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Dear Trade Winds supporter,

I was asked the other day what proportion of the price paid for our tea and coffee goes back to our partners in the producing country. I did not know the answer, so I went searching. Trade Winds' credibility as an organisation is tied up with getting a satisfactory answer to this question. Of course, I knew that our fair trade and value-adding principles did make a difference, but... just how much?

My search took me to Professor Brett Inder, a member of our board and Professor of Economics at Monash University, who had specific figures for coffee. Without fair trade and value-adding, the growers received around 14% of the Australian retail coffee price. Fair trade branding provides the growers with an automatic 10% markup on their sale price, a guaranteed minimum price, market access, and technical assistance with quality and development. If coffee is value-added in the country of origin, as our Papua-New Guinea coffee is in the form of roasting and packing, it adds a full 25% to the proportion of cost remains in the country. With fair trade and value-adding, then, approximately 40% rather than 14% remains in the country of origin. It is because of this obvious benefit to our international partners that we are actively pursuing the option of setting up a roasting and packing facility in East Timor.

In the case of tea, only some 15% of the average supermarket tea price goes back to growers. Our Superior tea bags and Superior baskets from Sri Lanka, on the other hand, return some 30% to 35% to our partners because they are packed in Sri Lanka. Furthermore, our buyers in Sri Lanka are committed to community development and plough profits back into local communities. Much of the remaining cost is eaten up in wharf handling and steadily rising freight costs, inevitable in the quest to help those in less fortunate countries than ours.

So where will my inquirer buy tea and coffee now? I don't know, but I know it is easier to make a compassionate responsible decision when you can ask this question: 'Do I want third world partners to receive 15% or 35% of the full retail cost of tea and coffee?'

Ken Goodlet

Chair
Trade Winds Tea & Coffee