

GLOBAL TRADE, FAIR ENOUGH?

Event hosted by the European Parliament
Fair Trade Working Group

26th January 2021 (13.00 – 15.00 CET)

Online: See the recording of the event [here](#)

Objective

The European Union has now a new Trade Policy and a historic challenge: delivering in its commitment to develop a trade model which is fair, sustainable and puts the people and Planet above profit. Two of the key components of this much needed approach to trade are Trade and Sustainable Development (TSD) policies, including the TSD chapters of trade agreements, and binding human rights and environmental due diligence. This event aimed to deepen on how each of these policies must work in practice to deliver improved livelihoods for small farmers, artisans and workers in global value chains.



We need a horizontal approach. Due diligence legislation has to be clear and easy to exercise
- **Bernd Lange, member of the European Parliament**

Speakers

- MEP **Saskia Bricmont**
- MEP **Samira Rafaela**
- MEP **Bernd Lange**
- **Konstantina Geroulakou** – CLAC The Latin American and Caribbean Network of Fair Trade Small Producers and workers
- **Gabriela Flores** – International Institute for Environment and Development
- **Sebastian Lesch**, Head of Unit 122 – German Federal Ministry for Economic Cooperation and Development
- **Elena Lunder** – Fair Trade Advocacy Office (FTAO)
- **Lucrezia Busa** – member of Cabinet Commissioner Reynders, European Commission
- **Radboud Reijin** – TSD Platform
- **Eline Blot** - IEEP
- **Tanja Buzek** – DAG EESC representative
- **Ewa Synowiec**, Director responsible for Trade and Sustainable Development, DG TRADE
- **Ambassador Hernán Ponce** – Head of the Ecuadorian Mission to the European Union
- **Daniel Legarda** – Vice-minister of International Trade of Ecuador



This event was possible thanks to the financial assistance of the European Union. The opinions and views expressed during the event are the sole responsibility of the hosts and can under no circumstances be regarded as reflecting the position of the donors that co-finance our work.



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Opening remarks

MEP **Saskia Bricmont** kicked off the event expressing that today we have a semantic problem with Fair Trade. Today Fair Trade does not mean any more sustainable trade conditions leading to balance trade rules, empowerment of women and environmental consciousness. Nowadays understanding of Fair Trade is that of level playing field and reciprocal access to markets.

This wide gap makes us doubtful of whether EU policies are actually supporting urgent shift towards support of SDGs. However, the forthcoming review of TSD 15 point action plan and the HREDD proposal can be a positive change.

Panel I. Human and Environmental Rights Due Diligence, will the legislation deliver?

Moderated by MEP Samira Rafaela

What will an HREDD legislation mean for smallholder farmers, artisans and workers in the Global South?

Setting the scene, CLAC's **Konstantina Geroulakou** noted that Farmer organizations are currently going through multiple crisis which hinder their sustainability as organizations: low prices and bad commercial practices, rising of production costs, effects of climate change on productivity, political and social disturbs affecting their operations, pandemic, migration and lack of generational inclusion. These are all factors leading to increases in HR risks in farming communities. Smallholder farmers often do not have means to cope with those risks. For the legislation to benefit smallholder farmers and workers, it must address these realities and be implemented in a way that considers their needs, keeping in mind that smallholder farmers and workers are groups in the most vulnerable situation in global supply chains, both in terms of power relations and share of value. Legislation should also keep in mind that addressing many of those risks is highly dependent on governmental action and support, so advocacy and collaboration with producer countries' governments should be a central aspect for HREDD implementation.

In her opinion, [having more requirements and mandatory legislation do not always equate to significant improvements in human rights on the ground so it must be designed particularly to ensure that it does.](#)

She recommended that buying companies should cover the cost of HREDD at the farmer organisation level, avoiding disengagement of companies from their suppliers, and implementing HREDD in a gradual approach to ensure real compliance with HR to avoid any additional burden as a result of HREDD implementation. Finally, she emphasized the need of adopting a bottom-up strategy by putting rightsholders at the centre of the process.

Lessons learned from the Conflict Minerals Regulation: measures necessary to ensure a legislation works for rightsholders on the ground

Gabriela Flores, from IEED, shared some lessons from the Conflict Minerals Regulation to provide some food for thought concerning the forthcoming HERDD legislation.

She agreed with Konstantina Geroulakou that improved awareness of such regulations is required in producing countries, which must be accompanied by local involvement and inclusion of

producing communities. She also argued that we need to do more to genuinely link due diligence processes and legislation with local aspirations for sustainable development in order to avoid or reverse "unintended consequences" of regulations.

For Gabriela Flores, [whether any legislation brings about positive changes in producing areas, or not, needs to be at the core of how their success is judged.](#)

Importantly, she stressed that legislation's implementation would need to leverage action that matters at the local level. This implies identifying ways in which it could spur action and mobilize resources for issues that are significant to communities but aren't explicitly addressed in the legislation, for example women's empowerment, environmental safeguarding, entrepreneurial development, etc.

A precondition for HREDD to have positive effects: attention to living incomes and living wages

Sebastian Lesch, from the German Federal Ministry of Economic Cooperation and Development, indicated that to achieve a level playing field for companies in the EU market, they are looking forward to an ambitious due diligence legislation on EU level.

He also emphasized that one of the core causes for problems in global supply chains is the inability of small-scale producers and workers to create enough resources to support decent livelihoods. In his opinion, [for due diligence to be effective, it must address explicitly the topic of living income and wages.](#)

Sebastian Lesch believes that living income and wages are human rights in themselves and a precondition to ensure other human rights. HREDD legislation should take this into consideration and refer to living income and wages clearly.

A legislation that works for smallholder farmers, artisans and workers

Elena Lunder from the Fair Trade Advocacy Office, emphasized that for the legislation to lead to positive impacts for all rightsholders, especially those in most vulnerable positions, the legislative process and implementation need to address all the salient points brought up by previous speakers. These should be read as [starting points to make mHREDD work for smallholder farmers, workers and artisans and not counter arguments for ambitious legislation.](#)

Reaction by the European Commission

According to **Lucrezia Busa**, member of Didier Reynder's cabinet, HREDD is a clear priority for EU society, as evidenced by the fact that there are instances of national legislations already in place and numerous calls to action from citizens and the European Parliament. She also stated that she is aware of the worry about the lack of a clear bottom-up approach, and that the EC had extensive public discussions for this purpose, with the goal of striking a good balance between the various viewpoints. The engagement and the willingness to work together does not stop only in shaping instruments, the idea is that once the legislative proposal is published, out all actors can work together on the implementation.

Panel II. Trade and Sustainable development, time to rightly implement Demands from civil society:

Moderated by MEP Saskia Bricmont

Radboud Reijn, from TSD Platform recalled that **ratifying and implementing labour conventions and environmental agreements should be a priority for the Commission. Similarly, partner countries should be included in this commitment.**

Mr. Reijn referred to the implementation issues highlighted in the TSD review. Reijn specified specific objectives to achieve or to look further into, such as lower tariffs for products that fulfil particular sustainability requirements or the fact that complaints mechanism through CTEO should work better and showcase lack of implementation happening in ground with partner countries.

Eline Blot, from IEEP, shared her suggestions for making TSD chapters more actionable and outcome-oriented focusing on monitoring and stakeholder consultation mechanisms.

Eline also discussed **the inclusion of a trigger clause to initiate reviews of TSD implementation progress, making future trade agreements a more dynamic tool for guaranteeing sustainability.**

Blot pointed out that environmental stakeholders are underrepresented in the DAGs, usually due to budgetary or expertise constraints, and a lack of incentive to participate. For this, Blot suggested that the Commission could increase participation by providing more funds for DAGs, organising better structured meetings for in-depth discussion of concerns, and introducing a response accountability mechanism under which the Commission must respond to concerns brought up in the DAGs within specified timeframe.

Tanja Buzek, DAG EESC representative, highlighted the importance of having an ambitious TSD review with strong enforceable approach.

Buzek also mentioned that DAGs have collaborated on a [non-paper](#) that includes crucial recommendations. They've called for a comprehensive TSD assessment with a strong enforcement strategy. **Buzek emphasized that dialogue and sanctions are complementary and work toward the same goal.**

In response to the previous speaker's concerns, **Ewa Synowiec**, Director responsible for Trade and Sustainable Development, from the European Commission, stated that the **Commission is aware that there is a scope for improvement for civil society's engagement** and is looking into it under the ongoing review of the EU approach to trade and sustainable development chapters in EU trade agreements.

Ms. Synowiec also mentioned that strong cooperation with the ILO is important in terms of assessing trade partners' compliance with international labour standards. The role of Multinational Environmental Agreements is also important concerning the protection of climate and environment although they are less equipped with monitoring and reporting mechanisms."

The potential and need of cooperation between the EU and its global partners to promote bottom-up Fair Trade in global supply chains through effective design and implementation of EU HREED rules, and TSD policy

Ecuador's Chief of Mission to the EU, **Hernán Ponce**, stated that the country has set an example in the Latin American and Caribbean regions for its long standing policies promoting Fair Trade. Ecuador needs and looks for a structured cooperation that is flexible and tailored to its local reality. Technical assistance and capacity building are part of the institutional development required to support fair trade policies.

Vice-minister of International Trade, **Daniel Legarda**, emphasized that **the country is actively pushing these ideals not only with strong legislation and policies but also with concrete actions that support small producers and Fair Trade practices.** Legarda also acknowledged that the European Union is a leader in promoting Fair Trade principles, and that Ecuador recognizes the importance of these principles.

Concluding remarks

MEP **Bernd Lange** thanked all the panellists and participants for their active involvement and questions, which contributed greatly to the richness of the debate.

He concluded that the topic under discussion is valuable, and that Due Diligence legislation should take a horizontal approach. Mr. Lange emphasized that it must be obvious and simple to implement across all supply chain sectors.