Fair and Ethical Trade: From Vision to Action

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Speech by European Commissioner for Trade Cecilia Malmström

Fair Trade Breakfast, European Parliament

Thank you very much Linda for the floor

Ladies and gentlemen, dear friends, Thank you for having me here today. It is always fantastic to have the opportunity to talk about fair and ethical trade. Especially here in the Parliament, you have always been critical for the success of the values-based trade agenda.

As you know very well, what we buy matters! Every time someone chooses an ethically sourced product, they make a difference in the lives of the people who produce it. It means the difference between a farmer keeping the lights on or not. A factory worker working reasonable hours in safe conditions. Sustainable local economies and stronger communities.

The right to choose what we buy is a fundamental economic freedom, but all rights come with responsibilities – and ethical consumption is one of those responsibilities.

As the right to choose what we buy is a fundamental economic freedom, so lasting change of consumption patterns can only happen voluntarily. This is the way we will get people to buy goods and services responsibly. Thinking about our purchases, being reminded about why they matter regularly – this is what fair and ethical consumption is all about. We cannot force people, but we can all raise awareness, and we can all lead by example.

The Commission’s approach to promote fair and ethical trade is based on these principles: freedom, awareness, responsibility. We laid them out in our “Trade for All” strategy. It shares a vision for how we can use trade policy as a tool for change. Our goals are clear:

- supporting inclusive and sustainable development
- guarantee responsible management of supply chains
- defending human rights, including women’s economic empowerment
- promoting fair and ethical trade

Today I want to recall how we are making that happen.

FROM VISION TO ACTION

And during this Commission's term, we have been working on many improvements that have become reality. We were criticised for being secretive and negotiating behind closed doors. In response, we became the most transparent trade negotiators in the world.

We are engaging with people and listening to them, When people called for the benefits of trade to be shared, we included provisions to support SMEs and spread the benefits of globalisation.
And when people were concerned that trade would lower our standards, we came up with our Trade and Sustainable Development chapters.

All of our agreements these days include these chapters. They ensure that our values are explicitly included in trade agreements, with provisions on:

- Human rights
- Social justice
- High labour standards
- High environmental standards
- And more

Now our standards and values are central to trade. But our efforts do not stop there.

Trade is a powerful tool for change. It has lifted millions out of poverty, and built lasting connections across borders, creating peace and prosperity.

These days we have been focussing the power of trade at other challenges. One of the ways we do this are the actual agreements. Our recent agreements include SMEs provisions to spread the benefits of trade.

Our negotiations with Chile include a chapter on Gender and Trade, What we say in our agreements is important. They say a lot about us and our intentions. They ensure our standards are embedded in how we do trade, and that we export more than just goods – we also share values too. And our impact goes beyond provisions and their enforcement.

**PRACTICAL IMPACT**

Trade is a big and complex topic. It involves everything from geopolitics and development, to detailed product standards and cultural relations. When transforming something as large as trade, you need broad support. It cannot simply be a top-down approach – cities and regions need to contribute, businesses, NGOs, media and the rest of civil society too.

And citizens want and need to do our part, so the EU wants to encourage everyone to get involved. In June this year, we launched the EU Cities for Fair and Ethical Trade award.

We wanted to recognise and encourage fair trade initiatives across Europe, as well as share stories and encourage new projects. This award was well received and we saw many interesting projects in the journey leading to the very nice Award ceremony.

It was inspiring to see what cities across Europe were up to. There were well practiced and established approaches, as well as creative new experiments. We saw:

- public procurement projects transforming how a government buys goods, services and work.
- projects focused on clothing, food and furniture in supply chains,
- fair trade fairs, film screenings and talks to raise awareness and encourage action.

And much...

It was very empowering to see projects focussing on schools and university campuses. There were fair trade university campuses selling ethical coffee, and schools whose cafeterias stocked with fairly sourced food. There are even day-care centres on the list – it's never too early to start building people's awareness about what it means to be fair and ethical consumers!

The first winner is a Belgian city – Ghent. Ghent had an impressive commitment to putting these ideas into practice. Their packed programme of events and creative approach won the day. And I am looking forward to seeing how they use their prize.

They get to choose a fair and ethical trade project in a non-EU country to support with the money. Because, at the end of the day, the real winners are farmers, workers and
producers. They are the real partners in creating sustainable trade. Let me also use this opportunity to thank Linda McAvan and Helmut Scholz, who attended the award ceremony.

**SHARING KNOWLEDGE AND INCENTIVISING CHANGE**

Efforts to raise awareness are fuelled by knowledge. The more we know about the impact of fair and ethical trade, the more responsive to it we can be.

This is why we are working on a market study on sustainably-sourced products in the EU. We are doing this in association with ITC, the International Trade Centre. We are interviewing producers and retailers to gather information. Soon this data will be processed and we can start to apply what we will learn.

Having an understanding of the benefits for retailers may convince more to take part. Knowing the ways it supports producers will help us share the positive impact. We hope to release the results around April next year.

This is how we build support, and how we expand our coalition for fair and ethical trade. And we are expanding this coalition in other ways too. Our EU Delegations beyond our borders are working hard. They organise events and projects in Columbia, Vietnam and Brazil carrying that information back to Brussels, which is critical to improving the way we do our work.

Besides gathering and sharing information, we also use trade as an incentive. Our Generalised System of Preferences and Everything But Arms initiatives do this. Under these programmes, partners get preferential access to our markets. They can develop, grow and benefit from trade, while not putting their sensitive sectors and industries at risk.

But these benefits do not come without responsibilities. Cambodia and Myanmar both benefit from our Everything But Arms initiative. In exchange for this access, countries must meet international standards in labour rights and human rights.

And when they do not meet those standards, we have a legal obligation to react. In the case of Myanmar, the situation with the Rohingyas is of utmost concern. The Commission and the EEAS will soon send an emergency mission to Myanmar. They will analyse the situation around a possible withdrawal of their current trade preferences with the EU.

Similarly, we have notified Cambodia that we have started the procedure for the withdrawal of their trade preferences with us. The EU’s recent mission identified severe and systematic violations of freedom of expression, labour rights and freedom of association. We have informed Cambodia that it needs to remedy the situation now, or they will lose the benefits of preferential access to our markets. We will see how they respond.

**CONCLUSION**

Trade is not just about profit, it is about partnerships and participation, it is about social, labour and environmental issues. By transforming our policy, we have been showing people that.

Fair and ethical trade is a critical part of the EU’s efforts to improve the world through our trade policy.

At home, we need to encourage people to make the right choices. We must incentivise businesses to provide those choices – and that they be transparent on where their products come from. Abroad, we need to make sure our trade works for people, supporting fair prices, living wages and community benefits.

If we all do our part, little by little, what we will achieve, is actually a lot, and we can only do it together.

Thanks for letting me be part of this, and thank you for your cooperation.