

ANNUAL REPORT 2003

WHAT IS EFTA?

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

The international Fair Trade movement agreed 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 adopted this definition and are working in the three key areas of work: 1. fair trading; 2. awareness-raising and campaigning in the North; and 3. assistance to suppliers and producers in the South. EFTA works to support its members in their activities in these 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 an Advocacy and Campaigns office in Brussels to encourage institutions of the European Union to support 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. Networking on a European and international level
5. Miscellaneous
6. Further details on staff, housing and finances of EFTA

1. 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 2003

EFTA collected statistics from its members for their financial years ending in the period from July 1, 2003 up to June 30, 2004. According to these figures, EFTA members achieved a combined turnover, on the basis of retail-figure calculations, of over 190 million Euro (compared with 172 mio Euro in 2002 and 148 mio Euro in 2001). Most EFTA members show a slight increase in turnover. Between 60 to 80 % of these sales go via the traditional channels of the World Shops. In total, EFTA members employed the equivalent of 593 full-time employees (compared to 553 in 2002 and 510 in 2001).

Meetings and information exchange

Meetings are crucial to information exchange, so one of EFTA's key tasks is to bring people together. It is part of EFTA members' obligations to participate as often as possible, since these meetings form the basis of EFTA cooperation. EFTA usually organizes the following meetings:

- Managers' Meetings
- Product and Producer Committee Food
- Product and Producer Committee Handicrafts
- Advocacy and Campaigns

In addition to these basic meetings, EFTA organizes meetings on important specific issues, such as Marketing, Monitoring, Quality Assurance. These usually have the character of a Working Group of those members that are particularly interested in the subjects. Below you find a description of the most important meetings in 2003.

Managers' Meetings

The EFTA managers met twice: in May hosted by Magasins du Monde – Oxfam in Wavre Belgium and in November 2003 hosted by Gepa in Wuppertal Germany. A fixed point on the agenda is exchange of information on developments of EFTA members and Fair Trade in their country.

The relationship between EFTA members and the FLO National Initiatives as well as developments and policy issues of FLO are regularly discussed. Luuk Zonneveld, director of FLO, was a guest in both meetings.

Cooperation with FINE in general and with IFAT in particular was also regularly receiving attention.

The managers spent quite some time on the future of the EFTA Advocacy work and office. Mr Oscar Marleyn of South Research facilitated this part of the May meeting. Involved staff also participated in the discussions.

In November, Mr David Rosenberg, director of Utz Kapeh and Mr Hans Perk, policy officer of Solidaridad were invited to the meeting to exchange thoughts about distinctions and similarities of Fair Trade and Utz Kapeh.

PPC Food

The PPC Food met twice: in March hosted by CTM in Verona Italy and in September hosted by Traidcraft in Newcastle UK.

The meetings addressed developments in food in EFTA members and their markets, e.g. sales to supermarkets.

FLO policies were discussed, such as an early warning system for suspension of FLO Register partners, FLO standards, FLO financing proposals, etc. Harriet

Lamb, director of Fairtrade Foundation in the UK, participated in part of the September meeting.

At each meeting, time is reserved for the tasting of new products, developed by EFTA members. And EFTA members, particularly Partner Attenders, presented information on suppliers.

In the September meeting, Heike Axmann of Agrofair, gave a presentation on EurepGap, on the developments in standard setting by supermarkets. EFTA members will be confronted with these standards when selling to supermarkets. Last but not least, Gerd Nickoleit of Gepa gave an update on his contributions to IFOAM.

Linked to the PPC Food are meetings of experts in the area of quality, who exchange experiences on new legislation in Europe, quality problems with products, quality systems in the organisations.

PPC Handicrafts

In 2003, the Product and Producer Committee Handicrafts (PPC Handicrafts) did not meet. By the end of the year, it was decided that it should be a priority for 2004 to revitalize this group.

EFTA Fair Trade Guidelines and Internal Transparency Questionnaire

In 1996, EFTA members agreed joint Fair Trade guidelines. These guidelines are not fixed standards. They are based on a concept of a development process 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). On the basis of these Guidelines, EFTA developed a Transparency Questionnaire, which EFTA members are obliged to fill in annually. 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 questionnaire 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 labour 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 supplier 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. By the end of 2003, there were around 50 suppliers with Partner Attenders. A list is available from the secretariat.

Collection of data about suppliers and monitoring

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 all suppliers of EFTA members: details on address, contact person, product lines, contacts with EFTA members
- Partner-Profiles which contain extensive details about suppliers. Details are provided by Partner Attenders and other EFTA members.
- A Fairdata survey which contains information per supplier on trading

relationships with EFTA members, Partner Attenders, FLO registration, IFAT membership and ongoing monitoring.

The EFTA Monitoring Group, which was established in 2002, continued its work in 2003. It consists of EFTA members who are particularly interested in the subject and who have experts in this area. The Group met twice. The main achievements of this group are described below.

In the course of 2003, the Fairdata system was simplified.

The EFTA Questionnaire was reduced to an Information Sheet with less questions for suppliers which were starting up a trading relation with one or more EFTA members and for small-scale suppliers. An extensive Information Sheet was developed for large suppliers and suppliers with many years of cooperation with one or more EFTA members. These Information Sheets were made available in English, Spanish, French and Portuguese.

EFTA appointed appointed so-called Fairdata Attenders, who are responsible for updating the basic details on suppliers, for collecting answers to the Information Sheets and for uploading these documents on the internal EFTA Fairdata website.

EFTA appointed a Fairdata Officer, who functions as a helpdesk and regularly circulates Fairdata surveys of all suppliers which trade with one or more EFTA members. This facilitates coordination and cooperation between EFTA members.

In the course of 2003, EFTA has contacted FLO and IFAT to find ways to cooperate and to avoid duplication of work. This work is still in progress.

Handicrafts study

In 2003, sales in handicrafts were either stagnating or decreasing. This was 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. The outcome of the study was discussed in the beginning of 2003.

2. ADVOCACY AND CAMPAIGNS

EFTA established an EFTA Advocacy Office in Brussels in 1995. In 2003, Mariano Iossa continued to work as Advocacy and Campaigns Officer for four days per week. The office supported EFTA members and other actors of the Fair Trade movement in their advocacy and campaigns work and influenced the European institutions towards making international rules on trade fairer. In the course of 2003, EFTA investigated together with other Fair Trade networks the possibility to transform the EFTA Advocacy Office into a FINE Fair Trade Advocacy Office.

Advocacy and Campaign on coffee

In the course of 2003 there has been some significant progress. Coffee is back on the agenda of the EU/European governments and international institutions. In January 2003, the EFTA Advocacy Office participated in the Roundtable on coffee organised by Oxfam International at the European Parliament. In April 2003, the EP passed a resolution on the coffee crisis (drafted by the office under a joint action with Oxfam International).

Meanwhile, the EFTA Advocacy Office maintained contacts with DG Trade and DG Development on the drafting of a Communication on commodities/coffee and provided input. In May 2003, the office participated in a high level NGOs

conference on the Doha round and ensured inclusion of the commodities issue in the NGO position on agricultural issues. The office also formulated a question to Commissioner Lamy (Commissioner for Trade). In June 2003, the European Commission organised a closed door presentation of the draft of a working document on commodities. The document has been released in November and the Commission started to work to an action plan.

On the international side, the Advocacy Office participated in the Sustainable Coffee Initiative meeting co-organised by UNCTAD & IRDC in Geneva in February 03 and gave a presentation on Fair Trade and coffee in coordination with Oxfam International.

As for NGO coalitions, the Advocacy Office maintained contacts with GLACC and Oxfam International, exchanging information and coordinating work where possible.

Advocacy on Fair Trade

The Advocacy Office coordinated the discussion of the Fair Trade movement with the EuropAid Office of the European Commission regarding the financing of Fair Trade. A survey on all Fair Trade projects approved/rejected was carried out.

In the run-up to the WTO Ministerial Meeting in Cancún, the European Commission presented the EU STAP – Sustainable Trade Action Plan, including action points on fair trade, and organized an event on Sustainable/Fair Trade in Cancun. The office coordinated an official response of FINE to the European Commission both on the STAP and on the Sustainable/Fair Trade in Cancun. It organized a meeting with DG Trade, Mr Robert Madelin, Director at DG Trade and Mr Rupert Schlegelmilch, Head of Unit on sustainable Trade at DG Trade.

MEPs that are interested and committed to support the idea of fair trade met in November and laid the basis for a working group.

Public procurements campaign

The Advocacy office participated in a number of meetings with DG Trade and other Commission DGs, in the framework of STIC and the Civil Society Dialogue, regularly raising the issue of public procurement. The office led the discussion on public procurement during the presentation of the Commission's sustainable trade action plan (STAP).

In a trial phase the European Commission this year introduced Fair Trade coffee in selected Commission canteens. The success of this initiative has led to a continuation of this offer and is expected to be extended to other Fair Trade products. The European Parliament put Fair Trade goods on offer during the Belgian Fair Trade Week.

Regarding lobbying on the revision of the public procurement directives, EFTA joined the Coalition for Green and Social Procurement, a broad alliance of European development, environment, labour and social rights organisations demanding the inclusion of social/fair trade and environmental criteria in the revised legislation on public procurement. Throughout 2003 the EFTA Advocacy office maintained contact with the Coalition, participated in meetings and also signed off a number of common statements and positions.

The EFTA Advocacy office also researched examples of public procurement practices across Europe. It found that open competition, non-discrimination and cost/benefit ratio remain the guiding principles in public procurement, but it also noticed many instances where public authorities committed to additional sustainability criteria, in environmental as well as social terms. The greatest political discretion for the inclusion of social and environmental criteria exists for

public procurement contracts below a certain size, i.e. thresholds established by European law. The office used this information to back our position in the debate on European public procurement directives.

Advocacy on Corporate Social Responsibility

The EFTA Advocacy office achieved the publication of a Fair Trade Special in the quarterly CSR Europe magazine. In co-operation with Traidcraft, the Advocacy office supplied the lead article for this Fair Trade Special, discussing the great potential of Fair Trade to inform the debate on CSR.

Support to EFTA members and other actors in the Fair Trade movement

The Advocacy Office participated in FINE discussions on advocacy, providing input and coordinating common positions and thinking. A platform was organised for December 2003 for EU-based Fair Trade organisations working on advocacy issues. The objective of the meeting was to come up with a common strategy, map expertise and areas of activities within the movement, and identify a common workplan. Some 25 people attended. The event will provide "the meat on the bones" on European advocacy of FINE.

The EFTA Advocacy office participated in the Encuentro de Economía Solidaria organised by IDEAS in Cordoba in May 03.

The office participated actively in the process of development of an IFAT advocacy strategy for Europe and contributed to the IFAT biannual conference in Newcastle.

Fund raising

The Advocacy Office spent a lot of time on fundraising. It evaluated the rejection of the EC funding application "Raising Fair Trade awareness-raising in Europe", together with NEWS. It laid the basis for a funding application with HIVOS and it handed in a funding application to the EC for the project Fair Procura: making public authorities and institutional buyers local actors of sustainable development". An application to the European Commission on "making Corporate Social Responsibility work for the South" was unfortunately rejected.

Information exchange

The website has been updated regularly: new figures of the producers EFTA works with, updates turnover figures for EFTA members, EFTA members contact list, etc.

Two issues of the newsletter have been published. The paper version has been successfully phased out and a new web-based version is now available, with a new layout and interactive index. Also the subscription to the newsletter has been completely automated, saving time to the staff.

More than 90 yearbooks have been sold this year and many more complimentary copies have been distributed.

From EFTA Advocacy office to FINE Fair Trade Advocacy Office

In the course of 2003, the future of the EFTA Advocacy office was discussed.

Over the course of the years, the office in Brussels has achieved a lot. Various campaigns, e.g. on Fair Trade in general, on coffee, chocolate, rice, have been executed. The European Parliament adopted resolutions on Fair Trade. The European Commission adopted a Communication on Fair Trade. The Cotonou agreement mentions Fair Trade. Fair Trade coffee is being served in the building of the European Parliament. Just to mention a few successes.

The EFTA Advocacy Office has played a key role in this, and it received a lot of support and input from many other Fair Trade actors. Also, over time, it became clear that EFTA could do its work much more effectively if it represented not only its own membership but rather the whole Fair Trade (FINE) movement. Therefore, the EFTA Advocacy office frequently had to take on the role of being FINE's representative rather than just EFTA's advocate.

At the same time, EFTA came to the conclusion that it could no longer guarantee long-term funding for the office. In the past, EFTA financed 2 days per week. The other two days plus costs for campaigns were covered by EU funding. However, various EFTA bids for NGO co-financing money from the EU were unsuccessful. EFTA agreed to set a definite budget for 2003 to subsidise the Brussels Advocacy office whilst hoping to secure longer term EU funding for that activity. EFTA staff had been asked to explore other funding options, but the likelihood of substantial funding being received was considered modest. Therefore, EFTA had to explore ways of sharing the costs for the future.

EFTA started discussions with FLO, IFAT and NEWS! on setting up a joint Advocacy office, based on the work, expertise and experience of the EFTA office. This resulted in a joint financial and political commitment of all four networks. A working structure was put in place and it was agreed that IFAT would take on the management responsibilities. Per April 1, 2004, the EFTA Advocacy Office was replaced by the FINE Fair Trade Advocacy office. In the course of 2003, it was agreed that the role of the EFTA Advocacy Officer would cease with the establishment of this new office.

3. 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 participated with their suppliers.

CBI-EFTA programs in 2003

The CBI (Centre for the Promotion of Imports from Developing Countries in the Netherlands) has funded EFTA members' work in the South since 1995. In 2003, EFTA was granted Euro 190.000. Main areas of the program were organic conversion of Gumitindo in Uganda, quality assurance of products from PARC in the Palestinian Territories, coffee from Cuba, herbs from Nepal, rice from Thailand and packaging of various suppliers in Sri Lanka, Swaziland and South Africa. Part of the program also consisted of trainings, such as an export logistics and quality assurance workshop in handicrafts undertaken by Fair Trade Assistance and product development workshops in Asia, Africa and Southern America, organized by Magasins du Monde Oxfam.

CBI evaluation of its funding to EFTA members

In December 2002, CBI hired an external consultant, Mr Roy C. Kessler to evaluate its funding of EFTA work in the period 1997 – 2002. In February 2003, the results were published. Over the period of 1997 – 2002, CBI (co-) financed E 580.440 to projects, which were executed by EFTA members. Central coordination was done by the EFTA secretariat. The evaluation concludes as follows:

- The projects contributed to an increase of knowledge of Fair Trade producers. They also contributed to an increase of knowledge and experience of individual (local) consultants and their organisations.
 - Almost all activities have been executed on time and in a proper way. They have lead to a number of concrete results, such as handbooks, like the "Textile Dyes Handbook" with editions in English, Spanish, Hindi and Bangla, "Toys, A handbook on European quality standards", guidelines like "Guidelines for Quality Management Programs in the South", improved and new products.
 - The projects contribute directly and indirectly to the aim of CBI to improve imports from developing countries. Sales of EFTA members increased by 38,81 % in the period between 1996 and 2001.
- The evaluation recommended that CBI continues its support to EFTA members. Unfortunately, CBI had to stop its funding of EFTA projects, since its own budget was severely reduced.

4. NETWORKING

FINE

There are many aspects of Fair Trade, which can benefit from greater co-operation and collaboration between the international Fair Trade networks. Four of these networks have their secretariats in Europe. They are: Fairtrade Labelling Organisations International (FLO), International Fair Trade Association (IFAT), Network of European World Shops (NEWS!), European Fair Trade Association (EFTA). These organisations started to meet in 1998 and, when they work together, are known by their acronym, FINE.

The aim of FINE is to enable these networks and their members to cooperate on the development of harmonised core standards and guidelines for Fair Trade, harmonisation, and increase in the quality and efficiency of, the monitoring system for Fair Trade, advocacy and campaigns work, harmonisation of their information and communication systems.

FINE is an informal working group. It has no formal structure and no decision-making power. Meetings are held as required. Preparation, hosting and facilitation of the meetings rotates between members. Decisions are taken by the boards of the FINE members.

FINE met three times in 2003.

A major part of the contribution of EFTA to FINE was advocacy work, undertaken by the Brussels office on behalf of FINE and the development of the FINE Fair Trade Advocacy Office per April 2004. EFTA also contributed by harmonizing the data collection and monitoring work of its members and by seeking ways of coordination in this area with FLO and IFAT.

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.)

FLO

The EFTA manager participated in the FLO Meeting of Members (MoMs) as an observer. EFTA members participated in the FLO Board, the Standard Policy Committee and the Certification Committee. Staff members of FLO participated in parts of the EFTA managers' meetings and in meetings of the PPC Food. All this

helped to strengthen mutual understanding and information exchange on developments in FLO and EFTA.

IFAT

The EFTA manager and Advocacy Officer participated in the IFAT conference in Newcastle, UK.

IFOAM

EFTA considered it of great important to contribute to the integration of Fair Trade principles in the philosophy and structures of the ecological movement. It therefore appointed Gerd Nickoleit of Gepa as its representative in IFOAM meetings on this subject. He has been acting as a liaison officer between IFOAM and EFTA. IFOAM has now included Fair Trade principles in their standards on a minimum level under the title of social justice. In the process, the cooperation between FLO and IFOAM has become stronger and now FLO is the natural Fair Trade partner for IFOAM. Therefore, the formal project of EFTA regarding IFOAM has ended.

5. MISCELLANEOUS

Impact studies

The EFTA secretariat updated its list of impact studies. The secretariat gave presentations of a summary of the studies during its visits to EFTA members. The list is available from the secretariat on request.

Contributions to seminars

The manager of EFTA presented Fair Trade in Europe, EFTA and the outcome of impact studies to seminars organised by Fairnet in Denmark, Rättvis Handel Import in Sweden and by Komment in Austria.

Work for the movement

The manager of EFTA verified the Self-Assessment report of Oxfam Wereldwinkels as part of the certification process of IFAT. She also prepared a paper on the History of Fair Trade on behalf of IFAT, with the input and advice of a number of Fair Trade "pioneers".

6. HUMAN AND FINANCIAL RESOURCES

Staff

In 2003, EFTA employed the following staff:

- Mariano Iossa, Advocacy and Campaigns Officer in Brussels, Belgium (4 days per week)
- Matthieu Lietaert, intern Advocacy and Campaigns Office (6 months)
- Stefan Chrobok, intern Advocacy and Campaigns Office (6 months)
- Alessandra Spalletta, intern Advocacy and Campaigns Office (3 months)
- Philippa Lyon, Fairdata Officer, Lancashire, England, until June 30, 2003 (2 days per week)
- Maurice Vansteenkiste, Fairdata Officer, Gent, Belgium from July 1, 2003 (32 hours per month).

- Marlike Kocken, general manager in Schin op Geul/Maastricht, The Netherlands
(4 days per week)

Offices

The EFTA Headoffice is located in a village near Maastricht: Kerkewegje 1, 6305 BC Schin op Geul, The Netherlands. Telephone: (+31) 43 3256917, Fax: (+31) 043 3258433, email: efta@antenna.nl.

A new office was rented in Brussels. The FINE Fair Trade Advocacy office is now located in the building of Caritas: Rue de la Charité 43 (4rth floor), B-1210 Brussels, Belgium. Telephone: (+32) 2 2173617, fax: (+32) 2 2173798, email: info@fairtrade-advocacy.org.

Finances

The expenses of EFTA in 2003 amounted to E 153,175. The core costs of staff and offices are paid by the EFTA members through a contribution fee.

The income of EFTA in 2003 consisted of:

- contribution fees of EFTA members Euro 109,032
- other income Euro 9,480

Financial statements 2003 have been audited by Ernst & Young Accountants. A copy can be sent to you on request.

Written by Marlike Kocken, Manager EFTA

Approved by the EFTA Executive Board

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