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Institute of Tropics and Subtropics

Department of Economic Development



Diploma Thesis

**Institutional analysis of conditions for creation
of the Fair Trade Worldshops association in
the Czech Republic**

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Declaration

I declare that I have worked on my diploma thesis titled “Feasibility study of creation of the Fair Trade Worldshops association in the Czech Republic” by myself and I have used only the sources mentioned at the end of the thesis.

In Prague on 16.4.2012

Miroslav Klimeš

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**Institutional analysis of conditions for creation
of the Fair Trade Worldshops association in
the Czech Republic**

**Institucionální analýza předpokladů vytvoření
asociace fairtradových obchodů v České
republice**

Abstract:

This diploma thesis focuses on the concept of the Czech Fair Trade movement mainly with the respect to the involvement of the Fair Trade worldshops. In most of the Western European countries the worldshops are responsible for the genesis of the movement within the country and create its backbone. Sometimes even hundreds of worldshops are members of a networking association, which is coordinating their activities. In the Czech Republic the movement seems to take specific course, which is to be explored in this thesis.

The main objectives were to evaluate the willingness of cooperation among the worldshops and assess the possibility of their networking via newly established Worldshops association. In addition, in the case of positive results, the goal was also to propose possible ways how the association might be created and what responsibilities should it take.

The source of data was a semi-structure interview survey with the key stakeholders in the Czech Fair Trade movement. The owners or responsible management from all the particular organizations, which are running the Fair Trade worldshops, were willing to participate in the research; which was very contributing to the reliability of the study.

The research showed that at the moment there is among the worldshops only very limited cooperation in process. In addition the willingness to cooperate is also restrained. There is no desire to create a networking association. It seems that the worldshops have a lot of unexploited potential and could play more important role in the movement, than they do at the moment. There is also an opportunity for Asociace pro fair trade, which in case of certain self-restructuring could play more important role in enhancing the cooperation among the retailers and provide more service activities to its members.

Keywords:

Fair Trade, Worldshops, association, institutional economics, feasibility

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1 Introduction

The Fair Trade movement is still relatively new in the Czech Republic. However, regardless its' still developing nature, it is becoming more and more significant each year. The volume of the sold Fair Trade goods in the Czech Republic is rapidly increasing as is the knowledge and awareness of the public about Fair Trade in general. The increasing significance can be mainly seen in the fact, that Fair Trade represents an alternative to the conventional trade. It is an important message of Fair Trade; it is possible to trade in different ways, than we are used to. It has been almost two decades since this opportunity became available also for the Czechs. The beginnings were rather slow and it has taken a long time since Fair Trade could be recognized by the general public.

Now there are many players on the market, which is developing in a unique way. It is hardly comparable with the development in the Western Europe; the cradle of Fair Trade. The market was developing in different times which gave it many specific features. For example it was important that there was already established a long tradition of Fair Trade in the Western Europe, so it was much easier to build on their experiences and knowledge. In addition the retail chains started to participate in Fair Trade in very different stage, which accelerated the volumes of sold products and the movement in general. Also the online shopping is a significant part of the development.

There are still only few nongovernmental organizations participating in the movement. However they are responsible for most of the successful enlightenment in the Czech Republic. The commercial companies seem to be interested in the ideology of Fair Trade, but they are not active in the increasing of the awareness about Fair Trade, which is understandable. This fact even enhances the importance of the NGOs in the sector. It is and it always will be only up to them to provide the information to the public and carry out various projects and campaigns. It is very important for the movement that those organizations will together create a backbone for future development of Fair Trade in the Czech Republic.

2 Objectives

The key goal of this diploma thesis is to analyze the Czech Fair Trade worldshops network in terms of willingness of cooperation via survey of the attitude of the main stakeholders in the Czech Fair Trade movement. This will be connected with determination of the possible creation of certain Worldshops association, which would in certain ways unite the worldshops operating on the Czech Fair Trade market. The objective will also be to suggest certain possibilities of how such an association could be created and how should it operate.

Other objectives are to explore the position of the worldshops on the Fair Trade market and the overall position in the Czech Fair Trade movement, also to give perspective about their potentials and importance for the future development. In addition to provide brief basic comparison of the situation of the worldshops on the Czech Fair Trade market with Fair Trade markets of selected European countries.

The Czech Fair Trade market is very specific and differs in many ways from the “traditional” markets which have developed in the Western Europe and where some kinds of worldshops unions are common. It seems that at the moment there is in the Czech Republic a big variety of unique courses the owners (or the owning organization) of the worldshops have undertaken in ways, how to run the business and participate in the Fair Trade movement. This variety seems to make it rather difficult for the different organizations to seek union with one another.

The hypothesis for this research is that there will be only little willingness for any changes on the side of the owners of the worldshops. They will want to keep and develop their own unique shops or chains of shops. However it will be possible for the Asociace pro fair trade to substitute the Worldshops association in many ways. The worldshops will gain from promotional activities of Asociace pro fair trade instead of their own promotion. There will be increasing willingness to import greater volumes directly from the developing countries in the future (as the market grows on size). This will lead to mutual negotiations of the importers on this matter.

3 Literature review

3.1 Institutional economics theory

Institutional economics is an interdisciplinary field of economics, sociology, anthropology, political science, organizational theory and law. Although there are many of social sciences correlated, the main focus is on economics. According to Bertin Martens (2002) it is important to always differentiate between institutions and organizations. By institutions it is meant the set up of the rules (formal and informal), which then indicate the behavior of the involved persons. The organization are then the actual people who hold on to those established rules. In the case of developmental assistance various groups can be determined as a part of it. For example the donor agencies and recipient organizations, the direct beneficiaries of the assistance; in case of government involvement also the tax payers, lobby groups and politicians (Martens *et al.*, 2002).

The standard neoclassical model of the firm failed to fully explain the concepts such as transaction costs, property rights, etc. That is the reason why new hybrid models of the new institutional economics were developed. The new institutional economics focus on giving answers to questions such as what institutions are, how they are created, for what reason they are created, how they develop over time. Important is also the question of reformation of the institutions. It is necessary to built a concept which helps us to decide, if it the right time to make some reforms or if it is unnecessary. Reforms are very sensitive issue. In case that they are done in incorrect form and/or incorrect time, it can be very harmful. However if they are not done although they are required for various reasons, it can be harmful as well (Furubotn, 2001). The key measurement is the overall performance of the institutional setting. It is also important to distinguish between the institutional environment (the rules which lead to particular behavior) and institutional arrangements (external negotiated rules, which come usually from a trading partner or donor).

It is necessary also to distinguish between the macro-institutional level and the micro-institutional level; mainly in the case of developmental assistance. There are

certain interactions between the donor and recipient at macro level. Those interactions provide various outcomes, which then serve for performance analyzes. That is the way how for example the game theory models are approaching. However in institutional economics it is also important to go deeper to the micro-institutional level, where the particular decisions are made by concrete personnel. The decision makers usually behave in different ways that the game theory would predict (Martens *et al.*, 2002).

3.1.1 Importance of institutions for development and recognition

Well functioning institutions are the key to development. There are of course many other factors, but with dysfunctional institutions can all the efforts go in vain. According to Daron Acemogu and James Robinson (2008) the quality economic institutions are the key determinant which differentiates countries all around the world in terms of their prosperity. If the international development assistance, but also the domestic development efforts are to be successful, it is very important to have well functioning organizations with solid institutional background. However there is a common problem with the economic institutions of the society, which is the fact that they are strictly bound to political process. Without the political support it is impossible to reform economic institutions. Political equilibrium is a very positive aspect in creation of stable and perspective institutions. There are many examples in the world of governments which were unsuccessful in delivering conditions which could enhance the development and the elevation of poverty and boost the economical growth. In order to provide quality support in development and professional development policy, it is important to understand the forces, which are standing in the way and creating challenges, which might be very hard to overcome (Acemogu *et al.*, 2008). In the case of development cooperation it is usually very important for the institutions in the developed word to establish connections with the institutions in the developing countries. That would also be the case of the potential worldshop association in the Czech Republic. In that case it is important to understand and take into account also the restrictions, which those foreign institutions have to face.

Rodrigo de Rato (2006) identifies in his book “Building better Institutions” several broad principles, which are essential for building a good and well functioning institution. Firstly there is the recognition of a private sector. The private sector shall be considered as the key participant in the economy and the government should only provide adequate regulations for the market. Secondly there is the requirement that the government is devoted in protection of property rights. It is also important that there is no uncertainty in the future. The government must ensure protection of any possible investments; in order for them to take place at all. The third principle is that the rule of law preponderates. It is important to fight against any kind of corruption; either in public or private sector. The last principle concerns the macroeconomics. It is important to be in a stable environment with balanced fiscal policy and reasonable inflation.

Some people argue that it is hardly possible to improve the current state of the institutionalization. It is a question of long political and social development, therefore impossible to change in a relatively short period of time. However there are many cases from the developing countries, where the reforms were quite successful. In about 65 countries the transformation towards better economic institutions occurred in last three decades. In addition it consequently led towards rapid progress in economical growth increment (Rato, 2006).

On the contrary Daron Acemogu and James Robinson (2008) argue, that there is only little hard evidence, that economical growth is directly determined by the institutional setting. There have been many correlation studies which prove that there is a relation between the poor economical performance and poor institutions, however the source of the problem is rather more complex and it should not be focused only on those two variables. It is possible to argue, that the differences in the institutional settings in countries across the world are given by political, social, geographical, cultural and economical foundations. Illustrative example can be given on the case of European colonization. The problems of institutions in the developing world are sometimes correlated with the colonization era. The main goal of the European colonists was the extraction of resources. In order to make the system of extraction as effective and fast as possible, the institutions in the colonies had to be adjusted to this purpose. This could be achieved mainly by weak

protection of private property and lack of check and balances of the government. Usually only certain elite group had its investments and property secured. This resulted in highly centralized apparatus with corresponding institutions. On the contrary there is a second kind of colonies. Those are the colonies where the Europeans have settled in large numbers. Example can be North America, Australia or New Zealand. In those colonies were established good quality apparatus with adequate institutions, which could benefit the people. The main objective was to enhance the rule of law and protect the property rights. General protection of the property rights for smallholders, entrepreneurs and merchants is very important because sustainable economical growth depends on it (Acemoglu *et al.*, 2008).

3.1.1.1 Building of trust

Institution-based trust is very important in modern world. It is important that it is possible to believe that the institutional mechanisms are correctly placed. To build such a trust is very long and complicated process and it does not take much to lose the trust in very short time. In post socialistic countries there is rather a skeptical approach towards institutions. Building of trust towards institution is from the most part a question of socialization and experiences. If there is any amount of uncertainty and risk of opportunism, people tend to be suspicious. “Both economists and sociologists agree that trust is a crucial enabling factor in relations where there is uncertainty, interdependence, and fear of opportunism” (Pavlou *et al.*, 2004). This phenomenon is crucial also for the potential creation of new institutions, which goal is sharing the benefits of trust among the Fair Trade worldshops. Trust is very closely related to satisfaction. If people are satisfied with the current state it tends to reinforce the trust. However if there is any kind of mistreatment and disappointment, the trust can be easily lost. In that case usually some institutional changes must take place to restore the trust in the system. This is however sometimes very complicated issue, because it is not always a bad institution, which caused the disappointment, but it can be also an organizational failure (Mishler *et al.*, 1997; Pavlou *et al.*, 2004).

3.1.1.2 Game theory and decision making

The decision making is a very important process in any kind of institution. In the case of establishment and functioning of the potential worldshop association it is also a crucial issue. In the case of the creation of the association it is important in the term of the initiation of the first proposals and negotiations. It is always very complicated, when many parties, with even a slightly different interests are involved in the decision making process. The same is associated also with the functioning of the potential association and the distribution of power and influence within it. The game theory can provide interesting theoretical insights on this matter.

It is important to analyze decision making as a sequence of taken options, mainly in the environment where uncertainty of the results occurs. When consequent identification of the results is made, it is important to look at them from different perspectives. The decisions often have more then one consequence, therefore it might not be clear, which option is the best one. It is always dependent on the utility desired by the decision maker. Since it is important to understand the behavior of the decision maker, the decision maximizing the targeted utility is commonly the best option. Game theory serves us to understand also environments, where there are more decision makers, who interact with each other and their decisions have also impact on the whole environment, therefore also the other decision makers. Self-interest is an important feature because although negotiations and cooperation usually evolves, the benefits are viewed from the perspective of an individual; and the individual benefits are favored prior to the benefits of the others. Game theory is studying the chosen strategies and developed mechanisms, which are beneficial for the decision makers (Parson *et al.*, 2002).

Trust is again important and helpful during the process of decision making. Many models of the game theory shows that in the economical environment, where the autonomous decision making agents seek only self-interest, trust is in the process frequently lacking element (Alex, 2010; Hausman, 1997). However the selfish material interest does not always has to play a key role in the decision

making. There are sometimes also other altruistic motivational factors. That might be the case of many social movements, such as Fair Trade. In the case of the nonprofit organizations the trust can be established more easily. But in the terms of cooperation trust does not have to be enough. It is possible to presume that those autonomous decision making agents might not seek only self-interest, but also the interests of the movement (they are participating in) and the impact groups. This might be a prerequisite for cooperation with the others, but only in the situation, with the certainty that the desired impacts are viewed with the same perspective. In other words we can conclude, that the cooperation might occur if the autonomous decision making agents can be certain that the others have exactly the same goals. The cooperation can be hardly established if the players have different aims or different ideological perspectives.

3.1.2 Positive and negative aspects of institutions

The positive and negative aspects have common bases. In other words the dependant variables are particularly almost the same. Those variables can be for example performance, economical growth, accountability, reliability, credibility, political stability, effectiveness, efficiency, etc. What is determining whether the aspects are positive or negative is the institution itself. A well set organization can enhance those aspects and turn them to very positive and rapidly growing. This would be crucial in the case of creation of the worldshop association in the Czech Republic. On the other hand if the institution is malfunctioning and the setting is all wrong (perhaps on purpose), all the aspects turn to have very negative effect on the given area. It is important to keep in mind that it is sometimes hard to make any changes to the institutional setting and it takes time. The institutional setting usually reflexes certain collective choices, which were made. This takes it back to the distribution of power, which is always the key to any reform of any institution. If the ruling group (or individual) is satisfied with the institution (although it might cause the negative aspects) there is hardly any way of changing the situation (Rato, 2006; Acemoglu *et al.*, 2008).

3.2 Czech Fair Trade market

The first Fair Trade products were imported into the Czech Republic in 1994 by the nongovernmental organization Jeden Svět – obecně prospěšná společnost (henceforward referred to as Jeden Svět). The first products were exclusively handicrafts. In that time the markets in the Western Europe were already established and considerably developed. Therefore it was easier to build on their experiences and with their support. The dependency on their supply chains was also developed. All the products were imported from those countries and not directly from the producers. This trend continues until today, however the situation is improving, because there were some direct links to the producers established. During the eighteen years of existence of the Fair Trade market there was extensive and fast development. The beginnings were rather slow, but the last nine years were very progressive. There were many new organizations and corporations operating on the market established and important was also the establishment of Fairtrade Česká republika - Asociace pro fair trade (henceforward referred to as Asociace pro fair trade). The market shifted from the non-food products to mainly food products (Asociace pro fair trade, 2009; Lukášová, 2009).

3.2.1 Structure of the market

The structure of the market can be described as oligopoly. There is a limited number of retailers with similar products. In this kind of movement it is also more complicated, because even though the goods might differ in many ways, there is always the unifying element of their origin and tie-up to the social movement. The market is very easy to enter, because it is mainly question of importing and retailing. There is still a lot of room for innovations. To joint the Fair Trade movement and to be also active in its activities might be fairly complicated because it requires investments, which might only partially increase the sales (Krátká *et al.*, 2009).

The market is very dynamic and quickly developing. The most reliable data about the market are available from annual reports of Asociace pro fair trade (2010; 2011). Based on that source we can see that since 2005 the retail sales

increased from 100,000 EUR to 3,160,000 EUR in the year 2010. In last two years also many retail chains (mainly supermarkets) have entered the market. This was the main reason for the rapid increase of sales in the year 2010, which was about 60% yearly increase. Nearly half of the sales were via the retail chains of supermarkets (Asociace pro fair trade, 2011). This was enormous increase (from 28% of overall sales in 2009 to 47% in 2010), which might cause certain difficulties in the Fair Trade movement. Also the gastronomical facilities achieved increase in sales. The rest of the participants on the market more or less lost their share of the market. Especially important for the movement are the specialized Fair Trade shops (henceforward referred to as worldshops). They provide qualified information to the consumers and they also offer special assortment, such as jewelry, toys, decorations, textile, and also some special foodstuffs, which cannot be found anywhere else. Worldshops have lost their share of the market from 10% in 2009 to 7% in 2010. However since the overall volumes of sales have increased, the volumes of sales in the worldshops remain on the similar level. According to Asociace pro fair trade (2011) the importance of the worldshops on the market remains the same. This is however questionable, because more and more of the products are sold with only limited information or no information at all in the supermarkets and other retail.

Most of the products (85.6%) sold on the market were labeled by the international FAIRTRADE Certification Mark. The rest of the 14.4% were the unlabeled products sold from the certified (by WFTO) retailers (Asociace pro fair trade, 2011). Those are especially the worldshops, because it is the only place eligible to become the member of WFTO.

The mostly favored products were coffee (40% of sales). Cocoa, chocolate and confectionery were second most favored group of products with 17% share. Then the other products were tea (12%), processed foods (9%), cane sugar and other sweeteners (4%), the non-food products (4%) and others (5%). It is possible to see, that the products sold especially in the worldshops are not of a very high importance on the market. The importance of the worldshops is generally mainly in the Fair Trade movement and the activities they provide (Asociace pro fair trade, 2011).

3.2.1.1 Key participants and organizations

Firstly there are the nongovernmental organizations directly involved in the retailing and wholesaling. Those are of the highest importance for the Fair Trade movement in terms of the enlightenment and communication with the general public. There are three of them:

NaZemi – společnost pro fair trade (henceforward referred to as NaZemi) is non-governmental and non-profit organization. It was founded in 2003 and currently it is the biggest of the organizations operating in the Czech Fair Trade movement. It has about 20 employees and it runs extensive programs and campaigns to enhance Fair Trade in the Czech Republic. It runs also “Global development education centre” which plays important role in educating Czech youth in the issues of global context of the modern world. It has the status of an educational institute. There are two worldshops (in Prague and Brno) and four “selling points” (in Olomouc, Pardubice, Polička and Trutnov) run by NaZemi at the moment (NaZemi, 2012, a;b;c;d;e).

Jeden Svět – obecně prospěšná společnost is a public service company (also non-governmental and non-profit organization). It is “the oldest” Fair Trade player on the Czech Fair Trade market. It was founded in the year 1994 and for a long time it was the only pioneer of the Fair Trade movement. It was founded by the Českobratrská církev evangelická (in English also referred as Protestant Church of Czech Brethren). The background and support of the church is very important for Jeden Svět and gives it many specific characteristics on the Czech Fair Trade market. Jeden Svět is currently operating two worldshops; both located in Prague. They also have established cooperation with 31 churches all over the Czech Republic and there are still more of them joining every year. Those cooperating churches provide important links in the activities, because they also organize various seminars for general public and also some sales events of Fair Trade products. Right now there are attempts to mobilize even greater numbers of churches (not only from Protestant Church of Czech Brethren, but also other denominations) by a campaign Fairtradové náboženské společnosti a církve (Fair

Trade religious communities and churches) which will lunch in 2012 (Jeden Svět, 2012, a;b;c).

Ekumenická akademie Praha (henceforward referred to as Ekumenická akademie) is a civic association (also non-governmental and non-profit organization). Ekumenická akademie does many different activities and Fair Trade is one of them. It is mainly an educational organization which is trying to present and resolve various questions of culture, politics, relation between church and general society, social justice, sustainable development and others. It also directly participates on some developmental projects. One of the projects is the import and wholesaling of Fair Trade products.¹ It operates on the Czech Fair Trade market since 2004 and currently it also runs one worldshop in Prague. Ekumenická akademie is also a member of WFTO (Ekumenická akademie Praha, 2012, a;b;c;d).

Secondly there are the companies, which are operating on the Fair Trade market. Those include wholesalers as well as retailers and owners of several gastronomical facilities.

Fair Trade Centrum s.r.o. (henceforward referred to as Fair Trade Centrum) is a limited liability company. Fair Trade Centrum was founded in 2005 and its main interests are in importing and wholesaling of the Fair Trade products. However it is operating two worldshops; one is located in Znojmo and the second one in Prague (Fair Trade Centrum, 2012, a;b).

Mamacoffee s.r.o. is a limited liability company which is one of the few processors of Fair Trade products in Czech Republic. In particular it is a roaster of Fair Trade coffee which makes it the first coffee house in Central Europe which has the license to use the international FAIRTRADE Certification Mark on the roasted coffee. In addition it operates a network of five coffee shops in Prague and also

¹ In December 2011 Ekumenická akademie established a cooperative society Fair and Bio, which runs the wholesale and retailing of Fair Trade products since then.

directly imports Fairtrade®² tea. On the Czech Fair Trade market it is since the year of 2008 (Mamacoffee, 2012).

Fairově s.r.o. is also a limited liability company. It used to run one worldshop, but it has been decided to close it down. Now it focuses on importing and wholesaling of Fair Trade goods. It also has its own online retail store. It operates on the Czech market since 2006 (Asociace pro fair trade, 2010).

Excellent Plzeň s.r.o. was importer and wholesaler of Fair Trade products since 2007. However last year it has become part of Belgium coffee network Miko and transferred into Miko Káva s.r.o., therefore terminated its existence as Excellent Plzeň s.r.o. (Excellent Plzeň, 2012).

In addition there are several retail chains of supermarkets and health and organic food stores. Those are Kaufland, Tesco, Globus, Marks&Spencer, Dm Drogerie, Billa, Interspar and others. Also the retail chain of coffee shops Starbuck's offer Fair Trade coffee (Asociace pro fair trade, 2011).

Very important institution for the Czech Fair Trade market and the movement in general is Asociace pro fair trade.

Fairtrade Česká republika - Asociace pro fair trade was founded in 2004. The founding members were Jeden Svět, Ekumenická akademie and NaZemi. Since then the Asociace pro fair trade grew on size in terms of its members (as did the new players appear on the market) and also its goals and responsibilities have advanced. However it has kept almost the same organizational structure. It has also become the member of WFTO (World Fair

² Fairtrade is a system of certification by FLO (Fairtrade Labelling Organizations International). All the products within the system are labeled with the International FAIRTRADE Certification Mark - Fairtrade®.

Fair Trade is the general term for trading system with a specific rules and guarantees. Fair Trade products include high variety of goods; aside from the Fairtrade® products it includes also products made within the WFTO system.

Trade Organization), FLO (Fairtrade Labelling Organizations International) and also Czech platform FORS (České fórum pro rozvojovou spolupráci). The mostly important membership is within the FLO. From this membership there are originated certain responsibilities mainly concerning the International FAIRTRADE Certification Mark, but it brings also extra source of financing for its activities. It was the first organization in Central and Eastern Europe to become the member of FLO (Asociace pro fair trade, 2012 a; b).

3.3 Main challenges and benefits of worldshops associations

The worldshops associations have developed naturally throughout most of the Fair Trade markets. This natural development came from the desire of the worldshop owners. They wanted to meet periodically firstly on informal bases. The main goals of those meeting were to learn from each other by exchanging experiences and also to coordinate their activities. This kind of cooperation led to formal creation of various associations. Firstly there were regional associations, which sometimes became also national. As the movement grew on size throughout Europe and the rest of the world, also international and global associations were created. Most of the developed markets in Europe have at least one national association of the worldshops; sometimes they have even two. Nowadays there are several thousands worldshops in Europe and about 70% of them are members of a national association (Krier, 2008).

According to Krier Jean-Marie (2008) the associations are usually created if the number of the independent worldshops reaches certain number. The regional differences in the country usually play high role in the fact if there will be one national platform. Some regions find it hard to cooperate because of some cultural or historical differences. Young markets such as Czech Republic, Portuguese, Slovakia, Iceland, Malta or Slovenia still have no such association.

It is important to keep in mind, that in all of the Western European countries the worldshops and their associations were behind the beginnings of the whole Fair Trade movement. They have carried most of the risks of the evolving

movement. Due to their credit there were the first campaigns and enlightenment activities. The distribution of the Fair Trade products by the solely commercial organizations is relatively recent phenomenon, which is very contributing to the volumes of sales, but its contribution to the mobilization of the public and enhancement of the social movement is very limited. Those futures are usually still a burden carried mainly upon the shoulders of worldshops and their associations. In addition there are the national platforms and national FLO member organizations, which also contribute to the movement. In fact in some countries they are taking the role of the main initiator and organization of the promotional activities (Vijver, 2004).

There are many benefits of such associations, but there are also several threats. One of the main benefits is pooling of various resources. It is always more convenient to cooperate on those basis, when there are many small worldshops with limited resources and common goals. It is much more convenient in this kind of social movement, because the reasons are not solely commercial. The structure of the associations is sometimes also merged together with an importing organization. This might be very beneficial in terms of lowering the price of the goods. The structure may however radically differ. There are organizations as for example in Belgium the association of Oxfam Worldshops is in fact the owner of the importing organization Oxfam Fair Trade. On contrary in Spain there is an importing organization Intermón Oxfam and the associated worldshops serve only as its retail outlets (Krier, 2008). In the smaller markets it is usual that there are small importers and they have in an association two or three worldshops as their outlets and in addition they are sometimes doing also wholesaling to other retailers.

Other benefit of associations is for example also the advocacy. It is very important mainly in the developed markets. In addition in European Union it is also important to have some international advocacy on the European level. For this purpose there are the international or global associations. That was for example one of the original purposes of Network of European Worldshops before it ceased to exist in its original form in October 2008 (Vijver, 2004; Network of European Worldshops, 2012).

More benefits such as more effective promotion, stimulating and enabling cooperation and exchange of information, marketing, campaigning, etc. can be identified. The association can also provide newsletters and keep the members informed about its activity and the recent event in the Fair Trade movement. The association can also organize conferences where is possible to meet others and share with them. Sometimes it is also possible to organize visit of a producer, however this is quite costly. One of very important feature of worldshops associations is the higher credibility. The stores are easily recognized by the customers, which brings certain advantages (Vijver, 2004).

There are also certain threats. Firstly there is the question of financing. Membership fees from nonprofit organizations are generally not enough. There are mainly two options. Firstly it is sometimes possible to apply for governmental grants. Secondly there is a possibility to negotiate with the manufacturers of Fair Trade products or the importers to provide certain discount to the members of the association. The discounted share is then invested in the funds of the association. Another disadvantage might be the loss of uniqueness of the worldshops; if common designs are being implemented. Of course there are also problems in the decision making process. It is always dependent on the set up and on how much independency the worldshops in the association have. More advantageous are the association, which are closely united. In those cases it is however very hard to reach consensus and the decision making becomes delicate matter (Ullrich, 2007; Vijver, 2004).

3.3.1 Unlabeled products in the worldshops

The labeling system brought a great improvement. It is much easier to sell labeled products, because it is a guarantee for the consumer of the authenticity. The best know certification is by FLO CERT. However the International FAIRTRADE Certification Mark is acquirable only for foodstuffs and the hand made products created by various artisans are left aside from the system. This fact disqualifies those products to be sold anywhere except the worldshops, where is a guarantee of their authenticity. However the system is still very dependent on the honesty and fairness of the worldshops. There is a WFTO certification which is

available for organization of the whole supply chain. Those organizations are obliged to fulfill various criteria. One of them is the commitment to Fair Trade, which makes it impossible for any kind of business which sells also other products to get the certification. However worldshops without the certification also sell the handicrafts. It is mainly based on trust. Even the certified worldshops are monitored mainly by system of self assessment reporting and only in case of some kind of complaints the external verification is carried out (World Fair Trade Organization 2009; 2012 a;b; Fair World Project, 2012).

3.3.2 Tricky relation to supermarket competition

The labeling of the products gave rise to the possibility of conventional retailing of those products. Mainly the retailing in supermarkets is usually met with repulsion of the worldshops. There are several objections (for example Tallontire, 2002; Stecklow *et al.*, 2004). In addition this topic is commonly discussed among the Fair Trade stakeholders on various conferences and meetings. The most common and relevant is the objection that Fair Trade is supposed to also represent the ideology of alternative ethical trade, which is different from the conventional trading patterns. However the supermarkets represent mainly the conventional trade and they are using Fair Trade usually just to improve their corporate image. There is no contribution to the Fair Trade movement via some activities. There are also claims that employees in those corporations are sometimes working in conditions which does not fulfill the Fair Trade standards. On the other hand it is undeniable, that the supermarkets are greatly increasing the sold volumes of the Fair Trade goods (Raynolds, 2008; Krier, 2008).

3.4 Fair Trade organizations and platforms in selected European countries

In this chapter there are described the situations in several European countries in terms of their institutionalization of the Fair Trade market. It is mainly focused on the various types of Fair Trade worldshops associations, but also on the other organizations operating on the market. Several developed markets were selected

such as Austria, Germany, Italy, United Kingdom and Holland. In addition there we two younger (comparable with the Czech Republic) markets selected; those are Poland and Slovakia. The purpose is to show how various markets have differentiated.

3.4.1 Fair Trade in Austria

The biggest organization with the longest history is EZA Fairer Handel. It is a limited liability company; however there are internal rules that all the net profits must be reinvested in the company to support the Fair Trade movement. It has been founded in 1975 with assistance of Dutch SOS Wereldhandel. EZA is the largest importer in Austria. It is also operating group of three own worldshops, which are well known for their attractiveness. There are about 50 full-time employees in the company. The main clientele are the worldshops; not only in Austria. Among its interesting activities belong annual trips to the producers for worldshop workers. EZA Fairer Handel is not only a member of several international Fair Trade networks, but it also initiated or cooperated on their foundation. Those were WFTO (originally IFAT), EFTA (European Fair Trade Association) and Fair Trade Austria (EZA Fairer Handel, 2010).

Second largest organization is Eine-Welt-Handel. It is a joint-stock company also focused mainly on the importing. It traditionally specializes on basketry, but supplies also big variety of different products. It operates 6 worldshops and another ten worldshops within franchise concept. In addition it has two distribution centers; in Germany and Czech Republic. The center in Czech Republic is the Fair Trade Centrum, which is however quite independent nowadays. The distribution center in Germany supplies several hundred of German worldshops (Eine Welt Läden, 2012 a;b).

The biggest platform of worldshops is ARGE Weltläden. It has been founded in 1982 by 12 independent worldshops. Now it represents 94 worldshops and two coffee shops. The shops are operated by paid staff (about 80 full time employments), with the support of volunteer base (about 2000 volunteers). The organization is financed from the membership fees, some projects also from

governmental subsidies, but the main financing comes from about 15 recognized importers, which pay 5% of the wholesale price from the products purchased by the member worldshops. There is a common logo and design, which represents the worldshops. It is obligatory for all the members. To become member, the worldshops must also have turnover of at least 50 000 EURO, must be well located and have certain minimal opening hours. They also have to participate on regional and national conferences and on the Fair Trade Day. In return the association offers various supporting activities or materials. For example promotional materials of common design such as fliers, vouchers, price tags, balloons, stickers, etc. For those the worldshops must pay. In addition ARGE provides shop advisory services, basic and special seminars, once in two years a regional conference and once in three years a national conference. Also ARGE runs some campaigns and it has the Fair Trade Academy, which is a 15 month modular training program with certification of the graduates as Fair Trade mentors or advisers (ARGE Weltläden, 2012 a;b;c).

In Austria there is also the national FLO labeling organization FAIRTRADE Austria. This organization is very active in raising awareness about Fairtrade via various activities such as TV spots in the national TV, etc. In addition there is regional and national lobbying carried out. There are about 5000 retailers selling the certified products under the supervision of FAIRTRADE Austria (Krier, 2008).

3.4.2 Fair Trade in Germany

The main importing organization in Germany is GEPA – The Fair Trade Company. It is a limited liability company owned by six large developmental church-based German organizations. It was founded in 1975. There are about 140 employees, which makes GEPA the largest importing Fair Trade organization in the world. They supply goods to over 800 worldshops all over Europe. The turnover in the business year 2010/2011 was 58.4 million Euros. GEPA is a member of FLO, WFTO and EFTA. It is also a member of Forum Fairer Handel e.V., which is a national platform (GEPA, 2012 a;b;c;d).

Another important importer is EL PUENTE. It is again limited liability company. The name comes from Spanish and means “bridge”. The main goal is to reduce the gap between the North and South. It is one of the very important roles of all the importing companies. EL PUENTE distributes about 80% of goods to worldshops (also to the Czech Republic) (EL PUENTE, 2012).

Third important organization is dwp. It was founded by coalition of worldshops. It was founded as limited liability company, but in 2005 it has changed its structure to cooperative. The organization operates one worldshop in Ravensburg (dwp, 2012).

There are about thirty more importers of Fair Trade products, but not all of them are eligible to supply for the worldshops. However the three biggest organizations share about three fourths of the market.

Weltladen-Dachverband is a registered voluntary association of worldshops. It has about 500 member shops and it is the biggest worldshop association in the world. In addition it is supported by about 6000 solidarity groups, which provide various education programs, campaigning, and also local sales of Fair Trade products. It is estimated that in Germany in the Fair Trade movement are about 50,000 volunteers active. The association created common corporate design, which was adopted by most of the stores. The association also helps the worldshops with modernization and professionalization. Thanks to the participation in its programs many of the worldshops increased their turnovers.

TransFair Germany is the representative of FLO. It was founded in 1992. There are about 30,000 retailers including major retail chains, which are selling the labeled products. In addition there are about 800 worldshops selling the certified Fair Trade goods and 10,000 restaurants and coffee shops serve the certified drinks (Krier, 2008).

3.4.3 Fair Trade in Poland

There is a very specific situation in Poland. There is not a single worldshop operating on the market. The first organization introducing the Fair Trade concept

was Stowarzyszenie Sprawiedliwego Handlu “Trzeci S’wiat i My” (in English also referred as The Polish Fairtrade Association “The Third World and Us”). They started importing products mainly from Germany and United Kingdom and built on their experiences. They have become member of WFTO in 2011. They have their own online shop, but most of the products are wholesaled to various retailers, such as organic and bio stores and retail chains (Stowarzyszenie Sprawiedliwego Handlu “Trzeci S’wiat i My”, 2012 a; b).

The second organization operating on the market is Koalicji Sprawiedliwego Handlu (in English also referred as The Fair Trade Coalition). It serves as a platform for all organizations interested in the Fair Trade movement. The membership is however restricted only to non-government organizations. The companies can however have a partnership status. This organization is not a member of FLO, but they are in cooperation. In the future they would also like to become a member of FLO as for example the Asociace pro fair trade became in the Czech Republic. In addition they are also cooperating with WFTO. The main goal of the organization is to promote Fair Trade via public events, media, lobbying and various campaigns. The main source of financing is the governmental grants. The Polish case is quite interesting, because the roles are well established and the NGOs are active in the promotion of Fair Trade and the commercial companies are using the awareness for the retailing of the products. It seem that this system is also capable of functioning without the role of worldshops (Koalicji Sprawiedliwego Handlu”, 2012).

3.4.4 Fair Trade in Slovakia

Fair Trade concept in Slovakia is still in its early stages. The first actor on the market was Fairtrade Slovakia. It is a civic association which was established in 2003. It operates solely on voluntary bases. There are 4 volunteers working on irregular bases. Their main goal is to raise awareness about Fair Trade. In addition they are focusing on developmental education (NGDO Platform, 2012).

In 2005 a limited liability company with the same name Fairtrade Slovakia s.r.o. was established. Its main goal was to act also as an importer, wholesaler and

retailer. They were focusing also on various activities to raise the awareness, such as tastings. They have established a worldshop, but it was not a successful step. The Store had to be closed and the company started focusing only on importing and wholesaling (Krier, 2008).

Živica – Centrum environmentalnej a etickej výchovy (in English also referred as Centre for Environmental and Ethics Education) started to sell Fair Trade products in their shops; mainly from EZA and Ekumenická akademie. However the shop is not specialized on Fair Trade products. It is specialized on various products with environmental or ethic aspects. They are also active in education of youth (Živica – Centrum environmentalnej a etickej výchovy, 2012 a; b; Ekoobchod Živica, 2012).

Integra Foundation is a NGO, which is the most active in awareness rising and promotion of Fair Trade. There were also some educational projects executed by Integra Foundation. It is also the first member of WFTO in the region. Integra Foundation is the founder of a limited liability company Ten Sences s.r.o. This company opened first worldshop in Slovakia in 2005, however two years later they had to close the shop and open it in a different location. They are also the first to import into European Union the macadamia nuts from Kenya and they also import Ethiopian coffee. (Integra Foundation, 2012; Ten Sences, 2012 a; b; c).

3.4.5 Fair Trade in Italy

Consorzio CTM Altromercato Soc. Coop.a r.l. is the biggest Italian Fair Trade organization. It is a consortium, which consists of three entities. Firstly there is a importing and wholesaling company, which is the backbone of the whole consortium. It is active in awareness rising and other marketing activities. Secondly there is a platform of organizations, which has about 27,000 members. Goal of this platform is mainly to mobilize the civic society and help in organizing various campaigns, educational programs and raising the awareness. The consortium also runs extensive lobbying activities. There are about 6,000 volunteers included in the activities. The consortium has about 85 full time employments, which makes it the second largest organization in the world. The

third part of the consortium is a platform of worldshops. There are about 120 organizations involved and they operate over 350 worldshops in Italy. In addition they are expanding also abroad and cooperating with foreign organizations, which are running the worldshops under their assistance. The worldshops are allowed to keep their unique appearance and design. There is only common logo, so they can be recognized. Any of the involved organizations is not a member of FLO; only of WFTO (Altromercato, 2012 a; b).

There is also Soc. Coop. Commercio Alternativo, which is a cooperative of 67 importing organizations. The organizations are quite independent. However the cooperation is very important, because they are able to import greater volumes together, which lowers the costs and consequently the retail price (Commercio Alternativo, 2012).

Associazione Botteghe del Mondo is a worldshop association uniting about 126 nonprofit organizations, which run in total 220 worldshops. Associazione provides services such as creation of promotional and educational materials, initiation of joint campaigns, it also provides platform for negotiations, meetings and discussions. In addition it is also active in the political lobby (Associazione Botteghe del Mondo, 2012 a; b).

4 Methodology

In this applied research a qualitative enquiry mode is used to analyze the situation on the Czech Fair Trade market. The main source of data are semi-structured interviews, conducted with key stakeholders - the owners or responsible management of the particular organizations, which are running the Fair Trade worldshops in the Czech Republic. The transcripts of the interviews were processed into an opinion base format, which contained all the relevant information acquired during the interviews and served for the further analyses. Content analyzes is used to capture the repetitive, interesting or important information. In addition also some unique opinions might be identified to capture the variety of perspectives on the given subject. Since in the target group there were only the key stakeholders and not a statistically representative size of a sample, it is impossible to statistically analyze the data. Therefore the research is of a pure qualitative type. For general comparison of the Czech Fair Trade market with the other selected European Fair Trade markets are also used secondary data such as the report of Jean-Marie Krier (2008) or various European Fair Trade organizations such as Associazione Botteghe del Mondo (2012), Integra Foundation (2012), GEPA (2012), ARGE (2012), Eine Welt Läden (2012), EZA (2012) and others. Since the study investigates area, where only little information has been yet gathered and the main objective is to identify possibilities of further development in networking of the various worldshops (specialized Fair Trade stores) in Czech Republic, it can be categorized as exploratory research.

4.1 Interviews

The method of semi-structured interview was selected for the means of this research, because it fits the best to its needs. The target group is quite limited in size, which gives space to such an intensive and in-depth approach. Originally the structured interviewing or even the method of questionnaire inquiry were also considered as an option. Such methods would provide more consistent results with an easier way of analyzing them. Perhaps also the answers would be more unambiguous. However the topic of the research might be quite sensitive for some

respondents and also the ideas about the researched subject could be confusing in certain ways for them (different respondents might perceive differently, what are the questions exactly about), which would lead to possible risk of major bias. Therefore it was decided that the element of a moderating the questioning should be present. The moderated semi-structure procedure enables to ask broad open-ended questions; so, contrary to the structured type of interview, it minimizes the risk of leaving something out. The interviewer can also ask in more detail about particular interesting areas, which might be mentioned. Also the risk of unclear questions, which would cause a major bias if perceived differently by different respondents, is eliminated, because it is possible to make clarifications during the interview.

The interviews were set to be approximately one hour long. The general structure of the interview had been sent together with the basic information about the research while requesting the interviews. This made sure, that the respondents know in advance what the interview is going to be about, so they can thoroughly consider their participation and also prepare various ideas and thoughts about the topic. With the permission of the interviewee the whole interview was audio recorded for the purpose of easier and thorough further processing and analyzing. Some notes concerning important issues were also taken during the interview. It had been made clear to the interviewee before the interview that if some of the questions were too sensitive or uncomfortable to answer it is all right to avoid them. The responses were processed into descriptive opinion based format. This means that the direct speech of the interviewee was not rewritten word from word, but it was summarized in main ideas, opinions and facts, which were important, interesting or simply relevant for the aims of the research. The processed form from the transcript of the interview was then sent to the interviewee for potential correction and approval. Also some clarifying comments were requested if necessary.

4.2 Researched organizations

There were altogether seven organizations or companies requested to participate in the research. It was important that those entities were represented in

the interviews by owners or responsible management, with certain decision making possibilities and powers. This ensures the relevance of their opinions and ideas.

The requested entities can be divided into three groups:

Firstly there are the organizations or companies directly operating the specialized Fair Trade stores. Those are:

1. **NaZemi – společnost pro fair trade** (in English also referred as OnEarth - Society for Fair Trade). In the interview NaZemi was represented by Mr. Tomáš Bílý.
2. **Jeden Svět – obecně prospěšná společnost.** Jeden Svět was represented in the interview by Mrs. Magdalena Jelínková with an assistance of Mrs. Věra Lukášová who is the former head and also the co-founder of Jeden Svět.
3. **Ekumenická akademie Praha** (in English also referred as The Ecumenical Academy Prague) The interview was done with the executive director Mr. Jiří Silný.
4. **Fair Trade Centrum s.r.o.** In the interview the Fair Trade Centrum was represented by its chief executive officer Mr. Jiří Sládek.

This group was the main target group of the research. Those are all of the entities which are operating at least one worldshop in the Czech Republic. Their willingness of the cooperation on the research was crucial, because without their participation the results would be biased and incomplete. Fortunately all of them were willing to cooperate.

The second group which was selected for the interviews includes only one organization:

1. **Fairtrade Česká republika - Asociace pro fair trade** (in English also referred as Fairtrade Czech Republic – Association for Fair Trade).

This organization was included because it is a very important player in the Czech Fair Trade movement. In addition it is the only institution which serves also as a platform for the entities operating in the Fair Trade business. As representative from the Asociace pro fair trade gave the interview Mr. Ing. Jiří Hejkrlík, Ph.D.- member of the board.

The last group of two companies selected for the interviewing was consisted of important players on the Fair Trade market, which however do not run any worldshops in the proper meaning. Those were:

1. **Mamacoffee s.r.o.**
2. **Fairově s.r.o.**

This group was targeted from the reason of obtaining wider range of data for the analyses. The information obtained would serve mainly as supplementary material. Unfortunately both of the companies refused to participate in the interviewing. However Fairově s.r.o. was willing to provide written general statement about the topic of the research so at least partial information was obtained. The written response about has been provided by the chief executive officer Mrs. Pavla Pěňčíková.

4.3 Interview questions

There were three types of interviews designed; each type for the particular group of the respondents. The questions were arranged in the way that the key questions were asked in the second third of the interview, where the interview is at its peak. On the beginning there were several introductory and general questions. Also in the end there were few rather detailed questions to capture some general facts about the particular worldshops and organizations. The entire interview structures were pilot tested in advance. The redundant questions were eliminated and some questions were adjusted or clarified. For the first group of interviewees (entities which are operating at least one worldshop) were prepared sixteen questions. The second set of seventeen interview questions was designed for the

Asociace pro fair trade. For the lists of all the questions with their descriptions see “Annex 1” in Annexes.

Since the requested companies from the last group both refused to participate in the interviewing, it is unnecessary to list the structure of the prepared interview. However the written statement about the general topic of the Fair Trade market, and worldshops and their networking from Mrs. Pavla Pěňčíková from Fairově s.r.o. will be processed in the results.

Based on the content analyzes of the described results of the interviews, there was processed a simple SWOT analyzes just to summarize the internal and external factors. However it will be just a short summary without further description of the factors, because those factors will be already analyzed in the content analyzes. There will be one summary made for the Fair Trade market in general and one for the worldshops, mainly in terms of their cooperation.

5 Results and Discussion

The interviews were all done according to the methodology and none of the interviewees refused to answer any of the questions. This fact had a positive impact on the results, because the information obtained from different participants is structurally the same.

5.1 Description of the results

Prior to the actual analysis of the results it was important to process and describe the results from the interviews. The results were divided into three basic groups according to the particular target group. Each of these groups was subdivided according to the interview questions. (see “Annex 2” in Annexes)

5.2 Analysis of the results

In this content analysis the key issues and some common patterns from the results were identified, concerning mainly the Czech Fair Trade market and the actual or potential cooperation of the worldshops. The structure is dependent on the sequence of the interview questions.

Generally there is a lot of enthusiasm about the Fair Trade market from the perspective of the respondents. The market is quickly developing and there is a lot of potential. It is still not comparable with the Western Europe, but in comparison with the Eastern Europe, it is doing excellently.

There was an agreement among interviewed, that awareness rising about Fair Trade was very successful in the past and the success still continues. The Czech public is very sensitive to social issues, which makes it easy to share the Fair Trade ideology. The awareness of the movement is rapidly increasing every year, but there is still a long way to go. According to all interviewed persons, the entry of the retail chains

According to all interviewed persons, the entry of the retail chains on the market is a complicated topic. They all agreed that it is very good in terms of the

increased volumes of sold Fair Trade products and the improved distribution channeling. However there is almost no possibility to pass on any information about the Fair Trade movement through this channel. There is also the question of all the goods, which are being excluded from the assortment in the retail chains. The worldshops are almost the only option, how to provide those products to the customers too. This is an advantage of the worldshops.

Another emerging competition are the online Fair Trade shops. Their number is increasing, however each of the organizations operating the worldshops, also offers their products online. It is considered as part of the worldshop sales.

From the answers in the interviews it is possible to conclude that there is big issue of the re-imports. Most of the products on the Czech market come from the processors in the Western Europe and they are wholesaled again in the Czech Republic. This increases the price by the margin of the wholesaler and extends the supply chain; which is to be minimal according to the basic ideology of Fair Trade. This is the reason, why the two organizations (NaZemi and Jeden Svět) operating only the worldshops (and not the wholesale), are trying to import most of the goods directly from the processor. In fact Jeden Svět is no longer purchasing any of the goods from local wholesalers. On the other hand the importers do not see it as possible to directly import at the moment, because the volumes are too low.

With the issue of the re-imports is also related another topic. Many of the imports into the Czech Republic are of the same origin. Mainly from the markets, which are relatively close; such as Austria and Germany. Perhaps the products are not identical, but they originate from the same wholesalers. This is not an issue only of the wholesalers in the Czech Republic, but also of the retailers, which are importing the products on their own. This practice lowers the imported volumes, which has negative impact in increasing prices. Three of the respondents identified this issue directly. Only for Jeden Svět, it is not a very big problem, due to their specific assortment.

All the respondents agreed that in the Czech Republic there is a desperate need for more manufacturers. If more processors entered the market, it would be a great

improvement. There are few processors already operating in the Czech Republic, but the scale of the production is rather limited. There are also some interested entities, which are considering this kind of operation, but the negotiations and the decision making process takes time.

There is a lack of a direct contact with the producers from the developing countries in the Czech Republic. It is mainly due to the fact that most of the goods are re-imported and there are only few processors present at the market. Only NaZemi and Mamacoffee is cooperating (in a business way) also directly with producers. This also causes the lack of information from the production. This makes it rather difficult to intermediate to the consumers the information about the impacts on the factual beneficiaries.

By most of the respondents (except NaZemi) it is expected that the market will grow on size and that there is still a lot of potential. As result the number of the worldshops will increase in time, which will be important because the worldshops are the “engine” behind the Fair Trade movement. It is hoped for that the movement will gain in Czech Republic such a tradition as it had for example in Austria or Germany. That would lead to the possibility of creation of a dense network of the worldshops.

However the worldshops are facing economical difficulties nowadays. Many of them are already in the red figures. The only options how to operate the worldshop in present time is to have a volunteer-based background, discounted rent and/or external funds to subsidize the operations of the store. Only Jeden Svět is not facing any economical difficulties, because it has both volunteer-base background and discounted rent. This makes it possible to operate the worldshops even with minimal turnovers. NaZemi is at the moment also sustainable due to the volunteer-base; however it is not making much profit to be reinvested.

There was a common agreement among the respondents, that the biggest strength of the worldshops is the ability to pass on the information about the products and about Fair Trade movement in general. It is the main advantage in comparison with the retail chains. This seems to be the core of the importance of

the worldshops in the Fair Trade movement. It is a good and easy way how to enlighten the public and increase its awareness about the topic. However Ekumenická akademie and Fair Trade Centrum, although they acknowledge this strength, do not really see it important to use the store for such practices. The stores hold mainly different meaning for them.

There is very limited amount of activities directly in the worldshops. It is mainly due to their limited size. Rather than in the worldshop the activities are done somewhere else. The activities are being done mainly by NaZemi and few also by Ekumenická akademie (although Ekumenická akademie does not perceive the activities in the worldshops as of a big importance). Fair Trade Centrum is not doing any kind of activities for the public. The Ekumenická akademie is mainly focusing on the education of general developmental topics. Jeden Svět is focusing on the domain of their church. They are doing many activities of the same kind (seminars, exhibitions) in the churches all over the country. In addition they directly offer the products for sale there. NaZemi is the biggest organizer of various campaigns, seminars, lectures etc. It is in a way substituting the role of Asociace pro fair trade, which is usually just in cooperation on the projects. Asociace pro fair trade is mostly focusing on the professional public (e.g. retailers, wholesalers, etc.) and NaZemi is providing the enlightenment for the general public. Their source of financing comes usually from grants.

There are generally not many investments into marketing of the worldshops. However some marketing activities are done. There are no financial funds for some kind of extensive marketing techniques, but all the organizations are seeking some low cost opportunities, how to come to recognition. NaZemi is focusing on the marketing the most.

There are volunteers willing to participate on the Fair Trade movement. However there is sometimes lack of them. The only organization, which does not have problems with the numbers of volunteers, is the Jeden Svět. It is mainly due to the fact, that there are senior volunteers with enough time allocated for this purpose. Otherwise the rest of the organizations could use more volunteers. Of

course except the Fair Trade Centrum, which is a limited liability company, therefore is not using the efforts of volunteers.

The respondents agree that in general the worldshops are very important part of the Fair Trade movement. It is of course important, that the organizations, which are operating the worldshops, are all doing also many other activities aside from the worldshop. However the worldshops themselves are important as well. The Fair Trade is giving an alternative to the conventional ways of trading. The other retailers cannot do that, because they are presenting the conventional trading patterns at the same time. That makes the worldshops unique.

There is only little cooperation going on at the moment. Only NaZemi and Ekumenická akademie are able to cooperate on certain things. However even theirs potential for cooperation is far from fully used. Fair Trade Centrum is actually not cooperating on purpose, because there is not much sense in it for a limited liability company. There are different focuses for Fair Trade Centrum; mainly concerning the wholesaling. In the case of Jeden Svět is the situation quite different. They would appreciate some kind of cooperation, but they do not want to impose anywhere. They think that since they are based upon the church, it disqualifies them in the perception of others. It is true, that the others see certain differences in the basic ideology, but it does not seem as a reason why not cooperate.

The question of direct networking seems to be off the table. There is certainly no will among the researched organizations to be united under some kind of network. In addition NaZemi in fact is already operating a network of the worldshops in a sense. None of the other organizations would be willing to join it. It seems also undesirable to create such an association which would provide a common ground for negotiations and further cooperation. There are several restrictions. Firstly there is the lack of will. There is also no one to initiate such a thing and mostly important is the fact, that there are no resources to fund another institution on the market.

The role of the Asociace pro fair trade in enhancing cooperation among the worldshops is quite unclear. There are mostly concerns by the respondents that the Asociace pro fair trade is not working properly at the moment. The organizations operating the worldshops would like it to concentrate also on different tasks. However there are only limited resources and too many things to do for Asociace pro fair trade. There is not much support for the worldshops. Perhaps there is the condition in the campaign Fairtraidová města (Fair Trade Cities), that the applicants must have at least one place, where it is possible to buy Fair Trade products. There is neither a place on the market, nor a will to create a new institution, but it seems that the organizations operating the worldshops would agree on some kind of unifying function of Asociace pro fair trade; to enhance and intermediate cooperation. However there are obstacles in the structure. There are objections about the functioning and the structuration of the institution. There are different entities (profit and nonprofit) in the management, which is unusual for the members of FLO. It should be somehow separated and perhaps some kind of platform for the retailers (and perhaps wholesalers) could be created as a substructure of Asociace pro fair trade. There are also opinions that Asociace pro fair trade should try harder to obtain some governmental grants for some activities beneficial for everyone.

Based on the analyses certain internal (strength, weaknesses) and external (opportunities, threats) factors were identified from the perspective of the organizations operating the worldshops. Firstly generally for the market:

Strengths: progressively increasing volumes, leader in Eastern Europe, successful enlightenment, interesting and quality goods, good reputation, willing volunteers

Weaknesses: lack of cooperation, lack of processors, re-imports, too many importers, lack of marketing, lack of resources, lack of information in retail chains, lack of contacts with producers, economical difficulties of the worldshops

Opportunities: sensitive public, potential for growth, potential for new processors, possibility of future exports, innovations

Threats: economical recession, price wars, retail chains might abandon Fair Trade, scandal sensitive public, competition with “ethic goods”, dependency on grants

Secondly for the worldshops, mainly in terms of their cooperation:

Strengths: progressively increasing volumes, interesting and quality goods, good reputation, willing volunteers, unique interesting shops, communication with customers, channel for enlightenment

Weaknesses: lack of cooperation, lack of initiators of cooperation, weak role of Asociace pro fair trade, re-imports, lack of marketing, lack of resources, lack of contacts with producers, economical difficulties, higher prices, mostly lack of activities for public

Opportunities: sensitive public, potential for growth, innovations, potential restructuring of Asociace pro fair trade,

Threats: economical recession, price wars, scandal sensitive public, competition with “ethic goods”

5.3 Discussion and recommendations

There are many questions concerning the Czech Fair Trade market. There is a lot of enthusiasm, because the market is growing even in the time of the economical recession, but the fact is, that it is mainly due to the fact, that more retail chains started to provide Fair Trade products. In the Western Europe the Fair Trade movement is also successful even in those economically hard times. Fair Trade is presenting some kind of alternative to the conventional trade and the consumerism in general, which is failing the society right now. The people are more dedicated to Fair Trade, because of its ideology. The question is, if we experience something similar also in the Czech Republic. It seems that we are not that far yet. If we look at the figures, we can see, that the already establishes

retailers (worldshops, health and organic food stores) are experiencing rather decreases in sales. From this fact we can deduce, that behind the success (increasing sales) from last years are mainly the new retail chains. The Fair Trade goods have in the Czech Republic still rather the classification of a luxurious goods, which are stroked the most by the decreased purchasing power in the economy.

It is questionable whether it is for the best, that the retail chains entered the market. Surly there are greater volumes sold on the market, but there are also some dangers. First at all it is necessary to notice, that there are the coffee shops retail chains, such as Starbucks and Tchibo. Those are not so threatening, because they provide a specific type of retailing and they do not compete with the worldshops in such extend. The threatening retail chains are mainly those selling foodstuffs. There is really almost no information passed on to the customers during the retailing. This could be dangerous for the movement. It is possible to argue, that in the Western Europe there is the same problem and the worldshops are able to deal with it. However it is necessary to realize that in the Western Europe the worldshops and their tradition were established long before the retail chains became their competitors. There is also the threat that the Fair Trade products will not be profitable enough for the retail chains and they will stop selling them. The retail chains are not a very big threat for the existing worldshops at the moment, although they are kind of pushing them aside and limiting their importance. However the retail chains have certainly a limiting impact on the possibility of establishing new worldshops. It keeps the network of worldshops from evolving.

There is also the phenomenon of online shopping. Online shopping is very popular and wildly spreaded in the Czech Republic. It is very convenient and customer friendly. However it is again limiting in terms of Fair Trade enlightenment and mediation of the information. In addition it greatly contributes to the saturation of the market. The people from even relatively large cities, where is no access to worldshops and other retailers, can easily buy the products online. This fact is again very limiting for the emerging of new worldshops and building a compact network. In addition even the organizations operating the worldshops have their own online shopping systems. It is questionable if this is wise, because

they are in certain ways creating competition for their own stores. People can easily buy the products online (without the information about Fair Trade) and the number of people visiting the store might decrease. This is something which should be taken into consideration. NaZemi has very convenient approach, where they offer online only a limited number of the basic products, so if someone wants to see the whole variety he or she has to come into the worldshop.

It is probable that the worldshops will not play such an important role in the Fair Trade movement in the Czech Republic. Their numbers will increase only very slowly in the future. It is questionable if it is really a problem. Is it really necessary to transfer also the information with the retailing? Is it not enough just to sell the products on the internet and in the retail chains and pass on the information only in the campaigns and projects for the general public? Well there is no simple answer. However the worldshops proved themselves as generally very important part of the Fair Trade movement. They are very important because they make it possible to involve also the civic society. They can be the engine behind the movement, which mobilizes the people.

It is important to keep in mind, that Czech public is very sensitive to scandals. It is necessary to evade any kind of misinformation or denigration of Fair Trade. Some kind of negative news in any major media could cause a whole lot of problems. The future potential could become all of a sudden limited and Fair Trade might loose its built credibility. In such a scenario, it is necessary that proper explanations are made public.

The lack of the processors in Czech Republic is a real problem. Firstly the goods have to be imported from somewhere else and secondly there is the problem of the lack of communication directly with the producers. Now most of the information is obtained from the intermediation of the processors in Western Europe. This is of course problem, because the information is losing its value and potential when it is intermediated several times, before it reaches the final consumers.

The question of the re-imports seems to be very delicate issue. It is mainly because the wholesaling is based upon it. The organizations which are not also wholesalers are trying to import the products on their own, to cut the extra link in the supply chain. It is of course legitimate, because it is part of the Fair Trade ideology to shorten the supply chain. However the key issue is the final price and not the length of the supply chain. It is a question, whether it is not possible to decrease the final prices by some sensible re-importing, rather than importing very small volumes directly for the worldshops. It is recommended to thoroughly analyze the costs and the effect on the prices by the direct importing. Perhaps some kind of agreements or contracts could be made among the players on the market to import higher volumes at once.

It should be taken also into consideration, that the Czech worldshops are not an independent entities, which can decide on their own. The decision making is always tied with the organization operating the worldshop. Usually the decision making in retailing is associated with some kind of interests in importing.

The promotion is getting weaker. The worldshops should try harder to contribute to the enlightenment of Fair Trade. This should be done mainly through the activities of the worldshops; ideally in the worldshop. Only NaZemi and partially also Jeden Svět are trying to systematically do some activities.

There is generally lack of will to initiate the cooperation, but there might be potential for the cooperation itself. It does not seem as a problem of trust but rather as a problem of communication. It is a shame that the cooperation is not working. There is a lot of potential in it. Special case is also the organization Jeden Svět. Potential of this organization should not be undervalued. It is clear that the others perceive it somehow distantly. However from the ideological point off view this does not seem very legit. Perhaps there is the fact that Jeden Svět has the church background. In the Western Europe it is common that the church is also involved in the Fair Trade. In Czech Republic there is rather a distant attitude of the general public towards the church. However it is important to understand, that there is a lot of potential. The church has relatively easy access to a lot of people all over the country and might prove as very effective channel in the enlightenment. If

there are some disaccords about the way how the Fair Trade is presented, there should be some efforts for reaching consensus or common understanding. It seems that Jeden Svět might be willing for some kind of cooperation. They seem to have a lack of informative and promotional materials. If the other players (for example NaZemi) would be willing to cooperate and together create for example some kind of seminar, which could be distributed through this channel, it might be a great opportunity. It is also advisable for Jeden Svět to also apply for the governmental grants. This funding is very important for nonprofit organization. Although Jeden Svět does not feel able to gain those resources, there should be at least some effort given. It could greatly improve their budget for more activities in their own direction.

The worldshops in Czech Republic are hardly economically sustainable. It is impossible to make a living by operating the worldshop. Without some kind of subsidy, volunteer base or discounted rent, it is impossible to generate adequate revenues. This fact keeps the potential interested people from starting off the business with the worldshop. Only possibility is to do it as some kind of charity work; however Fair Trade is not a charity, so it makes it rather difficult. In addition in the smaller cities it is improbable that a sufficient volunteer base could be found. It is possible to see, that even in the capital it is not easy to mobilize sufficient number of volunteers, so in other regions it might be even harder. There is a potential in the network of the worldshops NaZemi. They provide support to their worldshops, so it might be easier to cooperate with them and start the business under the auspices of NaZemi. They are doing a lot of activities for the public. The best and the most extensive marketing is also done by NaZemi. They have become well known mainly because of the extensive campaigns financed from the grants. However the dependency on the governmental grants might cause certain threats. NaZemi is certainly the most experienced player in the field in obtaining the external funding and since Asociace pro fair trade is not competing for those resources, it is very probable that NaZemi will be provided with new financial support. However there is still possibility that the organization might shrink and become less important. It is never to be certain how much financing the

government will provide in the future; not to mention in those times of limited budgets.

It seems that Asociace pro fair trade is limiting itself by not applying for more grants from the government. It is a difficult task for institution with such a limited financial and human resources. However it might be the way how to extend the influence and importance of Asociace pro fair trade. This step would not be probably supported by NaZemi, because they would be an applicant for the same resources. Still it might be interesting idea for Asociace pro fair trade. It could make it possible to finance from the governmental funds more activities for all the members and everyone could benefit; not just one organization.

The structure of the Asociace pro fair trade should be also adjusted. There is a potential lack of trust in the institution. It seems legit to have objections about the participation of the profit organizations in the structure without any restrictions. Now it does not look probable, that those businesses could take control over Asociace pro fair trade because there are still many NGOs included as well. Still there are no rules, how to restrict for example the elections for the board of directors. There is also the question whether Asociace pro fair trade should be a service organization for its members (for helping them), or rather a marketing organization advertising International FAIRTRADE Certification Mark (supported by the members). There is also the question of Jeden Svět, which focus mainly on the non-certified products and although they are a member of Asociace pro fair trade, they gain almost no benefits from its activities; mainly marketing of the International FAIRTRADE Certification Mark. The best option for Asociace pro fair trade is to be both; service and marketing organization. This would be possible, if the structure changed. The recommendation is that there is a certain platform for retailers segregated from the general structure. This platform should be open to everyone interested. There could be a membership fee and it could also be the part of Asociace pro fair trade, which would be applying for the governmental grants. It could serve as a platform to enhance cooperation in retailing and wholesaling. In addition from the potential financial sources it could be possible to finance some activities or services for its members. Those could be for example promotional materials, informative materials, co-financing of a visit of

producer, etc. Fees would not be enough to cover those costs, but in case of the governmental grants it might be possible. There also could be for example a rule, that minimal number of the members of the board of directors from this platform or perhaps that either the chairman or the vice chairman must be from this platform. In addition to this platform, there would be the core of the Asociace pro fair trade as it is at the moment. This main body would be consisted only from NGOs (in addition other big NGOs might be offered the membership). Its main task would be to serve as the FLO marketing organization. In addition there would be other tasks equivalent to the current ones. This kind of structure would substitute some kind of institution networking the retailers and it would be convenient for the institutional structure of Fair Trade in the Czech Republic.

6 Conclusions

The goal of this diploma thesis was to provide theoretical basis of the Fair Trade movement and its institutionalization; especially in the Czech Republic. Consequently based on this theoretical knowledge to conduct research, concerning Czech Fair Trade worldshops and their role on the market. The theoretical part included different descriptions of the Czech Fair Trade market, the characteristic of worldshops and their associations, associations in different European countries and the features of institutions in development.

The aim of the research was to analyze the Czech Fair Trade worldshops and their perspectives about the Fair Trade market; mainly in terms of cooperation and their self-sufficiency. The survey has been done via interviewing the key managers in the organizations operating the worldshops. The results of the survey were not very positive therefore proved the hypothesis which was stated on the beginning of the research. There is only very little cooperation among the worldshops at the moment. The willingness to cooperate seems to be also very limited. There is no desire to initiate creation of any kind of network or new association uniting the worldshops. Since the worldshops in most cases do only limited amount of activities, their importance in the movement is also limited. There is a lot of unexploited potential. Creation of new worldshops seems very improbable in the near future. The biggest potential is in the network of worldshops NaZemi. In comparison with the countries of the Western Europe, the worldshops are doing very poorly. They are hardly financially efficient and self-sustainable. It is important to understand, that there is not yet established such a tradition of the worldshops. However it also seems that the movement in the Czech Republic will take different course, then the movements in Western Europe. Nowadays there is not such a potential for establishing compact network of worldshops. Still the worldshops will play important part and should be supported.

The recommendations for the organizations operating the worldshops were mainly two. Firstly to try communicate with each other more frequently and try to overcome certain differences. There should be more discussions. Enhancing the

cooperation seems very important. Secondly to come up with more activities (except NaZemi). The activities are crucial for the worldshops and there has to be more effort given. In addition NaZemi could try to make more joint activities with the other organizations. There were also recommendations given to the Asociace pro fair trade. The institution should make some structural changes and re-create platform, which would enhance the cooperation among the retailers. It should also try harder to obtain financial resources determined to some joint activities which would be beneficial for everyone.

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8 Annexes

8.1 Annex 1: Interview questions with description

The questions for the first group of interviewees (entities which are operating at least one worldshop were following:

1. State your name, the represented organization and position within the organization.
2. How would you describe the Czech Fair Trade market?
3. How do you see your position on the market and how you perceive the competition?
4. How would you predict the future development of the market?
5. In which ways are your worldshop(s) important for you?
6. What is your motivation for operating the worldshop(s)?
7. How do you perceive other worldshops on the market?
8. Do you carry out any activities for the public?
9. Do you invest into the marketing of the worldshop(s)?
10. Where do you see the strengths of a worldshops in general and in which ways they are important for Fair Trade movement?
11. Where do you see the strengths of your worldshop(s)?
12. Where do you see the weaknesses of your worldshop(s)?
13. Have you ever thought of joining forces with other worldshop(s)?
14. Do you use volunteers in your worldshop(s) and if so how do you motivate them?

15. Do you import your own merchandise or do you buy it from other Czech importers?
16. Can you imagine that worldshops would be united (networked) under Asociace pro fair trade?

Usually the questions were further developed by the interviewer to obtain more detail about the topic.

The second question (How would you describe the Czech Fair Trade market?) was mainly directed towards particular negatives and positives about the market and the events happening on it. The interviewees were also encouraged not to speak only about the market itself but also from the perspective of its institutionalization.

The third question (How do you see your position on the market and how you perceive the competition?) has two parts. Firstly there was the reason to see how the respondents would categorize the organization. Whether it is dominant, developing or whether it propagates certain mainstream or it is rather special in some ways. The second part of the question about the competition was mainly focused on the competition aside from other worldshops, because there was special question about this kind of competition further on. This was always made clear to the interviewee. It was emphasized whether the competition is perceived as for example aggressive, unfriendly or not threatening. Whether it is a topic of concerns or it is not really an issue for them.

The purpose of the fourth question (How would you predict the future development of the market?) was mainly to find out about their perspective of the future. How they see the position of the worldshops. Whether there is chance for their further advancement or whether they expect that the market might be overrun by retail chains and other multinational corporations.

By the fifth question (In which ways are your worldshop(s) important for you?) starts the second section of the questions, which are concerning their particular worldshop(s). This question is supposed to identify the importance of

the worldshop(s) for the organization. Whether is it economically important? Whether is it essential for the organization or rather peripheral part of their activities? If it serves as a sales channel, exposition of their goods or whether it is also question of prestige for them.

The sixth question (What is your motivation for operating the worldshop(s)?) is quite similar as the fifth one. However it investigates the direct motivations for the operation of the worldshop(s). In addition the interviewees were asked if the motivation has developed or changed over time. Also the question of economical sustainability was given.

The next question (How do you perceive other worldshops on the market?) was very important. It might be the key issue in the question of some kind of networking. It is important whether the other worldshops are perceived as hostiles or whether there is more of a friendly relationship. The goal of the question was also to find out, if there is any cooperation going on and with whom. Since there are only few players on the market, it was possible to be specific and investigate how different players are viewed differently. The result also could be, if they feel that their position on the market is threatened by someone, if someone is acting aggressively or they do not monitor the actions of the other worldshop(s) at all.

The eighth question (Do you carry out any activities for the public?) was also very important. The activities for the public is a topic, which could be improved if some kind of network organization was present. The organization could provide some uniform activities for all of the worldshops, so the costs were lower; therefore more convenient to carry out. There is a wide variety of activities which was offered to the respondents to give them idea what kind of activities might be done. Activities such as extensive or minor campaigns, seminars, presentations and projections in the worldshops, educational projects, consultancy, lobby, etc. The interviewees were also asked, what is their reason for doing or not doing the activities and what the potential impacts are. They were also asked if they would be interested in some kind of help in the matter. In addition there was a question about the usage of the store space for the activities and whether they use the contacts to the people visiting the store(s).

Next question, the ninth (Do you invest into the marketing of the worldshop(s)?), is given for similar reasons as the previous question. Marketing is also an activity which might be done cheaper and more effectively if the shops worked in a network. For example common design or common internet website might increase recognition of the worldshops. In case that there were some investments made into the marketing, it was also investigated which techniques they use to building a customer base. The interviewees were also questioned whether they are focusing on building relation between the worldshop(s) and the surrounding locality and if they are focusing on regular customers or randomly passing by people.

Next two questions are closely interlinked. The tenth question (Where do you see the strengths of a worldshops in general and in which ways they are important for Fair Trade movement?) was supposed to make the interviewee think about all the strengths and comparative advantages the worldshops might have. The eleventh question (Where do you see the strengths of your worldshop(s)?) was following to identify the particular strengths of their worldshop(s). In comparison with the previous question it was possible to see, whether the concrete worldshop(s) are reaching all the advantages that are possible.

Similar interlink was between the twelfth question (Where do you see the weaknesses of your worldshop(s)?) and the thirteenth question (Have you ever thought of joining forces with other worldshop(s)?). The twelfth question made the interviewee think about the things which are hard for the worldshop(s) to manage and where is perhaps some kind of struggling. The goal of the next question was to offer the possible option of joining forces with the others. Since it was previously realized what are the problems they face in their worldshop(s), now was the time to think if the others might help in the matter and if joining forces would be worth it. In case there would be no interest for the cooperation, the reasons were naturally investigated. The interviewee were also asked if they would be willing to establish some kind of association or cooperative for such a purposes and what would be the benefits of such an institution. There was of course the question if they would be willing to participate on such a thing and what they would be willing to invest in it.

The fourteenth question (Do you use volunteers in your worldshop(s) and if so how do you motivate them?) was rather an informative one and the purpose was to sketch in the principles the worldshop(s) are operating on. Volunteers are usually very important part of the Fair Trade movement, especially the worldshops.

The next question (Do you import your own merchandise or do you buy it from other Czech importers?) was again asked to illustrate the way the worldshop(s) operate. Also it was important to analyze, whether some common imports would be possible to decrease the costs. Common imports is one of the possibilities the networking could enable. The interviewees were questioned about the particular producers they are importing their merchandize from.

The last question (Can you imagine that worldshops would be united (networked) under Asociace pro fair trade?) was retrospectively returning to the basic idea of networking. It was asked to see, if the respondents think, that such a possibility exists and what would have to be done (perhaps some structural change) in Asociace pro fair trade, to provide the worldshops the required support.

The second set of seventeen interview questions designed for the Asociace pro fair trade was following:

1. State your name, the represented organization and position within the organization.
2. How would you describe the Czech Fair Trade market?
3. How do you perceive the function of Asociace pro fair trade on the Czech Fair Trade market and what do you think about the competition on the market?
4. How would you predict the future development of the market?
5. What would be helpful for the Fair Trade market and the Fair Trade movement in general?

6. For what reason was the Asociace pro fair trade established and is it successful in fulfilling this role?
7. What are the main sources of financing of Asociace pro fair trade and to whom is it actually responsible?
8. Are there any problems with the simultaneous membership of Asociace pro fair trade in WFTO and FLO?
9. What are the strengths of the Asociace pro fair trade?
10. What are the weaknesses of the Asociace pro fair trade?
11. Do you carry out any activities for the public?
12. How do you perceive the worldshops?
13. Where do you see the strengths of a worldshops in general and in which ways they are important for Fair Trade movement?
14. Where do you see the weaknesses of the worldshops?
15. Does Asociace pro fair trade especially help in some ways to this kind of retailing?
16. Do you think it would be a good idea for the worldshops to join forces?
17. Can you imagine that worldshops would be united (networked) under Asociace pro fair trade?

The questions are mostly very similar with the previous set of questions. The difference is that there is very different perspective about them from the point of view of the Asociace pro fair trade. It is not therefore necessary to describe all of the questions, but only the distinct ones.

The third question (How do you perceive the function of Asociace pro fair trade on the Czech Fair Trade market and what do you think about the competition on the market?) was important to obtain the information, whether the Asociace

pro fair trade perceives their role in the same ways as the entities running the worldshops. Also sub question was given, whether the function is being fulfilled. The part of the question about the competition was to discover also more objective point of view than the retailers could provide.

The fifth question (What would be helpful for the Fair Trade market and the Fair Trade movement in general?) was asked to analyze the possibility of improvement of the market. If it would be better to have for example more worldshops, or the retail chains to play more important role on the market. Perhaps new producers or importers might also change the structure of the market.

Next question (For what reason was the Asociace pro fair trade established and is it successful in fulfilling this role?) was rather sensitive, because Asociace pro fair trade has many roles and it is hard to fulfill them all. That is why it was also questioned about the development of the main objectives and the comparison with the original ones.

The seventh question (What are the main sources of financing of Asociace pro fair trade and to whom is it actually responsible?) was very interesting, because the sources of financing of Asociace pro fair trade has changed and developed over time (mainly in connection with FLO), so the question of responsibility is in place.

As was mentioned before Asociace pro fair trade is now member of few different international organizations. The question number eight (Are there any problems with the simultaneous membership of Asociace pro fair trade in WFTO and FLO?) investigates whether there are any contradictions in the directions of the future development arising from this memberships. In most of the countries of Western Europe it could look quite impossible to be member of both of these organizations, because of their differences and different methods. Asociace pro fair trade is certainly one of few institutions (maybe the only institution) with the memberships in both of the organizations.

The fifteenth question (Does Asociace pro fair trade especially help in some ways to this kind of retailing?) was asked to find out if the worldshops are

somehow so important for the Fair Trade movement, that the Asociace pro fair trade puts some extra effort to help them develop and prosper.

The last seventeenth question (Can you imagine that worldshops would be united (networked) under Asociace pro fair trade?) was the same as was given to the retailers, but there is the major difference of the perspective. It is of course crucial how this possibility is viewed by the Asociace pro fair trade. If it does not see it as possible or appropriate, it is hardly achievable. In addition there would be probably same kind of structural adjustment required.

8.2 Annex 2: Processed results of the interviews

First group of interviewees (entities which are operating at least one worldshop):

1. State your name, the represented organization and position within the organization.

NaZemi

The interviewee is Mr. Tomáš Bílý and he is representing nongovernmental organization NaZemi – společnost pro fair trade, which was one of the first importers of Fair Trade foodstuffs in the Czech Republic. The first worldshop was opened in Brno in 2004. Tomáš Bílý is nowadays working at NaZemi in the program “Promotion of fair trade” (there are three programs: Promotion of fair trade, Corporate accountability and Global development education) part of which are the worldshops. His main responsibility is leading the program Promotion of fair trade and communication with the public. He is the former manager of the worldshops NaZemi, which he managed for many years. He is also the chairman of NaZemi and chairman of Asociace pro fair trade (which he is not representing in the interview).

Jeden Svět

The interviewees are Mrs. Magdalena Jelínková with an assistance of Mrs. Věra Lukášová and they are representing a public service company (non-

governmental and non-profit organization) Jeden Svět. Mrs. Věra Lukášová is the former director of Jeden Svět and she was in the position for 15 years. Now is Jeden Svět directed by Mrs. Magdalena Jelínková who is in the position for 4 years. Jeden Svět was founded in 1994 as the first Fair Trade organization in Czech Republic. They have two worldshops in Prague. Jeden Svět was founded by two parishes of Protestant Church of Czech Brethren.

Ekumenická akademie

The interview has been done with Mr. Jiří Silný, who is representing the Ekumenická akademie, which is a civic association (non-governmental and non-profit organization). He is the director of Ekumenická akademie and he is also the chairman of a newly established cooperative society Fair and Bio, which runs the wholesale and retailing of Fair Trade products.

Fair Trade Centrum

The interviewee is Mr. Jiří Sládek and he is representing the Fair Trade Centrum s.r.o., which is a limited liability company. It is operating on the Fair Trade market for six years. Originally it is a subsidiary company of Austrian Eine Welt Handel, but all the organizational, distributional and decision-making powers has Mr. Sládek, who is the chief executive officer. They operate mainly as a wholesaler, but they have also two worldshops.

2. How would you describe the Czech Fair Trade market?

NaZemi

The market is young and dynamic. There were the first imports of foodstuffs in the 2004. There are big increases in turnovers every year. Nowadays big retail chains are entering the market, which is further increasing the accessibility of the products. Lot of e-shops has emerged which is contributing to the saturation of the market (even the people without access to retailers with Fair Trade products can acquire them). All the product groups will be available on the market in few years and the supply of the products will be sufficient. Characteristic for the market are also the re-imports of the goods, which is one of the aspects of higher prices. There

are only few processors on the market, which is insufficient. It is necessary to have for example also a cotton processor and others. There is increasing sensitivity of the Czech public about the topics connected with the Fair Trade movement. From the point of view of the institutionalization Czech Republic the first post-socialistic country where is the representative of FLO, which is a success.

Jeden Svět

There are only few worldshops in comparison with other countries of the Western Europe. It seems that the worldshops are developing slowly and their impact on the market is rather weaker. Now the main role is being taken by the retail chains, which is questionable. There is still not a good awareness about Fair Trade; only certain groups of people know it. The institutionalization is poor. Asociace pro fair trade is not sufficient and it is not functioning properly at the moment from their perspective. It should play more important part in distribution of informative and promotional materials. There is room for other institutions which would have also other responsibilities. It is desirable that more NGO's enter the Fair Trade movement.

Ekumenická akademie

There is a fast and dynamical development. Czech market is the best from the post socialistic countries. However the volumes are still small, so there is potential for the future. In the last two years there was a rapid expansion of the retail chains, so it dramatically increased the sold volumes. There are not enough processors. The development should aim towards direct imports, but now there are only small volumes imported, therefore it is too expensive. However the re-imports are not a long-term solution; there are too little margins. The institutionalization is not successful and it is weak. Asociace pro fair trade originally should have supervised the compliance with the rules, but also purely commercial members have joined, which is a conflict of interest (the Asociace pro fair trade is run by the organizations which are controlled by it). There is not a clear plan for the future. Perhaps some kind of restructuring of Asociace pro fair trade, such as some system of dual memberships, could help to improve the situation. It is good, that Asociace

pro fair trade is now a representative of FLO. That way the money from the license fees are partly returning directly into Czech Republic and Asociace pro fair trade gained this source of financing. However there is missing also the influence of the WFTO procedures, where they license the particular organization and not just the products. More organizations on the market could improve the situation.

Fair Trade Centrum

There is dynamical growth but the market is still not developed enough. On the other hand there is very effective and successful enlightenment about Fair Trade. Within six years Fair Trade has become quite known and well accepted. There are only few worldshops, but their presence is very important. It is evidence of development in the Fair Trade movement. Fair Trade is starting to be very attractive. Larger corporations in Czech Republic like to include in their assortment new, nontraditional goods and they are also willing to add and use the subtext of Fair Trade, although it is not so beneficial for them. This way Fair Trade can be easily distributed to general public; however only when it brings profit. There are also smaller retailers (bio shops, healthy food shops, coffee shops, etc.). Fair Trade is gaining publicity and also companies and the government are starting to be interested and use the Fair Trade products (gift packs, coffee, tea, etc.). Asociace pro fair trade is satisfactory institution for country of this size. Some other institution would be redundant and it is hardly imaginable.

3. How do you see your position on the market and how you perceive the competition?

NaZemi

NaZemi is profiling as experts in the field. They create the information framework. They are currently the biggest organization with the most experience. They cooperate directly with producers and also on the European level. They create and enhance discourse and they also indicate the direction of the Fair Trade movement. They are on the vanguard of the movement.

There is a positive relation towards any kind of competition. Competition expands the accessibility of the Fair Trade products. That is also the reason, why NaZemi posts on their website all of the retailers and not just their worldshops. They do not hesitate to recommend some of their competitors to the customers if required goods are not available in their store. The retail chains complement the worldshops, which main merit should be to provide the information. The retail chains create the majority of the turnover, however they provide only the basic foodstuffs and it is up to the worldshops to provide also the other goods such as special foodstuffs, toys, decorations and other handicrafts (which mostly cannot be yet certified, therefore sold elsewhere than in the worldshops).

Jeden Svět

They focus on work within the church (sales, seminars, lecturing). They specialize in handicrafts and they have the best assortment of them. They do not think they have rather a charitable approach towards Fair Trade. It is not a question of a business for them, so they do not perceive competition negatively. More volume is sold the better it is. However the retail chains do not provide the “added value” (the information and enlightenment about Fair Trade). In addition the retail chains sell only foodstuffs. However the handicrafts are for many regions in developing world the only possibility to participate in Fair Trade and they are left off by retail chains. Jeden Svět wants to pass on the ideas about Fair Trade, the stories of the producers, and the retail chains are not doing it. Fair Trade should be personal experience. In addition the products are sometimes sold in sales after the expiration date, which makes a bad picture about Fair Trade and its effectivity. Also the employees of the retail chains sometimes work in conditions which are not corresponding with the Fair Trade concept. They think that the fact that they are functioning with the church background makes the other organizations on Fair Trade market (including Asociace pro fair trade) to perceive them distantly and do not have understanding for them.

Ekumenická akademie

In the wholesales they are on the third place (after Fair Trade Centrum and Fairově). However it is not clear if all the players on the market admit to the Asociace pro fair trade all the sales, because there is not a tool to make them to do so. The retail chains are not able to give the information about Fair Trade to the customers, but on the other hand the volumes of sales are increasing, so there is more profit for the producers. There should be more effort of presenting Fair Trade in the retail chains. The other players on the market are competition on one hand, but also customers (Mamacoffee, NaZemi, etc.) on the other hand. There is a tension in the importing. Some importers are importing the same goods which leads to price wars. This is not desirable, because it lowers the imported volumes, which increases the prices. There is huge variety of the products to import, so it is possible to differentiate.

Fair Trade Centrum

They are trying to have high variety of products and they are one of the top wholesalers in Czech Republic. They are mainly focusing on smaller subjects. Two years ago Kaufland v.o.s. started to sell the Fair Trade products, but now it is a question, whether it will continue; it is always a question of profit and not of the ideological interest. The retail chains are retailing to the general public, but it is not passing on the information, so the potential is not fully used. Better are smaller subjects.

4. How would you predict the future development of the market?

NaZemi

The market is saturating, but there is still room for fresh fruit, cut flowers, textile and other products, so further development is possible. There will be substantial growth of the market for approximately two years, but then it will start to inhibit. There will be good accessibility of the products and the consumers will be getting used to daily consumption of them. There might also be a big potential in the retail chain Albert (operated by Ahold), which is one of the biggest on the Czech market. If Albert starts to retail Fair Trade products, it would be huge shift in the overall turnovers.

Jeden Svět

There is a lot of room for further development of Fair Trade market, but there will be certain stagnation. Mainly in the case of the handicrafts (they have long durability and the assortment is limited). In the time of economical recession there is a threatening competition of cheap products from China. The faster development is in the case of foodstuffs, because it is easier to adapt. There are also regular customers of foodstuffs, but not of the handicrafts (people do not buy the same product twice). However the producers are innovating (better packaging, transport and labeling), because they understand that Fair Trade is not a charity and they are in a competitive environment.

Ekumenická akademie

It is a question of the economical development. The purchasing power will decrease and the segment of relatively more expensive Fair Trade goods will suffer. The retail chains have the advantage in the higher volumes (therefore lower prices). In the Western Europe the economical recession even enhanced the Fair Trade movement, because the people started to revolt against the obviously dysfunctional conventional trade. However this will probably not be the case of Czech Republic. There is still potential in the domestic market. There are some non-traditional places, where Fair Trade products can be traded such as pharmacies, online, farmers' markets, etc. The retail network is very sparse and the potential customers are unable to buy the products.

Fair Trade Centrum

There is a great potential, which is still not being used. There is still the possibility of development in comparison with for example Austria. However now there is the economical recession so the development has slowed down, but perhaps that will trigger even more dynamical development in about two years time.

5. In which ways are your worldshop(s) important for you?

NaZemi

It is important that the worldshop provides representative sample of Fair Trade goods. One of the most important goals is to provide information channel to the public. There is a library and quality personnel available, which is able to provide the information about Fair Trade. The worldshop is a place for education and enlightenment. There is also e-shop of NaZemi with the basic assortment, but its main purpose is to provide quality information and to attract new customers into the worldshop, which is to stay the main distribution channel.

Jeden Svět

The worldshop is a place to meet and offer the Fair Trade goods. Important is also the opportunity for volunteers to work there. They have especially senior volunteers for whom the involvement in Fair Trade movement brings fulfillment in their lives. The worldshop is also functioning as a “headquarters” from where the goods are distributed to different churches, to be sold there during some public education activities.

Ekumenická akademie

They were functioning without the worldshop for a long time. Four years ago they have established one, but it was loss-making, so after one year they have decided to close it down. Then there was the opportunity to open one in the cooperation of a “social enterprise” (restaurant employing disabled people), which operates in a building with lowered rent. This way the Ekumenická akademie gained a good situated store with low rent. Under those conditions it is possible to run the worldshop. The cooperative society Fair and Bio should operate more worldshops in the future. The worldshop is however of only low priority for Ekumenická akademie. It serves as distribution channel and delivery point of their online shop. Their main focus is on education.

Fair Trade Centrum

The worldshop in Prague was opened about one and half year ago and the main reason was prestige. Prague is a huge market and it is necessary to have there some kind of representation. The worldshop is important as a showroom of the

products for the wholesale. The retailers want to see the products in reality and not only in catalogue or on the internet. It serves also as a “headquarters”, place of business meetings, where it is possible to directly show the goods. The mostly important for them is the wholesale, because it serves for distribution of higher volumes of Fair Trade goods all over Czech Republic, which helps the producers in the developing world. For Mr. Sládek it is also personally important, because it represents something meaningful for him to do.

6. What is your motivation for operating the worldshop(s)?

NaZemi

The organization was established in 2003 with the main purpose of enhancing the awareness about Fair Trade. However it was necessary to also offer the products and expand their availability, so it was the reason for establishing the worldshop(s). From the economical point of view it is not very effective, but they try to make it sustainable and the potential profits are reinvested in the activities of the organization. The economical sustainability is possible only because of the work of the volunteers.

Jeden Svět

On the beginning there was a lot of enthusiasm (mainly personal enthusiasm of Mrs. Lukášová and Mr. Jaromír Dus (founders of Jeden Svět)) about supporting the people from the third world by selling interesting, exotic products, which are for the Czechs attractive. It was a brilliant commercial idea based on a supply and demand principle. They wanted to offer the public the possibility to participate in this and to spread the information about the conditions of conventional production of traded goods. Later they started to be more sophisticated and better informed. From the economical point of view they do not have any problems. They have non-commercial rent from the church and their operations are based on the work of volunteers. They need only to pay half-time employee (Mrs. Jelínková). The church is a great supporter and it helps, because they do not need to act commercially.

Ekumenická akademie

The main motivation is in the distribution channel but also enlightenment of the public is very important, because the ideology is the core of Fair Trade. It is also possible to distribute there some promotional materials. The main activity is however the wholesale, because it gives the opportunity for the retailing. Economically is the worldshop stable, but it does not generate profit. There is an employee covering three fourths of the opening hours. They have to help the worldshop from other sources, such as other projects (for printing materials, tastings, etc.)

Fair Trade Centrum

The main motivation is to popularize Fair Trade in general and also the wholesaling of Fair Trade Centrum. They had high expectation from the worldshop in Prague, but it is still in the red figures. However there is improving tendency. The disadvantage is, that they are operating in the commercial environment, without support of volunteers.

7. How do you perceive other worldshops on the market?

NaZemi

Their existence is very positive. However there are certain deviations. Some organizations have different target group or they present Fair Trade as a way of helping someone (charity). NaZemi sees Fair Trade as a kind of trade with certain rules, which offers a solution to some problems of the international trade. There are also companies, which operate the worldshops. They can use the generated profits however they want (contrary to the nonprofit organizations); which is different approach, but it is absolutely acceptable.

Jeden Svět

All of the worldshops are different and they have different approaches. They do not perceive them as a competition, but there is not much friendship or cooperation. Jeden Svět does not think that there is any interest from the others to cooperate, so they do not want to interfere. They focus only on the church environment. They also perceive certain generation differences, because they do

not have many young people as the other organizations. They are not able to compete with them in applying for governmental grants or gaining other external funds. However it does not matter, because they do not see it as their domain and they want to focus on the domains where they feel strong. There is only a hard feeling about the establishment of the worldshop NaZemi nearby (400m). They find it kind of unfair and unnecessary to have two worldshops this close. There are a lot of uncovered areas in Prague and than there are two stores so close to each other. However the assortment is still quite different, so it is possible to give the customers references for products the others have.

Ekumenická akademie

Each of the worldshops has its own identity. Jeden Svět has rather a charitable approach. Fair Trade Centrum has rather a different ideology of a business with ethical goods and is not developing the concept any further. The closest to the Ekumenická akademie is NaZemi. However Ekumenická akademie is more radical and critical in the general educational activities. In addition NaZemi is a customer.

Fair Trade Centrum

They do not cooperate and they have quite a neutral relationship with the other worldshops. To NaZemi they supply some products.

8. Do you carry out any activities for the public?

NaZemi

They are the most active in this matter in the Czech Republic. They are to certain extend (mainly in the past) substituting the role of Asociace pro fair trade. They are cooperating for example on the campaign Fairraidová města (Fair Trade Cities) which is very successful. It has been started in 2011 and within six months there were first certificates to the cities of Litoměřice and Vsetín. They are also cooperating on the campaign Fairtradové školy (Fair Trade Schools). They have their own concept of Férová snídaně ve vašem městě (Fair Trade Breakfast). There are also campaigns Za férové banány (Make Fruit Fair) and Fair Point. In preparation is the campaign Fairtradové náboženské společnosti a církve (Fair

Trade religious communities and churches). They also provide a library. They provide seminars, lectures, discussions, etc. which the people also initiate spontaneously by themselves. There is also the Center of global development education. They offer education programs for elementary schools and high schools. They create methodologies for education, seminars for teachers and other people who pass on the knowledge. It is important to shift the society toward more responsible approaches. NaZemi is not yet directly lobbying, but they negotiate with the public authorities (campaign Fair Point) about the public procurement procedures and the relation between consumer behavior and Fair Trade. There is also the program Corporate accountability, which provides contact with corporations and together with the public helps to create pressure upon the corporations to take responsibility for their own supply chains. This is mainly in the toy, clothing, outdoor and IT industries. They cooperate on the European level in this. Last year they organized a conference about this topic. The main reason for all the activities is to inform the public (the consumers) about the international settings of trade and the behavior of the involved corporations, so the consumer has the opportunity to knowledgeably make decisions about his or her consumer behavior. The impacts of the activities are obvious. The support from the public to the NaZemi and the Fair Trade movement in general is increasing. For example the campaign Férová snídane had huge success; there were about 2500 people in about 41 different places. Also the increasing turnover and the interest of the public for concrete products and information are proofs of successful progress. They cooperate on six European projects and they are in charge of one too. They have 20 employees.

Jeden Svět

They work mainly within the church environment. They provide seminars, exhibitions, etc. usually connected with distribution of the products. They also have some friendly connections with one school, so from time to time they are able to give lectures there. The main reason is to spread the information and enlightenment to the public. The goal is not only to give the information generally about the Fair Trade, but also to point out, that we are living in relatively rich country. The people from the churches all over the country are interested and they

are asking for lectures and seminars. They have some relations also to other religious groups such as Unie katolických žen and Ekumenické setkání s Biblií a uměním. They would be interested in obtaining some materials for further distribution. Jeden Svět do not feel like participating in campaigns and seminars for the general public. They know it is not their field and Ekumenická akademie, NaZemi and Asociace pro fair trade are doing great job in this, which is much appreciated. They are very grateful about the QualiFair program. This initiative was very useful and appreciated; it would be great to have more programs like it. They do not use the contacts to the people visiting the stores, nor do they use the space in the store, but the room in the church buildings.

Ekumenická akademie

There is only little room in the worldshop. There are usually one or two activities during one year in cooperation with someone. For example Oikos (student association) cooperated on Fair Trade breakfasts for students. There is also the project of schools and cities where they provided tastings and lectures. They have participated on Day for Fair Trade and the campaign Against Poverty. Sometimes there are projections about the producers. Ekumenická akademie would like to do more activities. The impact they can see from the enlarging customer base. They adopted the QualiFair program, but there is only limited number of salespeople in Czech Republic. If their customer provides room, they can provide tastings and seminars, which is beneficial for both parties. They cannot imagine from where the support would be coming. Asociace pro fair trade was originally trying to enhance the cooperation; there were some common activities. However the relations have changed and the cooperation shifted to competitiveness. There is the need of cooperation, there is also the will for cooperation, but the synergic effect just does not work. They are not able to join forces and act as a part of the same movement, and not as competition. They do not use the contacts with the people from the store, but sometimes is someone interested to arrange a lecture about the topic and the Ekumenická akademie can provide that. So there is a natural development. There are also some promotional materials available in the worldshop. Sometimes a press conference takes place

there. There is a room for some kind of lobby on the regional and local level. On the national level it is very hard to penetrate.

Fair Trade Centrum

They are not doing any activity. Perhaps sometimes there is some kind of tastings. Also trained employees are available to give the information. In the past they were willing to participate also on some presentations for the public, if requested, but now they just refer to NaZemi. As a limited liability company they are not able to afford it because of the money and time required. They would be interested in some kind of seminars, projections, etc., if there was minimal work required from them. Sometimes they used contact for interested people and they offered them for example part-time job at some exhibitions and other sales event. However it was always a paid job. They are not nonprofit organizations, so they have the obligation to act like it.

9. Do you invest into the marketing of the worldshop(s)?

NaZemi

They invest into the special goods. They sell products for everyday use (not ethnical stuff with limited usability) and they have big variety of products. They invest in the visual appearance of the store and also the location of the store is very good. They are starting the e-shop with the basic assortment and some gift packs, which is mainly for companies. They also sell some merchandising such as cups, bags, etc. they are trying to build a community center, where people, interested in Fair Trade, can meet. They do different activities in the store such as projections, discussions and others. The face to face passing of the information is the best approach; better then giving a leaflet. They focus on regular customers, but also randomly passing by people. On the original location of the store it was mostly regular clientele, but now it is a good place, where people come also randomly.

Jeden Svět

They do not invest much, but they advertise in the national church magazine Český bratr and others. They are well-located and the only financial investments

are into the shop windows. They are traditionally taking part in the Christmas markets all over the country through the channels of their church. They distribute the goods to the people from the churches in different regions and they do the retailing at the markets together with the enlightenment by themselves (they have seminar beforehand). They also do the same during the Noc kostelů, which is an activity where the churches are open over night and it has a lot of publicity in the Czech Republic. They also participate for example at youth congresses which is a good place for the retailing and the enlightenment. The churches are contacting Jeden Svět by themselves so there is no need of extensive marketing. They have regular customers and they recognize them. The people are sometimes coming in specific time to meet with certain volunteers, who have established connection with them. Since the worldshop is well-located the random customers come as well.

Ekumenická akademie

They are participating on the local farmers' markets, where they make also some coffee and refer to the worldshop. It would be very convenient to cooperate with a coffee shop or a restaurant. They offer their products to companies and offer them to make also sales event for the employees in the company building. Also they offer some discounts for the company employees in the worldshop. They also distribute there some promotional materials. They make some special offerings during for example St. Valentines Day, when they offer Fair Trade flowers. They also pass on leaflets in the subway close to the worldshop or they have sent leaflets through the regular mail in the area of the worldshop. They also motivate the supporters to pass on the information. However they have low capacities, so the activities are irregular. They are trying to interest the random customers (the worldshop is in a great location), but they are also trying to create regular clientele, mainly by offering high quality products, such as chocolate and coffee, because the customers appreciate it.

Fair Trade Centrum

They do not invest in marketing anymore. They used to make some investments in the shop windows and also some leaflets, which they passed on in the location of the worldshop and also at some exhibitions and trade fairs.

10. Where do you see the strengths of a worldshops in general and in which ways they are important for Fair Trade movement?

NaZemi

They are important in transfer of the information and the communication with the public.

Jeden Svět

They spread the information about Fair Trade and they are the engine behind the movement. In the retail chains there is usually no information or in the worst scenario even disinformation. The worldshops are giving an alternative to the conventional ways of trading. The retail chains cannot do that, because they are also presenting the conventional trading patterns.

Ekumenická akademie

It is easy to create pleasant atmosphere, when the shop is specialized and full of exotic products with interesting packaging. It is nice place to spend time. In the case that there is a quality personnel, it is the best way how to pass on the information about Fair Trade products and movement in general. It is the best place for enlightenment of the public. The retail chains do not offer the full assortment of goods, so it is the advantage of the worldshops to offer things such as handicrafts, cosmetics, toys, etc.

Fair Trade Centrum

They give the information and they are the carrier of the enlightenment of Fair Trade. They offer an “oasis of peace”, where people like to come; even just to look and relax.

11. Where do you see the strengths of your worldshop(s)?

NaZemi

There is a strategy and solid concept. They have professional information base and experience. Skilled personnel and good conceptual selection of the goods is also very contributing. The stores are well located and they are part of a network system of the stores.

Jeden Svět

It has specific atmosphere and pizzazz. It is original and the specific assortment of handicrafts gives it great charm. The hinterland of the building is also extraordinary. The people working there are very distinctive and people like to meet with them.

Ekumenická akademie

It is well located and there is the cooperation with the neighboring restaurant established. Ekumenická akademie supplies them with a coffee (in exchange for lending them a coffee machine). They also supply them with other products and the restaurant gives a reference in case of interest of the customers. In exchange the Ekumenická akademie organizes in the restaurant for example press conferences. This cooperation is mutually beneficial.

Fair Trade Centrum

They are professionals. The employees in the worldshops are professional salesmen. There are fixed opening hours. They have great variety of products. Fair Trade Centrum takes Fair Trade seriously and responsibly. For example it cannot happen that the worldshop is closed during opening hours, because it makes Fair Trade look untrustworthy.

12. Where do you see the weaknesses of your worldshop(s)?

NaZemi

One of the weaknesses is the dependency on volunteers. Their work is very contributing, but there is not enough capacity. There is also limited capacity for advertising and NaZemi is not fully using its potential.

Jeden Svět

The marketing in the sense of the general public is a weakness. Also the worldshop in Klimentská is hardly noticeable. They could use higher range of variety of the products. It is important especially in the case of the handicrafts. More direct imports from the producers would be mostly welcomed, but they do not have the resources to search for them.

Ekumenická akademie

They do not have a good volunteer base. There should be constant and systematical analyzes of the demand for the goods, so the assortment can be adjusted. This could be beneficial also for the wholesale, because its assortment could be adjusted according to the experience from the worldshop. The space is very limited. It would be possible to establish better link of the worldshop with the activities, so it could serve better for the enlightenment of the public. Also some long term concept and strategy of the activities should be established.

Fair Trade Centrum

The worldshop is not economically sustainable. It is a distraction and it consumes the time which could be allocated to the wholesaling.

13. Have you ever thought of joining forces with other worldshop(s)?

NaZemi

There is a long tradition (since 2003) of cooperation already established with Ekumenická akademie. NaZemi is for example importing products from Indian organization MESH and almost for the purchasing price provides the products to Ekumenická akademie. It is from the reason that NaZemi wants to expand the supply of the products. They also co-established the Asociace pro fair trade. Mainly

in the past there was also regional cooperation with Fair Trade Centrum. The Asociace pro fair trade was originally established to be the representative of FLO, but FLO was not interested. That was why also companies were offered memberships and platform for all the parties interested in Fair Trade was created. At the moment they do not support creation of association of the worldshops. The marketing of the International FAIRTRADE Certification Mark should stay as a task for the Asociace pro fair trade.

Jeden Svět

Everyone is different so there is no room for some kind of union or networking. In addition there are also the wholesalers, which would be complicated. Some kind of network association is not a good idea. The Asociace pro fair trade is enough, but it should somehow change. It should apply for grants to finance some activities for the retailers such as seminars in the stores, visiting the producers, gaining information from them and creating promotional materials, perhaps some business trips to the processors etc. If the Asociace pro fair trade worked like that it would be perfect. There is a lack of the materials and someone could provide that. It would be very useful to import together directly from the producers, but there is a lack of contacts and others are not willing to share. There is only one organization getting the grants and implementing its projects. It could be useful if the whole platform also could gain. Perhaps some kind of special fund could be established to finance various activities for everyone.

Ekumenická akademie

That was the basic idea of the Asociace pro fair trade to enhance the cooperation. Ekumenická akademie cooperates with NaZemi. It would be good to have more cooperation in the movement, but there is no will. Everyone wants to be unique. Perhaps there could be some common storage. Firstly there should be more of the worldshops established, which are not also importers; this would make things easier. Ekumenická akademie is interested in any kind of cooperation (in the past they were either included or even initiating the cooperation), but they are not willing to initiate it, because it is time consuming. Ideally NaZemi could

initiate something; since they are the biggest organization they might be interested.

Fair Trade Centrum

There is not really a will to cooperate or make some kind of networking. They perceive the worldshops as potential customers for the wholesale. It would not be beneficial for them. It is good for the worldshops to be independent. In some kind of union it is always hard and time consuming to reach some consensus. The worldshops are too different. They would be willing to supply goods for some kind of network, but not take a place in it. Their place is in the wholesaling and not retailing.

14. Do you use volunteers in your worldshop(s) and if so how do you motivate them?

NaZemi

They have tens of volunteers, who are participating on the campaigns, work in the worldshops and lecturing the workshops. It is important to offer the possibility to the public to get involved in the movement. The volunteers are mostly college students.

Jeden Svět

They have senior volunteers and they are relying on them. There is no problem with the motivation. The work is a fulfillment for the volunteers, it makes them to educate themselves, they have responsibility, they meet people, and it is just very interesting and meaningful activity. There are also young volunteers, but they have a lack of time. It is necessary that the worldshops have stable opening hours and for that are the seniors very useful due to their availability. However during the various activities in the churches all over Czech Republic there are a lot of young volunteers as well.

Ekumenická akademie

There are volunteers from the employees of Ekumenická akademie. But mostly there is trained employee. They have also external volunteers during the campaigns. They cooperate on Česko proti chudobě so they can send requests for volunteers through their network. They offer to the volunteers some employee discounts and participation on some social events and meetings of Ekumenická akademie.

Fair Trade Centrum

They do not use any volunteers. It would be unethical for limited liability company to do so. Their salesmen are from time to time send to trainings (organized by Asociace pro fair trade), but even this is financial burden for them.

15. Do you import your own merchandise or do you buy it from other Czech importers?

NaZemi

They buy some products from Ekumenická akademie and Fair Trade Centrum, but the volumes are decreasing. The supply chain must be minimized, so they are trying to eliminate re-imports. NaZemi imports from for example TraidCraft (United Kingdom), Pants to Poverty (United Kingdom), The Visionary Soap (United Kingdom) or Fair Trade Original (Holland). They also import handicrafts directly from the Indian organization MESH.

Jeden Svět

They used to re-import from Ekumenická akademie some foodstuffs, but they have ended this cooperation two years ago. They think it is against the basic idea of Fair Trade to re-import the products, so they are trying to avoid it. They import directly mainly from El punte, Gepa, Globa and Eza.

Ekumenická akademie

They mostly import (e.g. El Puente, Eza, etc.). There is only some textile products supplied from NaZemi.

Fair Trade Centrum

They import coffee and tea from Mamacoffee and they have also cooperated with NaZemi, but this cooperation ended, when the products were no longer available. They are importing from Gepa, El Puente, Eine Welt Handel, Lobodis, Schweitzer (drinks) and others. They are trying to differentiate, but to lower the costs, they have to import from the processors which are close.

16. Can you imagine that worldshops would be united (networked) under Asociace pro fair trade?

NaZemi

For NaZemi the topic of networking or uniting the worldshops is not relevant at the moment.

Jeden Svět

It was the original idea of Asociace pro fair trade from our point of view. However Asociace pro fair trade is now only focusing on the work for FLO, which is not good for the worldshops, especially Jeden Svět, because in most of the cases they are not using the International FAIRTRADE Certification Mark. Asociace pro fair trade should serve as a platform and enhance cooperation of its members.

Ekumenická akademie

There could be a special platform in Asociace pro fair trade for the wholesalers, with limited membership and limited powers. On the other hand there could be also a platform (perhaps cooperative) for the retailers, but there is too few of the worldshops.

Fair Trade Centrum

Maybe if there was a structural change and some kind of platform for retailers would emerge. They will not initiate anything like that, but they might support it, if it is reasonable.

The second group consists only from the Asociace pro fair trade:

1. State your name, the represented organization and position within the organization.

The Interview was done with Mr. Ing. Jiří Hejkrlik, Ph.D. who is the former chairman of Asociace pro fair trade and momentarily he a member of the board. Asociace pro fair trade is a platform for all the possible subjects operating on the Fair Trade market in the Czech Republic.

2. How would you describe the Czech Fair Trade market?

The market is growing very quickly each year. In the past it was mostly because of the small firms, but now it is because of the retail chains, for example Starbucks and now also Tchibo. There are big volumes sold, but the promotion is slowly vanishing. The worldshops are mobilizing people and they are helping to connect the producers with the consumers. However there is lack of cooperation. The institutionalization could be better; there is missing some uniting factor. In the Czech Republic there is a lot of ethical shops and initiatives (e.g. Rainforest Alliance, Bio, etc.), which do not need any institutions, because they just focus on the sold volumes with the particular label. Fair Trade is trying also to project ways the trade is being done (to focus not only on the quantity, but also the quality of the trade). This is for example done by including the civic society through the NGOs, which enhance the cooperation and involvement of the public. There are new processors of the goods, which is very good. Now there are two roasters of coffee, might be processor of chocolate and cotton in the future as well.

3. How do you perceive the function of Asociace pro fair trade on the Czech Fair Trade market and what do you think about the competition on the market?

The main goal is to supervise the International FAIRTRADE Certification Mark (its potential misuse) and to support the institutional development in Fair Trade. There are some meetings, where interested parties meet (e.g. Den pro fair trade and General Meeting), but generally the cooperation is not working well. The

NGOs are cooperating (Ekumenická akademie, NaZemi), but it is usually dependent on a partnership on a project. They are competing for the same resources, but the donors push them towards cooperation. The retailers agree only on the common promotion, perhaps lobby and on the fact that Asociace pro fair trade should apply for grants for promotion of Fair Trade. The fact that there is some rivalry between worldshops and the retail chains is not a big topic in the Czech Republic.

4. How would you predict the future development of the market?

Now the retail chains have about 60% of the market. There is a danger that they will push the worldshops off the market. Originally the worldshops and small retailers had the leading role. There will be new processors entering the market and they will be able to also supply the retail chains. There were always predictions of dynamic growth but it is not certain. For example in Slovakia there was a great potential and yet there is decrease of sales and the retailers are closing down. It is crucial to balance correctly the market and the enlightenment. It is also very important not to have any kind of scandal in the Fair Trade movement.

5. What would be helpful for the Fair Trade market and the Fair Trade movement in general?

Creation of more worldshops would help and also more cooperation, common seminars and more enlightenment. Perhaps also more retail chains selling Fair Trade, but there is danger. They can stop selling the Fair Trade products anytime (it is not reliable).

6. For what reason was the Asociace pro fair trade established and is it successful in fulfilling this role?

There is a discussion about this. The original members do not agree on it. But the membership in FLO was important. There is discussion about the future. Whether there should be only nonprofit organizations, or whether there should be also the others. Who should be accepted and who should not. It is important that there is not the perception of some kind of unfair competition. FLO originally was

not interested, so the Asociace pro fair trade became a platform for everyone involved in Fair Trade. Since it has become the member of FLO it is trying to get back to the original idea, but it is complicated since there are also the retailers. Now it is kind of hybrid. There is discussion what should be the main objective, how the structure should look like, how to be more transparent, how to ensure that nobody is left behind, how to stay effective, there are just a lot of questions to still be answered. Now the board of directors is well established. There are the retailers and also the NGOs, but it is not stated in the statutes, which might cause problems in the future.

7. What are the main sources of financing of Asociace pro fair trade and to whom is it actually responsible?

There are still more sources coming from the license fees and there is also a grant from the Česká rozvojová agentura, however the second source of financing was cut short, so in this year there will be about 70 – 80% of activities financed from the license fees. Asociace pro fair trade is firstly responsible to the FLO. There is a contract with it which clearly states, what Asociace pro fair trade is obliged to do. However there is still room for other activities too. Asociace pro fair trade is not still a full member of FLO, but it is applying for it. It is also responsible to the companies which pay the license fees (they deserve services such as promotion of the label, support, communication, promotional materials, etc.). It is important to keep NGOs in the structure. In the Western Europe the profit organizations are not members of the associations. They are consisted of big NGOs. That way it is transparent and trustworthy.

8. Are there any problems with the simultaneous membership of Asociace pro fair trade in WFTO and FLO?

It is unusual to be member of both and there is certain disunity, but there is no radical contradiction. The Asociace pro fair trade was firstly the member of FLO, which approved the membership also in WFTO. The two organizations respect each other and they have also common definition of Fair Trade. They know there should be more communication between them. However there is not much

practical cooperation going on between Asociace pro fair trade and WFTO, so there is no conflict of interest in the activities. It is still important for Asociace pro fair trade to show the recognition also to this system of Fair Trade, which is important for example for the handicrafts.

9. What are the strengths of the Asociace pro fair trade?

There is long-term functionality. All of the bigger players on the Fair Trade market are members. The board of directors is meeting regularly and there is a good communication. There are financial sources from the license fees to enhance the promotion of Fair Trade. Asociace pro fair trade is a national platform which is respected even by the big NGOs, such as NaZemi. For example the campaigns in Fair Trade are usually under auspices of Asociace pro fair trade.

10. What are the weaknesses of the Asociace pro fair trade?

There is very limited budget; even not able to finance two full-time employees. There are lots of things they should and could do, but no capacity to do so.

11. Do you carry out any activities for the public?

Since there are not enough resources, the activities for public are very limited. Most of the campaigns and lobbying is done by NaZemi or Ekumenická akademie. Asociace pro fair trade is targeting the professional public (e.g. retailers, wholesalers, etc.). They do mainly seminars. They also publish the annual reports, which are very important source of information. For example media can use it, which increases the awareness about Fair Trade among the people. They offer the trainings for salesmen (QualiFair), which done usually three times a year. The general impact is for example the fact, that new processors are entering the market. However it is hard to say, who can take credit for it. Also companies from Slovakia are cooperating, since there is no platform for their market. There are lots of ambitions for the future, but there is still the problem of the resources.

12. How do you perceive the worldshops?

The worldshops are intermediating the information about the problems in the developing countries and they are responsible for the enlightenment about Fair Trade. It is necessary for the worldshops to be active. The worldshops in the Czech Republic do not play such an important role as the worldshops in Western Europe. There are still mostly the re-exports, so there is a limited cooperation directly with the producers. This causes a lack of available information.

13. Where do you see the strengths of a worldshops in general and in which ways they are important for Fair Trade movement?

Communication with customers. Mobilization and enlightenment of people.

14. Where do you see the weaknesses of the worldshops?

They face economical problems. There are only small volumes sold, which means higher prices. The retail chains can be much cheaper. There are almost no activities (except NaZemi).

15. Does Asociace pro fair trade especially help in some ways to this kind of retailing?

There is only little help; perhaps sticker on door. Asociace pro fair trade thinks it is also its role, but there are not enough resources. There are more effective and efficient things to do; for less money it is possible to do more. In the case of worldshops it is a lot of work and only small impact on the sales. Now there is the campaign Fairtraidová města (Fair Trade Cities), where one of the criteria is to have at least one place, where it is possible to buy Fair Trade. It is possible to support the creation of worldshops in this way. The board of directors is also not very interested in helping the worldshops right now.

16. Do you think it would be a good idea for the worldshops to join forces?

It would be good if there is more cooperation among the worldshops. There could be for example common marketing efforts. For example common website just for the worldshops, where it could be explained, how they are special. For the

consumers this could be a guarantee of authenticity. Some kind of association might help as well, but it would require a lot of investments.

17. Can you imagine that worldshops would be united (networked) under Asociace pro fair trade?

Since Czech Republic is such a small market, it would be redundant to create another organization for that reason. However Asociace pro fair trade is not able to take another responsibility right now. However there could be a specialized platform (within Asociace pro fair trade), of the organizations interested in Fair Trade, without the necessity of membership. In addition there could be also a specialized platform for worldshops; independent in the structure of Asociace pro fair trade. It would be however necessary to have some financial source (perhaps grant). Some kind of special fund for those purposes would have to be segregated.

In the third group there is only the written statement of Mrs. Pavla Pěňčíková from Fairově s.r.o.

The worldshop was originally opened in order to increase the volume of sales, but it was a terrible mistake. There was a huge loss accumulated in relatively short period of time. It is very bad idea to open worldshop in Czech Republic at the moment. The only way it can work is to have a volunteer base, subsidized rent and/or some other financial sources to fund it. The Asociace pro fair trade is sufficient for Czech Republic and there is no need for some other institution.