



1 December 2007

Dear supporter,

Season's greetings. Here's an update about what's been going on in Trade Winds circles recently.

**Opening up a global partnership.** On 20 October, Brett Inder, Professor of Economics at Monash University and a Trade Winds board member, spoke in Sydney to a gathering of people involved in fair trade issues. With him was Kathryn Voutier who, along with Brett and other volunteers, are members of People for Fair Trade (PFT), an organisation that sells Trade Winds tea and coffee to illustrate fair trade principles. Kathryn made a convincing case for value adding in the producing country as a means of maximising both financial and employment returns to the country of origin; in the case of tea, this can increase its value threefold to the producing country.

Brett argued that while economic theory says that trade makes us all, the world over, more productive and wealthy and that competition and free trade reduce inequality in the long run, *in practice* economic inequality tends to be reinforced and even grow. Take PNG. In 1980 1 tonne of coffee would buy a tractor; in 2000 it took 8 tonnes to do the same. The producer price of coffee in PNG has hardly changed in 50 years. Why? Because there's little work and wages remain very low. The solution? Economic development needs to take place to the point where people have an alternative to producing a single cash commodity.

How does fair trade fit in? Brett says that fair trade needs to be more than paying a social premium to help communities. It needs to be about *establishing a relationship* between producer and consumer to build a complex economy that provides alternatives. *In the world of trade, it is only when we relate to others as fellow humans that change can really happen.* And the most significant way we can trade more fairly is to buy products that have been value added (i.e. processed and packed) in their country of origin. Value adding assists less industrialised economies to move into modern-economy activities. Otherwise they remain cheap-labour outposts for multinationals.

Brett and Kathryn were inspiring and confirmed that in buying value added coffee and tea from producing countries wherever possible, Trade Winds was building stronger relationships with the growers, processors and packagers and so sharing in the creation of a more complex economy.

**Our new logo.** While our former logo served us well, the tea clipper had a colonial feel, so we've opted for a stylised anchor, which is still associated with trade but is more neutral, and we've chosen the words 'Community aid' because this is our purpose.

**Drought in East Timor and coffee from Ethiopia, the birthplace of coffee.** Our coffee producers in East Timor are unable to fill orders in the new year because of a devastating drought that has severely reduced their crop. We'll be selling Fair Trade Organic Djimmah coffee from Ethiopia as a replacement until East Timor supplies resume later next year. The Ethiopian coffee comes from a co-operative of smallholder farmers in the Oromia region and 70 per cent of its profits are used locally to build schools, health centres and basic infrastructure such as water supplies. This high quality coffee is similar in flavour to the East Timor coffee and will be available early next year in our usual 250 g and 1 kg pouches, medium or espresso roast.

We as a board feel comfortable about the direction we are going and, although we need to work on such matters as improving our website, we feel confident about our future and invite you to keep working with us in this partnership with producers and value-adders around the world.

With every good wish

Ken Goodlet, Chair