



## **Supporting Fair and Ethical Trade: Next Steps for the EU**

12 October 2016

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*European Parliament Fair Trade Breakfast, Brussels*

Ladies and gentlemen,

Thank you so much for the invitation to speak here this morning.

I'm always happy to talk about fair, ethical and above all sustainable trade...

... and if I can have a delicious fair, ethical and sustainable breakfast while doing it, then all the better. By the way, I do hope that someone has checked all the labels on what we're having on offer in front of us.

But I'm really happy to be here with you because this is a topic that's very important to me, for two reasons.

First, because I respect the goals of the fair trade movement.

This is a movement that can trace its lineage back to the struggle to abolish slavery in the United States.

The so-called "free product movement" of the 19<sup>th</sup> century, just like today's fair and ethical trade schemes, tried to harness consumer pressure to support this most just of all causes. It sold products that were guaranteed to be made by men and women who were free and paid for their labour.

The goals of today's fair and ethical trade movement follow in that noble tradition.

But, beyond goals, I also respect the movement for fair and ethical trade schemes because of what it has achieved.

Modern schemes truly began in the 1960s.

Since then, we have seen a massive increase in consumers' awareness of how their choices affect people and the environment in other parts of the world.

And fair and ethical trade schemes have converted that awareness into tangible benefits for producers and workers in developing countries.

Let me give you just one recent figure. Earlier this year, Fairtrade International reported that the premium it pays to producers - on top of the normal market price - surpassed €100 million for the first time.

But this success can only be a beginning.

The work ahead is enormous.

When it comes to fair trade schemes in particular we still need to see:

- more awareness among consumers both in developed countries and in the growing consumer class in emerging economies,
- more take-up of the fair trade method by producers in developing countries,
- and an ongoing commitment to ensure that as much as possible of the retail price paid by consumers...  
... actually reaches the farmers and producers it is intended for.

And when it comes to the broader goals of the movement...

... we have huge work to ahead to reduce global poverty...

... to protect the human and labour rights of workers...

... and to safeguard the global environment.

And because of the scale of those challenges, those issues have been a key element in the EU's trade policy for many years.

One longstanding example is our Everything But Arms programme. It gives duty free and quota free access to the EU market for the world's least developed countries. It has been around since 2001.

Last year we decided to take our work in this area to the next level.

In the *Trade for All* strategy we committed to do even more to make sure that values are at the heart of EU trade and investment policy.

We made clear that for the European Union, trade is not just about securing the economic benefits of trade for Europeans and our companies, though that is certainly vital too.

We also believe that trade is about using the global impact of the Single Market to support the development of poor countries, improved labour conditions and a better protected environment.

It's now almost one year since we launched that new strategy. In fact that last time I attended one of these fair trade breakfasts was the day we released it.

**And I'm very happy to say that we are delivering on our commitment to put values at the centre of our work.**

- First, this summer, I travelled to Botswana to sign an Economic Partnership Agreement with members of the Southern African Development Community. It will secure their access to the EU, boost regional integration and provide much-needed technical assistance to producers seeking international markets for their products. We are also making progress towards signing similar agreements with countries in East and West Africa.
- Second, we've reached two vital political agreements with Parliament and Member States. One on our initiative to keep conflict minerals out of the supply chain. The other on controls on products used in torture and the death penalty. Both will directly improve lives and reduce suffering around the world.
- Third, we've released our first public report into countries compliance with their obligations under the GSP+ scheme. This may not sound as concrete as the others. But this is a report in which the Commission makes explicit areas where we see problems, which makes it an important new tool to influence behaviour.

But these achievements are just the beginning, which is why we are continuing to work...

- On negotiating and implementing trade and sustainable development provisions in our agreements;
- On the negotiations with 16 other major economies for an Environmental Green Goods Agreement (EGA);
- On responsible business conduct, include through innovative partnerships such as the Bangladesh Compact or the Myanmar Labour Rights initiative.
- and... on promoting fair and ethical trade schemes, which I know you'll want to hear more about.

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In *Trade for All* we made five commitments regarding fair and ethical trade schemes. And I'm happy to say we are making good progress.

**First**, we said fair and ethical trade schemes would be supported by the sustainable development chapters of EU free trade agreements. I'm pleased to say that all of our recently-concluded agreements now commit both sides to promote voluntary sustainability schemes like fair trade.

**Second**, we said we would use the upcoming review of Aid for Trade to strengthen support for fair and ethical trade schemes. That review is at the early stages. But Commissioner Mimica and his team are working hard on it with our support and fair trade is very much part of that work.

**Third**, we said we would use the EU's network of delegations to promote fair and ethical trade to producers around the world.

Already today, EU delegations support fair trade in a range of ways.

- There are programmes providing support and capacity building to fair trade actors in countries like Rwanda, Vietnam and Haiti. In Vietnam alone, we have provided training on fair trade to 300 small producers of tea, coffee, cocoa, spices and handicrafts.
- In Colombia, the delegation held an event on international trade with small producers' and workers organisations.
- And delegations in African, Caribbean and Pacific countries implement the Banana Accompanying Measures programme. The programme provides support for ACP banana producers seeking to become eligible for fair and ethical trade schemes.

To build on this work, last July the Commission held a seminar on fair and ethical trade in Brussels for 40 of our delegation staff who work on trade.

We also want to see ongoing collaboration between EU delegations. We want them to share their expertise and best practices on fair trade with others. That's why we are looking at ways to improve co-operation and information sharing on fair trade for delegation staff.

We are now working on fulfilling the **fourth and fifth** commitments we made in *Trade for All*.

For both we hope to partner with the International Trade Centre, the ITC.

The ITC is a joint agency of the UN and the WTO based in Geneva. Its aim is to support small exporters who want to access world market and, in doing so, foster inclusive and sustainable economic growth. It also has real technical expertise in research and practical project implementation. So we think it would be an excellent partner for us.

The **fourth** commitment is to provide support to the ITC so it can gather more data related to fair and ethical trade markets in the EU. This will give us a better picture of the demand side of the equation and help us all - in government and outside - to target our efforts better in the future. As you know the EU funding process takes time, but our goal is that the ITC can formally begin its work on this study next year.

**Finally**, and I know this is of most interest for many of you, is our commitment to launch a new EU City for Fair & Ethical Trade Award.

I'm very pleased to say that we are moving ahead on this too.

We want to do it right.

If we want to have the maximum impact in terms of awareness raising and sharing of best practice...

... we have to take the time to prepare properly.

And not only that. **The process of preparing for this award is part of its value. Because that process will be and has to be inclusive of stakeholders like the ones here today, but also with many more across the EU who are less familiar with these issues.**

So the awareness-raising value of this award starts from today and will continue as we work with partners on preparations over the course of next year. We want to collect the views of everyone with a stake in this process.

That includes government actors - like members of this House, national governments and, of course, local governments.

It also includes civil society organisations like many of those represented here today.

**We will particularly be interested to hear your views on the criteria for applying and winning the award for instance, and questions like the composition of the jury.**

We will also need your support to talk to other stakeholders who may have doubts about the merits of an award or fair and ethical trade in general.

The Commission will do its best to provide speakers for events you organise here or outside Brussels in order to discuss all the issues involved. And also to make sure we make everyone with an interest in fair trade issues aware of the opportunity.

We will then spend the end of next year putting together an application process. **And we aim to announce the first winner at an awards ceremony in the first half of 2018.**

These of course are our initial ideas. I'm sure I will hear plenty more views on these and other questions in the discussion.

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Ladies and gentlemen,

To conclude, let me say that the Commission's commitment to fair and ethical trade is an important part of Europe's efforts to live up to the values we set out in our treaties.

Since the 2009 communication on fair trade, that has been our policy, which we have implemented through work on public procurement and through development cooperation.

We are now taking a series of further step forward in this work.

I hope we can count on your support as we do so.

Thank you.