

Fair Trade: A lever for change
17 October, 2007

Speech by Gudrun Grosse Wiesmann, German Ministry for Economic Co-operation and Development

Supporting the drivers for change: the role of public institutions

Dear advocates of Fair Trade,

Ladies and gentlemen,

Thank you for your invitation - I am pleased to be here today to speak to you about a topic that is very important to us.

I Fair Trade: why we believe in it

As we have heard this morning, small-scale producers are facing many challenges in international trade.

Small producers are an important engine for job creation and development in the South. However, we do not want just any jobs, we want decent work - Fair Trade makes this possible. More than that, Fair Trade also contributes to an overall improvement in social and environmental standards. It encourages the international trading system and private enterprises to operate in a fair way and raises awareness by means of public campaigns and by strengthening citizen-to-citizen cooperation. It is thus an effective instrument for sustainable development and for achieving the Millennium Development Goals, especially with regard to the eradication of poverty.

II Ways for public institutions to provide support

Public institutions can effectively foster Fair Trade. Let me give you some examples based on activities of the German government. From 2003 to 2007, we spent about €8.3 million on this purpose. I will specifically consider three levels of support: technical assistance, "Lead by example" and consumer education.

Technical assistance

Public institutions can give technical support to producers in the South in developing new Fair Trade products and introducing them into the market.

To take full advantage of the potential Fair Trade offers, the system needs an effective structure: we supported the introduction of a single Fair Trade Label to address and avoid confusion among consumers and to enable them to be sure that the goods comply with specific criteria. We also supported the establishment of a "Fair Trade Forum", designed as a platform for German trade organisations to coordinate their activities under one umbrella. With our support, this Forum is organising a Fair Trade Congress, which will take place in Bonn in November.

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“Lead by example”

“I think all of us need to become the change we wish to see in the world,” said Mahatma Gandhi. This is also true for public institutions: they are major consumers and can set an example by following sustainable purchasing policies and fair procurement rules. And we can simply offer more Fair Trade products in public institutions or at public events.

But we also need to promote a coherent Fair Trade policy by considering aspects of sustainable trade when formulating EU or national trade policies as well as in regional, bilateral and multilateral negotiations. This is why the EU tried to include the issue of social standards in the ongoing Doha Round of trade negotiations and why we also support the concept of decent work elaborated by the ILO.

Consumer education

Public institutions are perceived as being especially credible. This credibility can be used to support consumer education campaigns. This is why the German government supports the “Fair Week”, which is held once a year throughout Germany. During that week, everyone involved in Fair Trade has the opportunity to publicly display their work. Since its start, our Minister Heidemarie Wieczorek-Zeul has been the patron of this event, always opening it with a press conference which is covered by national television and newspapers. This year the major theme was Africa: more than 3,000 activities took place - it was a record success.

The core of our activities during the last few years was the “fair feels good” campaign, which ran from 2003 to 2006 and featured a new integral approach, addressing not only consumers but also the Fair Trade Organisations. We spent €4.26 million in support of this campaign.

The campaign was designed to raise consumer awareness of the positive impact of Fair Trade on the socio-economic situation of producers and their local communities and on poverty eradication. Fair Trade was given a new image by choosing a simple message (“fair feels good”) and communicating it to consumers in unconventional ways. We wanted to create a bond between consumers and producers and enable consumers to learn about the lives of the people who make the products they buy.

A network of supporters from public institutions, corporate partners and the media to civil society organisations was involved, as well as more than 70 celebrities (Olympic swimmer Franziska van Almsick was patron of the campaign). A variety of public events and constant public relations work made sure that Fair Trade was an ever present topic.

The campaign was a true success: German consumers are increasingly interested in responsible purchasing. Recent market research showed that Fair Trade has attracted 6.2 million new buyers since 2004 and Fair Trade sales have been growing steadily (+25% in 2005 and +50% in 2006).

The raising of the degree of popularity of Fair Trade had a sustained positive impact on its market situation: not only was there an increase in the number of

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products sold, there are also significantly more Fair Trade products available now, being sold in over 27,000 supermarkets, which means they have become significantly more accessible for the general public. Accessibility was also improved through another aspect of the “fair feels good” campaign: one element was to make speciality Fair Trade shops more appealing to a broader public. A marketing concept was designed for them and a single look, created - Fair Trade shops were established as a “brand”; shops that participated achieved an enormous growth in sales of up to 130%.

The campaign material was made available to all Fair Trade Organisations and thus enabled them to communicate a single message with one voice. This professional coordination of activities has made an immense contribution to consolidating Fair Trade in Germany.

Just last week we got the news that the “fair feels good” campaign was the winner of the Silver Social Effie, a prize awarded by the advertising industry for successful communication campaigns designed to address social issues. We are very happy about this success!

III Future challenges

The main challenge continues to be integrating poor countries into the world trading system on an equal basis, thus creating fair rules in international trade and finance.

One important area for future support is the further consolidation of Fair Trade not only in Germany, but EU-wide. The EU is the biggest market for Fair Trade products. The question arises in which way Fair Trade initiatives in Europe could bring about or strengthen efficient networking to coordinate activities and further increase market shares in rich markets.

But Fair Trade initiatives should also increasingly develop Southern markets. It is developing countries’ markets which are growing at the highest rates! But we also need to build on increased consumer awareness of production methods and responsible business practices. Not only should it be possible to further increase the market share of Fair Trade, we should also make good progress on mainstream markets. More companies are developing “sustainable” or “ethical” trading initiatives (compliance with the ILO Core Labour Standards or the OECD Guidelines for Multinational Enterprises) and we have to continue to work in that direction.

We need Fair Trade to serve as the model with the highest standards. At the same time, we need to ensure that consumers can make informed choices.