



## EC Green Paper Quality of Agricultural Products

### Fair Trade Advocacy Office<sup>1</sup> submission

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#### PART I – EU FARMING REQUIREMENTS

##### Question 1

How could the requirements and standards met by farmers that go beyond product hygiene and safety be made better known?

- What would be the advantages/disadvantages of developing new EU schemes indicating compliance with EU farming requirements other than those related to hygiene and safety?
- Should a non-EU product which complies with EU production requirements be also eligible to use such an EU quality scheme?

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 organisations (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.

The Fair Trade movement considers that, should "*beyond product hygiene and safety*" require further legislation, this should be done at International, rather than European level. This would reduce the compliance costs for small producers that find it difficult to comply with diverging regional requirements. If such EU scheme was nevertheless to be developed, the scheme should be open to producers in developing countries. Otherwise, domestically produced goods would be granted an unfair advantage.

Instead, the Fair Trade movement considers that existing certification schemes, specifically Fair Trade, have proven to meet societal demands: they can allow European consumers to make informed purchasing decisions.

The European Parliament Resolution on Fair Trade and Development (P6\_TA(2006)0320) calls on the Commission and the Council to promote Fair Trade and other independently monitored trading initiatives contributing to raising social and environmental standards as effective tools for achieving the Millennium Development Goals and to recognize the important role of Fair Trade organisations and other independently monitored trading initiatives contributing to raising social

<sup>1</sup> The Fair Trade Advocacy Office coordinates the advocacy activities of FINE, an informal network composed of the four main Fair Trade networks worldwide: IFAT – THE World Fair Trade Organization, Fairtrade Labelling Organizations International FLO-I, Network of European Worldshops NEWS! and European Fair Trade Association EFTA. These four networks bring together over one million Fair Trade producers from more than 60 countries, 20 labelling initiatives, hundreds of specialized Fair Trade importers, 3000 worldshops and more than 100,000 volunteers.

and environmental standards in supporting small and marginalised producers in developing countries and in increasing the awareness of European consumers with regard to sustainable and ethical North-South trading relations in general and to Fair Trade in particular.

### **PART III – CERTIFICATION SCHEMES**

#### **Question 15**

**To what extent can certification schemes for quality products meet the main societal demands concerning product characteristics and farming methods?**

Existing certification schemes, specifically Fair Trade, meet societal demands: they can allow European consumers to make informed purchasing decisions. The growth of consumer uptake of Fair Trade shows that consumers understand the added-value provided by Fair Trade products in relation to supporting small producers, their communities and the environment. The Fair Trade success has proven that consumers increasingly understand the link between the purchasing decisions and sustainable development.

Existing certification schemes, specifically Fair Trade, have proven to provide much-needed market access for small producers in developing countries.

**To what extent is there a risk of consumers being misled by certification schemes assuring compliance with baseline requirements?**

Fair Trade is not a baseline requirement as Fair Trade products go further than complying with applicable EU legislation. The pro-developments principles of Fair Trade are

- Market Access for Marginalised Producers
- Sustainable and Equitable Trading Relationships
- Capacity Building & Empowerment:
- Consumer Awareness Raising & Advocacy
- Fair Trade as a “Social Contract”
- Respect of labour rights, environmental sustainability (supported by a system of monitoring and evaluation)

**What are the costs and benefits for farmers and other producers of food (often small and medium-sized enterprises) in adhering to certification schemes?**

While certification schemes do involve costs, in the case of Fair Trade, the burden is built into the supply chain. Fair Trade helps shorten trade chains so that producers receive more from the final selling price of their goods than is the norm in conventional trade via multiple intermediaries.

Trading terms offered by Fair Trade buyers enable producers and workers to maintain a sustainable livelihood; that is one that not only meets day-to-day needs for economic, social and environmental wellbeing but that also enables improved conditions in the future. Prices and payment terms (including prepayment where required) are determined by assessment of these factors rather than just reference to current market conditions. There is a commitment to a long-term trading partnership that enables both sides to co-operate through information sharing and planning, and the importance of these factors in ensuring decent working conditions is recognised.

**Should a more active involvement of producers' organisations be promoted?**

From the Fair Trade experience, it is absolutely essential for small producers in developing countries to team-up and work through a formal organisation in order to be able to gain access to the global market. In fact, a small-scale farmer working individually does often not possess the resources to invest in areas related to consumer preferences or to integrate his production with post-harvest handling and distribution. Producer organisations improve the efficiency of marketing and exporting. They also provide modern storage and grading facilities that would be beyond the reach of individual farmers. Being organised in a bigger entity also helps to achieve

economies of scale and to avoid exploitation by other groups (middlemen) in the distribution system.

### Question 16

**Could EU guidelines be sufficient to contribute to a more coherent development of certification schemes? What criteria would need to be included in such a guide or guidelines?**

EU guidelines should not replace those existing schemes that have proven to be reliable, transparent and subject to monitoring and evaluation.

The European Parliament Resolution on Fair Trade and Development (P6\_TA(2006)0320) calls on the Commission and the Council to promote Fair Trade and other independently monitored trading initiatives contributing to raising social and environmental standards as effective tools for achieving the Millennium Development Goals and to recognize the important role of Fair Trade organisations and other independently monitored trading initiatives contributing to raising social and environmental standards in supporting small and marginalised producers in developing countries and in increasing the awareness of European consumers with regard to sustainable and ethical North-South trading relations in general and to Fair Trade in particular.

### Question 17

**How can the administrative costs and burdens of belonging to one or more quality certification schemes be reduced?**

As stated above, while certification schemes do involve costs, in the case of Fair Trade, the burden is built into the supply chain.

The Fair Trade movement recognizes that there are administrative costs involved, systems have put in place to reduce as much as possible the burden that these imply for small producers. For example, the Fairtrade Labelling Organizations International (FLO) has created a fund to help Small Farmers' Organizations pay for their Fairtrade certification. Eligible are all Small Farmers' Organizations applying for initial Fairtrade certification or renewing their certification, but lacking sufficient financial resources to pay the full certification fee.

### Question 18

**How can the EU facilitate market access for producers in developing countries who need to comply with private certification schemes in order to supply particular retailers?**

As stated in the FINE position paper "*Fighting poverty and injustice through Fair Trade*"<sup>2</sup>, the Fair Trade movement considers that the following actions should be taken by the European Commission and Member States:

#### **1) Increase public awareness and information about Fair Trade**

Hundreds of millions of poor and marginalised producers and workers in developing countries are still living in desperate poverty. Many Fair Trade producer organisations can only sell minor parts of their production under fair terms because the demand for Fair Trade products is still too small.

The Fair Trade experience shows that European consumers are purchasing responsibly if they have access to appropriate information and if the products are easily available. However, the level of knowledge about Fair Trade is still very mixed within the European Union.

We therefore ask the European Commission and the EU Member States

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<sup>2</sup> Position paper: "*Fighting poverty and injustice through Fair Trade - How the EU can support the Fair Trade movement to create sustainable livelihoods and to promote responsible purchasing*" (December 2006) available under [www.fairtrade-advocacy.org](http://www.fairtrade-advocacy.org)

- to support awareness raising activities, particularly in those countries where Fair Trade is relatively new;
- to spread information about best practices of public support for Fair Trade among EU Member States;
- to support Fair Trade related research, for instance strengthening systems, impact, supply chain analyses, transparency and traceability;
- to support comparative research of Fair Trade against mainstream market operations to examine how the lessons of Fair Trade can be applied more widely.

## **2) Increase the number of producers in developing countries who benefit from fair trading conditions**

Market access and capacity building are key concerns for producers in developing countries. For many poor producers, pre-financing and capacity building as provided by Fair Trade Organisations are essential to sustain their living. The Fair Trade movement is committed to reaching out to more producers and making access easier for them whilst preserving stringent criteria to maintain consumer confidence.

We therefore ask the European Commission, the EU Member States and development agencies to support small producers through

- technical assistance (for instance to meet the European SPS standards, rules of origin and the growing number of corporate standards, encourage moves into processing, etc.);
- capacity building and empowerment programmes, particularly for women;
- helping Fair Trade operators in providing pre-financing for producers;
- developing new Fair Trade products;
- supporting local and South-South Fair Trade, e.g. through assistance in the distribution of Fair Trade products on local and regional markets, participation in fairs and supporting the organisation of producers, e.g. into cooperatives or networks, and support to increase awareness about Fair Trade among consumers in the South;
- including southern Fair Trade Organisations in the consultation process of programming aid towards ACP and other developing countries.