportionate influence on national governments. At the extreme, the term ‘banana republic’ was coined at the end of the 19th century to describe countries in central America which were effectively run by corporations. Since then, political influence by multinationals has become less overt, but it is still widespread, whether through political lobbying, digital political advertising, or influencing of policy framing and implementation.
### 2.4 Pressure for short term profit

The relentless pressure for short term profit demanded by owners or shareholders means that businesses constantly seek to reduce their costs below those of their competitors. One way of doing this is to focus on what are regarded as variable costs. When national labour laws are not effectively enforced, some businesses opt not to pay overtime or entitlements when they need to cut costs.

Another approach is to ‘externalise’ costs – so that they fall on others rather than the balance sheet of the company. For example, using raw mined minerals or fossil fuels is cheaper for a business than recycling or reusing what has already been produced. There are costs to mining or the use of fossil fuels, but these are paid by others – local communities and the environment. There have been cases from India\(^2\), Zambia\(^3\), south Wales\(^4\) and elsewhere of pollution caused by business activities. The cost of cleaning up was paid by communities, either directly or through taxation.

The pressure for short term profits can also be made at huge cost - the violation of people’s rights and devastation of the environment. Land grabs, forced labour, health and safety violations and even rape and killing\(^5\) associated with business activities have been documented in numerous countries around the world. Concerningly, there are instances of repeated offending by the same businesses in the same location, even after it has been drawn to the attention of the company.

### 2.5 Trade rules

While the actors in international trade are predominantly businesses and corporations, the rules governing trade are agreed by national governments. These set out how goods and services from one country are treated when they are sent to another and include measures on tariffs and quotas, standards, and intellectual property. These rules have been negotiated at the World Trade Organisation (WTO), and through bilateral or multilateral Free Trade Agreements (FTAs).

The objective of these rules is not to uphold a system of fairness, nor to ensure a level playing field that would enable trade to benefit a greater number of people. The thrust of almost all rules is rather to reduce barriers to trade between countries by forcing governments to treat local and foreign products equally and allow countries to apply trade sanctions or withdraw trade access to countries that break these rules.

The theory behind most trade rules is that liberalisation of cross-border trade will bring economic benefits. But this depends on which barriers are removed, by which countries, and at what stages of their economic ‘development’. Many high- and middle-income countries – from Europe and North America to East Asia – have in the past used trade barriers to incubate domestic industries until they are ready to compete with imports, to protect jobs in important domestic sectors, or to ensure high quality public service provision.

The WTO does allow for trade rules to differentiate between countries to some extent. For example, the principle of limited ‘Special and Differential Treatment’ (SDT) for ‘developing countries’ has been enshrined in global trade rules since the World War II. Between countries, many high-income countries also remove barriers specifically for products from lower income countries through ‘preference schemes’ – although such schemes can also be used to put pressure on lower income countries.

The WTO has a chequered track record and has been criticised from all sides. As WTO negotiations have faltered, in recent years there has been an increase in bilateral and multilateral trade deals outside the WTO.

Unsurprisingly, given the power of trade, these too have seen huge protests, from Indian farmers protesting against subsided imports from the EU to UK nurses protesting against US private companies being allowed to compete with the NHS. Both these trade deals – the EU-India FTA and the EU-US Transpacific Partnership (TPP) – were dropped, showing the power of citizen action.

In the UK, the opportunity to do things differently following departure from the EU has so far not been grasped. Instead, the UK has chosen to continue many of the EU’s problematic trade policies. These include pushing countries that have moved to ‘lower middle-income country’ status into ‘Economic Partnership Agreements’ (EPAs) that enforce inappropriate levels of liberalisation and create barriers to regional trade.

Trade rules are also growing in their reach – with some agreements now covering not just tariffs and quotas, but also things like digital information and intellectual property rights.

The scope of these issues means that it is crucial for all trade deals to be adequately debated and scrutinised by national parliaments, civil society and the public – but in many countries around the world, this is far from the case.

In the UK for example, following Brexit the government chose not to replicate EU rules allowing MPs to debate and vote on trade deals, leaving a huge accountability gap in terms of their impact.
2.6 Trade and the legal framework

Alongside the system of trade rules which are negotiated between countries, a legal framework exists to determine how trade and business operates.

In most countries of the world, corporations have the status of ‘legal persons’ – meaning that they have rights under law to hold property and to sue or be sued as though they were an individual. Under the concept of limited liability, shareholders of a corporation are not personally responsible for any debt should the company go into liquidation.

Corporations have exploited the rights associated with a legal persona, but they have not had to take on the responsibilities. The offence of corporate manslaughter was only introduced in the UK in 2007, and there have been very few prosecutions, mostly of smaller companies for a death in the UK where it was possible to identify the directors responsible for making the decision which led to the death. Many large corporations create complex legal structures which allow directors to deny knowledge of decisions made and hide behind their limited liability.

As the multinational sector has grown, more and more trade crosses international borders – even within one corporation. But law is still predominantly based on the nation state, so that cross-border accountability for the actions of multinationals is non-existent.

Recent research commissioned by Transform Trade has revealed that in the UK, the legal protections for corporations far outweigh those which protect either human rights or which safeguard the climate.

A key area of law governing the activities of businesses operating internationally is the foreign investment protection regime. This is a series of treaties between nation states which allow foreign investors to sue national governments for any conduct which might affect their current or future profitability. The mechanism is known as Investor-State Dispute Settlement (ISDS) and has been used by corporations to sue governments for a range of decisions, including some taken to protect the climate as outlined in the next section.

2.7 Trade and climate change

Climate change represents the greatest current and future challenge to people and the planet. The impact of climate change is disproportionate on the most vulnerable people who have historically done least to contribute to the crisis. As the frequency and intensity of extreme weather events increases, and slow onset events intensify, impacts such as recurring droughts, floods, rain failures, salinisation of land and water scarcity are putting the livelihoods and food security of millions of people at risk. This is particularly relevant in countries in the Global South where people are largely dependent for work and survival on rain-fed agriculture with a large percentage being small holder farmers.

Climate change is already estimated to be costing the world trillions of dollars – and that does not include the human cost in lost livelihoods and suffering from floods, droughts and rising sea levels.

In the last thirty years the world has woken up to the cost of carbon emissions from almost all industrial processes, agriculture and transport. These carbon-emitting processes boomed alongside the growth of trade through the 19th and 20th centuries. Despite the urgency, trade continues to contribute to climate change through increasing emissions from production and transport.

Trade rules can also block or boost action on climate change. For example, several WTO rules actively block action on climate change, for example by preventing governments discriminating against fossil fuel imports or favouring investment in local green industries.

As explained in section 2.6, the legal framework protecting business profits is far stronger and more wide-ranging than that protecting the climate. This has real-world consequences – action to cut greenhouse gases has already been scaled back in the EU, US, Canada, India, and China following challenges at the WTO, and this year the UK was challenged over its planned support for its offshore wind industry.

WTO rules on patents have also prevented businesses in the Global South from adopting and developing their own versions of green technology – forcing them to import these products at high cost.

ISDS clauses in FTAs further give companies the right to sue governments over policy changes that impact future profits, with costs and awards running to billions of dollars. Fossil fuel investors have brought cases against the governments of Germany, the Netherlands, Canada, Italy and the US, and forced France to drop a planned ban on fossil fuel extraction under threat of a case being brought.
2.8 Time for change

While conventional trade has brought wealth for some, it has come at a high price for many more. Transform Trade has been working to influence this system for forty years. During this time, we have attempted with some success both to improve the positive aspects of the system and to lessen the negative. But we have also concluded that tinkering at the edges is not enough. Trade needs a fundamentally different approach – one which puts people at the centre and values people above profit.

The time has come to switch priorities and start putting people first. The remainder of this report explores how trade can be transformed to do just that.

3.1 Sustainable resource use

The first hallmark of people centred trade is resource-use that protects and regenerates the ecosystem. Rather than extracting resources from the earth mindlessly and for profit, people centred trade ensures that raw materials are reused and replenished, and energy sources – including carbon – are renewable.

It is often true that traditional systems of farming and resource-use are sustainable and also ensure that communities retain power over their resources.

Environmentally-friendly manufacture and circular economy enterprises

In Northern India Transform Trade worked with small-scale textile artisans to enable them to grow their businesses in a more sustainable way. This included linking artisans with trainers to support them to develop the use of natural dyes and providing facilities where wastewater from the dyeing process could be cleaned before being released into local water courses.

In Bangladesh, where the ‘ready-made garment’ industry accounts for 84% of exports, waste is endemic in the system. But it is possible to use this waste and Transform Trade has worked to develop the potential of small businesses which turn offcuts and scrap fabrics into garments for sale in the domestic market. The value of garments produced by this sector each year is estimated to be between £114 - 143 million and it now employs between 25-30,000 people. In particular, it can give women opportunities to develop their skills and earn an independent income.
Championing traditional farming and reducing carbon emissions

Carbon emissions from trade need to be radically and rapidly reduced. One way of doing this is to reduce the transport involved in supply chains and bring production and consumption much closer together.

But when it comes to food, transport is not necessarily the biggest contributor to carbon emissions. Production methods make a huge contribution. Many traditional farming systems not only have lower carbon footprints, but they also ensure that local communities maintain control of the production system.

Transform Trade is working with communities from the indigenous Pahadiya tribes in Jharkhand, India. Traditional crops which thrive on the hill slopes include maize, cowpea, rice bean, millet, and pulses. Economic security depends on the safe preservation of seeds for the next growing season.

The community identified a need for seed banks, which preserve diverse varieties of local seeds, and mean that people do not have to resort to buying seeds from commercial traders. The seeds can be borrowed and returned to the seed banks, and diverse varieties preserved for future generations. There are now 4 seedbanks serving more than 1300 households.

Monitoring and reducing off-shored emissions

Drastically cutting greenhouse gas emissions must be a goal of people centred trade, and here it is true that geography matters. Short and transparent supply chains make choices about carbon footprints much easier.

Where possible, limiting the air miles of products is good, but as a nation the UK is moving in the opposite direction. Over the past 30 years, manufacturing has been increasingly offshored to other countries – particularly where labour is cheap and environmental rules weaker. Almost half of emissions embodied in the products consumed in the UK, for example, are now generated in other countries.

And the UK’s national carbon emissions appear to be falling faster than the reality as emissions are ‘outsourced’, mostly to countries of the Global South.

A crucial policy step towards people centred trade will entail the UK recognising its responsibility for ‘offshored’ emissions and working with Southern governments to reduce them.

3.2 Transparent supply chains

Transparent supply chains are a key hallmark of people centred trade.

Transparency unlocks knowledge and power within the supply chain – so that when the most vulnerable people (often the workers or farmers) know who is making the decisions, they can start to influence those decisions.

This is not a simple process. Transform Trade brought together all the players in the Kenyan green bean supply chain – from the smallholder farmers to the packhouse workers, to the supply company to the UK supermarket. Over many meetings, the buyers and supermarket began to listen seriously to the concerns of the farmers and workers. See The People at the Centre of Trade: Ruth Murunga.

The people at the centre of trade

Introducing Ruth Murunga, green bean farmer, Meru County, Kenya

Challenges in trade

Small-scale farmers supply fresh green beans for many UK supermarkets but had little voice or power in the supply chain. Contracts were not explained, and last minute changes to orders left growers with produce that was rejected.

In her own words

‘Exporters used to bring a paper and go from farmer to farmer, getting each one to sign – and each would sign! But we were trained on how to negotiate, on hard and soft bargaining. Now we know. We sign as a group. We are protected by the contract.’

The big picture

By bringing together all the players in the supply chain, Transform Trade was able to facilitate a dialogue and enable the farmers and workers to be heard by the buyers and supermarkets. Changes including better contracts and changes in packaging were a result.

Where next?

When farmers have been able to build strong businesses, they can choose whether to focus on growing for the international market or to focus instead on local sales.
Transparency in UK tea supply chains

UK brands have been aware of concerns around Assam tea estates for some years – see Samoni Sawra’s experience described in section 2.1 – and many have been keen to showcase how they are ‘working to improve the wellbeing of people and the planet through the making of our drinks’30. But until 2018 the industry was notoriously secretive.

Despite the fact that tea supply chains are relatively short and stable, brands refused to reveal the names and locations of the tea estates they source from. This was problematic for consumers because they could not tell whether the ethical claims made by tea brands were true31, but more critically the tea estate workers and groups representing them could not tell either. And without this knowledge there was no way workers, or their representatives, could hold the brands to account for the claims they made.

In 2018, Transform Trade embarked on a campaign to persuade all the major UK tea brands to publish the names of the estates they buy from. Within a year, eight of the biggest UK tea brands had revealed the names of the estates32 supplying them, with a total of twenty tea companies now publishing their sourcing details in association with the Business and Human Rights Resource Centre33.

A critical hallmark of people centred trade is that the rewards from trade are shared fairly along the supply chain. The people with least power and voice need to be able to demand their share of the added value. This is in sharp contrast to conventional trade where rewards are often monopolised by those with existing power and capital.

A more equal sharing of rewards can come about through consumer pressure but can also be regulated by the actions of elected governments.

Consumer pressure and ‘Fair Trade’

Over the past forty years, the fair trade movement has focused much-needed attention on models of trade and exactly where the benefits accrue.

Fair trade businesses like Liberation Nuts34, Zaytoun35, and Tropical Wholefoods36 – and many others – ensure that the growers, artisans, and workers get a fair share of the price. Fair price is one of ten principles of fair trade37 agreed by the movement. In the UK retailers like Transform Trade’s partner business Traidcraft38 champion these brands.

The Fairtrade Foundation now licence and champion the Fairtrade Mark in the UK, as part of the Fairtrade International certification network. The Fairtrade Mark is awarded to products which meet agreed criteria39. A key element is the payment of a ‘Fairtrade premium’ over and above the price40. Representatives of producers agree how to spend the premium – and over the years this has funded local healthcare facilities, schools, fresh water, transport and much more.

How regulation has balanced power in the groceries sector

But while fair trade plays a valuable role, it relies on consumer demand, which as explained in section 4.3 is not always available. Regulation by elected governments is another way to ensure that rewards are shared so that everyone benefits.

There are many models of regulation – often designed to focus on a particular sector. For example, in some tea producing countries a minimum price is mandated for ‘green leaf’ (fresh) tea. This stops small-scale tea growers being forced into a situation where they have to sell at any price to get some income before the tea leaves spoil.

In some groceries supply chains, the supermarkets have in the past passed unacceptable risks and costs down the supply chain, forcing every stage to cut costs and become ‘flexible’ until finally the workers or small-scale farmers have nowhere else to go but to absorb them. Workers are forced to absorb the financial, mental, and emotional cost of poor employment terms – for example, pay below the cost of living, lack of job security and no rights to pay when sick, pregnant or retired.

In the UK, the supermarket sector is now regulated by the Groceries Code Adjudicator41. It has the power to fine supermarkets for breaches of an agreed code which sets out how they should treat their suppliers. It has successfully investigated the Co-op for delisting products42 and forced Tesco to reimburse suppliers it owed money to, sometimes for several years43. The Groceries Code Adjudicator’s annual supplier survey has seen a drop in complaints of abusive purchasing practices from 79% of suppliers in 2014 to just 29% of suppliers in 202144.
Why regulation is needed in ‘fast fashion’

Transform Trade is now working with others to call for a parallel regulator for the garment sector. Globally the sector relies on the work of many very poor and vulnerable workers, many of them young women.

Supplier factories demand last-minute overtime, delays in pay and temporary layoffs of workers, as they are pressured in their turn by brands from the Global North. The business model of fast fashion accentuates these with new designs coming to market every few weeks. The brands use their power in the supply chain to push the costs and risks associated with sudden changes on to their suppliers, who in turn pass them on to subcontractors and ultimately to workers.

The Covid pandemic only exacerbated this existing problem. A survey of garment manufacturers in Bangladesh found that half of factories reported unfair practices from brands they sold to in spring 2020 when the pandemic hit, including cancellations, failure to pay, delays in payment and demands for discounts.

A ‘fashion watchdog’ or Garment Trading Adjudicator would ensure that rewards in garment supply chains are shared fairly, and risks are not pushed onto these with the least capacity to cope.

Challenges in trade

As Covid-19 swept across the world in early 2020, fashion brands immediately demanded discounts, delayed payment terms or even outright cancellation from their suppliers in countries like Bangladesh, India, Cambodia and Myanmar – despite the fact that they had already agreed binding contracts. Supplier factories had already had to pay out for the raw materials for the styles specified in the contracts. In some cases the work was already completed and the clothes were already on their way by ship, or even sitting in port. Suppliers then passed the costs on to their workers.

In her own words

‘At work in the first week they told us to take 8 days leave. When I went to the office on the eighth day, they said they have extended the leave for another seven days. This went on for almost two months. It was hard to keep going in those days. I could not afford to give proper food to my daughter, let alone pay her school fees.’

The big picture

The brands’ response to the pandemic only revealed what was already the norm in the sector – retailers routinely abuse their power and make unfair demands on suppliers, which are then passed on to workers.

Where next?

Transform Trade is campaigning for a ‘Garment Trading Adjudicator’ or fashion watchdog to regulate unfair purchasing practices in the sector.
Across the globe, women are the group most excluded from the benefits of trade. They are likely to do the most basic and least rewarded jobs, and are least likely to have their voices heard, or the opportunity to influence those with power. They also do the bulk of domestic duties. At the same time, people from ethnic and gender minorities, migrant workers, and those with disabilities also experience discrimination and exclusion. Where people fall into one or more of these groups, they can experience multiple levels of discrimination. This vulnerability can be exploited by employers – for example, in the south Indian garment sector, there is evidence that employers specifically recruit young migrant women from other parts of India. Their age, gender and migrant status puts them at huge risk of exploitation. Without the support of community networks, these young women are effectively trapped at the factories, controlled by the managers and unable to leave. People centred trade instead puts women at the heart of power and decision-making, and ensures that they have voice and influence within the supply chain.

Women at the heart of decision-making
Globally just less than a fifth of businesses have women in top managerial positions. But within fair trade enterprises a 2020 report found that more than half of board members were women, and 52% of fair trade enterprise CEOs are women compared to 9% in mainstream businesses. So, some businesses are clearly beginning to get this right – but how can women have equal treatment and dignified work in conventional supply chains that are still dominated by men in most of the decision-making spaces?

Women building power in the supply chain
An example of how women have improved both their financial situation and their confidence comes from the jute sector in Bangladesh. Jute has been a major cash crop and export in Bangladesh for centuries. More than a billion jute sandbags were exported from Bengal and used in the trenches of World War I. The crop is quick growing, needs little fertiliser and thrives in low-lying waterlogged fields. The processing is mostly done by hand with distinct gender roles. The jute is harvested by men, tied into bundles, and then soaked in streams or ponds for up to three weeks to loosen the fibres from the central stalk. The vital stage of stripping the fibres from the waterlogged jute stems is traditionally done by women, before the jute is washed, dried, and sold on for manufacture. The work of extracting the jute is hard: women have to squat for long hours, often on waterlogged riverbanks, and as a result get back pains and infections in their hands and feet from the dirty water. The reward is minimal – traditionally the women are not even paid cash but paid with the leftover bundles of jute sticks which they can either sell, or use for building or firewood.

Transform Trade started working with these women in 2015, encouraging them to form groups to support each other. They were able to get training and develop alternative sources of income. By saving together as a group, they were able to invest in their own small businesses. Some groups were also able to start to influence the terms of trade, and were successful in advocating for better prices. See The People at the Centre of Trade: Arifa Begum.

The people at the centre of trade
Introducing Arifa Begum | Jute processor | Faridpur, Bangladesh

Challenges in trade
Extracting the jute fibres from the stalks is traditionally done by women, and rewarded not even with cash, but with the leftover bundles of jute sticks. During the short season women have to work long hours in painful conditions, while doing cooking, cleaning and caring duties as well.

In her own words
‘Our family used to depend on my husband’s income – I felt very hesitant about asking for any money from him.’

‘Now the [local government] officers know me by my name! They welcome me very cordially and ask, “How are you Arifa Apa?” This makes me feel very proud. I have become very courageous – for example, before I couldn’t even receive a simple phone call – now I do that regularly!’

The big picture
By advocating together, the groups in Arifa’s district were able to agree a higher payment for their work – they now get one Bangladeshi taka per bundle of jute, in addition to the jute sticks. This is still at poverty level but a really significant improvement on before. As her voice and influence has grown, so has Arifa Begum’s confidence in herself and what she can achieve.

Arifa Begum. Credit: Transform Trade/GMB Akash

Transform Trade
People centred trade: so everyone benefits

3.4 Equal dignity, opportunity, and power for women

The work of extracting the jute is hard: women have to squat for long hours, often on waterlogged riverbanks, and as a result get back pains and infections in their hands and feet from the dirty water. The reward is minimal – traditionally the women are not even paid cash but paid with the leftover bundles of jute sticks which they can either sell, or use for building or firewood.
3.5 Human rights respected

Trade and business must put the rights of people first before the imperative to make a profit. For this to happen there must be action by both businesses – to review their operations – and elected governments – to set the legal framework within which businesses can operate.

It is also vital that there are mechanisms to address rights violations and that workers and local communities who are most at risk of abuse can challenge any violations and hold decision-makers to account. Where workers are able to organise into democratic unions or collectives, abuses are far less likely to happen.

The need for legal accountability

There has been slow progress in developing a legal framework to safeguard human rights. But as noted in section 2.6, human rights are still far less well protected than corporate profits.

In 2011 the United Nations adopted the Guiding Principles on Business and Human Rights (UNGPs). These set out the responsibilities of governments to protect human rights and businesses to respect them, as well as the requirement for access to remedy for those whose rights have been abused. But there is no effective enforcement mechanism of the UNGPs and many businesses continue to get away with abuses47.

In recent years, national laws to require businesses to carry out ‘human rights due diligence’ have been passed or are being debated in France, Germany, The Netherlands, Norway48 and Canada49 and there is currently a proposal for an EU-wide ‘due diligence’ requirement50. At the UN there is a slow-moving process towards a Binding Treaty on Transnational Corporations.

One way of bringing redress to victims of human rights abuses by businesses is through the civil courts, and there have been a few cases of out-of-court compensation payments.

For example, a group of 2000 residents of the Chingola District in Zambia brought a case before the English civil courts, claiming that their health and farming activities were damaged by pollution from a copper mine owned by Konkola Copper Mines plc, a subsidiary of Vedanta Resources plc, a company listed on the London Stock Exchange and incorporated in the UK. In 2019, the UK Supreme Court judged that the case could be heard in the UK51, and Vedanta subsequently reached an out of court settlement with the residents52.

The fact that these cases have been heard is good news for victims of corporate human rights abuses. The financial settlements reached will undoubtedly help members of these very poor communities rebuild their lives. But it is not clear whether these cases have a deterrent effect, and to what extent they cause businesses to rethink their operations.

In the UK, Transform Trade is working with others to argue for a new law which would hold businesses directly accountable for failing to prevent human rights abuses in their supply chains. This would allow businesses to be taken to court under the criminal law and civil law if a harm had taken place, and if they could not prove appropriate human rights and environmental due diligence of their operations, including their supply chains.

3.6. Shared ownership

The ownership structure of many businesses is one of the reasons why conventional trade has such a strong focus on short term profitability.

The vast majority of conventional businesses are set up as limited liability corporations with profits distributed to shareholders. Shares can be privately owned – and traded among family members for example – or publicly bought and sold on a stock market.

Privately-owned businesses include some of the world’s biggest corporations. The owners are often the founders and their families or their descendants. Examples include Cargill and Mars in the US53, and discount supermarket Aldi in Europe54. Because the shares are not publicly traded, privately owned companies do not need to meet such stringent disclosure rules and do not have to abide by stock market regulations.

While some privately owned companies are modest in size, others have brought some of their owners extraordinary wealth and have contributed to increasing global inequality and the rise of the global ‘super rich’ elites.

Public companies’ shares are available to trade on stock markets. These shares are also often owned by wealthy individuals or institutions. In some instances, founders of a company will float a proportion of the shares on a stock market but maintain a controlling interest.

The remainder of the shares are generally held by pension funds which act on behalf of millions of small-scale investors. A huge number of people – most of whom are far from wealthy – rely on the investment performance of their pension fund for a secure income in their retirement. Very few of these people have the time or knowledge to investigate the companies where their fund is invested, and just want to see steady growth in their fund value. Such growth relies on regular dividends to support the share price and so results in pension funds putting pressure on companies for profit.

There are alternative models of business ownership which return wealth to the communities of which they are a part. Cooperative and mutual enterprises (CMES) are owned by their members – these can include workers, but also customers and suppliers. Decisions are made collectively and profits are shared equally among members55, resulting in a much wider distribution of rewards than in shareholder owned businesses.

In the UK, the Co-operative Group is owned by millions of UK consumers and 22 regional cooperatives which together do business in food retail, pharmacy, wholesale, funeral care, insurance, and legal services sectors and have an annual turnover of £11.5 billion56.

In the Basque region of Spain, the Mondragon Corporation is a collective of 96 self-governing worker cooperatives and is Spain’s seventh largest business57. It covers both industrial, retail, training, and finance sectors.

Neither the Co-op58 nor Mondragon59 are without their critics for certain aspects of their business activities, but they show that alternatives to shareholder ownership models are possible. Another example of a cooperative is Kuapa Kokoo, a farmer-owned cocoa cooperative established in Ghana in the 1990s, which now has over 100,000 members51. See The People at the Centre of Trade: Akua Bema.
Challenges in trade

In the early 1990s, Ghana set about liberalising its cocoa market. A group of cocoa farmers came together to form a co-operative that would collect and sell its own cocoa for their own benefit. The cooperative now has over 100,000 members and markets cocoa in line with international Fairtrade standards. The cooperative also owns around half of the Divine Chocolate company which makes and markets Fairtrade chocolate in the UK and Europe.

In her own words

‘My experience in the women’s group gave me the confidence to put myself forward for election. I felt that I had many supporters behind me; they said they would vote for me because they believed I was an honest person.’

The big picture

As world cocoa prices have plummeted in recent years, the opportunity to sell at Fairtrade minimum price, and the support offered by the cooperative has helped to shield Kuapa Kokoo members.

How do we get there?

Recommendations for change.

In this chapter we summarise the changes needed to bring about people centred trade. Key to this approach is that change has to happen through the actions of citizens and elected representatives as well as consumers and businesses.

4.1 The role of businesses

While there is widespread agreement that trade should work to everyone’s benefit, there are different views about how this should happen. Some argue that change should come about through the voluntary actions of businesses themselves, under pressure if necessary, from citizens in their role as consumers.

The growth of the fair trade movement has shown both that there is appetite for change from consumers and that some businesses are eager to respond and improve their operations. For example, our partner Traidcraft actively seeks to do the right thing in all aspects of its business.

All businesses can and should look critically at their supply chains, operations and structures to ensure that they prioritise the people with least power, but who often play a critical role.

We specifically recommend that businesses:

— Respect and actively implement the UN guidelines on Business and Human Rights.
— Ensure supply chains are transparent, business partners follow through on what they agree, workers receive fair returns for their labour, and risks are suitably and fairly shared, adhering to environmental sustainability.
— Consider ownership structures which share profits more equitably with stakeholders and communities.
But our experience tells us that, so long as the external regulatory framework is light or non-existent, businesses which are trying to do the right thing by prioritising people over profits will be consistently undercut by those which are happy to cut corners in pursuit of short-term profitability. This is why people centred trade will not come about without action by citizens and elected representatives.

4.2 The role of elected representatives

On a global scale, most ethical businesses are small, and many struggle to break even or make a profit. This is no accident – the competitive markets they operate in reward those businesses which cut costs to the bone by externalising cost wherever possible (see section 2.4), and exploiting where they can get away with it. The majority of individuals working within those companies – and even shareholders – do not set out to operate in this way, but it is the effect of a system which rewards short term profitability, and where accountability to vulnerable stakeholders is absent.

This is why the experience of Transform Trade is that there is a crucial role for elected representatives – at local, regional, national and even international levels – to play. Governments and other duty bearers must consult and set the rules and parameters of markets to ensure that all businesses can enter the market and compete fairly. They are mandated to bring appropriate legislation, policies, and regulations to ensure equal, ethical, transparent and accountable trade practices that acknowledge and address the needs of vulnerable groups and protect and uphold people’s rights and dignity.

We specifically recommend that elected representatives:

— Legislate and enforce legal frameworks which balance the business imperative for profit with the imperatives of a safe climate, healthy environment, and human rights.
— Ensure that corporate law holds directors accountable to all stakeholders, not just shareholders.
— Cooperate to ensure there is an effective, legally enforceable human rights framework of laws applying to transnational businesses in their cross-border operations and supply chains.
— Ensure that trade and investment agreements prioritise the needs of all communities, not just business owners or investors.
— Legislate for and support alternative business ownership models which prioritise the redistribution of wealth.

Small-scale farmers, workers and artisans in the Global South are the experts on the trade barriers that they face. There is a role for consumers in countries like the UK – and increasingly countries like India – to demand that the products they buy are produced in a way that values people. But not everyone is in a position to do this. Polling of the UK public carried out by Transform Trade in August 2021 found that, when thinking about shopping for clothes and shoes, one third of those interviewed (33%) said they could not afford to shop ethically. The cost-of-living crisis has left many people throughout the world struggling to buy the bare essentials.

Over the years since consumers started calling for fairer trade, many businesses have responded by offering Fairtrade certified products. But – by and large – they have done so by increasing consumer choice – so the ‘ethical’ option is offered alongside the ‘budget’ option. Doing the right thing should not be just an option for those who can afford it.

So while consumer action is valuable, it is more important that people exercise their rights as citizens and demand action from their elected representatives to regulate markets and hold businesses to account.

We specifically recommend to individuals:

— Work together to amplify the voice and demands of small-scale farmers, workers and artisans.
— Actively engage with elected representatives and hold them accountable for their actions.
— As consumers, choose products and services from businesses which are people centred in their approach where possible.
People centred trade FAQs

Why are you talking about this now?

As we reviewed the work of Transform Trade we recognised that we need a simple way of describing the world we are working for. People centred trade does just that. It is an aspiration – a different way of thinking about trade and business.

Are you saying this should replace fair trade?

We believe in fair trade – and as an organisation our roots are in the alternative and fair trade movement. We are members of the World Fair Trade Organisation (WFTO) and were founders of the Fairtrade Foundation in the UK. However, we also want to look beyond fair trade at the structures and systems which regulate all trade. People centred trade is an aspiration not a certification. We believe there is a difference between businesses which attempt to practice justice in all they do, and profit-driven multinationals which licence a few products with the Fairtrade Mark.

What about other schemes for ethical businesses like B-corps?

Initiatives like B-corps and broader ESG (environmental, social & governance) ratings for ethical investment all provide tools to help businesses become more ethical and socially responsible in what they do. However, these initiatives vary in quality, and some are engaged with tokenistically, rather than operating to share benefits of trade widely with key stakeholders. People centred trade isn’t a box ticking exercise to be completed in order to get a badge of compliance, and crucially, in order to achieve it, there will need to be action by elected representatives as well as businesses.

How do we know which are the ‘right’ businesses to buy from?

Looking out for WFTO membership and the Fairtrade Mark are good places to start. Publications like Ethical Consumer in the UK give detailed information on products. But while we encourage consumers to use their buying power where they can, no one should feel guilty if they cannot afford to buy ethically. It should not be left to consumers to choose the ‘right’ product or business: the whole system needs to change, and we can all use our influence as citizens to campaign for legislative change.

You talk about people being prioritised over profits – surely businesses need to make a profit?

Absolutely, businesses need to make a profit. But as discussed in this report, the system currently generates pressure for short term payback which disincentivises long term investment in production which benefits both people and planet.

You talk about people-centred trade, but what about the huge impact trade has on the environment?

We are an organisation that focuses on people, but it is impossible to meet the needs of people without also protecting their environment, and especially tackling climate change. Therefore our understanding of people centred trade encapsulates protection of the environment and, in particular, we put climate justice at the heart of all our work.
Trade needs to be radically transformed in order to put people, and the environment we depend on, at its heart. This report sets out six hallmarks of people centred trade which describe this aspiration. It also charts some of the steps – by citizens and governments as well as by consumers and businesses – which could start to transform trade.

Front cover
Young women from the Pahariya Community in India.
Credit: Ajaya Behra/Transform Trade

Back cover
Khuku Moni, Bangladesh.
Credit: GMB Akash/Traidcraft Exchange

Transform Trade
www.transform-trade.org
UK charity number 1048752

Transform Trade
So everybody benefits