



FAIRTRADE  
SWEDEN

"When I started working here, I knew nothing about this, but I learned little by little and fell in love with the process. Thanks to all the benefits provided to women working on a Fairtrade-certified plantation, I have been able to support my children and become an independent woman."

Marelvis Fajardo Severiche, worker at the Fairtrade-certified banana plantation Inversiones TIN SAS in Colombia.

# More Than Just Surviving

Towards Living Wages and Living Incomes  
in Global Supply Chains

REPORT 2025

# Together for a living wage

Imagine having to give up one or more of the following: housing, food, clean water, your children's education, healthcare, transportation, clothing, or a buffer for unexpected expenses. How would that affect your quality of life?

It is impossible to answer this question, of course. Many would argue that quality of life cannot be measured. Yet the concepts of living wages and living incomes seek to do just that, by identifying what constitutes a *decent* standard of living in a given context and setting a concrete figure needed to achieve this standard. This figure can then be used by employers, companies, consumers, and organizations such as Fairtrade, to set sustainable prices, make demands, and influence global trade.

When we asked people in Sweden what they would give up, the most common responses were transportation, clean clothes, and a buffer for unforeseen events.<sup>1</sup> But no one should be forced to choose between paying for their children's school transportation or replacing a pair of broken shoes. In fact, a decent standard of living could be defined as the right *not* to have to make such decisions. People should be able to afford both, including a small extra buffer in case something unexpected happens. Quite simply, it is about the difference between merely surviving—and actually *living*. And today, far too many farmers and workers in global supply chains can only afford the former.

In times of high consumer prices and growing uncertainty, it is easy to get absorbed in our own lives. At the same time, rising prices show more clearly than ever how interconnected we are. If we do not invest in global agriculture now, farmers and workers will not be able—or willing—to continue their work. Then prices will rise further, threatening the very foundation of our shared food supply.



Living wages and living incomes are part of Fairtrade's DNA, and I am proud to represent an organization with that goal. But I also know that it is not something we can achieve on our own. On the contrary, a concerted effort is needed to ensure that the farmers and workers who are the reason we have food on our tables, receive adequate remuneration. The methods exist—and many of them are more readily available than they have been in a long time. All we need to do is use them.

**Ulrika Urey, Secretary General Fairtrade Sweden**

## Summary

This report examines living wages and living incomes in global supply chains for commodities from countries with widespread poverty. A **living wage** is the remuneration a worker needs per week to afford a decent standard of living for themselves and their family. A **living income** is the total net income a farming household needs over the course of a year. The goal is the same for both: to be able to make a living from one's work and afford basic needs such as food, water, housing, and healthcare—along with a small buffer for unexpected events.

Our compilation of twelve studies from the *Anker Research Institute*—the internationally leading authority on determining living wage and living income benchmarks—shows that wages in many places fall far below living wage levels. The results show that actual wages in the coffee, tea, banana, cotton, and textile

sectors amount to a median of just 48.5 percent of a living wage. In the lowest case, the figure is only 22 percent, and in the highest case, 96 percent.

Two sectors are examined more closely: bananas and coffee. For workers on banana plantations, trade union organization, collective bargaining, and decent working conditions are key issues. For coffee farmers, on the other hand, the price they receive for their crop is crucial—along with access to technical assistance, climate-resilient farming practices and long-term trade relationships. In both cases, actors throughout the entire value chain must take responsibility and be prepared to pay a price that enables sustainable livelihoods.

In order for farmers and workers to continue producing food—and for

our food systems to be sustainable—concerted action is required. Living wages and living incomes are not only a right, they are a necessary condition for the future.

Lastly, we conclude the report by providing concrete recommendations for companies, contracting authorities, and the Swedish government.



1 Verian 2025.

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# This is a living wage and a living income

*A living wage is the remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family.*

This is the official definition of the term **living wage** according to the international network *Global Living Wage Coalition*.<sup>2</sup> However, for some of our most popular commodities, many of the people at the beginning of the global supply chain are small-scale farmers on family farms. For them, *wages*, per se, are not as relevant as their *income* over the course of a year. Here, the concept of a **living income** applies instead. The goal is the same regardless: farmers and workers in global trade should be able to live off their work and plan for their future. Like everyone, they are entitled to a **decent standard of living**, including food, water, housing, education, healthcare, transportation, clothing, and other essential needs, including a buffer for unexpected events. While this may sound obvious, it is far from the reality of millions of farmers and workers in countries with widespread poverty who work hard daily so that we can have food on our tables.

Lacking a living wage is common amongst workers on flower plantations, banana plantations, vineyards, tea plantations, and in the clothing industry. In Bangladesh, for example, it is estimated that workers in the clothing industry need an 80 percent wage increase to reach a living wage. It is not uncommon for workers in these sectors to lack employment contracts, live in substandard housing adjacent to their workplace, and be discriminated against based on, for example, their gender or ethnicity.<sup>3</sup>

The lack of a living *income* is particularly widespread in—but not limited to—coffee, cocoa, and sugar cane production. For these farmers, the price they receive for their crops is crucial to their financial survival. Their incomes are often unevenly distributed throughout the year, as they are affected by factors such as harvest timing.<sup>4</sup> The definition of a living income is therefore:

***The net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.***<sup>5</sup>

## A more accurate measure of prosperity

Fairtrade Sweden's 2019 report, "The right to a living income: A prerequisite for Agenda 2030" (*Rätten till en levnadsinkomst: En förutsättning för Agenda 2030*), shows that minimum wages are not a reliable measure of prosperity. For many countries, they do not amount to even half of the calculated living wage.<sup>6</sup> The international poverty line can be considered an even more limited

measure, as it only addresses the concept of extreme poverty and does not seriously take into account the unique national circumstances of each country. The World Bank acknowledges this as well and has therefore developed alternative thresholds to better reflect real conditions.<sup>7</sup>

During the covid-19 pandemic, global poverty reduction efforts took a step backward for the first time in decades. More people fell below the poverty line again, after a long period in which fewer and fewer people were living in extreme poverty. It became clear that the international poverty line is not a functional measure of prosperity, but only provides a snapshot of economic survival.<sup>8</sup> The pandemic made it clearer than ever that a fairer measure of prosperity needs to include more parameters that truly enable a decent standard of living—as well as a buffer for unforeseen expenses.



## How the levels are calculated

The leading method for calculating living wage and living income levels is the Anker methodology, developed by Martha and Richard Anker in 2011. Research using the Anker methodology is currently being conducted at the *Anker Research Institute* and focuses primarily on determining the costs of a decent standard of living in

2 Global Living Wage Coalition, [Anker Methodology](#).

3 Fairtrade International, [Living Wage](#), Fairtrade Risk Map.

4 Fairtrade International, [Living Income](#), Fairtrade Risk Map.

5 Living Income Community of Practice, [The Concept](#).

6 Fairtrade Sverige, [Rätten till levnadsinkomst: En förutsättning för Agenda 2030](#), 2019.

7 Världsbanken, [September 2022 Global Poverty Update: World Bank 2017 PPPs and New Data for India](#), September 14, 2022.

8 The Guardian, [Covid pandemic: Kristalina Georgieva warns of long-term impact on poor countries](#), September 29, 2020.

specific regions and countries. Once the costs have been calculated, data is added on the average number of family members in a typical household for the region, as well as the applicable taxes and social contributions. Based on this, the Anker Institute can establish a concrete gross living wage that applies to all workers in that specific region. This figure is then updated annually for inflation. In addition, the Anker Institute regularly publishes new living wage and living income benchmarks for additional regions and countries.<sup>9</sup>

### Costs of a family with a decent standard of living

- food
- housing
- other basic needs
- a small buffer for unforeseen expenses.

### Grounded in the local context

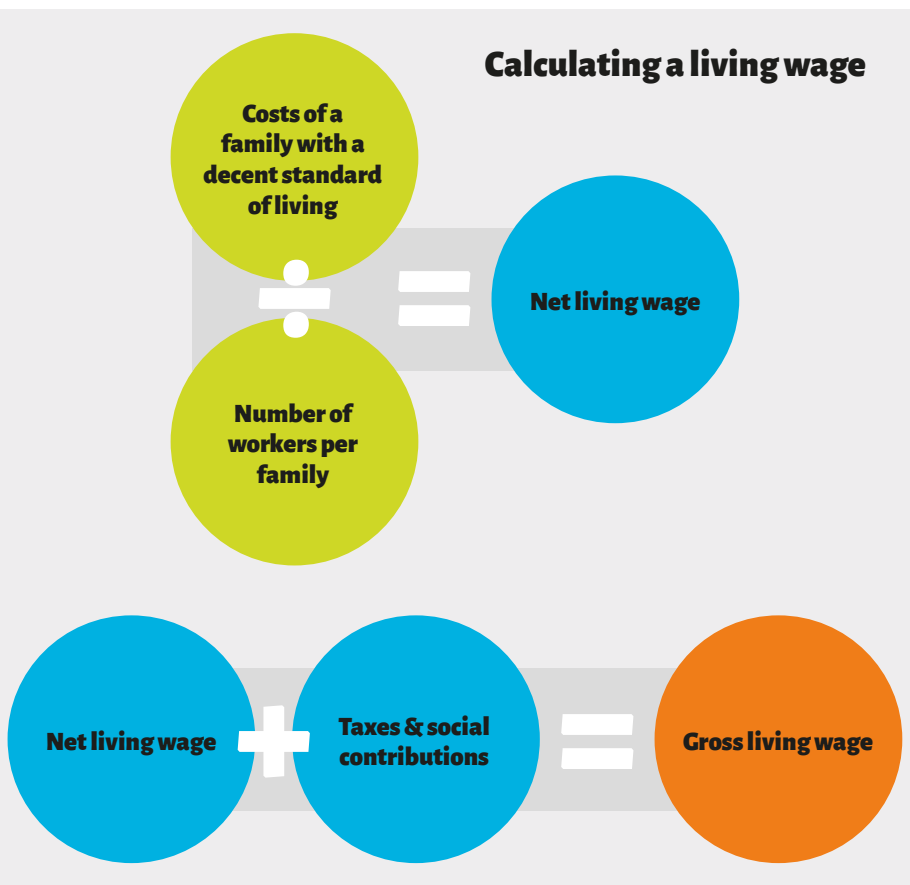
What is considered a decent standard of living varies greatly, both within and between countries. Therefore, the benchmarks are calculated with great consideration for the local context. The methodology is based on a combination of primary and secondary data. Information on international and national standards as well as what is provided in the national context (for example, whether the country offers free health care) is combined with

focus group surveys with farmers and workers in specific regions. These surveys are typically conducted by a group of researchers, where some are directly affiliated with the Anker Institute and others are locally based.<sup>10</sup>

### Less precise benchmarks for living incomes

It is generally more difficult to calculate a living *income* than a living wage. Incomes involve additional layers of

### Calculating a living wage



complexity, such as total household production and exposure to constantly fluctuating world market prices. The Anker Institute sets benchmarks for living incomes as well, although not to the same systematic extent as for living wages. However, Fairtrade uses the same basic methodology to calculate what farming families in a particular region need to achieve a decent standard of living—and the Anker methodology is still considered the leading method for this purpose.<sup>11</sup>

### How to calculate a living income

#### Income:

- net income from harvests
- net income from other crops and livestock
- value of crops and livestock consumed by the household
- income from paid work.



#### Costs:

- basic but nutritious food
- decent housing
- other necessary expenses such as education, healthcare, transportation
- buffer for unforeseen expenses.

9 Anker Research Institute, [Anker Methodology](#).

10 [Anker Research Institute](#) (Sally Smith och Wilbert Flinterman), Q&A session for Fairtrade colleagues re Anker methodology for Living Wages, February 19, 2025.

11 Living Income Community of Practice, [Measurement](#).

# Living wages and living incomes as human rights

The right to a living income is enshrined in the UN Universal Declaration of Human Rights. Farmers are entitled to an income that covers basic costs and enables them to pay their hired labor a living wage. Living wages and living incomes are also recognized as a crucial factor in achieving several of the UN's Sustainable Development Goals, including the first: to end poverty. When people can make a living off their work, it enables sustainable conditions for production, improved working conditions, greater gender equality, and a reduced risk of child labor. This creates a more sustainable and fair value chain, benefitting both farmers and consumers.<sup>12</sup>

In 2024, the International Labour Organization (ILO) agreed on a new

strategy for living wages, and stated that living wages are crucial for economic and social development and for reducing poverty and inequality. According to the agreement, living wages should be calculated using evidence-based methods, as well as be transparent and adapted to local and regional conditions. They should be implemented through social dialogue, collective bargaining, and a gradual progression from minimum wages to living wages, considering the needs of workers as well as economic factors. The ILO emphasizes that living wages cannot be a one-size-fits-all solution for all countries and must be adapted to specific contexts.<sup>13</sup> The Anker methodology meets all these principles and, in certain respects, goes even further. In addition to being evidence-based, transparent, and adapted to local conditions, the Anker methodology provides internationally comparable living wage benchmarks to counter unhealthy competition based on low wages. The Anker Institute also includes detailed consultations with local actors, publishes comprehensive reports with full transparency of data and

calculations, and regularly updates living wage benchmarks to account for inflation and changes due to national socio-economic development.<sup>14</sup>

2024 was also the year in which the European Commission adopted the *Corporate Sustainability Due Diligence Directive* (CSDDD), which establishes corporate responsibility for human rights and the environment. The directive stipulates (among other things) that companies are obliged to contribute to living wages and living incomes in their operations and value chains, as living wages and living incomes are considered fundamental human rights.<sup>15</sup> In February 2025, the European Commission presented a proposal for what is known as an Omnibus package, which proposes merging the CSDD Directive with two other key sustainability laws: the *Corporate Sustainability Reporting Directive* (CSRD) and the *Taxonomy Regulation*.<sup>16</sup> The proposal risks weakening these laws, which have undergone several years of complex and extensive negotiations. At the time of publication of this report (May 2025), the outcome is still unclear.

## How living wages and living incomes can become a reality

Fairtrade's vision is a global trade system in which farmers and workers in countries with widespread poverty can make a secure and sustainable living and determine their own futures. In Fairtrade's strategy to achieve living incomes and living wages, farmers and workers play a central role. However, this requires cooperation between several actors. Companies, organizations, contracting authorities, and policymakers all have a crucial role to play.<sup>17</sup>

To the extent possible, **farmers** should work towards **sustainable production**. This means that they need to increase their profitability and resilience by applying sustainable agricultural practices. Farmer cooperatives create value for their members and workers by providing services such as technical

assistance, access to subsidized inputs, or loans to improve farming practices, quality, or diversify income. There is also a social aspect within the concept of sustainable production. Cooperatives should work to maintain strong internal democracy and effective leadership, while plantations focus on offering good working conditions and creating opportunities for union work.

**Companies and contracting authorities** should work towards **responsible purchasing**, including establishing long-term supplier relationships and paying prices that enable sustainable production. This includes ensuring transparent and traceable value chains and not engaging in *unfair trading practices*,<sup>18</sup> such as unreasonable payment terms and downward price pressure. In addition,

companies and contracting authorities should ensure decent working conditions, environmental considerations, and social responsibility at all stages of the purchasing process.

Finally, **governments and policy makers** can drive the collective action needed to fulfil these conditions at scale, by putting in place policy and contributing to a social climate that levels the playing field for the entire industry, creating an **enabling environment**. This could include, for example, guidelines for sustainable procurement at the regional level, legislation supporting the right to free association at the national level, and legislation on corporate responsibility for human rights at the EU level.

12 Fairtrade Sverige, *Rätten till levnadsinkomst: En förutsättning för Agenda 2030*, 2019.

13 International Labour Organization, *ILO reaches agreement on the issue of living wages*, March 13, 2024.

14 Anker Research Institute, *ILO & Anker methodology*

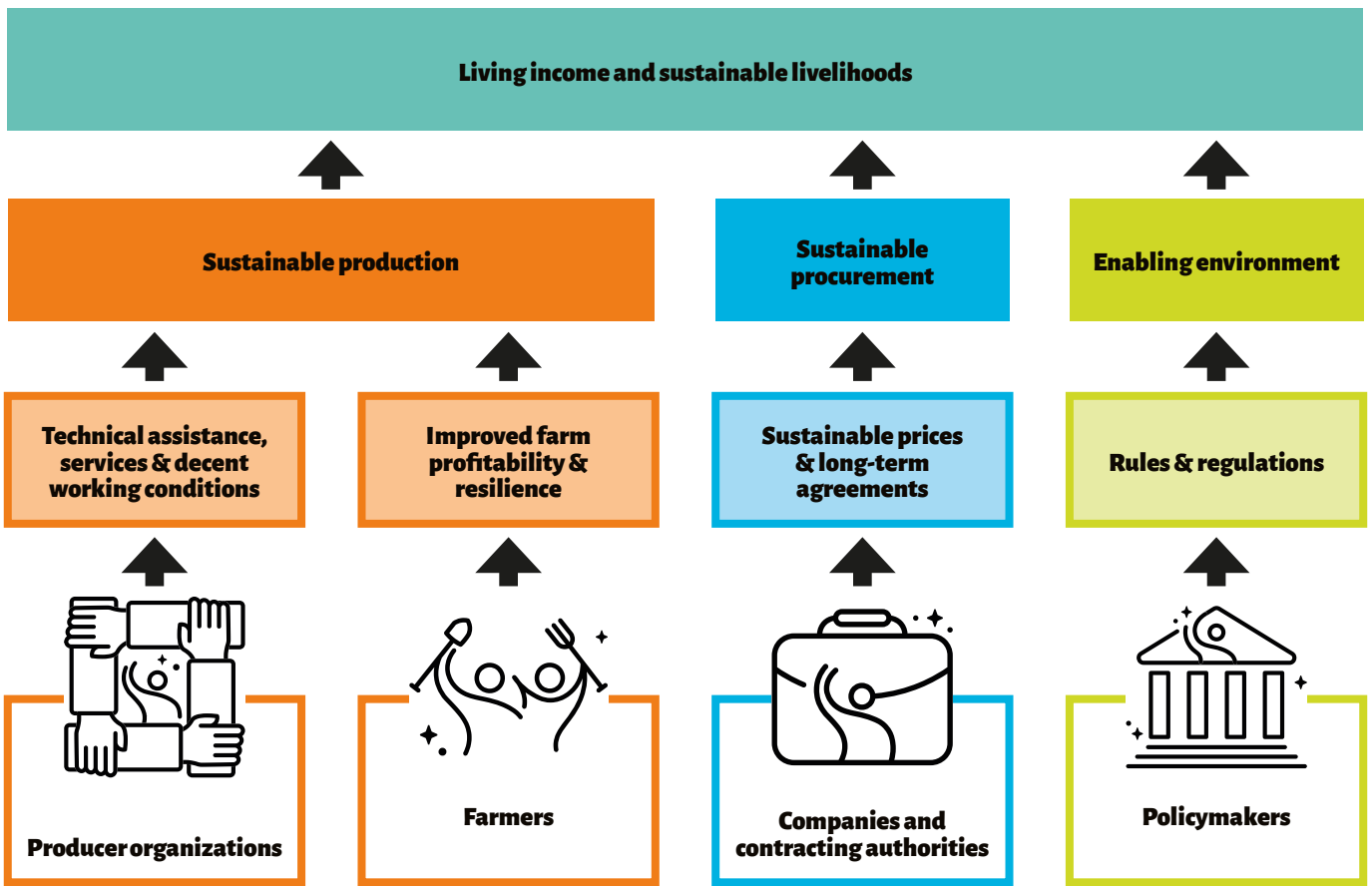
15 Corporate Sustainability Due Diligence Directive, *Preamble 31 to 40*.

16 Europeiska kommissionen, *Förenklade hållbarhetsregler ska hjälpa företagens konkurrenskraft*, February 28, 2025.

17 Fairtrade International, *Living Income*.

18 Europeiska kommissionen, *Unfair trading practices*.

# Closing the income gap



## Major investments needed for sustainable production

For farmers to be able to switch to more sustainable production, financial incentives and access to safety nets are required when world market prices fall, or harvests fail. Climate change is already having widespread impacts on agriculture globally, requiring an increase in climate adaptation resources. Despite this, barely two percent of total global climate finance currently reaches small-scale farmers.<sup>19</sup> Major investments in more sustainable production are not only necessary for farmers and workers to achieve living wages and living incomes—they are also a prerequisite for our food systems to function long term, and for coffee to continue to be an available commodity in the future.



## How Fairtrade works

Fairtrade is an international certification of commodities produced in countries with widespread poverty. Fairtrade creates conditions for better pay, which can enable farmers and workers to transition to more sustainable practices. Fairtrade also serves as a tool for companies and contracting authorities that wish to trade more ethically, engages in policy advocacy at global and local levels, and promotes trade union organization by educating workers about their rights. As a result, Fairtrade's work has a direct impact on all the areas identified in the strategy for living wages and living incomes.

Studies show that workers at Fairtrade-certified plantations have better relations with management, and a stronger sense of participation and engagement in the workplace. This includes improved communication, greater transparency, and mutual trust between workers and employers, contributing to a more sustainable and productive work environment.<sup>20</sup>

## Strengthening knowledge and cooperation

To ensure relevance and active work towards living wages and living incomes, Fairtrade is part of the *Global Living Wage Coalition and the Living Income Community of Practice*, whose purposes are to promote living wages and living incomes globally. In addition, Fairtrade invests in further research on living wages and living incomes—including issues related to the gender pay gap, the collection of income data, and annual updates of living wage benchmarks for bananas, among other products.

## Contributing to stable prices

Fairtrade connects producers with global markets to increase their income opportunities. Through the international Fairtrade Standards, Fairtrade works to gradually achieve living wages and living incomes for workers or members

19 Fairtrade International, *Advocacy*.

20 Fairtrade International, *Fairtrade Evidence Mapping Report*, June, 2022.

of certified producer organizations. The independent certification body FLOCERT verifies that the standards are being met. The Fairtrade Standards include a Fairtrade Minimum Price, that guarantees a minimum level for producers and buyers to use as a basis for negotiation. In addition to the sales price, there is also a Fairtrade Premium, that the producers decide collectively how to invest. For example, the Premium can be used for direct payments to farmers or workers, investments in agriculture, or climate adaptation. Producers often choose to invest part of the Premium in joint community projects, such as installing electricity or promoting health care.

The Standards for Hired Labor Organizations include requirements for minimum wages and respect for freedom of association and other labor rights. For certain commodities, Fairtrade also includes minimum wages (base wages), which constitute at least 70 percent of the calculated living wage for the country in question. These are usually significantly higher than the statutory minimum wage.

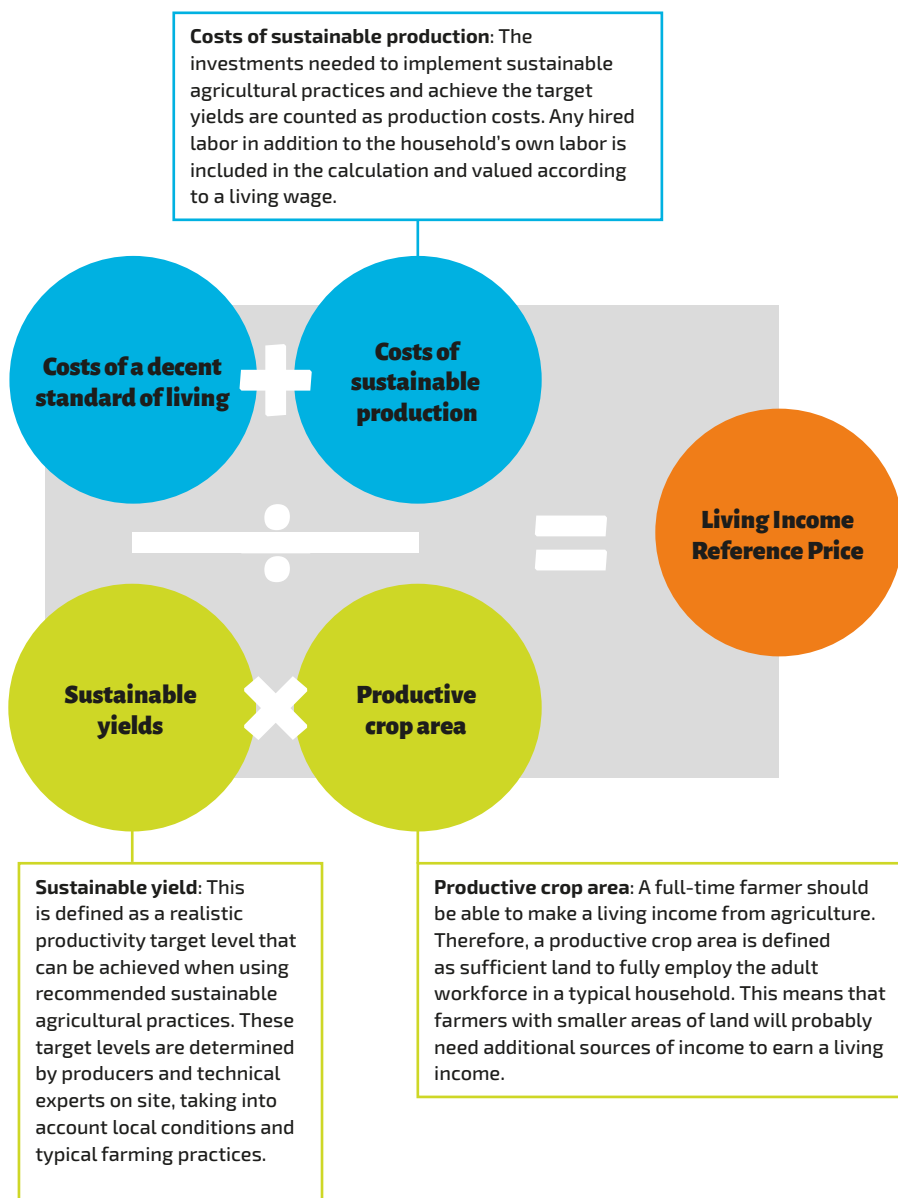
Studies show that Fairtrade contributes to poverty reduction and has a positive impact on income and economic resilience,<sup>21</sup> and that workers at Fairtrade-certified plantations have better economic conditions than the national average.<sup>22</sup>

## Setting Living Income Reference Prices

Fairtrade sets Living Wage and Living Income Reference Prices, based on established benchmarks. The Reference Prices indicate the farmgate price that a typical farming household would need for its crops, given an agricultural area that can support them and a sustainable level of profitability, in order to achieve a living income from sales. The Reference Prices are voluntary benchmarks that companies can aim to pay in their supply chains to contribute to living wages and living incomes.

At the time of publication of this report, Fairtrade has set Living Income Reference Prices for coffee in seven countries, cocoa in two countries, vanilla in two countries, and coconuts in one country. There are also Living Income Reference Prices for bananas in six countries, which indicate the price that the plantations need to

## Determining Living Income Reference Prices



be paid, in order to pay their workers a living wage. Fairtrade can also develop approximate customized Reference Prices for other commodities and origins upon request from companies.

## Pushing for stronger legislation

Fairtrade works to ensure that the right to living wages and living incomes is included in legislation and policy. Through common rules and commitments, more companies can take action, which has a greater impact at the national level. There are major opportunities in including requirements and measures in guidelines and legislation related to corporate

responsibility for human rights and the environment. Fairtrade successfully advocated for the inclusion of the right to a living wage and living income in the CSDD Directive. Another significant opportunity is to influence the inclusion of ambitious commitments to living wages and living incomes in industry initiatives, as well as in legislation and requirements related to public procurement.

## Requiring sustainable business practices

The Fairtrade Trader Standard contains clear requirements to prevent unfair trading practices that risk harming producers or creating imbalances in trade

21 Fairtrade International, *Fairtrade Evidence Mapping Report*, June, 2022.

22 Fairtrade International, *Tracking Fairtrade's Impact: Results of household surveys with banana, cocoa and coffee farmers*, 2019.

relationships. The standard aim to ensure sound business practices, including contracts with transparent pricing, timely payment, and compliance with labor and environmental legislation. Fairtrade also promotes long-term trade relationships.

## Combating child labor

Child labor is strictly prohibited under the Fairtrade Standards, but this is not always enough. Since the root cause of child labor in global agriculture is poverty, more sustainable pricing and fair trade therefore combats child labor. Fairtrade also actively promotes school attendance through educational programs and trainings. In addition, farmers and workers often choose to invest the Fairtrade Premium in ways to increase school attendance—such as free school lunches and learning materials, transportation to and from school, or even the construction of a new school if none exists in the local area.

Studies show that Fairtrade has a positive impact on children's education in farming families. In Côte d'Ivoire, Fairtrade-certified cocoa farmers invest 33 percent more in their children's education than non-certified farmers, thanks to better incomes from higher prices.<sup>23</sup> In Ethiopia and Uganda, children of Fairtrade-certified coffee farmers are more likely both to enroll in school and to complete their education.<sup>24</sup>



## Promoting sustainable production

Fairtrade contributes to more sustainable production through requirements regarding soil health, water quality and biodiversity, as well as through economic incentives that give farmers higher prices for organic production. By promoting agroforestry and organic farming, among other practices, Fairtrade supports resilient and regenerative food systems. Fairtrade also promotes the transition to deforestation-free agriculture, which in recent years has become a necessity for producers who want to sell their crops within the EU, due to the Deforestation Regulation (EUDR). Support for farmers and workers is largely provided through Fairtrade's producer networks for Latin America, Asia, and Africa, which provide local expertise and offer technical assistance and training. Many farmers also choose to use the Premium to invest in efficiency-enhancing measures and increased profitability.

Studies show that Fairtrade contributes positively to farmers' understanding of climate issues and their approach to working with the environment. In Ghana, cocoa farmers in Fairtrade-certified cooperatives have a higher level of environmental awareness than non-certified farmers, and to a greater extent participate in initiatives related to for example deforestation-free cocoa. In Peru, banana farmers are actively working to improve soil quality and reduce waste in their production.<sup>25</sup>



23 Isabel Knöβlsdorfer, Jorge Sellare and Matin Qaim, *Effects of Fairtrade on farm household food security and living standards: Insights from Côte d'Ivoire*, Global Food Security, June, 2021.

24 Frank R. Lichtenberg, *Private sustainability standards and child schooling in the African context: The case of Fairtrade in Uganda*, *Journal of Environmental Economics and Management*, 2020.

25 Tatjana Mauthofer, Millie Santos, *Final Report | 2nd Follow-up Study: Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development*, Mainlevel Consulting AG, March, 2022.

# Towards living wages on banana plantations

Bananas are one of the most popular fruits in the world.<sup>26</sup> Around 80 percent of global banana consumption occurs in the same country where the fruit is grown. Even so, it is the most widely exported fruit. The EU is the largest importer of bananas, followed by the United States and China. This represents a massive global trade that provides direct employment to millions worldwide and forms a cornerstone of many economies. The majority of all bananas exported are grown on large plantations with hired labor. In 2020, the banana export sector employed over one million people.<sup>27</sup>

But despite the important role of the banana in the global economy, daily life for workers is often tough. This includes low wages, working long, arduous days without breaks or rest, discrimination against seasonal and migrant workers, health risks due to the heavy use of pesticides, and exploitation of land and reduced biodiversity. The problems affect not only individual banana farmers and plantation workers, but also ecosystems and entire local communities.<sup>28</sup>

## Major inequalities in the value chain

The banana value chain is characterized by intense price pressure and significant resource shortages in the production stage. A small number of multinational companies and food retailers hold considerable influence over the market and drive prices down throughout the value chain. Today, the actors profiting the most from the international banana trade are food retailers. In 2021, they accounted for an average of 30–40 percent of the value. Other traders (importers and distributors) earlier on in the value chain received around 40 percent in total, plantation owners less than 20 percent, and banana farmers themselves (including workers on the plantations) less than 10 percent.<sup>29</sup> The banana value chain is also sensitive to global events such as climate change, changes in seasonal consumption patterns, and the exchange rate of banana-producing countries against the dollar. In addition to prices being pushed down in the value chain, farmers are also negatively affected by these factors. In short, banana producers are hit the hardest by disruptions in the global economy, while receiving the lowest compensation in the entire value chain.<sup>30</sup>

**As shown in the table on page 17, the gap to a living wage is still large in certain banana-producing countries. Workers in banana-growing regions of Côte d'Ivoire, Mexico, and the Dominican Republic only earn about half of a living wage.**

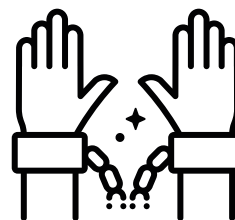


**"There are farms that hardly hire women. We are showing the world that we can perform all these tasks that historically only men have done, and as coworkers, be on equal terms."**

Luz Quinto Taborda (third from the left), worker at the Fairtrade-certified banana plantation Banaexport Din Colombia.

## Trade union rights under severe pressure

The right to freedom of association is being challenged and violated in many parts of the banana industry. Workers who try to become involved in trade unions risk various types of punishment, threats, violence, or dismissal. In some cases, plantation owners create company unions, or "yellow unions," that are controlled by the owners in order to reduce the influence of workers. This is prohibited by the ILO, but still occurs in several banana-exporting countries, such as Nicaragua, Guatemala, and Ecuador.<sup>31</sup> Latin America is particularly vulnerable to systematic obstacles to unionization, including a high degree of undeclared work, temporary employment, and long-standing social and economic inequalities. The unions that do exist in the region are therefore often weak and not particularly effective.<sup>32</sup> In Colombia, for example, hostility toward trade unions can many times lead to deadly violence.<sup>33</sup>



26 [Top 15 World's Most Popular Fruits](#), The Science Agriculture, September 25, 2024.

27 Vivek Voora et al., [Global Market Report: Banana prices and sustainability](#), International Institute for Sustainable Development, March, 2023.

28 Fairtrade Sweden, [Bananens verkliga pris – vem betalar?](#), May, 2022.

29 Ibid.

30 Voora et al., [Global Market Report](#).

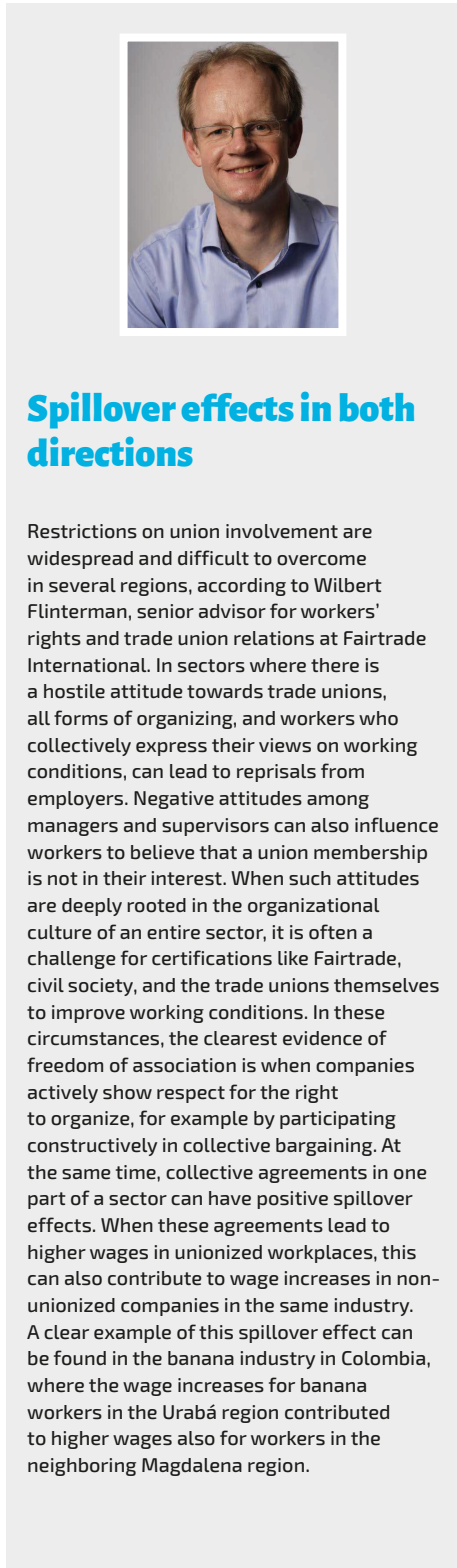
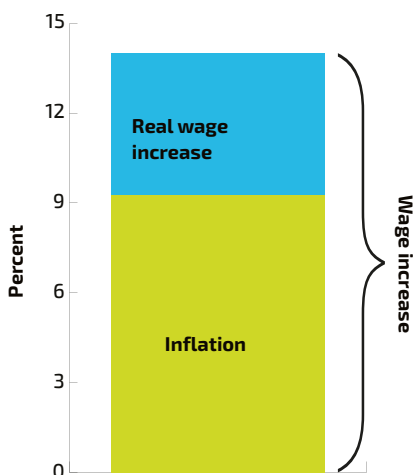
31 Fairtrade Sweden, [Bananens verkliga pris](#).

32 The International Labour Organisation (ILO), [Decent work in the banana industry: A global overview of issues and initiatives](#), 2022.

33 [For First Time Colombian Government Recognises Trade Union Movement as Conflict Victim](#), Justice for Colombia, March 15, 2023.

## Successful union negotiations in Colombia

At the same time, there are also success stories from Colombia that other banana-producing countries can learn from. In 2023, Colombian President Gustavo Petro addressed the historical violence against union activists and acknowledged the responsibility of previous governments. The statement has been described as a radical shift and can be seen as marking the beginning of a more union-friendly policy.<sup>34</sup> There are also regions in Colombia that have made more progress in union organizing in the banana industry than many other banana-producing countries. In the summer of 2023, the Sintrainagro trade union successfully negotiated a new four-year collective agreement for workers at banana plantations in the Urabá region. The agreement provided a 14 percent wage increase in the first year—the largest increase in 23 years. Together with a previous wage increase of 11 percent, this resulted in a total wage increase of a little over 25 percent over two years for the approximately 20,000 workers covered by the agreement. Bonuses and other benefits, such as contributions to housing and education, were also increased correspondingly. The agreement also specified improvements in working conditions and is seen as a model for labor relations in the Colombian banana industry.<sup>35</sup> An important starting point in the negotiations was that workers' real wages needed to increase, i.e., the negotiated increase had to exceed the country's inflation rate—which it did.<sup>36</sup>



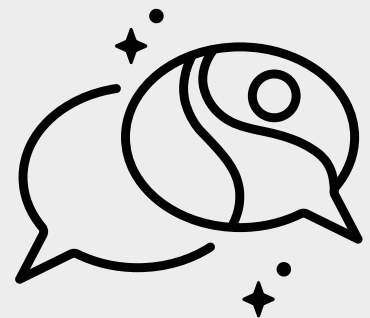
## Spillover effects in both directions

Restrictions on union involvement are widespread and difficult to overcome in several regions, according to Wilbert Flinterman, senior advisor for workers' rights and trade union relations at Fairtrade International. In sectors where there is a hostile attitude towards trade unions, all forms of organizing, and workers who collectively express their views on working conditions, can lead to reprisals from employers. Negative attitudes among managers and supervisors can also influence workers to believe that a union membership is not in their interest. When such attitudes are deeply rooted in the organizational culture of an entire sector, it is often a challenge for certifications like Fairtrade, civil society, and the trade unions themselves to improve working conditions. In these circumstances, the clearest evidence of freedom of association is when companies actively show respect for the right to organize, for example by participating constructively in collective bargaining. At the same time, collective agreements in one part of a sector can have positive spillover effects. When these agreements lead to higher wages in unionized workplaces, this can also contribute to wage increases in non-unionized companies in the same industry. A clear example of this spillover effect can be found in the banana industry in Colombia, where the wage increases for banana workers in the Urabá region contributed to higher wages also for workers in the neighboring Magdalena region.

**Inflation in Colombia stood at 9.28% in 2023. In the same year, workers at banana plantations in Urabá negotiated wage increases of 14 per cent, resulting in a real wage increase of 4.72%.**

## Fairtrade facilitates social dialogue between employers and workers

The right to freedom of association is a requirement in the Fairtrade Standards. In addition, Fairtrade collaborates with trade unions and labor law organizations to bring about structural changes that work towards higher wages for all workers, not just on Fairtrade plantations. In 2024, Fairtrade Africa and Fairtrade International funded three workshops in Côte d'Ivoire together with the civil society organization Banana Link and a local trade union, aimed at strengthening workers' knowledge of rights, organizing, and collective agreements. Fairtrade also supports capacity building by helping workers organize and negotiate collective agreements, which in Ghana and Cameroon has led to higher wages, greater gender equality, and improved labor relations and working conditions.<sup>37</sup>



34 Ibid.  
 35 *Colombia Again Raises the Standard for Good Labour Relations*, Banana Link, July 20, 2023.  
 36 *Colombia ended 2023 with an inflation rate of 9.28%* Colombia One, January 10, 2024.  
 37 Fairtrade International, *Labour Rights & Conditions*, Fairtrade Risk Map.

## “Decent wages” in Ecuador

The political stance towards trade unions is a key factor for successful union activity. This area is also a cornerstone of efforts to achieve living wages. However, there are also other ways to promote living wages at the state level. Ecuador is an interesting case in this context, as several sources indicate that trade union involvement is not always respected, and that many workers on banana plantations in Ecuador lack employment contracts.<sup>38</sup> At the same time, the country has made more progress in comparison to others in advancing living wages through the introduction of a *salario digno* (decent wage), which was added to the country's labor legislation in 2009. Each year, the Ecuadorian Ministry of Labor calculates the “decent wage” based on parameters similar to those used by the Anker Institute for its living wage benchmarks, but using a slightly different method. The “decent wage” is a recommended benchmark that employers may be required to compensate for if wages fall below it, but it is not binding in the same way as the statutory minimum wage.<sup>39</sup> In 2023, the Ecuadorian government claimed that workers at the banana plantations in the country earned above the then-current “decent wage,” as well as the Anker Institute's living wage.<sup>40</sup> This would mean that workers at plantations in Ecuador already earn a living wage. However, a report from the civil society organization Banana Link in 2024, based on interviews with 150 workers at 140 different banana plantations in the country, paints a more detailed picture than that presented by the Ecuadorian government. Eighty-three percent of the respondents reported that their wages were insufficient to cover their basic needs, 71 percent were unaware of the national minimum wage, and 58 percent did not understand the concepts of a living wage or decent wage. More than half also lacked formal employment contracts, the clear majority of whom were women.<sup>41</sup>



The diagram shows the different wage levels in Ecuador in 2023. The last bar indicates the wage that the Ecuadorian government claims workers at banana plantations in the country received that year, but this is difficult to verify. Sources: *El Universo*, *Census Consultores*, *Global Living Wage Coalition*, *Ecuador's arbetsministerium*.

## Companies and responsible purchasing practices

In addition to conditions for union work and/or legislation on living wages at the national level, financial commitments from the purchasing side are required in order for conditions in the global banana industry to change in a meaningful way.<sup>42</sup> Higher wages will inevitably entail higher costs, and to a greater extent these costs need to be borne by parts of the value chain that are closer to consumers. In recent years, these types of initiatives emerged within the banana industry. Major players in food retail in Germany, the Netherlands, Belgium, and the United Kingdom have to varying degrees participated in comprehensive national initiatives to achieve living wages in the banana industry.<sup>43</sup> At the time of this report's publication, the Nordic countries are discussing the possibility of a similar arrangement.



38 Fairtrade International, *Living Wage*, Fairtrade Risk Map.

39 *¿Qué es el salario digno y qué empresas lo deben pagar hasta el 31 de diciembre?*, La Hora, October 31, 2021.

40 *En Foro Mundial Bananero, Ecuador expone acciones en salarios dignos, erradicación de trabajo infantil y seguridad laboral*, Ministerio de Agricultura y Ganadería del Ecuador, March 13, 2024.

41 *Report Reveals Shortcomings in Wages, Employment Conditions, and Freedom of Association Among Banana Plantation Workers in El Oro, Ecuador*, Banana Link, February 28, 2025.

42 Wilbert Flinterman, *Living Wages for banana workers: when will workers see the difference?*, Anker Research Institute, March 25, 2024.

43 Alistair Smith, *Advancing living wages: Key insights from the banana sector*, Ethical Trading Initiative, May 30, 2023.

# Living wage through the Fairtrade Minimum Price

According to calculations made by Fairtrade International, workers at Fairtrade-certified banana plantations in Ecuador, Peru, and Cameroon already receive a minimum price for bananas that enables them to reach living wage levels, provided that the plantations are able to sell their entire harvest on Fairtrade terms. In other words, the Fairtrade Minimum Price for bananas from these countries—which is binding and monitored by the independent certification body FLOCERT—is in line with the Living Wage Reference Price calculated specifically for each country. The same relationship between the Fairtrade Minimum Price and the Living Wage Reference Price applies to non-organic Fairtrade bananas in Colombia—but not in Nicaragua, the Dominican Republic, Ghana, or for dual-certified (Fairtrade + organic) bananas in Colombia. In Nicaragua, the difference between the Fairtrade Minimum Price and the Living Wage Reference Price is a few US cents, while in the Dominican Republic, for example, there remains a larger gap.<sup>44</sup> Fairtrade does, however, make a big difference also in this context, as the base wage for workers on Fairtrade plantations is 14 percent higher than the national statutory minimum wage.<sup>45</sup>

# Living wage through the Fairtrade banana bonus

The Fairtrade Standards include requirements for workers on Fairtrade-certified banana plantations to be paid at least 70 percent of a living wage, and allow for up to 30 percent of the Fairtrade Premium to be used as direct payments to workers who do not already earn a living wage. Nevertheless, the living wage gap is still prevalent. The goal is for supply chains to progressively cover the costs of paying a living wage, without the use of Fairtrade Premium funds or an extra differential. In the meantime, a unique method is available for companies that already wish to ensure payment equivalent to a living wage on Fairtrade-certified plantations.



## Five steps to closing the living wage gap on banana plantations



**“At this moment, I am happy because thanks to Fairtrade, I have my own house and I know that my daughter has the opportunity to study at the university. She is pursuing a technical program, with the support from the plantation. I know that in another company that was not certified, I would not have had this opportunity, and I am truly grateful for it.”**

Luatany Pallares Gómez, worker at the Fairtrade-certified banana plantation Banaexport in Colombia.

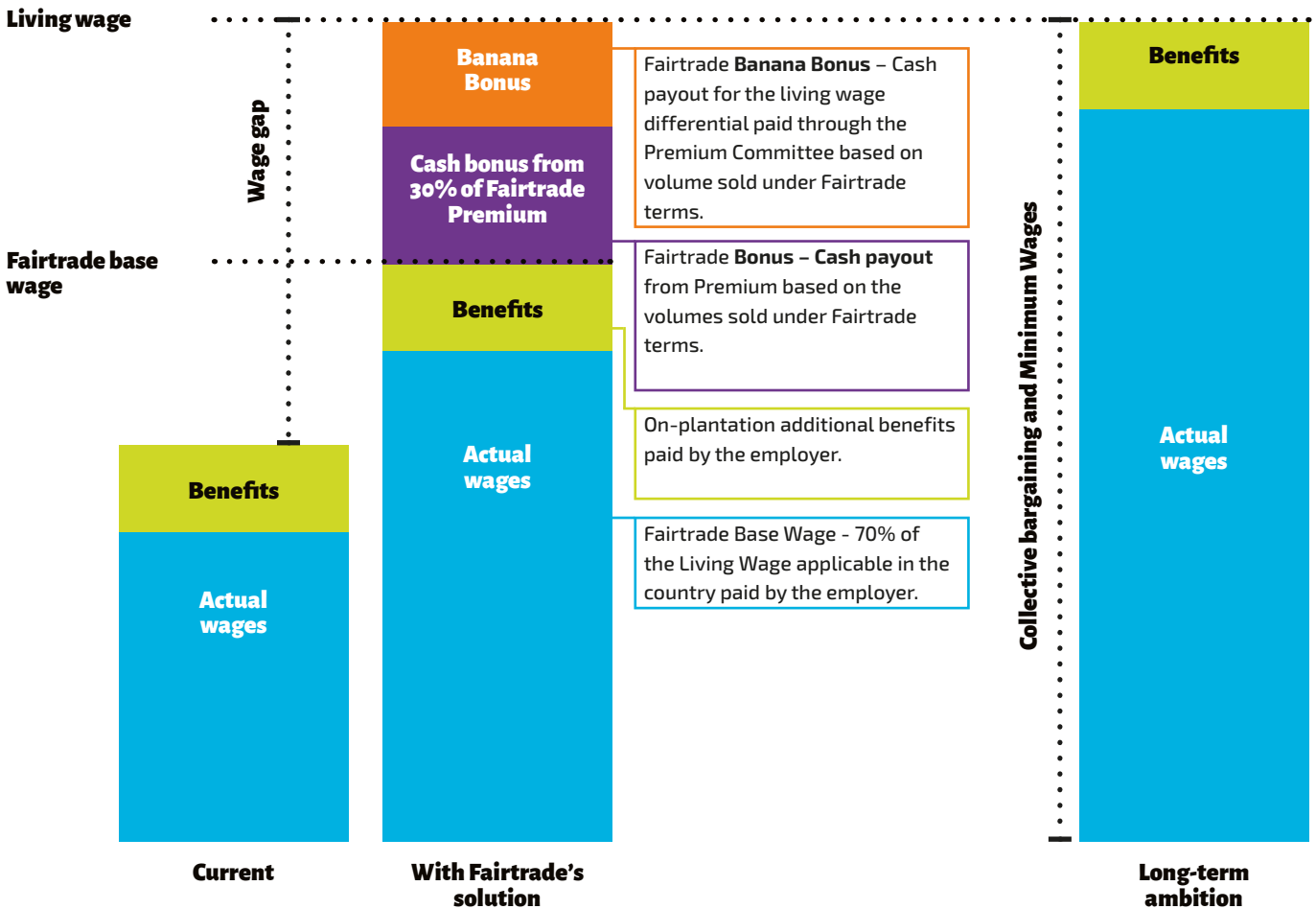
44 Fairtrade International, *Fairtrade Banana Dashboard*, Infogram, 2023.

45 Fairtrade International, *Calculating 2025 Base Wages – Banana*, November 8, 2024.

The Fairtrade Banana Bonus is a voluntary extra payment that companies can make to fully cover the Living Wage Differential. The amount is paid to the (already established) Premium Committees on Fairtrade-certified banana plantations, which in turn pass on the payment to workers, in the form of a "banana bonus." Worker representatives are then in charge of distributing the money and deciding how, and how often, it should be paid out.<sup>46</sup>



## The contribution of all supply chain actors toward living wages on Fairtrade-certified plantations



### Sainsbury's in the United Kingdom is investing in Fairtrade

In addition to national commitments, individual food retailers can also make a difference—especially when they trade in large volumes. One example is the food retailer Sainsbury's in the United Kingdom, which committed to achieving living wages in its banana supply chains by 2024—three years earlier than original commitment made together with the other food retailers in the country. To accomplish this, Sainsbury's has chosen to pay the Fairtrade Living Wage Differential, i.e., the banana bonus, for all the bananas they sell. Thereby, 100 percent of the bananas sold at Sainsbury's are Fairtrade-certified.<sup>47</sup>

### Sweden moves to bananas from small scale farmers

While the global export market is dominated by bananas from plantations that use hired labor, the Swedish market has seen an increase in import of bananas from cooperatives made up of small-scale farmers in recent years. Today, the majority of Fairtrade-labeled bananas on the Swedish market come from such cooperatives in countries like Peru and Ecuador. In 2025, Fairtrade International is working to develop *Living Income* Reference Prices for bananas, similar to those that already exist for coffee and other products.

46 Fairtrade International, *Fairtrade's Living Wage Solution: Guidance on payments, verification and reporting throughout Fairtrade certified banana supply chains*, October 2024.

47 Fairtrade Foundation, *IDH Banana Commitment – One Year On*, Fairtrade Foundation, March 13, 2024.

# Summary

- The banana industry plays a major role in many countries' economies—yet many banana plantation workers do not earn a living wage. Trade union rights are under threat and working conditions are often poor.
- At the same time, there is a strong commitment, both in producing and consuming countries, to addressing these problems.
- On Fairtrade-certified plantations in Ecuador, Peru, and Cameroon, workers can already earn a living wage. For food retailers who want to pay the equivalent of a living wage in other countries of origin, the solution is the Fairtrade Banana Bonus. Fairtrade also promotes trade union relations and social dialogue.



# Living wages and actual wages around the world

The table on the following page summarizes and compares living wage benchmarks and actual wages from case studies conducted by the *Global Living Wage Coalition*. The studies were carried out between 2020 and 2023<sup>48</sup> and were conducted using the Anker methodology, based on a combination of primary and secondary data.<sup>49</sup> We have chosen to report both living wages and actual wages in local currencies, to ensure as accurate a calculation as possible. All amounts shown in the table refer to gross wages. Studies of sectors not covered by Fairtrade's operations have not been included. We have also not examined studies on *living incomes*, as reliable data on actual incomes are harder to obtain, making credible comparisons more difficult. Some income comparisons will be presented further on in this report, but these are based on Fairtrade's own calculations.

Our compilation shows that average actual wages amounted to between 22 and 96 percent of the estimated living wages. In none of the studies are actual wages on par with estimated living wages, although they come close in one case. One of the studies, focusing on Colombia's coffee sector, presents two different figures for actual wages depending on the season. In this case, the table shows an average of the higher wage during the harvest season and the lower wage during the low season. It is interesting to note that the wage during the harvest season is almost eight percent higher than the calculated living wage, but that the significantly lower wage during the rest of the year brings the average monthly wage down to below living wage levels.

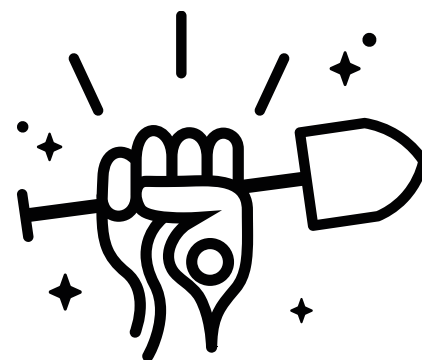
In some studies, living wages have been adjusted for inflation retrospectively. However, we have chosen to use the original figures in order to be able to compare them with actual wages reported in the same study. This is because the inflation adjustment only updates the living wage and does not involve researching actual wages again. This is worth bearing in mind, as inflation has been very high in many parts of the world since the pandemic.

In the study of the coffee sector in Vietnam, average actual wages amount to 96 percent of the calculated living wage, the highest percentage in the table. However, for women, the average actual wage amounts to only 76 percent of a living wage, while men earn, on average, four percent more than a living wage. It is also important to mention that in the study of the coffee sector in Vietnam, the average actual wage stated applies to what is referred to as *skilled agricultural workers*, which includes supervisors, managers, and specialists. It is therefore doubtful whether the actual wages of workers who do not fall into this category would match the reported average.

In Oromia, Ethiopia, actual wages amount to only 22 percent of the calculated living wage in the region. In this case, the gross living wage benchmark is 47 percent higher than the net living wage benchmark (the amount needed for a decent standard of living). This is due to high deductions for social contributions and a high income tax. According to the study from which the figures were taken, these deductions amount to 4,887 birr per month in the formal sector, which is 47 percent higher than the average monthly wage in the region. As a result, around 90 percent of all workers in Ethiopia work in the informal sector. This often means working under precarious and vulnerable conditions and risks leading to increased poverty, insecurity, and a lack of decent jobs.

## Workers earning less than half of a living wage

The median value in the table is 48.5 percent.<sup>50</sup> This means that typical wages in sectors such as tea, coffee, bananas, textiles, and cotton have amounted to less than half of what is required to cover basic living costs in recent years. While the compilation only shows part of the picture, as these commodities are also grown and processed in other countries and regions, and because many of those who produce them are small-scale farmers who do not receive a wage (but earn an income from their own farming), the results signal an important takeaway for those of us who consume these goods. The message is clear: millions of workers in global supply chains cannot live on their wages.



48 At the time of publication, there are no studies conducted after 2023 available.

49 The Anker methodology is explained in more detail on page 4 and forward.

50 The median is the middle value when all values are sorted in order. The median is often used instead of the average, particularly when there is a large range, since it better reflects a typical value.

Country & region	Sector	Average monthly wage at the time of the survey	Monthly living wage	Currency (currency code)	Actual wage as a percentage of living wage	Year of conduction
<b>Côte d'Ivoire</b> Lacs, Lagunes & Vallée du Bandama	Bananas	96 791	174 497	CFA franc (XOF)	<b>55%</b>	2023
<b>Dominican Republic</b> Cibao Norte	Bananas	12 290	25 540	Peso (DOP)	<b>48%</b>	2022
<b>Mexico</b> Michoacán	Bananas	4 916	11 782	Peso (MXN)	<b>42%</b>	2020
<b>India</b> Ratlam, Madhya Pradesh	Cotton	5 222	12 965	Rupie (INR)	<b>40%</b>	2021
<b>India</b> Chhindwara, Madhya Pradesh	Cotton	5 222	12 198	Rupie (INR)	<b>43%</b>	2021
<b>Vietnam</b> minimum wage region 4	Coffee	5 857 296	6 132 865	Dong (VND)	<b>96%</b>	2022
<b>Colombia</b> Antioquia & Huila	Coffee	1 560 000	1 783 685	Peso (COP)	<b>87%</b>	2021
<b>Ethiopia</b> Jimma Zone, Oromia	Coffee	3 316	15 207	Birr (ETB)	<b>22%</b>	2023
<b>Kenya</b> rurala Kericho	Tea	21 686	26 932	Shilling (KES)	<b>81%</b>	2022
<b>Mexico</b> Yucatán	Textile industry	8 379	11 550	Peso (MXN)	<b>73%</b>	2022
<b>Mexico</b> Ensenada, Baja California	Textile industry	7 415	15 929	Peso (MXN)	<b>47%</b>	2021
<b>Mexico</b> San Quintín, Baja California	Textile industry	7 415	15 009	Peso (MXN)	<b>49%</b>	2021

**Table: Comparison between actual wages and calculated living wages in 12 studies. All studies in the table can be found at [www.globallivingwage.org](http://www.globallivingwage.org).**

# The price of coffee: volatile and critical



**“I like growing coffee, I like what I do. It’s really exciting. We put our hearts and souls into this work, and I think that is where the results come from.”**

Luiz Cláudio de Souza, coffee farmer at the Fairtrade-certified Cafesul cooperative in Brazil.

Twenty-five percent of the world’s coffee is grown on large plantations with hired labor, where production rates are often high but working conditions are difficult. Plantations with hired labor account for only five percent of the people working in coffee cultivation, but produce a quarter of the world’s coffee volume.<sup>51</sup> The table on the previous page shows the living wage gap on some of these larger plantations, and it is clear that wage levels vary considerably between different countries.

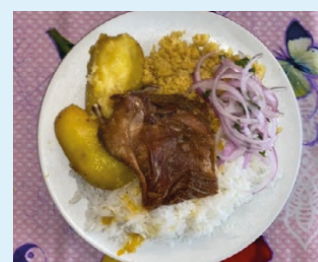
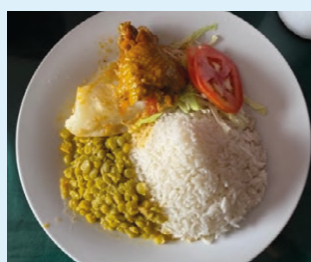
However, this section will focus exclusively on the most common type of production, small-scale coffee farming, which often takes place on family farms in countries with widespread poverty. Three-quarters of the world’s coffee comes from farms such as these, the majority of which are smallholdings of less than five hectares.<sup>52</sup> For these farmers, the term *living income* is used instead of living wage, as they are not paid by an employer in the form of a plantation owner. Instead, they own and cultivate their own land and are highly dependent on the price they receive for their coffee on the international market. Sometimes they also need to hire labor, for example during the harvest season when the work is particularly intensive. However, the Anker Institute’s calculation of what families in coffee-growing regions need to live a basic but decent life is made in the same way as for plantation workers. Shown on the right is a calculation model illustrating what the institute considers to be a decent standard of living for a member of a reference family of coffee farmers from one of the four regions of San Marín, Cajamarca, Junín, and Cusco in Peru—one of the largest exporters of Fairtrade coffee.<sup>53</sup> The example illustrates the level of detail that is consistent across all calculations of living income.

## Calculation model for a living income in Peru

Calculation model for a family in coffee-growing regions in Peru (San Marín, Cajamarca, Junín, and Cusco). A reference family in these regions consists of two adults and two children, but the amount of food is specified per person per day. The standard of living has been calculated specifically for the regions and is based on a combination of primary and secondary data.

### Food

Rice	179 g
Bread	38 g
Pasta	56 g
Potatoes	105 g
Cassava	95 g
Plantains	112 g (approx. one plantain)
Beans	28 g
Lentils	28 g
Condensed milk	60 g
Fresh cheese	14 g
Eggs	44 g (approx. one egg)
Chicken	49 g
Fish	36 g
Pork	12 g
Cabbage	59 g
Onion	59 g
Tomato	59 g
Papaya	59 g
Bananas	59 g (approx. one banana)
Oil	24 g
Sugar	30 g
Popcorn	5,8 g



Food served at local restaurants in rural areas in the regions of San Marín, Cajamarca, Junín, and Cusco. Photos from [Living Income and Living Wage Report](#).

51 Fairtrade International, [Coffee](#), Fairtrade Risk Map.

52 Ibid.

53 Fairtrade International, [Benchmark Peru](#), 2023.

## Housing

- Walls made of brick, cement blocks, stone, or adobe bricks.
- Roofs made of tile, calamine, or hardened concrete.
- Floors made of a material other than earth.
- Access to clean drinking water in or relatively nearby (max. 30 minutes total travel time during a day).
- Access to a hygienic toilet/latrine, inside or nearby, connected to a sewage system.
- Access to electricity.
- Sufficient living space: 2 rooms with a maximum of 2 people per bedroom (kitchen and toilet not included).
- Adequate ventilation, especially when cooking indoors.
- Adequate lighting.
- Building in a reasonable environment (protection from cold, moisture, heat, rain, and wind).

## Other than food and housing

- Health care and education costs.
- Clothing and footwear.
- Personal hygiene.
- Transportation.
- Information services.
- Recreation
- Home furnishings/furniture.
- Other infrequently purchased goods.

## Buffer for unforeseen expenses

- Buffer for unforeseen events such as accidents, illness, and death/funerals.
- Interest and borrowing costs are excluded, as a living income is assumed to enable families to avoid falling into debt.

# Poverty and great vulnerability to climate change

The calculation model on the left shows what is needed to achieve a basic but decent standard of living for a coffee-growing family in specific regions of Peru. However, it is far from representing the reality for the majority of Peru's—or the rest of the world's—coffee-growing families. On the contrary, a 2019 study showed that almost half of the world's coffee farmers lived in poverty.<sup>54</sup> In 2018–2019, only two of the world's ten largest coffee-producing countries had incomes from coffee farming that were sufficient to even rise above the international poverty line—which is significantly lower than the benchmarks for living incomes.<sup>55</sup> Brazil is often cited as the country where the largest share of coffee farmers has the potential to reach levels equivalent to a living income, but in 2023, a clear majority of Brazilian coffee farmers still fell below that threshold.<sup>56</sup>

Since 2023, the market has been moving fast. The world market price of coffee has skyrocketed, largely due to climate-related events such as droughts in Brazil and Vietnam. In February 2025, one of the world's largest newspapers, *The New York Times*, published a report showing that coffee farmers in Honduras were experiencing increased concerns about their future financial survival, despite increased prices.<sup>57</sup>

Coffee is a climate-sensitive crop that is harvested only once a year, which means that families who depend on coffee cultivation for their livelihood are highly vulnerable. When harvests are destroyed or fail due to extreme weather such as drought and flooding, entire families risk being left without income until next year's harvest. A study from 2022 found that at least 60 percent of the world's coffee was already threatened by climate change, deforestation, plant diseases, and pests.<sup>58</sup> There are many indications that the threat is even further widespread: In a survey conducted by Fairtrade Sweden

with farmers from Fairtrade-certified coffee cooperatives in Latin America in 2023, 100 percent responded that they had noticed climate change in their work and that the problems had worsened over the past five years. Eight out of ten stated that they needed more knowledge about climate adaptation to continue growing their coffee.<sup>59</sup>

**"And as for climate change, we get very little rain in this area. It used to rain for maybe two months or a month and a half, and now it rains four times in the whole winter, which we count from June to December. That's a big change. "**

Aladino Varrantes Arce, coffee farmer at the Fairtrade-certified Coopesarapiqui cooperative in Costa Rica.



54 J. Valkila, *Why do coffee farmers stay poor?: Breaking vicious circles with direct payments from profit sharing*, Journal of Fair Trade, vol. 4, nr. 2, November 2023–June 2024.

55 Fairtrade Sverige, *Blir det någon påtår 2050?*, 2023.

56 Daily Coffee News, *GCP Brazil Study Outlines Living Wage Disparities Among Growers*, August 28, 2023.

57 The New York Times, *Coffee Prices, Climate Change and the Future of Java*, February 22, 2025.

58 Fairtrade Sverige, *Blir det någon påtår 2050?*, 2023.

59 Ibid.

“Sometimes the winter doesn’t arrive like it used to: the weather is unpredictable. This impacts us, affecting the coffee harvest. Sometimes it doesn’t rain at all, while at other times the winter doesn’t arrive for a long time.”

Luz Marina Reigoza, coffee farmer at the Fairtrade-certified Cooagronevada cooperative in Colombia.



## Inequality and fluctuating prices

Although small-scale farmers account for 75 percent of global coffee production, they have limited bargaining power in the coffee value chain, which is dominated by large roasters and trading companies. In 2019, five major coffee traders controlled half of all green coffee, and over a third of all coffee was roasted by the ten largest roasters. Together, these players have a major influence on which coffee is ultimately sold in cafés, restaurants, and food retailers around the world. The majority of the influence, value, and profit in the direct coffee value chain is concentrated among roasters and food retailers.<sup>60</sup>

But, in fact, the largest players in the coffee market are neither roasters nor producers, but pension funds, speculators, and hedge funds. Large volumes and major price fluctuations on the exchange—when it comes to the most common type of coffee bean, Arabica—are driven from New York. Speculation has a significant impact on the millions of farmers who depend on selling their coffee on the international market. In a single day, market fluctuations can amount to as much as two to three years of Sweden’s annual coffee consumption.<sup>61</sup>

A study from 2024 shows that volatile prices have a significant negative impact on the mental health of coffee farmers in Vietnam. The fluctuations lead to increased stress, financial anxiety, and increased alcohol consumption. Farmers also report poorer sleep, feelings of loneliness, depression, difficulty concentrating, and diffuse anxiety in an already stressful everyday life. They are not only affected when prices are low, but also by the uncertainty itself.<sup>62</sup>

### Small share for farmers

Barely 10 percent of the total value of coffee ends up with the farmers—even though they do the most demanding work. Instead, most of the value goes to roasters and grocery retailers, according to *World Intellectual Property Report 2017*.



## Fairtrade Minimum Price—a safety net when world market prices fall

The following pages show a graph of world market prices for coffee from 1989 to 2024 and Fairtrade Minimum Prices during the same period. The graph highlights the extreme fluctuations in the coffee market, but also clearly illustrates how Fairtrade provides strong social and economic protection for farmers in times of low market prices. However, Fairtrade Minimum Prices do not guarantee a living income, and are often well below Fairtrade’s Living Income Reference Prices. The Minimum Price should be seen as an absolute minimum level that farmers and buyers can use as a basis for negotiations. The Minimum Price is intended, at least, to cover the cost of sustainable production. In practice, this means that during periods when the world market price falls below Fairtrade Minimum Prices, many non-certified coffee farmers earn so little that they are unable even to cover their production costs, effectively operating at a loss. This was the case for more than half of the period between 2011 and 2022. During certain periods, for example, parts of 2019, the world market price amounted to only

60 Ibid.

61 Ibid.

62 Københavns Universitet, *Svingende kaffepriser presser vietnamesiske bønder mentalt*, 2024.

about half of the Fairtrade Minimum Price that year. The extremely strained situation led to Colombian coffee farmers threatening to withdraw their coffee from the exchange.<sup>63</sup>

## Correlation between world market prices and increased incomes

Between 2019 and 2023, Fairtrade International collected data from 15 regions in seven countries where Fairtrade coffee was grown. The data included information on household size, number of hectares of land, profitability, production costs, income from coffee, and any other sources of income, in order to determine what proportion of farmers earned a living income. The results showed that there is still a living income gap on many Fairtrade-certified coffee farms. In some cases, for example in parts of Uganda, almost none of the farmers earned a living income during the years when the survey was conducted (2019–2020). A 2021 study from Columbia University also finds that Uganda is the country with the largest gap between actual income and living income for coffee farmers.<sup>64</sup> In other cases, for example in parts of Peru during the years 2021–2022, a majority of coffee farmers at Fairtrade-certified cooperatives earned a living income (62 percent). In addition to demonstrating the importance of profitability in relation to income, the table shows how few coffee farmers—even Fairtrade-certified ones—have actually earned a living income in recent years. One possible explanation is that cooperatives rarely manage to sell their entire harvest under Fairtrade terms, due to insufficient demand. When they sell the remaining harvest as non-certified, they risk missing out on the benefits that Fairtrade brings. Above all, however, the table shows the relevance of the world market price: Farmers included in the surveys conducted in 2021–2022, when world market prices were higher, were significantly more likely to have earned a living than those surveyed in 2019 and 2020—although the results vary greatly between countries and regions. In 2023, prices fell again, which is also reflected in the table.<sup>65</sup>

In a survey conducted by Fairtrade Sweden in January 2023, seven out of ten respondents said that their future as coffee farmers depended on future higher prices.<sup>66</sup> Since then, the price of coffee has increased by more than 100 percent. At the time of this report's publication, the world market price is so high that most coffee farmers are able to obtain a price that exceeds Fairtrade's Living Income Reference Prices,<sup>67</sup> indicating that it, in fact, is financially sustainable to pay such prices.

**"It all starts with listening to the farmers. For the farmers of both today and tomorrow, one thing is crystal clear: a stable and high enough price is a prerequisite for improving their livelihoods."**

Carla Veldhuyzen van Zanten, Senior Advisor of Sustainable Livelihoods, Fairtrade International.

## Price increases are not the only solution

However, there are pitfalls in assuming that higher world market prices automatically lead to higher incomes for coffee farmers. Price increases are largely driven by inflation, which also affects producing countries. Agricultural inputs, such as fertilizers, become more expensive.<sup>68</sup> The extreme weather behind the global risk of coffee shortages also affects farmers more directly: If you have no coffee left to sell, the hypothetical price is irrelevant.

If coffee becomes too expensive on the exchange, farmers risk being left without buyers as the market waits for the price to (possibly) fall again. High prices may therefore seem good for farmers in theory, but do not necessarily translate into higher incomes in practice.<sup>69</sup> For this reason, long-term trade agreements and greater economic stability are prerequisites for living incomes to become a reality.

### Complex game involving coffee beans

Coffee traders buy beans from farmers and sell them to roasters. To secure future supplies, they enter into contracts that lock in purchases in advance. Traders can lose money, should the price fall, because they still have to pay the agreed higher prices to the farmers. Many hedge against this risk by betting that the price will fall. However, coffee prices have now risen sharply, meaning that these bets have resulted in substantial losses. The brokers who handle the transactions are demanding that coffee traders pay more money to cover the brokers' losses, which has led some exporters to go bankrupt. Others respond by purchasing smaller volumes of coffee, reducing supply and pushing prices even higher. At the same time, many farmers are holding on to their beans in the hope of even higher prices, further fueling price increases and creating additional challenges for coffee traders. Since there is always a risk that financial firms will demand additional funds to cover traders' losses, they too are holding on to their money. Instead of entering into long-term contracts as usual, coffee traders now purchase coffee only when farmers have beans ready for immediate sale to a buyer. In this way, they avoid tying up their capital while waiting for payment. The result is a self-fulfilling prophecy in which those who stand to lose the most—as is so often the case—are the very people who make the coffee possible in the first place.<sup>70</sup>



63 [Colombian Coffee Growers Retreat from New York Market Amid Falling Prices](#), Deutsche Welle, March 13, 2019.

64 Columbia Center on Sustainable Investment, [Responsible Coffee Sourcing Report](#), 2023.

65 Fairtrade Internationals kartläggning av levnadsinkomster på Fairtrade-certifierade kaffeoperativ 2019–2023.

66 Fairtrade Sverige, [Blir det någon påtår 2050?](#), 2023.

67 Business Insider, [Coffee Price](#), March 31, 2025.

68 Global Coffee Report, [Experts Examine Rising Fertiliser Prices](#), March 31, 2025.

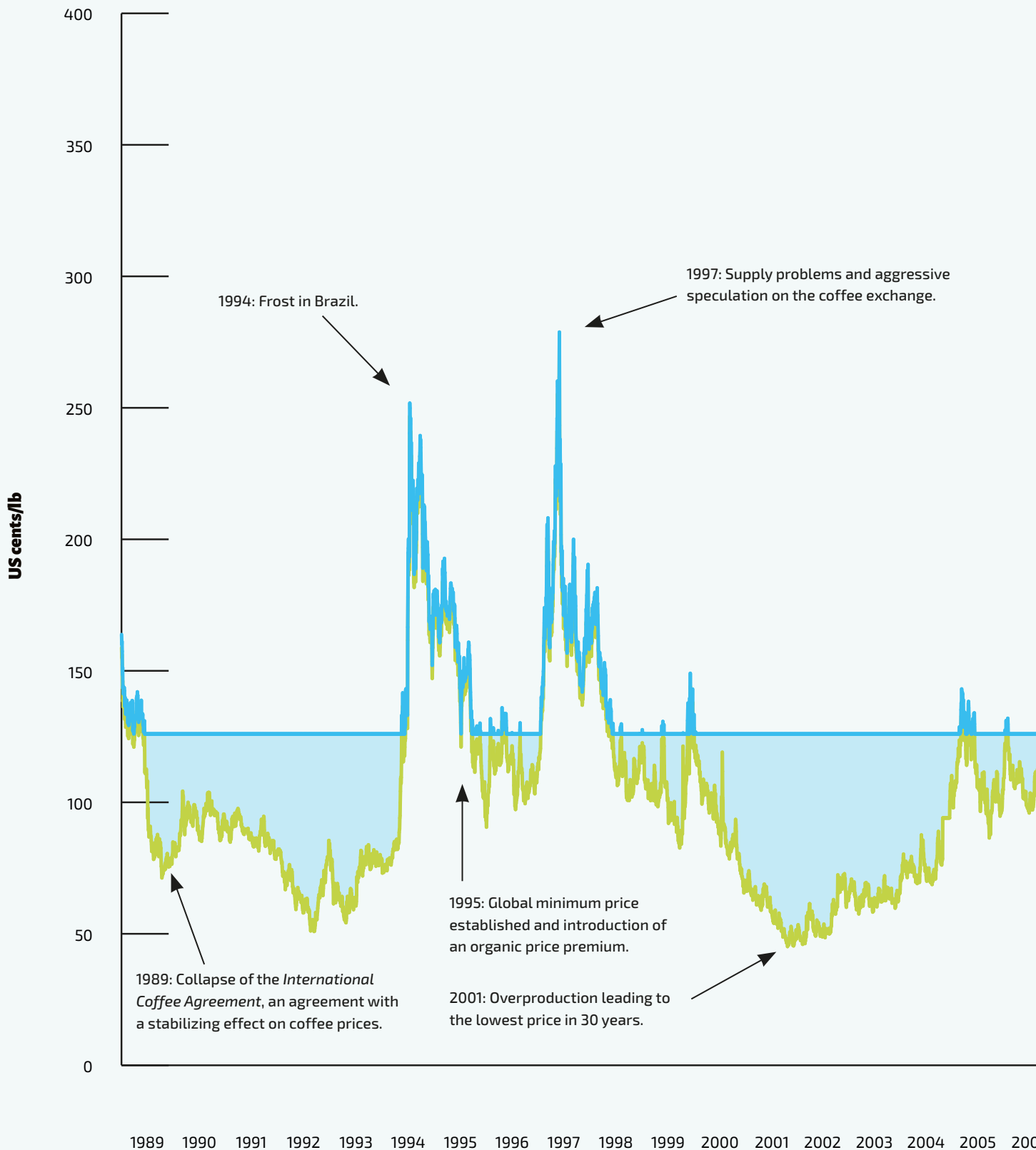
69 The New York Times, [Coffee Prices...](#), 2025.

70 Ibid.

## Fluctuations in the world market price of Arabica coffee over the last 35 years

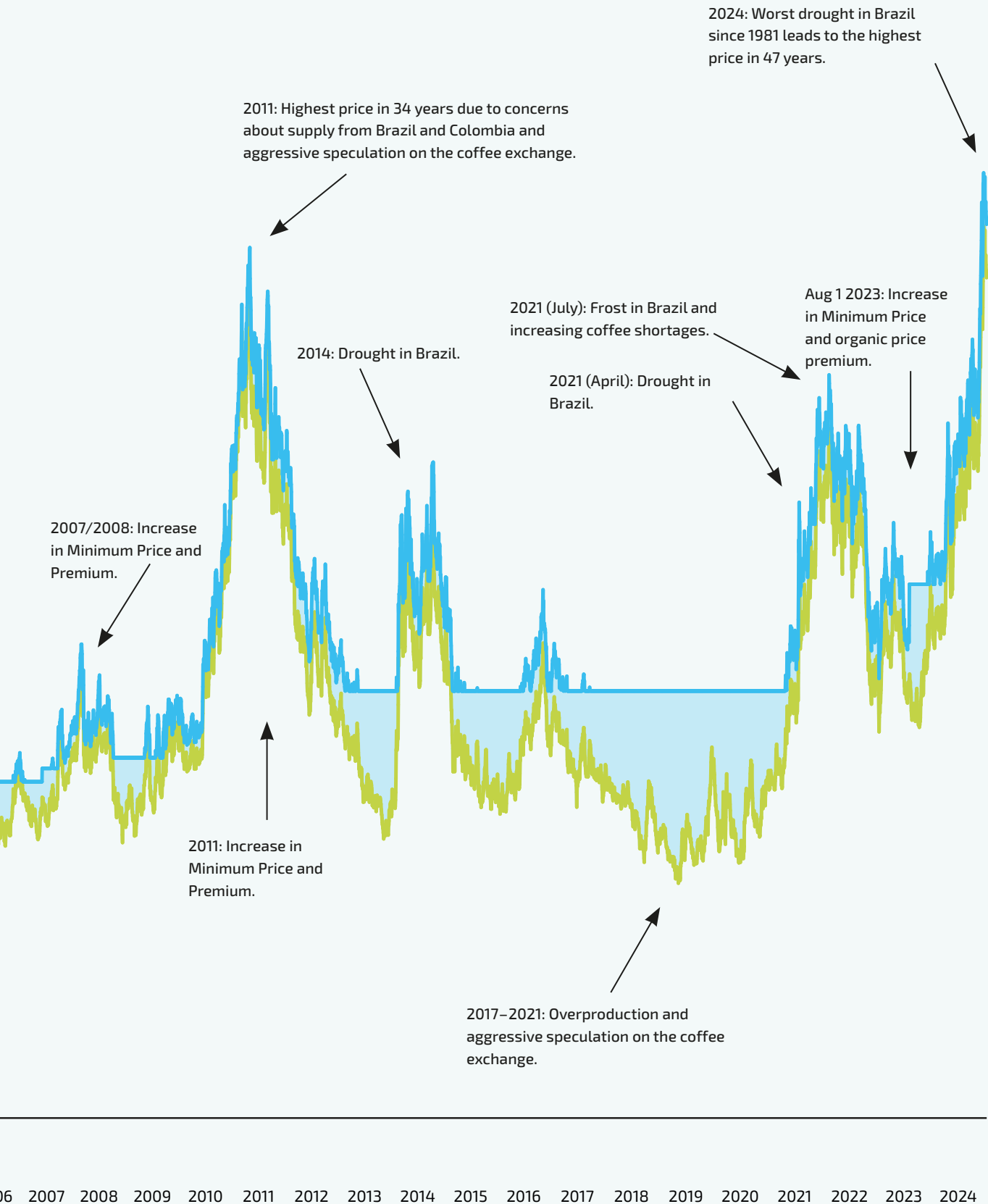
Coffee is a volatile commodity, with large fluctuations affecting the daily lives of millions. The graph shows the world market price between 1989 and 2024, as well as the Fairtrade Minimum Price during the same period. Since 2024, a lot has happened in a short period of time. The price of

coffee reached new record highs in early 2025. At the time of publishing this report, early May 2025, the price stood at four dollars. When the world market price rises to higher levels, Fairtrade-certified farmers receive that price instead.



**Fairtrade Minimum Price + Premium**

**World market price**



# Enabling environment and sustainable production

A sustainable world market price over time is, by all accounts, crucial to increasing the income of coffee farmers. But it is not the only factor that matters. According to the *Global Coffee Platform*, living incomes can be achieved when coffee farmers have access to technical assistance, technology, credit, organizational connections, logistics, and markets.<sup>71</sup>

These factors are largely reflected in Fairtrade's Living Income Strategy but are divided into two categories: **enabling environment** and **sustainable production**. An enabling environment includes regulations and legislation that create conditions for collective action on a broad level. A coffee-related example is the EU's upcoming deforestation regulation, which states that goods linked to deforestation may not be imported into the EU. This is a regulatory framework that places high demands on small-scale coffee farmers and needs to be implemented in a fair and well-considered manner, but fundamentally creates the necessary incentives and conditions for more sustainable production.<sup>72</sup> Sustainable production means that farmers need to optimize their yields, streamline their farming practices and—especially in the case of coffee—diversify their crops and income streams and invest in increased resilience to climate change. This could involve, for example, planting shade trees or growing several different types of crops so that families can sell more than just coffee and/or raise their food self-sufficiency.<sup>73</sup> Without an enabling environment and more sustainable production, the world market price plays a limited role in practice.

**“Coffee prices have been favourable in recent years, unlike before when prices were much lower. This has improved our household economy, although we still need more investment to strengthen our production.”**

Cesar Acuña Rimarachin, coffee farmer at the Fairtrade-certified Sol & Café cooperative in Peru.



# How companies can invest to achieve living incomes

Despite clear research on the climate threats against coffee and the financing needed to secure its future, companies are investing only a very small share in more sustainable coffee production.<sup>74</sup> Moreover, few companies are willing to pay the differential needed to reach Living Income Reference Prices, and the industry largely lacks initiatives comparable to those presented in the banana chapter of this report.

However, there are exceptions. In the Netherlands, there is a pilot project in which coffee companies that pay the equivalent of Fairtrade's Living Income Reference Price in their supply chains are given special status as “Living Income Leaders.” This means that they receive extra visibility and recognition in, for example, procurement processes.<sup>75</sup> The American coffee company Bellwether Coffee has also committed to purchasing 100 percent of its coffee at living income prices and uses Fairtrade to assist in calculating these prices for a range of origins.<sup>76</sup> In Switzerland, the food retailer Coop has launched an initiative with the goal of paying Living Income Reference Prices for organic coffee from Mexico and Peru. The commitment currently covers around 2,000 coffee farmers, and Coop Switzerland plans to expand the project in the coming years.<sup>77</sup>



In 2024 and early 2025, when this report is published, the world market price is so high that the ability of traders to pay prices in line with living incomes is being tested in practice. So far, most indications show that it is indeed possible and feasible to pay such prices. This is according to Carla Veldhuyzen van Zanten, Senior Advisor for Sustainable Livelihoods at Fairtrade International:

“It is important that buyers commit long term to paying these prices to ensure farmers' livelihoods—and fortunately, several brands have already made such commitments. There is now momentum for the entire industry to make the transition, and it is up to us to play our cards right,” she says.

71 Daily Coffee News, *GCP Brazil Study...*, 2023.

72 Fairtrade Sweden, *Vad är EUDR? Allt du behöver veta om EU:s lag mot avskogning*, 2024.

73 Fairtrade International, *Living Income*, 2024.

74 Fairtrade Sweden, *Bli det någon påtår 2050?*, 2023.

75 Fairtrade Nederland, *Fairtrade Living Income Leader*, 2024.

76 Fairtrade International, *Fairtrade Living Income - Progress Report 2023*, 2023.

77 Coop Schweiz, *Milestones*, 2024.

## Consumers' willingness to pay is an important factor

If companies are to be able to pay the difference to a living income and remain competitive, consumer attitudes toward the price of coffee also need to change. Consumers have become accustomed to cheap coffee, especially in Sweden, where grocery chains use a unique business model to drive down consumer prices.<sup>78</sup> In March 2025, Fairtrade Sweden and We Effect wrote an opinion piece in *Expressen* about rethinking the meaning of expensive coffee. The article states that each cup of coffee requires approximately 64 coffee beans, or 32 cherries, which are often hand-picked and then transported long distances and through multiple intermediaries. At the time of this report's publication, a package of coffee can cost just over SEK 100 in stores. That is less than SEK 2 per cup.<sup>79</sup>

## Fairtrade helps close the gap to a living income

In addition to the binding Minimum Price for coffee, Fairtrade sets Living Income Reference Prices for coffee from seven origins. These serve as voluntary benchmarks for companies that want to work towards living incomes in their supply chains.

Fairtrade only certifies small-scale coffee farmers organized in cooperatives or similar organization forms, as this enables greater market access and means less vulnerability for individual farmers. The international Fairtrade Standards include a requirement that companies establish written agreements that clearly state the price, payment, and delivery terms. In addition, long-term trade relationships are encouraged to provide producers with market stability,<sup>80</sup> and buyers must offer advance payment of up to 60 percent of the contract value if necessary.<sup>81</sup>

A review of the findings in 151 academic articles (2015–2020) shows that Fairtrade has clearly positive effects in terms of income, economic resilience, and internal democracy within farmer cooperatives.<sup>82</sup> A Harvard study from 2022 also shows that Fairtrade contributes to reduced inequality by reducing the number of actors in the value chain and shifting a larger part of the processing to the producers.<sup>83</sup>

Fairtrade also carries out educational initiatives to increase coffee farmers' productivity and adapt their crops to climate change. Enabling producers to boost yields and improve crop quality is one of the cornerstones of achieving a living income.<sup>84</sup>

**"We have been able to buy an improved cook stove. The old one had lots of smoke. It harmed our family, causing headaches and eye irritations. I much prefer this one. The time that I have now, I can use to fetch water, clean the house and meet up with friends and talk."**

Mabraat Kabbada, coffee farmer in Ethiopia.

## Fairtrade Premium: Productivity, cash payments, and children's education

The Fairtrade Premium, an extra payment on top of the sales price, plays a pivotal role in enabling living incomes at Fairtrade cooperatives. For coffee in particular, Fairtrade earmarks at least a quarter of the premium for investments in the farmers' own production, such as improving farm efficiency. In fact, 2023 figures show that coffee farmers themselves chose to allocate nearly a third of the Fairtrade Premium to such initiatives. This includes the purchase of more resistant seed varieties in Uganda, the planting of shade trees in Costa Rica, and compost soil that better withstands heat in Tanzania. In Brazil, coffee farmers saved part of the Premium in a dedicated climate fund, which was used after the drought in 2021 to support farmers whose crops had been hardest hit.<sup>85</sup>

In 2022, approximately a quarter of the Fairtrade Premium was spent on financial benefits, which can include direct payments to coffee farmers and their families. Around five percent was spent on social projects, such as building a school or drilling a new water well. Overall, the Fairtrade Premium contributes both to elements encompassed by the broader concept of a living income—such as children's education and access to clean water—and to climate adaptation, farm optimization to generate larger and more sustainable harvests, as well as direct cash payments to cooperative members.

**"We are very happy to have the school here in our community. It was built by the cooperative with the Fairtrade Premium. We will continue to supply coffee beans and empower new generations to study here."**

José Amado Torres, coffee farmer at the Fairtrade-certified Asoseynekum cooperative in Colombia.



78 Fairtrade Sweden, *Blir det någon påtår 2050?*, 2023.

79 Expressen, *Debatt: Det rekorddyra kaffet – är egentligen för billigt*, March 31, 2025.

80 Fairtrade International, *Trader Standard*, 2024.

81 Fairtrade International, *Standards for Small-Scale Producer Organisations – Coffee*, 2024.

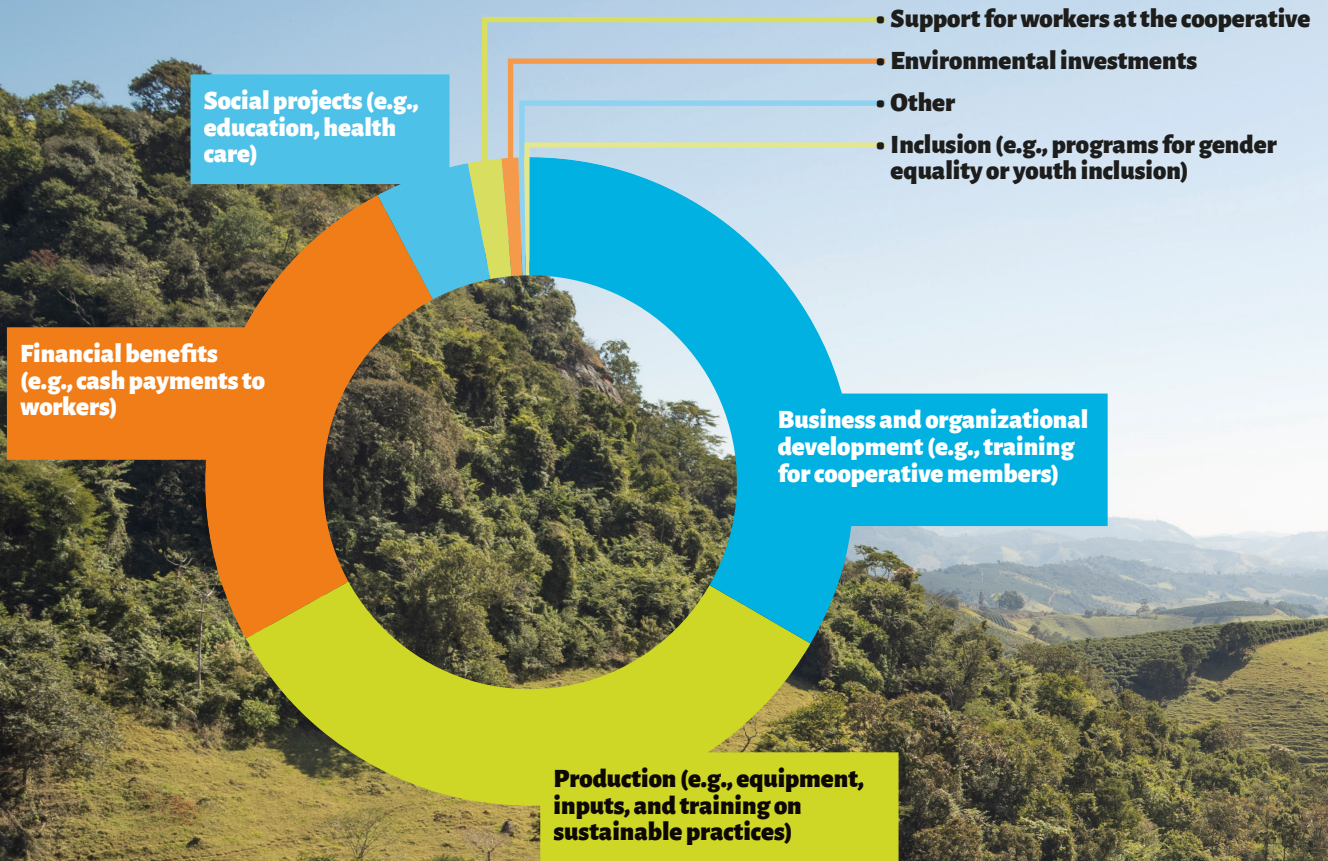
82 Fairtrade International, *Exploring Fairtrade's Impact – A Review of Research on Fairtrade from 2015–2020*, 2022.

83 Nunn, Nathaniel, *Fair Trade*, 2024 (draft).

84 Fairtrade International, *Decent Livelihoods*, 2024.

85 Fairtrade Sweden, *Blir det någon påtår 2050?*, 2023.

# Coffee farmers' investments of the Fairtrade Premium 2022–2023



# Summary

- The coffee industry represents a major global market that is greatly affected by external factors such as exchange speculation and climate change.
- Almost half of the world's coffee farmers live in poverty.
- Higher coffee prices have the potential to increase farmers' incomes, but need to be combined with investments in more sustainable production and redistribution in the value chain.
- Fairtrade contributes to increased economic security, reduced inequality, long-term trade relations, and support for climate adaptation. Fairtrade also develops Living Income Reference Prices and collaborates with companies that want to increase incomes in their supply chains.



# Concluding analysis

In this report, we have examined living wages and living incomes in global supply chains, compared them with actual wages and incomes, and discussed and demonstrated how living wages and living incomes can be achieved—with a particular focus on the banana and coffee sectors.

Our table of living wages and actual wages in countries where commodities such as bananas, coffee, tea, cotton, and textiles are produced shows that the gap between living wages and actual wages is widespread across all sectors. The fact that wages are not in line with living wages in any of the sectors and countries surveyed indicates that the problem is systematic. Our 2019 report, "The right to a living income: A prerequisite for Agenda 2030," shows that similar challenges exist in the flower industry and among workers who sew hand-stitched footballs. Even small-scale farmers who produce, for example, coffee, sugar, and cocoa are largely affected by the lack of a living income. In fact, almost half of the world's small-scale coffee farmers live below the international poverty line.

It is important to note that living wages and living incomes should be a *minimum level*, sufficient for a basic but decent standard of living. Yet wages in several of the regions surveyed are only about half of a living wage. In short: millions of farmers and workers in global supply chains will still fall short of an income they can live on in 2025.

## Different challenges for different sectors

The right to a living wage and living income is fundamental to sustainable global trade. Support for actively addressing these issues exists within the UN and the EU, as well as at the national levels in both producing and consuming countries. At the same time, our report shows that the conditions and approaches for addressing these issues differ between industries. Bananas and coffee, for example, differ in terms of

production. The coffee industry employs a greater number of people globally, the supply chains are longer and trade is more complex, with exchange trading and speculation involving large sums of money every day. In addition, the end product often consists of a blend of coffee beans from several different origins with varying quality and prices, which makes it more complicated to pay Living Income Reference Prices. Bananas, on the other hand, are a commodity that is not processed in the same way and is easier to trace throughout the value chain. In the banana industry, there are cross-sector initiatives in several consumer countries and a commitment to living wages among food retailers and companies. Workers in many banana-producing countries have also already achieved higher wages. For coffee, there is a general lack of similar broad initiatives from companies, and incomes among farmers are generally lower. However, we are now in a situation where the world market price for coffee reflects Fairtrade's Living Income Reference Prices, or is even higher than these, without the coffee industry being completely disrupted. Consumers still want to buy coffee, despite the high prices currently. This represents a great opportunity for companies that want to work to increase the incomes of farmers in their supply chains.

Other sectors with a large gap between actual wages or incomes and living wages or living incomes include cocoa, where widespread child labor further complicates the situation, and the textile and cotton industry, which employs an unusually high proportion of women. In other words, the most prominent challenges and the most relevant solutions vary greatly between sectors.

It is therefore important to examine the issue of living wages and living incomes on a sector-by-sector basis, even though many measures can be applied across multiple sectors and more broadly. For this reason, some of the recommendations concluding this report are specific to bananas and coffee, while others are general. The goal is the same: to ensure that global trade leads to people at the first stage of the value chain earning a wage or income that covers the costs of a decent standard of living.



## Necessity for future food production

At the time of publication of this report, price increases for many foods in Sweden are at record levels.<sup>86</sup> Inequality in global value chains is a contributing factor, but it cannot be ignored that the main driver behind rising prices is climate change, which leads to poorer harvests and thus reduced supply.

There are many indications that the high prices may not be temporary, but rather something consumers will have to get used to. This is a development that researchers, farmers, and retailers have long warned could happen.

Paradoxically, higher prices for farmers and better wages for workers are necessary to avoid even greater price increases for coffee, cocoa, and bananas, among other commodities, in the long term. Prices rise in response to actual or potential shortage of commodities, a situation exacerbated by climate change and ongoing urbanization. More and more people, especially young people, are leaving rural areas for the city, leaving behind land that either does not yield sufficient returns or that is no longer considered profitable to cultivate.

Efforts to secure living wages and living incomes is therefore not just a matter of fairness—it is a prerequisite for long-term sustainable agriculture. It is about protecting the environment, as well as creating incentives for people to remain in agriculture and continue to produce the commodities we all want to have access to.

86 *Matprisökningarna tar fart – kaffe och kakao rusar*, Dagens Nyheter, April 11, 2025.

# In the toolbox for more a sustainable global trade

A clear message to actors who want to work for better conditions for farmers globally is to ensure that today's high prices reach farmers and workers, translating into higher incomes. However, for this to make a difference in the long run, farmers must also dare to trust that incomes will remain at that level, which in turn requires companies to continue to pay higher prices in the long term.

This can be accelerated through legislation, such as the CSDD Directive and similar initiatives at the EU level. It is therefore positive that living wages and living incomes have been included in the CSDD Directive and that other legislation is being prepared that will create an enabling environment for greater shared responsibility throughout the value chain. Such legislation can also accelerate producers' transition to more sustainable agriculture.

## Third-party certifications and Reference Prices

For companies, consumers, and contracting authorities that already want to pay prices in line with living wages and living incomes, solutions are available from third-party certifications such as Fairtrade. With effective, accessible methods such as the Fairtrade Banana Bonus and the setting of Reference Prices for living wages and living incomes, Fairtrade has come a long way in securing prices and wages that can enable decent standards of living for the people who produce our food. Third-party certifications—whose compliance is monitored by an independent body—are an important tool for companies, consumers, and producers who want to promote more sustainable trade.

## Independent benchmarks and further research

Benchmarks and levels for living wages and living incomes are necessary and helpful for conducting studies and making credible comparisons. At the same time, they are not sufficient on their own to improve the current situation. The fact that Ecuador has set its own living wage level, for example, does not mean that workers in the country earn such a wage in practice. Nor do the Anker Institute's benchmarks automatically lead to change. However, the Anker methodology is leading in that it is transparent, methodologically robust, and widely recognised and accepted. It is also internationally comparable. The Anker Institute also conducts independent research in related areas such as gender pay gaps, which is important for deepening knowledge about sustainable remuneration.

Independent international benchmarks already exist and are updated annually for inflation, as well as when the local context requires it. The next step is for living wages and living incomes to be the goal of all actors in global supply chains.

## Increased momentum in times of high prices

Since Fairtrade Sweden published the report "The right to a living income: A prerequisite for Agenda 2030" in 2019, the playing field has changed in many ways. Politics and legislation have moved forward, while inflation and polycrises (multiple global crises interacting) have driven up prices and reduced consumer power worldwide. An uncertain world means that policymakers are now increasingly hesitant to make the necessary decisions for a more just world. This is evident, for example, in the Omnibus proposal, which risks watering down several important sustainability directives within the EU.

In Sweden, many actors in the business community have made it clear that there is a strong desire to push for more sustainable trade with living wages and living incomes. Now that politicians

in many places are stepping back on sustainability, companies and other trade actors have an opportunity to take greater responsibility for ensuring living wages throughout their supply chains.

In several places, this is already being done. For example, there is an ongoing dialogue between various Nordic food retailers and other actors about the possibility of a Nordic initiative for living wages in the banana industry. Another example is the code of conduct written by Sweden's regions, which includes a provision that living wages should be promoted:

**"2.6 Living wages are promoted  
a) Wages and benefits paid for a normal working week meet at least national legal standards or industry benchmark standards, whichever is higher. In all circumstances, wages should always be sufficient to meet basic needs and provide some discretionary income."<sup>87</sup>**




But the work is far from done. Now that our global food systems are being stress-tested by ongoing climate change and economic turmoil, there is a great opportunity to step forward as a leading player for more sustainable global trade. There is an important role to play—and a unique momentum to seize—to ensure that farmers and workers in global supply chains have their right to a living income and living wage fulfilled.



# Recommendations

## To companies

- Adopt a purchasing strategy and objectives that include living wages, living incomes, decent working conditions, freedom of association, and collective bargaining agreements.
- Work proactively to pay Living Wage and Living Income Reference Prices. Conduct surveys and projects to achieve this in the supply chain, with a focus on known risk commodities.
- Conduct *human rights due diligence* for risk commodities and develop strategies together with actors in the value chain to achieve living wages and living incomes for farmers and workers. Conduct risk analyses in meaningful collaboration with stakeholders, identify the greatest risks, establish an action plan, and follow up and review the measures taken
- Find out whether minimum wages in the country of origin are at a level equivalent to a living income and living wage, and whether the employer at the producer level implements minimum wages in policies, codes of conduct, and other governing documents. If minimum wages are below the living wage level, initiate a discussion on how they can be raised.
- Avoid *cut and run*, i.e., breaking ties with producers from countries that do not currently meet living wage and living income levels. Instead, stay and work to improve conditions by, for example, paying equivalent living income and living wage reference prices.
- Encourage and support collective bargaining and agreements. Contribute to financing facilitation for improved relations between social partners across the value chain.
- Ensure that commercial actors in the company's supply chain do not engage in unfair trading practices and that, as far as possible, they establish long-term trade relationships with producers.
- Collaborate with the most ambitious accredited third-party certifications on the market to verify sustainability requirements in purchasing and extra payments for living wages and living incomes, and to ensure quality in follow-up.
-  Use the opportunity to pay a living wage to workers on Fairtrade-certified banana plantations through the effective and established Fairtrade Banana Bonus solution.
-  Increase the volume commitment for Fairtrade-certified bananas so that producers can sell a larger proportion of their harvest under Fairtrade conditions. In multiple countries of origin, Living Wage Reference Price levels are already being met by purchasing Fairtrade-certified bananas.

-  Launch cross-sector initiatives to achieve living incomes in the coffee industry, similar to the initiatives that exist in several places for the banana industry. Now is the time to act while conditions are favorable—don't wait until world market prices fall again.
-  Invest in double-certified coffee (Fairtrade and organic), as this is the best way to ensure sustainable production and long-term economic stability. Fairtrade farmers are organized into cooperatives, which strengthens their competitiveness and resilience over time, as well as their position in price negotiations.
-  Make a long-term commitment to pay Fairtrade's Living Income Reference Prices, to ensure that coffee farmers can continue to make a living from their work in the future—regardless of fluctuations in the world market price.

## To contracting authorities

- Conduct risk analyses, particularly for commodities in sectors where there are significant risks of human rights violations, and set appropriate sustainability requirements in relation to these risks.
- Use the most ambitious accredited third-party certifications available on the market to verify sustainability requirements in procurement and ensure quality in follow-up.
- Follow existing principles and guidelines for sustainable public procurement and use the support available in, for example, the Swedish National Agency for Public Procurement's criteria service<sup>88</sup> and Fairtrade guide for fairly traded products.<sup>89</sup> Be inspired by Sweden's regions' joint code of conduct for procurement, which requires that living wages be promoted.
- Require 100 percent double-certified (Fairtrade and organic) coffee, tea, cocoa, and bananas in procurement. The supply is available, as are the guidelines to support it. This is already being done in many Swedish municipalities and regions.
-  Allow suppliers to adjust prices in ongoing agreements at least quarterly, given the significant fluctuations in the world market price of coffee. Some contracting authorities currently only allow price adjustments once a year, linked to Statistics Sweden's Consumer Price Index (CPI), which can entail a significant risk of loss for the supplier.

88 Swedish National Agency for Public Procurement, *Kriteriebibliotek* Upphandlingsmyndigheten, 2024.

89 Fairtrade Sweden, *Vägledning för upphandling av rättvist handlade produkter*, 2024.

# To the Swedish government

- Lead the way and make the right to a living wage and living income, as well as equal pay, a priority in efforts on the 2030 Agenda for Sustainable Development, in regulations and agreements that govern business and international trade, and in development cooperation, where there has been a particular focus on the link between trade and development since 2023.
- Work to ensure that the transposition of the CSDD Directive into Swedish law is as comprehensive and effective as possible. This also means working to ensure that the Omnibus proposal presented by the European Commission does not undermine the content of the directive in a way that weakens its main purpose.
- Strengthen the requirement in the Public Procurement Act<sup>90</sup> that a contracting authority **shall**, not **should**, as is currently the case, take environmental, social, and labor legislation considerations into account in public procurement if the nature of the procurement justifies this. Clarify and strengthen the requirements for risk-based due diligence in public procurement strategies, especially for commodities where social and environmental risks are well known. The minimum requirements for sustainability should cover both environmental and social aspects—including an explicit requirement that suppliers work actively to achieve living wages and living incomes in their supply chains.



## Everyone can contribute to living wages and living incomes in global supply chains by:

- Discussing the right to fair compensation for all workers and farmers. Feel free to use this report as a resource.
- Asking employers to switch to Fairtrade coffee at work.
- Asking for Fairtrade bananas, as well as other certified products, at your local supermarket, if they are not already available.
- Get involved in fair trade and sustainable consumption, for example by submitting a citizen's proposal to the municipality to become a Fairtrade Town.
- Choose Fairtrade-labeled products when available.

90 [Lag \(2016:1145\) om offentlig upphandling](#), Svensk författningssamling, 2016.



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