



FAIR TRADE ADVOCACY NEWSLETTER

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New EU trade policy: at the service of European business

On 4th October 2006, EU Commissioner Peter Mandelson presented his plans for a new direction of the EU's trade policy (available at http://ec.europa.eu/trade/issues/sectoral/competitiveness/global_europe_en.htm). The policy paper, called "Global Europe – competing in the world", suggests a new focus on regional and bilateral free trade deals.

With the new strategy, the European Commission reacts to the stalemate of multilateral trade negotiations - which were suspended this summer - and to the increasing number of bilateral and regional trade agreements (RTAs). More than 250 RTAs have been notified to the GATT/WTO. The paper clearly states the main intention of free trade deals from the EU's perspective: to create more markets for EU businesses. Sustainable development and poverty reduction in developing countries, which were supposed to be cornerstones for the EU's trade policy, according to previous declarations of Mr. Mandelson, are hardly mentioned in the document. Instead, the new strategy suggests to choose partners for the negotiation of new free trade agreements according to their "market potential... and the level of protection against EU export interests". A particular focus lies on emerging economies like India, China and other Asian countries. Also the "potential partners' negotiations with competitors" should be taken into account.

It is now up to European Member States to react to the new policy direction, given by the Commissioner. The plan has been heavily criticized by civil society organisations. "It seems the wolf has taken off its sheep's clothing. This is an extremely aggressive agenda that ... will undermine multilateralism and increase poverty and inequality," said Celine Charveriat, Head of Oxfam's Make Trade Fair campaign. EU Member States, however, do not necessarily share this view: A policy paper of the German government, titled "increasing external competitiveness – ensure growth and jobs in Europe", proposes the same aggressive trade agenda with a clear focus on European interests – neither the word *sustainable development* nor *poverty reduction* can be found in this document.

Members of the European Parliament against exploitative child labour



On the eve of the EP's plenary vote on the resolution on Fair Trade and development, Members of the European Parliament were invited to a Fair Trade reception in Strasbourg. More than 50 participants enjoyed delicious Fair Trade snacks and drinks and were impressed by hundreds of postcards against exploitative child labour, signed by children and adults throughout Europe.

The cards form part of the NEWS (Network of European Worldshops) campaign against exploitative child labour. More than 50.000 cards were signed throughout Europe. The cards

were handed over to MEPs Glenys Kinnock, Daniel Cohn-Bendit, Fiona Hall, Linda McAvan, Heide Rühle, Frithjof Schmidt and many others in a symbolic act



against such practices, underlining the positive impact of Fair Trade on raising social standards in poor countries.



The reception was accompanied by a presentation of the IFAT (International Fair Trade Association) Global Journey which started in Mumbai in 2005 and is now in Europe, promoting the work of Fair Trade and Fair Trade Organisations throughout the world.

European Parliament supports Fair Trade

On 6 July, the European Parliament passed a resolution to strengthen the European Union's commitment to Fair Trade. The resolution recognises Fair Trade as an effective tool for sustainable development. It suggests that the European Commission issue a recommendation on Fair Trade, specifying that such a "non-binding legislative act is the appropriate form at this point in time and would not carry the risk of over-regulation". Peter Mandelson, EU Commissioner for External Trade, said that the resolution will be well-received. "Fair Trade makes the consumers think and therefore it is even more valuable. We need to develop a coherent policy framework and this resolution will help us."

"This resolution responds to the impressive growth of Fair Trade, showing the increasing interest of European consumers in responsible purchasing," said the rapporteur, MEP Frithjof Schmidt, during the plenary debate. Recent research has shown that Fair Trade sales in Europe have grown by 20% per year for five consecutive years and that more than 60% of consumers in countries like France, the United Kingdom, Germany or Belgium understand the concept of Fair Trade.

While focused principally on Fair Trade, the resolution also refers to “other independently monitored trading initiatives contributing to raising social and environmental standards” as useful tools to reach the Millennium Development Goals. On the other hand, it recognises “that the concept may be abused by companies that enter the Fair Trade market without complying with the relevant criteria; this may reduce the benefits for poor and marginalised producers in developing countries, it may also reduce transparency for consumers and may breach their right to appropriate product information.” In response to this, the resolution suggests that “Fair Trade, in order to eliminate the risk of abuse, needs to fulfill a number of criteria which are defined by the Fair Trade movement in Europe.” The criteria include a fair producer price, transparency, respect of the ILO Core Conventions, capacity building, producer support, monitoring and impact assessments.

After a long time of silence (the last official EU documents on Fair Trade were published in 1998 and 1999), the text renews existing commitments of European Institutions to support Fair Trade. Contrary to previous documents, however, the resolution asks for concrete next steps which would lead towards a European policy framework on Fair Trade. It responds to a growing interest in the area and to ongoing policy and legislation processes in some European countries.

On the other hand, the document fails to address the fact that European consumers find it ever more difficult to orient themselves in the increasingly crowded ethical market place. By referring to other “ethical” or “sustainable” trading initiatives throughout the text, the distinction between the comprehensive approach of Fair Trade and other, more profit-driven concepts, becomes less clear.

The European Commission is now asked to respond to the resolution and to put the EP’s recommendations into practice.

New guide on fair procurement

ICLEI (Local Governments for Sustainability, an international association made up of local governments and regional local government organizations dedicated to sustainable development) has just published a guide on fair procurement. The guide provides clear and simple advice for European public authorities wishing to buy Fair Trade products. The guide contains:

- An introduction to Fair Trade
- Advice on minimising legal uncertainties in procurement
- Actual text that can be used directly in public tenders
- Suggestions for other complementary activities

Many public authorities have already begun to purchase Fair Trade products but a number of barriers exist to more widespread implementation, especially concerns over the legality of such demands, and practical advice on concrete application. This initiative aims to tackle these barriers and promote the inclusion of Fair Trade considerations into the actions of procurers right across Europe.

The guide outlines the key principles in and models for tendering to ensure transparency from the beginning of the procedure. The EFTA Fair Procura project and its partners, the Fair Trade Organisations Ideas, CTM, OWW and FT Original, have been involved in the process.

The guide is available at: <http://www.iclei-europe.org/index.php?id=2218>

EU debates on Corporate Social Responsibility continue

Last March the European Commission published a Communication on Corporate Social Responsibility (CSR). http://ec.europa.eu/employment_social/soc-dial/csr/index.htm

After several years of debate, involving stakeholders from businesses, trade unions and NGOs, the new communication was highly criticised for backing mainly business interests in the matter. A leaked internal memo from the European Employers Organisation UNICE had described the draft as a "true success" because "concessions to other stakeholders... will have no real impact".

The European Parliament is now preparing a response to the Communication. On 5th October, the Employment and Social Affairs Committee consulted experts from business and research institutes about the future direction of the EU's policy on CSR. According to the rapporteur, Richard Howitt, the report should identify concrete recommendations and steps that the Commission can take in this area and thus refocus the debate on CSR at the EU level from process to outcome.

Civil society organisations continue pressuring for high standards in this area: In Germany, a new Coalition for Corporate Accountability (CorA) was launched. This network of church groups, trade unions, consumer associations and non-governmental organisations aims at raising standards of German companies around the world.

When purchasing practices harm development

International markets provide opportunities for businesses in developing countries to export their products, earning both foreign exchange and improving levels of expertise and technology. But current purchasing practices by EU companies frequently undermine these opportunities and in many cases actually increase people's vulnerability.

Producers and exporters in developing countries often suffer from unpredictable orders and short lead times from their export clients¹. Unable to plan work in advance, managers often have to complete an order at the last minute using an exhausted workforce. For the workers insufficient wages and unpredictable employment mean even basic needs like rent and food are not met. Income is limited for children's education and basic healthcare.

While EU businesses are increasingly engaging in programmes of Corporate Social Responsibility (CSR), few of these take into account opportunities to positively impact on the poverty of overseas workers in the businesses that they buy from. Instead many CSR programmes focus on reducing the risk of negative publicity for the company; and as a result sometimes have an unintended consequence of increasing poverty.

Responsible Purchasing Initiative ... so far

Fair Trade organisations not only have a poverty reducing impact through their practical trading activities, but also aim to use their experience to lobby for improvements to the lives of poor people in commercial supply chains, which sell into the EU. The four Fair Trade organisations CTM Altromercato (Italy), Ideas (Spain), Oxfam Wereldwinkels (Belgium), and Traidcraft (UK) have been collaborating to influence purchasing behaviour of mainstream EU companies and the public policy environment. Earlier this year, they published a consultation report, called "Buying Matters", proposing indicators of responsible buying and the public policy measures needed to support improved purchasing practices. Events have been held across Europe to consult with buyers and public policy makers to find out how to create a business environment to support more Responsible Purchasing.

¹ Lead time is the period of time between when the final order details are given to the supplier and the time when the supplier needs to have made the products.

Opportunities to collaborate

If you want to distribute or translate the publication "Buying Matters" or participate in the responsible purchasing initiative contact responsible-purchasing@traidcraft.org.uk or visit the website www.responsible-purchasing.org

Fair Trade Jobs: Traidcraft hires policy adviser

The British Fair Trade organisation Traidcraft is looking for a Policy adviser on Fair and ethical trade to be based in London. A full Job Description and Application Form can be found on their website (www.traidcraft.co.uk) under 'Get Involved'.

Closing date for applications: Friday 13th October 2006

Awareness Raising Impact of Fair Trade in Spain

In light of the low levels of awareness raising impact that Fair Trade has in Spain, the Spanish Association of Fair Trade (Coordinadora Estatal de Comercio Justo) has launched the project "Awareness raising impact of Fair Trade" a one year project co-financed by the Spanish Agency of International Cooperation (AECI) and aimed at providing development NGOs and Worldshops with tools and guidance on how to increase population's awareness of Fair Trade.

The project is divided in two tiers, one focused on the impact of NGOs belonging to the Spanish Association of Development NGOs and the other one focused on the potential impact of Spanish Worldshops.

For more info on the project and other activities of the Spanish Association of Fair Trade, please contact María: direccion@comerciojusto.org

Soon to be published:



The four international Fair Trade Associations FLO, IFAT, NEWS and EFTA, will publish a new book about Fair Trade, its impacts, successes and challenges. *Business Unusual – Successes and Challenges of Fair Trade* shows how Fair Trade works in practice, based on the examples of coffee, rice, handicrafts, cotton and textiles. It demonstrates the pioneering work of Fair Trade Organisations in developing a truly responsible business model. By showing that fair trading is possible it wants to encourage all business actors to apply similar principles. It also discusses some lessons from Fair Trade for trade policy making, looking behind the reasons for the stalemate in world trade negotiations.

Business Unusual addresses important questions, such as

- How does Fair Trade concretely benefit poor and marginalised producers?
- What is the difference between Fair Trade and other ethical trading initiatives?
- What is the right balance between business operations and the mission to make trade more fair for all?
- How can the Fair Trade movement co-operate with multinational companies and still remain critical where necessary?

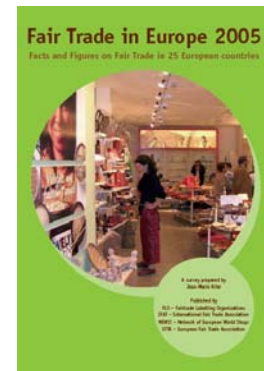
Business Unusual is a reference book for everybody who wants to look behind the scenes of Fair Trade. It will be published in English, German, Dutch, French, Spanish and Italian. The English version will be available early November, other language versions will be ready between December and February. The English version of the book will be distributed by Fair Trade media in the UK. You can order a book by calling ++44 (0)845 009 9012 or by emailing elainef@pointov.com. For further information visit www.fairtrademedia.co.uk.

Facts and Figures about Fair Trade in Europe

This survey, carried out in 25 European countries, was published in February 2006. It shows that Fair Trade sales in Europe have been growing at an average 20% per year since 2000. The annual net retail value of Fair Trade products sold in Europe now exceeds €660 million. This is more than double the figure five years ago. Fair Trade has thus become one of the fastest growing markets in the world.

The pdf file is available at

<http://www.ifat.org/downloads/marketing/FairTradeinEurope2005.pdf>



New location of the Fair Trade Advocacy Office

The Fair Trade Advocacy Office has moved and now shares an office with the EFTA Fair Procura project and the IFOAM EU office. The new address is Rue du Commerce 124 in 1000 Brussels. Email and telephone remain the same.

On the agenda:

12 October, Brussels, Belgium:

EU-ACP Trade Relations: the Development Challenge of Economic Partnership Agreements
International Trade Union House, Blvd du Roi Albert II, 5
hosted by the South Centre in partnership with a consortium of ACP and European NGOs

19 October, Brussels, Belgium:

Economic Partnership Agreements – Fostering regional integration and development?
European Parliament
Info and registration: Eloise Todd, eloise.todd@europarl.europa.eu

13-14 November, Mumbai, India:

Domestic Fair Trade seminar, organised by the International Resources for Fairer Trade (IRFT) Mumbai and Traidcraft (UK) with the support of European Commission in Hyderabad. The seminar will bring together key stakeholders, opinion leaders, subject market experts and representatives from business and government, to reflect critically on the need and feasibility of “domestic Fair Trade” and to seeking strategies for future course of action. Further information: Arun Raste, arun@irft.org.

April 2007, Brussels, Belgium:

International Conference on Fair Procurement with speakers from a variety of backgrounds (politicians, Fair Trade producers, business representatives, academics).

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