

Fair Trade Advocacy Office position

on the Regulation amending Regulations (EU) No 1308/2013, (EU) No 2021/2115 and (EU) No 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 amplifies the voices of marginalised producers and workers, driving global change for trade that values people and the planet. The FTAO leads the Fair Trade Movement political advocacy at European Union level and contributes to the strengthening of the political advocacy capacities of the global Fair Trade Movement.

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

The FTAO welcomes the European Commission's efforts to strengthen the position of farmers in the agri-food supply chain. In particular, it acknowledges the proposal to set the conditions under which the terms 'fair', 'equitable' and equivalents may be used; as doing so might promote a fair remuneration for farmers by preventing misleading claims. However, 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 the FTAO expresses concern that setting an EU definition below the standards already applied by economic operators within the Fair Trade movement risks negative consequences. It may encourage lower-standard operators to use the term 'fair' in their communications, misleading consumers and displacing economic players who adhere to higher voluntary standards.

The Fair Trade movement has already defined 'fair trade' within 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 and legislative proposals in Belgium and Spain.

Recommendations to the AGRI Committee of the European Parliament

To ensure the legislative proposal achieves its intended objectives, the FTAO recommends the European Parliament's Committee on Agriculture and Rural Development (AGRI):

[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".

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.

In light of the above recommendations, the FTAO suggests the following amendments to the legislative proposal:

Original text	Amendment	Justification
	<p>Whereas: 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 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</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 left unaddressed. We recommend taking inspiration from the existing definition of “fair trade” in the French legal framework, which requires long term commitments.</p>

	<p>cannot be less than three years; and transparency in their relations.</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 empower 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.</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.</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 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, 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 [2]. 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>

[2] See, among others: <https://www.veolia.fr/medias/actualites/sondage-veolia-elabe-monde-agricole-pret-transition-ecologique-quete-solutions>; <https://collectifnourrir.fr/sondage-queles-sont-les-veritables-preoccupations-et-attentes-des-agriculteurs/>; <https://theshiftproject.org/article/resultats-grande-consultation-des-agriculteurs/>

NEW 3 bis

Economic actors shall resource 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.

To avoid the proliferation of deceiving labels and ‘fairwashing’ it will be necessary to define a 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’.

In addition to the amendments suggested above, the FTAO wishes to call the European Parliament’s attention to the following articles of the EC’s legislative proposal:

Position and comments on other key aspects of the proposal

Art 88a. 2.

The term ‘short supply chain’ may be used (...) to inform purchasers about existing modalities (...) which provide for:

- a) a direct connection **or reduced intermediaries** between the farmer and the final consumer of the product, **or**
- (b) a close connection and geographical proximity between the farmer and the final consumer of the product.

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.

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.

Art 88a. 5.

Member States may **adopt or maintain national rules** laying down conditions additional to those referred to in (...)

The varying levels of development of the ‘fair trade’ market across EU Member States highlight the need for tailored legislative frameworks. The FTAO therefore welcomes the explicit reference to the possibility of Member States adopting or maintaining their own regulations.

Article 168. Contractual relations

Every delivery in the Union of agricultural products from a sector listed in Article 1(2), other than milk and milk products and sugar, (...) shall be covered by a **written contract** between the parties.

The FTAO also supports the proposed obligation to formalise trade relationships through written contracts. While written contracts alone do not guarantee that trade terms are ‘fair,’ they are often a necessary precondition. Some Member States, such as Spain, have already mandated written contracts through the transposition of Directive (EU) 2019/633 on Unfair Trading Practices in business-to-business relations within the agri-food supply chain.

Given the scope of this regulation, the article currently applies solely to the obligation of written contracts for trade within the EU. However, the FTAO emphasises that the position of EU farmers in the supply chain is strongly influenced by the conditions imposed on non-EU farmers. To level the playing field and prevent EU buyers from exploiting the lack of obligations to formalise contracts with non-EU sellers, the FTAO urges the AGRI committee to address this gap by extending the requirement for written contracts in the upcoming review of the UTP Directive. This should apply to any transaction where either the buyer, the seller, or both are based in the EU.

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