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Resolution on fair trade

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Resolution on fair trade

The European Parliament,

- having regard to its resolution of 8 October 1991 on coffee consumption as a means of active support for small Third World coffee producers and the introduction of that coffee within the European institutions ((OJ C 280, 8.10.1991, p. 33.)),
- having regard to its resolution of 19 January 1994 on promoting fairness and solidarity in North-South trade ((OJ C 44, 14.2.1994, p. 119.)),
- having regard to the Opinion of the Economic and Social Committee on the 'European 'Fair Trade'' marketing movement' ((OJ C 204, 15.7.1996, p. 41.)),
- having regard to the proposal for a Council Regulation (EC) applying the special incentive arrangements concerning labour rights and environmental protection provided for in Articles 7 and 8 of Council Regulations (EC) 3281/4 and 1256/96 applying the scheme of generalized tariff preferences in respect of certain industrial and agricultural products originating in developing countries ((OJ C 360, 26.11.1997, p. 9.)) and to its opinion of 16 December 1997 thereon ((OJ C 14, 19.1.1998. p.28.)),
- having regard to its resolution of 15 May 1997 on social labelling ((OJ C 167, 2.6.1997, p. 158.)),
- having regard to the 1997 Eurobarometer entitled 'Attitudes of EU consumers to Fair Trade bananas',
- having regard to its resolution of 2 October 1997 on the Commission's Green Paper on relations between the European Union and the ACP countries on the eve of the 21st century - challenges and options for a new partnership ((OJ C 325, 27.10.1997, p. 28.)),
- having regard to its resolution of 1 April 1998 on the communication from the Commission on the

guidelines for the negotiation of new cooperation agreements with the African, Caribbean and Pacific (ACP) countries ((Minutes of that sitting, Part II, Item 10.)),

- having regard to Rule 148 of its Rules of Procedure,

- having regard to the report of the Committee on Development and Cooperation and the opinion of the Committee on External Economic Relations (A4-0198/98),

A. whereas fair trade has proved to be one of the most effective ways of promoting development,

B. taking into account the importance of the experience of fair trade as an instrument for promoting human development and promoting international economic and trade rules designed to achieve greater justice and equity between North and South,

C. whereas current international trading structures continue to be deeply inequitable, leaving developing countries largely to export primary products for processing in industrialized countries where much of the value is added,

D. whereas social and environmental conditions are important factors determining quality of life, and essential factors in development,

E. whereas the European Parliament has repeatedly called for social and environmental clauses to be included in international agreements and WTO rules,

F. whereas fair trade should be promoted at an institutional level: in the EU's overall development policy, through the future agreement with the ACP countries following the present Lomé Convention and through the ALA Regulation,

G. whereas efforts to facilitate fair trade consistently cannot be confined to development policy measures but should also be an element, inter alia, in trade policy and agricultural policy,

H. whereas the main objective of fair trade, in the short term, is to provide increased opportunities for small-scale producers and workers in developing countries and, by doing so, to assist in promoting durable social and economic development in their communities,

I. whereas, in the longer term, fair trade aims to influence the international trading system towards becoming more just by setting an example and by exerting pressure on governments, international organizations and businesses to recognize and adopt its main components,

J. whereas, in the context of fair trade, account should be taken of the active role of women, who are the main economic agents in sustainable development,

K. whereas fair trade acts in a positive way on the general awareness of North-South relations, particularly through the strengthening of citizen-to-citizen cooperation,

- L. whereas, in view of the success of fair trade as a form of cooperation, there is a risk that the concept may be abused,
- M. whereas the special significance of fair trade must be safeguarded and whereas any degradation of fair trade into forms of trade which have nothing to do with promoting new and more equitable rules for North-South relations must be prevented,
- N. whereas no genuinely common criteria as to what constitutes 'fair trade' have been established in the fair trade sector,
- O. whereas certain minimum criteria for fair trade should be laid down,
- P. whereas EU support for fair trade must be based on these criteria,
- Q. whereas the Commission should assess whether these criteria are being respected when evaluating project applications,
- R. whereas it is therefore very important that the fair trade sector should arrive at a common definition of the term 'fair trade' such that the fair trade sector is clearly demarcated from other forms of trade while at the same time scope remains for the development of new products and markets,
- S. whereas such a definition could provide a framework within which the EU can assist fair trade activities,
- T. whereas consumer confidence in fair trade products will benefit from the transparent application of criteria and independent transparent arrangements for checks,
- U. whereas measures to lend further credibility to the fair trade certifying bodies should be encouraged,
- V. whereas fair trade certification must be separate from trading in fair trade products,
- W. whereas there is a continuing need to support partner organizations in developing countries in the areas of product design, quality control, knowledge of European markets, sustainable production methods, etc.,
- X. worried that no clear policy as regards fair trade prevails in the Commission and that no structured coordination between different Directorates-General takes place,
- Y. whereas current assistance and support for organizations promoting fair trade is limited and fragmented,
- Z. whereas most of the Community's support to the fair trade sector has thus far been used on awareness-raising within Europe,

AA. whereas the Eurobarometer recently carried out clearly shows increasing awareness of fair trade as a concept; whereas, however, this awareness differs considerably between EU countries,

AB. stressing the complementarity of fair trade in the strict sense and the various codes of conduct for business, and warmly welcoming recent initiatives on codes of conduct such as the Clean Clothes Campaign and the Ethical Trading Initiative,

AC. having regard to the symbolic value and promotional impact which would arise from the use by all the Community institutions of fair trade products in their internal services, as already called for by the European Parliament,

AD. whereas current market access policies may cause difficulties for companies marketing fair trade products,

AE. whereas the Director-General of the WTO has informed the Committee on Development and Cooperation that there are WTO-compatible means by which governments can support fair trade, provided that they are non-discriminatory between developing countries,

AF. whereas the WTO provides for special additional measures to be taken in support of developing countries, and whereas a new round of WTO negotiations will begin shortly,

1. Calls on the Commission to adopt the facilitation of fair trade as an integral element of the EU's foreign policy, aid cooperation policy and trade policy, including development of codes of conduct for European TNCs operating in developing countries and in particular to ensure adequate coordination between the relevant directorates and departments as well as establishing the necessary administrative structures for its implementation;

2. Calls for the promotion of fair trade to be included as a development instrument in the conclusion of a new agreement with the African, Caribbean and Pacific (ACP) States; also calls for it to be included in the cooperation agreements with countries covered by the ALA Regulation;

3. Urges the Commission to produce a Communication on fair trade as soon as possible;

4. Calls on the Commission to conduct global research on possibilities to provide further support for fair trade;

5. Calls on the Commission to improve coordination of its activities in the field of fair trade by different DGs responsible for development, trade, social and consumer affairs, labour rights, and small and medium-sized enterprises;

6. Recommends the creation of a separate budget line for fair trade;

7. Calls on the Commission to use resources devoted to fair trade:

- in developing countries, including measures to open new fair trade projects, provide technical assistance, including appropriate technical assistance and training in market forecasting and developing business plans, and establish revolving credit schemes based on low interest rates, encourage moves into manufacturing (value-adding) and the ability to comply with European health and safety standards;

- within the EU, to support trade promotion and market access for fair trade products from disadvantaged communities;

8. Calls on the Commission, as regards co-financing of fair trade projects in Europe:

- to accept projects which combine development aid in third countries with development education measures within the European Union;

- to study arrangements for support to fair trade projects proposed by organizations, associations and other bodies other than development NGOs (which already have access to the NGO co-financing budget heading);

9. Welcomes the introduction of special social and environmental clauses under the GSP as it is the first attempt to introduce social and ecological criteria into the global trading system and, as such, constitutes an important precedent; regrets, nevertheless, that the proposal is not sufficiently generous at present to make a real difference to individual fair trade producers;

10. Believes that fair trade, in order not to be open to abuse, should as a minimum comply with the following criteria:

- direct buying: European companies importing directly from local producer organizations without intermediaries other than exporting organizations organized for the benefit of their producers and with the exception of groups which, in view of their particular situation, cannot export without an intermediary;

- a fair price consisting of current market price, where one exists, plus a fair trade premium, with the proviso that these prices must not fall below a certain minimum;

- part of payment in advance if so requested by the producer;

- no import or sales monopolies in order to secure free access for fair trade products to the trading bodies and retail outlets;

- price transparency, informing the consumer on the actual price received by the producer;

- long-term, stable relations with producers;

- conditions of production respecting ILO Conventions in the cases where hired labour is involved;

- non-discrimination between men and women and no use of child labour;
- respect for the environment, protection of human and in particular women's and children's rights and respect for traditional production methods which promote economic and social development;
- respect for endogenous development and encouragement for the autonomy of local population groups;

11. Calls on the Commission to support only projects that are in full accordance with all of these criteria, with the provision that the products from such projects must comply with health, safety and hygiene standards applicable in the European Union; nevertheless, calls on the Commission also to take into account efforts to comply with these criteria; the reasons for non-compliance with them should be taken into account in the context of this support;

12. Calls on the Commission to include among its priorities projects implemented by women;

13. Believes that the Commission's delegations in third countries must become involved in identifying new fair trade projects which fall within the aforementioned criteria and may be eligible for EU funding;

14. Urges the main players in the fair trade sector (certifying organizations, importers, retail outlets) to operate in accordance with the criteria referred to in paragraph 10 in order to safeguard the credibility of the fair trade movement;

15. Encourages the creation of a common European fair trade label; calls on the Commission to assist in this matter and generally to work with certification organizations to increase credibility and recognition as well as to prevent the unwarranted use of the term fair trade which could mislead consumers;

16. Emphasizes that it is essential that all certifying organizations, including established product registers, operate independently from those organizations which engage in importing or selling the products;

17. Recommends that fair trade certification organizations become accredited to EN 45011 standards referring to standards for certification agencies;

18. Recommends the creation of a coordinating body of all European importers of fair trade goods respecting the criteria, in order to optimize the use of structures and information as well as creating a single interlocutor with the European institutions;

19. Calls on the Commission to give particular attention to programmes supporting product transformation in the developing countries (value-adding), especially in the field of food products, which not only brings more competitive prices but also transfers technology and know-how;

20. Calls on Member States to promote the awareness of fair trade in schools;
21. Calls on Member States likewise to promote consumer awareness to ensure that consumers have access to all the information they need in order to make choices;
22. Calls on the Commission to take fair trade initiatives into account when formulating trade policy;
23. Calls on the Commission to institute WTO-compatible mechanisms to support fair trade initiatives in a non-discriminatory way;
24. Calls on the Commission, in connection with international trade agreements, to encourage a reduction in customs duties on processed goods;
25. In this respect, calls on the Commission and the Council to provide additional preferences for products certified as produced according to recognized fair trade standards, such as preferential VAT, preferential tax rates and preferential customs duties;
26. Calls on the Council and the Commission to demand that action in support of fair trade be included in the forthcoming WTO negotiations, and for specific trade incentives to be provided to promote better social and environmental conditions in developing countries;
27. Calls on the Commission to increase the scope of support and to harmonize internal procedures so that coherent assistance becomes available;
28. Reiterates its recommendation that all the European institutions use fair trade products in their internal services;
29. Invites the Commission, after having consulted the fair trade sector, to present Parliament with a thorough assessment of the pros and cons of a specific budget line for fair trade and take the necessary measures to facilitate access to the funds available for fair trade for all parties involved in the sector, in accordance with the criteria referred to in paragraph 10;
30. Instructs its President to forward this resolution to the Commission and Council.

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