

## INTRODUCTION

**Coen de Ruiter, Director Max Havelaar Foundation**

**Coen de Ruiter** is director of the Max Havelaar Foundation, the Dutch branch of the Fairtrade Labelling Organisations (FLO). Max Havelaar enhances trade under fair conditions in developing countries for farmers and their organisations with the aim of alleviating poverty and stimulating development and empowerment. De Ruiter studied at Erasmus University and has a background in business economics. He worked for eleven years in commercial jobs at Unilever before deciding he wanted to work on the edge of commerce and ideals. His thorough belief that trade has a very important role to play in development brought him to the fair trade movement.

It feels very special to be here kicking off this first Max Havelaar lecture. For me personally as this year it's exactly 20 years ago that I had my first classes as a student in this enormous room, which at that time I felt to be very impressive – and to be honest, I still do if I look around. But it's even more special for the Max Havelaar Foundation, which has achieved a lot in the 19 years of its existence and is delighted with this new lecture – of which we're expecting to make an annual event. This Max Havelaar lecture offers a structural means to enhance the deepening of discussion and knowledge around the role of companies and business society in the development of less-developed regions in the world. Questions that lie at the very heart of our organisation and of which we value a broad awareness. The Max Havelaar Foundation is therefore very happy to have found enthusiastic and very capable partners to organise the lecture with. First, the Rotterdam School of Management, Erasmus University, which tries to emphasise borderless business development in its broad line of curricula in both Bachelor's-Master's and executive education programmes. Secondly, ECSAD, the Expert Centre on Sustainable Business and Development Cooperation, that brings together the expertise in this field of the Maastricht School of Management, the Amsterdam Graduate Business School and the Rotterdam School of Management. In particular I'd like to thank Prof Rob van Tulder for all his efforts and brainpower. Our third partner today is STAR, the body of students that organises this whole Management Week, but has also done a tremendous job in setting up this afternoon with Yoskha Malais as the big driver of all this.

To explain to you why the Max Havelaar Foundation thinks it's so important to set up this lecture, I'd like to take you back 19 years in time; to the year of the founding, 1988. And don't be afraid, I won't take you sequentially back to the present time on a detailed timeline. I'll keep it to this moment of birth. 1988: two Dutch development workers visit a cooperative of small coffee farmers in Mexico. To keep it simple, let's say they're there to see whether the water well that they financed is indeed there, if it functions and if people are happy with it. The president of the cooperative who receives them, takes them to the well. And so they can see that the well is there, that indeed it functions and that people are using it and are happy with it. Yet they get the feeling, that people are not really happy and that they're not hearing the real story. So they put this question to the president and he answers:

“You’re right. We are not happy. We have a cooperative here with a few hundred members; we’re trying to establish a professional organisation that is able to become a trustworthy business partner for our customers and enables our members to develop themselves both as farmers and as members of their families and of our community. In this development we have a whole bunch of tens of projects that need to be fulfilled and it’s not right that we have to hold our hands to you for every single project. It’s not right, because with all respect, who are you to decide whether this is the right project for us when we’re facing our circumstances everyday and know what we need? But it’s also not right, because it slows us down. Before our project proposal has reached the Netherlands and we’ve answered your additional questions, we’ve already lost our position in a competitive environment. Meanwhile we have very good quality Arabica coffee here for which we haven’t received a good price in years. The price on the world market very often is below 50% of the costs of sustainable production. Pay us a fair price and we won’t need your help anymore. We’ll be able to take our future in our own hands.”

And from this question of a Mexican coffee farmer a Certification Mark for Fairtrade, the Max Havelaar label arose. From the beginning set up as a label, not a brand. So the Max Havelaar Foundation is not trading itself. It sets standards for Fairtrade of which a minimum price is key. An independent body does certification. Trading is done by commercial parties who have their expertise in this area.

Although the Max Havelaar label is an import label for products from developing countries, we can also be proud of the fact that it is a Dutch export success. The Dutch initiative from 1988 has been followed in 20 other countries and these 21 initiatives together are members of the true multi-stakeholder organisation Fairtrade Labelling Organisations International. The product range has extended from just coffee to a whole assortment of tropical fruits (such as bananas, mangoes, avocados and oranges), sugar, cotton, chocolate, rice, wine and even delicious ice cream. The total sales value in 2006 was around 1.6 billion Euros, and the average growth rate in the past three years was 40% annually.

That sounds impressive, but more important is what happens with this money. In 2006 1.4 million farmers and workers in 550 organisations in more than 50 countries profited directly from the better trading conditions from Fairtrade. They decided themselves to invest this money in projects for education, business improvement, healthcare, and in general better living conditions. Many impact studies prove the benefits for development. What always strikes me most when I’m travelling are the real good examples of craftsmanship and empowerment. These farmers know what they’re doing and they’re proud of it. A good example is that of the Dominican Republic coffee cooperative. Their board told me they’re investing in the future and - like in the Netherlands - the youth is the future; investing in the future means investing in youth, in education. And I noticed that - with my western spectacles on - I was already looking for this white school, hoping there would also be money for books and pens. But... “No,” said the president. “We’re investing in something different.” And while they were still partially living in clay houses they had decided each year to fund several places at universities in the Unites States for their children. They would come back after four years as economists, business managers and agronomists, bringing the cooperative at once

on a much higher professional level. These are the examples that make you feel proud but meanwhile humble.

In the 19 years of our existence we have been fortunate to see many of these good examples, and impressive progress has been made for millions of people. But still, trade under Fairtrade conditions is not even one % of the enormous flow of goods that travels around the world. Fairtrade is good and effective, though not the only means for development. The Max Havelaar Foundation wishes not only to increase the amount of Fairtrade sales, - for which we're this currently organising the Fairtrade week for the first time, with a lot of publicity and promotions in 3,500 stores in the Netherlands - but we also wish to contribute to a broader vision and solution on the very important question of the unequal distribution of wealth. Although we acknowledge that other factors are also necessary, we're convinced that trade is key for development. That's why we organised this lecture. That's why we've invited the speakers to give their view on this subject and debate together.