

The logo for Fair Trade Advocacy Office is located in the top right corner. It consists of the words "Fair Trade" in a large, bold, black sans-serif font, with "ADVOCACY OFFICE" in a smaller, all-caps, black sans-serif font below it. A teal-colored brushstroke graphic is positioned behind the text, extending from the top left towards the bottom right.

**Fair  
Trade**

ADVOCACY OFFICE

**Position Paper 15 March 2016**  
by the Fair Trade Advocacy Office

# *Power to West African cotton farmers*

**Recommendations to the European Union, G7  
and West African governments in support of fairer  
and more sustainable textile supply chains**

## Why do we wish to put small cotton farmers on the agenda?

Since the collapse of Rana Plaza garment manufacturing centre (Savar, Bangladesh) on 24 April 2013, much public attention has been placed on compensation to victims and the improvement of the building safety, working conditions and wages at the garment stage of textile supply chains. The Fair Trade movement has supported such calls and will continue to do so, via its advocacy and campaigning and also working with the private sector and governments to ensure that workers in the garment phase of the textile chain have a living wage and decent work conditions.

### Few public attention has gone to the cotton farmers that “grow” our clothes.

However, the 10 million cotton farmers in West and Central Africa not only they bear the consequences of an unfair cotton trading system and huge imbalances of power in the cotton supply chain. They also face adverse domestic conditions in West Africa, which make it difficult to provide for a living income for farmers and living wage for their workers.

In September 2015, world governments adopted the new United Nations (UN) Sustainable Development Goals (SDGs), including goal 2 (end hunger, achieve food security and improve nutrition and promote sustainable agriculture, goal 8 (sustained, inclusive and sustainable economic growth, decent work for all) goal 12 (sustainable consumption and production). Last but not least, goal 17 (global partnership for development, which highlights the important role of multistakeholder partnerships has, as targets, the promotion of “*universal, rules-based, open, non-discriminatory and equitable multilateral trading system*

*under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda” and to “significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries’ share of global exports by 2020”.*

These goals are directly relevant to Fair Trade, a best practice “multi-stakeholder” partnership that, from the outset, has addressed the various dimensions of sustainable development<sup>1</sup>, including fair trading terms and increased market access for marginalised producers, long-term partnerships and sustainable agricultural practices<sup>2</sup>.

All these goals are also directly relevant to the issues faced by small cotton farmers in West Africa. Cotton exemplifies the interlinkages between the various dimensions of sustainable development.

### What governments will do to support more fairness and sustainability in cotton supply chains will serve as indicator for how much political will there is to achieve the new UN Sustainable Development Goals.

In this context, on the basis of desk research and interviews with cotton stakeholders in the so-called C4 countries (Benin, Burkina Faso, Chad and Mali) and Senegal<sup>3</sup>, this document aims at giving recommendations to West African governments, European Union (EU) institutions as well as EU and G7 countries on what they could do to empower small cotton farmers, with a focus on West African cotton farmers.

# What are the main trends in the international cotton market?

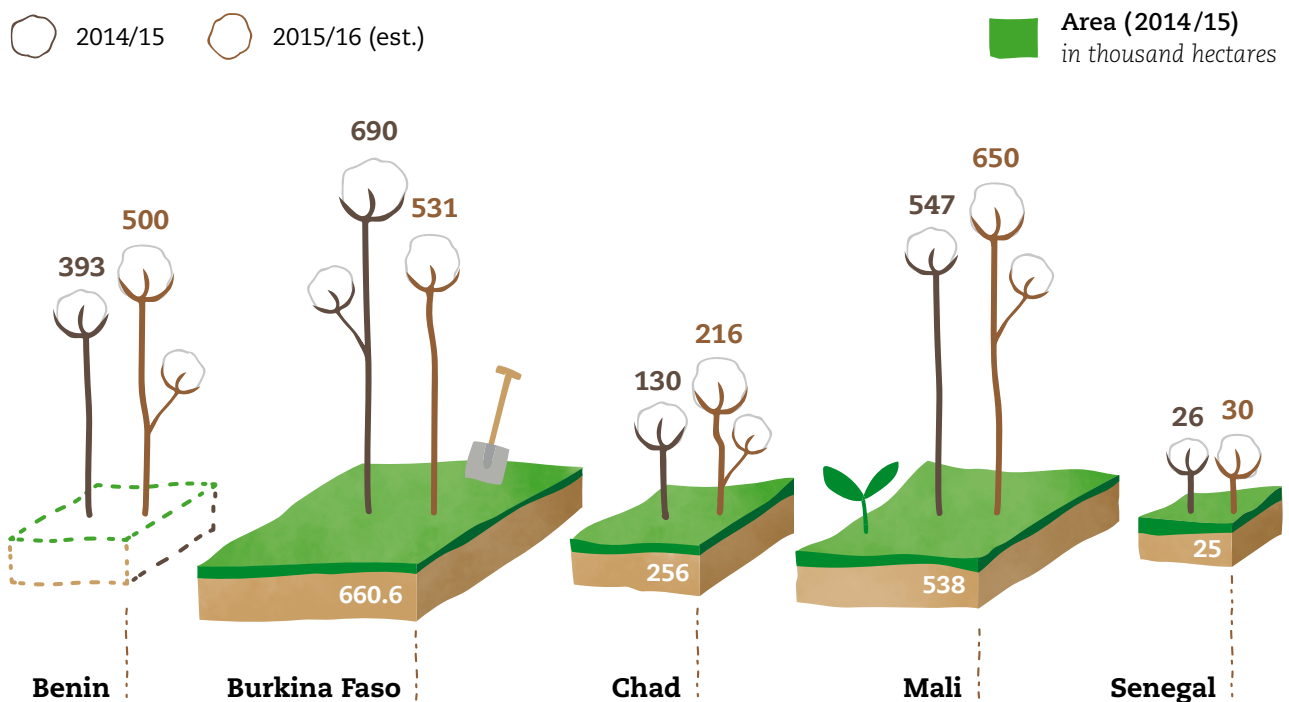
Cotton production in the C4 countries and Senegal has had many years of ups and downs, with production overall increasing, but declining terms of trade, rising costs of production and inputs, and so an overall poor performance, exacerbated by policies and actions elsewhere, notably on subsidies. Global total subsidies to the cotton sector are estimated at a record \$10.4 billion in 2014/15, up from a record of \$6.5 billion in 2013/14<sup>4</sup>. These subsidies (e.g. for cotton producers in US, EU, China) result in abnormally-low prices for cotton in world markets, creating an uneven playing field for West African farmers, as already documented by the Fairtrade Foundation’s “The Great Cotton Stitch-up” report in 2010<sup>5</sup>.

In parallel, there is an increasing financialisation and speculation in cotton markets. Where cotton markets were once used primarily to manage risk, they are now seen as a source of profit for non-cotton actors and a refuge in times of low returns in conventional stock markets and investments.

All these external pressures undermine the ability by small farmers in West Africa to earn a living income by producing and trading their cotton.

## COTTON PRODUCTION IN THE C4 AND SENEGAL

in thousand tons



Sources: USDA Foreign Agricultural Service (2015). Cotton and Products Annual. Reuters (2015). Benin cotton output beats forecast, rises 28 pct in 2014/15. Interviews by the researchers



## Who's got the power in West African cotton supply chains?

There are 10 million cotton farmers in West and Central Africa. Overall, these producers have neither the volumes or the proximate and sizeable processing capacity to influence markets, and demand for specifically West African cotton qualities does not exist so as to create good trading conditions. West African producers do not either enjoy the benefits of well-organised sectors for the supply of finance, inputs or knowledge, and their production assets are in decline (soil fertility, climate/water) without sufficient sector returns to improve them. Producers remain trapped in a production system that favours a mode of production that is not always suited to their contexts, which aggravates problems such as debt, the health impacts of pesticide use and soil.

While their participation in sector governance has grown, they have not as yet enough power to influence the shape of cotton production. West Africa producer power is mediated through their producer unions, and the Association of Cotton Producers (AProCA) as a regional representative body. It is through these that producers can influence regional groups such as UEMOA or the African Union. Their role is key to manage relations, understand and track policy and markets, and effectively lobby on behalf of producers.

Despite various reforms, the cotton sectors in West Africa remain highly regulated, with competition limited by law<sup>6</sup>. The cotton sectors in C4 countries and Senegal are structured as either monopoly or a monopsony<sup>7</sup>.

Although state control has reduced and farmers participate more in the governance of the cotton sector, their power remains weak.

Bottlenecks and gatekeepers between local actors and the market constitute a key obstacle to ensure sustainable livelihoods of small cotton farmers.

The intent of the organisational model was to ensure quality, quantity, consistency and ready availability of cotton for international markets, and this informs thinking to this day (with export dependency being a growing factor). It not possible to identify a "perfect" governance model. Each cotton-producing country has come up with a different role of the state and the market. All different national systems have pros and cons, and are linked to the local situations. Overall, the sector in Burkina Faso and Senegal seem to be the ones presenting less problems. Burkina Faso's "Smoothing Fund" (see "policy recommendations" section below) seems to be a best practice that could be replicated across the C4 countries and Senegal.

Regarding the role of Fair Trade schemes, several independent studies have over the past decade demonstrated the positive impacts of the Fair Trade tools on the ground<sup>8</sup>, also in cotton<sup>9</sup>. However, in cotton agricultural supply chains, Fair Trade has not yet made sufficient impact, mainly due to insufficient uptake of Fair Trade cotton by the consuming markets, i.e. too little sales of Textiles made from Fair Trade Cotton. With the exception of Senegal, Fair Trade cotton has not been seen as an area of strategic intervention, but rather as isolated pilot projects, funded by donors.

## Why is all this relevant to current government agendas?

Other than the above-mentioned UN Sustainable Development Goals and increased global attention to textile supply chains, there are also specific relevant national and regional policy frameworks and windows of opportunity to take action in the short term.

### IN WEST AFRICA

Of the two main policy arenas on a regional and continental scale, the first is the Commission of the West African Economic and Monetary Union (UEMOA). This organisation focuses on economic integration and has three regional programmes for cotton. The first programme is the Agenda for the competitiveness of the Cotton & Textiles sector. It aims to increase value addition of cotton in the region and create jobs, but it has so far not met its targets, which have been pushed back to 2020.

This gave rise to the second programme, the Support Programme for the Cotton-Textile Supply Chain (PAFICOT). This has been active since 2007 in the C4 countries (Benin, Burkina, Mali, Chad), but not Senegal. Its objectives are to improve the revenues of stakeholders in the cotton and textiles sectors and to stimulate local cotton processing. This programme offers two solutions to some of the short term farm level needs. Firstly, a focus on improving production conditions (productivity, cost reduction, environmental impacts, human health, and cotton quality), and secondly, building producer negotiation capacity and cotton sector competitiveness. There is also a specific programme on organic and Fair Trade production, derived from the Agenda for the competitiveness of the Cotton & Textile Sector.

#### ✔ Best practice

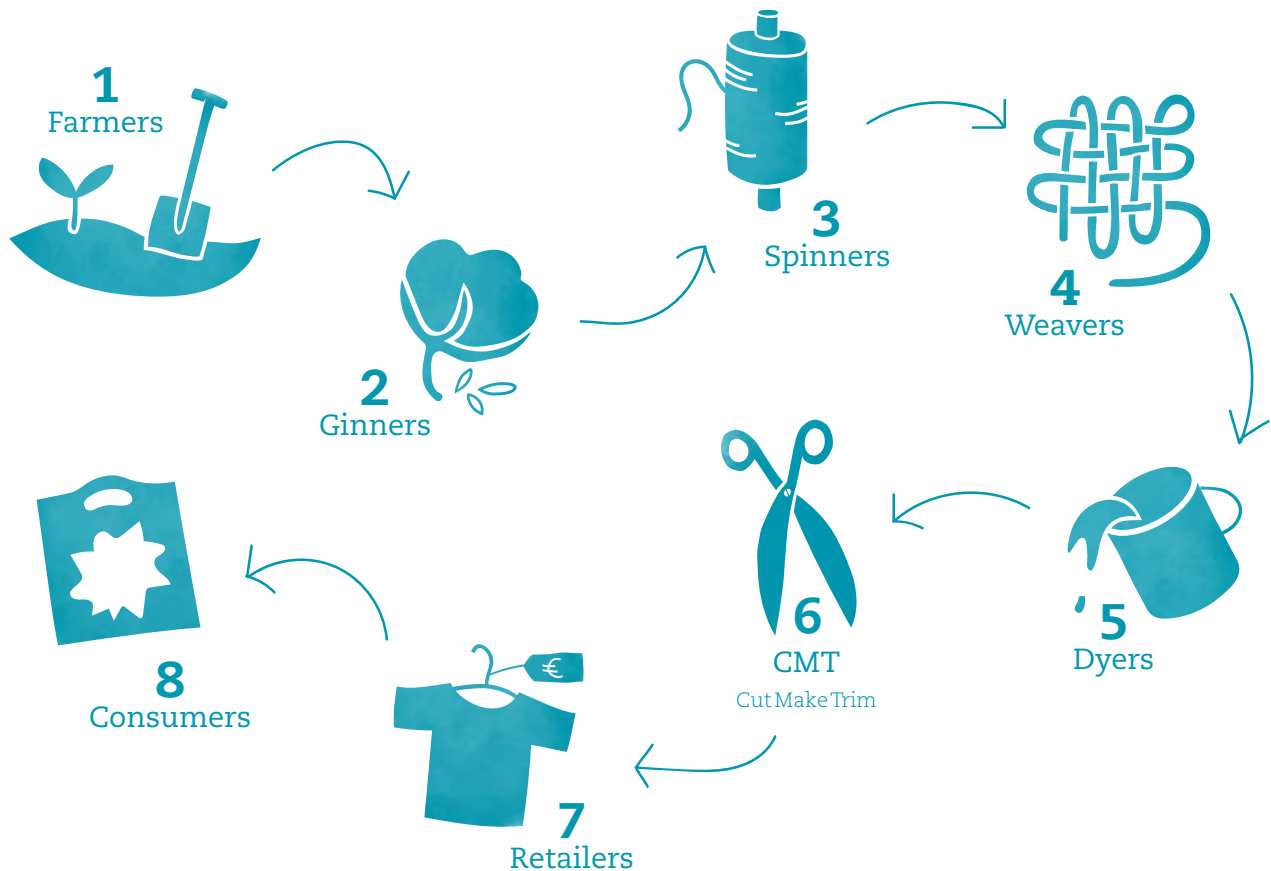
##### Velingara (Senegal) Cotton Farmers Union

Velingara is a cotton region that produces more than 50% of cotton in Senegal. The Cotton Farmers Union of Velingara, created in 2008, has a production capacity of 400 tonnes of Fairtrade-certified cotton seeds. According to the President of the farmers Union, Mr Demba M'Balo, the Fairtrade certification allows 530 farmers to receive a guaranteed minimum price and premium development. Conventional cotton sells for 255 FCFA francs/kg. With the Fairtrade system, the farmers receive additional 20 FCFA francs/kg more. In addition, the Union also receives a Fairtrade premium, for projects to be decided together by all farmers. Under the umbrella of the Union, various women-led producer groups have been set up, where women farmers decide how the premium should be used. Women farmers can now sell their own cotton and receive the money directly, without the need to go through their husbands<sup>10</sup>.

Between 2008 and 2010, 4,800 tonnes of organic & Fair Trade cotton were bought in Mali and 1,175 in Burkina Faso, helping improve the livelihoods of at least 5,300 producers.

The social and environmental problems of the cotton sector are also taken into account by the African Union (AU) Commission. It has an active programme on child labour and also supports an Ecological Organic Agriculture programme under the Comprehensive African Agriculture Development Program, which

## VALUE CHAIN FOR COTTON AND TEXTILES



encourages countries to institutionalise organic and ecological practices in their agricultural development policies.

In parallel, the Organisation for the Harmonisation of Business Law in Africa (OHADA) is implementing a unifying law relating to cooperative societies, which should help strengthen the governance of Producer Organisations. Although not without some implementation problems in some countries, this is a promising vehicle for improving the power of producers in supply chains.

### AT EUROPEAN UNION LEVEL

#### 1. EU Garments Initiative

In the framework of European Year for Development in 2015 the European Commission launched the idea of setting up an EU-wide multi-stakeholder initiative to promote sustainable business practices and en-

gage with all relevant stakeholders in the garment sector. It was initially referred to as “textiles initiative”, later to be re-named “garments” initiative. It is expected that the initial priority area will be on the garment phase of production but the scope of the EU garments initiative should explicitly include the whole supply chain, from raw materials to consumers, as repeatedly advocated for by the Fair Trade movement. The European Commission aims at creating a space for dialogue, promote existing best practices and successful initiatives at EU level, and discuss how to better support transposition and implementation of existing international social and environmental norms. An official launch of the EU garments initiative is expected before mid 2016.

#### 2. EU-Africa cotton partnership

The EU-Africa Partnership on cotton was concluded between the EU and African countries in July 2004 (Paris Forum). Its global aim is to “enhance the com-

*petitiveness, added value and viability of the African cotton sector, so as to maximise the impact on local producers' income".* The current financing programme (2013–2016) for its implementation has an envelop of 11 million €, and is jointly led by the European Commission and the Secretariat of African, Caribbean and Pacific Group of States.

### 3. EU trade policy

The new EU Trade and Investment Strategy "Trade for All" includes a specific section (4.2.4) where the Commission commits to take various actions in support of fair and ethical trade schemes (see box)<sup>11</sup>.

In the section, the Commission stresses the commitment to ensuring that trade agreements deliver concrete results, including on sustainable development. This is the case for the EU-West Africa Economic Partnership Agreement (agreed in 2014) which must be interpreted on the basis of the principles<sup>12</sup> and the provisions of the Cotonou Agreement<sup>13</sup>. In particular, the Agreement's Art. 23 on economic sector development reads "*Cooperation shall support sustainable policy and institutional reforms and the investments necessary for equitable access to economic activities and productive resources, particularly: (i) trade development, including the promotion of fair trade*".

### 4. New EU public procurement rules implementation

The objective of the EU Directive on public procurement of February 2014 is to enable EU contracting authorities to use their purchasing power to support societal goals. Recital 97 of the Directive clearly states that conditions related to the supply or utilisation of fair trade products may be included in the call for tenders, either in (i) the award criteria or (ii) in the contract performance conditions<sup>14</sup>.

#### Promoting fair and ethical trade schemes of new EU "Trade for All" strategy

"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."

*Towards a more responsible trade and investment policy – Trade for All, European Commission*

## What are our policy recommendations?

The procurement of textiles made of Fair Trade cotton is an easy and practical way for governments to prove coherence between policies and daily purchasing decisions. There is a growing interest by public authorities to buy fair, the four winners of the first European Fair Trade Cotton Procurement Awards [e.g. The City of Paris (France), London School of Economics (UK), Municipality of Traun (Austria) and La Poste (France)], are examples of how public authorities are already concretely supporting Fair Trade cotton in the textiles sourcing strategy.

### AT G7 LEVEL

The G7 Summit in Elmau (Germany) in June 2015 concluded with a commitment by G7 Heads of State and Government to foster sustainable global supply chains and to agree on concrete actions for implementation. As a follow-up, the G7 Ministers of Employment, Labour, Social Affairs, International Cooperation and Development agreed in October 2015 on a *“Fair Sustainable Consumption and Production action plan”* with concrete actions. This action plan include not only addressing sustainability issues in the garment stage of productions, but also cotton production, including a commitment by G7 to *“better coordinate support among the G7 on (...) sustainable cotton production notably in Africa and Asia, by committing to integrate and support the implementation, wherever feasible, of one of the existing international sustainable standards in cotton production (‘Cotton Made in Africa’; ‘Better Cotton Initiative’; ‘Fair Trade Cotton’ and ‘Organic Cotton’) when starting new bilateral programmes or pilot projects on cotton in Africa or Asia”*<sup>15</sup>.

The upcoming G7 Summit on 26–27 May 2016 in Kashiko Island (Japan) is an opportunity to report on progress made.

On the basis of the most relevant existing policy frameworks and upcoming windows of opportunity, below you will find our policy recommendations to West African governments, EU institutions and EU & G7 Member States.

#### Best practice

##### “Smoothing Fund” (Burkina Faso)

The “Association fonds de lissage” (Smoothing Fund Mechanism) was established in Burkina Faso in 2008 to mitigate the effects of price volatility on producers and cotton companies. It provides stability and sector solidarity by establishing surpluses in good years, paid out to support stakeholder (cotton companies, producers) incomes in bad years. Producer prices are based on average price quotes from two years before the current season and forward price estimates 2 seasons ahead. Any surplus is paid to farmers. It is run by banks. While too early to say how financially sustainable this fund is in its present form, the idea is one worthy of plenty of attention by policy makers and could possibly be scaled out and up across West Africa.

### TO WEST AFRICAN GOVERNMENTS

#### 1. Improve the governance of cotton supply chains

West African governments should focus on improving the price stabilisation mechanisms, using Burkina Faso’s “Smoothing Fund” as best practice to scale up and out.



West African governments should facilitate the setting up national and regional farmer-owned trading companies, especially for Fair Trade and organic farmers, together with building direct relations with mills (which today is rarely the case).

In the long term, African institutions and national governments should prepare the ground for possible development of a processing sector by first ensuring investment in infrastructure (stable and affordable energy, good transport and port infrastructure), ensuring the right conditions to secure investment in the textiles sector.

Logistics are also a challenge for internal transport, although ports are improving and investments are planned, notably in rail. West African governments should support removal of barriers to trade within Africa, to enable development of cross-border value chains as well as to make exports easier from landlocked countries.

## 2. Support capacity-building for local cotton farmer unions (and structures like AProCA and its national members)

It is through producer unions, and the Association of Cotton Producers (AProCA) as a regional representative body, that cotton producers can influence regional groups such as UEMOA or the African Union. Much then depends on the capacity of the federations and associations to manage relations, understand and track policy and markets, and effectively lobby on behalf of producers. This requires that all policies and programmes include support for more capacity building of producer organisations and AProCA.

### A growing textile sector in East Africa: a partner for West African farmers?

The textile sectors in East Africa (Tanzania, Uganda, Kenya, Ethiopia, Mauritius) are all seeing good growth and inwards investment in plant and people. The removal of regional trade barriers has probably advanced more here, and both Tanzania and Uganda, and Mauritius offshore have developed manufacturing in the Fair Trade and organic supply chains (e.g., Mantis World in Tanzania, while Plexus Cotton have just opened a manufacturing mill in Uganda alongside Kenyan investors), as well as in conventional textiles. The African Cotton & Textiles Industry Federation (ACTIF) is very active in this region, supported by various donors. This contrasts with West Africa, where mooted investments remain invisible years afterwards (e.g., Alok Industries)

Good mechanisms will mean producers can seek to influence and change the current cotton system and its focus on intensive, consistent, volume production for overseas buyers, to include attention to the development needs of smallholder farmers. Moves towards more sustainable production may also help increase the value of exports while decreasing the cost of imports, with positive impacts on national accounts and tax take as well as on food security and livelihood diversification.

AProCA is heavily involved in many different initiatives from field level programmes to regional and continental institutions such as UEMOA and the African Union. With only a small staff, it urgently needs capacity building and organisational support to deliver its mission. West African governments should seek to secure the financial stability of AProCA and create supportive policies, including consideration of cotton sector levies to fund the organisation.

### ✔ Best practice

#### Organic Benin

The not-for-profit Organisation for the Promotion of Organic Agriculture in Benin (OBEPAB) was founded in 1996 to support small farmers to produce and trade organic cotton. In 2003, it took a step forward and set up a separate trading structure “Organic Benin” with the goal to trade directly the cotton that is produced by the (approximately) one thousand farmers the NGO works with. Despite its constraints (capacity, finance), it has allowed the group to find new buyers and have more options to trade. An expansion of this type of model, grouping several or all of the groups in the region could allow a similar expansion of trade and access to new markets (and more economies of scale) by organic and Fair Trade cotton producers, as well as ensuring competition between buyers, which could help improve prices.

### 3. Put in place specific national public policies to promote Fair Trade and organic cotton

African governments need to acknowledge the existing positive impacts of Fair Trade and organic cotton in terms of improvements to the farmers already involved in these schemes, but also to recognise the potential benefits of scaling up to more farmers, including the benefits to themselves in terms of the balance of payments.

Specific policies need to be in place to recognise these added-value supply chains, but also to include them in sector governance and institutions, and to legislate for their ability to function as market actors, i.e., for specific farmer owned/operated companies to trade in Fair Trade and organic goods under the national level cotton sector governance bodies.

Fair Trade is already part of various public policies such as Malawi’s national sugar export strategy, and various Latin American and European countries<sup>16</sup>.

The fact that the new EU Trade and Investment strategy “Trade for All” includes a section to promote the uptake of fair and ethical trade and that key traditional trade partners for West Africa, such as France, consider Fair Trade as part of their public policies<sup>17</sup>, opens the door for West African governments to use Fair Trade as a tool of their economic diplomacy to increase commercialisation opportunities for small cotton farmers.

### 4. Step up legal and political pressure to countries providing trade-distorting cotton subsidies

Brazil reached a deal with the United States in October 2014 which involves a one-time U.S. payment of 300 million USD in return for dropping all earlier legal WTO claims against the U.S. cotton subsidies as long as the new US Farm Bill remains in effect.

*West African cotton farmers, despite changes to the US cotton subsidies programme, still face an uneven playing field, with unfair subsidies creating abnormally-low prices.*

The new (2014) Farm Bill marked an evolution from traditional farm income support programs to a focus on production and price risk management, with government-subsidized crop insurance as the primary instrument. During 2014/15, cotton insurance subsidies are estimated at \$490 million, or 6 US cts/lb. All types of subsidies provided by the Chinese government are estimated at \$8.2 billion in 2014/15 or 58 US cts/lb. The EU, in turn, is responsible for the highest subsidies in relative terms. In 2014/15 the amount of direct subsidy to production in Greece was estimated at \$238 million, equivalent to 39 cts/lb of lint production. The subsidy in Spain is estimated at \$72 million in 2014/15, or 44 cts/lb of lint<sup>18</sup>.





#### Inter-Parliamentary Union on Fair Trade

*“Fair Trade serves two objectives, namely: it provides real opportunities for the development of small-scale producers and workers in developing countries; and it has a positive impact on the global trading system and private companies, which encourages them to become more justice-oriented, socially inclusive and supportive of sustainable development”*

Inter-Parliamentary Union Resolution on Fair Trade and Innovative Financing Mechanisms for Sustainable Development (IPU Assembly in Quito, Ecuador, in March 2013)

The World Trade Organisation (WTO) Nairobi Ministerial Meeting of December 2015<sup>19</sup> failed to settle the long-standing request by C4 countries to find an agreed political solution at WTO level, despite their repeated advocacy to remove their unfair trade-distorting subsidies. Taking into account the unlikely successful conclusion of a truly pro-development Doha Round, the diminishing bargaining power of C4 countries, cotton-producing countries should consider launching a dispute settlement case at WTO, and, at the same time, try to find a political solution as the US found with Brazil. The reparation should make available should be used to promote measures towards the improvement of cotton supply chains, in particular to guarantee a living income for small cotton farmers and living wage for their workers.

## TO THE EUROPEAN UNION INSTITUTIONS

### 1. Prioritise cotton sourcing in the new EU garments initiative

The new EU garments initiative should include in its work plan, from the outset, measures to improve the sustainability of raw materials supplying the textile supply chains

and not only focus on the garment manufacturing stage of the chain. The first priority should be cotton, and the Association of African Cotton Producers (AProCA) should be invited to join the initiative as a regional representative body representing a key actors in the chains.

In the mid-term, pro-active measures should be put in place to empower other actors in the textile supply chain, such as artisans in textiles or farmers of other raw materials supplying the textile supply chains.

As it is the case in the German Alliance for Sustainable Textiles, the Fair Trade movement should be invited to be members the EU garments initiative, as part of the solution and partners of the Commission and the private sector in achieving the EU initiative's objectives.

### 2. Implement EU trade and development policies to enable uptake of Fair Trade

The EU needs to link its thematic programs in the region to support these efforts which seek to reduce distress in local communities and can thus contribute to reducing migration pressure. The EU should examine ways to support the West African governments with technical and financial means in their efforts to implement above suggested areas. The implementation of the EU-West Africa EPA is a good framework to implement the new commitments by the EC on fair and ethical trade, and use it as a tools to support commercialisation opportunities and sustainable livelihoods for small cotton farmers in West Africa.

The next phase (after the current programme ends in 2016) of the EU-Africa cotton support programme should prioritise support efforts to the African Union (AU) to develop its own cotton-textiles agenda, as well as to including more focus on supporting Fair Trade and sustainable cotton, with a view to improving livelihoods and protecting the production base (soil, water, landscape...).

*A key priority is to facilitate European buyers have the space to meet West African cotton farmers (see section below).*

The EU should also ensure African cotton research sectors are funded, based on African defined (with producer input) research needs, and not on supporting imported technology.



In the new EU Aid for Trade strategy, the EU should focus on raising the productive and trade capacity of Fair Trade and organic cotton farmers and help integrate them into sustainable value chains.

### 3. Making offer meet demand

A just-released Eurobarometer opinion poll shows that 50% of all respondents across the EU would be prepared to “pay more for groceries or other products from developing countries to support people living in those countries (for example fair trade products)”<sup>20</sup>. This, together with the new Fair Trade schemes developed by the Fair Trade movement (see above), provides an excellent opportunity for cotton farmers (as directly as possible, if possible via farmer-owned trading structures) to tap into these markets.

Despite this potential interest by the final consumer, there are not sufficient opportunities for direct contacts between such structures and European companies that wish to procure cotton for their textiles, so today the availability of fair textiles in the European shelves is very small. New programmes to finance such “match-making” to happen should be addressed in future EU Aid for Trade strategy, implementation of the EU-West Africa EPA and the next EU-Africa cotton support programme.

The EU delegations in West Africa have a key role to play. In line with the commitments to fair and ethical trade in the “Trade for All” strategy,

**EU delegations in West Africa should regularly provide spaces for meetings of small cotton producers organisations and textile manufacturers buyers,**

in cooperation with the EU Member States Embassies and trade promotion agencies.

### 4. Mobilise the power of sustainable public procurement

The Commission should encourage contracting authorities across the EU to include Fair Trade alongside other social criteria in their public contracts on textile sourcing and provide specific guidance on how to do it, in view of the legal opening in the new EU rules (see above).

Through the implementation of the new ‘EU City for Fair and Ethical Trade’ award’ (foreseen in the new EU “Trade for All” strategy) the Commission should promote the exchange of good practice among local authorities on how to use public procurement to increase demand for textiles made with Fair Trade cotton. The EC could help support the creation of an EU-wide Fair Textiles procurement network. This could lead to a coordinated approach to procurement and could lead to the potential pooling of purchasing power on Fair Trade Textiles, or textiles made with Fair Trade cotton, by contracting authorities. This would pass a market signal to companies wishing to supply the public procurement market.

### 5. Support uptake of Fair Trade schemes

The European Commission should use existing and new Fair Trade schemes (e.g. Fairtrade International cotton sourcing partnership, new World Fair Trade Organisation product label for Fair Trade organisations, upcoming new Fairtrade textile standard and programme, which also accept other sustainable fibres) as tools to achieve its objectives to ensure more sustainable supply chains, from farmer to consumer, as it happens in Germany’s Alliance for Sustainable Textiles.

### ✔ Best practice

#### Germany's Alliance for Sustainable Textile and the role of Fair Trade

The Alliance for Sustainable Textiles was founded in October 2014. It was set up by the German Federal Ministry of Economic Cooperation and Development. The multi-stakeholder initiative – consisting of representatives of business, civil society, standards organisations and trade unions – intends to harness the power and expertise of its members in order to achieve social, environmental and economic improvements along the textile supply chain. The Alliance aims at addressing common challenges more effectively, to create synergies in joint pilot projects in the field, to learn from each other and thus to improve conditions in the producing countries. The Alliance considers the supply of textiles and clothing holistically: from raw material production to waste disposal of the textiles industry. This includes the increasing use of sustainably produced cotton – e.g. Fair Trade cotton – in the textile production.

170 members from government, business and civil society work together within the Alliance. Fairtrade International and TransFair e.V. are members and support the objectives of the Alliance. The new Fairtrade Textile Standard and Program – going beyond auditing/certification only – to be launched on 22 March 2016, incorporates the objectives and contents of the Alliance, therefore offering companies the opportunity to implement the Alliance's objectives and to take responsibility for their production.

#### 6. Introduce due diligence in companies importing textiles into EU

The European Commission should explore the possibilities for developing legal frameworks that require due diligence of EU companies all along their supply chain in respect of internationally agreed standards in the field of Environment, Human Rights and Labour, for all actors in their supply chain. In particular, companies should ensure the farmers supplying their

textile supply chains have a living income and workers a living wage. While the implementation model of the EU timber and conflict minerals may not be the best model, the shortcomings of these system do not invalidate the need to allocate responsibility to companies, via a due diligence requirement, for the textile products they place on the market.

## TO G7 AND EU COUNTRIES' GOVERNMENTS

### 1. Put in place national strategies to achieve sustainability in textile supply chains

Ambitious national initiatives in G7 member states, as it is already the case in Germany, should ensure that they also cover the entire textile supply chain to work towards full sustainability in the clothing sector, from farmer to consumer. The other G7 members should work towards similar initiatives in their countries in order to drive substantive change through their market power. The upcoming G7 Summit on 26–27 May 2016 in Kashiko Island (Japan) is an opportunity to report on progress made on the above-mentioned commitment to *"better coordinate support among the G7 on (...) sustainable cotton production notably in Africa and Asia, by committing to integrate and support the implementation, wherever feasible, of one of the existing international sustainable standards in cotton production ("Cotton Made in Africa"; "Better Cotton Initiative"; "Fair Trade Cotton" and "Organic Cotton") when starting new bilateral programmes or pilot projects on cotton in Africa or Asia"*<sup>21</sup>.

### 2. Support uptake of Fair Trade schemes

National governments should seize the opportunity to work with and use existing and new Fair Trade schemes (e.g. Fairtrade International cotton sourcing partnership, new World Fair Trade Organisation product label for Fair Trade organisations, upcoming new Fairtrade textile standard and programme, which also



accept other sustainable fibres) as tools to achieve its objectives to ensure more sustainable supply chains, from farmer to consumer, as it happens in Germany's Alliance for Sustainable Textiles.

### 3. Mobilise power of sustainable public procurement

For the EU Member States, the transposition into national law of the new EU public procurement rules, which should be completed by 18 April 2016, is a perfect opportunity to clarify the legal framework and set up pro-active public procurement objectives, for example by indicating a roadmap for all government levels and agencies to procure Fair Textiles by a certain date. Providing easy "can-do" guidance and help-desk legal support (in drafting calls for tenders) would be best way to reach out to not only large but also small public authorities.

The implementation of the new UN Sustainable Development goals at national level, in all EU & G7

countries, in particular goal 12 on sustainable consumption and production sub-target "*promoting public procurement practices that are sustainable, in accordance with national policies and priorities*" would be an excellent and practical way to align policy commitments with its purchasing decisions, via pro-active Fair Trade cotton public procurement strategies.

### 4. Introduce due diligence in companies importing textiles into national markets

National governments should explore the possibilities for developing legal frameworks that require due diligence of companies all along their supply chain in respect of internationally agreed standards in the field of Environment, Human Rights and Labour, for all actors in their supply chain, from farmer to consumer, in line with the recent Modern Slavery Act in the UK<sup>22</sup>. In particular, companies should ensure the farmers supplying their textile supply chains have a living income and workers a living wage. ■

## Endnotes

- 1 “Fair Trade is 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. 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.” (Definition of Fair Trade, 2009 Charter of Fair Trade Principles by the World Fair Trade Organization and Fairtrade International). This definition has been recognised, inter alia, by the European Commission in its Communication “Contributing to Sustainable Development: the role of Fair Trade and non-governmental trade-related sustainability assurance schemes” COM(2009) 215 final.
- 2 “Sustainable Development Goals and Fairtrade: the case for partnership”. Fairtrade International (October 2015).
- 3 Research on Power in West African cotton supply chains carried out in 2015 by Simon Ferrigno, Daouda Traoré and Silvere Tovignan for the Fair Trade Advocacy Office.
- 4 “Production and Trade Policies Affecting the Cotton Industry”, International Cotton Advisory Committee, December 2015
- 5 “The great cotton stitch-up” Fairtrade Foundation (UK) November 2010
- 6 “Revisiting the -Cotton Problem-: A Comparative Analysis of Cotton Reforms in Sub-Saharan Africa.” Delpeuch C. and Vandeplass A. (2013). World Development Vol. 42, pp. 209–221
- 7 “Who’s got the power? Tackling imbalances of power in supply chains” BASIC, November 2014. Report commissioned by the Fair Trade Advocacy Office, Plate-Forme Française du Commerce Équitable, Traidcraft and Fairtrade Deutschland.
- 8 Inter alia, CIRAD, *Cartography of impacts: what do we really know about the impacts of fair trade?*, 2010 Sally Smith, Institute of Development Studies (IDS), University of Sussex, *Fairtrade Bananas: a global assessment of impact*, April 2010 Oreade-Breche, *Study of the impact of Fairtrade labelling in the Dominican Republic banana and cocoa sectors*, 2008
- 9 Oreade-Breche, *Study of the impact of Fairtrade labelling in the Peruvian coffee sector*, 2007 Agronomes et Veterinaires Sans Frontières, *Study of the impact of Fairtrade labelling in the Peruvian mango sector*, 2009 and Agronomes et Veterinaires Sans Frontières, *Study of the impact of Fairtrade labelling in the Bolivian coffee sector*, 2006, as referred to by the above-mentioned “Who’s got the power? Tackling imbalances of power in supply chains” report by BASIC of November 2014. Specifically on cotton:
- 9 *Baseline Study of Fairtrade Cotton in West Africa* by Aideenvironment (2016, forthcoming March 2016), *The economic impact of sustainability standards in the cotton sector in Africa* by Ferrigno S. & Monday P. 2014 GIZ: Eschborn 2014 & *Fairtrade Cotton: assessing impact in Mali, Senegal, Cameroon and India (NRI)* by Nelson V. and Smith S. (2011).
- 10 Extracts from an interview to Demba M’Balo by Emmanuelle Pernollet (Max Havelaar France).
- 11 “Towards a more responsible trade and investment policy – Trade for All” – See section 4.2.4 on “Promoting fair and ethical trade schemes” (European Commission, 14 October 2015)
- 12 That means the overarching sustainable development objective, including its social, economic and environmental components. It also means the essential elements of the Cotonou Agreement, including human rights, and its specific provisions on trade and labour standards and environment.
- 13 Partnership Agreement between the European Union and the African, Caribbean and Pacific Group of States, signed in Cotonou on 23 June 2000, concluded for a 20-year period from 2000 to 2020, known as the “Cotonou Agreement”.
- 14 Recital 97 of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement “With a view to the better integration of social and environmental considerations in the procurement procedures, contracting authorities should be allowed to use (...) award criteria or contract performance conditions relating to the supply or utilisation of fair trade products in the course of the performance of the contract to be awarded. Criteria and conditions relating to trading and its conditions (commercialisation) may for instance refer to the fact that the product concerned is of fair trade origin, including the requirement to pay a minimum price and price premium to producers”.
- 15 G7 “Fair Sustainable Consumption and Production action plan” (October 2015) – see section “support to developing countries”
- 16 “Public policies in support of fair and solidarity trade: First research phase: the cases of Colombia, Ecuador and Brazil; France, Italy and Spain” CLAC-Fair Trade Advocacy office, June 2015.
- 17 France has signed various bilateral cooperation agreement with Southern partners, such as with Ecuador, to promote increase of trade of Fair Trade and solidarity economy products.
- 18 “Production and Trade Policies Affecting the Cotton Industry”, International Cotton Advisory Committee, December 2015
- 19 WTO Ministerial Decision of 19 December 2015 : WT/MIN(15)/46 — WT/L/981 reads “Export subsidies and all export measures with equivalent effect and trade distorting domestic support for cotton by WTO Members distort prices and disrupt international cotton markets, with severe consequences for the economy and social lives in African cotton-producing countries, especially Least Developed Countries (LDCs)” and “We acknowledge the efforts made by some Members to reform their domestic cotton policies and which may contribute to the objective of reduction of the trade distorting domestic subsidies for cotton production. We emphasize however that some more efforts remain to be made and that these positive steps are not a substitute for the attainment of our objective”
- 20 Eurobarometer Report 441: “The European Year for Development – Citizens’ views on Development, Cooperation and aid” TNS opinion & social, February 2016.
- 21 G7 “Fair Sustainable Consumption and Production action plan” (October 2015) – see section “support to developing countries”
- 22 United Kingdom’s Modern Slavery Act 2015 (30 March 2015).





## Who are we?

### Fair Trade Advocacy Office

The Fair Trade Advocacy Office (FTAO) speaks out for Fair Trade and Trade Justice with the aim to improve the livelihoods of marginalised producers and workers in the South. The FTAO is a joint initiative of Fairtrade International, the World Fair Trade Organization-Global and the World Fair Trade Organization-Europe. More information under: [www.fairtrade-advocacy.org](http://www.fairtrade-advocacy.org)

Contact Peter Möhringer ([moehringer@fairtrade-advocacy.org](mailto:moehringer@fairtrade-advocacy.org)) if you wish to discuss this position paper or if we can be of help by putting you in touch with the Fair Trade movement actors in your country/region.

### AProCA

AProCA is the Association of African Cotton Producers. Its mission is to defend the interests of the African cotton producers within a framework of cooperation on a continental level. Contact person: Youssouf Djim Sidibe ([yousoufjdjimsidibe@yahoo.fr](mailto:yousoufjdjimsidibe@yahoo.fr))

### Fairtrade International

Fairtrade International (FI) is a global organisation working to secure a better deal for farmers and workers. If you wish more information on the new Fairtrade standard and programme on textiles, contact Rossitza Krueger ([r.krueger@fairtrade.net](mailto:r.krueger@fairtrade.net)) or Martin Schüller ([m.schueller@fairtrade-deutschland.de](mailto:m.schueller@fairtrade-deutschland.de)). For information on FI's work specifically on cotton, contact Anup Singh ([a.singh@fairtrade.net](mailto:a.singh@fairtrade.net)).

### World Fair Trade Organization

The World Fair Trade Organization (WFTO) is a global network of organisations representing the Fair Trade supply chain. If you wish more information on the WFTO Fair Trade Organisation system and the new WFTO label, contact Natália Leal ([natalia.leal@wfto.com](mailto:natalia.leal@wfto.com)). For more information on the activities of WFTO members in Europe, contact Francesca Giubilo ([coordination@wfto-europe.org](mailto:coordination@wfto-europe.org)).

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