

## **ANNUAL REPORT 2002**

### **WHAT IS EFTA?**

#### **A European Association...**

EFTA (the European Fair Trade Association) is an association of twelve Fair Trade importers, from nine European countries. EFTA was established informally in 1987 by some of the oldest and largest Fair Trade importers. It gained formal status in 1990. Since then, some more importers have joined the organisation. EFTA is based in the Netherlands and has Dutch Articles of Association.

The international Fair Trade movement developed the following definition for Fair Trade.

“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 organisations (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”.

EFTA and its members support this definition in three key areas of work: fair trading; awareness-raising and campaigning in the North; and assistance to suppliers and producers in the South. EFTA works to support its members in their activities in these three areas. Its aim is to improve and co-ordinate the co-operation of its member institutions. It facilitates the exchange of information and networking, the creation of conditions for labour division and the identification of joint projects. Last, but not least, EFTA has set up an Advocacy and Campaigns office in Brussels to encourage institutions of the European Union to favour Fair Trade.

This report summarises EFTA activities in the following chapters:

1. Fair Trading
2. Advocacy and Campaigning
3. Assistance to suppliers and producers in the South
4. An impression of networking on a European and international level.
5. Further details on staff, housing and finances of EFTA.

## FAIR TRADING

*At the core of EFTA's work are regular meetings between staff of EFTA members. In these meetings information is exchanged and networking takes place. Areas of coordination and cooperation are identified such as labour division, joint projects, research, and systems to facilitate trading of EFTA members.*

### Some statistics for 2002

EFTA collected statistics from its members for the financial year ending in the period from July 1, 2002 up to June 30, 2003. According to these figures, EFTA members together achieved a combined turnover, on the basis of retail-figure calculations, of over 172 million Euro (compared with 147 mio Euro in 2001).

Most EFTA members show a slight increase in turnover. CTM is growing particularly fast with an increase of 69 %.

Over 50 % of these sales go via the traditional channels of the World Shops.

EFTA members sell food and non-food products. Below you find a breakdown of the percentages of sales, per product group.

Table 1: A breakdown of sales percentage, by product group

	Claro	CTM	EZA	FTO	Gepa	Ideas	ITMO	MdM		OWW	SoM	Tc
Coffee	8	18	36	38	43	70*	9	45*		22	66*	13
Other food	74	62	40	27	44		19			77		52
Handicrafts	11	18	24	32	13	24	60	49			32	17
Literature		2		3		6	4	6				1
Other	7						8			1	2	17

\* = includes other food as well

Combined, EFTA members trade with over 600 suppliers. The table below shows the number of producers producing food and non-food products, by continent.

Table 2 : Food and non-food producers, per continent

Continent	Food	Non Food	Total
Africa	63	100	163
Asia	41	209	250
Latin America	121	97	218
Total	225	406	631

In total, EFTA members currently employ the equivalent of 510 full-time employees.

### Meetings and information exchange

Meetings are crucial to information-exchange, so one of EFTA's key tasks is to bring people together. EFTA members participate as much as possible, since this forms the basis of EFTA cooperation. In 2002 the following meetings were organized for various staff of EFTA members:

- Managers' Meetings (twice)
- Product and Producer Committee Food – PPC Food (twice)
- Product and Producer Committee Handicrafts – PPC Handicrafts (twice)
- Advocacy and Campaigns Committee (twice)

In addition to these basic meetings, EFTA organizes meetings on important specific issues, such as:

- Marketing
- Monitoring
- Quality Assurance

All EFTA members are invited to these meetings, but only those with an interest in the issue attend.

The nature of these internal meetings has improved, in 2002. More information was exchanged and there was more active participation from and attendance by members. These improvements are partly due to external input by consultants. The key factors in improved cooperation were various challenges that reach beyond individual organizations. Examples:

- interest for Fair Trade food in supermarkets helped to re-establish the Marketing Group
- the problems in achieving sufficient sales in handicrafts brought the PPC Handicrafts together again after a break of a year
- the need for harmonization in monitoring between EFTA members (within the context of FINE) made EFTA members want to cooperate and coordinate
- product quality has become increasingly important and EFTA members wanted hear other's experiences.

### **Fair Trade Guidelines**

In 1995, EFTA members agreed joint EFTA Fair Trade guidelines. These guidelines are not fixed standards. They are based on a concept of a process of development which helps producers to improve their situation. We make a distinction between Register guidelines (what is expected of the producer) and Trading Guidelines (what is expected of the EFTA member).

EFTA members are obliged to fill in an annual Transparency questionnaire. This addresses issues covered within the EFTA Fair Trade Guidelines, such as: paying a fair price, continuity of the relationship, transparency and advance payments. The outcome of the questionnaires is summarized in a document and discussed in the Managers' Meeting. This is a form of self-assessment, with members casting a critical eye on colleague organizations.

### **Partner Attenders**

An important instrument to share labor in food is the system of Partner Attendance. An EFTA Partner Attender is responsible for contacts with a producer partner on behalf of one or more EFTA members. They execute certain tasks and receive a margin for this work. Key tasks are to collect data about the producer-

partner and to monitor the development process. Usually, the Partner Attender also imports products from the supplier on behalf of other EFTA members. In this case, it is responsible for product development, delivery time, quality etc. There are currently around 50 producers with Partner Attenders. A list is available from the secretariat.

### **Collection of data about suppliers**

A particular service of the secretariat is management of a database system about suppliers, called the Fairdata System. EFTA members provide the data. Fairdata provides the following outcomes:

- basic information about the producers with whom one or more EFTA members cooperate: details on address, contact person, product lines, contacts with EFTA members
- Partner-Profiles which contain extensive details about producer partners. Details are provided by Partner Attenders and other EFTA members. At the moment the Fairdata base contains over 80 partner-profiles.
- A Monitoring survey which contains information per producer-partner on trading relationships with EFTA members, Partner Attenders, FLO registration, IFAT membership and ongoing monitoring.

In the course of 2002, an external consultant reviewed the database system and concluded that the system is as professional and user-friendly as possible. However, it proved to be difficult for EFTA members to use it regularly. To counter this problem, the EFTA Monitoring Group proposed to reduce the partner-profiles to a limited number of basic questions and to add any supplementary information in word documents. A survey of available partner profiles and other useful documents will be available to members, on an internal internet site. This should simplify working with the system and encourage members to use it more and to exchange more information.

Philippa Lyon works 2 days a week from the UK, managing the database system and updating data. Jacque Born, who designed Fairdata, gives technical support.

### **Monitoring**

Monitoring is becoming of increasing importance to EFTA members. Firstly in following the process of development of suppliers and producers and secondly to inform consumers and to demonstrate the importance of Fair Trade. For these reasons, EFTA created the Monitoring Group.

The aim of the group is to harmonize monitoring systems within EFTA and to make sure that they complement the FINE Monitoring System. This should save costs and avoid duplication of work for EFTA members and for producers. The Group met twice in 2002.

The first activity of the group was to agree the following definition for monitoring: Monitoring is, "a structured process which includes data collection, analysis, dialogue and planned action, ensuring that all participants in the fair trade process meet commonly agreed criteria and development steps".

Major issues discussed in the Monitoring Group, in 2002:

- harmonisation and update of the initial-contact questionnaire
- ways to create more Partner Profiles and to divide labour, between members
- development of a framework for a joint Partnership Agreement
- ways to improve the Fairdata database software
- increasing understanding of the FLO certification system. (Rüdiger Meyer, the Certification Officer of FLO, was invited to explain FLO's developments in the inspection and certification of Fair Trade products.)

EFTA has a standard questionnaire for producer partners who are interested in a Fair Trade relationship with one or more EFTA members. Various members use this questionnaire. Each individual EFTA member then discusses the producer partner and decides according to its own internal system whether or not to begin trade. EFTA is currently reworking the questionnaire. The new version will hopefully be available in February 2003.

Various EFTA members create partnership agreements with their producer-partners. This is considered to be an instrument in the development and monitoring process of individual producer-partners. Some organizations, such as CTM, Magasins du Monde and Solidar'monde (who built up a "Made in Dignity" cooperation) use the same contract. EFTA is working towards a standard framework for such a contract.

All members committed to send a list of recently monitored suppliers and those that will be monitored in the near future, to the Secretariat. The Monitoring Survey will be updated with this information and also with input from FLO and IFAT. In 2003, this survey will be used to identify gaps and needs for monitoring, to agree on priorities and to divide the work between the members of the Monitoring Group.

### **Handicrafts study**

Sales in handicrafts are either stagnating or decreasing. This is of great concern to EFTA members. Consequently, the managers asked consultant Lawrence Watson to conduct a feasibility study of the total market (in selected European countries) for Gifts and Home furnishing/accessories. His brief was to identify high potential opportunities, for further specific entry strategy research. Hopefully, this research lays the basis for increased cooperation between EFTA members in handicrafts. The study will be discussed in the beginning of 2003.

## **ADVOCACY AND CAMPAIGNS**

*EFTA established an office in Brussels for its Advocacy work. In 2002 it employed Mariano Iossa as Advocacy and Campaigns Officer, for four days per week. It is his task to support EFTA members in their advocacy and campaigns work and to influence the European institutions towards making international rules on trade fairer.*

## **EC Funding applications**

In the past, EFTA has received project funding from the European Commission for awareness raising campaigns. The last project ran from 1998 to 2001 and was called "Promotion of the Principle and Practice of Fairer International Trade and Production between Europe and the South". The project funding allowed running of a web based observatory on primary commodities, the publication of the EFTA yearbook and a Fair Trade Facts and Figures booklet, among others. The project has been successfully completed by the beginning of 2002.

EFTA is actively seeking funding from donors to continue expanding campaign and advocacy activities.

## **Campaigns**

On coffee:

EFTA has campaigned on coffee issues for the past 1 1/2 years, building on the work of members. The Dutch Coffee Working group, in particular, has been very active in lobbying Transnational companies. Participation in the World Coffee Conference in May 2001 and the organization of the Bitter Coffee Seminar (Oxfam Wereldwinkels) and the 5<sup>th</sup> Fair Trade day in the European Parliament (EFTA) in December 2001, raised the issue of the coffee crisis. The launch of the Oxfam International campaign on coffee increased momentum.

The objective for 2002 was to bring the coffee crisis onto the EU agenda. EFTA contributed actively to various activities of the Global Alliance on Commodities and Coffee. EFTA also organized the 6<sup>th</sup> Fair Trade Day in the European Parliament, which drew attention of various MEPs to the coffee crisis. We lobbied for an EP emergency resolution on the crisis and a verbal question to the Council on the issue.

In the course of 2002, there has been significant progress in the EU on the commodity/coffee crisis issue. The European Commission has recently announced that it is working on a Communication on commodities/coffee. DG Trade will take the lead in drafting the communication and is gathering information and consulting with different stakeholders. It is now crucial that we join forces to do some strong lobbying to influence drafting of the Communication, at early stages.

On Public procurements:

Activities have developed mainly within the context of the Coalition for Green and Social Public procurement which includes Greenpeace, Social Platform, Oxfam, WWF and Trade Unions. EFTA has participated on behalf of FINE. Action started in late-March to target the Council meeting in May.

The objective was to influence the revision of the new Directive on Public Procurement, to allow the inclusion of environmental and social criteria. Various activities were undertaken, such as a campaign action with a letter and statements to Ministers, meetings with national representatives of European Union members, contacts with MEPs, participation in the Public hearing on Procurements at the European Parliament, press releases, and the creation of a list of best practice on Fair procurements at national level.

## **Advocacy and lobby activities**

Towards the European Commission:

Following the 6th Fair Trade day in the European Parliament, DG Trade agreed to set up an informal inter-DG working-group on Fair Trade and to inform future policy with lessons learnt from past support. New officers were placed in charge of Fair Trade in both in DG Trade and DG Development, this summer. EFTA made immediate contact with them to provide general briefing and to prepare ground for the meeting on Fair Trade within the DG Trade dialogue with Civil Society. The meeting held on 4<sup>th</sup> October involved 3 DG services (Trade, Development and Social Affairs) and 5 EC Officers, as well as some 20 participants from Civil Society. The new officers seem very positive and collaborative. There is certainly a possibility for fruitful dialogue. Future commissioning of a study on ways to support Fair Trade is crucial to feeding this dialogue.

Towards the European Parliament:

EFTA has nurtured contacts with a new group of Members of the European Parliament (mainly from the Green/EFA political group) and has earned their strong support. The 6<sup>th</sup> Fair Trade day in the European Parliament reinforced this support. A list of MEPs who show a particular interest in Fair Trade is available from our Brussels office.

## **Information exchange**

The EFTA website has become quite well-known among people interested in Fair Trade/commodities. Web pages were updated, in 2002 (including the new Fair Trade definition, EFTA figures and EFTA members' contact list etc.) The observatory on coffee is regularly updated with key information from different sources (ICO, UNCTAD, Fair Traders, NGOs, etc). The yearbook is now available from the website, in 6 languages.

The office in Brussels published three Newsletters and sent them to ...? addresses. This year we are phasing-out printing newsletters and distributing only via e-mail in future, making production cheaper.

## **Coordination and support in the Fair Trade movement**

The Brussels office is very active in promoting closer co-operation within the Fair Trade movement in campaign and advocacy activities.

A FINE advocacy strategy is currently being developed, with a proposal to consider setting up a common FINE project/office in Brussels.

EFTA participated to the NEWS! conference in Bruges in March 2002 with a seminar on campaigning and advocacy activities and techniques.

To improve relations with IFAT and support producers' involvement in political activities, EFTA participated in the IFAT Advocacy preparatory workshop in Bruges, the advocacy training at the IFAT Regional Conference for Africa (presenting the Cotonou Agreements and options for Fair Trade) and at the IFAT Regional Conference for Latin America (presenting the coffee crisis.) EFTA also

supported Traidcraft and IFAT by organising the advocacy seminar of the IFAT Regional Conference for Europe.

### **Support to the members**

The EFTA Advocacy Office is very glad to be involved in relevant events organised by our members, by making its services and expertise available for conferences and seminars. Such events are also an opportunity for the Advocacy office to learn more about the Fair Trade reality in different countries and amongst EFTA members organisations.

In 2002 EFTA participated in the meeting of the Fair Trade Forum Germany, presenting a proposal on how to involve the platforms in campaign and advocacy work in future.

EFTA regularly attends meetings of the European Trade Network (previously CENNT) as well as other key meetings of NGO networks in Brussels, to maintain contacts and share information.

## **ASSISTANCE TO SUPPLIERS IN THE SOUTH**

*EFTA supports its members in their assistance to producers and suppliers in the South by managing the CBI-EFTA program, in which various EFTA members participate with their suppliers. In addition, EFTA summarizes and analyzes impact studies on Fair Trade to inform members.*

### **CBI-EFTA programs**

The CBI (Centre for the Promotion of Imports from Developing Countries in the Netherlands) has funding EFTA members' work in the South since 1995. In 2002, EFTA was granted around Euro 155.000. Main areas of the program were organic conversion, quality assurance, product development and training. Execution of the work was delegated to CTM in Italy, EZA in Austria, Oxfam Wereldwinkels in Belgium, Fair Trade Assistance in the Netherlands, Claro in Switzerland and Gepa in Germany.

In December, CBI started an evaluation of its funding to EFTA in the period 1997 – 2002. The result of this evaluation is expected in February 2003.

### **Impact studies**

The EFTA secretariat reviewed a number of impact studies and presented an overview of outcomes and conclusions to Claro in Switzerland, Solidar' Monde in France, the PPC Food and the PPC Handicrafts. The presentation was also welcomed outside of EFTA, at the NEWS! Conference in Belgium and the Dutch Association of Fair Trade suppliers in The Netherlands.

The studies show that the activities of Fair Trade have changed over the years. For producers the most valuable element of Fair Trade is the strengthening of

their skills e.g. in the areas of production, quality improvement, packaging and product development. This often helps to increase their self-esteem. Producing for the export market, earning a supplementary income, being part of a group, acquiring specific skills – all play an important role. The exporting and facilitating organisations in the South contribute to this process by providing training and supporting activities.

A list of impact studies is available, from the Secretariat, as well as a summary of the conclusions.

## **NETWORKING**

### **FINE**

FINE is an informal partnership of the four international Fair Trade networks with European-based secretariats:

- FLO: Fairtrade Labeling Organisation International
- IFAT: International Federation for Alternative Trade
- NEWS!: Network of European World Shops
- EFTA: European Fair Trade Association

The aim of FINE is to work together –with the assistance of their own networks and members – to:

- develop harmonised core criteria and guidelines for Fair Trade
- harmonise the monitoring system for Fair Trade with clear division of tasks
- join forces in Fair Trade advocacy and campaigns work towards commercial and political decision-makers
- harmonise the global information and communication system of Fair Trade

The FINE Working Group consisting of the managers of the secretariats and selected experts from the networks, met three times in 2002. In addition, the Boards of the networks met in October in Assisi, Italy, to become more aware of the work of FINE, its perspectives and role in the Fair Trade movement.

A major part of the contribution of EFTA to FINE was advocacy work, undertaken by the Brussels office on behalf of FINE. The Brussels office also supported the FINE group by developing policies in the advocacy area. EFTA also contributed by trying to harmonize the data collection and monitoring work of EFTA and to make it fit within the FINE system. EFTA prepared and facilitated the meeting in Assisi.

Other members of FINE focused on different areas, examples include initiating a Global Communication and Information System (IFAT and NEWS!) and work on the development of an integrated monitoring and certification system for Fair Trade (FLO and IFAT.)

## **IFOAM**

In 1993, EFTA and IFOAM agreed that EFTA should work to integrate the Fair Trade mission into the philosophy and structures of the ecological movement. EFTA delegated representation in various Working Groups to Gerd Nickoleit of Gepa. A minimum level of social standards were adopted, in 1998. Social justice and social rights are now an integral part of organic agriculture and processing. "IFOAM's Basic Standards" includes a short chapter about social justice. IFOAM work further on developing criteria for social justice, social rights and fair trade.

Gerd Nickoleit of Gepa will continue to participate in IFOAM conferences on behalf of EFTA.

### **Supporting Fair Trade in non EFTA members' countries**

EFTA was invited to present the history, principles and characteristics as well as the European landscape of Fair trade to an international conference "Comércio Justo e Solidário" in Lisbon on June 6 and 7. The conference was organized by CIDAC, which has been promoting Fair Trade in Portugal for three years. It is expected that they will run around ten World Shops by the end of 2002.

## **HUMAN AND FINANCIAL RESOURCES**

### **Staff and offices**

EFTA has a staff of 3 part-time workers:

- Mariano Iossa, Advocacy and Campaigns Officer in Brussels, Belgium  
(4 days per week)
- Philippa Lyon, Fairdata Officer in Lancashire, England  
(2 days per week)
- Marlike Kocken, general manager in Schin op Geul/Maastricht, The Netherlands  
(4 days per week)
- Angelica Navarro has been doing a six-month internship in the Brussels office

The core costs of staff and offices are paid by the EFTA members through a contribution fee.

### **Income**

The income of EFTA in 2002 consisted of:

- |                                     |              |
|-------------------------------------|--------------|
| - contribution fees of EFTA members | Euro 115,851 |
| - funding from CBI                  | Euro 155,000 |
| - funding from the EC               | Euro 0       |

Written by Marlike Kocken, Manager EFTA

Approved by Mariano Iossa and Philippa Lyon, staff members of EFTA

Approved by the Managers of the EFTA members