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# FAIR TRADE ADVOCACY NEWSLETTER

## DECEMBER 2006

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### New voluntary Coffee Code: a solution for the coffee crisis?

On 1<sup>st</sup> December 2006, the *Common Code for the Coffee Community (4C)* registered as an association. The German organic and Fair Trade organisations Naturland and gepa, respectively, took this opportunity to voice their concerns about this initiative. "This coffee industry initiative is neither an adequate solution to the problems facing coffee farmers nor does it guarantee sustainable coffee production," states their joint press release. "The greatest social problem in coffee farming is the extremely volatile global market price, the troughs and peaks of which determine the fates of millions of coffee farmers. A new code with no reference to the subject of pricing does not take the problems of the coffee growers seriously."<sup>1</sup>

Naturland and gepa particularly welcome any initiative dedicated to the adherence to minimum standards in conventional coffee production. However, there is an enormous difference between avoiding environmental sins and guaranteeing sustainable coffee production.

#### Coffee code - what does the farmer get out of it?

*4C* is a voluntary code of conduct for the coffee business, developed between the world's major coffee roasters, the German Federal Ministry for Cooperation and Development (BMZ)/German Technical Cooperation (GTZ), as well as representatives of civil society and coffee growers' organisations.

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<sup>1</sup> [www.gepa.de/htdocs/macro\\_navigation/presse\\_meldung.php?showID=103](http://www.gepa.de/htdocs/macro_navigation/presse_meldung.php?showID=103)

According to the code, farmers must commit themselves to complying with certain standards in coffee production. But in return they receive, neither a guarantee that the coffee corporations will purchase as much of their coffee as possible, nor are they paid a higher price for their efforts. No provision is made for a price premium for social development, such as the social bonus granted by Fair Trade Organisations.

The minimum standards of the code, as far as they apply to environmental questions, may contribute to avoiding the gravest environmental sins, such as clearing the rain forests and the use of proscribed pesticides in the cultivation of coffee, but they do not guarantee sustainable production. At the moment there are no plans for independent inspection of 4C coffee, which means the procedure lacks transparency. NGOs such as Greenpeace and FIAN, which joined the initiative at the beginning, have dropped out<sup>2</sup>.

## Fighting poverty and injustice through Fair Trade: new position paper of the Fair Trade movement

The effectiveness of Fair Trade for poverty reduction, sustainable development and consumer awareness raising has been recognized by European Institutions in many official documents and agreements<sup>3</sup>. However, despite many pledges to increase the EU's support to Fair Trade, these commitments have not been translated into practice. In its recent resolution<sup>4</sup>, the European Parliament called on the Commission to step up the EU's support for Fair Trade and to suggest a related policy framework. At the EP's related plenary session in July 2006, EU Trade Commissioner Peter Mandelson welcomed the resolution and said: "Fair Trade is one of the key tools, in my view, to enhance sustainable development and to equip us better to fight poverty in the world... It is also a stimulus to the brain. It makes you think and therefore it is even more valuable. Consumers do take into account considerations about the conditions of production. People care, they do not just eat, and Fair Trade has pioneered this in a most attractive way... We need to develop a coherent policy framework and this report will help us to do so."

In a public statement, the four main international Fair Trade associations (FLO, IFAT, EFTA and NEWS) have expressed their support to the EP resolution and many of its proposals. The key demands of the Fair Trade movement are

1. To recognize the definition and principles of Fair Trade as developed by the international Fair Trade movement in order to protect Fair Trade from abuse and misleading claims,
2. To increase public awareness and information about Fair Trade in order to further grow Fair Trade sales,
3. To increase the number of producers in developing countries who benefit from fair trading conditions by providing producer support, technical assistance and capacity building,
4. To promote fair procurement in the EU and
5. To increase co-ordination and coherence of EU policies related to Fair Trade

The position paper also includes demands to make trade fairer for all by

6. Moving towards a sustainable European trade policy and
7. Strengthening corporate accountability.

To read the full paper please follow this link:

[www.ifat.org/downloads/advocacy/FightingpovertyandinjusticethroughFairTradeDec06.pdf](http://www.ifat.org/downloads/advocacy/FightingpovertyandinjusticethroughFairTradeDec06.pdf)

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<sup>2</sup> [www.fian.de/fian/index.php?option=content&task=view&id=301&Itemid=267](http://www.fian.de/fian/index.php?option=content&task=view&id=301&Itemid=267)

<sup>3</sup> Such as

- Council Resolution on EU Sustainable Development Strategy - Renewed Strategy (10117/06)
- Communication from the Commission on Trade and Development (COM (2002) 513 final
- the Cotonou Agreement, art. 23 g) (2000)
- Communication from the Commission on *fair trade*", COM(1999) 619 final, 29.11.1999, etc.

<sup>4</sup> P6\_TA(2006)0320

## Leading ACP Ministers criticize EPA negotiations

By Sohpie Powell, Traidcraft plc, UK

Trade ministers from across the ACP (African, Caribbean and Pacific countries) came together in Brussels in October for a high-level conference hosted by the South Centre and NGOs including Traidcraft, Africa Trade Network and Caribbean Policy Development Centre. They raised their concerns about the development deficit in the EPA negotiations, to an audience of over 200 attendees, including Members of the European Parliament, representatives from 12 European governments, ambassadors of ACP countries involved in the negotiations, academics, NGOs, farmers groups, trade unions and journalists.

Reflecting a groundswell of discontent among ACP governments and civil society groups, ministers expressed their disappointment at how far the current EPA negotiations had diverged from the development aspirations of the Cotonou Agreement which was signed in 2000.

“All the expectations triggered by this Cotonou Agreement can be jeopardised and can be emptied of their significance if we are not vigilant. [...] If we are to take stock of our progress we are forced to admit that our development needs and concerns have not been taken on board as they ought to be by the European Union. Government officials, Members of Parliament, civil society increasingly agree that the EPAs ought to be challenged.” (Mamadou Diop, Minister of Trade for Senegal, Brussels 12<sup>th</sup> October 2006)

Ministers pointed to deep flaws in the process so far, such as the lack of any proper prior assessment of the potential social and economic impacts of these deals. Senegalese Minister Mamadou Diop said he was not prepared to commit to an EPA under such circumstances, which he characterised as ‘nonsensical’ and ‘putting the cart before the horse’.

Ministers stated, that if not properly structured, sequenced and managed, the EPAs could actually undermine ACPs own efforts to transform their economies and build regional integration. Minister Miller from Barbados said the EU’s approach towards regional integration was based on “unrealistic assumptions”. Minister Tavola from Fiji further added, that EPAs as currently proposed, risk “overwhelming the industrial base we are trying to build”.

Ministers reflected that with so many disagreements and uncertainties, it is unlikely the EPA negotiations can be completed by the deadline of end-2007. Several participants called for the EU to act to have an extension of the present waiver in the WTO that allows preferential market access for ACP states to the EU market.

The Ministers sent a strong call to EU political leaders in the Parliament and member states to rein in the Commission and to take action to put development at the core of EPAs or offer alternatives. Contrary to the European Commission’s persistent claims that ACP countries have not requested alternatives to EPAs, this meeting issued a clear call for such alternatives to be seriously considered as part of the 2006 comprehensive review process.

## Overcoming the tragedy of low commodity prices

### New working group on supply management

by Tom Lines, convenor of the Working Group on Supply Management

Fair Trade ensures that rural people get fair rewards, but it has been working against the trend of agricultural prices.

For example, the Fair Trade price for arabica coffee was set at a fixed premium above fluctuating world prices in 1994, subject to a minimum of US\$1.26 per pound weight. But the world price crashed through that floor in 1998 and has briefly returned to it only twice; in 2002 it fell to 50 cents per pound. Fair Trade coffee growers were protected from the ravages of the market, but others were not.

What can be done for the wider market? For 50 years after the agricultural crisis of the 1930s, the method was agreed: regulate supplies to ensure they match demand. This reduced

fluctuations in price, while keeping prices up overall. Supplies of developing countries' exports were managed under International Commodity Agreements, which used stockpiles or imposed quotas for production or exports. Examples included the International Tea Agreement of 1933-55 and the export quotas used by the International Coffee Agreement from 1964-89.

Most developed countries also managed their agricultural supplies, and Canada still does so in markets such as chicken, eggs and milk. In comparison with the United States, where supply management was abandoned, this has led to higher prices and greater stability.

One by one these methods were ended as rich countries decided the market alone should rule. This has brought on a second agricultural crisis, which can only be overcome with methods that are known to work. Besides Fair Trade, central among these is supply management.

Under the Agribusiness Accountability Initiative ([www.agribusinessaccountability.org](http://www.agribusinessaccountability.org), a worldwide campaign on corporate power in the food system), a working group now exists to examine how supply management would work best and to coordinate campaigns on it.

The group's first action is an appeal supporting the 41-country African Group at the WTO, which wants clear rules to facilitate supply management on export markets. The appeal was initiated by Oxfam-Magasins du Monde, Friends of the Earth Europe and Euroban. To see it (in English or French) or sign it, please contact Tom Lines ([tlines@globalnet.co.uk](mailto:tlines@globalnet.co.uk)) or Stéphane Parmentier ([stephane.parmentier@mdmoxfam.be](mailto:stephane.parmentier@mdmoxfam.be)).

The working group's next meeting will be in Paris in March 2007, during the Salon de l'Agriculture, at the invitation of Coordination SUD and GREMA. For further information, contact Tom Lines, the working group's convenor, at [tlines@globalnet.co.uk](mailto:tlines@globalnet.co.uk).

## Launch of new Fair Trade book in Brussels



On 28th November 2006 the new publication *Business Unusual: Successes and Challenges of Fair Trade* was presented to more than 70 participants in Brussels. Linda McAvan, Member of the European Parliament, and Rupert Schlegelmilch, Head of Unit for Sustainable Development in DG Trade, welcomed the new publication which shows how Fair Trade works in practice and gives updated facts and figures about the worldwide development of Fair Trade.

Ricardo Puente from APECAFE, a coffee producer cooperative in El Salvador, explained the benefits of Fair Trade for the coffee growers and their families and

Michael Schmitt, assistant to Frithjof Schmidt, MEP, welcomed the fact that the Fair Trade movement looks beyond their own business practices and campaigns for fairer international trading rules. "This book was published by the four main international Fair Trade associations (FLO, IFAT, NEWS and EFTA)", said Marlike Kocken, manager of the European Fair Trade Association. "This is

a major achievement for the Fair Trade movement and shows that we are moving closer together". The event was supported by the Heinrich Böll Foundation, Brussels, and MEP Frithjof Schmidt.

The English version of the book can be ordered from Fair Trade Media in the UK, by emailing [elainef@pointov.com](mailto:elainef@pointov.com) or by calling +44 (0)845 009 9012. The book will soon be published in Spanish, German, Dutch, French and Italian.



## PROFIT: Promoting Domestic Fair Trade in India

On November 13 -14, 2006 A Stakeholders Workshop on "Promoting Domestic Fair Trade in India" ([www.profit.org.in](http://www.profit.org.in)) was held at Hyderabad, India. The objective was a) to provide a platform for stakeholders to voice their opinions and priorities for the overall direction of the Fair Trade movement in India and b) to nominate members for the National Core Group that could become an independent national body, looking at all issues related to Fair Trade. Discussions centred around

- Critical issues that need to be addressed in India in order to reduce poverty through trade,
- Vision for Fair Trade in India in the next 5 years and how to ensure that the vision gets translated into reality,
- Supply chain, capacity building, identity, networking and support of consumers/government, international affiliation
- The role of National core group and participants commitment.

The workshop was organized by IRFT India and Traidcraft, UK with support of the European Commission. In this first of its kind event, producers affiliated to both FLO and IFAT networks, and other stakeholders including senior government officials, academics, businesses, media and NGOs reflected critically on the need and feasibility of "domestic Fair Trade" in India and other issues related to Fair Trade.

## Jobs and internships in Brussels

Oxfam International seeks an Advocacy and Communications Officer for their Brussels office.

Closing date for applications: 10th January, 2006.

Full job details available at [http://www.oxfam.org/eng/getinvolved\\_jobs.htm](http://www.oxfam.org/eng/getinvolved_jobs.htm).

### Internship/volunteer at Fair Trade Advocacy Office

The Fair Trade Advocacy Office in Brussels is looking for an intern or volunteer from mid-January to assist in the running of the office, either part-time or full-time. For details please contact [osterhaus@fairtrade-advocacy.org](mailto:osterhaus@fairtrade-advocacy.org)

### Internship at EFTA Fair Procura office

The EFTA Brussels office is looking for an intern to assist in the running of the Fair Procura Project from mid-January for 4 to 6 months. For details please contact [fair-procura@eftafairtrade.org](mailto:fair-procura@eftafairtrade.org) or visit [www.eftafairtrade.org](http://www.eftafairtrade.org)

## On the agenda

### Presentation *Business Unusual* in German, 29 January 2007, Berlin

The German version of the book *Business Unusual: Successes and Challenges of Fair Trade* will be presented in the gallery of the Heinrich Böll Foundation. Expected speakers are Gerardo Arias Camacho (president of Coocafé, Costa Rica), Frithjof Schmidt (Member of European Parliament), Tom Speck (Managing Director of gepa, Germany), a representative from the German Ministry for Development and Anja Osterhaus. The event will be held in German. For more information please contact [osterhaus@fairtrade-advocacy.org](mailto:osterhaus@fairtrade-advocacy.org) or [Pachaly@BOELL.DE](mailto:Pachaly@BOELL.DE)

### International conference on Fair Procurement, 19 April 2007, Brussels

The aim of this conference, organized by the European Partners of the EFTA project "Fair Procura", is to promote fair and sustainable public purchasing practices. A diverse range of guest speakers promises an in-depth exploration of the issue and an interesting debate.

For more information visit: [www.eftafairtrade.org](http://www.eftafairtrade.org)

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