



St Mary's School
CAMBRIDGE

Lower Sixth Business Studies & Economics

Sample Entrance Examination

Time allowed: 30 minutes

Name: _____

Total : 25 marks

INSTRUCTIONS :

- Answer all questions
- Dictionaries or reference materials are forbidden

Cadbury: Fairtrade



Photograph: Tom Stockill

The UK's best selling chocolate bar, Cadbury's Dairy Milk, has become Fairtrade certified, increasing the amount of Fairtrade cocoa sourced from Ghana, West Africa.

However, Kraft's proposed takeover of Cadbury has raised widespread fears that the US food group will abandon a landmark deal by the British confectioner to buy only Fairtrade cocoa beans for its Dairy Milk brand.

The Fairtrade Foundation has begun urgent talks with Cadbury's executives to see if the company's agreement to buy all its cocoa beans for Dairy Milk direct from the foundation's farmer-led co-operatives will continue after the takeover.

Kraft is widely seen amongst development campaigners as being hostile to the Fairtrade Foundation in particular after it criticised the movement for only dealing with "an extremely small number" of companies, claiming it was too small scale for its needs.

Cadbury's decision to rebrand all its Dairy Milk bars with the Fairtrade logo, was seen as the Fairtrade movement's biggest coup: it was the first mass market chocolate in the world to use Fairtrade cocoa, and brought the product into 30,000 UK stores.

Under the Fairtrade scheme Cadbury will pay a guaranteed minimum price, even if the open market price falls below it, for Ghanaian cocoa.

The move is part of the Cadbury Cocoa Partnership, a £45 mn initiative over 10 years to help farming communities across the developing world.

Cadbury's deal tripled the amount of fairly traded, higher value cocoa sold by Ghana to 15,000 tonnes. The total annual cocoa production of Ghana is more than 600,000 tonnes.

The foundation said after Kraft's offer was accepted by Cadbury's board* that it believed the success of the deal "presents a unique and compelling case for continuing to pursue the Cadbury commitment to their Cocoa Partnership and to Fairtrade, and taking it further in coming months and years."

(*As a result of a hostile takeover, the US food firm Kraft acquired Cadbury in Feb 2010)

Source: guardian.co.uk (adapted)

Question:

Using the article and your own knowledge:

Discuss the advantages and disadvantages of Cadbury's decision to buy only Fairtrade cocoa beans for its Dairy Milk brand.

Consider in your arguments the following groups:

- Cadbury's
- Ghanaian farmers
- Cadbury's consumers

(Answers are to be written in continuous prose.)

(25 marks)