

## EXPERT COMMENTARY

Fairtrade: A Global Movement Advocating for the Transformation of Global Trade Towards Greater Fairness and Sustainability

Over the past 20 years, Fairtrade has evolved from setting standards and providing certification services to becoming a public mobilization and campaigning organization, a programs deliverer and a global advocacy actor. However, Fairtrade's ambition has remained the same - to promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives. Such a vision remains elusive in today's world. Despite some progress in recent decades, governments have struggled to tackle human rights violations and environmental degradation caused by economic and trade activities. Instances of child labour and other human rights abuses, disregard of national labour laws or environmental damages continue to be common occurrences across global supply chains. This is why voluntary sustainability standards, such as Fairtrade, came into play in the first place, setting up a model to tackle those shortfalls.

### The Uniqueness of the Fairtrade Model

The Fairtrade model is characterized by different types of standards. The 'Generic' Fairtrade standards place special emphasis on the organizational development of producer organizations. Complementary 'product-specific standards' regulate the sustainable production of agricultural commodities such as coffee or bananas. Finally, the 'Trader Standard' comprises the Fairtrade rules to conduct trade along supply chains. Furthermore, there are the so-called 'stand-alone standards' for specific products such as textiles, gold and carbon credits certificates, which address specific issues in those particularly complex production supply chains. Overall, the Fairtrade standards are unique among the voluntary sustainability schemes as they were the only ones, that prescribed the payment of minimum prices and premiums. Those have proven to be effective tools to protect producers from the volatility of global commodity markets and spur social, economic and environmental improvements in local communities.

Moreover, the Fairtrade standards have been instrumental in demonstrating to companies, governments, consumers and other stakeholders that it is possible to achieve a more equitable distribution of value across global supply chains while conducting business. While initially this model was adopted by Alternative Trade Organizations, followed by pioneering businesses committed to sustainable development such as Divine Chocolates, Belvas, Tchibo, Ben & Jerry's or Tony Chocolonely to name but a few, Fairtrade now works with over 2785 companies selling over 35,000 products bearing the Fairtrade Mark. This includes a number of large multinationals and household brands. Overall, the Fairtrade global retail sales reached an estimated €9.8 billion in 2018. 1.8 million producers, in turn, benefitted from over €780 million in Fairtrade Premium over the past five years.

### The Potential of Fairtrade to Influence Business Practices and Legislation

In some countries, Fairtrade has long been strongly anchored in the fabric of civil society. In these contexts, it is well-positioned to influence government policy towards more trade justice by mobilizing supporters or building alliances with other like-minded non-governmental organizations. Germany represents a good example of how this can work. Fairtrade Germany was founded in 1992 as 'TransFair', a co-founder of Fairtrade International. From 2005 to 2010, the number of businesses sourcing Fairtrade products



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in the country grew from 64 to 90. Since then, there has been an unprecedented growth of the German Fairtrade market, with more than 440 businesses involved, generating € 2,04 billion in market sales. There are also over 780 Fairtrade towns, 810 schools and 35 universities and direct collaboration with the national ministry of development (BMZ) has been established. The growth in consumers' understanding of the important role they play in advancing sustainable production, together with increased joint advocacy initiatives with like-minded civil society organizations, has influenced the national government. The German government is now showing greater commitment to tackle some of the barriers impeding Fairtrade certified producer organizations to access the German market – such as the coffee tax, taxation on coffee from colonial times, almost unique to Germany. Together with other partners, Fairtrade Germany has also been lobbying the German government to adopt mandatory human rights due to diligence regulations, which it is now about to initiate.

The influence of Fairtrade can also be noticed in producing countries in the South. For instance, in Peru, Honduras or Kenya, Fairtrade has been largely adopted in the production and trading of certain commodities. Its influence can be seen in the rapid adoption of competing voluntary sustainability initiatives, which often replicate some of the key features of the Fairtrade model. In the case of products such as coffee or cocoa, the acceptance of products that are not sustainably produced is rapidly declining. As a consequence, more products are being produced in compliance with the requirements of voluntary certification schemes. In Brussels, Fairtrade also has a dedicated Advocacy Office in order to influence EU legislation with successful outcomes regarding EU Unfair Trading Practices and sustainable Public Procurement policies and regulations.

### Going Beyond Voluntary Standards: The Need for Legislation

While voluntary sustainability standards such as Fairtrade have made great strides in the past decades to advance sustainable production and consumption, voluntary action alone will not be able to anchor sustainability principles across global supply chains. Government action is urgently needed to tackle the negative social, economic and environmental externality costs of global trade.

While there is a lot of work to be done on that front, encouraging developments are taking place. For example, in April 2020, the EU announced its plans to develop a legislative proposal by 2021 requiring businesses to carry out due diligence in relation to the potential human rights and environmental impacts of their operations and supply chains. At the national level, some governments have also passed laws to address these issues such as the Netherlands (Child Labor Due Diligence Act 2019 ), Great Britain (Modern Slavery Act 2015 ) and France (Loi de vigilance 2017 ). As COVID-19, the climate crisis and other shocks and stresses continue to amount in pressuring the sustainable livelihoods of smallholder farmers and workers, we welcome these developments to deliver a more inclusive and accountable pathway towards Agenda 2030 and we look forward to working with governments, businesses and other civil society organizations to advance on this journey.

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