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**OPINION
of the
Committee of the Regions
on
CONTRIBUTING TO SUSTAINABLE DEVELOPMENT: THE ROLE OF
FAIR TRADE AND NON-GOVERNMENTAL TRADE-RELATED
SUSTAINABILITY ASSURANCE SCHEMES**

THE COMMITTEE OF THE REGIONS

- notes that the market for Fair Trade products has experienced a rapid boom in recent years. Today, consumers in the EU buy certified Fair Trade products to a value of around EUR 1.5 billion a year;
- stresses that one of the particular features of Fair Trade and other sustainability assurance schemes is that it is an essentially voluntary, dynamic mechanism that develops along with societal and consumer awareness and demands;
- stresses that local and regional authorities are responsible for a major part of public procurement expenditure. Given this important role, they should be drafted into promoting sustainable development and Fair Trade measures all over Europe;
- notes that public authorities spend the equivalent of 16% of EU GDP and therefore constitute a key strategic market. By taking sustainable development and Fair Trade into account in public procurement, local and regional authorities can make a decisive contribution not only to the medium- and long-term profitability and efficiency of their services, but also to social justice and sustainable development;
- proposes to act as a multiplier by using its network of contacts to disseminate appropriate guidelines and at the same time to work with the Commission to implement exchange of information between local and regional authorities. Local and regional authorities (especially those with similar requirements) could set up their own networks for good practice to deal with Fair Trade products.

Rapporteur:

Ms Kiessler (DE/PES)

State Councillor; Member of the Bremen Senate; Plenipotentiary of the Hanseatic City of Bremen to the Federal Government

Reference

Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee - Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes

COM(2009) 215 final

I. General remarks

THE COMMITTEE OF THE REGIONS,

1. expressly welcomes the Commission's communication of 5 May 2009 entitled *Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes*, The European Commission Communication examines the current situation of Fair Trade and other non-governmental (i.e. private) trade-related sustainability assurance schemes;
2. notes that the market for Fair Trade products has experienced a rapid boom in recent years. Today, consumers in the EU buy certified Fair Trade products to a value of around EUR 1.5 billion a year – seventy times more than in 1999, when the Commission presented its first communication on this matter;
3. considers a clear definition of Fair Trade indispensable in order to avoid well-intentioned consumers being faced with a plethora of labels and certifications all claiming to represent only items produced under fair, ethical and alternative conditions. In the communication of 5 May 2009, it refers to the Fair Trade criteria as defined by the Fair Trade movement and recalled by the European Parliament Resolution on Fair Trade and development of 6 June 2006. The term "Fair Trade" is used in conformity with standards established by the international standards and compliance bodies in the ISEAL Alliance and used by the Fair Trade organisations;
4. finds it significant that the consumer recognition level for the Fair Trade mark in the UK was above 70% in 2008 (compared to 12% in 2000) and in France 74% in 2005 (compared to 9% in 2000). In a survey in Germany in 2009, the Fair Trade label came out top among 407 brands and non-profit organisations;
5. is gratified that worldwide sales of certified Fair Trade goods exceeded EUR 2.3 billion by the end of 2007 (though this is still far behind organic food sales and still less than 1% of total trade). Europe is the home of Fair Trade, with between 60% and 70% of global sales. Nevertheless, there are large variations between its fastest growing market, Sweden, and newer Member States, where the concept is still relatively unknown.

II. Policy recommendations

THE COMMITTEE OF THE REGIONS,

Particular features of Fair Trade

6. stresses that one of the particular features of Fair Trade and other sustainability assurance schemes is that it is an essentially voluntary, dynamic mechanism that develops along with societal and consumer awareness and demands;
7. highlights the Commission's belief that setting ranking or regulating criteria for private trade-related sustainability assurance schemes would not be helpful to sustainable development objectives. Indeed, it would hobble the dynamic element of private initiatives in this field and could stand in the way of the further development of Fair Trade;

8. calls for full public transparency in the use of the Fair Trade label and for every stage in the production chain to satisfy clear criteria;
9. maintains that sustainable development can be served by schemes that link environmental, social and economic elements. It is important for good market functioning that consumers and producers have access to reliable information on the schemes. It is helpful to have independent labels and certification that consumers can trust and that are monitored by independent bodies;

Public procurement

10. expressly welcomes the EU directives of 2004. These are the basis for numerous procurement laws in the Member States and enable social and environmental criteria to be included in procurement;
11. notes that public authorities spend the equivalent of 16% of EU GDP and therefore constitute a key strategic market. By taking sustainable development and Fair Trade into account in public procurement, local and regional authorities can make a decisive contribution not only to the medium- and long-term profitability and efficiency of their services, but also to social justice and sustainable development;
12. stresses that Fair Trade products offer consumers and public sector procurement suitable opportunities to use their purchasing power to reconcile trade policy and development policy goals;
13. stresses that local and regional authorities are responsible for a major part of public procurement expenditure. Given this important role, they should be drafted into promoting sustainable development and Fair Trade measures all over Europe. Local and regional authorities must take into account not only the economic, technical and legal aspects of Fair Trade, but also the political aspects;
14. has pointed out in the past that the current procurement regulations are already complicated enough and many local and regional authorities are hard pressed to implement them properly. With this in mind, it requests that the Commission in future set out clear and detailed guidelines for social procurement that can be used by local and regional authorities when issuing tenders for Fair Trade products;
15. is interested to note that, in order to better respond to the contracting authorities' need for guidance to implement sustainable public procurement, the Commission has recently adopted a Communication on public procurement for a better environment (complementing the Commission's Green Procurement Guide) and is currently working on publishing a parallel guide on social procurement. Together, these guides constitute a comprehensive guide to sustainable environmental and social public procurement;
16. welcomes the announcement of a second guide and asks the Commission to ensure its prompt publication, given the rapid pace of developments in this area;
17. itself proposes to act as a multiplier by using its network of contacts to disseminate appropriate guidelines and at the same time to work with the Commission to implement exchange of information between local and regional authorities. Local and regional authorities (especially those with similar requirements) could set up their own networks for good practice to deal with Fair Trade products;
18. wonders whether a new project for the exchange of information between them could prove useful. The European Commission and the CoR are setting up a "decentralised cooperation stock exchange [bourse]" with a view to facilitating and coordinating more effectively the development of

decentralised cooperation activities conducted by EU local and regional authorities and their counterparts in developing countries. This "decentralised cooperation stock exchange" will be an online service matching support needs and applications with corresponding expressions of interest or offers. CoR Members are asked to use this electronic instrument (scheduled for 2010) to share relevant information. This will considerably facilitate the exchange of information between European local and regional authorities involved in development cooperation and make it possible to align the projects of EU local and regional authorities with those in the developing countries;

19. in this respect, decentralised cooperation projects could be used to help the development of Fair Trade products, gather impact studies and support small producers in the South;

20. in addition to stimulating Fair Trade public procurement, points to potential gains of promoting private procurement in line with Fair Trade standards. It encourages therefore local and regional authorities to develop incentives that stimulate Fair Trade procurement in business, such as contests inspired by existing competitions like "Fair Trade Capitals" and "Fair Trade Towns";

Commission support

21. welcomes the Commission's engagement to further support Fair Trade and other trade-related sustainability assurance schemes in view of their potential contribution to sustainable development;

22. thinks it is vital to strike the right balance between, on the one hand, the desire for trade, investment and economic growth as part of an agenda based on liberalisation and globalisation and, on the other hand, respect for the principles of sustainable development, the need for transparent and fair trading conditions and a clear recognition by the wealthier industrialised countries of the pressing problems faced by less developed countries in trade negotiations. Various Fair Trade organisations are convinced that trade can be an effective instrument for promoting sustainable development and reducing poverty if it is conducted in a fair and responsible manner. Achieving this goal, however, requires a fundamental shift in the shape of trade policy. The market-based approach that currently prevails will not be able to redress the existing imbalance in the bargaining power between multinational corporations and small producers. The only thing that can help sweep away the injustices engendered by the current trade setup is the systematic involvement of marginalised small producers in poor countries in shaping trade policy;

23. is pleased that the Commission has provided financial support for Fair Trade and other sustainable trade-related activities, essentially through its development cooperation instruments. Between 2007 and 2008, EUR 19.466 million were allocated for various actions. This went in the main to raising awareness within the European Union. Additional funding of EUR 1 million was made available for each of the years 2008 and 2009;

24. asks the Commission, however, in view of the rapid pace of development in the area of Fair Trade in some Member States, to examine whether additional funds might not have to be provided for those Member States that are not yet so involved;

25. endorses the Commission's intention to initiate impact assessments and market transparency efforts, as well as to pay more attention to assessing difficulties in implementing schemes and obtaining certification. This could be further supported by similar action by EU Member States to finance studies on the impact of Fair Trade;

Involvement of local and regional authorities in development policy

26. expressly welcomes the recognition of the important role of local and regional authorities in trade policy with Fair Trade products. However, the involvement of local and regional authorities in development policy is nothing new. Many European regions, as well as local and regional authorities, have been running Fair Trade projects with their partners in developing countries for many years. Partnerships must be based on mutual trust between the partners and transparency in their dealings with one another. Agreements concluded on a Fair Trade basis must observe the principles of equal treatment, mutual recognition and proportionality;

27. also notes that local and regional authorities are becoming increasingly professional in their approach to Fair Trade as decentralisation proceeds. Local and regional authorities can draw on valuable knowledge in areas that are crucially important for developing countries and for the attainment of the Millennium Goals. They are therefore to be regarded as important players in a Fair Trade policy;

28. welcomes the Commission's desire to maintain the non-governmental nature throughout the EU of Fair Trade and other similar sustainability schemes. Public regulation could interfere with the development or workings of dynamic private schemes;

29. takes the view, nevertheless, that certain legal standards are needed in the public procurement area – and specifically for invitations to tender – to give those offering Fair Trade products the chance to participate;

Raising awareness

30. is delighted with the development of Fair Trade and the growing readiness of Europe's municipalities and regions to introduce environmental and social criteria into public procurement. This readiness is all the more important in the current financial and economic crisis. When Fair Trade began in the 1970s, criticism of the unfair organisation of world trade was very much to the fore. Launched originally as a movement to raise awareness, Fair Trade now attracts attention in narrower trade policy terms thanks to increases in turnover;

31. notes that decentralised European organisations involved in raising awareness, as well as consumer protection organisations, should be seen as important partners in Fair Trade and systematically involved in development policy goals. At the same time, support should be given to tackling the unfair world trade system, especially European trade and agriculture policy, by enabling individuals to "buy fair". Raising awareness is an instrument with which to counter poverty, underdevelopment, exploitation, hunger and destruction of the environment;

32. is pleased to note that in recent years the local and regional authorities of the European Union – the tier closest to the public – have established themselves and their credentials in Fair Trade and fair procurement. Fair Trade towns and universities have made it much easier for many thousands of people to get involved and created real opportunities for them to support Fair Trade. Great Britain has had Fair Trade cities since 2001 and Germany since 2008. Great Britain is also in second place worldwide in per capita Fair Trade consumption. There are more than 700 Fair Trade Towns in 12 EU Member States, and many more candidates for the title of Fair Trade Town;

33. points out the need to bolster consumer power through information and awareness-raising involving the local and interregional press and, increasingly, the electronic media. Collaboration with consumer protection organisations is a way of tapping additional potential;

34. welcomes the recent initiatives by the *Fair Trade Advocacy Office* to stimulate MEPs to take a Fair Trade pledge in support of marginalised producers and poor workers in the South. It believes such initiatives could be extended to other levels of government;

35. stresses that the challenges of globalisation reached Europe's municipalities and regions long ago. A local and forward-looking reaction to this requires further training, professionalisation and networking of local, regional and national players. This work is only just beginning in Europe and urgently needs to be extended in a systematic way;

Support for municipalities and regions

36. is interested to see that Germany, for example, has since 2001 built up a service point for "Communities in One World" which now works with 2,600 German municipalities and also, often, with their international partners (including twinned towns). Supported by the federal government, most *Länder*, the associations of local authorities and the NGO umbrella organisation, the service point has done a great deal to bolster the development policy commitment of German municipalities to promoting Fair Trade and environmental and social procurement;

37. proposes recommendations for local and regional authorities to 1) provide systematic support to strengthen and network their potential in order to meet the growing global challenges inherent in a sustainable development that will overcome poverty and combat environmental degradation, and 2) to particularly facilitate the exchange between old and new EU Member States. The exchange of information should be encouraged through the CoR Portal on Decentralised Cooperation in order to share experiences and create benchmarking to help Southern and Eastern European countries to develop ideas on supporting Fair Trade in the context of their sustainable development and climate change adaptation strategies;

38. sees the EUR 19 million support mentioned in the communication and the planned EUR 1 million increase to boost Fair Trade as an impressive start, but points out that additional resources will be needed given both the scale of the problems and the opportunities for strengthening available potential that present themselves;

39. points out that local and regional authorities can also contribute directly to the success of Fair Trade by:

- providing only Fair Trade coffee and tea at their meetings and in their offices and canteens;
- town and city councils supporting campaigns in this area;
- municipalities recognising the work of the One World shops;
- as many cities as possible striving to earn the title of Fair Trade Town;

Working on a European Fair Trade Strategy

40. calls for a common European Fair Trade Strategy for Local and Regional Authorities to be drafted, accompanied by an action programme that fulfils environmental and social criteria, in order to support Fair Trade and environmental and social procurement. This strategy could first be prepared at national and interregional level and then further elaborated in workshops and conferences involving those affected and interested parties from politics, government, NGOs and the private sector;

41. takes the view that the strategy could be adopted at a conference organised by either the CoR or the presidency of the day and discussed and presented in Brussels as part of the "Open Days", which the CoR has developed and which have been such a success;

42. intends that this process should also bear in mind and involve the key players from the countries of the south and seek to keep awareness of the consequences of globalisation alive in the light of the financial and economic crisis and impending climate disasters. The strengthening of Fair Trade structures and the significance of environmental and social procurement at local and regional levels are no less important for this than a tighter networking with partners in producer countries;

43. points out that the overall beneficial effects of Fair Trade and environmental and social procurement have so far been overwhelmingly concentrated on agricultural produce from small farmers in "developing countries". The prospect in future is for an extension of the Fair Trade product range and services based on present experience and criteria and the further development of these to strengthen legal certainty. Efforts must be made and supported to further foster the link between producers and end consumers. By extended product range we mean craft and industrial products from all countries of origin, as well as the provision of fair trade services, such as "Fair Tourism". By the further development of structures we mean primarily the assessment of how far environmental and social criteria and ILO minimum standards are respected, as well as transport and sales issues;

44. points out that, in treatment of the issue to date, not enough attention has been given to the Commission's 2008 directives on strengthening the rights of people with disabilities. International partnerships between municipalities have furnished encouraging experience in the increased involvement of people with disabilities in Fair Trade and environmental and social procurement. The Committee calls for this subject to be addressed and explored more deeply in the proposed strategy and in preparations for this at national and interregional level;

45. is conscious of the fact that Fair Trade makes up less than 1% of total trade turnover in Europe. However, those countries in the vanguard with more than a 10% share – such as Switzerland, Britain, Scandinavia, the Netherlands, Austria and Luxembourg – are setting a fine example for more involvement, especially in the south and east of Europe. The often excellent cooperation between NGOs, municipalities and local business – along with partners in the south – has furnished some impressive models of responsibility for the whole of Europe. They are a spur to all of Europe's municipalities and regions, which, by following them, could also make an important contribution to achieving the Millennium Development Goals (MDG) by 2015.

Brussels, 10 February 2010

The President
of the Committee of the Regions

Mercedes Bresso

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

III. PROCEDURE

Title	Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes
Reference(s)	Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee - Contributing to Sustainable Development: The role of Fair Trade and non-governmental trade-related sustainability assurance schemes COM(2009) 215 final
Legal basis	Article 265(1) TEC
Procedural basis	Optional referral
Date of Council referral/Date of Commission letter	
Date of Bureau/President's decision	
Commission responsible	Commission for External Relations and Decentralised Cooperation (RELEX)
Rapporteur	Ms Kerstin Kiessler (DE/PES), State Councillor; Member of the Bremen Senate; Plenipotentiary of the Hanseatic City of Bremen to the Federal Government
Analysis	10.09.2009
Discussed in commission	27.11.2009
Date adopted by commission	27.11.2009
Result of the vote in commission	By majority
Date adopted in plenary	10.2.2010
Previous Committee opinions	Opinion of the Committee of the Regions on <i>One year after Lisbon: The Africa-EU partnership at work</i> and <i>The EU, Africa and China: towards trilateral dialogue and cooperation</i> , CdR 384/2008 fin ¹ Opinion of the Committee of the Regions on Local authorities: Actors for Development, CdR 312/2008 fin ²
	Opinion of the Committee of the Regions on The EU – a global partner for development: Speeding up progress towards the Millennium Development Goals, CdR 144/2008 fin ³ Opinion of the Committee of the Regions on the European Instrument for Democracy and Human Rights (EIDHR) and annexes (EIDHR financial allocations 2007 – 2010), CdR 9/2008 fin ⁴

¹ OJ C/2009/211/ 28.

² OJ C/2009/200/ 18.

³ OJ C/2009/76/ 30.

⁴ OJ number not available.

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