



## **FAIR TRADE CONFERENCE**

Wednesday 22nd June 2006

European Parliament, Brussels

### **SPEECHES**

#### **Carol Wills, Former Executive Director of the International Federation for Alternative Trade, UK**

Fair Trade works. It works for poor people; it works for consumers. It works as a business model; it works as sustainable development; it works to protect the environment; it works as an idea!

5 million people in Africa, Asia and Latin America benefit from Fair Trade. They are producers and farmers, their families and communities in small and medium enterprises, small holdings and co-operatives. Here in Europe Fair Trade has more than 70,000 outlets including 3,000 world shops, 33,000 supermarkets and 50 supermarket chains. More than 2,000 staff and 100,000 volunteers are employed by Fair Trade Organizations in Europe. 270 Fair Trade Organizations in 61 countries are members of IFAT, the International Fair Trade Association. We have the IFAT Fair Trade Organization Mark and the FLO Fairtrade Certification Mark. Our turnover is something over Euros 1 billion a year. We are tiny! But our supporter base across the world is huge and growing and we want help to grow our trade as well so that many more producers can benefit. Half the UK population is now aware of Fair Trade and there are similar figures for other European countries with accompanying growth in sales of e.g. 102% in France last year, 50% in Belgium and 60% in Italy. Consumers are given the chance to make a positive choice in favour of products they can identify as Fair Trade.

IFAT is co-ordinating a global Fair Trade journey at the moment – taking the message of Fair Trade to every country where there are Fair Trade Organizations. Since its start in the slums of Mumbai at the World Social Forum in January 2004, this Journey has criss-crossed the whole of Asia, been to Japan, was in Brazil for the World Social Forum there in January and is now making its way round Latin America. It will reach Europe in 2006. We are the largest social movement in the world inspiring people everywhere with our message of justice and hope.

Producers and farmers get a better deal through Fair Trade. This is not just a better price but the opportunity to work with their trading partners to build capacity, get better

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#### **Fair Trade Advocacy Office**

Rue de la Charité, 43 • B-1210 Brussels • Belgium

Tel: +32 (0)2 217 36 17 • Fax: +32 (0)2 217 37 98 • osterhaus@fairtrade-advocacy.org

organised, speak out for their rights and develop their communities. Fair Trade is creating opportunities for shared ownership of businesses in the North e.g. The Day Chocolate Company, CafeDirect, Agrofair. The networking offered by Fair Trade has resulted in Fair Trade Platforms being created in every country and every region of the world where there is a Fair Trade presence.

Fair Trade is empowering for all concerned.

Fair Trade works – but it could work so much better with more help from you, the European Parliament and European institutions! Thank you for what you have done so far – but we want more! We want you to translate your declarations and promises into concrete action. At this moment of crisis in Europe you have an opportunity to change the world for better.

Let's "drop the debt" for developing countries, as we are doing, but not hedge our promises round with conditions which make it impossible for governments to provide good schooling, healthcare and clean water to their peoples.

Let's provide more aid, certainly, but let's look at what is stopping so many people trading successfully, listen to what poor country governments are asking for, and help to put in place the infrastructure that they need – paved roads, good transport systems, electricity, storage facilities, irrigation, technical support, training programmes, access to the internet and information generally. Fair Trade deliberately seeks to work with people marginalized by lack of such infrastructure.

1.3 billion people still live in extreme poverty on less than one dollar a day, many of them in Africa; let's stop "dumping" European milk, tomatoes, frozen chicken and sugar on poor countries and destroying the livelihoods of small farmers. Let's do away with the escalating tariffs which make it so difficult for producers in developing countries to access our markets. IFAT member Oxfam estimates that if Africa could increase its share of world trade by just 1% this would generate five times more income than it currently receives in aid and debt relief.

And specifically in relation to Fair Trade:

- We want you to engage with us when you are working on your trade policies. We have a story to tell and experiences to share. Don't let the multinational corporations set the rules just because they are big and powerful. And don't let belief in market forces run away with you!  
We are delighted that many big European companies are now behaving in a more socially responsible manner and treating their suppliers with more dignity and respect because we, the Fair Trade Movement, have been creating such a noise about unfair trade practices.
- We don't want an EU Fair Trade Label or accreditation system. We do want you to recognise our sector. We also want you to require all businesses to be more accountable not just financially but socially and environmentally as well – following the lead of FTOs.
- We want your support for Fair Trade Organizations and our awareness raising activities in Europe and across the developing world. We want your support for our capacity building work. That means more financial support.

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- We want you to fight for social and environmental concerns to be taken into account at the WTO.
- We want better co-ordination within the EC on Fair Trade with a central point of contact in DG Trade.

A group of artisans in Bangladesh wrote recently:

*“We want co-operation – in helping us become self-dependent, in helping us survive, in helping us realize our dreams. We do not want charity; we do not want aid. We want the self-esteem to lead a respectable and decent life, to work for our dreams, to be acknowledged and appreciated for our efforts, to live and let live. Like you we want a fairer world.”*

Fair Trade works. Let’s work together to make Fair Trade work even better. The time for action is now!

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## **Second panel: Lessons from Fair Trade for policymaking**

**Peter Mandelson, European Commissioner for Trade**

I am pleased to be speaking at this Fair Trade conference and I am delighted to see that so many people with different backgrounds take an interest in this important topic.

“Fair trade is one of the key tools both to enhance sustainable development and to fight poverty”. I fully subscribe to this statement of the International Fair Trade Movement. Fair Trade has shown that those working in difficult conditions in commodity-dependent and poor developing countries can aspire to a better life for themselves and their families. If today world leaders are focussing on the unacceptable poverty that still scars the lives of hundreds of millions, you can take some credit for that interest. Not every consumer looks at the supermarket shelf and wonders which coffee will do most to make the world a better place. But many do. I don’t think it an exaggeration to say that it’s largely thanks to the voluntary initiative, commitment and enthusiasm of the Fair Trade movement.

Fair Trade teaches us that consumers are not condemned to be only bargain-hunters. The healthy, sometimes startling, growth of Fair Trade product sales in many EU countries shows that consumers **do** take account of considerations about the conditions of production. The reaction of large retailers and corporate interests shows that they too are sensitive - supremely sensitive - to this dimension of consumer behaviour. Fair Trade has set an agenda and has raised our awareness – a factor which no serious player can afford to ignore. This is quite an achievement.

But what lessons can be drawn from Fair Trade for policy making – and that puts me on the spot.

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The key lesson is that trade is not **just** about the dismal science of economics: it is especially not about saying that the laws of comparative advantage ensure that trade is at all times, in all cases, to the benefit of all. Trade is about people, their livelihoods, their families, sometimes their survival: Fair Trade reminds us of that strongly, and I am happy to continue the dialogue that Fair Trade movement has opened with me. It's good for me to be reminded of that.

Alternative trade structures bring real benefits to participating producers. But it would in my view be wrong to jump to the opposite conclusion that conventional trade is automatically exploitative, unfair and wrong. I said earlier that trade policy is not **just** economics. But when you look at a commodity like coffee it's clear that downplaying economics does not allow you in some way to suspend the laws of economics. If coffee prices rise, desperately poor people will plant coffee bushes. Three years later there will be too much coffee and prices will fall. The only part of that process which we have a chance of stopping today is the existence of desperate poverty – not the cyclical rise and fall of prices. Fair trade takes the direct route to a better tomorrow by offering price guarantees, and much besides. But for the Fair Trade solution to be a global solution we would have to ensure that only Fair Trade coffee was sold. Let me tell you one thing: powerful as the Commissioner for Trade is, some things are still beyond my powers!

The trade policy I pursue takes the slower route: working with the grain of economics to get to the heart of the problems by eliminating poverty. Trade policy is about **using trade to make poverty history**. Colonially-directed terms of trade may have contributed to impoverishment in the past. Trade opening – making use of comparative advantages in a global context - has worked in the recent past to lift hundreds of millions out of poverty. The fact that not all have been so lifted means that we have to do more.

In trade policy, we pursue a variety of routes to contribute to poverty reduction and global justice. First, there is the important multilateral agenda in the WTO. The current multilateral round of negotiations, the Doha **Development** Agenda, is in my view the most important tool to spread benefits from trade liberalisation more evenly among all trading partners, including the Developing Countries. I want this round to be a success, and I want to use it to bring Developing Countries closer to the world trading system in order that they can benefit from it.

The EU has set a clear pro development and progressive liberalisation agenda for the multilateral round: The EU will not push for tariff cuts for weak and vulnerable countries as part of the Doha Round. As regards market access for goods and services, we will allow Developing Countries to open sensitive sectors at a pace determined by their capacity and their development needs. I have called for WTO negotiators to reach early agreement on the exact form such special and differential treatment may take. On cotton, I proposed accelerated Doha Round agreements on reducing support for cotton producers in the richer industrialised countries and fair rules for African producers.

Second, as far as the bilateral agenda is concerned, the EU is reviewing its rules of origin to make them more development friendly and to help Developing Countries to exploit market access to the EU. The Commission has called on the G8 to provide much higher levels of trade development assistance and will contribute to this. We have also suggested that all other developed countries extend quota and tariff free access to all least-developed countries as the EU does under its Everything But Arms preferential access scheme.

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Third, as far as ongoing negotiations are concerned, I am ready to explore with our trading partners the potential for including in agreements specific incentives targeted at improving market access for fair trade products. The Economic Partnership Agreements are a good test case for this since the promotion of Fair Trade is already included in the Cotonou Agreement.

With regard to our future fair trade policy agenda, I will not present you a “Fair Trade Action Plan” here and now. But I would like us to engage in a debate both within the different services in the Commission – because this goes far beyond trade policy and DG Trade only – and between the COM and the Fair Trade Movement to jointly describe how we act more coherently.

I see several issues for this future debate: First, we need to assess whether we need a Fair Trade standard. The Fair Trade movement has done a good job in organising itself with the Fair Trade Organisation mark and the Fairtrade Labelling Organisations International mark. I also appreciate the various genuine efforts being made by mainstream retailers and other independent certifiers to offer consumers assurance on supply chain conditions. I can not tell European consumers which label is the right one and how they should spend their money.

Second, we should look at possibilities to foster Fair Trade in our procurement laws. I do not know at this stage to what extent this will prove possible, but I can assure that I want a discussion about its feasibility.

Third, we need a single contact point in the Commission on Fair Trade. This is key if we are to act more coherently in the future.

I am sure that this list is only the beginning and I come with open ears to explore further our Fair Trade agenda in a discussion with you today.

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## **Michael Gidney, Head of Policy, Traidcraft UK**

Fair Trade needs government support if it is to grow and achieve the step change we believe is possible. As the EU represents more than 70 per cent of the global market for Fair Trade sales, it is right that we should come looking for help and support from the European institutions.

There are several lessons from Fair Trade that are relevant to EU policy making:

- Behind Fair Trade is a strong **political message**. The core of the trade justice movement comes from anger and increasing frustration that the policy makers in the North and the EU are still failing making trade fair. Political message behind FT is important to remember. It is not just about selling goods.
- **Trade can reduce poverty**. There is much rhetoric about making trade work for poverty reduction. We see it in the Doha round, discussion of EPAs etc. Africa's share of world trade has been slashed from 6 per cent to three per cent

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in the last 20 years. Africa is failing. The ability of rich countries to pull Africa into the world economy has not yet been proven. As much as we are all talking the talk, there is some walk left to be walked.

- Most companies in the world do not seek to understand their **social and environmental impacts**. Most companies seek to pass risk down in their supply chain. "It is not my problem; it is my supplier's problem. If you are worried about labour standards, talk to the suppliers, not to me". At the end **it is the weakest and the poorest country that has to bear the brunt of risk in the supply chain**. This is unacceptable. The member countries of the EU have decades ago ratified the ILO agreements. Hence **the EU has a moral duty at the very least to ensure that EU registered companies do no harm**.
- **Trade is rarely a partnership of equals**. The weak in supply chain always need protection – and they want it.
- **Liberalisation in itself is not the solution to the world's problems**. We believe that countries have the **right to set their own terms for the pace and scope of liberalisation**.

**Arun Raste**

**Director (CEO) *International Resources for Fairer Trade (IRFT)* since 2002**

Ladies and Gentlemen

Our world is divided in two major blocks today – on one hand we have a billion people, mostly in developed countries, who have the benefits of World Trade and Technology, and on the other we have about 5 billion who do not! The majority in Africa, Asia and Latin America constitute the 5 billion and they on an average earn about 1 Euro a day!

These five billion consist of small farmers, producers, artisans, women entrepreneurs and NGOs running income generation programmes for marginalized in areas like food, handicrafts, dairy etc. The globalised world, which leads to technological changes and mechanised production throw lot of these people out of jobs. And increasing consumerism and move to services sector means that the traditional skills don't fetch even one meal. The reason are many, low risk taking ability and confidence, lack of resources and skills, information scarcity and unlimited competition from giants.

Their sustainability is at stake and dignity is nearly lost. You would appreciate that a civil rather "civilised" society would like all people to live with dignity. Whether they are small and marginalized people in an isolated village in Africa or jobless people excluded from the northern welfare society in Asia or Latin America.

Fair Trade is a ray of hope and promises a win-win situation to consumers and producers alike thru' environment friendly products at fair prices. Fair Trade is a now well established tool for the poor in southern countries to help them meet the challenges of globalisation and technological changes thru innovative means like pre-financing, long-term relationships leading to trust and curbing social ills like

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discrimination and exploitation. The strategic intent of Fair Trade is to promote ethical consumption as well as equity in international trade.

Fair Trade has three dimensions :

1. Social and economical- fair trade means trade with a perspective of sustainable development ;
2. Educative - for building commercial relationships based on transparency and trust; It empowers consumers to take responsibility for the role they play when they buy products from the third world - results of recent surveys suggest the majority of people would prefer to buy products, which carry the Fair Trade mark. Fair Trade consumers learn not only about the geographical origin of the products its history, and also about the producer's organisation.
3. Political - to ask for justice in the rules of international trade. It challenges the conventional model of trade, and offers a alternative for a sustainable future.

Support to Fair Trade would help in achieving social cultural diversity, environment protection and long term sustainability. If the EP and US support Fair Trade, there would be no need of Big loans and no case for write off of billions of dollars of loans by the G 8.

And we are sure that Fair Trade Works in case of the most marginalized societies also be it the gas affected victims of Bhopal Union Carbide tragedy in India or poor farmers in Africa.

## **Moctar Fall, Interface Trading, Senegal**

Je voudrais commencer mon propos par un constat: celui de la crise qui envahit de plus en plus tous les espaces de notre vie quotidienne. Elle est économique et sociale mais trouve ses origines dans la perte des valeurs fondamentales de solidarité et d'humanisme qui sont en définitive les seuls gages de la paix, la solidarité et le progrès de toute l'humanité.

Le monde est en perte de repères entre autres parce que ceux qui en assurent la destinée politique et économique ont fait le choix de mettre l'emphase sur le « tout marché » au détriment de la personne humaine dont l'amélioration des conditions de vie est, et doit rester l'ultime but du jeu économique de tous les acteurs du marché. Malheureusement les choses ne se passent pas comme cela. Nous ne pouvons que le regretter et le dénoncer mais vous Honorables Députés, Monsieur le Commissaire, vous avez la capacité de changer le cours de l'histoire et je ne doute pas que vous en ayez la volonté.

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L'article 23 de la Déclaration Universelle des Droits de l'Homme dispose : « Quiconque travaille a droit à une rémunération équitable lui assurant ainsi qu'à sa famille, une existence conforme à la dignité humaine ».

C'est l'effectivité de cette disposition que nous réclamons et rien d'autre pour les milliards de travailleurs et des petits producteurs dans le monde qui ne vivent pas équitablement du produit de leur labeur.

Vous pouvez agir au niveau de l'OMC pour assouplir les règles du libre-échange en leur conférant un caractère moins systématique et plus adapté au niveau de développement de chaque région, groupe de pays, voire même de chaque pays pris individuellement. Rien ne s'y oppose dans le principe.

Les Accords de Partenariat Economiques actuellement en négociation avec les différents pôles régionaux des ACP, sont une formidable occasion pour vous de démontrer cette volonté d'impulser et de renforcer le mouvement du commerce équitable.

L'Accord de Cotonou le prévoit mais reste muet sur les modalités de la mise en œuvre. Je dois vous dire que la société civile africaine dans son ensemble est opposée à la poursuite des négociations en cours pour des raisons sur lesquelles il n'est pas indiqué de revenir ici et maintenant mais je puis vous assurer que cette position n'est pas dogmatique ; elle changerait et se transformerait en une position de soutien actif si certaines préoccupations sont prises en compte, dont l'amélioration des conditions d'un commerce équitable intra africain qui passerait par une politique volontariste d'investissement dans les infrastructures de base pour asseoir le développement des échanges, la formation et le renforcement des capacités des producteurs et des PME, la révision des règles d'origine de l'UE pour faciliter davantage l'accès de nos produits dans vos marchés etc.

Ces actions ne seront efficaces que si en aval vous soutenez de manière accrue la promotion du commerce équitable dans vos pays respectifs à travers le mouvement européen du commerce équitable dont les organisations les plus significatives sont ici présentes.

J'en profite pour les saluer et leur dire notre gratitude pour leur engagement à nos côtés.

Monsieur le Commissaire, Honorables députés, le monde riche ne s'est jamais montré aussi engagé à côté des pays démunis pour relever avec eux les défis de la pauvreté, de la souffrance et de la misère qu'en ces moments-ci.

Je voudrai citer l'engagement de la communauté internationale à travers les Nations Unies sur les Objectifs du Millénaire pour le Développement, le Millenium Challenge Initiative du gouvernement américain, Les propositions très largement soutenues du Premier Ministre Blair dont on espère que la prochaine présidence de l'UE constituera un début de mise en œuvre et plus récemment l'annulation de dette consentie par les pays du G8 à un premier groupe de pays pauvres très endettés.

Toutes ces initiatives et tant d'autres au plan bilatéral gagneraient à être regroupées et rationalisées mais elles ne produiront pas plus d'effets si les règles du commerce mondial ne sont pas conséquemment améliorées et rigoureusement appliquées par toutes les parties sans exclusive.

Nous vous lançons cet appel :

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- pour soutenir la proposition concernant l'inclusion d'un « mécanisme de sauvegarde spéciale » dans l'Accord de l'OMC sur l'agriculture, afin de permettre aux pays en développement d'augmenter d'une manière simple et efficace les tarifs des importations agricoles dont les prix peuvent chuter au point de compromettre les moyens d'existence des petits producteurs ;
- pour un arrêt immédiat des subventions à l'exportation accordées par les pays développés et la suppression rapide de toutes les subventions internes qui contribuent au dumping des produits agricoles dans d'autres pays en particulier les pays pauvres, à travers le plafonnement des subventions de la catégorie verte et l'imposition de disciplines strictes sur ces subventions.

Sur les Accords de Partenariat Economique, nous vous invitons à œuvrer à l'élaboration d'un cadre alternatif qui :

- Soit fondé sur le principe de non réciprocité ;
- Permette de soutenir et de protéger les producteurs africains et à cette fin, de protéger les marchés intérieurs et régionaux africains ;
- Elimine les pressions en vue de la libéralisation du commerce de l'investissement ;
- Garantisse l'espace politique nécessaire pour permettre aux pays ACP et africains en particulier, de mener leurs propres stratégies de développement.

Encore une fois nous pensons que vous en avez les moyens par le poids de votre représentation dans ces instances de décision, nous vous exhortons à en avoir la volonté pour qu'un monde nouveau se dessine qui soit construit sur des valeurs d'équité et de solidarité mondiale.

Le combat pour la promotion du commerce équitable est un jalon vers l'équité du commerce international. Nous pouvons le gagner à condition de regarder tous dans la même direction.

Je vous remercie de votre attention.