



# Transforming The European Green Deal Into A Global Green Deal – The Role Of Fair Trade

A joint policy proposal by the FTAO<sup>1</sup>, FI<sup>2</sup>  
and the WFTO<sup>3</sup>

This paper argues why it is important to transform the existing European Green Deal (EGD) into a Global Green Deal (GGD). While the EGD was initially received as a groundbreaking policy framework, it is necessary to include the views and potential negative impact for the Global South and create a collective international endeavour towards global sustainability. There are too many negative social and environmental externalities - spillovers - towards the Global South that prevent the EGD to be recognised as a legitimate EU Sustainable Development Agenda<sup>4</sup>. There should be an equal footing in terms of adequate policies, objectives, rights and responsibilities between European and non-European countries, hence the proposed new approach towards a **Global Green Deal** to intertwine the global dimension with the current European policies.

The EGD is often referred to by the European Commission (EC) as the EU response to the 2030 Sustainable Development (SDG) Agenda. However, it clearly lacks the overall and integrated character that would make it consistent with the breadth of the 2030 Agenda. Only 12 Sustainable Development Goals (SDGs) out of 17 can be considered as being adequately tackled by the EGD<sup>5</sup>. The EU cannot afford to disregard sustainability and the SDGs while addressing climate change or other environmental challenges. It is necessary that the new EC, to be established at the end of 2024, comes up with an improved EGD tapping into yet incompletely explored policy areas, such as social policies, employment, development, agriculture and food, trade and SCP (Sustainable Consumption and Production).

The GGD must improve the interlinkages of the social dimension with the environmental and economic ones. The social dimension must be beefed up with structural measures and means that go beyond the mere financing of vulnerable entities and households (e.g. via the Social Climate Fund) and ensure an environmentally and socially just transition to more sustainable economies. We also need to explicitly recognise the aspirations and leverages of farmers, workers, SMEs and artisans worldwide, notably in respect to livelihood, human rights and gender equity, for sustainability as a whole.

The EU is in great need of reducing the footprint of its trading activity. It bears an important responsibility in unsustainable value chains that drive environmental and social degradation such as deforestation, degradation of valuable ecosystems (e.g. phosphorus fertilizer and water stress due to crops), hazardous working conditions (e.g. 1.2 million people in forced labour), human rights' violation and outsourced GHG emissions. There is no specific SDG on trade, yet the way it is organised and regulated has a huge impact on the achievement of the 2030 Agenda. EU trade policy and, particularly the free trade agreement model, has proven to be ineffective in fostering the transition towards more sustainable and climate neutral supply chains and in creating equal benefits for all trading partners. Mitigating the constantly growing EU consumption of imported goods and services is not among the objectives of the EGD. The EC has started to address some of these spillover effects via:

- Banning the EU imports of products made with forced labour: the Regulation proposal<sup>6</sup> is currently under discussion at Council and European Parliament level<sup>7</sup>
- Banning the EU imports of certain commodities (such as cattle, cocoa, coffee, palm-oil, soya and wood) that have been produced from deforested land or have led to forest degradation<sup>8</sup>

- Putting in place a Carbon Border Adjustment Mechanism<sup>9</sup> to put a price on the carbon emitted during the production of certain carbon intensive goods (cement, iron and steel, aluminium, fertilisers, electricity and hydrogen) that are entering the EU, and to encourage cleaner industrial production in non-EU countries<sup>10</sup>

A proposal for a Corporate Sustainability Due Diligence Directive<sup>11</sup> is also currently at discussion level between the two EU co-legislators.

These efforts to reduce EU trade externalities are welcome but remain too fragmented. They must be designed and implemented as part of a broader redefinition of the EU trade and production & consumption agendas that focuses more on social and environmental justice internationally. Furthermore, these piecemeal measures have not been conceived on the basis of a fair and transparent partnership with our trading partners. A wider vision to address the root causes of the spillover effects embedded in the EU trade and industry policies is needed and this vision should be shared with all involved as part of the making of a GGD proposal.

Mainstreaming Fair Trade approaches and upscaling Fair Trade Enterprises in the GGD can greatly facilitate the achievement of the Green Deal objectives via:

- **Transforming trade and business practices on the ground of the ethics of social and environmental justice:** Fair Trade addresses some of the structural inequalities and dilemmas inherent in the trading and production systems upon which the EU heavily relies. At the core of the Fair Trade concept lies the goal of guaranteeing living incomes and wages, respect for human rights and protection of the environment by promoting fairer business models. In a context of structural economic imbalance, ensuring that smallholder farmers have an easier access to markets and can get fairer prices and/or a premium is a very important tool to transfer wealth back to them. This is only one of the many benefits Fairtrade certified producers get. Fair Trade Enterprises in the Global North and South do not only allow the producers, workers and farmers to receive stable and fair incomes, they also are business models that drive effective societal and economic change by applying environmentally sound and social practices.
- **Combining social and environmental concerns along value chains:** Fair Trade practices are based on working with all supply chain actors and beyond (government, businesses, producers, workers as well as end consumers) for transforming business practices towards a business model that puts people and planet first. This means taking into account both the social and environmental impacts of a product or service, as well as the economic considerations. Fair Trade practices include

entrusting FT smallholders with real representation responsibilities, promoting sustainable sourcing, encouraging collaboration and partnerships between stakeholders along the value chain to address sustainability, educating consumers, measuring and reporting on social and environmental performance, re-defining corporate responsibilities and working towards more sustainable economies. The EU must offer its trading partners fair agreements that promote further processing and value creation locally – and thus trigger a sustainable development boost inside and outside the EU borders. It should also facilitate and support the development of sustainable and fair local production and consumption within the EU.

- **Tackling gender inequality** by promoting women's participation in trade and economic activities, their representation in decision-making and leadership roles and an equal repartition of benefits and access to funding opportunities and resources.
- **Feeding bottom-up processes** to entrust a greater role to citizens, workers, smallholders, artisans, SMEs and communities at local level, recognising their leverage as powerful actors of change. For smallholder farmers, this involves empowering and supporting local communities to take control of their own agricultural production and processing. Smallholder farmers have knowledge and expertise and it is key that they have means to participate in decision-making processes.
- **Achieving measurable progress on making production and consumption patterns more sustainable and circular:** Fair Trade encourages producers and citizens to include social and environmental criteria into their decisions. Fairtrade minimum prices are calculated on the basis of the cost of sustainable production. Fair Trade Enterprises are showcasing that another ethical way of doing business is not only possible, but also economically profitable. This awareness helps to place more emphasis on engaging with consumers and conscious citizens which can increase pressure on companies to change behaviour and even call for policy change.
- **Supporting a progressive transition to more sustainable agricultural practices of farmers producing under Fair Trade terms** to minimize environmental impacts by using organic or low pesticide production methods wherever possible. Fairtrade commodities tend to have a lower carbon footprint than their conventional ones as a growing share of Fair Trade producer organisations and enterprises use organic or low pesticide production methods. Many Fair Trade certified farmers are organic certified because they target the same market. But such a transition involves more than phasing-out of pesticides. It means addressing soil degradation, water pollution and deforestation. More sustainable agricultural practices lead, in the mid-term, to better yields, a greater product quality, and decreased costs, bringing better economic prospects for farming communities. As agriculture is a significant contributor to greenhouse gas emissions,

adopting sustainable agricultural practices can help reduce emissions and promote climate resilience in farming communities, both in the Global North and South.

- **Addressing the extended responsibility of the EU for past, current and future contributions to climate change through providing fair prices to producers**, especially those from the Global South. Any true just transition must include ensuring adequate support to vulnerable actors globally when the EU contributes to accentuating climate change at partner countries' level. As about 40% of the EU's carbon footprint stem from its global trade, the EU and the economic actors involved in these value chains should bear the responsibility of contributing to mitigation and adaptation where it is most needed. In that respect, fair prices that cover the costs of sustainable production will be key in ensuring that smallholder farmers and other SMEs globally are able to limit and cope with climate change damages. More fundamentally, the EU must aim at exploring any potential measures to reduce emissions at both producing and consuming countries, notably through investing in shorter supply chains (see point below).
- **Supporting local Fair Trade to move the application of Fair Trade principles beyond their traditional model of North-South collaboration**: Fair Trade traditionally aims for shorter supply chains with fewer intermediaries between the producer and the consumer, ensuring more transparency for both actors and a larger share of the consumer price for the producer. On the other hand, the movement towards more local supply chains primarily focuses on supporting local production practices, supporting local food processing and redistribution of power relations, and reducing GHG emissions. It is key to include Fair Trade principles to the concept of local production to maximise the two local and short approaches and work towards a localised production and consumption, worldwide, addressing both environmental and social impacts of a given sector. Localising Fair Trade should primarily contribute to a rethinking of the distribution of value throughout local communities everywhere.

There is need for more responsible trade, regenerative business models, sustainable consumption and production patterns as well as social and environmental justice. **Fair Trade principles and Fair Trade entrepreneurs can provide policymakers with a wide range of tools to adapt EU policies under the GGD.** One of the benchmarks with which the EC must measure if its trade and industry policies are contributing to the GGD and the 2030 Agenda until 2030 should be the extent to which it is contributing to global sustainability and global justice. The new GGD has to propose concrete structural measures to the power imbalances that exist in the current trade system and global market and Fair Trade can definitely be part of the solution. The GGD must develop an international dimension based on a fair partnership with citizens, progressive & social businesses and governments of non-European countries.

## Footnotes

1. [Home - fairtrade-advocacy.org](https://www.fairtrade-advocacy.org/)
2. [Fairtrade International](https://www.fairtradeinternational.org/)
3. [World Fair Trade Organization | Home of Fair Trade Enterprises \(wfto.com\)](https://www.wfto.com/)
4. [Who is Paying the Bill? \(sdgwatcheurope.org\)](https://sdgwatcheurope.org/)
5. [Europe Sustainable Development Report 2021 - Sustainable Development Report \(sdgindex.org\)](https://sdgindex.org/)
6. [COM-2022-453 en.pdf \(europa.eu\)](https://eur-lex.europa.eu/eli/com/dir/2022/453/oj)
7. [Press Release | EU's Consumption is a Major Driver of Forced Labour and Accidents at Work Globally, says New Study by SDSN and the University of Sydney – Home \(sdsnuk.org\)](https://www.sdsn.org/)
8. [Parliament adopts new law to fight global deforestation | News | European Parliament \(europa.eu\)](https://www.europarl.europa.eu/news/en/2022/07/parliament-adopts-new-law-to-fight-global-deforestation)
9. [Carbon Border Adjustment Mechanism \(europa.eu\)](https://www.europa.eu/press-room/media/infographic/eu-carbon-border-adjustment-mechanism)
10. [Microsoft Word - GCS Index 2021 Report 2021-11-26 \(cdn-website.com\)](https://www.microsoft.com/en-gb/sustainability/gcs-index-2021-report)
11. [Corporate sustainability due diligence \(europa.eu\)](https://www.europa.eu/press-room/media/infographic/eu-corporate-sustainability-due-diligence)