

Fair Trade Advocacy Office position

on the Regulation amending Regulations (EU) No 1308/2013, (EU) 2021/2115 and (EU) 2021/2116 as regards the strengthening of the position of farmers in the food supply chain.



About the Fair Trade Advocacy Office (FTAO):

The Fair Trade Advocacy Office (FTAO) leads political advocacy for the Fair Trade Movement at the EU level. It has the purpose of promoting justice, equity and sustainable development 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.

The FTAO is a joint initiative of Fairtrade International, the World Fair Trade Organization, and the World Fair Trade Organization-Europe.

Reaction to the Draft report 2024/0319(COD) by rapporteur MEP Céline Imart

The Fair Trade Advocacy Office (FTAO) welcomes Ms. Imart's draft report on the EC proposal, and invites the AGRI Committee to amend it to ensure that the new regulatory framework is truly beneficial for farmers who still struggle to receive a fair remuneration for their work and for consumers not adding confusion with 'fairwashing' communications on products.

This FTAO position focuses on the need to improve **Article 88a on the Optional terms for commercial modalities**, based on the years of expertise of the Fair Trade Movement in creating fairer supply chains and enterprises. The FTAO stresses that the use of the term "fair" (and its translations in the different European languages) is associated with a distinct set of practices and principles separate from those linked to other similar terms. These practices have been developed over years of experience by the economic actors within the Fair Trade Movement and are enshrined in the [International Fair Trade Charter](#), supported by over 250 organisations, including economic operators and civil society organisations^[1]. The FTAO recommends aligning with the vision outlined in this Charter and ensuring consistency with existing legislative developments at the EU level, such as the French legal framework.

[1] Fair Trade is defined 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, marginalised 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".

Considerations on the draft report

Amendment	Draft report	FTAO position and recommendation
<p>Amendment 1 on Recital 3</p>	<p>Addition of the wording: <i>notably through multiannual contractual arrangements and traceability</i></p>	<p>The FTAO supports strengthening the criteria on “stability”. However, it stresses that existing Fair Trade standards and enterprises employ various methods to ensure long term relationships between farmer organisations and buyers. These include long term contracts, but also letters of intent and requirements for joint planning.</p> <p>While long term commitments and relationships are an essential element of fair trade, in many cases the uncertainty about the yield in future years, market prices and input costs can make a multiannual contract challenging.</p>
<p>Amendment 5 Regarding Article 88 bis – para 1 – point a</p>	<p>stability, <i>notably through multiannual contractual arrangements between producers and buyers, traceability</i> and transparency in the relations between farmers and buyers throughout the supply chain;"</p>	<p>Consequently, the FTAO recommends the following alternative wording to precise the notion of ‘stability’: <i>Long term commitment between the parties to the contract for a period of time that limits the impact of economic uncertainties, which cannot be less than three years; and transparency in their relations.</i></p> <p>This phrasing is inspired in the existing legal framework in France and provides a certain level of flexibility in the shape of the ‘long term commitment’, while having the advantage of setting a given duration in time (three years), which offers greater clarity to enterprises and simplifies consequently their functioning.</p>
<p>Amendment 6 Regarding Article 88 bis – para 1 – point b bis (new)</p>	<p><i>the payment of an additional amount to the producer, notably with the aim of financing collective projects</i></p>	<p>Ensuring that farmers receive a ‘fair price’ must be the central element of the criteria. Fair Trade schemes and enterprises use different ways to ensure that this condition is met. This may include setting a minimum price for a given commodity and region; setting a methodology for the calculation of fair prices on a case-by-case basis; and, in some cases, paying ‘an additional amount to the producer’ (known as a ‘premium’) on top of the price that finances collective projects.</p> <p>In the case of some South-North Fair Trade schemes this premium is often an essential component of the system, and can represent up to 15% of the price. However, it must be noted that not all existing Fair Trade schemes rely on a premium. Most importantly, in the case of North-North Fair Trade experiences, typically premiums are significantly lower (about 1% of the price), as cooperatives in the EU do not finance the kind of infrastructures that are needed in developing countries.</p>

		<p>As a conclusion, the FTAO suggests that the AGRI committee set as a mandatory condition to use the term ‘fair’ that the price covers, at least, the cost of sustainable production; while including the possibility of adding a premium on top of the price as a possibility, and not an obligation. In other words, a price that includes a premium to the cooperative, but that does not cover the cost of sustainable production, it can’t be considered to be ‘fair’.</p> <p>FTAO recommendation: a price considered equitable by participating farmers for their products and covers, at least, the cost of sustainable production, including incomes and a risk margin. The price may be complemented by a premium paid to the farmer cooperative or equivalent organisation.</p>
<p>Amendment 2 on Recital 4</p>	<p>Addition of the wording: insofar as the latter is manufactured within the Union and Substitution of the reference to direct intermediaries by limited number of intermediaries</p>	<p>The EC proposal, recognise the dual nature for the term ‘short chain’: either geographical proximity, or direct in terms of intermediaries.</p> <p>The FTAO regrets that, when it comes to the number of intermediaries, the draft report specifies that they must be ‘within the European Economic Area’, as this is discriminatory and contrary to existing commercial practices. In the case of ‘short chains’ based on the number of intermediaries and not on geographical proximity, the geographical location of those intermediaries should be irrelevant.</p>
<p>Amendment 7 Regarding Article 88 bis –para 2 – point a</p>	<p>a direct link, or a limited number of intermediaries, between the farmer and the final consumer of the product, insofar as the latter is produced within the European Economic Area; or</p>	<p>Within the Fair Trade movement there are examples of this approach to ‘short supply chains’ which the CMO should not jeopardise. This is the case of Ethiquable, an EU company which supports producer organisations in conducting first-stage cocoa processing locally, and then imports and transforms the cocoa into chocolate in France. By acting as importer, processor, and distributor, Ethiquable significantly reduces the number of intermediaries compared to conventional cocoa supply chains. Their model demonstrates that "short" does not necessarily mean "local", but rather refers to the efficiency and fair organisation of the value chain.</p> <p>The FTAO recommends deleting the reference of geographical location from Art 88a 2, (a); while keeping it in Art 88a 2, (b) so that there is no confusion among the two approaches to ‘short chains’.</p> <p>On the other hand, the FTAO welcomes the draft report’s substitution of the reference to direct connection by limited number of intermediaries, as depending on the sector and the value chain, direct connections strictly speaking might not be possible or beneficial for farmers, and that a reduced number of intermediaries is the most beneficial scenario.</p>

Amendments 18 to 23

Expansion of the list of sustainability objectives that would allow producers to ask the European Commission for an opinion on the compatibility of their agreements

The FTAO supports the draft report’s extension of the list of legitimate sustainability objectives that can benefit from the exemption to Article 101(1) TFEU when an agreement is necessary and proportionate. This offers POs the possibility to ask the Commission for an opinion confirming compatibility as set out in the Commission Guidelines on the exclusion from Article 101 TFEU for sustainability agreements of agricultural producers (C(2023) 8306 final, “210a Guidelines”). The opinion procedure gives legal certainty and can accelerate initiatives that lead to better livelihoods for farmers.

The FTAO strongly supports amendment 20 in particular (adding the objective to ‘*guarantee of a stable and fair income and of a stronger position along the value chain for farmers*’)

The FTAO stresses that the new objectives do not waive the core filters in Article 210 bis (2): measures must be indispensable and must not eliminate competition for a substantial part of the products concerned. It recalls that ‘fair income’ can be objectively measured against cost of sustainable production data, including for example EU Farm Sustainability Data Network, EU national or regional market observatories, or living-income reference values developed by think tanks, NGOs and other actors.

Fair Trade Advocacy Office’s recommendations

The FTAO considers that only an EU law that sets an ambitious standard for the use of the terms ‘fair’ and ‘equitable’ would improve the position of farmers in the chain. This ambitious standard must be inspired by the practices that the Fair Trade movement is already putting in practice voluntarily, both international and in domestic trade; and by the existing laws of Member States like France which have already regulated the use of the term ‘fair’.



If there is not sufficient consensus within the AGRI Committee to significantly improve the EC proposal for Article 88a, the FTAO invites MEPs to table an amendment proposing the deletion of Article 88a, 1 governing the use of the terms ‘fair’, ‘equitable’, and equivalent ones; as having a weak legislation would deliver worst results than the non-EU intervention scenario.

An EU law that allowed a given relationship between farmer and buyer to claim to be ‘fair’ while it offers less advantageous conditions than the ones currently offered by the many existing Fair Trade schemes would deprive farmers of the benefit that they can harvest from these existing schemes. It would also incentivise new, less ambitious schemes to use this term, deceiving consumers and damaging farmers’ interests.

To ensure the legislative proposal achieves its intended objectives, the FTAO recommends the AGRI Committee to:

a) Apply the definition equally to EU and imported products: consider that the definition of ‘fair’ and ‘equitable’ can apply equally to both EU-produced and imported goods; as well as to the relations of EU farmers and non-EU ones with their buyers. This is already the case in the French legal framework, which does not discriminate based on origin. While the legal basis for the Common Market Organisation (CMO) restricts the term’s application to EU-produced goods, future initiatives should build on this definition and extend its scope beyond intra-EU relations.

b) Enhance certainty in the definition: amend the proposal to improve the clarity and certainty of the definition. The legislative proposal currently envisions the adoption of implementing acts to further specify the conditions under which the terms ‘fair’ ‘equitable’ or equivalent may be used. While the FTAO acknowledges the potential need for such implementing acts, it urges the AGRI Committee to amend the regulation to establish clear boundaries and parameters within which these acts may be developed;

c) Pair the definition with substantial support measures: recognise that defining the conditions for using terms like ‘fair’ and ‘equitable’ will only lead to meaningful change if paired with substantial support measures. These measures could include promoting the procurement of fairly produced goods in future public procurement legislation; allocating EU budget to awareness-raising campaigns; or encouraging and facilitating the adoption of fair trade practices by businesses.

Consequently, the FTAO invites the AGRI Committee MEPs to either delete the proposed Article 88a, or enhance it by tabling the following amendments:

Original text	Suggested amendment	Justification
	<p>Whereas:</p> <p>NEW (3 bis) Action at EU, Member State and regional level is necessary to ensure that farmers operating under recognised ‘fair’, ‘equitable’ or equivalent terms have access to sufficient market share to reach decent livelihoods.</p>	<p>The EU must actively promote these practices and encourage the demand for fairly traded goods, as merely defining the conditions for the use of the term ‘fair’ will not, on its own, conduct to the achievement of the objectives of this regulation. To effectively improve the livelihoods of farmers, the definition of the conditions to use the terms ‘fair’, ‘equitable’ or equivalent must be paired with a mix of legislative and non-legislative promotion tools. These could include provisions in future public procurement legislation, dedicated budget for awareness-raising campaigns, and measures to facilitate and encourage EU Member States to adopt modulated taxation regimes.</p>

<p>Art 88a</p> <p>1(a) stability and transparency in the relations of farmers with purchasers along the supply chain</p>	<p>Art 88a. 1(a) Long term commitment between the parties to the contract for a period of time that limits the impact of economic uncertainties, which cannot be less than three years; and transparency in their relations.</p>	<p>Stability is rightly recognised as a key factor in safeguarding farmers’ interests. However, the term is undefined in the proposal, which could lead to significant challenges if it remains unaddressed. We recommend taking inspiration from the existing definition of ‘fair trade’ in the French legal framework, which requires long term commitments.</p> <p>Fair Trade standards and enterprises employ various methods to ensure long term relationships between farmer organisations and buyers. These include long term contracts, letters of intent and requirements for joint planning</p>
	<p>NEW Art 88a. 1(a bis) Encourage the development of collective organisations with democratic decision-making processes when possible.</p>	<p>Democratic decision-making processes empowers small-scale producers and workers by providing them with control over their operations and ensuring fair representation.</p> <p>There might be, however, exceptions in which, for example, microenterprises or family businesses do not operate in as a collective or have democratic decision making processes; hence the FTAO’s proposal to allow for exceptions to this rule, while stressing that, in general, the use of the terms ‘fair, ‘equitable’ or equivalent ones must be linked to the promotion of these structures.</p>
<p>Art 88a</p> <p>1(b) a price considered equitable by participating farmers for their products, and</p>	<p>Art 88a. 1(b) a price considered equitable by participating farmers for their products and covers, at least, the cost of sustainable production, including incomes and a risk margin. The price may be complemented by a premium paid to the farmer cooperative or equivalent organisation; and</p>	<p>Determining a ‘fair’ price is inherently complex and context-dependent. However, any reliable methodology for fair price formation must use the cost of sustainable production as its baseline.</p> <p>Additionally, we recommend including the payment of a premium as part of the toolbox. Premiums are typically paid to cooperatives or equivalent farmer organisations rather than individual farmers, encourage therefore association and collective projects. These projects can include initiatives such as climate change mitigation and adaptation or other cooperative endeavours that would be challenging for individual farmers to undertake alone.</p> <p>In the case of fairly traded goods which are imported from developing countries, the toolbox may also include that the buyer offers pre-financing to the producer.</p>
<p>Art 88a</p> <p>1(c) collective initiatives pursuing one or several of the United Nations Sustainable Development Goals.</p>	<p>Art 88a 1(c) collective initiatives pursuing one or several of the United Nations Sustainable Development Goals; and enact production methods that respect the environment and biodiversity such as agroecology and organic agriculture, or have a time-bound plan to transition to these methods.</p>	<p>The SDGs have a broad scope, enabling almost any commercial activity to claim alignment with at least one goal (e.g., poverty mitigation), hence the need to further precise this condition, and link it to environmental standards.</p> <p>Research highlights that climate change and environmental degradation are among the primary concerns for farmers, representing significant perceived risks to their businesses . At the same time, the burden of complying with environmental legislation, coupled with stagnant or declining incomes, has also raised protests and concerns.</p>

		<p>Including environmentally respectful production processes as a condition for claiming to be ‘fair’ addresses this dilemma. It promotes that farmers who meet the highest standards have access to a fair remuneration that enables them to uphold them.</p>
	<p>NEW 3 bis Economic actors shall resort to labels and certification schemes to proof the compliance with these criteria. The Commission will adopt implementing acts to specify control systems for labels as defined by Directive (EU) 2024/825 as regards empowering consumers for the green transition through better protection against unfair practices and through better information.</p>	<p>To avoid the proliferation of deceiving labels and ‘fairwashing’ it will be necessary to define criteria to scan claims and ensure that they comply with the new rules. To avoid duplication the EC can build on the existing rules under the ‘empowering consumers for the green transition Directive’.</p>
<p>Art 88a. 2. The term ‘short supply chain’ may be used (...) to inform purchasers about existing modalities (...) which provide for:</p> <p>a) a direct connection between the farmer and the final consumer of the product, or</p> <p>(b) a close connection and geographical proximity between the farmer and the final consumer of the product.</p>	<p>Art 88a. 2. The term ‘short supply chain’ may be used (...) to inform purchasers about existing modalities (...) which provide for:</p> <p>a) a direct connection or reduced intermediaries between the farmer and the final consumer of the product, or</p> <p>(b) a close connection and geographical proximity between the farmer and the final consumer of the product.</p>	<p>The FTAO applauds the Commission’s effort to draft a proposal that accommodates diverse approaches to the concept of the ‘short supply chain.’ While geographical proximity is often beneficial for improving farmers’ position within the supply chain, reducing intermediaries can also strengthen farmers’ positions, even in the context of international trade.</p> <p>The FTAO highlights however that restricting the use of the term ‘short supply chain’ to “direct connections” would exclude initiatives in which the number of intermediaries is reduced, but a limited number of them must remain to make the chain operative. Therefore, the FTAO recommends the substitution of the reference to direct connection by a limited number of intermediaries.</p>