

“The Voluntary Fair Trade market in the EU, Colombia, Ecuador and Perú”



Desk study

Support to civil society participation in the implementation of EU trade agreements Project - EU-Colombia/Peru/Ecuador DAG

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Acronyms

AFD: Agence Française de Développement

CLAC: Latin American and Caribbean Network of Fair Trade Small Producers and Workers

DAG: Domestic Advisory Group

DG Trade: Directorate-General for Trade

DG INTPA: Directorate-General for International Partnerships

EUDEL: EU delegations

FI: Fairtrade International

FTAO: Fair Trade Advocacy Office

FUNDEPPO: Foundation for Organized Small-Scale Producers

GFTP: Good Fair Trade Practices (Peru)

HL: Hired Labour

ILO: International Labour Organization

ISEAL: International Social and Environmental Accreditation and Labelling Alliance

SPO: Small Producer's Organization

SPP: Small Producers' Symbol

SME: small and medium sized enterprise

TDS: Trade and Sustainable Development

VSS: Voluntary Sustainability Standard

WFTO: World Fair Trade Organization

WTO: World Trade Organization

1. Background of this desk study: purpose, scope and methodology

This Desk Study on the “*Voluntary Fair Trade market in the EU, Colombia, Ecuador and Perú*” is part of the Task 4 of the “Support to civil society participation in the implementation of EU trade agreements Project”. It contributes to Result 3: Ensuring civil society groups are aware of, and act according to, their roles and responsibilities provided by the Trade Agreements. The Project has received a request to explore the possibility to develop, organise and implement a Desk Study for the **EU-Colombia/Peru/Ecuador Domestic Advisory Group (DAG)**, to enhance their participation in the implementation of Trade and Sustainable Development (TSD) provisions within the **EU-Colombia/Peru/Ecuador Free Trade Agreement**.

The EU-Colombia/Peru/Ecuador Free Trade Agreement & SDGs:

“The agreement between Peru, Colombia, Ecuador and the EU stipulates the need to promote trade under a comprehensive approach, in order to contribute to the achievement of the Sustainable Development Goals (SDGs). Title IX establishes considerations aimed at ensuring compliance with labour rights established by the International Labour Organisation (ILO), and international agreements on environmental matters. In addition, it indicates that meetings will be held with civil society, interested in the application of this chapter, according to procedures regulated by each State. The axes prioritised in the meetings of the Subcommittee on Trade and Sustainable Development (2020) are: labour inspection, freedom of association, child labour, social dialogue, labour informality and application of environmental protection legislation, as well as consultation with civil society.

Fairlie Reinoso, A. (2022): “New challenges for the European Union’s Multiparty Trade Agreement with Peru, Colombia and Ecuador”, Documentos de Trabajo, Occasional paper FC/EU-LAC (2) es, Madrid, Fundación Carolina/Fundación EU-LAC

This Desk Study aims to expand the knowledge of, and provide detailed information to, the DAG members about “*The Voluntary Fair Trade market in the EU, Colombia, Ecuador and Perú*”, in the context of the EU-Colombia/Peru/Ecuador Free Trade Agreement and more specifically in the relevant TSD chapter. The objectives of the Desk Study are:

- To permit the EU-Colombia/Peru/Ecuador DAG to have in-depth information and knowledge on a subject of their choice, to provide a basis for their future positions and work programmes;

- To provide a framework in which the DAGs can reflect upon and analyse a specific subject related to the EU-Colombia/Peru/Ecuador Free Trade Agreement, which they would not ordinarily have had the resources to explore;
- To indirectly build capacity of the EU-Colombia/Peru/Ecuador DAG, via the acquisition of knowledge which can be applied in their ongoing discussions;
- To give the DAG members a better understanding of the subject and enable them to make well-informed recommendations on how to deal with it in discussions with their counterparts.

This study maps fair trade scheme in the Andean region and between the EU and the three Andean countries. It provides relevant data on producing sectors, markets and public policies and helps DAG members identify concrete opportunities for win-win cooperation between the EU and Colombia, Ecuador and Peru. The main target is to give recommendations about what the 3 countries and the EU can do better in relation to promotion of Fair Trade.

Methodology was based on literature reviews supplemented by phone interviews and email exchanges with Fair Trade organizations (Fairtrade International/Max Havelaar France, WFTO, SPP, Fair for life, Naturland Fair) and European Union Delegations.

- Providing Policy options to promote Fair Trade supply chains between the Andean countries (Colombia, Ecuador, Peru) and the EU. As an option a virtual workshop for the co-construction of recommendations will be organized (feasibility to be checked – no budget for it).

1. Definition of Fair Trade

This first part of the report aims to establish a common understanding of what Fair Trade is among DAG members based on the criteria of the 2009 EU communication (*Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes*) and Peru/Ecuador legal definitions. It also includes a list of Fair Trade organizations and labels and clarify Fair Trade certification mechanisms. This part also include a brief comparison with the new Rainforest Alliance certified seal for bananas.

4.1 What is Fair Trade?

In order to present a good overview of voluntary fair Trade market in the EU, Colombia, Ecuador and Perú, a common understanding of fair Trade is proposed in order to avoid ambiguities and confusions, especially with other Voluntary Sustainability Standards (VSS) but also with “free trade”.

- **Fair Trade is different from “fair competition”**

First of all, Fair Trade principles should not be mistaken from the World Trade Organization (WTO) “system of rules dedicated to open, fair and undistorted competition”.

- **Fair Trade in the galaxy of Voluntary Sustainability Standards**

Certified areas and market share of products compliant with Voluntary Sustainability Standards (VSS) are growing rapidly and Fair trade labels are part of this wider scope. According to the 4th Flagship Report of the United Nations Forum on Sustainability Standards (UNFSS, 2020)¹, “increase in VSS adoption is driven by consumer and business demand, and by their integration into public policy” and “voluntary sustainability standards are being increasingly recognized as potentially transformative tools for governments to realize their sustainability commitments”.

The UNFSS (2013) defines VSS as “standards specifying requirements that producers, traders, manufacturers, retailers or service providers may be asked to meet, relating to a wide range of sustainability metrics, including respect for basic human rights, worker health and safety, the environmental impacts of production, community relations, land use planning and others”. Contrary to mandatory governmental measures, economic operators are free to choose whether to apply VSS.

And what makes fair trade standards specific in this area is their unique and historic policy of “better trading conditions”, symbolized by guaranteed **minimum prices and collective premiums**.

- **EU 2009 communication on Fair Trade & the International Fair Trade Charter**

In the 2009 EU communication from the Commission to the Council, The European Parliament and the European Economic and Social Committee (*“Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes”*)² the term “Fair Trade” is used “in conformity with standards established by the international standard setting and conformity assessment organisations, that are members of the ISEAL, and **as applied by the Fair Trade organisations**”. ISEAL Alliance is a membership organisation “for credible sustainability standards³”.

¹ “Scaling up Voluntary Sustainability Standards through Sustainable Public Procurement and Trade Policy”, p. ix.

² The 2006 Parliament resolution gave the push for this communication.

³ <https://www.isealliance.org/>

The term "other private sustainability assurance schemes" is used to describe other labelling schemes that aim to inform consumers about the sustainability of the production of the product, i. e. VSS. This communication recognizes the pioneering role of fair trade "in illuminating issues of responsibility and solidarity".

Through this communication the EC recognizes the definition of Fair Trade given by the Fair Trade organisations through the Charter of Fair Trade Principles (2009), followed by the International Fair Trade Charter (2018).

According to the "FINE definition"⁴ given in 2001 by fair trade actors as a collective definition and included in the International Fair Trade Charter, 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.*"

Fair Trade actors claim a unique holistic approach based on the following interventions: creating the conditions for fair trade, achieving inclusive economic growth, providing decent work and helping to improve wages and incomes, empowering women, protecting the rights of children and investing in the next generation, nurturing biodiversity and the environment, influencing public policies and involving citizens in building a fair world. In this light, "Fair Trade transactions exist within a "social contract" in which buyers (including final consumers) agree to **do more than is expected by the conventional market, such as paying fair prices, providing pre-finance and offering support for development.** In return for this, producers use the incomes of Fair Trade to improve their social, economic and environmental conditions. In this way, Fair Trade is **not charity but a partnership for change and development through trade**" (International Fair Trade Charter, 2018, p. 18).

Beyond the economic dimension, the principles and practices of FT actors can then be categorised into four additional dimensions: social, environmental, awareness-raising and governance of the organizations.

French definition:

In France, the increased demand for local and fair food products and the abuse in the use of the term "fair trade" have led to a legal definition of "fair trade". France has adopted a legal definition in 2005 and extended it in 2014 to domestic exchanges (Law No. 2014-856 on Social

⁴ Usually referred to as the "FINE Definition" this text was agreed in 2001 by Fairtrade Labelling Organizations International (FLO) – member of ISEAL, International Federation for Alternative Trade (IFAT), Network of World Shops (NEWS), and the European Fair Trade Association (EFTA). IFAT has since been renamed as the World Fair Trade Organization and includes the former NEWS within its membership base.

and Solidarity Economy). The commitments as defined by French law are: remunerative prices for producers, based on production costs and balanced negotiations; a multi-annual commercial commitment between producers and buyers; the payment of an additional amount (called a co-development premium) to finance collective projects; producers' autonomy through the establishment of democratic governance in their organisations; transparency and traceability in the supply chains; raising consumer awareness of socially and environmentally sustainable production methods; the promotion of production methods that respect the environment and biodiversity, such as agroecology and the use of guarantee systems or labels recognised by laws and decrees in the States or by regulation within the EU. And some members of the European Parliament, as Claude Gruffat, claim the construction of a genuine intra-European Fair Trade label to protect consumers from "social washing".

Ecuadorian/Peruvian definitions:

The Ecuadorian and Peruvian governments use definitions of Fair Trade based on the FINE definition.

In Ecuador, as in France, Fair Trade is defined in a more extensive way, i.e including domestic fair trade. It is explicitly mentioned in the 2008 new Constitution⁵ and in the Organic Law of Popular and Solidarity Economy (2011). A national strategy on Fair Trade was launched in 2014 (FTAO, 2021). According to this national strategy (2014, p. 20) : "Fair Trade contributes directly to the construction of Good Living ("**Buen Vivir**" o "Sumak Kausay") since it implies the implementation of a set of ethical principles and values throughout the value chain, having people at the center and focusing on their relationships, creating conditions for producers, craftsmen and craftswomen, male and female, not only have access to better incomes but also to the enjoyment of a decent life". Fair Trade is therefore conceived as "much more than labels and certifications" for export market and also focuses on the domestic market. In this strategy, Fair Trade is understood in two dimensions: "**As the change of relationships** and social practices of production, marketing, distribution and consumption to achieve justice and equity in trade, through the incorporation of ethical principles and values that encompass human, economic, social and ecological aspects, and, at the same time build new human, social and geo-political relationships" **and** "**as the creation and development of markets** for products and services that come from fair trade relationships and practices".

In this national strategy, Fair Trade is defined according to eleven Fair Trade principles (p.21-22) that are in fact the 10 Principles of Fair Trade set by WFTO⁶ plus an eleventh principle on cultural identity.

⁵ <https://pdba.georgetown.edu/Constitutions/Ecuador/english08.html>

⁶ <https://wfto-europe.org/the-10-principles-of-fair-trade-2/>

- (1) Creation of opportunities for economically disadvantaged producers;
- (2) Transparency and accountability;
- (3) Fair trading practices;
- (4) Payment of a fair price;
- (5) Compliance with child and forced labor standards;
- (6) Commitment to gender equality, non-discrimination and freedom of association;
- (7) Good working conditions;
- (8) Capacity Development;
- (9) Promotion of Fair Trade;
- (10) Respect for the Environment;
- (11) Respect and diffusion of cultural identity.**

In Peru, the government has currently a program to promote fair trade among small and medium sized enterprises (SMEs) and there is a national Fair Trade certification mark. The “Good Practices of Fair Trade Peru” (GPFT or BPCJ, Buenas practicas de comercio justo) is registered in INDECOPI (the National Institute for the Defense of Competition and Protection of Intellectual Property) and authored by PROMPERÚ, a governmental agency. BPCJ is based on 10 principles and 38 criteria. This Fair Trade mark has been designed to address the low international insertion that Peruvian SMEs currently face, especially regarding the **textile sector**; and to promote that everyone in the supply chain takes advantage of exports (Ferrer Pizarro, 2017). The Peruvian government has been leading actions in fostering fair trade since 2009, when it launched the pilot project “Fair and ethic trade system in the Peruvian cluster of the textile and garments sector”. BPCJ does not ask for a Fair Trade premium for producers, but rather looks to **ensure that the company does not profit at the expense of others**.

Figure 1: BPCJ / Peru Fair Trade logo



4.2 Fair Trade actors

As mentioned above, Fair trade is an international movement that has agreed to a collective definition and common goals. But some organisations misuses this concept, by branding their products "fair" without respecting the core principles. We are here listing the organisations that operate labels recognised as Fair Trade labels by the authors of the International Guide to Fair Trade Labels⁷ (2019). As outlined in this guide **"Fair trade labels are the only sustainability initiatives to implement precise economic commitments with regard to commercial relations between buyers and producers"**.

Fair trade has gradually evolved into an international movement, mainly composed of two large federations of actors: the Fairtrade International Federation, which manages the dominant eponymous label (Fairtrade) and the World Fair Trade Organization (WFTO), which unites organizations that are 100% dedicated to fair trade or "Fair Trade enterprises". However, less familiar actors complete this picture as Fair Trade USA, SPP Global (ex FUNDEPPO), Ecocert and Naturland. The last two are the result of the development of expertise related to the certification of organic agriculture, while the two first are the results of splits within Fairtrade International. In the tourism sector we can also mention the Association for Fair and Sustainable Tourism (ATES).

- **The Fairtrade International federation**, known until 2011 as Fairtrade Labelling Organization (FLO), was created in 1996 to promote harmonization in the management of the pioneering "Fairtrade / Max Havelaar" label, which originated in 1988 in the Netherlands (Roozen and van der Hoff, 2002) and has since spread to most OECD countries⁸. The Fairtrade label is managed by the **Fairtrade movement**, which includes in addition to this international federation (FI, based in Bonn, Germany), 30 national organizations and 3 regional producer networks: Fairtrade Network of Asia and Pacific Producers (NAPP) for Asia, Fairtrade Africa & **the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) for Latin America**. Fairtrade International is co-managed equally by producers (50% of voting rights for representatives of the three producer networks) and "Northern" initiatives (50% of voting rights for the 30 national non-profit

⁷ <https://fairworldproject.org/wp-content/uploads/2019/12/international-Guide-to-Fair-Trade-Labels-2020-Edition.pdf>

⁸ Max Havelaar is the original name of this label. Max Havelaar is the name of the hero of a Dutch novel published in 1860, "Max Havelaar or the Coffee Sales of the Dutch Trading Company". Its author, Edouard Douwes Dekker, denounced, under the pseudonym of Multatuli, the oppression and exploitation of Javanese peasants in the colony of the "Dutch East Indies". If some countries like France have first adopted the name Max Havelaar for their organization and their label, others have preferred the term Fairtrade, which has become the generic term at the international level.

organizations). Fairtrade label is a **voluntary "product label" that can be adopted by all types of buyers**, including multinational food companies, provided that they commit to sourcing from Fairtrade certified producer organizations or plantations, to respecting the Fairtrade standards, to being audited and to paying licensing fees for this collective brand. This label is also used by supermarkets and discounters for their retailer's brand. FI is a member of ISEAL. More than 1.9 million farmers and workers in the Fairtrade system in 2020⁹ (1 772 368 farmers and 178 795 workers on Fairtrade certified plantations). The total number of Fairtrade certified producer organizations (combining both small producer organizations and hired labour organizations) is 1 880 organizations in 2020.

- **The World Fair Trade Organization (WFTO)** (formerly the IFAT) was founded in 1989 and brings together more than 400 members (groups of artisans, producers' organizations, world shops...) on five continents. The WFTO label identifies member organizations that comply with the control system of the specifications of this global network. As opposed to the "product" labels, which only concern the purchasing practices of certified products, this is an "organization label" that applies to the global practices of fair trade companies. The WFTO Guarantee Label, reserved for WFTO members, can now also be used on product packaging. The activities of these 444 organisations across 82 countries benefit nearly one million people worldwide. Created in 1994, the Network of European Worldshops (NEWS) ceased to exist in its original form in 2008 by integrating the European branch of the World Fair Trade Organization (WFTO), which has about a hundred members: Gepa (Germany), Artisans du Monde (France), Oxfam-Magasins du Monde (Belgium), Altromercado (Italy)... These members constitute social enterprises monitored under the **WFTO Guarantee System**. 92% of Fair Trade Enterprises reinvest all profits in their social mission¹⁰. **WFTO-LA¹¹ is the Regional Office for Latin America**. It is a network of 67 members in 12 countries. There are also national offices in Peru and Ecuador (WFTO Peru and WFTO Ecuador) but not in Colombia. **WFTO-Europe** is a network of 110 members across 18 countries.
- **The SPP Global** (previously FUNDEPPO - Foundation for Organized Small-Scale Producers) is the Small Producers' Symbol association, created in 2006.

⁹ <https://www.fairtrade.net/impact/fairtrade-producers-overview>

¹⁰Source: "Creating the new economy. Business models that put people and planet first" by Prof. Bob Doherty (University of York), Prof. Helen Haugh (Cambridge University), Dr. Simon Croft (Stockholm Environment Institute), Dr. Erinch Sahan (WFTO) and Mr. Tom Wills (Traidcraft Exchange), 2020.

¹¹ <https://www.wfto-la.org>

Small Producers' Symbol signals the determination to tighten the focus of Fair Trade around "small producers", with the creation of an alternative model driven by producers in South America (Renard, 2015; Gautrey, 2018). SPP global brings together certified SPP producer organizations, solidarity members (national SPP associations, SPP registered buyers and allied civil society associations) and honorary members. CLAC was SPP's original founder and is currently an honorary member. The SPP system is based on its Declaration of Principles and Values: **"a philosophical rationale focused on the importance of organized, self-managed small production, ecological sustainability, fair trade and local economies"**. SPP is now managed by SPP Global and claims to be the "only 100% producer-driven initiative". There is a local SPP platform in Ecuador (since 2015) and another in Peru, created in 2016. 132 small producers' organizations are certified by SPP in 2021.

- Fair for life and Naturland Fair are similar approaches that aim to go beyond of the "organic agriculture" certification on the social and economic levels by proposing a label which allows to limit the costs of control, by mutualizing them. Fair for life is owned and operated by the Ecocert group while Naturland Fair is run by the German association Naturland. By contrast with Fairtrade and SPP, producers are not involved in the ownership of Fair for life. Another name here is the French association Biopartenaire, which runs an eponymous label based on the standards of the Fair for Life label.

Figure 2: Fair trade organizations and their logos

Organization and standards	Logo(s)	Product example
Fairtrade International	   	
WFTO		
SPP Global A.C.		
Ecocert SA (part of Ecocert Group)		
Naturland e.V.		

4.3 Fair Trade mechanisms

Certification procedures:

Fair trade organizations define a set of sustainability criteria ("fair trade standards"), the respect of which is controlled by procedures (elaboration of conformity criteria by the certification bodies, audit protocols, ...). The guarantee is materialized by a certificate that gives the right to use the logo on the products for a license. From a legal point of view fair trade labels are registered as **collective certification marks** in several jurisdictions. For Fairtrade and SPP¹², audits are delegated to independent certification bodies. Ecocert SA and Naturland provide certification for their respective labels while WFTO is distinctive for its verification system based on self-assessment, peer review, and WFTO trained auditors.

- FLOCERT, a specialized certification body founded in 2003, is the unique independent entity authorized by FI to certify that its clients comply with the requirements of the Fairtrade standards. FLOCERT defines compliance criteria, conducts audits and issues the certificates for producers organizations or plantations and other actors of the value chains. FLOCERT complies with the ISO 17065¹³. Moreover, Fairtrade International and its assurance body FLOCERT GmbH (Ltd.) are currently establishing a new independent Impartiality Committee as part of FLOCERT's governance structure.
- By contrast, ten certification bodies are accredited by SPP Global (Certimex, Biolatina, Mayacert, BCS-Öko Garantie, Imocert, Biotrópico, Control Union Peru, Ceres, QCS and TERO).

It should be noted that not all certified production is automatically sold under the commercial conditions of the labels, i.e. at the guaranteed minimum price and/or with premiums. This is due to the lack of demand for fair trade certified products from buyers. The producers are then not remunerated for their efforts.

During the certification and renewal audits, the producers' organizations/plantations must satisfy a certain percentage of control points, established on the basis of the criteria set out in the specifications of the standard concerned.

Suspension, decertification and complaints mechanism (Fairtrade/ FLOCERT):

Suspension, decertification and complaints mechanisms suspension, decertification are included in Fair Trade certification schemes. Regarding the Fairtrade label, "if a customer does

¹² SPP also includes a self-assessment.

¹³ Conformity assessment — Requirements for bodies certifying products, processes and services. FLOCERT is certified by the DakkS (the national accreditation body of the Federal Republic of Germany).

not adhere to certification requirements (e.g. non-conformity with major criteria) or contractual obligations, FLOCERT may suspend the certificate of the customer to give opportunity to the customer for corrections". And "under certain circumstances (e.g. non-fulfillment of corrective measures, non-payment of fees), the certificate of a customer may be withdrawn". This is known as decertification.

Moreover, the Quality Management Unit at FLOCERT is in charge of Appeals, Reviews, Allegations and Complaints¹⁴. FLOCERT's Credibility Assurance Unit is responsible for the investigation of all complaints and allegations.

Standard setting process:

The development and revision of the specifications (or standards) of the different labels also meets specific procedures.

- FI is the standards setter for the Fairtrade label. FI is a member of ISEAL and Fairtrade standards are set in accordance with the ISEAL Code of Good Practice on Standard Setting. The standard setting process is managed by FI's Standards and Pricing team (see the entire procedure in the annexe). FI develops **standards for two main categories of producers¹⁵ (small producers' organizations/ hired labour organizations)**, a **Trader Standard** and **Product Standards**. This process involves stakeholders consultation to elaborate and update standards. In 2010, Fairtrade established the Workers' Rights Advisory Committee: "Made up of trade unionists and advocates, it weighs in on strategies, standards and programmes". Final decisions about Fairtrade standards are made by the FI standards committee.
- The WFTO label is very unique as it is exclusive to its members, who are fully dedicated to fair trade. The WFTO standards were developed by a working group and adopted collectively. This Guarantee System Handbook (2019) outlines all the procedures and policies of the WFTO Guarantee System.
- SPP Global, which operates on a much smaller scale than FI, has its own process¹⁶. SPP's Standards and Procedures Committee is responsible for developing the general SPP standard, product standards and a list of sustainable prices. According to the international guide to fair trade labels (2019, p. 69): "when a process for formulating a

¹⁴ <https://www.flocert.net/about-flocert/vision-values/quality-and-appeals/>. Allegations can be submitted: via the FLOCERT webpage Quality and Appeals (online Allegation Form); by email to credibility@flocert.net; by telephone: either by phone call or sending a WhatsApp message; by Skype or by using the "Confidential feedback" box in Fairtrade (reporting tool for FLOCERT customers).

¹⁵ Fairtrade Standard for Small-Scale producers (03.04.2019_v2.5) / Fairtrade Standard for Hired Labour (15.01.2014_v1.7). There is also a standard for small-scale producers who are not yet democratically organized, known as 'contract production' standard. As a temporary measure, not yet democratically organized small-scale producers « can join Fairtrade if they have a partnership with an organization (such as an exporter or NGO) that will assist them to form an independent organization » (source : FI website).

¹⁶ See [SPP Standards and Procedures Definition Procedure](#).

standard is initiated, a sector-representative working group must be formed, consisting of at least one person representing small producers' organizations and a technical member assigned by the standards and procedures committee's secretariat. This working group is expected to formulate draft standards, thereafter submitted for consultation to the Standards and Procedures Committee of SPP Global, certified small producers' organizations and registered final buyers and certification entities. This proposal is also made public to allow anyone to give an opinion".

- Fair for Life standard revisions are carried out by Ecocert SA and the Fair for Life Revision Steering Committee. "Stakeholders (producers, traders, companies, consumers, NGOs) are involved in the standard setting and revision process through two rounds of public international stakeholder consultations in line with the ISEAL Code requirements. The Fair for Life Scheme Committee makes the final decision on the standard content" (International guide to fair trade labels, 2019, p. 27).
- The assembly of delegates of Naturland, elected by farmers members of this German association "delegate the management of the standards to a standards committee which proposes amendments and steers the consultation process". This assembly of decides on all proposed amendments to the standards¹⁷ (International guide to fair trade labels, 2019, p. 61).

Contents of the standards:

The "set of fair trade criteria" can be classified in 5 dimensions:

1. Economic criteria: fair price, premium for group projects, pre-financing, long-term commitment from buyers.
2. Social criteria: respect of 11 conventions of the International Labour Organization, fair compensation of workers, policy for maternity leave, sickness and retirement, equal treatment of all workers (women, religious minorities, seasonal workers, etc.).
3. Environmental criteria: reduction of environmental impacts of activities, protection of biodiversity, prohibition of hazardous substances, ban on GMOs.
4. Governance criteria: accessible to marginalized producers and workers, capacity building of producers, rights of indigenous people, transparency of information in the management of the producers' organization, non-discrimination within the producers' organization, monitoring of the democratic management of the premium for group projects, democratic decision making for collective organizations/collective bargaining, rights for hired labour.
5. Awareness-raising criteria: activities to raise awareness and educate consumers and citizens.

¹⁷ [Naturland Fair Standards](#)

It is necessary to distinguish standards for small-scale producers from standards for hired labour. Fairtrade certified producers in Latin America are small producers' organizations, workers on private plantations (hired labour) and unorganized small producers ('production by contract'). As we will show in the figures, plantations concern above all banana and cut flower sectors in the three countries concerned by the trade agreement.

We focus here on fair prices and on the respect of ILO conventions for hired labor. A full review of the 5 labels against this analytical grid is available in the International guide to fair trade labels (2019).

Fair prices:

While FI and SPP Global publish minimum price lists, others FT standard setters focus on pricing rules:

- A table lists the Fairtrade minimum prices and premiums for almost all certified products¹⁸. When the market price is higher than the Fairtrade minimum price, producers should receive the current market price or the price negotiated at contract signing. Fairtrade is currently developing living income projects to close the remaining income gap. For example in 2021 Fairtrade has released its first (voluntary) Living Income Reference Prices for Colombian coffee. The recommended Fairtrade Living Income Reference Price for conventional coffee is 9,900 Colombian pesos (equivalent of approximately US \$2.75) per kilogram of dried parchment coffee, and 11,000 pesos (US \$3.06) per kilogram for organic.
- For WFTO members, "a fair price is freely negotiated between the buyer and the seller and is based on transparent price setting. It includes a fair wage and a fair profit. Fair prices paid to producers must represent a fair share of the final price given to each player in the supply chain, meaning a fair share of the consumer price" (International guide to fair trade labels, 2019, p. 83). The WFTO fair payment tools consist of the Local Living Wage Calculator, Living Wage Ladder and Local Context notes. They are not yet available for Latin American countries.
- Minimum prices for each product are given by SPP Global. Those prices are generally higher than Fairtrade minimum prices.
- "Fair for Life requires production groups and fair trade partners (buyers) to negotiate prices jointly and on eye-level, based on transparent cost calculations (cost of sustainable production). Prices must be at least 5-10% higher than conventional prices, and always above the agreed floor price" (see FFL guidance and tools). (International guide to fair trade labels, 2019, p. 29).

¹⁸ <https://www.fairtrade.net/standard/minimum-price-info>

- For that matter, "Naturland considers three different situations: Fair prices should be determined jointly between producers and buyers and should reflect the average local production costs as well as a suitable margin for the producers; If a calculation of local production cost is not possible the internationally established fair trade minimum price should be paid; If there is no international introduced fair trade minimum price for a product existing, a price of at least 10% above the commonly accepted market-based price has to be paid" (International guide to fair trade labels, 2019, p. 63).

Respect of ILO fundamental conventions for hired labour:

Eleven ILO conventions are:

- Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Equal Remuneration Convention, 1951 (No. 100)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Minimum Age Convention, 1973 (No. 138)
- Occupational Safety and Health Convention, 1981 (No. 155)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)

The compliance with the eleven ILO conventions is included in the standards of the five labels and they go beyond for certain areas with additional requirements. The respect of the 11 fundamental ILO conventions is required by WFTO, SPP and Naturland standards. 2 of these 11 conventions are not explicitly mentioned in Fairtrade standards but the main topics of the conventions are covered. The Fair for life standard is based on the eight fundamental ILO conventions. ILO 169 convention on indigenous rights is not formally recognized, but Fair for Life includes it in several other criteria (discrimination, land use, biodiversity, use of traditional knowledge, marginalized groups' areas, sustainable practices) (International guide to fair trade labels, 2019, p. 29).

Fairtrade claims to work on the three building blocks of access to remedy : empowering people to voice grievances, grievance mechanisms and remediation. In 2015, a workers network, made up of workers from Fairtrade certified plantations in Latin America and the Caribbean which produce bananas, flowers, fresh fruit, and wine, was formally created. Its mission is "to achieve

empowerment through coordination and representation, allowing their voice to be heard in the Fairtrade system and to participate more actively in decision making”¹⁹.

The Fairtrade Right to Unionise Guarantee:

“Fairtrade standard for hired labour requires plantations to sign a Right to Unionise Guarantee and display it in local languages in the workplace. A trade union or an independent, democratically elected workers’ organisation must exist and management must meet with its representatives at least once every three months. Where a collective bargaining agreement exists, plantations must adhere to it. Plantations must also allow any union that operates in the sector or region to meet with workers on company premises – even where some workers already belong to a different union. This seeks to address the woe of “yellow” unions – company-controlled unions that provide no meaningful representation to workers”.

Rocha J., Nahi T., Hyske-Fischer M. (2021), How does Fairtrade mitigate human rights violations in global supply chain? Fairtrade’s Human Rights Due Diligence Centre of Excellence. Page 15

In plantations a Fairtrade Premium Committee consisting of elected worker members and appointed advisors from the management is in charge of managing the Fairtrade Premium received for the benefits of all workers on a certified plantation.

For Reynolds (2012), “where unions are absent, fair trade's greatest impact may be in the establishment of **workers' committees** that can build collective capacity (...). Although these new labor organizations face numerous challenges, they may strengthen the social regulation of global flower networks, making firms accountable to their workers as well as to nongovernmental organizations, retailers, and consumers”. In a more recent study, Reynolds (2020) says that “while Fairtrade certification bolsters the wellbeing and rights of female workers in and beyond the workplace, much still needs to be done before women can claim their rights as workers and citizens”.

4.4 Comparison with The Rainforest Alliance label (banana sector)

The “standards landscape” is increasingly competitive. The “Standards Map free toolkit” managed by ITC (International Trade Center) provides information about voluntary sustainability standards (VSS), codes of conduct, audit protocols, reporting frameworks and company programs on sustainability. It allows for a precise comparison of more than 300 standards side by side across 1650+ criteria.

¹⁹ <https://clac-comerciojusto.org/en/workers-network/>

The Rainforest Alliance and Fairtrade International are non-profit organizations that share similar goals but differ in their focus and approach. They are both members of ISEAL and are also founding members of the Global Living Wage Coalition and the Living Income Community of Practice.

In the banana sectors, Global G.A.P is the most represented label (322 817 certified hectares in 2019) followed by the Rainforest Alliance²⁰ (186 363 ha), organic (59 446 ha) and Fairtrade (46 887 ha) ([The State of Sustainable Markets 2021](#)). Wage workers on plantations and in facilities producing and processing tropical crops are vulnerable.

Unlike the Rainforest Alliance, Fairtrade requires [minimum prices](#) (per country and per quality: conventional/organic) for fresh and dried bananas. For example the minimum price for a box of conventional bananas (18,4 kg) is now 6,65\$ EXW²¹ in Ecuador (9,35\$ for organic bananas); 7,30\$ in Colombia. In Peru the “non-ACP countries without country specific prices²²” - 6,95\$ per box - applies for conventional bananas, while the country specific price for organic bananas is 9,05\$. Worldwide, Fairtrade collective premium is 1\$ per box. Moreover, the Fairtrade base wage for banana plantations came into effect in July 2021, meaning higher wages for workers. **Fairtrade is the only certification scheme to have established a floor wage in this sector.** In addition, retailers, just like Lidl in Germany, can use **Fairtrade’s living wage tools** and pay an additional price premium for the bananas they buy from plantations. Meanwhile the RA has introduced two new supply chain requirements for companies as part of its 2020 Certification Program: a “Sustainability Differential” and “Sustainability Investments”. For bananas, there is now a fixed amount for Investments in sustainability (0,10\$/box)²³. The “Sustainability Differential” is a mandatory additional cash payment to certified farms “above the market price”. The amount is negotiated between the farm Certificate Holder and the buyer and must be is “used for the benefit of the producer, which may include providing benefits to workers”

²⁰ The Rainforest Alliance and Utz merged in 2018. Prior to the merger, the Rainforest Alliance certification was managed by the eponymous NGO, founded in 1987 in the United States to protect tropical forests. A pioneer in sustainable development certification since 1990, the Rainforest Alliance certification first concerned wood and then “deforesting” agricultural products such as bananas, coffee and cocoa. Utz certification was managed by a Dutch NGO of the same name, founded in 2002, which grew out of the sustainability program of the coffee roaster Ahold, created in 1997. The logo associated with the new certification mechanism continues to feature the green frog, but is different from the former Rainforest Alliance logo.

²¹ Ex Works : the seller is expected to have the goods ready for collection at the agreed place of delivery (commonly the seller's factory).

²² ACP countries price is 8,1\$ per box.

²³ A [guidance](#) explains how the Sustainability Differential and Sustainability Investment requirements are implemented in the Banana and Fresh Fruit sector.

2. Fair Trade Figures

The objective is on the one hand to provide a comprehensive and up-to-date picture of Fair Trade activities in in the EU, Colombia, Ecuador and Peru; and on the other hand to evaluate the size of Fair Trade market in the EU.

We have compiled here Fair Trade figures focusing on Fair Trade production in Colombia, Ecuador and Peru, with a spotlight on Fairtrade certified organizations (2.1). We also provide data on allegations and complaints (for Fairtrade certified organizations) (2.2). We finally tried to evaluate the size of Fair Trade market in the EU but we faced a lack of data (2.3).

2.1 Fair Trade production in Colombia, Ecuador and Peru

We estimate that **there are 763 fair trade certified organisations at production level in Colombia, Ecuador and Peru** (Fairtrade, Fair for life, SPP, WFTO and Naturland). 4 types of certified organisations can be distinguished: producers' organizations, plantations, companies engaged in contract farming (mainly for Fair for life), and enterprises social enterprises (for WFTO only). As some organisations are certified with more than one label, our estimate is certainly a little overestimated. In the three countries:

- 661 organizations were Fairtrade certified in 2020;
- 21 organizations were Fair for life certified in 2021 (18 in Peru, 2 in Colombia and 1 in Ecuador)²⁴;
- 58 organizations are SPP certified²⁵;
- WFTO has 23 guaranteed members: 14 in Peru²⁶, 7 in Ecuador and 2 in Colombia;
- Naturland Fair only has one certified producer (Agropia in Peru for ancient potatoes, also SPP certified).

Fairtrade certified organisations in this 3 countries are producing coffee (325 organisations), bananas (205 org.), cocoa (112 org.), fresh fruits as mangoes, pineapples... (41 org.), herbs, herbal tea and spices (17), gold and silver (only in Peru, 14 org.), vegetables as artichoke, asparagus, palm heart, eggplant, peas, squash and bell pepper (13 org.), cane sugar (12 org.), cut flowers (only in Ecuador, 10 companies), cereals (Andean grains as quinoa, only in Peru, 7 org.), carbon credits (1 org. in Colombia), fruit juices (1 org. in Peru), nuts (1 org. in Colombia) and mango pulp (1 org. in Colombia) (Table 1). The list of Fair for life and SPP certified product is more diverse. FFL list includes coffee and cocoa but also cotton, maca, avocados, blueberries, grapes, Inca Inchi oil, ginger, curcuma, passion fruit, granadillas, star fruit, tamarillos, mangoes,

²⁴ Fair for life website and email exchanges with Laurent Lefebvre (Ecocert Group).

²⁵ <https://spp.coop/lista-opp/> (28/09/2022)

²⁶ <https://wfto.com/who-we-are#search-wfto-members> and email exchanges with Luis Heller (WFTO Peru). See also: <https://wfto.com/supplier-search>

pomegranates, quinoa, tarwi and cañihua. SPP list includes coffee, cocoa and bananas but also example corn, chia, herbs... On their side WFTO guaranteed members are mainly produce handicrafts such as ethnic items in alpaca, ceramics...

Fairtrade certified organizations:

661 organisations were Fairtrade certified in may 2022 in the three countries: 337 in Peru, 201 in Colombia and 123 in Ecuador. Key Fairtrade certified products in Colombia, Peru and Ecuador are coffee, bananas, cocoa and, to a lesser extend, cut flowers. The details of the EU export countries of bananas, arabica coffee and roses' producers are in Table 4.

All coffee, cocoa and cane sugar producing organizations are small producers organizations. (SPO). For bananas, plantations are entitled to certification alongside the SPOs: there are 54 in Colombia, 22 in Ecuador and 5 in Peru. In Peru, banana production is mainly carried out by small producers organized through 35 cooperatives. (Table 2). Cut flowers sector only included 10 plantations in Ecuador (Hired labor standard HL).

Table 1. Fairtrade Certified organizations in Peru, Ecuador and Colombia:

No. of Fairtrade certified organizations	Peru	Ecuador	Colombia	Total
Total FLOCERT (may 2022)	337	123	201	661
Banana	54	83	68	205
Cane sugar	4	3	5	12
Carbon credits	1	0	0	1
Cereals	7	0	0	7
Cocoa	68	32	12	112
Coffee	210	2	113	325
Cut flowers	0	10	0	10
Fresh Fruit	24	2	15	41
Fruit juices	1	0	0	1
Gold & Silver	14	0	0	14
Herbs, herbal teas & spices	17	0	0	17
Nuts	0	0	1	1
Pulp (Mango)	1	0	0	1
Vegetables	12	1	0	13

Source: Extract from FLOCERT customer search (may 2022).

Table 2. Producer Organizations (SPO/HL):

Number of Producer Organizations (2020)	Peru		Ecuador		Colombia	
	SPO	HL	SPO	HL	SPO	HL
Coffee	175	0	1	0	81	0
Cacao	51	0	24	0	6	0
Banana	35	5	30	22	9	54
Cane sugar	1	0	1	0	2	0
Flower	0	0	0	10	0	0

Source: Monitoring data 2020 Fairtrade

Key Fairtrade certified products: Bananas, coffee, cocoa and cut flowers:

- 843 387 MT of Fairtrade certified bananas have been produced in 2020 in the three countries: 393 941 MT in Colombia (16% of the national production²⁷) produced by 54 plantations and 9 small producers organizations; 277 350 MT in Ecuador produced by 22 plantations and 30 SPO; 172 096 MT in Peru produced by 5 plantations and 35 SPO (table 3). In Colombia and Peru, all these organizations are connected with the European market; 40 Peruvian organisations are as well (Table 4).
- 411 066 MT of Fairtrade certified coffee have been produced in 2020: 281 955 MT in Colombia and 129 111 MT in Peru.
- 42 692 MT of Fairtrade certified cocoa have been produced in 2020 in the three countries: 30 431 MT in Peru, 11 755 MT in Ecuador and 506 in Colombia.
- 145 886 459 Fairtrade certified flower stems have been produced in Ecuador. Only 6 142 198 have been sold as Fairtrade certified flowers.
- For fresh fruits it is 2 077MT in Colombia and 891 MT in Peru²⁸.

Table 3. Fairtrade certified bananas, coffee, cocoa in 2020 – Production & Sales (MT):

	Peru		Ecuador		Colombia		TOTAL	
	production	Sales	production	sales	production	sales	production	sales
Coffee	129 111	62 471	/	/	281 955	32 034	411 066	94 505
Cocoa	30 431	17 685	11 755	7 428	506	/	42 692	25 113
Banana	172 096	108 361	277 350	148 157	393 941	175 630	843 387	432 148

Source: [Fairtrade top 7 products-dashboard](#)

Table 4. Estimation of the number of producer organizations connected to the European Market (by Fairtrade International²⁹)

²⁷ Estimated at 2 434 900 MT in 2020 (FAOSTAT).

²⁸ Monitoring the scope and benefits of Fairtrade: Latin American and Caribbean region - Monitoring report, 13th Edition, Fairtrade, may 2022.

²⁹ Estimation based on a statistical matching of supply chains on the basis of transactions on Fairtrade terms. Only estimated for a few "simple" commodities (non-composite commodities, excluding in cocoa and sugar markets).

Estimation of the number of Producer Organizations connected to European Market (2020)	Colombia	Ecuador	Peru	Grand Total
Banana (Fresh)	64	42	40	146
Austria	4	26	18	48
Belgium	34	25	26	85
Denmark	4			4
Finland	5	24	24	53
France		21	25	46
Germany	59	41	39	139
Ireland	25	16	7	48
Italy	24	18	17	59
Luxembourg		5	22	27
Netherlands	47	33	22	102
Poland		4	5	9
Portugal		4		4
Slovenia		3		3
Spain		4	6	10
Sweden	2	18	9	29
Coffee Arabica (Green Beans)	78	1	144	223
Austria	23	1	102	126
Belgium	49		84	133
Czech Republic	11		14	25
Denmark	25		69	94
Estonia	3		3	6
Finland	32		41	73
France	52	1	127	180
Germany	71	1	125	197
Hungary	13		7	20
Ireland	29		26	55
Italy	34		97	131
Luxembourg	11		36	47
Netherlands	56		103	159
Norway	38		35	73
Poland	14		53	67
Portugal	18		27	45
Slovakia	1		10	11
Spain	55		46	101
Sweden	49	1	128	178
Rose (Single Stem Flowers)		9		9
Finland		1		1
France		8		8
Germany		2		2
Netherlands		2		2
Grand Total	142	52	184	378

Source: Fairlens (data warehouse Fairtrade), data provided by Max Havelaar France.

The banana network:

The exporting of Fair Trade bananas began in Ghana in 1996, and in Latin America in 1997 from Ecuador. The Banana Network is one of the Product Networks of the Latin American Network of Fair Trade Small Producers and Workers (Coordinadora Latinoamericana de Pequeños Productores y Trabajadores de Comercio Justo—CLAC). It brings together and represents 107 Small Producers' Organizations focused on Fair Trade banana production in eight countries in the region including Colombia, Ecuador and Peru.

Focus on a SPP/ Naturland Fair certified cooperative:

“A Naturland Fair-certified cooperative, AGROPIA, is situated in south west Peru. Its membership comprises around 90 families and its mission is to improve the quality of life of its members and their families in the long term by growing traditional varieties of potato. There are currently over 400 traditional potato varieties in Peru and AGROPIA is helping to preserve this important part of Peru's cultural heritage. Naturland Fair partner WeltPartner supports the cooperative by paying fair prices, providing a continuous sales outlet for their products and sustaining their diverse farm structures. Raising the profile of women, who make up 37 percent of their membership, and supporting them is also an important issue for AGROPIA. For example, various leadership roles within the cooperative are occupied by women”.

2.2 Complaints and allegations for Americas (Fairtrade/ FLOCERT)

In 2021 FLOCERT received 7 complaints and 63 allegations for Americas (figures 3 and 4). Worldwide, the three main topics for allegations are the “lack of democracy”, “non-member business” and “misuse of fairtrade premium”.

Figure 3: FLOCERT complaints (2021)



Source: FLOCERT

Figure 4: FLOCERT Allegations (2021)



Source: FLOCERT

2.3 Fair trade sales in the EU

The 6th and last edition of “Fair Trade Facts & Figures” was published in 2010 on behalf of the Dutch Association of Worldshops (DA WS) and financed by the Dutch Ministry of Foreign Affairs. Since then, there is a need to systematize a harmonized data collection at the EU level³⁰. The report “The World of Organic Agriculture 2017³¹” includes a chapter on “The Organic and Fairtrade Market 2015” but it is only based on Fairtrade International figures.

For the time being, the national Fair Trade platforms publish every year national Fair Trade data (total sales/sales per product). The scope includes always Fairtrade and main labels and actors of the country. It may also include local Fair Trade, as in France.

An annual of harmonised data collection could be handled by an organization such as Fair Trade Advocacy Office (FTAO)³², which has recently held seminars on the issue (webinars on

³⁰ Source : « Fair Trade data collection in Europe. Update « What does each country? » - December 2021, Emilie Sarrazin for FTAO.

³¹ Lernoud, Julia and Willer, Helga (2017) The Organic and Fairtrade Market 2015. In: Willer, Helga and Lernoud, Julia (Eds.) The World of Organic Agriculture 2017. 18th edition. FiBL and IFOAM - Organics International, Frick and Bonn, pp. 143-148.

³² “FTAO is a joint initiative of Fairtrade International, the World Fair Trade Organization and the World Fair Trade Organization-Europe. The FTAO was born in 2004 when the Fair Trade networks set up an informal advocacy cooperation mechanism. In December 2010, the Fair Trade networks

Fair Trade datas: sharing needs of fair trade datas, sharing challenges with methodology of recollection of fair trade datas).

Estimated global European turnover for Fairtrade labelled products:

The estimated global European turnover for Fairtrade labelled products in the EU in 2019 is €5,5 billion (5 509 695 272 €), i.e 53% of worldwide sales (10 356 000 000 €). Fairtrade International was not able to provide detailed estimations by country or product nor more recent consolidated data. In Fact Fairtrade International does not communicate on these figures since 2019. FI considers that its estimates are not sufficiently complete in view of the evolution of the market. They are also subject to internal discussions (e.g. whether or not to take into account the sales of a product with the white FSI label authorising a single Fairtrade ingredient³³).

In Europe the countries with the largest market for Fairtrade-certified products are the United Kingdom, Germany and France. Sales continue to grow and many products are also organic certified. In Germany the turnover for Fairtrade labelled products in 2020 is 1,8 billion. In France it is 1 182 million for 2020 and 1 334 million (2021). Fairtrade label is most recognized at 37% across all European countries but ranges from 3% in Spain to 88% in the Netherlands (Eurobarometer report, 2018).

Fair for Life generates nearly €1 billion in certified products sales (worldwide).

Table 5. Fair trade sales in some EU markets - national Fair Trade platforms figures (million €)

	2020	2021
Germany	1 800	To be published
France	1 182	1 334
Spain	144 ³⁴	To be published

UK and EU market for Fairtrade bananas:

“Spearheaded by the UK, the leading historical outlet in terms of volumes (231 000 tonnes sold in 2019), the success of the Fairtrade banana was made possible by the **commitment of distributors** such as Waitrose in 2007, followed by Sainsbury’s. Now all the bananas sold by Sainsbury’s, Waitrose, the Co-op, Booths and Ocado are Fairtrade. In France, the number 3 European outlet after Germany (112 000 tonnes in 2020), the Fairtrade banana has been present since the 2000s, primarily **accompanied by double organic certification**, and

formalised their commitment and set up the FTAO as a legally-independent foundation ‘Fair Trade Advocacy Office’”, <https://fairtrade-advocacy.org/what-we-do/>.

³³ Source : email exchanges with Neal Bramard, Max Havelaar France.

³⁴ El Comercio Justo en España 2020 (CECJ). Survey to 7 importers members of CECJ (labelled or not). Data for 2021 will be published in october 2022.

alongside other references in the generalist sector. The growth of the segment in France has greatly gathered pace since the mid-2010s, with the commitment of distributors such as Monoprix. Nearly **84 100 tonnes of Fairtrade bananas were reportedly sold in France in 2020**, 79 000 tonnes of which with organic-Fairtrade double certification. This represents 11 % of the total French supply, or more than half of organic bananas sold in France”

[FRUITROP](#), Published on 18/10/2021

3. Public policies in supporting Fair Trade

According to [a recent report commissioned by FTAO and Fairtrade International](#) “public policies on Fair Trade can enable access to markets for Fair Trade producers, support Fair Trade enterprises and enhance recognition of Fair Trade principles and networks by governments”. The EU’s 2015 “Trade for All Strategy” includes a section on “Promoting fair and ethical trade schemes” (p. 25). This strategy recognises that “promoting fair and ethical trade schemes reflects EU consumer demand” and identifies the “lack of information about access to fair trade schemes for both producers and EU consumers” as a concern. It also confirms the role of the European Commission “in facilitating this connection and in raising awareness on both supply and demand sides”. But little has been done in this area and the new EU trade policy (2021) does not build on 2015 strategy and does not include a section for fair and ethical trade. This is a step back. In this section of the study we identify public policies in supporting fair trade in France (3.1) and Belgium (3.2) as resources for action in the context of the implementation of Trade and Sustainable Development (TSD) provisions within the EU-Colombia/Peru/Ecuador Free Trade Agreement. We then present the EU Delegation to Brazil Fair Trade support project (3.3). We finally address the lever of socially responsible public procurement for the development of fair trade (3.4).

3.1 France: the french “Trade Capacity Building Program” (TCBP) and Fair Trade: Equité Programme

“TCBP is France’s primary bilateral instrument for implementing its **public aid commitments to trade development**. This initiative is in line with the principles defined by the World Trade Organization (WTO) and strengthens the productive and trade capacities of developing nations³⁵”. Initiated and financed by the French Treasury (DGT) and by the Ministry of Europe and Foreign Affairs (MEAE), TCBP is implemented by the Agence Française de Développement (AFD) since 2003. One of the themes of the TCBP is “the quality approach”, including Fair Trade projects, as well as projects for the development of Geographical Indications. “Equité

³⁵ <https://www.afd.fr/en/trade-capacity-building-program>

Programme³⁶ is the major fair trade support project funded by the PRCC since 2016. Its objective is to support fair trade to accelerate the ecological and social transition in West Africa. The programme's calls for projects provide funding for agro-ecological transition projects run by fair trade cooperatives. The programme also seeks to strengthen the influence and impact of national Fair Trade platforms. Finally, it supports Fair Trade labels in their work to strengthen certified producer organisations. The final external evaluation of the first phase of this project³⁷ gave a very positive assessment of the overall performance of the programme and quantified its impacts on the 19 cooperative organisations involved. All sectors combined, fair trade sales of supported cooperatives increased by +61%.

In parallel, the AFD is financing a Fair Trade education project for people under 30, called Fair Future³⁸.

In Peru (and the Dominican Republic), the AFD is financing the "[Sustainable Banana Organizations](#)" project. This project aims to contribute to improving the sustainable livelihoods of small producers in 6 Fairtrade certified organizations in Valle del Chira.

3.2 Belgium: the Trade for Development Centre (TDC) programme & fair trade

TDC is a programme of Enabel, the Belgian development agency. The TDC "informs about fair and sustainable trade market trends and also provides financial support and training in marketing and/or business management to producers of sustainable products in the South". Enabel is also operating in Belgium with "training on global issues, employment for young development cooperation workers, promotion of fair and sustainable trade and global citizenship education in schools". TDC also launched the challenge to make Belgium a **Fair Trade Country**. Since 2000, TDC supported 4 fair trade producers organizations in Ecuador (FECAFEM/coffee small producers, APEOSAE/banana-cocoa and coffee small producers and ASOGUABO/banana small producers, and MAQUITA) and 6 in Peru³⁹.

TDC's support to FECAFEM in Ecuador (2009-2014, coffee sector):

"In 2009 the Federation of Artisanal Associations of Ecological Coffee Production of Manabí (FECAFEM) aimed to increase their agricultural resources by diversifying crops and strengthening commercialisation capabilities with the support of the Trade for Development Centre. The TDC worked with the cooperative on four main objectives:

³⁶ <https://programme-equite.org> (AFD founding for phase 1 2016-2019 2,9 million € + FFEM founding 1million €; AFD funding for phase 2 2020-2023: 11,5 million €). "The French Facility for Global Environment (FFEM) was created by the French Government in 1994 following the first Earth Summit, to implement sustainable development projects that integrate the preservation of global public goods, international solidarity and innovation in developing and emerging countries", <https://www.ffem.fr/en>

³⁷ Conducted by the consultancy Salva Terra. <https://programme-equite.org/resultats-de-la-phase-1-du-programme-equite/>

³⁸ <https://www.afd.fr/fr/carte-des-projets/fair-future-l-education-au-commerce-equitable-pour-les-moins-de-30-ans> (AFD founding: 1,2 million € for phase 1- 2019-2023; phase 2 being set up).

³⁹ <https://www.tdc-enabel.be/en/supported-organisations/>

- Produce organic groundnuts to develop the production of derived products such as oil and butter.
- Certify those products with the Fair Trade certification
- Diversify (with groundnuts) the crops to enjoy agroforestry benefits, protect crops, and diversify revenues.
- Train coffee growers in smart agricultural practices (rotation cycles, production of natural fertilisers,...) and reinforce their managerial capabilities
- Contribute to the exportation of organic-certified products.

Source: ENABEL, <https://www.tdc-enabel.be/en/projecten/fecafem-3/>

3.3 EU Delegation to Brazil's Fair Trade support project

The "Supporting the development of Fair and Ethical Trade between the EU and Brazil" project led in 2018 by the EU Delegation (EUDEL) to Brazil was designed by DG Trade and funded by the Policy Support Facility of the Partnership Instrument. Two EU-Brazil Fair and Ethical Trade Consultation Forum took place on 2018, as part of this project⁴⁰. The first one gathered more than 160 participants from Brazil and Europe, including policy makers, municipalities, fair trade certifying institutions, producers, exporters, importers, fair trade schemes and organizations.

3.4 Fair trade labels as tools for socially responsible public procurement and the the EU Cities for Fair and Ethical Trade Award

In 2021 the European Commission released the second edition of a guide on how to introduce social criteria into public tenders, called ["Buying social – a guide to taking into account of social considerations in public procurement"](#). This non-binding document provides guidance for public buyers to consider the social impact of their purchases and to use social procurement to achieve social goals. It includes about 30 case studies from EU public buyers (see figure 4 for an example). Fairtrade, Fair for life and WFTO labels are cited as source of verification of bidder's claims.

Moreover, the EU Cities for Fair and Ethical Trade Award, an initiative of the European Commission's Directorate-General for Trade (DG Trade), "celebrates EU cities who champion more sustainable trade, consumption and production, thus creating opportunities for producers elsewhere. Through knowledge-sharing and networking opportunities, the award helps connect cities, allowing them to learn from each other and collaborate for greater impact".

⁴⁰ https://www.eeas.europa.eu/node/47546_en

Figure 5: Fair trade food for Munich's schools (Germany)

Fair trade food for Munich's schools (Germany)

Procurement objective

In 2017 Munich launched a tender for a framework agreement to provide meals for over 300 schools. Munich has a long tradition of working on socially responsible procurement. As early as 2002, the City decided not to purchase any products which involved the use of child labour (or violated Convention 182 of the International Labour Organisation - ILO), and the City has since taken measures to promote fair trade in its procurement of textiles and food.

Approach

The tender was divided into four lots and contained requirements regarding the percentage of organic food to be supplied and training requirements for kitchen staff. In addition, 5% of the award criteria were reserved for further social and environmental aspects, such as the presence of raw materials certified through Fairtrade International, the World Fairtrade Organisation, or equivalent.

Results

Three bids were received for each Lot - all from SMEs. A total of three suppliers were awarded contracts across the four Lots. In total, these contracts cover over 300 facilities and will cater for over 490,000 school children.

Lessons learned

It is important to secure commitment of all involved parties (that is, management, employees, parents, children, etc.) to promote a sense of ownership to ensure the success of the project, as well as to collect good ideas.

Source: Extract from the EC Buying social Guide, 2nd edition, page 78.

4. Recommendations

- Small producers benefit less automatically than large ones from the positive effects of trade agreements. Fair trade schemes have proven to be effective in empowering small producers and protecting the environment (Nelson, 2017), even if progress is still needed. The revised agreement could therefore better integrate small producers by requiring the use of fair trade schemes (Fairtrade, SPP, WFTO, Fair for Life and Naturland Fair) on several key fair trade chains in the three countries according to a minimum quota (for coffee, cocoa but also quinoa and fresh fruits).
- Regarding the situation of workers fair trade schemes for bananas and flowers plantations (Fairtrade) and textile factories (Peruvian BJPC) have also proven to be effective in advancing the labor rights of workers in South America. A “fair trade quota” could also be proposed in order to develop the sales in Europe. Let’s recall here that due to the lack of demand for fair trade certified products from buyers, not all the certified production is automatically sold under the commercial conditions of the labels, i.e. at the guaranteed minimum price and with collective premiums.
- In this case, funding to consolidate European Fair Trade figures by country of origin of commodities would also be useful to monitor progress linked to the commitments on trade and sustainable development contained in the trade agreement.
- To support these trade measures, the European Commission should provide some financial support to fair trade initiatives through its development cooperation budget (in particular DG Trade, DG INTPA or even EU's Aid for Trade strategy) which are currently insufficiently connected to the implementation of the trade agreements. On this matter, EU delegations in Ecuador, Colombia and Peru could play a crucial role in identifying projects, in collaboration with civil society organizations and fair trade researchers networks. Access to funds for fair trade related projects through EU Delegations seems fundamental to support the new EU trade strategy. The french “Equité Programme” represents a model in the way that it provides a mechanism for financing the projects of fair trade operators and national fair trade platforms at a regional scale.
- EU delegations in Ecuador, Colombia and Peru should support the development of Fair and Ethical Trade Forums between the EU and the three countries, funded by the Policy Support Facility of the Partnership Instrument.
- In parallel, on the consumer side, the support of the European Commission’s DG Trade for the [EU Cities for Fair and Ethical Trade Award](#) needs to continue.

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