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Submission from IFAT to Civil Society Dialogue on Fair Trade

To EC discussion paper for meeting “FAIR TRADE: State of play”

3rd June 2008

10th June 2008

IFAT welcomes the fact that the European Commission invited civil society to contribute to the debate on Fair Trade. We would like to contribute to this debate with the following observations:

As suggested in the title, we think that the discussion paper should have given more focus on Fair Trade as such, and not on consumer assurance in general. The title of the document and the content do not correspond.

Given the growing number of misleading “fair trade” claims, we believe that the Commission should give guidance on the essence, principles, criteria and standards as developed by the international Fair Trade movement over the last decades. Developed by the International Fair Trade Association (IFAT) and the Fairtrade Labelling Organisations International (FLO), these standards are widely accepted as the reference points for Fair Trade standard setting.

We therefore welcomed the European Parliament’s call for a **recommendation on Fair Trade**, setting out the main principles of Fair Trade as developed by the Fair Trade movement. This would be a powerful tool to support the pioneering role of the Fair Trade movement in ethical trade, standard setting and consumer awareness raising - repeatedly recognized by the European Union. It would be a first step to implement the pending EU commitments on Fair Trade, such as the Cotonou Agreement (art. 23g) and the Renewed EU Sustainable Development Strategy (2006).



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What is Fair Trade?

Fair Trade is a tool to fight poverty and to achieve sustainable development. It is not just an ethical claim nor is it a brand. It is a mission-driven concept, supported and implemented by thousands of actors who are economically independent from each other. It is therefore not easily comparable with ethical trading schemes. When speaking about Fair Trade, the Commission should refer to the internationally agreed definition of Fair Trade:

Fair Trade is a trading partnership based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers - especially in the South. Fair Trade organisations (backed by consumers) are actively engaged in supporting producers, awareness raising and in campaigning for changes in the rules and practices of conventional international trade. (FINE 2001)

The central role of producers

Two thirds of the members of IFAT represent small producer organisations in Developing Countries. Fair Trade is a unique tool to give them access to markets under fair conditions, to help them to organize and speak out for their rights. Unfortunately, the discussion paper does not reflect these efforts or the central role of producers in this debate. We would be keen in engaging with you in a debate regarding your last question about the involvement of producer organisations. IFAT has a wealth of experience and would be delighted to share this experience with you.

What the EU should do

Fair Trade is a fundamentally different approach to trade, putting people and the environment before profits. Lessons from this successful trading model should be integrated in EU trade policy to make overall trade policy a successful tool to fight poverty and achieve sustainable development.

Fair Trade helps the EU to fulfil the overall objectives of sustainable production and consumption, sustainable development and the Millennium Development Goals. Given our not-for-profit-character and the related limited resources, we call on the Commission to support Fair Trade related research and to help us strengthening our own monitoring systems, to invest into



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impact studies and supply chain analyses and to help us gather facts and figures about Fair Trade, particularly in producing countries.

The Commission should support Fair Trade in its role as a pioneer in ethical and sustainable trading practices. The EU could do much more to promote Fair Trade, e.g. by increasing exchange of information and collaboration among Member States regarding Fair Trade. Furthermore, the Commission could help our efforts in capacity building and empowerment and in providing pre-financing for producers, as well as the efforts to comply with sustainable production methods and meeting standards.

Fair Trade is strongly growing at local and South-South level and the Commission could support these efforts, e.g. through assistance in the distribution of Fair Trade products on local and regional markets, participation in fairs, increasing awareness of Southern consumers about Fair Trade, supporting Fair Trade through the EU delegations in developing countries, supporting the World Fair Trade Day, etc.

To enable small and marginalised producers to speak out for their rights, it is essential to build up producer organisations, such as cooperatives or networks. IFAT has been playing a central role in building these cost-intensive structures and would highly appreciate the Commission's support in these efforts. We work in close alliances with other small producer organisations and other marginalised groups and any support to Fair Trade would have spill-over effects which go far beyond the first target group.

Other suggestions:

- Lessons from Fair Trade should be integrated in EU trade policy to make overall trade policy a tool to fight poverty and achieve sustainable development.
- Fair and sustainable procurement: Fair procurement is an excellent tool for public authorities to achieve sustainable development and the Millennium Development Goals and public authorities are increasingly interested in fair procurement. The Commission should support this interest rather than abstaining authorities from specifying Fair Trade criteria in public tenders.
- Better internal coordination. There does not seem to be enough connection between different ongoing initiatives within the Commission,



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such as the sustainability claims portal, run by DG Development, DG SANCO discussions on labelling, DG Employment project on social considerations in public procurement, etc. In order to achieve a coherent approach to these questions, it is essential to link these debates and processes.