



**Consultation input for  
EC Green Paper: EU development policy in support of inclusive growth and sustainable development  
FTAO note**

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### **Fair Trade & the Fair Trade movement**

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.<sup>1</sup>

The Fair Trade Advocacy Office (FTAO) speaks out for Fair Trade and trade justice with the aim to improve the livelihoods of marginalized producers and workers - especially in the South. Based in Brussels, the office is a joint initiative of Fairtrade Labelling Organizations International FLO ([www.fairtrade.net](http://www.fairtrade.net)), the World Fair Trade Organisation- Europe WFTO-Europe ([www.wfto-europe.org](http://www.wfto-europe.org)) and the European Fair Trade Association EFTA. ([www.european-fair-trade-association.org](http://www.european-fair-trade-association.org)).

These three networks bring together over 2 million Fair Trade producers and workers from more than 65 countries, 19 labelling initiatives, over 500 specialised Fair Trade importers, 4,000 World Shops and more than 100,000 volunteers.

### **Input into the consultation on the European Commission Green Paper**

The Fair Trade movement has answered certain specific questions posed by the European Commission (EC) for this consultation, that we think most relevant for the Fair Trade movement and where we have the most experience.

## **2.2 Growth for human development**

**Question 5: How should the EU support skills development in partner countries in line with the features and needs of local labour markets, including the informal sector? How could the EU's global approach to migration contribute in this regard?**

- **To enhance development and food security there needs to be a special focus on marginalised producers and workers.** Developing and strengthening producer and worker organisations and cooperatives are essential so that they can help build institutional and productive capacities. Support to producer and worker organisations and cooperatives will enable producers to be empowered, increase awareness and participate in trade, e.g. through bulking and facilitating access to standardised EU markets, through advocacy and lobbying, through negotiating prices and through purchasing inputs in large quantities. Marginalised producers and workers need access to capacity building, especially around diversification of products, enhancement of the added value of a product and help to comply with standards and technical requirements for quality products, both for the local, regional and international market.

<sup>1</sup> Definition of Fair Trade as laid down by the Charter of Fair Trade principles, available under [http://www.fairtrade-advocacy.org/index.php?option=com\\_content&view=category&layout=blog&id=69&Itemid=143](http://www.fairtrade-advocacy.org/index.php?option=com_content&view=category&layout=blog&id=69&Itemid=143).

- **Fair Trade Organisations and Fairtrade certification standards should be seen as best practice.** Fair Trade Principles ensure that producer organisations are offered capacity building and empowerment by assisting producer organisations to understand more about market conditions and trends and to develop knowledge, skills and resources to exert more control and influence over their lives.
- **Inclusive growth needs to be pro-poor, focusing on the development of the poorest in societies.** Development cooperation within “developing countries” should treat the various actors accordingly to their characteristics. Development policy needs to be pro-poor. This means that growth must benefit the poorest sectors of society proportionately more than it benefits the better off. The root causes of poverty are, inter alia, the concentration of power and access to services to the hands of a few, pro-poor focus would allow reorientation of this power and access. Therefore, balance of power needs to be factored into the design of EU development projects and the impact of projects on power structures should be taken into account. This includes in the development of skills programmes.
- **Flanking measures such as Aid for Trade for small producers is needed to make trade work for development.** Aid for Trade needs to be focused on small producers because for development aims to be achieved and inclusive growth encouraged, policies need to be pro-poor. This means that growth must benefit the poorest sectors of society proportionately more than it benefits the better off. Aid for Trade would aid this development. There needs to be sufficient and easily accessible finances to small producers to trade fairly as market access and capacity building are key concerns for producers in developing countries. Concerns that can be partially overcome with focused Aid for Trade. Small producers need practical technical assistance (for instance to meet the European SPS standards and rules of origin).

## 2.3 Promoting Governance

### Question 6: How can the EU adapt its approach, instruments and indicators in support of governance reforms in developing countries/regions?

- **EU trade policy should work for development, focusing on creating an enabling trade policy environment, not the other way round.** An enabling policy environment for development should also look further than traditional government-to-government trade policy. It should also a coordinated EU policy environment to encourage individuals, producers and consumers to make trade work for development. Encouraging South-South trade will aid development. Therefore, South-South trade should not be obstructed by EU trade agreements especially insisting on Most Favoured Nation (MFN) clauses. Regional integration for regional trade and development should not be obstructed by the imposition of artificial boundaries around regional groupings for the convenience of EU trade policy;
- **Inclusive growth needs to be pro-poor, focusing on the development of the poorest in societies.** EU development policy should go beyond just the traditional support of MDGs but focus on developing greater support and Southern ownership of the MDGs and country-defined targets and assessment. EU development cooperation should not treat developing countries the same but differentiate between different types of developing countries eg. Small Island developing states may be ranked as developing countries but nevertheless have high vulnerability. The root causes of poverty are, inter alia, the concentration of power and access to services to the hands of a few, pro-poor focus would allow reorientation of this power and access. Therefore, balance of power needs to be factored into the design of EU development projects and the impact of projects on power structures should be taken into account.

### Question 7: How and to what extent should the EU integrate more incentives for reform into its aid allocation process for both country and thematic programmes?

- **All funding commitments need to be provided and better targeting of EU funding.** EC and Member States have committed to spend 0.7% GNI on development. This, until now, has not been reached by all. Before the EC creates new development objectives and changes the financing instruments to achieve these objectives, these commitments should materialise. Funding should be there to help developing countries reach their development objectives, not for the EU to enhance its own objectives abroad. Increase the share of funding from development instruments going to low-income countries (at present most development aid goes to emerging economies such as Turkey,

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Morocco and Egypt). EU development cooperation should not treat developing countries the same but differentiate between different types of developing countries eg. Small Island developing states may be ranked as developing countries but nevertheless has high vulnerability. Further, development cooperation within “developing countries” should treat the various actors accordingly to their characteristics. Development policy needs to be pro-poor. This means that growth must benefit the poorest sectors of society proportionately more than it benefits the better off. Funding should be easily accessible for the poor including marginalised producers, producer cooperatives and organisations avoiding heavy red tape, bureaucracy and only applications that would administer large amounts of funds that marginalised producers would find hard to manage. It is hard to provide suggestions for what funding should look like in the future when there is little information on how funding is spent now. A more detailed overview would show where the real priorities lie for the EU.

## 2.5 Making coordination of aid a reality

**Question 12: What are the most appropriate manners and structures (legal and practical), to make aid effectiveness and European Country Strategy documents a reality? How can practical effect be best given to the Lisbon Treaty and the Council Conclusion of 14 June in that regard?**

- **All funding commitments need to be provided and better targeting of EU funding.** EC and Member States have committed to spend 0.7% GNI on development. This, until now, has not been reached by all. Before the EC creates new development objectives and changes the financing instruments to achieve these objectives, these commitments should materialise. Funding should be there to help developing countries reach their development objectives, not for the EU to enhance its own objectives abroad. Increase the share of funding from development instruments going to low-income countries (at present most development aid goes to emerging economies such as Turkey, Morocco and Egypt). EU development cooperation should not treat developing countries the same but differentiate between different types of developing countries eg. Small Island developing states may be ranked as developing countries but nevertheless has high vulnerability. Further, development cooperation within “developing countries” should treat the various actors accordingly to their characteristics. Development policy needs to be pro-poor. This means that growth must benefit the poorest sectors of society proportionately more than it benefits the better off. Funding should be easily accessible for the poor including marginalised producers, producer cooperatives and organisations avoiding heavy red tape, bureaucracy and only applications that would administer large amounts of funds that marginalised producers would find hard to manage. It is hard to provide suggestions for what funding should look like in the future when there is little information on how funding is spent now. A more detailed overview would show where the real priorities lie for the EU.
- **To make Policy Coherence for Development work, it needs to be enhanced and become an active part of EU institutions and Member States work.** Policy coherence needs to be at the heart of EU policy-making, by specifying global goals, developing pro-poor indicators and marshalling resources to achieve them. As part of PCD, small producers should become a key element of measurement of whether trade or other policy areas are fair. EU policies should not have a negative effect on the ability for developing countries and their producers to have food sovereignty, build local and regional markets, protect natural resources, add value to their products and by doing so contribute to sustainable development and poverty alleviation. These should be all part of PCD indicators. EU trading partners’ policy space should be respected; this includes their development objectives and should ride above the EU’s own interests. An example is the EC raw materials strategy. It should not restrict the possibility for developing countries to exert sovereignty over their natural resources. Doing otherwise would potentially not only have serious environmental and social implications, it could result in an obstacle to developing countries to climb up the value chain and transform the structures of their economies.

## 2.6 Policy Coherence for Development

**Question 13: What practical and policy related measures could be taken in the EU to improve Policy Coherence for Development? How could progress and impact be best assessed?**

- **To make Policy Coherence for Development work, it needs to be enhanced and become an active part of EU institutions and Member States work.** Policy coherence needs to be at the heart of EU policy-making, by specifying global goals, developing pro-poor indicators and marshalling resources to achieve them. As part of PCD, small producers should become a key element of measurement of whether trade or other policy areas are fair. EU policies should not have a

negative effect on the ability for developing countries and their producers to have food sovereignty, build local and regional markets, protect natural resources, add value to their products and by doing so contribute to sustainable development and poverty alleviation. These should be all part of PCD indicators. EU trading partners' policy space should be respected; this includes their development objectives and should ride above the EU's own interests. An example is the EC raw materials strategy. It should not restrict the possibility for developing countries to exert sovereignty over their natural resources. Doing otherwise would potentially not only have serious environmental and social implications, it could result in an obstacle to developing countries to climb up the value chain and transform the structures of their economies.

- **EU trade policy should work for development, focussing on creating an enabling trade policy environment, not the other way round.** EU trade policy should create a more enabling environment for developing countries and its producers and consumers. An enabling policy environment for development should look further than traditional government-to-government trade policy. It should also a coordinated EU policy environment to encourage individuals, producers and consumers to make trade work for development.
- **Coherent EU policies on Fair Trade are needed.** Fair Trade is an alternative approach to trade which aims at overcoming poverty. It is not about giving aid, it is about empowering marginalised producers and workers to have more power in the supply chain and offering consumers a greater variety of products grown or made by people who have received a fair return for their labour. Fair Trade is a tool to make trade work for development. Fair Trade<sup>2</sup> should be used by the EU as part of the EU toolkit to achieve its own sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union.<sup>3</sup> Development aid is not sustainable for long term poverty reduction. This can be done only through good investments in developing poor communities' ability to trade and have good enabling environments and social systems in place. Fair Trade offers a model to create these conditions. A clear message from the recent Eurobarometer survey on international trade shows that *"Almost 40% are willing to pay more for products if they were produced under certain social and environmental standards or to support a developing country"*. Fair Trade as a tool for climate change mitigation and adaptation both with producers (skills development, innovative funding) and consumers (sustainable consumption and production policies). In the EU, Fair Trade is a tool for development education: the EU should play a special focus to efforts to promote awareness of development issues and Fair Trade in Southern and Central and Eastern European countries.

### 3.1 Partnerships for inclusive growth

**Question 15: How could the EU ensure that support to economic development guarantees fair social inclusion of the benefits and provides better protection of social and economic rights, including implementation of core labour standards and better corporate accountability?**

- **Coherent EU policies on Fair Trade are needed.** Fair Trade is an alternative approach to trade which aims at overcoming poverty. It is not about giving aid, it is about empowering marginalised producers and workers to have more power in the supply chain and offering consumers a greater variety of products grown or made by people who have received a fair return for their labour. Fair Trade is a tool to make trade work for development. Fair Trade<sup>4</sup> should be used by the EU as part of the EU toolkit to achieve its own sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union.<sup>5</sup> Development aid is not sustainable for long term poverty reduction. This can be done only through good investments in developing poor communities' ability to trade and have good enabling environments and social systems in place. Fair Trade offers a model to create these conditions. In the EU, Fair Trade is a tool for development education: the EU should play a special focus to efforts to promote awareness of development issues and Fair Trade in Southern and Central and Eastern European countries.
- **Fair Trade Organisations and Fairtrade certification standards should be seen as best practice** on how the private sector can be involved in development and set up sustainable and pro-poor supply

<sup>2</sup> Charter of Fair Trade principles and EU texts recognizing Fair Trade available under: [www.fairtrade-advocacy.org](http://www.fairtrade-advocacy.org)

<sup>3</sup> In its Communication of 5 May 2009<sup>3</sup> (which focussed on the technical assurance schemes-related side of Fair Trade) the EC already recognised that Fair Trade contributes to sustainable development.

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<sup>5</sup> In its Communication of 5 May 2009<sup>5</sup> (which focussed on the technical assurance schemes-related side of Fair Trade) the EC already recognised that Fair Trade contributes to sustainable development.

chains. EU should support new actors in international development including consumer cooperatives. Consumer co-operatives should be seen as one of the leaders & best practice in retailing on labour conditions of workers in developing countries. For example, they have been pioneers in promoting and mainstreaming Fair Trade products in the EU retail market. This is due to their actions and vision being deeply rooted in the principles of responsibility and solidarity among people which also underlie the Fair Trade concept. The Fair Trade initiatives that they carry out are therefore not about charity, philanthropy, marketing or 'ethical washing' but about consistency with these same consumer cooperative values.

- **Inclusive growth needs to be pro-poor, focusing on the development of the poorest in societies.** This means that growth must benefit the poorest sectors of society proportionately more than it benefits the better off. The root causes of poverty are, inter alia, the concentration of power and access to services to the hands of a few, pro-poor focus would allow reorientation of this power and access. Therefore, balance of power needs to be factored into the design of EU development projects and the impact of projects on power structures should be taken into account.
- **To make Policy Coherence for Development work, it needs to be enhanced and become an active part of EU institutions and Member States work.** Policy coherence needs to be at the heart of EU policy-making, by specifying global goals, developing pro-poor indicators and marshalling resources to achieve them. As part of PCD, small producers should become a key element of measurement of whether trade or other policy areas are fair. EU policies should not have a negative effect on the ability for developing countries and their producers to have food sovereignty, build local and regional markets, protect natural resources, add value to their products and by doing so contribute to sustainable development and poverty alleviation. These should be all part of PCD indicators. EU trading partners' policy space should be respected; this includes their development objectives and should ride above the EU's own interests. An example is the EC raw materials strategy. It should not restrict the possibility for developing countries to exert sovereignty over their natural resources. Doing otherwise would potentially not only have serious environmental and social implications, it could result in an obstacle to developing countries to climb up the value chain and transform the structures of their economies.

**Question 16: Which measures should be taken – and how should they be best differentiated – to assist developing countries' efforts in establishing an economic environment that is apt to promote business, particularly SMEs?**

- **EU trade policy should work for development, focussing on creating an enabling trade policy environment, not the other way round.** "Trade not aid": small farmers are small entrepreneurs that want to trade their way out of poverty. While not wishing to minimise the importance and need for aid, long term development will only be successfully achieved if the trade structures change. EU trade policy should create a more enabling environment for developing countries and its producers and consumers. An enabling policy environment for development should also look further than traditional government-to-government trade policy. It should also a coordinated EU policy environment to encourage individuals, producers and consumers to make trade work for development. Encouraging South-South trade will aid development. Therefore, South-South trade should not be obstructed by EU trade agreements especially insisting on Most Favoured Nation (MFN) clauses. Regional integration for regional trade and development should not be obstructed by the imposition of artificial boundaries around regional groupings for the convenience of EU trade policy. The Fair Trade movement looks forward to a comprehensive Trade and Development Communication in 2011.
- **Coherent EU policies on Fair Trade are needed.** Fair Trade is an alternative approach to trade which aims at overcoming poverty. It is not about giving aid, it is about empowering marginalised producers and workers to have more power in the supply chain and offering consumers a greater variety of products grown or made by people who have received a fair return for their labour. Fair Trade is a tool to make trade work for development. Fair Trade<sup>6</sup> should be used by the EU as part of the EU toolkit to achieve its own sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union;<sup>7</sup> Development aid is not sustainable for long term poverty reduction. This can be done only through good investments in developing poor communities' ability to trade and have good enabling environments and social systems in place. Fair Trade offers a model to create these conditions.

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- **Inclusive growth needs to be pro-poor, focusing on the development of the poorest in societies.**
- **To enhance development and food security there needs to be a special focus on marginalised producers and workers.** Marginalised producers (in particular small producers) and workers in the South should become a key element of measurement of whether trade policy is fair or not as they are the ones that cannot benefit from trade liberalisation.
- **Flanking measures such as Aid for Trade for small producers is needed to make trade work for development.**
- **Private sector is an important actor in development but needs conditions and values.** Such as meeting the 3 pillars of sustainable development; sustainable and equitable trading relations based on dialogue, transparency and respect; respect ILO standards especially decent working conditions; no 'ethical' washing; pay fair-prices, provide pre-finance and offer support for capacity building; Include local actors in dialogue over the cooperation.
- **Fair Trade Organisations and Fairtrade certification standards should be seen as best practice** on how the private sector can be involved in development and set up sustainable and pro-poor supply chains. EU should support new actors in international development including consumer cooperatives. They should be seen as one of the leaders & best practice in retailing on labour conditions of workers in developing countries. For example, they have been pioneers in promoting and mainstreaming Fair Trade products in the EU retail market. The Fair Trade initiatives that they carry out are not about charity, philanthropy, marketing or 'ethical washing' but about consistency with these same consumer cooperative values.

**Question 17: Which measures or structure might be developed with partner countries, and European and international financial institutions to provide financial support and where necessary low cost finance and financial guarantees to support such growth?**

- **Flanking measures such as Aid for Trade for small producers is needed to make trade work for development.** Aid for Trade needs to be focused on small producers because for development aims to be achieved and inclusive growth encouraged, policies need to be pro-poor. This means that growth must benefit the poorest sectors of society proportionately more than it benefits the better off. Aid for Trade would aid this development. Ensure that climate funding is (a) sufficient in funds, (b) additional to ODA and (c) disbursed in accordance with Paris principles. There needs to be sufficient and easily accessible finances to small producers to trade fairly as market access and capacity building are key concerns for producers in developing countries. Concerns that can be partially overcome with focused Aid for Trade. Small producers need practical technical assistance (for instance to meet the European SPS standards and rules of origin).

### 3.2 Fostering regional integration

**Question 20: What can be done to ensure more consistency between the EU's trade and development policy?**

- **EU trade policy should work for development, focussing on creating an enabling trade policy environment, not the other way round.** Eradication of poverty and sustainable development are objectives in the new EU Treaty on the European Union (art. 3.5) for its relations with the wider world. This should be reflected in other areas of EU policies such as trade, internal market, agriculture, competition and consumer policy. "Trade not aid": small farmers are small entrepreneurs that want to trade their way out of poverty. Long term development will only be successfully achieved if the trade structures change. EU trade policy should create a more enabling environment for developing countries and its producers and consumers. An enabling policy environment for development should also look further than traditional government-to-government trade policy. It should also a coordinated EU policy environment to encourage individuals, producers and consumers to make trade work for development. Encouraging South-South trade will aid development. Therefore, South-South trade should not be obstructed by EU trade agreements especially insisting on Most Favoured Nation (MFN) clauses. Regional integration for regional trade and development should not be obstructed by the imposition of artificial boundaries around regional groupings for the convenience of EU trade

policy. The Fair Trade movement looks forward to a comprehensive Trade and Development Communication in 2011.

- **To make Policy Coherence for Development work, it needs to be enhanced and become an active part of EU institutions and Member States work.** Policy coherence needs to be at the heart of EU policy-making, by specifying global goals, developing pro-poor indicators and marshalling resources to achieve them. As part of PCD, small producers should become a key element of measurement of whether trade or other policy areas are fair. EU policies should not have a negative effect on the ability for developing countries and their producers to have food sovereignty, build local and regional markets, protect natural resources, add value to their products and by doing so contribute to sustainable development and poverty alleviation. These should be all part of PCD indicators. EU trading partners' policy space should be respected; this includes their development objectives and should ride above the EU's own interests. An example is the EC raw materials strategy. It should not restrict the possibility for developing countries to exert sovereignty over their natural resources. Doing otherwise would potentially not only have serious environmental and social implications, it could result in an obstacle to developing countries to climb up the value chain and transform the structures of their economies.
- **Coherent EU policies on Fair Trade are needed.** Fair Trade is an alternative approach to trade which aims at overcoming poverty. It is not about giving aid, it is about empowering marginalised producers and workers to have more power in the supply chain and offering consumers a greater variety of products grown or made by people who have received a fair return for their labour. Fair Trade is a tool to make trade work for development. Fair Trade<sup>8</sup> should be used by the EU as part of the EU toolkit to achieve its own sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union;<sup>9</sup> Development aid is not sustainable for long term poverty reduction. This can be done only through good investments in developing poor communities' ability to trade and have good enabling environments and social systems in place. Fair Trade offers a model to create these conditions. A clear message from the recent Eurobarometer survey on international trade shows that *“Almost 40% are willing to pay more for products if they were produced under certain social and environmental standards or to support a developing country”*.

**Question 21: How could the aid for trade provisions be improved in order to make maximum use of its leverage potential for expanding sustainable economic activities in the developing countries, leading to further growth?**

- **Flanking measures such as Aid for Trade for small producers is needed to make trade work for development.** Aid for Trade needs to be focused on small producers because for development aims to be achieved and inclusive growth encouraged, policies need to be pro-poor. This means that growth must benefit the poorest sectors of society proportionately more than it benefits the better off. Aid for Trade would aid this development. Ensure that climate funding is (a) sufficient in funds, (b) additional to ODA and (c) disbursed in accordance with Paris principles. There needs to be sufficient and easily accessible finances to small producers to trade fairly as market access and capacity building are key concerns for producers in developing countries. Concerns that can be partially overcome with focused Aid for Trade. Small producers need practical technical assistance (for instance to meet the European SPS standards and rules of origin).
- **All funding commitments need to be provided and better targeting of EU funding.** EC and Member States have committed to spend 0.7% GNI on development. This, until now, has not been reached by all. Before the EC creates new development objectives and changes the financing instruments to achieve these objectives, these commitments should materialise. Funding should be there to help developing countries reach their development objectives, not for the EU to enhance its own objectives abroad. Increase the share of funding from development instruments going to low-income countries (at present most development aid goes to emerging economies such as Turkey, Morocco and Egypt). EU development cooperation should not treat developing countries the same but differentiate between different types of developing countries eg. Small Island developing states may be ranked as developing countries but nevertheless has high vulnerability. Further, development cooperation within “developing countries” should treat the various actors accordingly to their characteristics. Development policy needs to be pro-poor. This means that growth must benefit the poorest sectors of society proportionately more than it benefits the better off. Funding should be

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easily accessible for the poor including marginalised producers, producer cooperatives and organisations avoiding heavy red tape, bureaucracy and only applications that would administer large amounts of funds that marginalised producers would find hard to manage. It is hard to provide suggestions for what funding should look like in the future when there is little information on how funding is spent now. A more detailed overview would show where the real priorities lie for the EU.

## 5. Agriculture and food security

**Question 24: How can the EU's development policy best contribute to enhanced food security while safeguarding environmental qualities? Which policies and programmes are most conducive for small holder and private sector investment in agriculture and fisheries?**

- **To enhance development and food security there needs to be a special focus on marginalised producers and workers.** Marginalised producers (in particular small producers) and workers in the South should become a key element of measurement of whether trade policy is fair or not as they are the ones that cannot benefit from trade liberalisation. Marginalised producers tend to lose ground in international trade because they cannot compete with highly capitalized, large-scale operations and often they are vulnerable to volatile prices on the international market and ever declining terms of trade of the commodities market. In parallel, workers in large plantations are, after all, the smallest producers of all: they are land-less producers, which makes them even more vulnerable. Developing and strengthening producer and worker organisations and cooperatives are essential so that they can help build institutional and productive capacities. Support to producer and worker organisations and cooperatives will enable producers to be empowered, increase awareness and participate in trade, e.g. through bulking and facilitating access to standardised EU markets, through advocacy and lobbying, through negotiating prices and through purchasing inputs in large quantities. Marginalised producers and workers need access to capacity building, especially around diversification of products, enhancement of the added value of a product and help to comply with standards and technical requirements for quality products, both for the local, regional and international market. Marginalised producers need access to finances to be able to develop. Mechanisms need to be designed to support small producers to access these funds. Fair Trade movement is supportive of the EC's proposals to increase 'access to capital and affordable capital'. Investing in marginalised producers and workers will build sustainable agriculture. It is important to look at the whole production chain as it will only be sustainable if producers are given a sustainable wage; that they are able to negotiate decent and fair price for their products; that labour rights are respected and; that there is enough investment in the environment for long-term sustainability rather than short term gains.
- **Coherent EU policies on Fair Trade are needed.** Fair Trade is an alternative approach to trade which aims at overcoming poverty. It is not about giving aid, it is about empowering marginalised producers and workers to have more power in the supply chain and offering consumers a greater variety of products grown or made by people who have received a fair return for their labour. Fair Trade is a tool to make trade work for development. Fair Trade<sup>10</sup> should be used by the EU as part of the EU toolkit to achieve its own sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union;<sup>11</sup> Development aid is not sustainable for long term poverty reduction. This can be done only through good investments in developing poor communities' ability to trade and have good enabling environments and social systems in place. Fair Trade offers a model to create these conditions. A clear message from the recent Eurobarometer survey on international trade shows that "*Almost 40% are willing to pay more for products if they were produced under certain social and environmental standards or to support a developing country*". Fair Trade as a tool for climate change mitigation and adaptation both with producers (skills development, innovative funding) and consumers (sustainable consumption and production policies). In the EU, Fair Trade is a tool for development education: the EU should play a special focus to efforts to promote awareness of development issues and Fair Trade in Southern and Central and Eastern European countries.

**Question 25: Which strategic areas should the EU engage in, particularly with respect to Africa? How can EU stimulate agro-ecological approaches in farming and sustainable intensification of agriculture, sustainable fishing and aquaculture?**

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<sup>11</sup> In its Communication of 5 May 2009<sup>11</sup> (which focussed on the technical assurance schemes-related side of Fair Trade) the EC already recognised that Fair Trade contributes to sustainable development.



- **All three pillars of sustainable development must be prioritised not just the environmental pillar**
- **To enhance development and food security there needs to be a special focus on marginalised producers and workers.** Marginalised producers (in particular small producers) and workers in the South should become a key element of measurement of whether trade policy is fair or not as they are the ones that cannot benefit from trade liberalisation. Marginalised producers tend to lose ground in international trade because they cannot compete with highly capitalized, large-scale operations and often they are vulnerable to volatile prices on the international market and ever declining terms of trade of the commodities market. In parallel, workers in large plantations are, after all, the smallest producers of all: they are land-less producers, which makes them even more vulnerable. Developing and strengthening producer and worker organisations and cooperatives are essential so that they can help build institutional and productive capacities. Support to producer and worker organisations and cooperatives will enable producers to be empowered, increase awareness and participate in trade, e.g. through bulking and facilitating access to standardised EU markets, through advocacy and lobbying, through negotiating prices and through purchasing inputs in large quantities. Marginalised producers and workers need access to capacity building, especially around diversification of products, enhancement of the added value of a product and help to comply with standards and technical requirements for quality products, both for the local, regional and international market. Marginalised producers need access to finances to be able to develop. Mechanisms need to be designed to support small producers to access these funds. Fair Trade movement is supportive of the EC's proposals to increase 'access to capital and affordable capital'. Investing in marginalised producers and workers will build sustainable agriculture. It is important to look at the whole production chain as it will only be sustainable if producers are given a sustainable wage; that they are able to negotiate decent and fair price for their products; that labour rights are respected and; that there is enough investment in the environment for long-term sustainability rather than short term gains.
- **Coherent EU policies on Fair Trade are needed.** Fair Trade is an alternative approach to trade which aims at overcoming poverty. It is not about giving aid, it is about empowering marginalised producers and workers to have more power in the supply chain and offering consumers a greater variety of products grown or made by people who have received a fair return for their labour. Fair Trade is a tool to make trade work for development. Fair Trade<sup>12</sup> should be used by the EU as part of the EU toolkit to achieve its own sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union;<sup>13</sup> Development aid is not sustainable for long term poverty reduction. This can be done only through good investments in developing poor communities' ability to trade and have good enabling environments and social systems in place. Fair Trade offers a model to create these conditions. A clear message from the recent Eurobarometer survey on international trade shows that "*Almost 40% are willing to pay more for products if they were produced under certain social and environmental standards or to support a developing country*". Fair Trade as a tool for climate change mitigation and adaptation both with producers (skills development, innovative funding) and consumers (sustainable consumption and production policies). In the EU, Fair Trade is a tool for development education: the EU should play a special focus to efforts to promote awareness of development issues and Fair Trade in Southern and Central and Eastern European countries.

<sup>12</sup> Charter of Fair Trade principles and EU texts recognizing Fair Trade available under: [www.fairtrade-advocacy.org](http://www.fairtrade-advocacy.org)

<sup>13</sup> In its Communication of 5 May 2009<sup>13</sup> (which focussed on the technical assurance schemes-related side of Fair Trade) the EC already recognised that Fair Trade contributes to sustainable development.