

EUROPEAN UNION



Committee of the Regions

Local and regional authorities promoting fair trade

**This report was written by Julius Sen, Elitsa Garnizova and Alexander Negencov (LSE Enterprise).
It does not represent the official views of the Committee of the Regions.**

More information on the European Union and the Committee of the Regions is available online at <http://www.europa.eu> and <http://www.cor.europa.eu> respectively.

Catalogue number: QG-04-15-202-EN-N
ISBN: 978-92-895-0808-7
DOI: 10.2863/94164

© European Union, March 2015
Partial reproduction is permitted, provided that the source is explicitly mentioned

Table of Contents

- Introduction 1
 - The challenge 1
 - Approach and methodology 2
 - Overall findings 4
 - The policy context at different levels: identifying policy instruments and modalities 6
- 1. Existing framework to regulate fair trade..... 7
 - 1.1 Recent developments in the EU-level framework..... 7
 - 1.2 National, regional and local approaches..... 9
 - 1.3 Low or no awareness raising and recognition (Bulgaria, Romania, Greece, Portugal, Latvia, Lithuania, Estonia) 10
 - 1.4 Medium to low awareness raising and recognition (Poland and Czech Republic) 11
 - 1.5 Medium to high awareness raising and recognition (France, Italy) 13
 - 1.5.1 France 13
 - 1.5.2 Italy..... 15
 - 1.6 High awareness raising and recognition (Germany, Belgium, the Netherlands, Denmark and the UK) 16
 - 1.6.1 Germany 16
 - 1.6.2 The Netherlands 18
 - 1.6.3 Belgium 20
 - 1.6.4 Denmark 21
 - 1.6.5 The United Kingdom..... 23
- 2. Sum-up on modalities of support 27
- 3. Good practices 29
 - 3.1.1 The 'Fair Trade fair' by the city of Dortmund 29
 - 3.1.2 South West England 29
 - 3.1.3 Hannover – Poznan 29
 - 3.1.4 QuattroPole..... 30
- 4. Main barriers 31
 - 4.1 Supply side 32
 - 4.2 Demand side 34
- 5. Policy recommendations 37
 - 5.1 EU-level policy recommendations 38
 - 5.1.1 Clarity on the level of ambition..... 38
 - 5.1.2 Making the economic and business case..... 38
 - 5.1.3 Improving policy coherence..... 39
 - 5.1.4 Reconciling regulatory and policy priorities..... 39
 - 5.1.5 A gap analysis of the policy structure 40
 - 5.1.6 Monitoring, information and data flows 41
 - 5.2 National-level recommendations..... 42
 - 5.3 LRA level recommendations 44
 - 5.4 Changing the narrative 45
 - 5.5 EU-wide data collection and indicators..... 46

Annex 1. Legislative and non-legislative documents in support of fair trade in EU Member States..... 47

Annex 2. Fair Trade Towns in Europe 57

Annex 3. Interviewees and written feedback 59

Annex 4. Questions asked to LRAs and representatives..... 61

Annex 5. Estimated retail sales by country 62

Introduction

The challenge

Currently there is no EU-wide definition of fair trade but European institutions have converged over the definition of the Charter of Fair Trade Principles (2009) that:

'Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South. Fair Trade Organisations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.'¹

The academic and policy literature describes two complementary channels for fair trade marketing in EU Member States (MS): the 'integrated-supply route' under the World Fair Trade Organisation (WFTO) and the 'product-certification route' based on the Fairtrade International (FLO).² Some examples based on the former route include the activities of the *Fédération Artisans du Monde* (FAM)'s member local associations and worldshops³ in France and *Ctm Altomercato*'s distribution channels in Italy; while the latter has been seen as most successful in the UK where major supermarket chains have switched 'entire product lines to Fairtrade labelling'⁴. Fostering market growth in fair trade products and raising awareness has been achieved through diverse paths where one of the most widespread initiatives, involving mainly local, but also some regional authorities remains the 'Fair Trade Towns' campaign, started in Garstang in North West England.⁵

Despite the differences of implementation across countries, fair trade has three basic components:

¹ World Fair Trade Organization and Fairtrade Labelling Organizations International, 2009. A Charter of Fair Trade Principles, January 2009,

http://www.fairtrade.net/fileadmin/user_upload/content/2009/about_us/documents/Fair_Trade_Charter.pdf

² Cremona, Marise and Duran, Gracia Marin (2013). Fair Trade in the European Union: Regulatory and institutional aspects, in: Granville, Brigitte and Dine, Janet (Eds.). *The Processes and Practices of Fair Trade: Trust, Ethics and Governance*, Routledge, page 123.

³ Worldshops, world shops or Fair Trade Shops are specialised retail outlets offering and promoting Fair Trade products. Further information on worldshops, <http://www.suedwind-agentur.at/start.asp?ID=12424&b=292>

⁴ Ibid 2 at 146.

⁵ For definition, see Fair Trade Towns <http://www.fairtradetowns.org/about/what-is-a-fairtrade-town/>; in brief it is 'any community in which people and organisations use their everyday choices to increase sales of Fair Trade products and bring about positive change for farmers and workers in developing countries'.

- a. Better terms of trade for the poorest within supply and distribution networks, and especially for producers of primary products in developing countries;
- b. Environmental sustainability;
- c. Improved social standards and social equity.

Recently fair trade has become more mainstream in how some products are produced and marketed in the EU and a number of effective fair trade strategies and policies have been pursued at national and sub-national level. Existing documents guiding fair trade on European level include the 2009 European Commission Communication 'Contributing to sustainable development: the role of Fair Trade and non-governmental trade-related sustainability assurance schemes' recognised the presence of fair trade and the variety of approaches.⁶ This was accompanied by the Committee of the Regions' opinion which called on the need to adopt a European Strategy and action programme for fair trade for Local and Regional Authorities (LRAs).⁷ The Communication also recalled developments since 1999 when it first presented a report detailing the development of the sector, reviewed in the following section.

Since 2009 the fair trade agenda on the EU level has temporarily lost momentum at the very moment that it had gained public, political and corporate credibility, and at a time when it can play a significant role in rebuilding the European economy and generating employment, both within the EU and in developing countries. Part of the exercise undertaken here was to identify what instruments to put in place at EU and MS level in order to unlock the full potential of LRAs in promoting fair trade.

Approach and methodology

The broad approach followed in this project has endeavoured to make a start in this respect, by taking stock of the experiences of different LRAs of the EU, and then identifying how some of the core lessons of this varied and rich set of experiences could be applied more widely and systematically across the EU. In short, we have tried to work out how the system could be scaled up to an EU level, drawing on what may broadly be called best practice. An evaluation of the relative effectiveness of these various strategies was not possible within the framework of this exercise, so we concentrated on trying to identify the various approaches adopted, which could be considered while exploring next steps. We have also considered these proposals with reference to other significant policies of the EU, namely, trade, competition, commercial, agricultural and other

⁶ COM (2009) 215 final.

⁷ Opinion of the Committee of the Regions of 10 February 2010 on *Contributing to Sustainable Development: the Role of Fair Trade and Non-governmental Trade-related Sustainability Assurance Schemes* (CdR 214/2009).

relevant policies, all of which need to be reconciled to the fair trade agenda. Material, information and references relating to the experiences of the LRAs was provided by the European Committee of the Regions (CoR), and these were supplemented by interviews and literature review. While this process generated a lot of material, demonstrating a complex mix of policy strategies and policy configurations, time and other constraints obviously limited the depth and detail of this exercise. Our observations with reference to these issues are summarised in the section on policy recommendations.

In terms of the policy configurations, we start from a country classification due to the little available data on the sub-national level (see recommendations). In the process of grouping the countries, the note makes a differentiation between financial and political support from the different levels of governance, the role of LRAs, and consumer awareness and sales of fair trade certified products. The criteria used to loosely classify the countries reviewed are included below.⁸ These criteria are used as guidance and the final classification has been based on discussions with LRAs and other stakeholders.

- Estimated retail sales by country (latest available data, Fairtrade Foundation reports, see Annex 5).
- Number of Fair Trade Towns (latest available data, Fair Trade Towns reporting, see Annex 2).
- Degree of development of fair trade market and structures (literature review of policy and academic literature, collecting information on number of actors, activities and documents).
- Legislative measures focusing explicitly on fair trade (literature review of selected legislative texts; interviews).
- Presence of other activities dedicated to fair trade (literature review of policy and academic literature; interviews).
- Development of fair trade policies on the sub-national level (literature review of policy and academic literature and interviews).

The policy challenge in the context of the EU and its Member States is to identify, evaluate and implement the appropriate mix of regulatory, policy and market based approaches that work in mutual support of fair trade objectives. To be successful and accepted, this mix would have to simultaneously demonstrate that the overall package of measures succeeds in the following evaluation:

- That WTO principles and rules relating to the EU's internal market principles and competition policy have been taken into account;

⁸ Due to the scope of the study, the expert team has not been able to be exhaustive in the review of all documents and has based its conclusion on those indicated in the study.

- That the options selected represent the most cost effective of the various alternatives;
- That the principle of subsidiarity has been respected;
- That the objectives of development in the exporting countries with respect to the three pillars of sustainable development are fully met, namely:
 - Economic viability
 - Social equity
 - Environmental sustainability.

In this context the EU should reconcile its sustainability and trade liberalisation objectives by anticipating and addressing the stakeholders' concerns in an effective manner.

Overall findings

The broader macro-economic policy context within which all European states have to operate for the time being is going to remain difficult. The availability of resources for any major investment on the LRA level will continue to be problematic. At the same time, the commitment to rebuild Europe's economic model to reflect policy coherence and to align internal and external objectives provides a major opportunity to promote fair trade, sustainability and ethical objectives, but needs to be considered in the light of constraints on resources.

Moreover, there is a question of whether an integrated fair trade agenda that currently links LRAs with developing countries will succeed in turning fair trade (with sustainability and ethical concerns) into a mainstream economic activity. If it is contemplated that this agenda will ultimately become an EU-wide agenda, then this needs to be made clear at the outset.

Defining the level of ambition is therefore of paramount importance. As part of the process of determining the level of ambition, it would be necessary to back this with a strong economic and business case. That is: given the right policy and regulatory framework, it would be possible to assure high quality products at competitive prices, fully compatible with environmental and ethical concerns, while also ensuring fair returns to producers in developing countries.

The second major finding is that further clarity regarding the objectives, principles and procedures relating to the fair trade agenda, especially where environmental and social issues are involved, needs to be defined and elaborated with greater precision. This would invariably be an ongoing process as the policy framework evolves, but it needs attention at every stage of policy implementation.

The third major finding is that this contemplated policy framework needs to be reconciled with existing and settled policy areas (agriculture, trade policy, commercial policy, neighbourhood policy), and must not find itself in conflict with regulatory provisions arising out of trade agreements, competition policy, and state aid rules. Inconsistencies would need to be ironed out and resolved as a matter of priority, and LRAs in particular would need access to legal and regulatory advice.

The fourth major finding is with respect to information, monitoring and evaluation requirements. It goes without saying that information flows help improve decision making and project implementation, while consultation procedures are similarly enriched by higher quality data and information. Effective comparative studies, together with other sources of credible information, would form the basis for the quest for better policy and regulatory practice, assessments of what works and what does not (good practice), and awareness raising. For the business community, it would provide valuable inputs into designing business models, and where consumers are concerned, with information about trends, tastes, and interests. Improvements in EU-level information generation, monitoring and evaluation are therefore necessary and justified.

The fifth major finding concerns national governments and their role in this overall arrangement. By and large, they have the resources and capacity to ensure that fair trade, environmental, ethical and developmental objectives are met. If there is clarity about the overall structure of the agenda flowing from the EU, then national governments can address many of the specific concerns of LRAs, consumers, and businesses, through other policy tools and mechanisms. Tax regimes, subsidies, regulations, infrastructure development and capacity building can all be addressed more effectively by national governments, and the section on policy recommendations elaborates this in further detail.

In terms of structures and models, this study found that the EU level is in the best position to reconcile top-down and bottom-up approaches, essentially through an approach that looks at complementarity. This came through fairly clearly from the literature review and interviews, where the promotion of a coordinated approach to fair trade by EU actors and across EU policy areas is seen as a major advantage.

An EU-coordinated approach can play a major role in promoting the fair trade agenda in two areas in particular, and these relate to labelling and public procurement. Both these areas require significant legal capacity and skills, together with detailed knowledge of the technicalities involved and the various international commitments that may apply. A common labelling regime,

previously put forward as an option for regulatory action on the European level⁹, remains an option to be further explored (see Policy recommendations, page 31).

The final major recommendation relates to LRAs and what they can do. Taking into account the variable capacity, experience and interest, in order for LRAs to be able to support fair trade a whole range of national and EU policy measures have to be put in place. Committing themselves to these priorities, and devoting resources to building internal capacity, would be the best way forward.

There are at the same time, a wide array of sensitive local issues that they would need to deal with in the process. Ranging from extensive existing obligations and limited resources, to a limited understanding of the wider benefits of fair trade, are just examples of the challenges they face. By and large, stronger clarity at the EU level can play a role in guiding and advising national and sub-national authorities of the advantages and difficulties involved in the process.

The policy context at different levels: identifying policy instruments and modalities

In the domestic policy context, governments traditionally adopt a multiplicity of approaches that have to operate within various national and EU-level rules and frameworks. These include:

- Procurement policies
- Tax and subsidy incentives
- Credit and financing facilities
- Marketing support
- National labelling schemes
- Product standards, etc.

The use of one or more of these policy instruments in an appropriate combination so as to achieve cost-effective and pro-competitive solutions is complicated by the decentralised regulatory power in many countries. Aligning local endeavour in one part of the system with global trade rules, commercial structures, with the organisation of producer and processing markets in third countries, will be challenging.

⁹ Ibid. 2 at 123.

1. Existing framework to regulate fair trade

1.1 Recent developments in the EU-level framework

One of the main reasons for this increased interest is that fair trade has continued to grow in the number of farmers and workers involved and the volumes of products sold on fair trade terms.¹⁰ This tendency has also been paralleled by a general call for recognition of LRAs as central actors in development policy and for their widened engagement in the achievement of fair and balanced growth both across the EU and globally. In this regard, essential input has been provided by the Commission Communication on *Local Authorities: Actors for Development*¹¹ and the opinion of the CoR was adopted in April 2009.¹² The role of local and regional authorities as strategic partners in EU external policies has been widely discussed in light of increasing the effectiveness, coherence and accountability of the EU. The position of LRAs has further been recognised in communications by the European Commission, such as the recently published one *Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes*.¹³ The communication reiterates the vast potential of the cooperation between European LRAs and developing countries as the means to strengthen decentralisation and local governance through *inter alia* peer-to-peer knowledge-sharing and transferring experience.

With regard to fair trade and LRAs in particular, we look at the progress achieved since the previous opinion of the CoR.¹⁴ The CoR's opinion called 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.'¹⁵ This has not been achieved, but the EC has addressed the other key recommendations, including attempts to clarify the legal context of sustainable public procurement.

¹⁰ Fairtrade International (2013). Monitoring the Scope and Benefits of Fairtrade, Fifth Edition 2013. http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2013-Fairtrade-Monitoring-Scope-Benefits_web.pdf.

¹¹ COM(2008) 626 final.

¹² Opinion of the Committee of the Regions adopted on 21-22 April 2009: *Local authorities: actors for development* (CdR 312/2008)

¹³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes COM(2013) 280 final

¹⁴ Ibid 7.

¹⁵ Idem.

For a decade the legal basis for public procurement in the EU was provided by Directives 2004/18/EC, until the new EU Public Procurement Directive was adopted in 2014.¹⁶ The Directive represents the EU's guidance on how to include fair trade criteria in tenders, highlighting the role of LRAs in promoting the purchase of fair trade products, or other ecological, ethical or solidarity approaches.¹⁷ In the new Directive, the general principles of procurement (Article 18) recognise the role of the Member States in 'taking appropriate measures to ensure that in the performance of public contracts economic operators comply with applicable obligations in the fields of environmental, social and labour law established by Union law, national law, collective agreements or by the international environmental, social and labour law provisions'¹⁸.

In particular, the award criteria or contract performance conditions can 'relate to the supply or utilisation of fair trade products in the course of the performance of the contract to be awarded' which is in accordance with the case-law of the Court of Justice of the EU.¹⁹ The adoption of the new Directive could be considered as an example of the consistent efforts of the EU to integrate social and environmental criteria into the procurement procedures. The admissibility of Fair Trade criteria – alongside other social considerations – in public procurement was already contemplated in *Buying Social – A Guide to Taking Account of Social Considerations in Public Procurement*²⁰, issued by the Commission in 2011.

The Commission published the Communication on *Trade, growth and development* in 2012, aiming 'to further facilitate fair and ethical purchasing choices by public authorities in Europe'.²¹ In order to increase synergies between trade and development policies, the Commission states in the paper that the EU has to 'ensure that economic growth and development go hand in hand with social justice, including core labour standards, and sustainable environmental

¹⁶ Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts. Directive 2014/24/EU, as prescribed in the Directive, the Member States should transpose it into national law by April 2016.

¹⁷ Commerce équitable et achat public: Directive 2014/24/UE, <http://www.jeconsommeequitable.fr/je-minforme/actualites/387-une-nouvelle-loi-etend-le-champ-du-commerce-equitable-aux-relations-nord-nord.html>.

¹⁸ Article 18, Principles of Procurement, Chapter II – General Rules <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024&from=EN>; the Directive also says that 'contracting authorities should be allowed to use award criteria or contract performance conditions in order to better integrate social and environmental considerations in the procurement procedures'. (Extract 97)

¹⁹ See Judgement (10 May 2012) of the Court of Justice of the European Union in the 'North Holland' case ruling (Commission vs Netherlands C/368/10), <http://curia.europa.eu/juris/documents.jsf?num=C-368/10>.

²⁰ EC News, 'Buying social', <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=978>.

²¹ Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee – 'Trade, growth and development – Tailoring trade and investment policy for those countries most in need', SEC (2012) 87 final, pages 13-14.

practices including through external policies'.²² That could be achieved by 'strengthening EU support for developing country producers taking part in sustainable trade schemes by further mobilising cooperation, including Aid for Trade (Aft) measures, improve monitoring of related activities and continue to encourage our partner countries to promote fair and ethical trade.'²³

On the EU level, financial support to the link between LRAs and development cooperation has been provided through the Development Education and Awareness Raising (DEAR) channelled through the thematic programme Non-State Actors and Local Authorities in Development (the NSA-LA programme). There is more on DEAR below in the section 'supply side' (page 28).²⁴

1.2 National, regional and local approaches

In comparison to the focus on public procurement at European level, and since the CoR's opinion on fair trade, local and regional administrations have increasingly been involved in the development and implementation of policies targeting fair trade and sustainability issues. Despite the progress made, wide differences persist across the EU. These can be grouped according to the level of involvement of the national, regional and local level in fair trade promotion; the scope of involvement across possible initiatives: public procurement, subsidies, awareness raising, educational activities, developing new partnerships and organising events; and the extent to which existing policies have been implemented and monitored. The approaches also differ in the dynamics between the multiple levels of governance, the evolution of the local economic systems and the extent of the actors involved in shaping and development initiatives. Finally, the approaches vary in the extent to which they are transferable to other places and timing, both in advanced and developing and emerging economies.

Taking this into consideration, very different configurations exist where four groups have been defined as a result of the criteria identified in the section on approach and methodology (page 3):

²² Idem.

²³ Idem.

²⁴ DG International Cooperation and Development. Development education and awareness raising, https://ec.europa.eu/europeaid/sectors/human-rights-and-governance/development-education-and-awareness-raising_en

- High awareness raising and recognition: countries where fair trade policy and practice have high levels of recognition, both market-based and policy-oriented/ regulatory approaches – e.g. the UK, Germany, Belgium (especially Flanders), Austria, Sweden, the Netherlands, Ireland²⁵;
- Medium to high awareness raising and recognition: countries where actors involved in fair trade are very engaged but policy and practice is still not mainstream – e.g. France, Italy, Spain;
- Medium to low awareness raising and recognition: countries where fair trade activities are picking up speed after a slow start – e.g. Poland, Czech Republic, Slovenia, Estonia;
- Low or no awareness raising and recognition: countries where fair trade is still under-recognised and practices both by grassroots and LRAs are underdeveloped – e.g. Bulgaria, Romania, Portugal, Latvia and Lithuania.

In addition to this division, examples of existing approaches fall within the following broad groups: a top-down approach driven from the national level's explicit support for fair trade and sustainable development (e.g. France, Sweden); LRA-driven approaches where the regional and local authorities have taken the initiative for fair trade engagement (Belgium, Italy); grassroots driven approaches (UK) and lastly, mixed approaches (Germany, the Netherlands). The difficulty with this division lies in the allocation of the Central and Eastern Member States as well as some of the Southern countries to such classification. The reasons for this have been a very informal mode of development of fair trade activities across the national and sub-national levels and also the limited number of activities overall.²⁶

1.3 Low or no awareness raising and recognition (Bulgaria, Romania, Greece, Portugal, Latvia, Lithuania, Estonia)

Despite overall developments on the EU level, low or no awareness raising and recognition exists in a number of the EU Member States. Among those with low awareness raising, there is a further division: countries with reported sales of fair trade products and those with negligible sales of such products. In the former group fall Estonia, Latvia and Lithuania where fair trade product sales have been driven by 'Finnish FLO quality label organisations [...] which support start-up campaigns and issues licenses for the three countries'.²⁷ They are still in the process of building their own processes and organisational structures in support

²⁵ See Annex 2 for the ranking of Fair Trade Towns per country.

²⁶ Interviews 1 and 4.

²⁷ CTB - Trade for Development Centre http://issuu.com/tradefordevelopmentcentre/docs/oost-europa_-_english_version, page 4.

of fair trade and there is little to report in terms of approaches, 'at present there are no local companies yet with labelled products on the market, just international retailers.'²⁸ Most recently, Hiiu District of Estonia became the first Fair Trade Town in the country on Thursday 23 October 2014²⁹. The second group of slow movers, countries where fair trade is still under-recognised and practices both by grassroots and LRAs are underdeveloped, includes Bulgaria, Romania and to an extent Greece. Previous detailed studies of EU Member States also highlight the very slow pace of development of fair trade markets.³⁰ Some of the barriers are reviewed in subsequent chapters. There are very little data on fair trade markets and activities on a sub-national level.

1.4 Medium to low awareness raising and recognition (Poland and Czech Republic)

In the group of those countries who are picking up speed in the development of fair trade activity, particularly in Poland, on the sub-national level this has been driven primarily by a 'community of enthusiastic people' or even individual initiatives.³¹ The reasons for this type of formation process have been discussed previously from a historical perspective, highlighting the lack of freedom of associations and networks of non-governmental organisations as well as little history of grassroots creation during the Communist period.³²

In the past years the Czech Republic has been termed the 'island in Central and Eastern Europe' due to the fast pace of development of various initiatives, the achievement of Fair Trade Town status and the ongoing activities and partnerships.³³ Overall very little research has been done to date on the situation in Central and Eastern Europe with regard to local and regional authorities and even though there has been some progress with joint activities, they have not been documented in detail.³⁴

Further to the interviews conducted and the literature search, it could be seen that there is a link between the levels of fair trade and the overall development assistance a country provides to developing countries and commitment to

²⁸ Idem.

²⁹ 7th International Fair Trade Towns Newsletter, 23 October 2014. <http://www.fairtradetowns.org/news/7th-international-fair-trade-towns-newsletter/>

³⁰ Ibid 2.

³¹ Interview 4.

³² Interview 4.

³³ Interview 4

³⁴ CTB - Trade for Development Centre http://issuu.com/tradefordevelopmentcentre/docs/oost-europa_-_english_version

development goals.³⁵ In Poland, the Czech Republic and to an extent in Romania, support for economic, social and environmental issues is enshrined in legislative and non-legislative documents on development cooperation, and if existing, strategic documents on sustainable development or the Europe 2020-inspired National Reform Programmes. This process goes hand-in-hand with the recognition of Poland and the Czech Republic as emerging donor countries by the OECD Development Assistance Committee (DAC) where development cooperation has emerged as a part of their foreign policies.³⁶ The Polish development cooperation agenda has been driven by a number of strategic documents, including *Multiannual Development Cooperation Programme for 2012 – 2015*³⁷ and *National Reform Program Europe 2020 of Poland* and especially the dimension on Corporate Social Responsibility³⁸. Similarly the Czech Republic's policy is guided by the *Development Cooperation Strategy 2010–2017*, where the focus is placed on strengthening the systems of partner countries and increasing the capacity of their development participants so that they can play a more active role in formulating and implementing the development policies of their countries. To this end it established a system of cooperation with NGOs, including the provision of funding for development activities at both the level of individual NGOs and in the Czech Forum for Development Cooperation (FoRS). This tendency has been paralleled by further recognition of consumers of development issues as well as support for fair trade on the national and sub-national levels.

Looking into more consolidated frameworks for support of fair trade, we examine a selection of countries: medium to high awareness raising and recognition (France, Italy) and high awareness raising and recognition (Germany, the Netherlands, Belgium, Denmark, the UK) which are discussed below and where we highlight some of their particularities and modalities of support. These countries have been selected to represent a range of fair trade organisational structures and regulatory experiences as well as geographical balance. Annex 1 represents the situation as of December 2014 and serves as the list for case selection.

³⁵ Paul, Elisabeth (2005), Evaluating fair trade as a development project: methodological considerations, *Development in Practice*, Vol. 15, Iss. 2. Le Mare, Ann. (2008), *The Impact of Fair Trade on Social and Economic Development: A Review of the Literature*. *Geography Compass*, 2: 1922–1942. doi: 10.1111/j.1749-8198.2008.00171.x

³⁶ Note: the Czech Republic, Iceland, Poland, the Slovak Republic and Slovenia joined the DAC in 2013. OECD (2014), *Development Co-operation Report 2014: Mobilising Resources for Sustainable Development*, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/dcr-2014-en>. Republic, Turkey, Taiwan, Israel, Slovenia, Thailand, United Arab Emirates, page 148.

³⁷ Polish Aid, 'Supporting development' <https://www.polskapomoc.gov.pl/Supporting.development.1941.html>

³⁸ Ministerstwo Gospodarki (2014), 'Społeczna Odpowiedzialność Przedsiębiorstw (CSR)' <http://www.mg.gov.pl/node/10892>

1.5 Medium to high awareness raising and recognition (France, Italy)

1.5.1 France

Support for fair trade principles has been inscribed in the national French legislation and authorities showed wide engagement as early as 2005 when it became part of its Small Business legislation.³⁹ It can be seen that fair trade is now fully part of the national strategy for sustainable development, which is considered a binding commitment at national level. The recently amended *Article 60 of the Law for SMEs* (by article 94 of the law 2014-856) also highlights the importance of North-North trade.⁴⁰ The dominant paradigm of world trade patterns has two principal features. Trade between North and South is inter-industry and arises due to traditional comparative advantage, largely determined by differences in endowment patterns. North-North trade is defined as trade among the rich countries of the North and is mostly intra-industry. It is largely based on economies of scale and product differentiation.⁴¹ A recent study on fair trade in Europe provides further background on this tendency for support of North-North trade and what it means for LRAs.⁴²

In 2013, the ministers in charge of development policy launched a National Action Plan for fair trade after a government-wide consultation with the aim to ensure coherence across issue areas such as trade, tourism, ecology, agriculture and development. The main goal of the Action Plan is to provide a boost to fair trade in France, substantially increasing the proportion of purchase of fair trade products in the basket of French consumers by setting precise targets: multiplying the number of producers in the South engaged in fair trade production and doubling, within five years, sector jobs in France; as well as ensuring that the Plan's implementation is regularly monitored. This plan also links to the recent French draft policy and programming Law on Development Policy and International Solidarity, which 'promotes the development of trade based on fair trade and contributes to the support of social and solidarity economy initiatives and microcredit in recipient countries'.⁴³ Also in 2014 the government initiated its second *National Action Plan for Sustainable Public*

³⁹ Loi n° 2005-882 du 2 août 2005 en faveur des petites et moyennes entreprises, Article 60,

<http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006052103&dateTexte=20100719>

⁴⁰ Loi n° 2014-856 du 31 juillet 2014 relative à l'économie sociale et solidaire, http://www.developpement-durable.gouv.fr/IMG/pdf/loi_no_2014-856.pdf

⁴¹ Helpman, Elhanan (1981). 'International Trade in the Presence of Product Differentiation, Economies of Scale and Monopolistic Competition: A Chamberlin-Heckscher-Ohlin Approach,' *Journal of International Economics*, 1981, 11, pages 305-340.

⁴² http://www.befair.be/sites/default/files/all-files/brochure/European%20fair%20trade%20products_0.pdf

⁴³ Ministère de l'Écologie, du Développement durable et de l'Énergie (2014), 'Le commerce équitable', <http://www.developpement-durable.gouv.fr/Le-commerce-equitable.22617.html>.

Procurement 2014-2020 (PNAAPD).⁴⁴ The plan aims to organise national actions for sustainable procurement and unite the different actors in charge of public procurement in State, local authorities and public hospitals.⁴⁵ In terms of practical application, the Plan relies on civil society representatives (e.g. *La Plate-forme Française du Commerce Équitable* (PFCE)) as a key tool to support fair trade initiatives on the sub-national level, in particular: strengthen the attractiveness of fair trade; develop the competitiveness of fair trade companies by opening new markets and expanding existing ones; gather economic indicators on the fair trade markets; increase knowledge of the impact of fair trade and help with the forward thinking and activities of French players in Official Development Assistance⁴⁶ (ODA); as well as produce a practical educational guide for public and private purchases.⁴⁷ As previous studies have reported⁴⁸, France was the first country to adopt a 'legislative and institutional framework exclusively devoted to fair trade.'⁴⁹ The Minister for Social and Solidarity Economy and Consumption continues formalising the exchange of good practices with several countries, North and South, within cooperation agreements and partnerships. These agreements contribute in particular to promoting fair trade and strengthening activities on a sub-national level.

Fair trade on the level of LRAs is primarily driven by the *Territoires de Commerce équitable*, the French version of the international project Fairtrade Towns. The campaign team provides a framework for support to LRAs and citizens. LRA activity is also strengthened by their partnership with the French Agency for Development – AFD. AFD has signed about 30 partnership agreements with French local governments that have expressed strong interest in international aid. It has provided funding through trilateral agreements (each co-signed by AFD, a local government in France, and a partner municipality in a developing country).⁵⁰

⁴⁴ France also ratified on 26 February 2014 the new EU directive on public procurement and plans to transpose the Directive within two years.

⁴⁵ Ministère de l'Écologie, du Développement durable et de l'Énergie (2014), Plan national d'action pour les achats publics durables 2014-2020, Consultations publiques, June 2014, <http://www.consultations-publiques.developpement-durable.gouv.fr/plan-national-d-action-pour-les-achats-publics-a512.html>

⁴⁶ The OECD Development Assistance Committee (DAC) defines ODA as 'those flows to countries and territories on the DAC List of ODA Recipients and to multilateral institutions which are: provided by official agencies, including state and local governments, or by their executive agencies; and each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).'

<http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm#Definition>

⁴⁷ Ministère de l'Écologie, du Développement durable et de l'Énergie, 'Soutenir au plan institutionnel les acteurs et les principes du commerce équitable', <http://www.developpement-durable.gouv.fr/IMG/pdf/05-11.pdf>

⁴⁸ See Brigitte and Dine, Janet (eds). *The Processes and Practices of Fair Trade: Trust, Ethics and Governance*, Routledge

⁴⁹ Ibid at 128.

⁵⁰ AFD Annual report 2013.

<http://www.afd.fr/lang/en/home/publications/Publications-institutionnelles/rapports-annuels>

Another initiative which has to be observed and evaluated is the 'Local Fair Trade Charter', launched in June 2014 which sets fourteen principles aimed at developing fair trade relations in support of smallholder and agroecological agriculture in the French situation and context.⁵¹

1.5.2 Italy

Italy is characterised by regional-level legislation, which to a varying degree covers the modalities of fair trade support in the absence of a standard framework at national level.⁵² The reason for selecting Italy is the fact that the proposed fair trade bill presents the most ambitious legislative initiative in the EU. As recently as November 2014, Italy has put forward a bill for *Provisions for the regulation and promotion of fair trade*⁵³ which aims to establish a regulatory framework and a legal status specific to a world in constant growth, quantitative and qualitative, such as that of fair trade. The draft law provides the background to the growth of fair trade in Italy, where the General Assembly of the Italian fair trade (AGICES) brings together 92 fair trade organisations, each of which produces multiple working and voluntary opportunities across sixteen Italian regions. In Italy the world shops continue to have a central role for both commercial and awareness raising activities. The law also provides a detailed overview on the dynamics on a regional level, with Tuscany being the pioneer in developing a fair trade law. In drafting regional laws to promote fair trade, the authorities have considered four key elements:⁵⁴

- the recognition of the social and cultural value of fair trade by the region;
- the presence of the definition of a fair trade organisation;
- support for organisations involved in the dissemination of fair trade products;
- support to the practices of fair trade purchases of Local Authorities.

According to the Italian national authorities themselves, the main feature of the Tuscany and Abruzzo texts in particular is 'the strong emphasis on the importance of the self-regulatory system which organizations of the sector have developed in recent years'.⁵⁵ At the same time, they highlight the need for incentives and enabling factors.

⁵¹ France has national 'local fair trade' charter. <http://www.befair.be/en/content/france-has-national-local-fair-trade-charter>

⁵² Interview 1.

⁵³ Da Villa et al. (2014), Disposizioni per la disciplina e la promozione del commercio equo e solidale, <http://www.camera.it/dati/leg17/lavori/stampati/pdf/17PDL0027590.pdf>.

⁵⁴ Legge Regione Toscana Sul Commercio Equo et Solidale L.R. 23 Febbraio 2005 n. 37, Disposizioni per il sostegno alla diffusione del commercio equo e solidale in Toscana, http://www.cesvot.it/repository/cont_schedemm/187_allegato.pdf ; Abruzzo regional law 28 March 2006, n. 7

⁵⁵ Il Quadro Legislativo Italiano per il Commercio Equosolidale e l'inserimento dei Criteri Equosolidali Negli Acquisti Pubblici: Primo rapporto semestrale dell'attività del Progetto Public Affairs relativa al 'Monitoraggio

The specific objective of the proposed national-level framework is not to replace these activities but to provide: i) an official recognition of the role played by all those who participate in fair trade activities and establish precise definitions (Article 2); ii) give a guarantee to the public and especially to consumers about the transparency and fairness of the production processes and methods through a certification system to document the conformity of production processes (Article 6); iii) support and fund initiatives for fair trade products and organisations active in this area.

The interventions which will be financed through the fund include:

- different modes of facilitation and incentives for organisations investing in fair trade (Article 9);
- promotion of public goods within the offices of fair trade (Article 10);
- institution of a National Fair Trade Day (Article 11);
- establishment of the Fund for Fair Trade (Article 14)⁵⁶.

Further examples from Italy include the recently adopted *General regulations on international cooperation for development* which highlight the principle of subsidiarity and the participation of fair trade organisations in international development.⁵⁷

1.6 High awareness raising and recognition (Germany, Belgium, the Netherlands, Denmark and the UK)

1.6.1 Germany

Germany has a number of diverse configurations across LRAs. At the level of the Federal Government, the *2012 Progress Report of National Sustainable Development Strategy* explicitly defines its support to fair trade, emphasising sustainable and environmentally-friendly procurement and civil society. Under the aegis of the Federal Ministry of Economic Affairs, the Federal Government and the Länder express their sustainable procurement alliance by promising 'to consult with environmental and social standard systems, e.g. *The Common Code*

sull'approvazione e l'applicazione di nuove leggi regionali e nazionali sul commercio equosolidale e gli acquisti pubblici solidali'

⁵⁶ With a budget of 1 million Euros for the year 2015 based on the commitment to raise funds taken in the Assembly of the Chamber of Deputies from government pro tempore November 26, 2012, accepting the agenda no. 9/05 535-A / 007 (Duilio, Lulli).

⁵⁷ Legge 11 agosto 2014 , n. 125, Disciplina generale sulla cooperazione internazionale per lo sviluppo, page 10, <http://www.cooperazioneallosviluppo.esteri.it/pdgcs/Documentazione/NormativaItaliana/legge%2011%20agosto%202014%20n.%20125%20-.pdf>

for the Coffee Community and Fairtrade.⁵⁸ The strategy's focus is on ways to stimulate demand, inviting 'the citizens of Germany to get involved in global development through an engagement campaign – by purchasing fair trade products, by volunteering in civil society organisations, by donating, campaigning and many other forms of active engagement'.⁵⁹ Well-known flagship projects that involve awareness raising events include the Fair Trade Action Week and The Capital of Fair Trade⁶⁰.

In terms of cooperation practices, the Fair Procurement Network, created in 2007, prompts sub-national authorities to buy fair trade products and waive goods that are produced by child labour or in violation of minimum social standards.⁶¹ Other key actors assisting fair trade by LRAs include the Service Agency Communities in One World (SKEW) and *Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)*.⁶² The Service Agency Communities in One World (SKEW), a division of Engagement Global gGmbH⁶³, supports local actors in realising sustainable, municipal development cooperation on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and supports the uptake of fair trade practices by municipalities.⁶⁴ SKEW is intended to assist the development of capabilities of municipal-level German actors within local authorities and non-governmental organisations in the fields of fair trade/fair procurement and global municipal twinning arrangements, but also migration and development. It has a broad structure which involves federal, state and local governments as well as NGOs. SKEW is also intended to make a contribution to realising the Millennium Development Goals (MDGs).

⁵⁸ National Sustainable Development Strategy 2012 Progress Report, page 184.

⁵⁹ Ibid at 209.

⁶⁰ Organised by the Fair Trade Forum, the Fair Trade Action Week happens once per year and aims to increase consumers' awareness of fair trade issues and to encourage them to purchase regularly fairly traded products. Organised in every two years by Service Agency Communities in One World (SKEW), a body that supports local actors in realising sustainable, municipal development cooperation, the 'Capital of Fair Trade' is a competition which awards 'promotion of fair trade local activities, including city marketing campaigns, school projects and joint public-private activities. Recognition is also given to bodies that purchase fairly traded products, for example public authorities that serve fairly traded coffee and canteens in municipal institutions that use fair trade products.' Based on the municipal contributions submitted in 2009 to the campaign 'Capital of Fair Trade', The Service Agency Communities issued in November 2010 a practical guide on Fair Trade in municipalities. The guide is an information tool for city administration and civil society showing them actions of structural measures, information awareness, municipal procurement, fair city marketing, marketing and sales of fair trade products, and development education. See more at: <http://www.service-eine-welt.de/hauptstadt/fh/hauptstadt/fh-start.html>

⁶¹ Servicestelle Kommunen in der Einen Welt (SKEW), 'Fairer Handel und Faire Beschaffung', <http://www.service-eine-welt.de/beschaffungswesen/beschaffungswesen-start.html>

⁶² Fröhlich, Katrin and Lämmelin, Bernd (2009). Local development policy in Germany. Study on the commitment of German cities, municipalities and rural districts to development policy. German Development Institute (GDI) and Service Agency Communities in One World / InWent gGmbH. Available at: http://www.service-eine-welt.de/en/images/text_material-1623.img.

⁶³ Engagement Global has been Germany's one stop shop for engagement for development, both Germany-wide and internationally. It advises individuals and groups on development measures, and supports these financially. See more at: www.engagement-global.de.

⁶⁴ See more at: http://www.service-eine-welt.de/en/images/text_material-2703.img

Another partner for local authorities in projects overseas is the *Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)* which works with the German Association of Cities. It supports local authorities in partner countries in the 'fields of democratisation and decentralisation and assists involvement of municipal projects and twinning arrangements in technical cooperation'.⁶⁵

Most recently, the German Section of Council of European Municipalities and Regions (CEMR) published a comprehensive report entitled 'Municipal Charter for the Future – One World – Our Responsibility, Sustainability at Municipal Level'⁶⁶, which aims to contribute to the initiatives accompanying the European Year for Development 2015 by 'supporting decentralisation processes, participating in the establishment of autonomous local governments, and sharing with their colleagues from the South the lessons they have learned with municipal services.'⁶⁷ The importance of the *Municipal Charter for the Future* is in its provision of a comprehensive description of the tasks municipalities perform in the areas of sustainability, including fair trade. Acknowledging the variation of structures and resources across countries, the Charter clarifies the role of municipalities in global supply chains and thus can serve as an example for a EU-wide Charter.

1.6.2 The Netherlands

The Netherlands has one of the oldest structures in place to support fair trade⁶⁸. Over the past years, the Netherlands has undertaken a review of its development policy and created the post of Minister for Foreign Trade and Development Cooperation at the Ministry of Foreign Affairs in order to underline coherence between the two policy areas⁶⁹. In light of this, one of the private sector instruments that it supports is the Sustainable Trade Initiative IDH⁷⁰ (*Initiatief Duurzame Handel*), started in 2008 as a 'multistakeholder initiative of private companies, NGOs, trade unions and the Dutch government with the aim of

⁶⁵ Ibid 59 at 5.

⁶⁶ This Municipal Charter is part of a joint initiative of the German Federal Ministry for Economic Cooperation and Development Charter for the Future which aims to unite the efforts of state, civil society, the scientific community, the business community, regions and municipalities in developing a joint contribution to the European Year for Development 2015.

⁶⁷ Stated in introduction by Karl-Heinz Schäfer, Mayor of Pohlheim and President of the German Section of the Council of European Municipalities and Regions in Council of European Municipalities and Regions/ German Section (2014), *Municipal Charter for the Future. One World – Our Responsibility Sustainability at the Municipal Level* http://www.service-eine-welt.de/en/images/text_material-4257.img

⁶⁸ Ibid 2 at 137.

⁶⁹ IDH (Initiatief Duurzame Handel), 'Institutional Partners' <http://www.idhsustainabletrade.com/institutional-partners>

⁷⁰ IDH (Initiatief Duurzame Handel), 'Organisation' <http://www.idhsustainabletrade.com/organization>

improving the sustainability of commodity production and trade in developing countries'.⁷¹

The scheme receives funding⁷² from the Ministry of Foreign Affairs and match-funding from a growing number of private partners. It has developed into a key player in accelerating the use of Voluntary Sustainability Standards (like UTZ and Rainforest Alliance certified) and other efforts to improve the sustainability in supply chains for commodities from developing countries.⁷³ The initiative has been defined as 'modern business-like public/private cooperation' and is one of the key tools of the Dutch government to pursue an integrated agenda for aid, trade and investment.⁷⁴ In the assessment of the IDH, the evaluators follow a general theory of change leading to the idea that to drive the process of market transformation in supply chains, an initial level of public support is necessary to establish the standards and launch the training. From this assumption it follows that once a 'certain market share of sustainable produce is reached, other companies would follow, and less or no external support would be required'.⁷⁵ Therefore, public support through for example, subsidies and Official Development Aid can bridge the period between set-up investment and tangible benefits which would serve as an incentive to economic operators. This approach resonates with the infant industry theory and the decision of when an industry should be protected.⁷⁶ The possible role of government in establishing the long-term public-private partnership includes 'subsidising pilot programmes, convening frontrunner market players and NGOs, creating networks and exchanging knowledge of mainstream players, strengthening transparency and competition, to putting legislation in place'.⁷⁷

The IDH's *Action Plan Sustainable Trade 2011-2015* has been defined as a 'public-private sustainability investment portfolio' supported by 70 private companies, CSOs, labour unions and trade associations, coordinated through IDH.⁷⁸ Other institutional partners include the Ministry of Foreign Affairs of

⁷¹ Government of the Netherlands (2014). Review of the Sustainable Trade Initiative IDH 2008-2013. Terms of Reference (24 April 2014), <http://www.government.nl/ministries/bz/documents-and-publications/reports/2014/07/21/iob-terms-of-reference-review-sustainable-trade-initiative-idh-2008-2013.html>, page 1.

⁷² EUR 123 million ODA committed for the period 2008-2015

⁷³ Ibid 47 at 1.

⁷⁴ Idem.

⁷⁵ Ibid 47 at 3.

⁷⁶ As Melitz (2005) summarises: 'a government planner can protect the infant industry using domestic production subsidies, tariffs, or quotas in order to maximize domestic welfare over time.' Melitz (2005) shows 'the decision to protect the industry should depend on the industry's learning potential, the shape of the learning curve, and the degree of substitutability between domestic and foreign goods.' Melitz, Marc (2005). When and how should infant industries be protected?, *Journal of International Economics*, 66, page 178.

⁷⁷ Ibid 47 at 4.

⁷⁸ Ibid 47 at 5.

Denmark⁷⁹ and the Federal Council of Switzerland⁸⁰. The development and implementation of IDH serves as a very good example of an innovative approach undertaken by the national authorities to enable developments on the sub-national level. Another interesting initiative from the Dutch government is a dedicated government agency supporting exports from small producers in developing countries, CBI.⁸¹ Together with the Dutch Association of World Shops (DAWS) with funding from the Ministry of Foreign Affairs, CBI has established the Upscaling Gifts & Living products project. The project aims at improving European market access for producers of fair trade Gift & Living products. 'The target countries are six African countries – Egypt, Kenya, Madagascar, South Africa, Tanzania and Uganda – as well as Vietnam and Indonesia.'⁸² Such initiatives provide an example which can be replicated at EU level in order to facilitate the EU market access of SMEs in developing countries.

1.6.3 Belgium

In Belgium the system of multi-level governance gives independence to sub-national authorities to conduct policy making, which is clearly reflected in the policies implemented by the City of Ghent.⁸³ The formation of a common sustainable development strategy is essentially based on regional approaches as national level strategy does not exist. Belgian policy-makers are currently negotiating *National Sustainable Development Strategy* (NSDS).⁸⁴ Being a federal state, adopting a national strategy requires the coordination between the federal government, the regional and the community governments. The adoption of a NSDS would also be applicable to sub-national levels, which would incentivise stronger coherence between the different political levels.⁸⁵ On the regional level in Belgium, the Walloon and Flemish governments have actively promoted fair trade. In 2013, the Walloon government adopted a strategy for sustainable development, which provides a long-term framework for targeting environmental, economic and social challenges and resulting opportunities by 2050.⁸⁶ These are addressed across seven themes: food, housing, health, social

⁷⁹ Danida supports IDH with € 1.2 million for cotton and coffee programmes in East Africa (see Ministry of Foreign Affairs of Denmark, 'Danida Business'), <http://um.dk/en/danida-en/activities/business/>.

⁸⁰ The Federal Council of Switzerland allocated € 24.5 million (CHF 30 million) to a strategic four-year partnership with IDH. (see State Secretariat for Economic Affairs SECO website, <http://www.seco.admin.ch/index.html?lang=en>)

⁸¹ CBI, <http://www.cbi.eu/>.

⁸² CBI Annual Report 2013, http://www.cbi.eu/sites/default/files/subweb/cbi_annual_report2013.pdf, page 30.

⁸³ Interview 3.

⁸⁴ European Sustainable Development Network (2013). National Sustainable Development Strategies in Europe 2013. Taking stock and exploring new developments, Quarterly Report N°29, <http://www.sd-network.eu/quarterly%20reports/report%20files/pdf/2013-July-National-Sustainable-Development-Strategies-in-Europe-2013.pdf>, pages 15-16.

⁸⁵ Ibid 72 at 16.

⁸⁶ Portail de la Wallonie, Première Stratégie Wallonia de Développement Durable,

cohesion, consumption and production, energy and mobility. In terms of fair trade, the document highlights that the government 'intends to systematically favour in the canteens of regional governments, public interest organizations and other regional institutions, products from the Walloon agriculture, organic farming, local produce and seasonal and those of fair trade. To do this, a central market is implemented to encourage public authorities to favour, in terms of consumption of agricultural products, purchase of goods and services produced locally and sustainably'.⁸⁷ This commitment to sourcing ethical production and consumption also exists in two consecutive Regional Policy Statements: 2009-2014⁸⁸ and 2014-2019⁸⁹ of Wallonia, where the government also reiterates support for North-North fair trade. The Flemish government takes the commitment to fair trade further by outlining a vision for the international dimension of its policy by 2050 to fully be based on the principle of a fair world.⁹⁰ Another stakeholder in support for fair trade activities by LRAs is the Trade for Development Centre (TDC) which is a programme of the Belgian Development Agency (BTC) programme. The Centre gives smallholders in the South the opportunity to develop in a sustainable way by supporting a range of fair trade-related initiatives. It is involved in awareness raising, disseminating and exchanging information, as well as organising the yearly 'Week of Fair Trade' in Belgium.⁹¹

1.6.4 Denmark

The Danish approach to fair trade support is primarily based on direct financial support (grants) and promotion of labelling. The legal basis for the support the Government's *Action Plan for Corporate Social Responsibility 2012-2015: Responsible Growth* of 2012⁹². The action plan contains 42 initiatives in four dimensions:

- Strengthening the respect for international principles across all stakeholders
- Increasing responsible growth through partnerships
- Increasing transparency

http://www.wallonie.be/sites/wallonie/files/pages/fichiers/1ere_strat_dd.pdf, page 4.

⁸⁷ Ibid 85 at 111-112.

⁸⁸ Gouvernement wallon, *Projet de Déclaration de politique régionale wallonne 2009-2014*, <http://gouvernement.wallonie.be/sites/default/files/nodes/publication/901-projetdedeclarationdepolitiqueregionalewallonne.pdf>, page 42.

⁸⁹ Gouvernement wallon (2014), *Oser, innover, rassembler, 2014-2019*

<http://gouvernement.wallonie.be/sites/default/files/nodes/story/6371-dpr2014-2019.pdf>, page 30,

⁹⁰ Flemish Government (2012), *Vision 2050: Flemish Sustainable Development Strategy 2010-2014*, page 44 <http://www.flanders.be/en/publications/detail/vision-2050-flemish-sustainable-development-strategy-2010-2014>

⁹¹ BTC Trade for Development, <http://www.befair.be/en/fair-trade/fair-trade>.

⁹² Danish Government (2012), *Responsible Growth. The Action Plan for Corporate Social Responsibility 2012-2015*, http://csrgov.dk/danish_action_plan_2012.

- Using the public sector to promote a good framework for responsible growth.

The Danish Ethical Trading Initiative (DIEH): Strengthen Danish Efforts on Ethical Trade is a 'multi-stakeholder initiative that brings together Danish companies, trade unions, business associations and NGOs to promote ethical trade and responsible supply chain management among Danish companies'.⁹³ The project addresses all modalities of supply and demand support, including knowledge dissemination among companies on ethical trade, knowledge sharing and exchange of lessons learned among all stakeholders, strengthening efforts by companies within ethical trade, developing multi-stakeholder dialogue and collaboration, as well as 'qualify[ing] the debate in Denmark about ethical trade and engage more Danish companies in the work on ethical trade in practice'.⁹⁴ Thus the project will serve as a means to consolidate 'DIEH as the national platform for engagement on ethical trade'.⁹⁵

Under the same action plan falls *Fair trade for all: Contribution to a fivefold increase in the Fairtrade consumption in Denmark by 2020*⁹⁶ put forward by *Fairtrade Mærket Danmark Fonden* (Fairtrade Mark Denmark) under the Facility to Promote Corporate Social Responsibility and Fair Trade⁹⁷. The aim of the initiative is to increase the turnover of Fairtrade-marked products in Denmark through three strategic activities⁹⁸:

- business development: commercially-based outreach motivate businesses to engage in product development and investment; activities: research, meetings, workshops, materials and customer relations
- consumer motivation: information dissemination on fair trade to increase the demand, and to encourage debate about fair trade; activities: magazine *FairNOK* and electronic distribution

⁹³ Ministry of Foreign Affairs of Denmark (2013), 'The Danish Ethical Trading Initiative: Strengthen Danish Efforts on Ethical Trade' Fiche, <http://um.dk/en/~media/UM/English-site/Documents/Danida/About-Danida/Danida%20transparency/Documents/Grant%20committee/2013/Int%20doc/13%20DIEH%202013.pdf> , page 1.

⁹⁴ Ibid 91 at 1.

⁹⁵ Idem.

⁹⁶ Ministry of Foreign Affairs of Denmark (2013). 'Fair trade for all: Contribution to a fivefold increase in the Fairtrade consumption in Denmark by 2020' Fiche, <http://um.dk/en/~media/UM/English-site/Documents/Danida/About-Danida/Danida%20transparency/Documents/Grant%20committee/2013/Ext%20doc/08%20Fairtrade.pdf>, page 1.

⁹⁷ Ministry of Foreign Affairs of Denmark, Department of Green Growth (2013). 'Fairtrade Mark Denmark: Bridging Phase' Fiche, <http://um.dk/en/~media/UM/English-site/Documents/Danida/About-Danida/Danida%20transparency/Documents/Grant%20committee/2013/Int%20doc/02%20Fairtrade%20Mark%20Denmark.pdf> .

⁹⁸ Ibid 94 at 2.

- public procurement: approach municipalities and public institutions to increase the number of participants in the Fairtrade City Campaign⁹⁹; activities: campaign materials, and meetings with municipalities and cooperation partners.

Finally, under jointly the *Strategic Framework for Priority Area Growth and Employment 2011-2015* and the *Responsible Growth – Action Plan for Corporate Social Responsibility 2012-2015*, the Danish International Development Agency (Danida) contributed a total of DKK 1,5 million (EUR 201,500) to financially support the promotion of Fairtrade-labelled products by Fairtrade Mark Denmark (FMD) which serves as a bridging phase until application criteria and procedures for the new Corporate Social Responsibility & fair trade facility have been completed. The type of activities which are financed include: i. guidance and assistance to companies on product development and supply chain management and growing the assortment of fair trade products; ii. optimise the marketing of Fairtrade labelled products; as well as iii. raise awareness about development challenges and the Fairtrade labelling.¹⁰⁰

Grants from Danida have almost solely been used for activities motivating consumers and commercial actors by creating awareness about Fairtrade since FMD has a high degree of independent earning without external financing. The Fairtrade Mark Denmark: Bridging Phase can serve as an example for bridging finance to LRAs while they establish their own source of financing.¹⁰¹

1.6.5 The United Kingdom

Like the Netherlands, the UK has established structures and processes in support of fair trade without the existence of legislative background. Government support to the various sub-national levels has been substantial and has followed the product-certification route.¹⁰² The United Kingdom is the country with the highest amount of Fairtrade Cities, formally recognised by the Fairtrade Foundation as a city where there is strong support for Fairtrade by local residents, businesses/organisations, schools, faith communities and community groups.

According to the Fairtrade Foundation 2014 Factsheet, the UK is currently the biggest Fairtrade market in the world, with GBP 1.5 billion (EUR 2,02 billion)

⁹⁹ Fairtrade City is part of the global Fairtrade Towns campaign see page 1. Fairtrade City campaign in Denmark is run in cooperation with Danish Association for International Co-operation (Mellempøkeligt Samvirke) and has resulted in six cities/municipalities being declared Fairtrade cities.

¹⁰⁰ Ibid 96 at 3.

¹⁰¹ See more

¹⁰² For a description of the product-certification route see page 1.

spent on Fairtrade products in 2012 and there are more than 1,000 Fairtrade schools in the UK, with a brand new school scheme launched in 2014.¹⁰³ Thus fair trade has definitely established itself as mainstream in the UK.

Overall UK support to fair trade is largely linked to the way fair trade promotion has developed, particularly that it has been largely grassroots based.¹⁰⁴ It started through the initiatives of local residents and NGOs as well as consumers with a desire for ethically sourced products in general. In the UK, compared to other Member States, fair trade initiatives are largely driven by the grassroots and much progress has been made at town level. Currently, steps are taken to improve cooperation within counties.¹⁰⁵

UK Government policy, reflected in the *Eliminating World Poverty: Building our common future. White Paper on International Development*, highlights the association between fair trade and sustainable development by identifying the purchase of goods produced and traded as a tool that has the potential to contribute to international development efforts in a way that is sustainable over time.¹⁰⁶ The mode of support for fair trade focuses on start-up grants and procurement guidelines but also ethical procurement by public administration. In particular, in 2009, the UK Government announced that the Fairtrade Foundation – the organisation responsible for licensing Fairtrade International's (FLO) Fairtrade certification mark in the UK – was to be supported with a grant of £12 million (EUR 16,2 million).¹⁰⁷ Fairtrade Foundation, which organises Fairtrade Fortnight each year to raise awareness of the Fairtrade message, is defined as 'the face of UK fair trade'.¹⁰⁸

Central UK Government policy and procurement guidelines also recognise that 'constituent government institutions can contribute towards the fair trade movement through the procurement of fair trade goods'.¹⁰⁹

¹⁰³ Fairtrade Fortnight 2014: Facts & Figures.

http://foncho.fairtrade.org.uk/wp-content/uploads/2013/11/FactsStats_20141.pdf.

¹⁰⁴ Interview 2.

¹⁰⁵ Interview 2.

¹⁰⁶ Department for International Development (DFID) (2009), *Eliminating World Poverty: Building our common future. White Paper on International Development*,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/229029/7656.pdf

¹⁰⁷ Smith, Alastair M. (2010). *Fair Trade Governance, Public Procurement and Sustainable Development: A case study of Malawian rice in Scotland*, Department of City and Regional Planning, Cardiff University, May 2011, <http://orca.cf.ac.uk/10706/1/2011SmithAMPhD.pdf>.

¹⁰⁸ Department for International Development, The Rt Hon Justine Greening MP and HM Treasury (2013). *Policy – Helping developing countries' economies to grow*, last updated 20 November 2014, <https://www.gov.uk/government/policies/helping-developing-countries-economies-to-grow/supporting-pages/supporting-fair-and-ethical-business-operations>

¹⁰⁹ Ibid 101 at 2.

The government has been directly supporting 'fair trade' and 'ethical trade' initiatives with key documents across government departments:

- Department for Environment, Food & Rural Affairs' *Plan for public procurement: food and catering: the balanced scorecard* (2014)¹¹⁰
- Making sustainable development a part of all government policy and operations
- *Ethical Trading Initiative* (Department for Business Innovation and Skills 2011)¹¹¹
- Responsible and Accountable Garment Sector (RAGS) challenge fund – DFID also supports improvements in working conditions in garment industries in Bangladesh, India and Lesotho;
- Office for Government Commerce's guidance on how government departments can support fair trade through public procurement (DFID 2009).

In the UK, recognition by central government has been paralleled by increased consumption of fair trade goods by both private and public buyers. Support by LRAs is enclosed in the local development documents, including area action plans in the Local Development Framework (LDF), the Sustainable Community Strategy, and the Local Area Agreement (LAA).

¹¹⁰ See more:

Department for Environment, Food & Rural Affairs <https://www.gov.uk/government/publications/a-plan-for-public-procurement-food-and-catering-the-balanced-scorecard>

¹¹¹ Ethical Trading Initiative, <http://www.ethicaltrade.org/>.

2. Sum-up on modalities of support

Until now the study/analysis has provided some examples of enabling factors on the national and sub-national level. The summary table provided in Annex 1 gives an overview of which level of governance tackles fair trade practices through legislative and non-legislative documents and which are the responsible authorities. As seen in the first part of the note, the list is rather limited for most countries of Central and Eastern Europe, mostly due to the fact that organisational structures and practices associated with fair trade are in the process of development and there are wide discrepancies in the pace.

From the more detailed overview of the other eight countries, we see that modalities of support take different configurations and they have also undergone changes over the past year to accommodate the changed nature of fair trade from a parallel to mainstream market and from labelling and certification to activities which target *inter alia* education and training, capacity building and network development.

These include but are not limited to:

- National policy which enables and stimulates partnerships among LRAs;
- Procurement policies which target sustainable practices;
- Funding instruments which reflect local and regional structures and capacity, in the form of subsidies or credit facilities;
- Support and inclusion of LRAs as stakeholders in development cooperation;
- Public awareness of ethical consumption;
- Creating networks with other Member States.

Based on previous research, we have seen that the extent to which the national level can create an enabling environment depends *inter alia* on institutional settings and the degree of centralisation in the country under review, experience in promoting local and regional development, effectiveness of local and regional administrative systems, distribution of competencies between national, regional and local levels and the intensity of relations between sub-national institutions & civil society¹¹². The synopsis also highlights that political commitment and incentives on the national level can create an enabling environment for the

¹¹² For more information on these factors, see: Boland, P (1999), 'Contested Multi-Level Governance: Merseyside and the European Structural Funds' European Planning Studies, vol 7(5), no. 5, pages 647-664.; Hooghe, Liesbet and Gary Marks (2003) 'Unraveling the Central State, But How? Types of Multi-Level Governance', American Political Science Review 97: 2 (June). Milio, Simona (2013), The conflicting effects of multi-level governance and the partnership principle: evidence from the Italian experience. European Urban and Regional Studies. ISSN 0969-7764 (In Press).

development of more fair trade activities. This has taken various patterns where general strategies on sustainable development are combined with legislative initiatives as well as grants, platforms and awards.

One of the modalities of support which has been present, especially in the latest efforts by Denmark, Sweden and the Netherlands, is the creation of multi-stakeholder initiatives of private companies, NGOs, trade unions and the local and regional authorities, with the aim of improving the sustainability of commodity production and trade in developing countries. The multi-stakeholder initiatives can take various forms and they often involve an initial contribution by the government in order to create a bridging phase until sufficient resources are collected for it to be self-sustainable. The involvement of diverse stakeholders ensures the alignment of interests, goals and behaviour of the main economic actors for the benefit of local economic development and ethical trade with developing countries.

The examples of the countries reviewed also points to the advantages of combining supply and demand approaches as well as top-down and bottom-up approaches. With regard to the former, attention should be paid to those action plans which combine provisions encouraging the uptake of fair trade products by citizens, companies and public bodies and creating better conditions in developing countries, for instance through decentralised cooperation or by encouraging local companies to source more fair trade products. The combination of supply and demand is especially notable in the proposed Italian bill which goes a step further and defines all key methods of support to fair trade. Opportunities for fair trade support can also be recognised in the approaches where countries develop an experience-sharing platform on a national or regional level. These include Germany with the well-known Fair Trade Capital Award but also some of the specific regional initiatives such as the Saarbrücken and the *QuattroPole* Initiative.

3. Good practices

Multiple good practices have been identified in support of fair trade, decentralised cooperation and innovative approaches to ethical trade. Below the note highlights some examples across the primary methods of support: awareness-raising, financing schemes (also mentioned for individual countries previously), public procurement as well as creating fora and networks for sharing experience. More cases showing practices and examples of local and regional authorities' initiatives in fair trade have been collected in parallel to the current study and have informed its conclusions.

3.1.1 The 'Fair Trade fair' by the city of Dortmund

The City of Dortmund organises the tradeshow *Fairtrade and Friends* on an annual basis. In 2014, the show acted as a presentation platform for 128 exhibitors across sectors such as accessories, household goods, arts and crafts, food, sustainable tourism, recycling, among others. The show aims to promote awareness on manufacturing conditions and introduce consumers to 'new' FT products such as clothes, flowers, cosmetics, and wood.¹¹³

3.1.2 South West England

Cities, such as Bristol and Newcastle, in England are appointing fair trade officers to city councils tasked with supporting the implementation of fair trade policies and practices, and promoting fair trade in their community. In South West England, there is an annual conference of town to share ideas and challenges on issues, including fair trade. The Fair Trade Foundation is lobbying for regional fair trade coordinators to be appointed, to support organisation, activities, and awareness raising across sub-national authorities of England.¹¹⁴ Wales was first fair trade nation and Scotland followed after declaring itself also fair trade Nation.

3.1.3 Hannover – Poznan

Hannover in Germany is implementing several activities to encourage awareness and consumption of fair trade products in its community. On a national level Hannover is part of the *Netzwerk Faire Beschaffung* (Network for Fair Procurement) and participates at meetings of cities taking part in the biannual competition *Hauptstadt fairer Handel* (Fair Trade capital). At an international level, Hannover participates at Procura+ and occasionally takes part in

¹¹³ Fair and Friends, trade fair for fairtrade. <http://www.westfalahallen.de/messen/fair/en/>.

¹¹⁴ Fair Trade Foundation, Annual Report 2013, Goal 2.

international Fair Trade Town meetings. As part of its fair trade activities, Hannover also supports its twin towns with the promotion of fair trade. In 2012/2013, the city held a meeting with representatives from Malawi, Poland, Hungary, the Czech Republic, and the UK to raise awareness about the Millennium Development Goals, using Malawi as an example. The subject of fair trade as an instrument for sustainable development and reaching the Millennium Development Goals (MDGs) has been gaining ground in academic and policy-oriented literature as well as EU policy documents.¹¹⁵ As seen earlier, the increased contribution of Central and Eastern European countries to development assistance and partnership with developing countries has increased awareness of the issues faced and to an extent increased support for sustainability initiatives, including fair trade. Particularly, the relationship between Hannover (Germany) and Poznan (Poland) provides an excellent example of innovative cooperation in the field. Hannover took the lead in an EU project called *Aware&Fair* and in this capacity provided guidance, education and volunteers for its twin town Poznan. In 2012, the city of Poznan was running a Fair Trade campaign as part of the *Aware&Fair* project and became the first Fairtrade Town in Poland in December of the same year.

3.1.4 QuattroPole

QuattroPole is a trinational network of four cities: Luxembourg (LU), Metz (FR), Saarbrücken and Trier (DE). As the longest distance between any of the cities is an hour, the international alliance aims to encourage cooperation and collaboration across borders, and to implement innovative projects between the cities. All four cities were awarded the status of Fairtrade Town between the years of 2009 and 2012. Each city has appointed a working group, which works together with volunteer active clubs and initiatives, and their sister groups in the other cities to launch biannual fair trade events¹¹⁶. These groups are active in promoting citizen participation in these activities, and engaging local authorities and organisations in awareness raising for fair trade.

QuattroPole is a unique cross-border alliance, which demonstrates the importance of collaboration in promoting and sustaining fair trade activities.

¹¹⁵ Dammert, Ana C. and Mohan, Sarah (2014). A Survey of the Economics of Fair Trade, IZA DP No. 8167, May 2014; Cremona, Marise and Duran, Gracia Marin (2013). Fair Trade in the European Union: Regulatory and institutional aspects, in: Granville, Brigitte and Dine, Janet (eds). *The Processes and Practices of Fair Trade: Trust, Ethics and Governance*, Routledge.

¹¹⁶ Fairtrade Initiative Saarbrücken, Städtetz QuattroPole wird 'QuattroFair'. http://www.faires-saarbruecken.de/fairwaltung/quattropole_wird_quattrofair

4. Main barriers

Turning to the factors that deter the development of fair trade, the interviews are very informative about the barriers which persist on the level of LRAs, national level and the treatment of fair trade in general.

In the UK, for example, where a substantial number of fair trade-certified towns already exist, the difficulty is to coordinate across fair trade towns in order to achieve wider fair trade region status.¹¹⁷ This difficulty has also been reiterated for France and Germany. The challenge in this case lies in the variation of involvement across towns and existing platforms for cooperation among local authorities. Currently the exchange of fair trade experiences and shared practices varies substantially between and within countries. Often the existing forums are driven by the activities of the Fair Trade Towns campaign and the International Fair Trade Towns conference. In light of this, the role of Fair Trade actors is to facilitate the spread of the best practices which happen on the ground with a primary focus on regionalisation. A number of suggestions have been put forward for possible platforms to incentivise this transfer between and across countries, as well as lessons from less successful attempts.

This leads to a second challenge highlighted by interviewees – limited capacity at the local and regional levels. On one hand, there is an overall lack of personnel in the smaller authorities and when fair trade activities are undertaken in parallel to key activities, the resources that could be allocated for support to fair trade are limited. In the cases where such capacity exists and especially in the cases when volunteers are available to support fair trade promotion, there is limited knowledge on fair trade within the authorities and lack of guidance on how to run associated tasks. Examples for this barrier are ample from the experience of Poland, Czech Republic and Bulgaria, but also the UK, where delivering capacity building support to individuals and groups of LRAs has been seen as a priority.¹¹⁸

On a general level the other complications that have been identified to slow down LRAs' involvement in fair trade range from: i) existing historical background in Central and Eastern Europe (see below); ii) lack of data and quality and comparability of data with regard to operating organisations; iii) lack of a clear position / message on the part of some national governments and EU institutions; as well as iv) a perception that support for fair trade can be perceived as interference in the market.

¹¹⁷ Interview 1 and 2.

¹¹⁸ Interview 2.

This is further reviewed below in the demand-associated challenges. One of the explanations put forward is the fact that Central and Eastern European countries which have little or no historical background of colonial relations with the developing countries do not feel as responsible for stimulating development.¹¹⁹ The increasing number of legislative and non-legislative documents adopted by the countries in CEE is counteracting this status quo.

Another challenge which has developed through historical reasons is the process through which grassroots initiatives and NGOs are formed in the former Soviet Union and Communist-led countries. Due to restrictions on the freedom of association, existing non-governmental organisations have been created to oppose authorities rather than to support a specific cause especially related to sustainable development.¹²⁰

Additional barriers to support for fair trade have been put forward by almost all interviewees.¹²¹ Both LRAs and fair trade associations and foundations perceive the need for a clear message on the part of some national governments as well as EU institutions that fair trade promotion, production and consumption is not a parallel activity. It can and should be part of the regular activities of the authorities and it can contribute to local and regional economic development. This links to the deterring factors highlighted in the introduction that a common message of support for fair trade is essential, in addition to linking it explicitly to sustainable development.

At the same time, such support for fair trade as the means to economic development highlights the key challenge to developing an EU-wide framework: needing concrete data on the impact of fair trade on the EU regions and developing countries (see Policy recommendations). Below we briefly outline the concerns indicated vis-à-vis supply and demand-side barriers.

4.1 Supply side

On the supply side, the main barrier identified has been the availability and range of existing commodities that are fairly traded. This remains a challenge not only in Central and Eastern Europe, where there are few/no products that are certified domestically, but also in fair trade leaders.¹²² This is especially important for public procurement. When LRAs decide to adhere to ethically traded commodities, it has sometimes been the case that no suppliers providing

¹¹⁹ Idem.

¹²⁰ Interview 4.

¹²¹ Interviews 1, 2, 3, 4 and 5.

¹²² Interviews 1, 2, 4, 5 and 6.

such alternatives exist. Even when public procurement rules are updated to cover products which are sourced in a socially- and environmentally-friendly way, the major problem is the existence of trade across some of the commodities. This could be targeted by improvements in the supply chain, data exchange on the supply and demand of products and better networks among LRAs, which have been reviewed in the recommendations.

A second barrier which has been highlighted is the lack of resources by local and regional authorities, especially intensified in some of the poorest regions of the EU. Research shows that most of the starting and bridging phase financial resources for fair trade support have been funded by EU projects. As in the previous case, this is intensified for LRAs in Central and Eastern Europe. For example, the interviewee from the Fair Trade Association in Poland underlined that there has been a shift in EC rules for tenders for grants towards a preference for larger-scale, cross-country projects.¹²³ This tendency has led to cutting out many small-scale projects as well as to the need for greater capacity for the organisations to be able to lead large ones. As a result, access to resources for smaller organisations has become more difficult. On one hand, this has stimulated the identification and creation of partnerships, but on the other hand it has dis-incentivised smaller scale initiatives. This stimulates partnerships but according to stakeholders, these take years to build and require capacity.¹²⁴ One good recent example for EU support includes the Development Education and Awareness Raising (DEAR) channelled through the thematic programme Non-State Actors and Local Authorities in Development (the NSA-LA programme). This programme, based on Article 14 of the *Development Cooperation Instrument*, aims to co-finance initiatives proposed or carried out by civil society organisations and local authorities.¹²⁵ A number of initiatives organised around the call for proposals, such as the 4th Partnership Fair on DEAR by Trialog, have facilitated partnerships, cooperation, learning and exchange at an international level for joint projects.¹²⁶ The Trialog organised Partnership Fairs have also been funded by the EC as well as the Austrian Development Fund. Another example of pooling resources across the region has been the project 'From overconsumption to solidarity' implemented by the Polish Fair Trade Association, along with partners from Hungary, the Czech Republic and Slovakia, funded by the Visegrad Fund and the EC. The goal of the project is, on one hand, to raise awareness on the global effects of over-consumption of natural resources in Europe; and on the other hand, to stimulate reflection and critical thinking by citizens in the countries of the Visegrad Group on the impact

¹²³ Interview 4.

¹²⁴ Idem.

¹²⁵ Development education and awareness raising – funding.

¹²⁶ TRIALOG (2013). 4th Partnership Fair on Development Education/Awareness Raising (DEAR), http://ocud.es/sites/default/files/PF2013_Description.pdf.

of excessive consumption of goods in Europe on socio-economic development in the Amazon region.¹²⁷

4.2 Demand side

With regard to public procurement by LRAs, rules and their implementation remain a major barrier on the sub-national level in particular and once again with heightened effects on countries where fair trade organisational structures and processes are currently picking up.¹²⁸ The lag of the implementation of the EU Directive in public procurement is often due to limited capacity of the LRAs and this could be addressed with additional practical guidance (see Policy recommendations). Clear and uniform procurement assistance will also be essential in limiting the perception that procuring fair trade products leads to increased costs for the LRAs.¹²⁹ Finally, a barrier to uptake of fair trade public procurement can be found in the low level or lack of engagement of local authorities as well as political differences among stakeholders on a local, regional and national level.¹³⁰

The main barrier to increased consumption of fair trade products is low recognition or interest from the consumers.¹³¹

While sales of ethically produced, fair trade products in the UK have increased substantially over the past years, there is a lot less consumer uptake in the countries of Central and Eastern Europe. The latest Eurobarometer reports that respondents, especially those in 'northern and western Member States are generally more likely to be prepared to pay more for products from developing countries'.¹³² Overall at the EU level, the survey shows few shift in the opinion of European citizens, with the exception of Cyprus, Austria and Croatia where significantly more respondents are ready to pay more for groceries from developing countries.¹³³

According to other public opinion research, in Romania, for example, there is a very low consumer interest in fair trade products 'due mainly to the lack of information'.¹³⁴ Fair trade products have been 'perceived more as exotic objects,

¹²⁷ 'From overconsumption to solidarity', http://vedegylet.hu/o2s/index_en.php?page=info.

¹²⁸ Interview 1, 4.

¹²⁹ Interview 2.

¹³⁰ Interview 2, 4.

¹³¹ Interview 1.

¹³² European Commission (2015). Special Eurobarometer 421, European Year for Development – Citizens' Views on Development, Cooperation and Aid. Report, January 2015, http://ec.europa.eu/public_opinion/archives/ebs/ebs_421_en.pdf, page 42.

¹³³ Idem.

¹³⁴ Popa, Claudia (2012). Mișcarea Fair Trade se simte și în România,

especially handicrafts and non-food, and that they have a story to satisfy the principles of [the] fair trade system does not greatly influence the purchase decision'.¹³⁵ The consumer market for fair trade products also seems to pick up slowly since decisions are mostly based on pricing.¹³⁶ This trend is being counteracted by clearer labelling about the sources of production as well as increasing demand for natural or organic products and fair trade products can be associated with that group. A practical way to address this is a clearer presentation of fair trade items, their production and impacts on developing countries. As identified in one of the interviewee responses, there is a need for 'better connection of products with their producers, more particularly the way they have been produced – better marking of products i.e. nobody will buy a product labelled 'made by children'.¹³⁷

Two additional concerns link to the recognition and interest of consumers, namely that fair trade products are seen as an NGO initiative and related to particular brands and that fair trade products are limited in overall supply. These concerns are not surprising giving the low level of fair trade promotion and awareness-raising activities. The interviews clearly highlight the benefit of more joint activities and 'EU projects [which] work as ice-breakers and initiation for Central and Eastern European towns that can work together with more advanced western EU countries'.¹³⁸ Below we outline some additional recommendations to address this.

<http://incomemagazine.ro/articole/miscarea-fair-trade-se-simte-si-in-romania>.

¹³⁵ Idem.

¹³⁶ Interview 4.

¹³⁷ Interview 5.

¹³⁸ Interview 5.

5. Policy recommendations

It is clear from the foregoing that the combination of policies, directives, framework structures, incentives, and local-level initiatives represents a formidable and ambitious set of goals, however loosely defined. At the same time, the drive for policy coherence across the economic and development spectrum to embrace the objectives of fair trade, sustainable development, ethical considerations and international development has to be recognised as a vast undertaking.

We then need to consider the current economic policy context across the EU. Budgets are being held down, with much of the burden for adjustment falling on regional and local authorities, while individuals and companies are reducing their debt burdens, consolidating and scaling back. To be sure, as pointed out earlier, this represents an opportunity to realign domestic and external policies to deliver on the coherence agenda. One of the issues that needs to be considered in this context, therefore, is whether LRAs are in a position to significantly scale up their fair trade programmes in the current situation.

In structuring our policy recommendations, we have given primacy to the importance of EU institutions. They will need to orchestrate the process, even if funding decisions are left to national governments and operational decisions are left to LRAs. By orchestration, we mean essentially shaping the way in which the system develops along the lines of coherence identified in the various initiatives. This is easier said than done, because of the interconnectedness and interdependence of issues. This creates a circular dynamic that could be mutually reinforcing, if well designed, or mutually destructive if not. For example, information and data is critical to good policy-making, but in the situation that currently prevails, is patchy, inconsistent across regions and systems, and not always available on time. Implementing strategies in this context is difficult at best and could be counterproductive at worst. Yet, to create effective information systems is expensive and time consuming, and cannot be justified unless the long term benefits outweigh the costs, and unless the resulting model succeeds in its major objectives. Everything therefore depends – if a Europe wide agenda is to develop – on the scale of commitment and ambition on display at the European level. It is for this reason that the study begins with recommendations relating to the top of the pyramid.

5.1 EU-level policy recommendations

5.1.1 *Clarity on the level of ambition*

Essential for the design of an effective fair trade, ethical and sustainable agenda, and to determine the policy ecosystem within which it will ultimately operate.

- More so when we consider that the level of ambition in applying fair trade principles has not been clearly identified in terms of how far it will eventually extend across the system in terms of product areas covered and geographic spread, and how far it will extend down the parallel routes of sustainability and ethical practices. The level of ambition will thus determine the extent to which concepts and objectives would need to be clarified and defined. This is especially relevant in terms of setting up a potential common labelling regime. According to previous studies, such regimes can take different forms: i) voluntary versus compulsory; ii) replacing existing national and private labels versus working alongside other schemes; and iii) minimum standards versus more ambitious criteria.¹³⁹
- With clarity on this issue in place, it would then be possible to place piecemeal objectives, such as the public procurement directive, or labelling or certification procedures for particular products, into context and to position them as milestones on a much longer road map.
- Why we are doing all this would also become clearer to EU citizens, who could then identify with the broader social, environmental and economic model and their place in it. Currently, the approach appears fragmented and to some extent disjointed, and to that extent difficult to follow. Generating acceptance for this overall idea would constitute part of the process of defining the level of ambition.

5.1.2 *Making the economic and business case*

From the literature review and from some of the interviews, it appears that the economic and business case in favour of an ambitious fair trade agenda is insufficiently developed.

- The foremost challenge will come from those who would question the economic logic of this whole policy endeavour, particularly in a time of austerity, high unemployment and debt reduction. It could also come from established businesses – both within the EU and beyond – that cannot manage the transition or do not agree with the model.

¹³⁹ Ibid. 2 at 177.

- Fortunately there is an existing set of analytical tools that can be used to explore this issue in considerable detail. In brief, we need to establish that it is possible to pursue a fair trade, sustainability and ethical agenda without compromising on costs, quality or competitiveness, while being assured of the reliability and durability of the system.
- We would then need to assess this across product categories and with specific reference to markets and their structures. The employment dimension will be an important part of this analysis, both in terms of effects within European markets and with reference to emerging economies.
- Although there will almost certainly be short- to medium-term adjustments to be considered, the way that the EU coordinates the design of a policy ecosystem (or universe), and the way it is actually implemented through a decentralised network of LRAs, could ensure a long-term outcome that is positive in economic, social, environmental and political terms. More so when one considers the stabilising effects of fair trade (and market access) policies on emerging economies on Europe's southern and eastern periphery, and on migration and poverty more generally.

5.1.3 Improving policy coherence

As part of the process of clarifying the level of ambition that the EU is aiming for more generally, a number of interrelated policies need to be accommodated in this design. Amongst the more prominent, when considering the complex mix of issues involved in the fair trade, ethical and sustainability agenda, are the following:

- External action
- Trade policy
- Sustainable consumption and production policies
- Climate action policies
- Common Agricultural Policy
- Development strategies and commitments, especially related to the post-2015 development agenda

5.1.4 Reconciling regulatory and policy priorities

Coherence in approach is emphasised in the various policy endeavours covered in this study. However, greater attention needs to be given to reconciling this idea of coherence, which after all hopes to harness fair trade, sustainability, ethical practices and external policies to a common purpose, to areas of possible

policy inconsistency, or friction. Broadly speaking, possible inconsistencies can be found in the following areas:

- WTO rules, particularly with respect to the principle of National Treatment, market access commitments, and for labelling and product standards and process requirements.
- Competition policy rules of the EU and member states, and their international implications.
- Investment rules (an issue that will become more important if and when the Transatlantic Trade and Investment Partnership, TTIP, is agreed with the US. In this situation, it may be necessary to negotiate an LRA exemption from TTIP commitments on investment).

There could well be other issues that have not been flagged here. As a policy recommendation, this study would suggest a systematic evaluation of where these possible points of friction lie, and how the fair trade agenda, as it expands and becomes more entrenched, can be reconciled with their provisions. In terms of trade agreements – whether multilateral, bilateral or regional – whatever fair trade policy model is adopted by the EU, would require reciprocal recognition and would need to be accommodated within the structure of any such agreement, as with TTIP mentioned above. Developing the capacity to negotiate trade agreements that recognises a supportive policy environment (with reference to development, sustainability or any other agreed consideration) would be important in the broader scheme of things if friction during implementation is to be minimised.

A more or less permanent mechanism, or advisory service, would also need to be in place to help LRAs and national governments identify problems and find solutions. Here again, we need to acknowledge that this could be quite an expensive service, particularly if a permanent advisory mechanism is to be established which is capable of responding quickly to queries and/or to providing research or legal advice and support.

5.1.5 A gap analysis of the policy structure

If the EU is to support an enabling environment for the spread of fair trade practices through LRAs and beyond, identifying where and how the system can be shored up would be an important contribution. Perhaps the issue of funding and financing could be considered in this context. One possibility, for example, is if part of the external/foreign aid budget could be used to support LRAs in organising their fair trade strategies, providing some relief for LRA budgets. Looking beyond this, perhaps there is a way of using the funding of development banks (domestically, the EBRD, and internationally the World

Bank or regional development banks) to support some parts of the programme. From the material reviewed in this study, this area does not appear to be a major concern at the moment, so it is really just flagged as something to be considered when designing a complete ecosystem.

5.1.6 Monitoring, information and data flows

From the literature reviewed and the other material evaluated during this study, it is clear that the lack of information and data is a fundamental weakness that needs to be addressed as a priority. Monitoring is also impossible without adequate or appropriate information flows. Not only is it impossible to compare models across countries, or even within countries (especially for ‘bottom-up’ systems), it is difficult to make an economic or business case, or to evaluate options in the absence of comparable or usable data. It is equally difficult to try and establish best practice across systems when the criteria and information differ substantially. As a consequence, the contribution that experience and operational practice in different parts of the system can make to learning about what works and what does not, is possibly lost. This in turn impedes the ‘spread effect’ of good examples, but equally means that mistakes can be repeated. An example can be seen in the almost complete absence of information on the ground effects of fair trade practices (of whichever type) on income levels of farmers in developing countries, or indeed on any other aspect of its wider impact. Answering this question is surely central to the debate on whether fair trade works or not. The same is largely true of environmental monitoring. Information and data, together with effective monitoring mechanisms, can thus provide the key inputs for every other phase of the policy and operational agenda. From formulating strategies, through evaluating options to making a strong economic and business case, all of these would depend on information flows.

It would also be central to any strategy that seeks to promote experience-sharing, awareness raising, or policy advocacy. Equally, an effective and efficient system of monitoring and data collection would help create comparative tables, or indicators, on performance levels that would in turn support the efforts of LRAs to learn from one another. Incentives through the use of awards or some form of recognition could form part of this arrangement.

This study would therefore highlight the importance of creating an effective data collection and management system that would feed the evaluation, monitoring and policy making process. Although this could be expensive, it would be entirely justified under the circumstances, and would have a significant multiplier effect on the overall effectiveness of the fair trade agenda.

5.2 National-level recommendations

Many of the issues mentioned in the section above would equally apply to national-level responsibilities, but are perhaps more cost effective if coordinated at the EU level.

What is striking from the results of this study is how differentiated and fragmented is the range of practices within the European system. Much of this is due to the way in which individual countries have developed their economic models, with bottom-up and top-down approaches followed in different places in different ways and following different trajectories.

In this situation, the broad approach of this study is to recommend that the EU create the frameworks (policies, monitoring, coherence), and define the principles and scale of ambition, while national governments would provide the resources, support, and policy guidance and advice.

The study recognises that while cross-border lessons can and should be learned, the first step for LRAs is to learn from each other from within their systems. There are cultural and political reasons for this and, if properly managed, they can be a considerable strength.

For national governments that have limited or insufficient capacity (either at the national or LRA levels), the challenges are somewhat different. They not only need to create consumer awareness and the policy climate for a successful fair trade strategy, but have to encourage local businesses, together with importers and exporters, to work within this framework. Demonstrating the clear benefits of fair trade, environmental sustainability and ethical considerations becomes central to the process, but can be expensive. In these circumstances, a great deal of groundwork and experience sharing would be needed, and the benefit of EU institutions' involvement to support the process is evident.

National governments therefore have a significant potential role in awareness raising, experience-sharing and providing policy and operational advice. Ideally, they should also back this with financial support, or through other allowable incentives or subsidies. There is considerable flexibility in the rules of the EU and the WTO that allow for this (subject to some conditions) particularly if the support is part of a sustainability (social, environmental or commercial), regional or development agenda.

In particular we can expect them to act in the following areas:

- **Policy dissemination and a business dialogue:** to advise LRAs and other regions or cities of the possibilities that exist in this area in terms of business opportunities (either as consumers or producers), consumer benefits, etc. Also, to advise business of what is going on and of how this could alter market strategies. If the fair trade agenda is to become mainstream policy, then the dissemination of the implications of this approach would need to be coordinated through national governments.
- **Consultations:** the transition to a fair-trade centred economic model requires careful handling. Consultation mechanisms provide governments with ideas about how best to do this, ideas about the complementarity between top-down and bottom-up approaches, and ideas about LRAs working together in managing contracts. Consultation procedures also help to build a consensus within society and to minimise tensions.
- **Sharing best practice:** regions learn from each other much more readily than from national governments. Sharing across regions (initially within one country, but then more broadly) would make sense, and would be easier to organise. National governments would therefore have an interest in collecting data, monitoring and evaluating performance in this area.
- **Advice and guidance:** relating to the working of the procurement rules and how these can be best managed, particularly with reference to applying green, social or ethical standards. National governments and LRAs would be the first to admit that public procurement strategies can be better and more efficiently managed.
- **Consumer awareness and public education:** consumers respond best to messages that are couched in their own languages and which contain cultural and social references that are locally understood. Building consumer sentiment and attitudes is thus best left to local, regional and national governments.
- **Providing assistance:** national governments are well aware of what can be provided within state aid, WTO and competition rules, whether in terms of grants and subsidies, or in terms of tax concessions or research support.
- **Adjustment assistance:** the application of fair trade rules – as with environmental and ethical standards – can entail significant adjustment costs which national governments can meet through a variety of methods (tax concessions, subsidies, etc.). National governments are in the best

position to assess these and to design adjustment programmes that address local and regional needs.

- **Capacity building:** in the current economic context, most LRAs are struggling to meet existing obligations without assuming new costs for an ambitious fair trade agenda. National governments can assist LRAs develop the institutional and organisational capacity that help deliver a pro-competitive fair trade model that is ethical, sustainable and equitable. This is an ideal long-term outcome that national governments would be interested in achieving.
- **Research support:** national governments often have significant research budgets and facilities, many of which are looking at environmental and sustainability issues. These can be harnessed, too.

5.3 LRA level recommendations

Taking into account the variable capacity, experience and interest, in order for LRAs to be able to support fair trade a whole range of national and EU policy measures have to be put in place. Some of the options have been outlined above and the role of LRAs is to take advantage of the policy framework created either at the national or EU level, and create operating conditions that effectively exploit these opportunities and make the most use of public procurement provisions, etc.

At one level, LRAs need to use their limited – and in some cases declining – resources to promote development and economic regeneration while managing their existing responsibilities. If the EU's strategy to place fair trade (plus environmental and ethical concerns) at the heart of the development process is to be addressed, then a number of associated issues need to be dealt with.

As a first step, this study would therefore recommend that LRAs be advised – if they have not already done so – to adapt their structures, systems and organisational methods to take full advantage of the opportunities in this area. The possibilities created by the procurement directives would perhaps be a good starting point.

This would involve, for example, some of the following:

- Establishing the right systems to take advantage of the evolving EU and national policy frameworks being developed around the fair trade agenda;

- Clarifying criteria for qualifying for certain labels and promoting transparency in sharing information regarding criteria;
- Monitoring labelling initiatives;
- Learning from other LRAs on what works and what does not;
- Developing the skills and competencies needed, particularly in the public procurement process, to ensure that they achieve value for money;
- Developing the monitoring and evaluation structures needed to assess performance and to form a platform for further adjustments to their strategies;
- Promoting consumer awareness within society, institutions and business, to support the demand side of the equation;
- Maintaining and promoting consumer confidence in fair trade labels;
- Identifying the skills and professional requirements for the expanding job opportunities that will arise;
- Supporting infrastructure development – social and physical – that will support the achievement of policy objectives.

This is obviously only an indicative and illustrative list. Many LRAs will already be far advanced down this road, and could easily help others.

5.4 Changing the narrative

The main recommendation links to the current treatment and presentation of fair trade. Even though research confirmed that fair trade is an 'essentially voluntary, dynamic mechanism that develops along with societal and consumer awareness and demands'¹⁴⁰, both desk research and interviews highlight the changing nature of fair trade and the need to parallel these developments by also altering current discourse on the topic. In light of the economic and financial crisis, local and regional authorities throughout Europe are still facing trade-offs between various activities due to limited budgets. Particularly in Central and Eastern Europe, allocation of resources to supporting fair trade has not been prioritised.

The existing practices clearly show that some LRAs have extended their approach beyond awareness raising and the labelling initiative and have taken steps to integrate fair trade principles across all sectors and activities. This highlights the added value of linking fair trade principles to jobs and growth agenda and in particular, in the key drivers of local and regional economic performance. In reshaping the concept of fair trade and the nature of the fair trade debate, the question to be addressed is how local and regional economic

¹⁴⁰ 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.

development can boost economic activity and alleviate poverty in the EU, their territory and partner countries.

In order to achieve this, one has to look at the micro dimension of local economic development, such as the drivers and causes of the behaviour of the key economic actors. In the case of fair trade promotion, these include local companies, international organisations, universities and other educational institutions, industrial associations, NGOs and government agencies both in the EU and in the exporting country. Globalisation but also the economic crisis has challenged some of the pre-existing dynamics and any reference framework should look into the policy options from these different perspectives.

Possible proposal for action is to integrate fair trade standards and principles in local development strategies, in order to remain sensitive to territorial and local specificities.

5.5 EU-wide data collection and indicators

In the medium to long term, the EU Member States would benefit from more tangible evaluation of the impact of fair trade. This would provide the necessary information to bring forward the advantages of the different approaches to fair trade as well as highlight the benefits to LRAs. Such an evaluation will have to be based on an extensive data collection exercise throughout Europe and partner countries. The indicators will *inter alia* cover economic data on the size of the fair trade markets such as the number of companies involved in fair trade, the number of jobs, the number of channels and affected producers. The development, collection and monitoring of fair trade indicators in addition to key sustainability ones will provide the basis for inter-regional comparison across several dimensions:

- Fair trade track record – lead indicators: number of Fair Trade Towns and regions; number of fair trade organisations in the public register; presence of subsidies;
- Awareness-raising – lead indicator: number of campaigns; promotion of educational activities;
- Procurement – lead indicators: companies involved in fair trade; number of producers and number of importers; number of products;
- Compliance with standards – lead indicators: compliance with ILO’s DWA and CLS;
- Economic, social and environmental cohesion – lead indicators: Europe 2020 indicators.

Annex 1. Legislative and non-legislative documents in support of fair trade in EU Member States

Legend: + (Exists); - (Absent); in progress

Country	Level of Governance		
	National level	Regional level	Local level
Austria	+ <i>The Austrian Strategy on Development Communication & Education, Austrian Development Agency (ADA)</i>	In progress	-
Belgium	In progress	Flanders + <i>Vision 2050: Flemish Sustainable Development Strategy 2010-2014; Advice, Policy Note on Foreign Policy, International Business and Development Cooperation 2014-2019</i> Wallonia + <i>2013 A Strategy for sustainable development Regional Policy Statement 2009-2014 Regional Policy Statement 2014-2019</i> Brussels region – in progress	+
Bulgaria	Lack of information and very limited experience with fair trade products and activities		
Croatia	Lack of information and very limited experience with fair trade products and activities		
Cyprus	Lack of information and very limited experience with fair trade products and activities		

Country	Level of Governance		
	National level	Regional level	Local level
Czech Republic	-	-	In progress Local initiatives by a few active local authorities: Litomerice, Vsetin
Denmark	<i>Strategic Framework for Priority Area Growth and Employment 2011-2015; Responsible Growth – Action Plan for Corporate Social Responsibility 2012-2015 / Ministry of Foreign Affairs of Denmark, Danida / the Nordic Council of Ministers</i>	-	
Estonia	No certified products, limited information since first Fair Trade Town inaugurated October 2014		
Finland	+ Sustainable consumption and production patterns. Implement the <i>10-year Framework of Programmes on Sustainable Consumption and Production effectively and time-bound</i> / Ministry for Foreign Affairs of Finland	-	-

Country	Level of Governance		
	National level	Regional level	Local level
France	<p>+</p> <p>Article 60 of the <i>Law for SMEs</i>¹⁴¹; A <i>National Action Plan for Fair Trade</i> (April 29, 2013); <i>National Action Plan for Sustainable Public Procurement 2014-2020</i></p> <p>Joint initiative by France and The Netherlands called <i>Boosting social and environmental standards in international trade</i> March 31, 2014, Paris</p> <p>Responsible institutions: Ministries of Development / Social Economy / French Agency for Development – AFD</p> <p>AFD, Ministry of Foreign Affairs, Ministry of Ecology, Sustainable Development and Energy, Ile de France also support the initiative 'Territories Fair trade' which is the French version of the international project 'Fairtrade Towns'.</p>	<p>+</p> <p>40 LRAs have already been labelled 'Territory of fair trade' (including Paris, Lyon, Nantes) and more than a hundred is engaged in the process.</p> <p>The regional authorities that support fair trade:</p> <ol style="list-style-type: none"> 1. Regional Nord-Pas de Calais - Region 'Fair Trade Territory' since November 18, 2009; 2. Regional Council of Pays de la Loire - Region 'Fair Trade Territory' since November 18, 2009; 3. Regional Council of Ile-de-France - Region 'Fair Trade Territory' from November 25, 2010 4. Rhône-Alpes Regional Council - Region 'Fair Trade Territory' from November 25, 2010 	<p>+</p> <ol style="list-style-type: none"> 1. Alfortville City 'Fair Trade Territory' from November 18, 2009; 2. Bourg en Bresse - City 'Fair Trade Territory' from November 25, 2010 <p>+ Another 52 Fair Trade Territories</p> <p>http://www.territoires-ce.fr/s/carte-de-france/</p>

¹⁴¹ Amended on July 31, 2014 by Article 94 of Act No. 2014-856.

Country	Level of Governance		
	National level	Regional level	Local level
Germany	+ 2012 Progress Report of National Sustainable Development Strategy / the Federal Ministry for Economic Cooperation and Development supports both initiatives 'Fair Trade Action Week' and 'The Capital of Fair Trade'	+ 2010 Fair Trade in municipalities. A practical guide. Main actor is the Service Agency Communities (the Service Agency is funded by means of the Federal Ministry for Economic Cooperation and Development (BMZ), and the federal states of Baden-Württemberg, Bavaria, Berlin, Bremen, Hamburg, Mecklenburg-Western Pomerania, North Rhine-Westphalia, Rhineland-Palatinate, Saarland, Schleswig-Holstein and the city of Bonn); <i>Municipal Charter for the Future – One World – Our Responsibility, Sustainability at Municipal Level</i> , published in October 2014 by the German Section of Council of European Municipalities and Regions (CEMR)	+ For example, <i>Concept for further development of Fair Trade in Bonn</i>
Greece	-	-	-
Hungary	-	-	-
Ireland	+ 'Ireland's commitment and vision for development' ¹⁴² ; Financial support to Fair Trade initiatives through Aid for development budget ¹⁴³	-	-

¹⁴² See more: <http://www.dci.gov.ie/whitepaper/>, page 66.

Country	Level of Governance		
	National level	Regional level	Local level
Italy	<p>In progress</p> <p>Three draft laws (examination under progress in parliament committee) with the same name and almost same text.¹⁴⁴</p> <p>General regulations on international cooperation for development¹⁴⁵</p>	<p>+</p> <p>Taken from the Bill 2726:</p> <p>A pioneer in the law to devote an entire Fair Trade was Tuscany, with the regional law February 23, 2005 n. 37. In its wake, have been approved by the Friuli Venezia Giulia (Regional Law December 5, 2005, n.29), Abruzzo (regional law, March 28, 2006, n.7), Umbria (Regional Law February 6, 2007, n.3), Liguria (regional Law August 13, 2007, n. 32), Marche (regional Law April 29, 2008 n.8), Lazio (regional Law August 4, 2009, n.20), Piedmont (regional law October 28, 2009 , n. 26), Emilia-Romagna (regional Law December 29, 2009, n.26), Veneto (regional Law January 22, 2010, n. 6), the Autonomous Province of Trento (provincial Law of June 17, 2010, n. 13) and finally Puglia (regional Law of August 1, 2014, n.32). In many of the regions excluded from this list, bills of a similar object are in the approval process (as in the case of Lombardy).</p>	<p>-</p> <p>Most activities on the regional level</p>

¹⁴³ State of Play of Fair Trade Public Procurement in Europe 2010.

¹⁴⁴ 1.1. Bill: 2726 'Provisions for the regulation and promotion of fair trade', Filed November 17, 2014 and printed on January 9, 2015.

1.2. Bill: 811 Baretta: 'Provisions for the promotion of fair trade and the regulation of its exercise', Presented April 19, 2013 and Examination Committee started May 7, 2014).

1.3. Bill: C. 241 Rubinato and others: 'Provisions for the promotion of fair trade and the regulation of its exercise', Presented March 15, 2013 and Examination Committee started May 7, 2014).

¹⁴⁵ The August 29, 2014 came into force the new Law no. 125 of 2014 - 'General regulations on international cooperation for development' - finally approved by the Senate August 1, 2014. – Page 10, Art. 26. Civil society organizations and other non-profit entities - c) organizations of fair trade, ethical analysis of finance and micro-credit in its statutes that provide for priority purposes as international cooperation for development.

Country	Level of Governance		
	National level	Regional level	Local level
Latvia	No certified products and Fair Trade Towns, limited information		
Lithuania	No certified products and Fair Trade Towns, limited information		
Grand Duchy of Luxembourg	+ <i>Code of Legislation, Article 1 of A - No. 183, August 29, 2012 / The Ministry for Cooperation and Humanitarian Action</i>	-	-
Malta	-	-	-
The Netherlands	+ <i>The Sustainable Trade Initiative IDH 2008-2013 / Ministries of Development Cooperation / Agriculture / Trade</i>	-	-

Country	Level of Governance		
	National level	Regional level	Local level
Poland	<p>- Not directly concerned with fair trade</p> <p>Here the leading Ministry is of the Economy, not the Foreign Affairs (Development Cooperation).</p> <p>1. <i>National Reform Program Europe 2020</i> <i>Corporate Social Responsibility in Poland'</i></p> <p>2. No mention in <i>2015 Development Cooperation Plan</i> implemented through the Ministry of Foreign Affairs of the Republic of Poland from special purpose funds allocated to development cooperation, MFA funds, and funds allocated by other ministries active in development cooperation</p> <p>3. Polish Fair Trade Association, along with partners from Hungary, the Czech Republic and Slovakia participated in the project 'From overconsumption to solidarity', funded 'Vysegrad Fund'.</p>	<p>-</p> <p><i>National Reform Program Europe 2020 'Corporate Social Responsibility in Poland'</i> illustrates two Fair Trade dimensions happening on regional level: <i>Responsible Consumption</i> and <i>Public Procurement</i>.</p> <p>1. <i>Responsible Consumption</i> - A campaign of great significance for the market and for the popularisation of the concept of CSR in the supply chain is 'Buy responsibly', as run by the Polish Green Network. The programme entails active civil education in connection with a public information campaign under which Regional Information and Educational Points are organised in 10 provinces.</p> <p>2. Public Procurement (Decentralized in Poland); Prepared by the Public Procurement Office and adopted in 2007, the <i>National Action Plan on green public procurement for the period 2007-2009</i>;</p> <p>On June 14, 2010, the Council of Ministers adopted a new three-year <i>National Action Plan on sustainable public procurement for 2010-2012</i></p>	<p>+</p> <p>City of Poznan</p>
Portugal	No certified products and Fair Trade Towns, limited information		

Country	Level of Governance		
	National level	Regional level	Local level
Romania	Fair trade support is not explicitly mentioned in the Development Cooperation policy of Romania. ¹⁴⁶	-	-
Slovakia	No certified products and Fair Trade Towns, limited information		
Slovenia	No certified products and Fair Trade Towns, limited information		
Spain	<p>Non-legislative proposal of the House of Representatives in support of fair trade (September 18, 2012);</p> <p>Non-legislative proposal of the Congress of Deputies for the incorporation of social and environmental clauses in public contracts (June 23, 2009);</p> <p><i>Law 30/2007 Contracts in the Public Sector (October 30, 2007);</i></p> <p><i>Master Plan of the Spanish Cooperation Plan 2005-2008;</i></p> <p><i>Article 13 of Law on International Development Cooperation (23/1998)</i></p>	-	-

¹⁴⁶ However, Law no. 404/2006 on financing the development cooperation policy says that 'assistance for development education and public awareness activities (activities to promote better understanding of problems facing developing states and to increase public opinion support for the national development cooperation policy).

Country	Level of Governance		
	National level	Regional level	Local level
Sweden	<p>+</p> <p><i>The Swedish Public Procurement Act</i> (April 2011);</p> <p>Preliminary study on Nordic cooperation on socially and environmentally sustainable public procurement (March 2014)</p> <p>Responsible authorities: The Swedish Competition Authority / The Swedish Ministry of Health and Social Affairs / the Nordic Council of Ministers</p>	<p>+</p> <p>Social responsibility in public procurement</p> <p>A collaboration between the Swedish counties and regions (www.hallbarupphandling.se)</p> <p>A collaboration between the Swedish counties and regions Stockholm, Uppsala, Sörmlandsleden, Östergötland, Jönköping, Kalmar, Kronoberg, Blekinge, Skåne, Halland, Västra Götaland, Värmland, Örebro, Västmanland, Dalarna, Gävleborg, Västernorrland, Jämtland, Västerbotten, Norrbotten, Gotland</p>	-

Country	Level of Governance		
	National level	Regional level	Local level
UK	<p>+</p> <p><i>Public Sector Food Procurement Initiative (PSFPI); Making sustainable development a part of all government policy and operations</i></p> <p><i>Ethical Trading Initiative (Department for Business Innovation and Skills 2011)</i>¹⁴⁷</p> <p>Responsible and Accountable Garment Sector (RAGS) challenge fund - DFID also supports improvements in working conditions in garment industries in Bangladesh, India and Lesotho;</p> <p>Office for Government Commerce's guidance on how government departments can support fair trade through public procurement, consistent with EU procurement directives (DFID 2009).</p>	<p>+</p> <p>Fair Trade Nation 'Scotland'</p> <p>Fair Trade Nation 'Wales'</p>	-

¹⁴⁷ Ethical Trading Initiative, <http://www.ethicaltrade.org/>.

Annex 2. Fair Trade Towns in Europe

Country	First Fair Trade Town	Date of declaration (dd/mm/yy)	No. of declared 'Towns'
UK	Garstang	22/11/01	599
Germany ¹⁴⁸	Saarbrücken	02/04/09	305
Belgium (Flanders)	Gent, Voeren and Zwijndrecht	01/07/05	154
Austria	Wr. Neustadt	12/05/07	125
Sweden	Malmo	17/05/06	63
Netherlands	Groningen & Goes	09/03/09	54
Ireland	Clonakilty	22/09/03	51
Italy	Rome	15/10/05	43
France		18/11/09	40
Norway	Sauda	23/08/06	36
Luxembourg	Differdange	18/03/11	19
Belgium (Wallonia + Brussels)	Bruxelles-Ville	06/10/08	13
Spain	Cordoba	08/04/08	12
Finland	Tampere	05/08/09	9
Czech Republic	Litomerice & Vsetin	14/09/11	8
Denmark	Copenhagen	15/08/08	6
Poland	Poznan	10/11/12	1
Estonia	Hiiu District	23/10/14	1
Hungary, Bulgaria, Romania, Slovenia, Slovakia, Croatia, Portugal, Cyprus, Malta, Latvia, Lithuania			0
		TOTALS	1607

¹⁴⁸ Currently, 15 towns are undergoing the certification process.

Annex 3. Interviewees and written feedback

Interview #1.

Sergi Corbalán

Executive Director, Fair Trade Advocacy Office

Village Partenaire - Bureau 1, Rue Fernand Bernierstraat, 15, 1060 Brussels

www.fairtrade-advocacy.org

Interview #2.

Adam Gardner

Communities Campaigns Manager

Tel.: +44 (0)20 7440 8552

Interview #3.

Wouter Boesman

Noord-Zuidsamenwerking - Stad Gent

Office of North-South Cooperation - City of Ghent

Bezoekadres: Sint-Margrietstraat 9, 9000 Gent

Correspondentieadres: Stadhuis, Botermarkt 1, 9000 Gent

Tel.: +32 (0)9 223 29 53

Fax: +32 (0)9 225 73 79

Interview #4.

Tadeusz Makulski

Koordynator projektów

[Polskie Stowarzyszenie Sprawiedliwego Handlu](#)

Członek Zarządu - [World Fair Trade Organization - Europe](#)

Tel.: +48 508 044 484

Feedback #5.

Antonin Tym

Geothermal Project Manager

City of Litomerice, Czech Republic

Tel.: +420 725 095 137,

Web: www.prvnigeotermalni.cz

Marcela Trejbalová

marcela.trejbalova@gmail.com

Tel.: +420 737 222 681

Feedback #6.
Marion Köther
Landeshauptstadt Hannover
Agenda 21 - und Nachhaltigkeitsbüro
Trammplatz 2, 30159 Hannover
Tel.: +49 511 168 49838
www.agenda21.de

Ingmar Vogelsang
Ingmar.vogelsang@hannover-stadt.de
phone: +49 511 168 41708

Feedback #7.
Fleurance Laroppe
fl.fairylady@yahoo.de

Annex 4. Questions asked to LRAs and representatives

Overall question

1. Why and how local and regional authorities (LRAs) promote Fair Trade?

Existing framework to regulate Fair Trade

2. What is the existing framework covering Fair Trade on a national level?
3. What are some existing incentives /barriers on a national / European level which affect your activities?
4. What are some examples of legislation and policies on a regional and local level?
5. Is the framework on EU level sufficient? What can be changed?

Modalities of support

6. What kind of modalities of support exist (supply side and demand side) to promote Fair Trade?

Main barriers

7. What are the main barriers to Fair Trade on a local and regional level such as legislation, lack of knowledge, availability of Fair Trade supply?
8. Are there some barriers that are particular to your activities?

Policy recommendations

9. What specific incentives could be introduced in the **EU and central and eastern Europe** in particular to promote interest in Fair Trade among local and regional authorities?
10. How can Fair Trade in public procurement be further promoted, for instance through innovative cooperation options between local authorities?
11. How can Fair Trade be further promoted in the context of the sustainable and inclusive economy?
12. How can the concept of Fair Trade regions and towns be further developed and promoted?
13. How can Fair Trade be given a more prominent place on this development agenda?

Annex 5. Estimated retail sales by country¹⁴⁹

Country	2012 (in €)	2013 (in €)	Growth rate
<i>Austria</i>	107,000,000	130,000,000	21%
<i>Belgium</i>	85,837,221	93,209,845	9%
<i>Czech Rep</i>	2,744,524	6,439,976	142%*
<i>Denmark</i>	71,836,714	81,080,778	13%
<i>Estonia</i>	1,061,938	1,756,251	65%
<i>Finland</i>	152,263,629	156,785,309	3%
<i>France</i>	345,829,378	354,845,458	3%
<i>Italy</i>	65,435,059	76,355,675	17%
<i>Ireland</i>	174,954,927	197,296,405	13%
<i>Germany</i>	533,062,796	653,956,927	23%
<i>Latvia</i>	938,975	975,010	4%
<i>Lithuania</i>	846,027	842,258	-
<i>Luxembourg</i>	8,319,391	9,628,859	16%
<i>Netherlands</i>	186,100,623	197,142,624	6%
<i>Norway</i>	65,450,834	68,441,0	9%*
<i>Spain/Portugal</i>	22,274,635	23,663,783	6%
<i>Sweden</i>	178,951,375	231,668,646	29%
<i>Switzerland</i>	311,590,237	353,206,210	13%
<i>UK</i>	1,904,891,092	2,044,926,208	12%*

* Growth rate is based on the percentage increase reported in the local currency, not the value converted into euros.

¹⁴⁹ Annual report 2013/14 *Unlocking the power of the many*, page 19. Currently comprehensive data of fair trade retail sales as a percentage of overall sales are not available.