



Fair Trade Movement's policy calls for the EU 2024 – 2029 legislature

In its 2024 – 2029 legislature, the European Parliament's must contribute to steer the EU in these difficult social, economic, environmental times. The Fair Trade Movement expects the EU to take concrete measures to foster a global just transition which favours the interests of the people and the planet and sets fairness as the condition for all trade relations.

The European Green Deal was initially received as a groundbreaking policy framework, however we now have enough perspective to assess its successes and limitations, and formulate policy recommendations to transform this initiative into a more ambitious and successful Global Green Deal. The current framework still largely relies on a business-as-usual model causing negative impacts for partners in the Global South whose views and interests have not been enough considered in the design and implementation of EU policies. The Global Green Deal can leverage the positive impacts and good practices of the Fair Trade Movement to foster a collective international endeavour towards global sustainability.

This paper suggests a series of policy proposals that the Fair Trade Movement and citizens across the EU expect candidates to the 2024 EU election and the new European Commission to commit to putting in place if they are elected.

1. 'Fair' Trade agreement model

The EU's approach to Trade Agreement models evolves so that sustainable development is equally achieved by both parties through concrete and transformational changes. This will imply discontinuing the extractivist model that seeks to enable the EU's green transition while impoverishing partner countries. This paradox hampers the potential of a global fair transition.

In the 2024-2029 legislature the EU shall:

- Implement **Trade and Sustainable Development (TSD)** Chapters in an effective manner through binding country-by-country roadmaps for both parties, in new trade agreements that will be signed, and existing ones that shall incorporate this approach. The EC shall include specific annual reports on the implementation of TSD chapters, including a commitment to promote fair trade schemes and an evaluation of the extent to which the agreement is contributing to it. Given the Common but Differentiated Responsibility and Respective Capabilities, the EU shall include in TSD chapters the provision of financial and technical support for partners countries to comply with TSD requirements.
- Ensure robust democratic participation throughout the entire FTA formation, from drafting mandates to assessing impacts, and open existing FTAs for review.
- Within the **impact assessment** of trade agreements, minimise unintended negative implications and maximise opportunities offered by the latter, evaluate and mitigate the expected and actual impacts on social, economic and environmental sustainability with an emphasis on these three variables:
 - **SMEs, and in particular mission-led ones implementing alternative business models**, as they create quality jobs, help create and sustain resilient national economies, resulting in positive externalities that contribute to the EU's policy objectives;
 - **smallholder farmers and artisans** whose livelihood is often negatively affected by trade agreements, with the aim to enhance their capacity to adapt to climate change, benefit from the opportunities of the green transition and more easily adapt to EU environmental requirements and requirements following from the TSD chapter;
 - impact on the **sustainability of food systems, food security** and food sovereignty at local, national and regional levels.

2. EU trade policy and trade related measures as enablers for global, fair and ecological transition

EU's trade policies and measures, including the ones going beyond the signature of trade agreements, have far reaching consequences for the necessary green transition. The same is true for many of the internal market initiatives that have deep implications for the EU SMEs, but also for our trading partners beyond EU borders. In the 2024 – 2029 EU legislature, EU decision-makers must

ensure that each of these trade or trade-related policies do enable a global fair and ecological transition by:

- Putting in place a new **EU's trade policy that includes a chapter on fair trade**, by improving the precedent of the 2015 'Trade for all' strategy. The chapter shall include commitments to:
 - for DG TRADE to **evaluate** the extent to which each of the EC's initiatives, promotes or hampers the development of Fair Trade;
 - instruct **EU delegations** in cooperation with the High Representative, to promote Fair Trade schemes to small producers in third countries, and local mission led-business models building on existing best practice initiatives;
 - set up a system to **gather market data** in relation to Fair Trade markets and positive externalities of Fair Trade schemes and mission-led business models as well as publish regular reports on its findings;
 - develop and fund **awareness-raising** activities in the EU and internationally;
 - **publish annually the progress** in each of the action points of the chapter and review them in a forum which is open to civil society organizations.
- Legislating to forbid **Unfair Trading Practices in the textile sector** (as suggested by the European Parliament resolution of 1 June 2023 on an EU Strategy for Sustainable and Circular Textiles (2022/2171(INI))). This legislation shall evaluate which are the most damaging practices for actors in the weakest position in the supply chain (in particular workers and SMEs) and forbid them. The initiative can take inspiration and learning from the implementation of Directive (EU) 2019/633 on unfair trading practices in the agricultural and food supply chain.
- Issuing a Communication on the roll out of support for the implementation of **Agroecological practices in EU food systems, and EU-bound transnational food systems**.
- In the context of the review of the Directive (EU) 2019/633 on Unfair Trading Practices in the **agricultural and food supply chain**, clarify the scope of application for producers and suppliers outside the EU and include in the list of forbidden practices a **prohibition to buy below the cost of sustainable production**. The development of regional market observatories can be explored as an option to evaluate the cost of sustainable production. In addition to this, the EU shall **improve the Directive's implementation at global level**, by ensuring that global actors who are covered by the Directive have the information and means to file complaints.
- Review the **EU Public Procurement Directive** to include a minimum mandatory criterion for sustainable public procurement, including a criterion on Fair Trade; and include mandatory due diligence obligations for public procurers.
- Support Fair Trade schemes and mission-led business models by facilitating their **access to markets**, and **rebalance their price-competitiveness** by rewarding their **positive externalities** and ensuring that exploitative business models internalise the cost of their

negative externalities; and by providing incentives to consumers and partners (eg. by inviting Member States to modulate VAT, investing in the promotion of those models, and coordinating activities in their support at regional, EU and national level, promoting best practices, etc).

- **stop jeopardizing external agricultural markets** through the EU's agricultural and trade policies, in particular by redirecting the Common Agricultural Policy to support the agroecological transition.

3. Fair access to financing tools for climate change mitigation, adaptation and loss and damage.

Ambitious and transparent climate action at home is the first step to addressing our common responsibility for the climate crisis. In parallel to action-oriented commitments to reduce Greenhouse Gas Emissions, increase carbon sinks as well as renewable energies and set the example on how to accelerate a transitional phaseout of fossil fuels as agreed in COP28 (setting the example on how to accelerate a transitional phaseout of fossil fuels as agreed in COP28 Dubai), the EU must play a leading role in addressing the current barriers that prevent smallholders and local communities to access and benefit from climate finance, by:

- **Scaling up adaption finance** and providing greater attention to adaptation-mitigation linkages and co-benefits. At least 50% of all climate finance shall be dedicated to climate change adaptation, in addition to dedicating additional loss and damage funds.
- Dedicating EU resources to funding for the emerging **climate crisis-related loss and damage fund**, the fund shall not coincide with humanitarian aid funds. The loss and damage fund shall:
 - Be available not only to state parties, but also CSOs, and consider the role, leverage potential and needs of local cooperatives, SMEs and their associations;
 - set up decentralized award committees that can check the applications for plausibility with local knowledge and without bias;
 - create payout windows with different application amounts and introduce correspondingly staggered reporting obligations and application requirements;
 - only request follow-up inspections and documentation once payment has been made and the initial damage has been repaired;
 - allocate new funding without reducing allocated budgets for climate adaptation funds.
- Developing **tailored financial products and services** to the needs of small-scale farmers, in a way that leverages local knowledge and expertise.

- Targeting farmers organisations as **direct recipients** of grants (e.g., in the grant portion of the Green Climate Fund).
- Financing programs to provide **training and technical assistance** to support the adoption of agroecology, climate resilient practices and/or technologies (e.g., weather monitoring systems, renewable energies technologies, training on sustainable land management practices).
- **Consulting local communities** to make sure that financing tools will not have negative effects on them. This implies that the EU must switch to a **decision-making model** that gives space to local actors, including local CSOs in designing, prioritising, implementing and monitoring efficient climate finance tools that reflect regional and/or sectorial needs.

4. Inclusive and effective implementation of new EU supply chain laws by upholding the policy coherence for development principle

In the 2024-29 legislature, the EU will face the immense challenge of delivering on the commitments and legal obligations of the EU Green Deal. To facilitate this process the EU should upscale the initiative to a truly Global Green Deal in order to contribute to a worldwide fair transition. This implies among others fulfilling the EU Treaties' responsibility to enshrine the principle of policy coherence for development throughout the entire set of policies. In the design of each initiative with an explicit or indirect global dimension, the EU must consider the needs and potential contribution of global actors who will be impacted, in particular that of smallholder farmers, farmers cooperatives, local SMEs, artisans and workers their communities.

- The EU must step up the development of **support measures** for each of its legislative instruments with a global reach; as well as robust **partnerships with producer countries**, in particular with regard to the implementation of the **EU Regulation on Deforestation free products**, the upcoming **Corporate Sustainability Due Diligence Directive**, as well as the **Forced Labour Regulation**.

During the next legislature the EU must step up its efforts to address the impacts that the EU's consumption and production model has out of its borders, by:

- Ensuring consistent and thoughtful **ex-ante impact assessments** before the adoption of any new EU legislation, paying particular attention to potential compliance gaps and challenges smallholder farmers, local SMEs, farmers cooperatives, artisans and workers and local communities may face to comply with new EU requirements.
- Putting in place a **comprehensive strategy to promote living incomes and living wages**. Through this strategy, its action points and reporting system, the EU shall systematically evaluate and report on how each of its policies contributes to this objective.
- Embed in future legislative initiatives the objective to address externalities of EU's consumption and production models, for example the extent to which abusive **purchasing practices including extremely low prices of raw materials, poverty, the uneven distribution of global market value of commodities and the lack of living income and living wages are at the root cause of the policy issues** that the EU

attempts to address, and accordingly shape legal obligations based on the concept of shared responsibilities.

- Embed in future legislative initiatives aiming to improve social or environmental standards measures **that force EU companies to assume a fair share** of the costs of compliance and mitigation measures and **avoid irresponsible disengagement**.