

ANNUAL REPORT 2006

WHAT IS EFTA?

A European Association...

EFTA (European Fair Trade Association) is an association of eleven Fair Trade importers in nine European countries (Austria, Belgium, France, Germany, Italy, The Netherlands, Spain, Switzerland and the United Kingdom). EFTA was established informally 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.

What is Fair Trade...

In 2001, the international Fair Trade movement adopted 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.

Aim of EFTA

The aim of EFTA is to support its member organizations in their work and to encourage them to cooperate and coordinate. It facilitates the exchange of information and networking; it creates conditions for labour division; it identifies areas of coordination and cooperation such as joint projects, research and systems to facilitate Fair trading with suppliers. Through this cooperation, EFTA also intends to indirectly support Fair Trade suppliers with whom EFTA members cooperate.

Turnover of EFTA members

In 2005 (financial year ending in the period from July 2005 up to June 2006), EFTA members achieved a combined turnover, on the basis of retail-figure calculations, of over 217 million Euro (compared with 196 million in 2004, 190 million in 2003 and 172 million in 2002). The largest EFTA members are Gepa in Germany (51,9 million), CTM Altromercato in Italy (42,5 million) and Traidcraft (38,9 million).

Over 50 % of the sales are achieved via the traditional channels of World Shops. Supermarkets become of increasing importance as a sales channel, e.g. 27 % of

the total turnover for Traidcraft in the UK, 13 % for CTM Altromercato in Italy and 23 % for EZA in Austria.

Further details on statistics of EFTA members can be obtained from the secretariat on request.

Products of EFTA members

Coffee was the most important product for almost all EFTA members, followed by other food. Below you find the statistics per EFTA member per product group for 2005 (year running from June 2005 up to May 2006):

Percentages per product group 2005

	Claro	CTM	EZA	FTO	Gepa	Ideas	IO	MdMO	OFT	SoM	Tc
Coffee	6	11,7	33,4	37	45,2		14	47,15	22		10
Food O	79	57	38,4	35	47,75	65*	25		78		60
Fresh fr	-	3,7	-	-	-	-	-	-	-		-
Handi	10	21,5	28,2	24	7,05	34	58	52,85	-		15
Literatu	-	0,8	-	-	-	1	-		-	-	
Other	5	1	-	4	-	-	3	-	-		15
Cosmet	-	4,3	-	-	-	-	-	-	-		-

Ideas*: this percentage includes coffee as well.

Suppliers of EFTA members

Combined, EFTA members traded in 2006 with almost 370 suppliers. The table below shows the number of producers producing food and non-food products by continent.

Continent	Food	Non Food	Total
Africa	39	42	81
Asia	25	91	116
Latin America	107	46	153
Miscellaneous	9	4	13
Total	180	183	363

Staff of EFTA members

In total, EFTA members employed the equivalent of 729 full-time employees in 2005 (compared with 660 in 2004, 593 in 2003 and 553 in 2002). The increase of staff can particularly be found at Ideas (from 14 in 2004 to 21 in 2005), Magasins du Monde Oxfam (from 58 in 2004 to 67 in 2006) and Traidcraft (from 105 in 2004 to 115 in 2005).

EFTA's WORK IN PRACTICE: INFORMATION EXCHANGE

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. The following meetings were organized in 2006 for various staff of EFTA members: managers (2x), responsables for food in the Product and Producer Committee Food (2x) and the responsables for handicrafts in the Product and Producer Committee Handicrafts (2x). In addition to these basic

meetings, EFTA organized meetings on important specific issues, such as Monitoring, Producer Support and Quality Assurance. Each time, the meetings are hosted by a different EFTA member, so that the participants have the opportunity to see the offices and warehouses, shops and markets of each colleague organisation.

AN EXAMPLE OF EFTA COOPERATION AND COORDINATION: QUALITY ASSURANCE

EFTA members import a huge number of products. Some have an assortment of over 3.000 handicraft products next to a food product range of more than one hundred. They need to be experts in ceramics as well as coffee, in jewellery as well as juices, in textiles as well as tea. For all these products, there are European and national legislations on quality. This leads to an impressive and complicated workload.

Therefore we have installed a Food Quality Assurance Group, where quality issues are being discussed. Information is exchanged on risk products and processes. An EFTA Quality Assurance Sheet was developed, which is being used to describe the QA systems at the EFTA members as well as on the suppliers' side. Forms for product specifications were developed. Experiences with complaints procedures and traceability systems were exchanged. All this together raised the awareness of EFTA members on their responsibilities and obligations as food importers. One of the EFTA members said: "Thanks to the expertise and experience of other EFTA members, we have become aware of the importance of quality insurance in our own organisation and we have been able to build a proper QA system".

In 2006, the PPC Handicrafts started to focus on quality issues. Part of the meetings is dedicated to identify product risks. Much time was dedicated to the problem of AZO dyes in scarves. Products which are treated with AZO and PCP dyes are forbidden to be imported in Europe, since these dyes can cause cancer. Various shipments had to be destroyed because of this reason. So, a joint policy was developed, all suppliers of scarves were informed, EFTA members found reliable testing institutions in the South and identified good sources of dyes. All this contributed to a clear understanding of the problem in the North as well as in the South and to finding concrete solutions.

AN EXAMPLE OF EFTA LABOUR DIVISION: PARTNER ATTENDANCE

An important instrument to share labour in food is the system of "Partner Attendance". An EFTA Partner Attender is responsible for contacts with a partner on behalf of one or more EFTA members. Key tasks are to collect data about the partner and to monitor and support the development process. Usually, the Partner Attender also imports products from the partner on behalf of other EFTA members. In this case, the Partner Attender is responsible for product development, delivery time, quality etc. By the end of 2006, there were around

50 partners with EFTA Partner Attenders. A list of them is available on request from the EFTA secretariat.

**AN EXAMPLE OF EFTA COORDINATION:
EFTA INFORMATION AND MONITORING SYSTEM**

The EFTA Information and Monitoring System aims at supporting EFTA members in their work with their partners. It does this by labour division, by providing basic information, by giving early warnings in case of problems, by checking compliance with standards and by giving recommendations on cooperation. The system focuses on partners which are not in the FLO register and/or which are not a member of IFAT. The following instruments form part of the EFTA System:

- EFTA Information Sheet, a questionnaire to collect information on suppliers and their producers in the South; in 2006, the sheet was translated into Spanish and French.
- Fairdata website, an internal web based database which contains information on all suppliers of EFTA members, such as the EFTA Basic Information Sheet, reviews, travel reports, quality sheets, etc. To share the work on collecting the information, a so-called Fairdata Attender is appointed per partner.
- EFTA Evaluation Sheet, a tool, which helps to check whether suppliers comply with our Fair Trade standards and to help the Monitoring Group to give recommendations to EFTA members. This tool is still in development.

The EFTA Monitoring Group, which consists of representatives of EFTA members, is responsible for the development of the EFTA Information and Monitoring System. It focussed in 2006 on the development of Guidelines and on encouraging the members to collect information on suppliers. Also, the group worked on harmonisation of the EFTA system with the IFAT and FLO systems and on making sure that access to IFAT and FLO information is provided in an optimal way.

The reason for all this work is the fact, that EFTA members are very much aware of the increasing need for credibility: EFTA members need to demonstrate to the public that their suppliers meet Fair Trade standards. The EFTA Information and Evaluation System can help them to achieve this.

**AN EXAMPLE OF EFTA BILATERAL COOPERATION:
THE FAIR PROCURA PROJECT**

Fair Procura is a 3-year project, co-financed by the EC (EuropeAid). The main objective of the project is to raise the Public Authorities' awareness on the role they can play in contributing to sustainable development through "Fair public procurement".

EFTA is the lead partner and is implementing the project mainly through the EFTA Fair Procura Office in Brussels. Four other partners are involved: Fair Trade Original in The Netherlands, CTM Altromercato in Italy, Oxfam Wereldwinkels in Belgium and IDEAS in Spain. These partners are implementing the national campaigns on

Fair Procura whereas the EFTA Fair Procura office is implementing the European campaign. These two levels of implementations are complementary.

The project activities are focusing on the following main components:

- Project coordination, at European and national level, supported by the Fair Procura Working Group;
- Communication materials for the awareness raising campaign, including a background legal research report, a training and a campaign kit for Fair Procura Animateurs, a Fair Procura best practice brochure, the Fair Procura Newsletter, the Fair Procura web site and collection of best practices;
- Conferences in Europe (to be held in 2007) and on a national level;
- Pilot actions with trained animateurs who contact different public authorities to raise their awareness on fair considerations in public procurement using the campaign toolkit as main communication tool.

The main achievements in 2006 were:

- increase of public policy debates about public and corporate accountability;
- exchange of good practices and experiences;
- increase of recognition by governments and interested political parties on the role played by Fair Trade Organisations on promoting sustainable economic development;
- fruitful cooperation with the international network ICLEI, the international association of local governments (currently over 500 members worldwide);
- reference to inclusion of Fair Trade criteria in tenders in the resolution on Fair Trade of the European Parliament.

The project will end in September 2007 and EFTA and some EFTA partners will hand in an application to the EC for a new project in the same area.

AN EXAMPLE OF FINE COOPERATION: FAIR TRADE ADVOCACY OFFICE

FLO (Fairtrade Labelling Organisation International), IFAT (International Fair Trade Association), NEWS! (Network of European World Shops) and EFTA started to meet in 1998 and, when they work together, are known by their acronym, FINE. The aim of FINE is to enable their networks to cooperate on important areas of work, such as advocacy and campaigning.

A major activity of FINE is the establishment of a joint Fair Trade Advocacy Office in Brussels in April 2004. This office replaced the EFTA Advocacy Office, which had been functioning since 1995. Whereas EFTA was responsible for the office in the past, all four networks now have a financial and political commitment to it.

The Fair Trade Advocacy Office supports Fair Trade and trade justice with the aim to improve trading conditions for the benefit of small and marginalised producers and poor workers in developing countries. The office coordinates the advocacy activities of the four networks, monitors European and international trade and development policies, ensures a constant dialogue between the Fair Trade movement and political decision makers, develops political positions in the area

of Fair Trade and trade justice and publishes information materials such as newsletters and brochures.

A major achievement in 2006 was the adoption of the European Parliament resolution on Fair Trade and development, which recognizes the contribution of Fair Trade to sustainable development and poverty reduction and calls on the European Commission to step up the political and financial support to Fair Trade and to develop a coherent policy framework in this area. Also, the office published two main Fair Trade publications: "Business Unusual" and Facts and Figures of Fair Trade in Europe (successor of similar EFTA publications of 1995, 1998 and 2001). EFTA members contributed financially and in terms of participation in the Steering Committee.

In 2006, EFTA contributed E 25.750 to the office.

EFTA'S RESOURCES

Income

EFTA members share the costs of the EFTA office. The contribution fees are based on their total turnover. In 2006, the total income from EFTA members amounted to E 130.500.

Staff

In 2006, EFTA employed the following staff:

- Inmaculada Rodriguez, Fair Procura Officer (4 days per week) in Brussels, Belgium, until March 31, 2006
- Itxaso Gomez Lambarri, Fair Procura Assistant (3 days per week), Brussels, Belgium, from February 1, 2006 up to March 21, 2006
- Marzia Rezzin, Fair Procura Officer in Brussels (4 days per week), Belgium, from April 1, 2006 onwards
- Maurice Vansteenkiste, Fairdata Officer (freelance basis), Gent, Belgium
- Martin Wigglesworth, accountant (volunteer), Schin op Geul / Maastricht, The Netherlands
- Marlike Kocken, Manager (4 days per week), Schin op Geul/Maastricht, The Netherlands

Offices

The main office of EFTA is located in Schin op Geul / Maastricht, the Netherlands. The Fair Procura Office moved to joint premises with the Fair Trade Advocacy Office and IFOAM in the Rue du Commerce in Brussels.

Audit

The EFTA accounts 2006 were prepared by the EFTA accountant and audited by Ernst & Young Accountants in Maastricht.

Approved by the EFTA managers in June 2007
Marlike Kocken, EFTA manager

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