



FAIR TRADE ADVOCACY NEWSLETTER

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Aid for Trade: a tool for poor countries to trade their way out of poverty?

Aid for Trade has built momentum since it first was proposed in at the WTO in Hong Kong in December 2005. But what does it mean? And where is the money going?

Aid for Trade (Aft) is a package of trade-related assistance to developing countries, focusing on developing their capacity to produce and bring goods and services into the world market. It is being promoted as a mechanism that will help to reduce poverty and build sustainable development in developing countries.

ACP countries and the NGO community have expressed concern that AfT is being used as a bargaining tool for LDCs to sign up to the different trade agreements, from WTO to EPAs (Economic Partnership Agreements currently being negotiated between the EU and 79 developing countries) to bilateral trade agreements, even if there are concerns that these agreements might further harm their economic, social and environmental development. There is also the worry that development funds will be diverted to trade issues, away from essential health and education investments, especially as AfT at the EU level will be administered through EDF.

The 2005 EU Council Declaration (DEVGEN 253, RELEX 765) clearly states that Aid for Trade should maximize development gains and contribute to the achievement of the Millennium Development Goals (MDGs). First however, it is essential that food sovereignty and local development; development of local trade and; development of regional trade are given priority over the promotion of international trade, otherwise AfT will in fact even exacerbate poverty and export dependency.

To help reduce poverty, any strategy must be directed towards and benefit the poor sectors of societies. Poverty reduction and sustainable development must be put at the heart of the concept. It should create additional market access for small enterprises and marginalized producers where this supports sustainable development and poverty reduction strategies. At present the discussions around AfT have made little reference to involving the poor sectors of society.

A Little History

In December 2005, the WTO included in its Ministerial Declaration at Hong Kong a commitment to take actions to encourage AfT (paragraph 57). A Taskforce was established to provide recommendations on how to 'operationalize' AfT and look at how it might contribute most effectively to the development dimension of the Doha Development Agenda. The WTO General Council adopted the recommendations of the Taskforce in October 2006. The EU, USA and Japan have committed funds totalling around 10 billion dollars per year by 2010.

The EU and Aid for Trade

By October 2007, the EU wants to produce a Joint Strategy paper on how they envision delivery of 2 billion euros that have been committed jointly from the European Commission and the EU Member States. The EU has started talks internally to build this strategy. As part of this process, the European Commission is creating a Communication that will be published at the beginning of April. Stakeholders have been invited to comment on an Issue Paper by the Commission (<http://trade-info.cec.eu.int/civilsoc/meetdetails.cfm?meet=11186>) that sets out ideas for the Communication. The European Parliament has also produced a report (http://www.europarl.europa.eu/meetdocs/2004_2009/documents/am/655/655143/655143en.pdf) on Aid for Trade, which will be voted on in April. Though externally the EU's position regarding AfT is presented as one voice, internally there are still many discussions going on as to what the definition should be and where the funds should be directed. This lack of one voice, at the same time the continuous fast pace at which the issue is being developed and pushed forward, causes concern to many.

Developing countries still under pressure to sign controversial trade deals

The so-called Economic Partnership Agreements (EPAs), bilateral trade deals between the EU and 79 countries from Africa, Caribbean and the Pacific (ACP), were the main topic on the agenda at an informal meeting between EU development ministers, ACP representatives and members of the European Commission last week. Negotiations of these agreements are entering their final stage and are supposed to come to conclusions by end 2007. Scepticism about the implications of the agreements on poverty and national development remains among ACP countries and NGOs.

Despite growing concerns that ACP negotiators are not in a position to meet the tight deadline of negotiations, the EU refuse to delay the process. EU trade Commissioner Peter Mandelson assured the ACP countries would be given enough time to implement the agreements. However, Anil Sooklal, South Africa's ambassador to the EU, regrets that nothing is clear about the terms of the so-called transition period for ACP countries to implement the trade agreements.

Will ACP countries be able to cope with the losses in customs revenues that the EPAs will inevitably provoke? Nigeria is going to lose \$700m annually in customs revenues according to Aliyu Modibbo Umar, its commerce minister. And while the EU wants to extend the scope of negotiations to areas such as services, competition or government procurement, ACP countries want at best selective opening of specific sectors. Negotiation capacities in many ACP countries are just too limited and institutions in many of the countries are not prepared to cope with the implications of liberalisation in these areas.

Sophie Powell, Policy Advisor at Traidcraft said: "The current proposals will undermine poverty reduction and prevent future development. Yet if poor countries don't sign, they risk losing critical trade preferences and maybe even aid. They are in an impossible position."

Traditional African cloth producers under attack by Trademark bid

The intention of a British Company to register the Kikoy trademark has created uproar among African handicraft producers, including the Co-Operation for Fair Trade Africa (COFTA). Kikoy is a traditional cloth that originated mainly from the coastal peoples of East Africa. It was traditionally hand woven and worn by men, and from that cloth various home deco items have evolved. Organizations in East Africa, including some Fair Trade Organisations, have been exporting kikoy and other kikoy related items.

The Kikoy Co. (<http://www.kikoy.com>), a company based in the UK selling kikoy cloth via their website, has now applied to register the Kikoy trademark for more than 50 types of clothing ranging from adults' hats to children's shoes.

"If the trademark application is successful it will give the company an effective monopoly over the use of the term 'kikoy'," said Joan Karanja, COFTA's Africa Programme Coordinator. "In practical terms it would mean that kikoy items made

from kikoy cloth could not be sold or marketed using that name in the UK without the permission of the Kikoy Company UK Ltd. It's outrageous that words and terms that are distinctive to a people, a culture and a language should be appropriated in this way merely to advance the naked self-interest of commercial organisations."

COFTA alerted the Kenya Intellectual Property Institute and filed a case against the trademark application through the UK-based Fair Trade Organisation, Traidcraft Exchange, with support from Global Fair Trade Crafts Inc. "This is a serious threat to the livelihoods of thousand of Kenyans so we were very happy to respond to COFTA's request for us to help," said Rob Donnelly, Traidcraft Exchange Africa Programme Manager.

A first result has been achieved: due to the opposition, the trademark cannot be immediately registered. However, the case is not closed and the threat will not disappear unless The Kikoy Co. withdraws their intention to register the trademark.

For further information please consult <http://www.cofta.org>

Ministers and Parliamentarians renew their support to Fair Trade

27 EU ministers for development cooperation and 30 ACP representatives who met in Germany last week passed a declaration, recognizing that "voluntary social and ecological initiatives, such as Fair Trade, can be an important instrument in sustainable development and poverty reduction."

For the full text see this link: http://www.eu2007.de/en/News/download_docs/Maerz/0312-RAA1/080Abschlusskommunique.pdf

The European Parliament passed a resolution on Corporate Social Responsibility, suggesting some innovative ways to approach this controversial issue. The resolution

"notes the contribution made by the international fair trade movement in pioneering responsible business practices for sixty years and proving that such practices are viable and sustainable throughout the supply chain; calls on the Commission to take the experience of the fair trade movement into account and to explore systematically how that experience could be used in the context of CSR".
<http://www.europarl.europa.eu/sides/getDoc.do?Type=TA&Reference=P6-TA-2007-0062&language=EN>

Announcement: International Conference on Fair Procurement

On Thursday, 19th April 2007, from 9:00 to 13:00, in Brussels there will be an international conference on Fair Procurement called '*Fair Trade public purchasing as a tool for sustainable consumption and production patterns*'. This is the final conference of the "Fair Procura" project, addressing the issue of Fair Trade considerations into public procurement. It is organized under the auspices of EFTA (European Fair Trade Association), CTM Altromercato (Italy), Fair Trade Original (The Netherlands), IDEAS

(Spain) and OXFAM Wereldwinkels (Belgium) with the financial support of the European Commission (EuropeAid).

The aim of this conference is to examine the policies and practice of Fair Trade procurement; the impact of Fair Trade on the producer's communities; and further steps the EU can undertake to ensure coherence between EU policies and to foster Fair Trade.

The diverse range of guest speakers include Linda McAvan MEP, Renate Nikolay Cabinet Member of DG Trade, Stefano Manservigi Director General of DG Development, Moctar Fall, Interface Sengal and Luuk Zooneveld Director FLO. There will be an open debate to explore more in-depth these issues and prospects.

To register please go to the EFTA website: www.european-fair-trade-association.org

50 Reasons to Buy Fair Trade



Fair Trade consumers and supporters can be inspired by a new book: "50 reasons to Buy Fair Trade" by Miles Litvinoff and John Madeley, recently published in the United Kingdom.

This book provides 50 reasons why buying Fair Trade delivers a host of benefits to people and the planet. It's an inspiring account of how every consumer can play a part in improving lives and making global trade work better for poor people.

50 Reasons to Buy Fair Trade by Miles Litvinoff and John Madeley is published in paperback by Pluto Books, London, 256pp, price €15.00 (paperback).

You can read an interview with the author of the book at www.fairtrade.net

Business Unusual now available in Spanish and German

On 29th January, the German version of the new Fair Trade book *Business Unusual: Successes and Challenges of Fair Trade* ("*Handeln - anders als andere*") was launched in the Heinrich Böll Foundation in Berlin. Around 150 participants joined a lively panel debate between MEP Frithjof Schmidt, the rapporteur of the European Parliament resolution on Fair Trade and development, coffee producer Gerardo Arias Camacho, Evita Schmiege from the German Ministry for Economic Cooperation and Development and Tom Speck, managing director of the German Fair Trade importer gepa Fairhandelshaus. The debate was moderated by Anja Osterhaus, Fair Trade Advocacy Co-ordinator in Brussels.

Gerardo Arias Camacho, president of *Llano bonito*, a coffee producing cooperative in Costa Rica, impressed the audience with his clear and personal statements about the benefits of Fair Trade "Coffee producers



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are among the poorest sectors of society in Costa Rica. When I was a child I had to leave school after four years and I cried desperately but my father, also a coffee producer, had no choice. But thanks to Fair Trade, my own children can go to school. With the fair price and the premium we established a foundation which gives scholarships to children to attend high school and even the university. It is one of the most beautiful benefits we receive from Fair Trade”.

Evita Schmiege from the German Ministry for Economic Cooperation and Development welcomed the publication of the book *Business Unusual*. She recognized the contribution of Fair Trade for poverty reduction and its pioneering work in creating sustainable business practices. The German Ministry has supported Fair Trade in many ways over the last years and wants to raise support at EU level in the context of the current EU



presidency. MEP Frithjof Schmidt insisted in the need for the EU to build on the European Parliament’s resolution and repeated his demand to allocate funds for “Aid for Fair Trade”, building on the current discussion around “Aid for Trade” (see separate article in this newsletter).

For the press release of the event in German follow this link <http://www.forum-fairer-handel.de/>

To find out where to order the publication “Business Unusual” in German, Spanish and English please consult www.fairtrade-advocacy.org

Fair Trade Advocacy Office launches new website

Do you need updated information about Fair Trade related policy issues? Do you want to access official documents on Fair Trade? Do you want to consult previous editions of this newsletter? Please consult the new website www.fairtrade-advocacy.org

Interested in an internship?

The Fair Trade Advocacy Office seeks an intern from June/July 2007. For details please consult www.fairtrade-advocacy.org

On the agenda

19 April, Brussels: Fair Procurement conference www.eftafairtrade.org

Get an inside look on how to promote fair and sustainable public purchasing practices.

12 May: Fair Trade Day 2007 www.wftday.org/english/index.htm

Every year, Fair Trade events are organized worldwide. This year's theme is "Kids and Fair Trade".

12 - 17 May, Blankenberge (Belgian): Fair Trade at Heart www.ifat.org

Do not miss the biggest Fair Trade conference ever organized by IFAT.

1 - 3 February 2008, Lyon, France: European Fair Trade Fair

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