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# **An Islamic Perspective on Fair Trade**

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## What is fair trade?\*

The growth of international trade has brought about significant economic benefits and prosperity to many. However, small-scale producers in many poor countries, particularly those whose livelihoods depend upon the farming of a single crop, are unable to compete in a world market controlled by large multinational companies and distorted by the subsidies provided by rich countries to their producers. It is estimated that due to trade restrictions in rich countries, poor countries lose out on an estimated US\$100 billion per year, which is double the amount of aid that they receive (Wright and Heaton 2006: 414). As a consequence, farmers in poor countries have few options for generating an income and many live in poverty often unable to meet even their most basic needs. Fair trade is a response to these conditions.

A brief clarification as regards terminology may be appropriate at the outset. The designation of a product as “Fairtrade” relates exclusively to the work of Fairtrade Labelling Organisations (FLO) International and partners. The FAIRTRADE Mark is used to certify products that meet Fairtrade standards, such as the guaranteed minimum price and Fairtrade premium, and that come from Fairtrade certified producer organisations. This system is certified and audited by FLO International, which works closely with national partners like the Fairtrade Foundation in the UK. In contrast, the designations “Fair Trade,” “fair trade,” or “fairtrade” relates to the wider movement of organisations working to promote fairer trade policy and practice and includes fairly traded products like handicrafts and jewellery that do not carry the FAIRTRADE Mark.<sup>1</sup>

The fair trade concept refers to an organised social movement aimed at alleviating poverty, promoting sustainable development and aiming for greater equity in international trade. The strategic objective of fair trade is to deliberately engage with marginalised producers and workers in order to assist them in moving from a position of vulnerability to security and self-sufficiency and at the same time to promote a more balanced and sustainable relationship and exchange between rich and poor. Toward this end, FLO advocate for decent working conditions, the payment of decent wages to producers and workers, long-term contracts to provide greater security, access to finance and credit, and practices that encourage environmental sustainability. The Fairtrade minimum price defines the lowest possible price that a buyer of Fairtrade products must pay the producer. The minimum price is set based on a consultative process with Fairtrade producers and traders and guarantees that producers receive a price which covers the cost of sustainable production. When the market price is higher than the Fairtrade minimum price, the market price is payable. Fair trade initiatives occasionally go further and support producers to gain the knowledge and skills that they need to develop and diversify their businesses and increase sales. Although fair trade deals with a variety of products from handicrafts to jewellery, the FAIRTRADE Mark is primarily associated with agricultural products such as coffee, cocoa and cotton. FLO are, however, working to expand into new

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\* We are grateful to Dave Goodyear and Faaiza Bashir of the Fairtrade Foundation for clarifications on terminology and statistics. The responsibility for any mistakes in this paper is, however, entirely our own.

<sup>1</sup> For further discussion of the distinctions between fair trade terms, refer to Fairtrade Labelling Organization, “FAQ”, [http://www.fairtrade.net/faq\\_links.html](http://www.fairtrade.net/faq_links.html) The function of the Fairtrade Foundation is to license use of the FAIRTRADE Mark on products in the UK and promote Fairtrade in the UK. It also audits the national sales of Fairtrade products in the UK.

products sectors outside of these traditional agricultural products including jute and the fishery sector.

The currently accepted definition of fair trade is as follows:

“Fair Trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade Organisations, backed by consumers, are actively engaged in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade” (FINE).<sup>2</sup>

## **The growth of fair trade**

Fair trade has grown dramatically in recent years as increasing numbers of consumers in rich countries, concerned with addressing issues relating to environmental sustainability, justice and social wellbeing, decide to purchase fair trade products. According to the Fairtrade Foundation, the number of Fairtrade certified producer organisations worldwide amounts to 632 or 1.5 million farmers and workers, and the number of certified traders is over 800. Fairtrade has directly benefited over 7 million people - farmers, workers, and their families - in 58 developing countries across Asia, Africa, and Latin America (Fairtrade Foundation 2007: 11) . Annual Fairtrade sales in Europe reached almost £1.2 billion in 2007 (ibid, Bashir, F 2008: pers. Comm 21<sup>st</sup> August). Although fair trade products only account for a relatively small segment of overall sales for any given product, the phenomenon is growing by an estimated 25% per year globally (Bashir 2008, Wright and Heaton 2006: 414). In 2007, however, global sales of certified Fairtrade products grew by 47% (Fairtrade Foundation 2007: 2). Fairtrade sales have increased by almost tenfold in the UK in recent years, from £50.5 million in 2001 to £493 million in 2007 (Fairtrade Foundation). Fairtrade tea in the UK in 2005 commanded a 5% market share, bananas held 5.5% of the market, and ground coffee held a 20% share (ibid., Krier 2005, Fairtrade Advocacy Office).<sup>3</sup> As of 2007, 25% of the bananas sold in the UK are now Fairtrade (Fairtrade Foundation 2007/8: 2). In sum, the growth of Fairtrade sales in 2007 over the previous year represented an increase of 72% in the UK and 46% in the USA (Fairtrade Foundation 2008). It is noted that, “Perhaps the clearest sign that fair trade is set to increase its impact comes from the growing political confidence of both the Fairtrade Foundation and the producers themselves.” In 2005, for example, G8 leaders acknowledged the increasing success of fair trade for the first time (Geographical 2005).<sup>4</sup>

Fair trade clearly has a positive impact on many poor producers. For example, many Ethiopian coffee producers who were devastated by the fall of global coffee prices in the 1990s are being

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<sup>2</sup> This definition comes from FINE, a fair trade collective formed of the following members: Fair Trade Labelling Organizations International, International Fair Trade Association, Network of European World Shops, and the European Fair Trade Association.

<sup>3</sup> The Fairtrade Foundation (“Facts and figures on fairtrade”) further note the following increases in particular products: Total coffee: 33% increase by volume and 24% by estimated retail value; Total tea: 21% increase by volume and 24% by estimated retail value; Flowers: 71% increase by volume and 72% by estimated retail value; and Cotton: 1,655% increase by volume and 658% by estimated retail value. (Accessed on 21-08-08)

<sup>4</sup>For further information on the growth in fairtrade coffee, see TransFair USA (2005) *2005 Fair Trade Coffee Facts and Figures*. Available at <http://transfair.org/content/Downloads/2005Q2FactsandFigures.pdf>

sustained by fair trade (Dolan 2007: 244).<sup>5</sup> Dominica also illustrates the reliance of producers on the fair trade system. Highly dependent upon its banana export economy, Dominican farmers experienced a surge in poverty rates when European Union preferential market treatment policies began to erode. The importance of fair trade in Dominica is demonstrated by claims that, since the start of Fairtrade banana production in 2000, some “seventy-one per cent of Dominican production now carries the label.” As a consequence, “[f]armers have begun returning to the land, and social and environmental projects have benefited from premiums of more than US\$ 1 million” (Geographical 2005: 38). Finally, Kenya’s significant flower export industry also benefits from on the economic and social advantages of the fair trade system. The Fairtrade Foundation contends that the farm workers are better off with the introduction of certified Fairtrade flower production in Kenya, since the workers now possess the right to join trade unions and re-invest in their communities the 8-12% premium from the export value of the flowers. These cases highlight the extent to which producers and workers in some poor countries benefit from the fair trade system (Dolan 2007: 245).

## **Islamic perspectives**

European and North American Fairtrade labelling bodies, non-governmental organisations and various faith-based organisations have all been instrumental in promoting fair trade. Indeed, for ethical and moral reasons, many Christian faith-based organisations have adopted a clear and unequivocal position in support of fair trade.<sup>6</sup> Is an Islamic perspective on fair trade also supportive? Do Islamic principles and teachings encourage Muslim organisations to be equally active? And does an Islamic perspective provide additional insights? In order to address these questions, this paper presents an Islamic perspective on fair trade. It does this by outlining the key principles upon which fair trade is based, such as sustainability, fairness, equity, and workers rights, and examines relevant Islamic teachings.

Trade and commerce played a key role in the expansion of Islam - although, of course, the structure of economic relations during early Islamic history varied significantly from the modern economic order. In previous centuries, economic exchange centred on principles of kinship, tradition, and communal relationships. The city of Mecca, the birthplace of Islam, was a market and centre for commerce (Wolf 1951: 332). The early Muslims were not only engaged in trade but they went to distant lands in connection with business. Islam, in fact, reached East and West Africa, as well as South and East Asia through merchants. The Prophet Muhammad (peace be upon him) was himself a successful trader and known for his integrity, bearing the honorific title ‘the Trustworthy.’ After his return to Mecca from Medina, commerce continued apace, although trade was structured under a type of chiefdom with taxes allocated to provide care for the poor and strangers, in accordance with Islamic principles. Illustrating the importance of trade during the founding of Islam, it is an “often overlooked fact” that the Prophet Muhammed (pbuh) and “his adherents continued to trade while in exile in Medina” (ibid: 349). Unsurprisingly, therefore, there are numerous Islamic teachings and instructions in the area of trade and business ethics – indeed there are extensive and specific collections of

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<sup>5</sup> Dolan (p412) also notes that with coffee production comprising some 25 million producers globally, the 50 percent drop in coffee prices from 2000-2003 jeopardised the livelihoods of millions of small coffee producers, granting them as little as 20 percent of their production costs.

<sup>6</sup> For example, faith based international development organisations such as the Mennonite Central Committee, Lutheran World Relief, Catholic Relief Services, Christian Aid and the Catholic Agency for Overseas Development (CAFOD) have been prominent in promoting fairtrade as have other more general church and ecumenical bodies.

ahadith (narrations attributed to the Prophet Muhammad, pbuh) that deal exclusively with sales, trade and commercial transactions.<sup>7</sup> The remainder of this paper examines such teachings and their relevance to the principles upon which the fair trade movement is based.<sup>8</sup>

## Promoting fairness and equity

The most prominent principle of fair trade is the prompt payment of a 'fair' price to producers that covers not only their costs of production but also enables production that is socially just and environmentally sound. Indeed, fair trade aims to promote a more balanced relationship and exchange between rich and poor.

There is considerable support for such an approach in Islam. The concepts of fairness, equity, mutual respect and consideration for others are inherent in the moral teachings of Islam and must, therefore, be integral in business and commerce dealings between buyers and sellers and between employers and workers. This means that self-interest only has a place in the community in as much as it takes into account the interests of others. A person or organisation, therefore, should not undertake an action or instigate a business transaction that will cause greater harm than benefit to the community or environment. Indeed one of the fundamental assumptions in Islam is that intention rather than result is the criterion upon which the benefit of work in the community is evaluated. Any activity that is perceived as harmful, even if it results in significant wealth to those who undertake it, is considered unlawful.

The basic principles of trade from an Islamic perspective are justice and fairness. The Qur'an on several occasions states unequivocally:

*"Deal not unjustly, and you shall not be dealt with unjustly" (2:279).*

*"God loves those who are fair and just." (49:9)*

*"Eat not up each other's property by unfair and dishonest means." (4:29)*

*"O you who believe! Be upright, for the sake of Allah, in testifying for fairness; and do not let the hatred of a people urge you to be unjust, be just (since) that is closer to piety. Fear (from displeasing) Allah, verily Allah is Aware of what you do." (5:8).*

There are several ahadith that emphasise the honour accorded to honest and ethical traders: "A truthful and trustworthy merchant will be in the company of the Prophets, the upright and the martyrs" (reported by Tirmidhi). Similarly, "Allah shows mercy to a man who is kind when he

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<sup>7</sup> For example, Book 34 Sahih Bukhari relates to sales and trade, while Book 22 Sahih Abu Dawud deals with commercial transactions.

<sup>8</sup> IFAT (International Fair Trade Association) prescribes 10 standards that Fair Trade organizations must follow in their day-to-day work. These are (1) creating opportunities for economically disadvantaged producers; (2) transparency and accountability; (3) capacity building; (4) promoting fairtrade; (5) payment of a fair price; (6) gender equity; (7) safe and healthy working conditions for producers; (8) respecting the UN Convention on the Rights of the Child, as well as local laws and social norms in order to ensure that the participation of children in production processes of fairly traded articles (if any) does not adversely affect their well-being, security, educational requirements and need for play; (9) encouraging better environmental practices and the application of responsible methods of production; (10) and concern for the social, economic and environmental well-being of marginalized small producers and do not maximise profit at their expense. For more information see <http://www.ifat.org>

sells, when he buys and when he makes a claim (reported by Bukhari). Indeed, generosity is considered a virtue in Islam and the Prophet Muhammad (pbuh) declared,

“The generous man is near Allah, near paradise, near men, and far from hell, but the miserly man is far from Allah, far from paradise, far from men, and near to hell. Indeed, an ignorant man who is generous is dearer to Allah than is a worshipper who is miserly” (reported by Tirmidhi).

The Qur’an and ahadith are particularly insistent on the need for careful and correct weights and measures. Allah warns those who take full measure but give less to others:

*“Give a full measure when you measure out and weigh with a fair balance” (17:35).*

*“Give full measure and full weight in justice, and wrong not people in respect of their goods” (11:85)*

*“Woe to those that deal in fraud. Those who, when they have to receive by measure from men, exact full measure. But when they have to give by measure or weight to men, give less than due. Do they not think that they will be called to account? (83:1-4)*

The Prophet Muhammad (pbuh) instructed the owners of measures and weights, “You have been entrusted with affairs over which some nations before you were destroyed” (reported by Tirmidhi). According to Ali (1998) the reference to fraud must be understood in a wider sense. Although it does cover giving short measures or short weights, it goes much further - Islam condemns the *spirit* of injustice in commercial dealings and of giving too little and asking too much in return (ibid.).

Conversely, merchants who have acted dishonestly will face the consequences of the misery they cause, “traders will be gathered on the Day of Judgement as transgressors, except those who feared Allah, were righteous, and spoke the truth” (reported by Tirmidhi). Furthermore, greed is considered a threat to social and economic justice. The Prophet Muhammad (pbuh) in his struggle against the elite of Mecca consistently and tirelessly criticised their greediness and stated “Two qualities are never coupled in a believer: miserliness and immorality” (reported by Bukhari). Along similar lines, Islam strongly discourages a monopoly, because it produces ‘unlawful’ profit and ensures inequality. The Prophet Muhammad (pbuh) therefore forbade monopolies warning “Whosoever monopolises is a wrongdoer” (reported by Muslim). Thus, these lessons from Islam highlight Islam’s compatibility with the concepts of fairness and equality central to fair trade.

## **Promoting social justice**

Fair trade aims to create opportunities for producers and workers in poor countries who have been economically disadvantaged or marginalised by the conventional trading system. Fair trade standards represent an effort to establish social guarantees that function through the global trade structure. In this respect, fair trade helps to protect producers and workers in poor countries against the imbalances and potentially pernicious consequences of the global market.

Concurrent with the vision of fair trade, the concept of social justice is paramount in Islam. Social justice includes a fair and equitable distribution of wealth as well as protection of the weak from economic exploitation by the strong. Allah commands Muslims to stand firm for justice at all costs:

*“O ye who believe! Stand out firmly for justice, as witnesses to Allah, even as against yourselves, your parents, or your kin, and whether it be (against) rich or poor: for Allah can best protect both.” (4:135)*

Striving for social justice involves the struggle against poverty and inequality. The Prophet Muhammad (pbuh) said, “He who sleeps on a full stomach whilst his neighbour goes hungry is not one of us,” (reported by Bukhari and Muslim) and also, “If someone among you sees wrong he must right it by his hand if he can (deed, conduct, action). If he cannot, then by his tongue (speak up, verbally oppose); if he cannot, then by his gaze (silent expression of disapproval); and if he cannot, then in his heart. The last is the minimum expression of his conviction (faith, courage)” (reported by Muslim). The importance of justice as a human value is emphasised in the following verse:

*“Be just, that is closest to Godliness”. (5:8)*

Therefore, the fair trade vision of a trade system based on just social relationships between producers and workers, as well as between buyers and sellers, coincides with the teachings in Islam that instruct people to defend and pursue just economic relationships.

## **Promoting sustainable development**

Fair trade aims to promote sustainable development. This includes the promotion of better environmental practices and the application of responsible methods of production. The use of genetically modified organisms is prohibited, while the use of harmful agrochemicals is limited in favour of environmentally sustainable farming methods that improve soil fertility, protect farmers’ health and preserve valuable ecosystems for future generations.

In this respect, fair trade finds considerable support in Islam, which supports practices and policies that promote sustainable development. Muslims believe that Allah has given mankind stewardship over the earth. Stewardship implies taking care to manage, preserve and protect the natural environment for future generations. In fact, Muslims are asked to revere the environment because the Qur’an states that:

*“Greater indeed than the creation of man is the creation of the heavens and the earth.” (40:57)*

Furthermore, Islam preaches moderation in consumption, exhorts man to avoid wasteful use of natural resources, and enjoins mankind to maintain the natural balance – principles important in the production of fair trade products and to the consumers who purchase them. As the Qur’an states;

*“Verily all things have we created in proportion and measure” (54:49)*

*“It is He who created the heavens and the earth in true (proportions)” (6:3)*



## **Trade through mutual consent**

The principles of fair trade encompass transparent management and commercial relations that aim to promote fairness and respect between trading partners. Such relationships aim to provide stability and a level of security, so that producers and their marketing organisations have an opportunity to improve their management skills and access to new markets. Essential to the success of the fair trade movement, the vision extends beyond producers to involve consumers and sellers.

Similarly, Islam encourages mutual consent between parties as a necessary condition for a valid business transaction. It follows, therefore, that a sale under coercion is not acceptable in Islam. Taking advantage of someone's plight and charging a high price is also a form of pecuniary exploitation and as such forbidden in Islam. The Qur'an states:

*"Let there be amongst you traffic and trade by mutual goodwill" (4:29)*

The Prophet Muhammad (pbuh) said, "The sale is complete when the two parties involved depart with mutual consent" (reported by Bukhari) and "A sale is a sale only if it is made through mutual consent" (Ibn Majah).

Furthermore, Islam condemns acts of intermediary intervention that involve exploitation of one's ignorance of market conditions. Therefore, obtaining commodities at a price that is lower than the market price and selling them onward for a high or exorbitant price is condemned. In contrast, giving good advice, for example, information relating to prevailing market prices is encouraged in Islam since neither the buyer nor seller should have an information advantage. As the Prophet Muhammad (pbuh) stated, "religion is the giving of good advice" (reported by Muslim). These principles of mutual consent and of buying and selling at fair market prices in Islam, therefore, accord with the standards espoused by fair trade advocates.

## **Payment of decent wages and fair treatment of workers**

Fair trade advocates decent wages and working conditions for workers, as well as long-term trading contracts to provide greater security and a safe and healthy working environment for producers and workers. Producers can request pre-harvest finance or credit and receive the additional fair trade premium to fund social development projects such as primary schools and health care.

There is considerable support in Islamic teachings for fair trade principles on the fair treatment of workers. Although Islamic law allows everyone the right to enter into any lawful profession or occupation and to conduct any lawful trade or business, there are several key principles that guide the treatment of workers. Firstly, there must be clear and proper contracts, preferably written. Secondly, all agreements whether oral or written must be clear, transparent, just and lawful. And lastly, employees should know their duties and responsibilities and be informed of their rights in terms of holidays and other allowances. It is the duty of both the employers and the employees to fulfil their agreements to the best of their capacities, for the Qur'an states:

*"O you who believe, fulfil your contracts" (5:1).*

The Prophet Muhammad (pbuh) asserted, "Muslims must abide by their agreements, unless there is an agreement that makes *halal* (permitted) what is *haram* (prohibited) or makes *haram* what is *halal*" (reported by Tirmidhi). This means that illegal terms and conditions are not valid under Islamic law.

The dignity of workers must also be respected. Importantly, no work should be considered menial or degrading. Workers should be treated with dignity and honour and have a humane and safe environment for work. The Prophet Muhammad (pbuh) said, "Your brothers are your responsibility. Allah has made them under your hands. So whosoever has a brother under his hand, let him give him food as he eats and dress as he dresses. Do not give them work that will overburden them and if you do give them such task then provide them with assistance" (reported by Bukhari).

Finally, workers should be given adequate, timely and fair wages. In fact, the Prophet Muhammad (pbuh) considered denying a worker his or her full wage to be an immoral act and said he would personally plead against "he who has received work from a labourer and did not pay him in full" (reported by Bukhari). Exploitation of any person is not allowed in Islam and everyone should receive proper compensation. The Qur'an says:

*"Give just measure and weight, nor withhold from the people the things that are their due" (7:85).*

In common with fair trade practices, Islam advocates that workers be paid promptly and always on time. Indeed the Prophet Muhammad (pbuh) said, "Give to the worker his wages before his sweat dries" (reported by Tirmidhi and Ibn Majah). Based on all the above principles, we can also infer in Islam that workers have a right to exercise freedom of association and the right to form unions in order to establish and safeguard their rights and gain the bargaining power to receive just compensation.

The ability of workers to exercise these rights is important because fair trade aims to work through farmer or producer co-operatives so that the benefits are felt community-wide. The establishment of co-operatives may also enhance the ability of producers to negotiate for fair wages and prices outside of the fair trade system - "Fairtrade producers gain value from long-term relationships, direct trade, and credit provision, all of which help them in their non-Fairtrade sales negotiations" (Nicholls 2005: 7). This condition is particularly noteworthy, since labour in poor countries often lacks the collective bargaining power to press governments for more favourable and expansive social programmes (Rudra 2002). In general; globalisation has not resulted in a concomitant increase in the ability of abundant low-skilled labour to gain strong bargaining power, particularly due to the lack of empowering labour-market structures or institutions. Fair trade attempts to address this dilemma by ensuring the right of labour in poor countries not only to participate in trade unions and work in co-operatives, but also to gain skills to negotiate fair prices and conditions in non-fair trade settings. As this discussion highlights, the goals of the fair trade system to provide workers with fair wages and fair treatment are also principles expressly affirmed in the teachings of Islam.

### **'Free' trade and price controls**

Fair trade recognises the benefits of international trade for poor producers and poor countries. However, fair trade proponents argue that the present global system of 'free' trade is

characterised by injustice and exploitation as rich countries often subsidise their exports, restrict imports and at the same force poor countries to liberalise their economies. Exchanges between buyers and sellers do not, therefore, occur in a competitive environment. In such cases, the market price does not reflect the productivity of producers but, rather, their lower market power. This undermines the ability of poor countries to address poverty because they are forced into economic sectors characterised by diminishing returns, while being prevented from nurturing wealth-creating economic sectors characterised by increasing returns. One of the primary justifications for fair trade, therefore, is that it can promote diversification, long-term sustainability and greater returns by encouraging investment in poorer communities.

In Islam, the basic principle with regard to trade is that the market should be left free to respond to the forces of supply and demand and natural competition. This means that price controls, tariffs and any other barriers should be removed so that trade can be free and fair. In the exchange of commodities in Mecca during the time of the Prophet Muhammed (pbuh), prices fluctuated according to market conditions (Wolf 1951: 344). If price controls compel people to sell their goods at a price that is not acceptable to them or denies them the reasonable profit permitted by Allah, it is *haram*. Thus, when prices became high in the Prophet Muhammad's (pbuh) time and people asked him to fix prices for them, he replied, "Allah is the One Who fixes prices, Who withholds, Who gives lavishly, and Who provides, and I hope that when I meet Him none of you will have a claim against me for any injustice with regard to blood or property" (reported by Ahmad, Abu Dawud, Tirmidhi, and Ibn Majah). This hadith implies that unnecessary interference in the freedom of individuals is injustice and that one should meet Allah free of blame for such action. Thus, if merchants are selling a commodity in the customary fashion without any wrong-doing on their part and the price subsequently rises due to the scarcity of the commodity or due to an increase in the population (indicating the operation of the law of supply and demand), then this circumstance is from Allah. Price controls are not permitted in such circumstances.

However, there is an important exception to the general policy of support of free trade. If any artificial forces, such as hoarding and the manipulation of prices by certain merchants interfere in the operation of the free market, then public interest takes precedence over the freedom of individuals. In such circumstances, price controls do become permissible in order to meet the needs of the society and to protect it from exploitation and injustice. The aforementioned hadith does not imply that price control is prohibited regardless of the circumstances, even if it removes harm and prevents obvious injustice. If price controls establish equity among people, for example, by forcing sellers to accept a price equal to that commanded by other comparable commodities and restraining them from taking more than this, price controls are allowed—indeed it is necessary. Furthermore, should merchants refuse to sell a particular commodity, despite the fact that people are in need of it, unless they secure a price higher than its known value, they must be compelled to sell it at a price equal to the price of an equivalent commodity. Price control here means nothing more than establishing comparable prices for equivalent commodities. In summary, the use of price controls depends upon circumstances – it may at times be unjust and prohibited, and at other times may be just and permissible.<sup>9</sup> We can infer that from an Islamic perspective the need to address issues relating to injustice, exploitation and harm to society takes precedence over the 'free' and unfettered flow of trade. Concurrently, fair

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<sup>9</sup> This section draws upon Al-Qaradawi, Y. (1982) *The Lawful and the Prohibited in Islam*, Islamic Book Service: Mississauga, Ontario. The reader is referred to this publication for more detailed analysis.

trade standards assert the establishment of fair market prices in the global economy for the commodities of poor producers who would otherwise not receive a just return for their production.

## **Conclusion**

Fair trade plays an important role in the lives of many low-income producers and workers in poor countries. The phenomenon continues to grow as consumers and sellers worldwide become better aware and more concerned about the implied ethical or moral implications of the system of buying and selling between the rich and poor. There is increasing evidence of the economic and development benefits of fair trade for marginalised producers in poor countries. As the preceding discussion highlights, the principles of Islam are not silent on issues of fair trade and trade justice. Indeed, there is a rich heritage in Islam of high moral standards, ethics, values and norms of behaviour, which govern personal, professional and business life. In the area of business and commerce Islam obliges buyers, sellers and consumers to act honestly, fairly and with integrity in their daily business practices – for business is not something that can be treated separately from all other aspects of social life. Islam also obliges workers to be treated fairly, and with dignity and respect. Since the fair trade movement is primarily concerned with fairness, equity and justice, it seems that the principles of fair trade and the teachings of Islam are entirely congruent. With references from the Qur'an and ahadith this analysis demonstrates that, from an Islamic perspective, there are indeed strong and clear faith-based reasons for supporting fair trade initiatives. Through supporting fair trade, Muslims can ensure that producers receive a fair price that guarantees a living income and decent working conditions with longer-term contracts that provide greater security and ensure more sustainable development. Indeed in many respects, Islamic thinking goes much further than contemporary fair trade advocacy efforts, as Islam forbids speculation and the hoarding of merchandise in order to increase prices, it prohibits interest as a mechanism of exploitation that reinforces poverty, and prohibits trade in goods that compromises the hearts and minds of consumers, such as alcohol and gambling.

At the same time, it is also apparent that, however large its sales grow, fair trade cannot be a substitute for trade justice. The current rules governing world trade are framed to protect the position of rich and powerful nations and at the same time function to exclude poor countries and their producers from sharing in the increase in global wealth. Therefore, there is an urgent need to address the fundamental causes of injustice, such as subsidised agriculture in Europe and North America and the monopolistic control of trade in certain commodities.

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