



## Brussels Policy Briefing n. 44

### Promoting responsible value chains and sustainable sourcing through Fair Trade in the agricultural sector

Organised by CTA, the ACP Secretariat, the European Commission (DG DEVCO), Concord and the Fair Trade Advocacy Office

22 June 2016, Brussels

ACP Secretariat, 451 Avenue Georges Henri, 1200 Brussels, room C

<http://brusselsbriefings.net>

#### 1. Context: Promoting sustainable sourcing

It is estimated that 500 millions of small-scale farmers and one billion agricultural workers supply 70% of the world's food.

Small-scale farmers are often-forgotten actors in the supply chain<sup>1</sup>, yet are the ones to suffer the most from Unfair Trading Practices. They also have to face climate change which deregulates crop seasons, leading to uncertainty of getting wages in time for school re-openings for instance. Numerous studies have shown that smallholder farming is the most sustainable and environmentally-friendly way of farming. The UN Global Goals for Sustainable Development recognise the pivotal role of agriculture for the future of our planet.

In parallel, workers on farms and in factories are also among the most vulnerable people in global trade. Without access to land or unable to make a living from it, they often have few options for a sustainable livelihood. These workers often lack formal contracts, freedom of association, basic health and safety assurances, and adequate wages, among other challenges. Fundamental rights at work are frequently violated in the agricultural sector. In 2013<sup>2</sup>, it was estimated that some 450 million people work as farmworkers, often on a seasonal basis. Less than 20 per cent of them have access to basic social protection. And since much of waged employment is in the informal sector, national labour legislation is unable to ensure the right to a minimum wage or to protect workers, particularly women, from discrimination.

Fair Trade, which is a 'trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade<sup>3</sup>', has set a model that can ensure that global supply chains work for the benefit of small-scale farmers and thus contribute significantly to sustainable supply chains and the alleviation of rural poverty and to rural development. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

Fair Trade is a movement aiming at providing an alternative way of doing business in the world. Its vision is described in the [Charter of Fair Trade principles](#)<sup>4</sup> which was jointly written by World Fair

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<sup>1</sup> Marike De Peña, *Big deal in the big apple* [Online article], 25 September 2015

<sup>2</sup> United Nations Human Rights, *Q & A: the contribution of Fair Trade to securing human rights in agriculture*, May 2013

<sup>3</sup> Fairtrade International and World Fair Trade Organisation, [Charter of the Fair Trade principles](#), January 2009

<sup>4</sup> Fairtrade International and World Fair Trade Organisation, [Charter of the Fair Trade principles](#), January 2009

Trade Organisation and Fairtrade International, the two main international Fair Trade networks. Fair Trade schemes aim at providing small producers access to mainstream and added-value markets. They seek to shorten the trade chains so that workers at the beginning of the supply chain get more money from the final price of the product. Additionally, Fair Trade is about enabling producer organisations to understand more about market conditions and trends, their own skills, and resources; so that they have the capacity to exert more control and influence over their lives.

## 2. Responsible sourcing & Fair Trade

Consumers are getting more and more aware of the problems in global supply chains. That is why they expect changes to come from companies to take action. Last Eurobarometer 441 revealed that half of [EU consumers declared themselves to be ready to pay more to support producers](#)<sup>5</sup>. This is a slight increase compared with the previous survey of 2015. Additionally, the survey focused on young people aged between 15 and 24, to see if there is a difference with young people and those aged over 25 years old. It resulted that young people were in general more willing to pay more for groceries to support people living the producing countries than people aged over 25. In fact, 56% would pay more whereas it is 48% among over-25-year-old people.

Therefore, more and more businesses are making commitments to 'responsible sourcing' and the Fair Trade movement has set a model that others should seek inspiration from. In order to ensure sustainable supply chains, the WFTO and Fairtrade international agreed on a set of Fair Trade principles described in the [Charter of Fair Trade principles](#). Then, they set up criteria for producers and businesses to respect to be certified as respecting the Fair Trade values. Although they seek consistency with their principles, they also remain flexible on the implementation of the principles, since the needs and capacity vary according to the type of goods that is produced (sugar and cocoa supply chains are really different for instance) but also according to the geographic location (South American producers will not have the same difficulties as in Africa for example).

The WFTO is a global membership organisation. Organisations interested in becoming a member must demonstrate compliance with the WFTO Fair Trade Standard. This organisation provides spaces for producers, exporters, importers, retailers, and consumers to connect and work together, exchange best practices, forge synergies and speak out for Fair Trade.<sup>6</sup> World Fair Trade Organisation's guarantee system certifies the whole supply chain. This means that they require their members to buy all products which are available from Fair Trade sources from suppliers who comply with the core Fair Trade Principles.<sup>7</sup>

Fairtrade International is an umbrella organization of National Fairtrade Organisations (developing markets) and three Producer Networks (Asia & Pacific, Latin American & Caribbean and Africa). Its mission is to connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives. The FAIRTRADE Mark can be found on a wide range of products – numbering over 27,000 around the globe – including food and drinks, cotton and clothing, for example.<sup>8</sup>

## 3. Scope and growth in Fair Trade

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<sup>5</sup> Fair Trade Advocacy Office, [Eurobarometer report: half of EU consumers ready to pay more to support producers](#) [Online newsletter article], May 2016

<sup>6</sup> WFTO, [About WFTO](#) [Website section consulted on 9 June 2016]

<sup>7</sup> World Fair Trade Organisation, [WFTO Guarantee System Handbook](#), February 2014

<sup>8</sup> Fairtrade International, [What we do](#) [Website section consulted on 9 June 2016]

The Fair Trade movement represents an international network of 2.5 million Fair Trade producers and workers from 70 countries, over 500 specialised Fair Trade importers, 4 000 World Shops and more than 100 000 volunteers.<sup>9</sup>

According to the last data available, one of the pioneers of the Fair Trade movement, the World Fair Trade Organisation, has 359 members and 46 individual associates in 79 countries by the end of 2014.<sup>10</sup> Its European branch, in 2015, got an increase of members by 10%<sup>11</sup>. The membership includes Fair Trade organisations, Fair Trade network and Fair Trade Support organization.

Concerning Fairtrade International, the number of farmers and workers participating in its Fairtrade system grew to over 1.5 million by the end of 2013. This represents 104 000 more workers than from 2012. Banana, sugar, cocoa, coffee, flowers, seed cotton and tea are the 7 main Fairtrade products and account for 93 percent of all the farmers and workers in the Fairtrade International system.

The movement is thus increasingly growing and widespread. Nevertheless, there is still a lack of information about sales under the various Fair Trade schemes for both producers and EU consumers. To address this, in new EU Trade Strategy "Trade for All", launched in October 2015, the European Commission committed to "step up support to work in international fora, such as the International Trade Centre, to gather market data in relation to fair and ethical trade markets, which could then serve as a basis to follow the evolution of the markets".<sup>12</sup>

#### **4. The EU perspective: Promoting fair and ethical trade schemes<sup>13</sup>**

Promoting fair and ethical trade schemes reflects EU consumer demand and contributes to developing more sustainable trade opportunities for small producers in third countries. The Commission has a role to play in facilitating this connection and in raising awareness on both the supply and the demand sides. Some progress from EU-policy-makers has been made.

In 2009, the European Commission recognized the definition of Fair Trade as described in the Charter of Fair Trade principles. It also distinguished the difference between Fair Trade as an economic and development strategy and Fair Trade labels as a trade-related consumer assurance scheme by civil society. Additionally, in January 2011, in the European Commission "Trade Growth, and Development" communication, the EU recognized Fair Trade as one "effective way to foster sustainable and inclusive growth" and encouraged members state to promote fair and ethical trade notably through public procurement.<sup>14</sup>

Recent positive developments at EU level have shown a growing interest in Fair Trade:

- Opinion by the Committee of the Regions "Local and Regional Support for Fair Trade in Europe" calling on the EC to put in place a European Strategy for Fair Trade<sup>15</sup>
- EC has systematically included Sustainable Development Chapters in the recent trade agreements that it has signed with third countries. In those chapters, specific mention is made of the promotion of "fair and equitable trade" within those agreements<sup>16</sup>

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<sup>9</sup> Fair Trade Advocacy Office, [Annual Report 2014-2015](#), March 2015

<sup>10</sup> WFTO, [Annual report 2014](#), 2014

<sup>11</sup> WFTO-Europe, [Annual Report 2015-2016](#), May 2016

<sup>12</sup> European Commission, [Trade for All](#), p. 25, 2015

<sup>13</sup> European Commission, [Trade for All](#) [EC Communication] section 4.2.4., 14 October 2015

<sup>14</sup> Fair Trade Advocacy Office, [An innovative EU approach in support of Fair Trade practices in the new EU Trade & Investment Strategy](#) [Online position paper], 18 July 2015

<sup>15</sup> <http://cor.europa.eu/en/activities/opinions/pages/opinion-factsheet.aspx?OpinionNumber=CDR%205704/2014>

<sup>16</sup> For instance Article 324 of the Trade agreement between the European Union and Colombia and Peru and Article 288 of the EU-Central America association agreement. Article 195 of the EC-Cariforum Economic Partnership Agreement contains a similar language.

- Strategic partnership of the EU delegation in Colombia with the Fair Trade producer platform in Colombia, which has resulted so far in various Fair Trade events being hosted by the Delegation, such as a panel discussions and a Fair Trade Fair.
- Re-establishment up of the European Parliament Fair Trade Working Group, a cross-party grouping of MEPs committed to EU enabling policy environment for Fair Trade

The “Trade for All” EC Communication<sup>17</sup> indicates that the Commission will:

- use the existing structure for implementation of FTAs to promote fair trade and other sustainability assurance schemes, like the EU organic scheme;
- address fair and ethical trade more systematically in the upcoming review of the EU ‘Aid for trade’ strategy and report on fair trade-related projects as part of its annual ‘Aid for trade’ report;
- promote through the EU delegations and in cooperation with the High Representative, fair and ethical trade schemes to small producers in third countries, building on existing best practice initiatives;
- step up support to work in international fora, such as the International Trade Centre, to gather market data in relation to fair and ethical trade markets, which could then serve as a basis to follow the evolution of the markets; and
- develop awareness-raising activities in the EU, in particular working with local authorities in the EU via the possible launch of an ‘EU City for Fair and Ethical Trade’ award.

## 5. Objective of the Briefing

To improve information sharing and promote networking, CTA, the Directorate-General for International Cooperation and Development DG DEVCO from the European Commission, the ACP Secretariat, Concord organise bimonthly briefings on key issues and challenges for rural development in the context of EU/ACP cooperation. The Briefing on 22 June 2016 co-organised with Fair Trade Advocacy Office will focus on promoting responsible value chains and sustainable sourcing through Fair Trade.

The briefing aims to highlight the problems that are currently making value chains unsustainable, in particular in the sourcing phase. It also presents concrete examples of how Fair Trade is promoting sustainable sourcing. The briefing will conclude with a reflection on how sustainable sourcing could be promoted, in particular through Fair Trade.

## 6. Target group

Around 120 ACP-EU policy-makers, civil society groups, research networks, development practitioners and international organisations based in Brussels.

## 7. Outputs

Input and comments before, during and after the meetings will be included in the Briefings Website: <http://brusselsbriefings.net>.

A short report and a Reader in printed and electronic format will be produced shortly after the meeting.

On Twitter, you can share your ideas and questions (before, during and after the event), using the hashtag #BBFairTrade. You can also follow [@brubriefings](https://twitter.com/brubriefings).

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<sup>17</sup> European Commission, [Trade for All](#) [EC Communication], section 4.2.4., 14 October 2015



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#### Programme

8h15-9h00 Registration

9h00-9h15 Introduction of the Briefing: *Isolina Boto, Manager, CTA Brussels Office*

**Introductory remarks:** *Patrick Gomes, Secretary-General, ACP Secretariat; Jean-Pierre Halkin, Head of Unit, Rural Development, Food & Nutrition Security, European Commission/ EuropeAid; Sergi Corbalán, Fair Trade Advocacy Office; Michael Hailu Director of CTA*

**9h15-11h00** Panel 1: Responsible value chains, sustainable sourcing and Fair Trade

This panel will provide an overview of sustainable sourcing from a development perspective and the positioning of Fair Trade.

Chair: *Viwanou Gnassounou, Assistant Secretary-General, ACP Secretariat*

#### Panellists:

- Sustainability of supply chains and fair schemes favorable to farmers  
*Aynur Mammadova, IISD Associate, SSI Team Member*
- Unsustainable sourcing: facts and figures  
*Dr. Adrian de Groot Ruiz, Executive Director, True Price*
- The Fair Trade market and consumers' choice contribution to sustainable sourcing  
*Lily Deforce, Director, Fairtrade Belgium*
- Supermarket sourcing Fair Trade  
*Rosita Zilli, Deputy Secretary – General, Eurocoop*

**11h00-11h15** Coffee Break

**11h15-13h00** Panel 2: Scaling up successes in sustainable sourcing and Fair Trade

This panel will look at specific examples of successful businesses and PPPs in support of sustainable sourcing.

Chair: *Bernd Lange, Chairman of the International Trade Committee of the European Parliament*

#### Panellists:

- Fair Trade: a farmer's led movement  
*Marike De Peña, Chair of Fairtrade International and Chair of the Latin American and Caribbean Network of Small Producer Organizations (CLAC)*
- Case study from the Fair Trade in the field  
*Abel Fernández CONACADO Commercial Manager, Dominican Republic*
- Example of B2B sourcing in Fair Trade  
*Frank Okyere, Kuapa Kokoo environmental and extension manager Fairtrade programme, Ghana*  
*Charlotte Berger, Communications Director, Divine Chocolate Ltd. (UK)*
- Example of a PPP promoting sustainable sourcing through Fair Trade  
*Fredrick Masinde, Business Development Manager, Undugu Fair Trade, Kenya*

**Concluding remarks:** Fair Trade Advocacy Office, CTA

13h00 Networking Lunch