
20 EU trade and development policies: How has Fair Trade been used as a tool to achieve sustainability for people and planet?

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The EU has a key role to play in ensuring that international trade and global value chains contribute to sustainable livelihoods and human rights, within planetary boundaries. The advocacy work of the Fair Trade movement aims to create transformation policy change through a variety of EU policy initiatives that the EU could take such as adopting a binding legal frameworks for Human Rights Due Diligence in supply chains or sectorial EU strategies (including legislation and support measures) to ensure fair and sustainable supply chains, in particular in the cocoa and textiles supply chains. (Box 1 briefly describes key elements of the Fair Trade movement and the Fair Trade Advocacy Office).

In 2004, the Fair Trade movement joined forces to advocate for European policies in support of Fair Trade and Trade Justice, as well as to strengthen Fair Trade actors' capacities to engage with the European Institutions. For this purpose, Fairtrade International¹, the World Fair Trade Organization² and the World Fair Trade Organization-Europe³ set up the Fair Trade Advocacy Office (FTAO).⁴ Since then, FTAO has established long-lasting collaborations with key Directorate-Generals of the European Commission (EC) and Members of the European Parliament. FTAO is also a member of various EU advisory groups, such as the Multi-stakeholder platform on the implementation of the Sustainable Development Goals (SDGs), the Domestic

1 <http://www.fairtrade.eu>.

2 <https://wfto.com>.

3 <https://wfto-europe.org>.

4 <http://www.fairtrade-advocacy.org>.

Advisory Groups (DAGs) on trade and sustainable development for EU free trade agreements with Colombia and Peru, the EU-Central America Association Agreement, and the Consultative Committee on the implementation of the Economic Partnership Agreement between the EU and Cariforum.

Box 1 Fair Trade movement

The Fair Trade movement is made up of individuals, organisations and networks that share a common vision of a world in which justice, equity and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential (International Fair Trade Charter 2018).⁵ Back in 2001, the main global Fair Trade actors agreed to define Fair Trade as “*a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.*”

This chapter focuses on the measures the European Commission (EC) has and could take in support of the uptake and proliferation of bottom-up Fair Trade initiatives to support an increase in Fair Trade sales, growth in Fair Trade Enterprises, the effectiveness of Fair Trade civil society organisations (CSOs), the impact of Fair Trade campaigns, as well as other local actions that contribute to Fair Trade, such as local public procurement policies and measures to boost demand for Fair Trade products. In particular, we will look at these measures through the following political economy lenses:

- How have formal and informal institutions across the EU contributed to enabling policies for Fair Trade?
- How have grassroots initiatives and local actors influenced and/or supported these measures?

Fair Trade and the EU: The state of play

Since the Lisbon Treaty (2009), promoting ‘free and fair trade’ has explicitly become one of the objectives of the EU relations with the wider world (TEU art 3.5). In its 2009 Communication “Contributing to sustainable development: the role of Fair Trade and non-governmental trade-related sustainability assurance schemes”, the EC recognised

⁵ <https://www.fair-trade.website/the-charter-1>.

the definition of Fair Trade as defined by the Charter of Fair Trade principles. In 2015, with the new EU *Trade for All* Strategy (European Commission 2015), the EC shifted to using the term “fair and ethical trade”, a new terminology which has not been explicitly defined in any EU official documents, thus adding some confusion.

According to Martens and Orbie (2018), “[the] EU does not intend to play a role in the elaboration of fair trade criteria and their monitoring, since, according to the Commission, their interference would jeopardise the dynamism that private fair trade labelling initiatives have displayed [...] However the EU seems willing to create a supportive environment for the advancement of fair trade”. Four strategic documents guide the EU approach to Fair Trade:

A. The ‘Trade for All’ Communication

On 14 October 2015, the EC adopted its current EU trade strategy, which includes for the first time a paragraph on “Promoting fair and ethical trade schemes” (Section 4.2.4):

Promoting fair and ethical trade schemes reflects EU consumer demand and contributes to developing more sustainable trade opportunities for small producers in third countries. There is a lack of information today about access to fair trade schemes for both producers and EU consumers. The Commission has a role to play in facilitating this connection and in raising awareness on both the supply and the demand sides.

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.*

B. The EU's role in implementing the United Nations 2030 Agenda

As a follow-up of the UN 2030 Agenda and its Sustainable Development Goals (SDGs)⁶ on 21 November 2016 the EC published a policy document on the EU's approach to achieve sustainable development in the EU and globally. Unfortunately, this fell short of being a proper implementation strategy, which has been passed on to the next Commission. In the Staff Working Paper supporting the above-mentioned Communication, the Commission included the promotion of fair and ethical trade in the list of actions that the EC is already taking to implement the SDG 12 on the promotion of sustainable consumption and production.

C. The European Consensus on Development

The Consensus represents the shared vision and framework for action for development cooperation for the EU and its member states (MS). Its last update was in 2017 to ensure the alignment of development cooperation policies with the SDGs.⁷ In this last version of the Consensus, "fair, transparent and ethical trade" is recognised as a concrete way to strongly contribute to the implementation of the Agenda (point 54). "Supporting fair and ethical trade" is also identified as a tool for development cooperation policies and initiatives (point 106).⁸

D. The EU Aid for Trade Strategy

The updated EU Aid for Trade (AfT) Strategy 2017⁹ reviewed the EU AfT Strategy adopted 10 years earlier by the EU in response to the WTO-led AfT Initiative¹⁰ to help developing countries better integrate into the international trading system. The document acknowledges the role of 'fair and ethical trade' in promoting sustainable development. It also includes relevant commitments, such as the willingness to strengthen CSOs' participation in the Domestic Advisory Groups of trade agreements and to support value chains that are key for Fair Trade, such as coffee, cocoa, and cotton (pages 8-10).

6 <https://www.un.org/sustainabledevelopment/development-agenda>

7 https://ec.europa.eu/europeaid/policies/european-development-policy/european-consensus-development_en

8 Point 106 (...) Development cooperation will help to reinforce the inclusion and implementation of trade and sustainable development chapters in trade agreements, increased preferential access for vulnerable countries to the EU market and support for fair and ethical trade and further develop policies to ensure responsible management of supply chains (...)

9 http://europa.eu/rapid/press-release_IP-17-4488_en.htm

10 https://www.wto.org/english/tratop_e/develop_e/a4t_e/aid4trade_e.htm

Fair Trade and the EU viewed through political economy lenses

Different factors contributed to the recent policy initiatives in support of Fair Trade. From a top-down perspective, the 2030 Agenda has played an important role in bringing institutions together and making them promote sustainable development in innovative ways. From a bottom-up point of view, Fair Trade actors have also been effective in positioning themselves as strategic partners in the implementation of this Agenda. In what follows, we briefly discuss how institutions, CSOs, Fair Trade actors, and citizens contributed to these results.

The role of institutions in providing political support

At EU level, the Commissioner for Trade Cecilia Malmström has frequently stressed the role of fair and ethical trade in a values-based trade strategy. The cross-party European Parliament's Fair Trade Working Group, an informal group of MEPs committed to Fair Trade, has also regularly called on the EC to use its policies to promote Fair Trade. At national level, the organisers of the successful German Fair Trade Capital Award (an initiative launched by the German Federal Ministry for Economic Cooperation and Development to raise the profile of local authorities and actors committed to Fair Trade) helped convince the European Commission to set up a European Award on 'fair and ethical trade'. At local level, the Fair Trade Town Campaign (a global initiative, which started in Garstang (UK) in 2001 and currently involves more than 2,000 towns across the globe) has also provided EU policy makers with concrete examples about how local initiatives on Fair Trade can support the objectives of EU trade and development policies.

CSOs/ Fair Trade actors

At EU level, the Fair Trade Advocacy Office (FTAO) has been advocating for EU enabling policies for Fair Trade for 15 years. FTAO also seized the 2030 Agenda as an opportunity to collaborate with other Brussels-based civil society organisations to advocate for EU actions promoting sustainable development through innovative tools, such as Fair Trade. The visibility of Fair Trade movement actors at national and local level also raised policy makers' awareness on Fair Trade and how Fair Trade schemes can help localise the 2030 Agenda¹¹. National and local Fair Trade actions also created close linkages between Fair Trade campaigns and other civil society initiatives launched

¹¹ <http://localizingthesdgs.org/library/view/200>

by church groups, trade unions, and other stakeholders. This also increased the grass-root support for enabling policies for Fair Trade at local, national, and EU level.

Consumers

The latest edition of the Eurobarometer report on the occasion of the European Year for Development indicates that half of all EU citizens would be prepared to pay more for a Fair Trade product.¹² As indicated in the ‘fair and ethical trade’ paragraph of the 2015 *Trade for All* Communication, the increasing interest and demand of EU consumers for sustainable products and services also pushed the EU to take concrete actions in support of ‘fair and ethical trade’.

The implementation of the current EU commitments in support of Fair Trade

As a follow-up to the “fair and ethical trade” paragraph of the *Trade for All* Communication, EU Trade Commissioner Cecilia Malmström launched the first EU Cities for Fair and Ethical Trade Award, mentioned above.¹³ The winner of the first edition of this award, Ghent (Belgium), was announced on 27 June 2018, during the first EU Cities for Fair and Ethical Trade Award Ceremony. Additionally, Dortmund (Germany), Saarbrücken (Germany), Lyon (France) and Madrid (Spain) received special mentions for education and community participation, inspiring procurement practice, innovation and global partnerships respectively. Managed by the International Trade Centre (ITC), the initiative has helped raise awareness on the role of local actors in supporting EU trade and development policies, as well as supported an exchange of information and good practices among local authorities committed to sustainable development. The Fair Trade movement actively participated in the set-up of this initiative: it was involved in the Technical Committee which defined the features of the award and the jury who selected its first winner. The participation of Fair Trade Towns in the Award was also high. Moreover, on 24 May 2019, ITC launched the report on the *European Union Market for Sustainable Products* (ITC 2019). Commissioned by the Directorate General for Trade of the European Commission (DG Trade), the report was the result of a two-year pilot survey and analysis of data from retailers in France, Germany, Italy, the Netherlands, and Spain.

12 See the Special Eurobarometer 421, “The European Year for Development – Citizens’ Views on Development, Cooperation and Aid” at http://data.europa.eu/cuodp/data/dataset/S2022_82_1_421.

13 <https://www.trade-city-award.eu/>

The Chair of the European Parliament International Trade Committee, Mr Bernd Lange, also organised three EP breakfasts with EU Delegations (in Autumn 2016, 2017, and 2018) to proactively promote Fair Trade in the Global South. The gatherings were used by FTAO as an occasion to collect good practices among EU delegations (e.g. the initiative by the EU delegation in Brazil to promote the export of Fair Trade products from Brazil to EU). The EC is also expected to launch an online forum to help EU Delegations exchange information and examples of good practice on ‘fair and ethical trade’.

Other follow-ups of the EU trade strategy include a market report on the fair and ethical trade market in the EU, to be carried out by the International Trade Centre, on behalf of the EC, due in the first semester of 2019. The Chair of the European Parliament International Trade Committee, Mr Bernd Lange, also organised three EP breakfasts with EU Delegations (in Autumn 2016, 2017, and 2018) to proactively promote Fair Trade in the Global South. The gatherings were used by FTAO as an occasion to collect good practices among EU delegations (e.g. the initiative by the EU delegation in Brazil to promote the export of Fair Trade products from Brazil to EU). The EC is also expected to launch an on-line forum to help EU Delegations exchange information and examples of good practice on ‘fair and ethical trade’.

Recommendations for future EU trade and development policies promoting Fair Trade

In recent years, some concrete steps have been taken to support the uptake of Fair Trade initiatives. These are very much welcome. They should be seen as evidence that enabling the proliferation of Fair Trade is both in line with a values-based trade agenda and the sustainable development objectives. However, there is still scope for improvement in how EU trade and development policies could promote the uptake of Fair Trade in the upcoming 2019-2024 EU term.

In our opinion, the role of citizens, local policy makers and local civil society actors (e.g. universities, schools, volunteering organisations, and CSOs) will be crucial to motivate the new Commissioners and MEPs to further promote enabling environments for Fair Trade initiatives. These local actors will also be key to ensuring that EU measures in support of Fair Trade will be implemented and will have a positive and long-lasting impact at local and national level. With the launch in 2018 of the EU Cities for Fair and Ethical Trade City Award, the EU made a big step in support of local actions promoting Fair Trade. It is essential that the new EU Trade Commissioner maintains the EU Cities for Fair and Ethical Trade Award and expands it into a Fair and Ethical Trade week, including other actors such as schools and universities. This would be a

tangible incentive for local authorities, civil society organisations, universities, schools and companies to partner up and learn from each other.

According to the results of recent FTAO research, there are other concrete measures that the next EC could take in support of the uptake and proliferation of bottom-up Fair Trade initiatives (FTAO 2019). In particular, the research helped identify several challenges that the EU could help local actors overcome, such as their lack of opportunities to exchange and learn from each other, within and outside the EU, as well as their difficulty to finance innovative Fair Trade projects targeting EU consumers/buyers in the Global North and/or small producers in the Global South.

In addition, as suggested by De Schutter (2015), “European Development funds (both from the EU itself, but also from the EU Member States whom the EU could encourage in this direction) could be earmarked for capacity building and technical assistance of small producers in the South, as well as to give them the knowledge and tools to access Fair Trade markets”. They will also be key to allowing local actors plan, test, implement, and upscale innovative approaches and measures in support of Fair Trade in the Global North too.

The 2019-2024 European Commission should also build on the commitments of the current EU Trade Strategy to support the successful Fair Trade initiatives of various EU delegations and to encourage more proactive projects by these key institutions to increase the trade of Fair Trade goods and the exchange between local actors committed to Fair Trade in the Global North and the Global South.

Finally, public procurement is an important lever in the bottom-up promotion of Fair Trade practices. In line with Target 12.7 of the SDGs, contracting authorities in the EU should get support measures (e.g. platform for information exchange, guides, trainings, helpdesks, etc.) to increase gradually commitments to Fair Trade public procurement across EU towards 2030, when all public procurement in the EU should include sustainability criteria. Whenever relevant, public procurement should include Fair Trade criteria in their calls for tenders, within the legal framework of 2014 Public Procurement Directives.

In conclusion, these non-exhaustive proposals are only examples of the types of policies that the forthcoming 2019-2024 European Commission could take to continue the legacy of the Trade For All Strategy in support of a more ambitious value-based trade agenda that promotes bottom-up innovations in making trade achieve the EU sustainable development objectives.

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