

ANNUAL REPORT 2007

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 January 1990. EFTA is based in the Netherlands and has Dutch Articles of Association.

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, EFTA hopes to indirectly support EFTA members' suppliers and producers.

EFTA'S WORK IN PRACTICE: 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, twice a year, in 2007 for various staff of EFTA members: managers, Product and Producer Committee Food and the Product and Producer Committee Handicrafts. In addition to these basic meetings, EFTA organized meetings on important specific issues, such as Information and Evaluation of EFTA suppliers, 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 organization.

The PPC Food is famous for the tasting session of newly developed products. Often, EFTA members seek for cooperation in the development of these products or they offer their colleagues joint purchasing in joint packages. Also, experts on certain product groups are invited, such as Mr Marco Vangelisti, an Italian honey manufacturer, who gave an interesting presentation about honey and who

guided EFTA members through a tasting experience. In addition, information was exchanged about market developments, suppliers, new approaches, new challenges.

The PPC Handicrafts addressed the decreasing sales in handicrafts. Various EFTA members revised their strategic plans and these were shared at the meetings. Also, EFTA members exchanged information on various working methods, such as product specification sheets, product development timing systems. It was agreed that test reports on failing products would be circulated and that policies on exclusivity rights would be clearly communicated to suppliers and EFTA colleagues. Information on successful products ("the top 10") and experiences with suppliers in mainstreaming were regularly exchanged. Particular attention was paid to Africa and its challenges of decreasing sales and policies of EFTA members on how to deal with this.

The managers used the Managers' Meetings to exchange information on the developments in the markets and in their own organizations. They invited Ms Anja Osterhaus from the Fair Trade Advocacy Office to discuss and decide on the policy of the office regarding EU institutions and ISO (see paragraph on the office). Also Mr Leo Ghysels, representative of Fair Trade Organizations in the FLO Board, participated in one of the meetings to discuss the FLO strategic plan. And two consultants, Mr Luuk Zonneveld and Mr Marc Bontemps, helped EFTA managers to brainstorm on cooperation in the area of handicrafts – this laid the basis for an extra meeting on this subject in February 2008. Last but not least, the Managers' Meetings developed EFTA policy issues: a Code of Conduct for EFTA membership was approved as well as a Strategic Plan 2007 – 2012.

The Executive Committee of EFTA consists of

- Rafael Sanchís (CEO of Intermón Oxfam), treasurer, (appointed by the Managers as successor of Andrea Schlehuber (CEO of EZA);
 - Tom Speck (CEO of Gepa), secretary;
 - Paul Chandler (CEO of Traidcraft), President and facilitator of meetings.
- The Executive Committee meetings were linked to the meetings of the EFTA Managers.

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.

The Food Quality Assurance Group helps EFTA members and their suppliers to improve quality of products. An EFTA Quality Assurance Sheet is being used to describe the QA systems of EFTA members as well as suppliers. During the meetings, information was exchanged on risks of products. Also new developments in legislations have been addressed. For this, external consultants have been

invited. In March, the Belgian Packaging Institute informed the group about legislations regarding (packaging) materials being in contact with food products. And in September, Eurofins gave a presentation on European legislations on organic products and on the use of pesticides.

The Producer and Product Committee Handicrafts also paid attention to quality issues. An expert from magazine Ceramica shared his expertise and experience on ceramics. At the following meeting, a workshop was organized with expert Ron Rivera and a representative of ceramics supplier Artesa, Pedro Crespo. Issues addressed were glazing, stability of the products, water resistance, colour fading, fitness for dish-washers and micro-wave.

AN EXAMPLE OF EFTA COORDINATION: EFTA TRAINING ON THE EVALUATION OF SUPPLIERS

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 EFTA system consists of an Information Sheet to collect data on suppliers and their producers, an Evaluation Sheet and system to evaluate suppliers and their partners. The outcome of this work is uploaded on the Fairdata internal website. The labour to collect information and to evaluate suppliers is shared between the members. This results in less work for EFTA members and their suppliers and in the availability of a lot of information. All work related to this system is prepared, developed and executed with the help of the Monitoring Group, in which almost all members participate.

In 2007, particular attention was given to improvement of the Evaluation System and to building up practical work experience. To this end, EFTA organized, together with Fair Trade Original, a 4 day workshop in The Netherlands, called "How to make sure that EFTA suppliers and producers in the South comply with Fair Trade standards". 13 consultants from Africa, Asia and Latin America as well as 15 staff people of EFTA members were trained in doing social evaluations, using certain interview techniques and working with the EFTA Evaluation System in practice. The consultants are now available to work with the EFTA system, together with EFTA members. The workshop was funded by Fair Trade Original from funds they received from the MFS.

AN EXAMPLE OF EFTA BILATERAL COOPERATION: THE FAIR PROCURA PROJECT

Fair Procura was a 3-year project, co-financed by the EC (EuropeAid). The main objective of the project was to raise the Public Authorities' awareness of the role they can play in contributing to sustainable development through "Fair public procurement". EFTA was the lead partner and implemented the project mainly through the EFTA Fair Procura Office in Brussels. Four other partners were

involved: Fair Trade Original in The Netherlands, CTM Altromercato in Italy, Oxfam Wereldwinkels in Belgium and IDEAS in Spain.

In 2007, EFTA published 3 Newsletters on the latest developments on issues relating to Fair Trade and Public Procurement at EU and national level, such as new public procurement laws, successful procurement of Fair Trade products in schools, public authorities, Fair Trade Towns, etc.

On April 19, the final Fair Procura conference was held in Brussels, with the title "Fair Trade public purchasing as a tool for sustainable consumption and production patterns". It was attended by over 100 representatives of various regional and local authorities, as well as academics, NGOs and representatives from the European Commission and European Parliament.

In the course of the project, a research on Fair Trade in public procurement was carried out. The aim of the research was to present three case studies on Fair public procurement policy and practice, covering Belgium, France and Italy. The study highlights Fair Trade public procurement achievements and illustrates how Fair Trade considerations have been taken into account in the EU and national legislations on public procurement. The study complemented the information already collected in the previous Fair Procura background research. This research provides public authorities with political and legal arguments to help them to opt for Fair Trade products in their public purchasing decisions.

The project was concluded by the end of December 2007. It has been successful in offering the partners the opportunity to strengthen the European and national activities on Fair Trade public procurement. It has obtained significant results on raising the public authorities' awareness on Fair Trade considerations in procurement policies and practices. It has produced high quality publications on Fair Trade public procurement, including European and national web pages. And it has contributed to strong networking and lobbying activities, exchange of knowledge and best practices. Fair Procura has been an excellent example of EFTA cooperation.

**AN EXAMPLE OF FINE COOPERATION:
THE FAIR TRADE ADVOCACY OFFICE**

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. The office is a joint initiative of four Fair Trade networks: FLO (Fairtrade Labelling Organizations International), IFAT (International Fair Trade Association), NEWS! (Network of European World Shops) and EFTA.

The Fair Trade Advocacy Office has spent quite some time on the proposal for an ISO standard on Fair Trade. The proposal was put forward by the international consumer association CI and a number of national standardisation bodies. The four networks debated this intensively and raised many important questions, such as: is there a need for an ISO standard on Fair Trade, what is the benefit and what are the risks, what does it mean for Fair Trade if an external body such as ISO develops a norm on Fair Trade and can this create greater market access for producers? These are critical questions that require answers in order to fully understand their impact and to develop a position. To create time to address these questions, our aim was to put a hold on the ISO process to develop a norm for Fair Trade. During the ISO COPOLCO meeting in Brazil in May, it was decided that more clarity regarding ethical trade claims was needed. Since then, the Fair Trade Advocacy Office has participated in the "ethical trade fact-finding process", which aims to address some of the concerns that initiated the proposal, and to achieve greater clarity regarding ethical trade claims. At the same time, the internal debate about the pros and cons of an ISO norm is being prepared.

Not only ISO, but also public Fair Trade regulation is increasingly on the agenda. France, Belgium, Italy and Brazil are involved in Fair Trade law processes. The Fair Trade Advocacy Office researched the implications of these proposals for Fair Trade Organizations in other countries. Also external legal research was commissioned to identify the risks and opportunities of these law proposals. Results were expected in mid 2008.

The European Union (EU) was another key focus of work. While it does not favour public Fair Trade regulation, the EU commitment to support Fair Trade has not yet been adequately implemented. The Fair Trade Advocacy Office therefore advocated for greater political and financial support for Fair Trade.

The EU's strategy on Aid for Trade must address the question of trade justice and focus on small producers. These points were put forward by the FTAO at several events in 2007 and our message on Aid for Trade has been heard by many decision makers.

In 2007, the Fair Trade Advocacy Office website www.fairtrade-advocacy.org was launched, providing easy access to policy documents and possibility to sign-up to newsletters.

The office employed Anja Osterhaus as Fair Trade Advocacy Coordinator and Hilary Jeune as Policy Officer. In 2007, EFTA contributed E 25.750,- to the office. Various EFTA members sent their experts to the FTAO Steering Committee and to various Working Groups.

SOME STATISTICS OF EFTA MEMBERS

Note: The financial years of EFTA members end at different times in the year. EFTA collects statistics of EFTA members per year, covering the period from July 1 of the past year up to June 30 of the running year. Statistics over 2006-2007 therefore cover the financial year ending in the period from July 2006 up to June 2007.

Turnovers

In the period from mid 2006 up to mid 2007, EFTA members achieved a combined turnover, on the basis of retail-figure calculations, of over 229 mio Euro (compared with 218 mio Euro in 2005/2006, 196 mio in 2004/2005 and 190 mio in 2003/2004). The largest EFTA members are GEPA in Germany (56,2 mio), CTM Altromercato in Italy (43 mio) and Traidcraft in the UK (39 mio).

Over 50 % of the sales are achieved via the traditional channels of World Shops. This outlet is particularly important for IDEAS and Intermón Oxfam in Spain, Solidar'Monde France and CTM Altromercato Italy.

Supermarkets become of increasing importance as a sales channel, e.g. 33 % of the total turnover for Traidcraft in the UK, 27 % for GEPA in Germany and 24 % for EZA in Austria.

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

Products of EFTA members

The main part of EFTA members' turnover consists of food products. Coffee is still very important for GEPA Germany, Fair Trade Original in the Netherlands and EZA in Austria. Below you find the statistics per EFTA member per product group for the period from mid 2006 up to mid 2007.

| | Claro | CTM | EZA | FTO | Gepa | Ideas | IO | MdMO | OFT | SoM | Tc |
|----------|-------|------|-----|-----|------|-------|----|------|-----|------|----|
| Coffee | 6 | 13,8 | 33 | 34 | 46 | 7 | 21 | | 21 | 12,6 | 10 |
| Food O | 75,6 | 56,3 | 38 | 39 | 48 | 45 | 22 | 54,2 | 79 | 62,5 | 66 |
| Fresh fr | 11,6 | - | - | - | - | - | - | - | - | - | - |
| Handi | 1,5 | 23,2 | 29 | 24 | 6 | 36 | 48 | 45,8 | | 23 | 14 |
| Literatu | 0,2 | 0,8 | - | - | - | 3 | 2 | | | 0,5 | - |
| Other | 5,1 | 1,5 | - | 2 | - | 7 | 4 | | | 0,1 | 10 |
| Cosmet | - | 4,4 | - | - | - | 2 | 1 | | | 1,3 | - |

Suppliers of EFTA members

Combined, EFTA members traded in 2007 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 around 730 full-time employees in mid 2007. This is the same as in the preceding year.

EFTA'S RESOURCES

Income

EFTA members share the costs of the EFTA office. The contribution fees are based on their total turnover. In 2007, the total income from EFTA members amounted to E 136.000.

Staff

In 2007, EFTA employed the following staff:

- Marzia Rezzín, Fair Procura Officer in Brussels (4 days per week), Belgium, until October 31
- 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 is located in joint premises with the Fair Trade Advocacy Office and IFOAM in the Rue du Commerce in Brussels.

Audit

The EFTA accounts 2007 were prepared by the EFTA accountant and audited by Ernst & Young Accountants in Maastricht.

Marlike Kocken, EFTA manager

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