



# POLITICAL DEMANDS OF FAIRTRADE GERMANY

January 2017



## PREAMBLE

Since it was founded, Fairtrade Germany (TransFair e.V.) has occasionally articulated political demands, which have not yet been spelled out in a coherent and binding framework for its own work. In the course of its strategy process in 2012 and 2015 its mandate for political advocacy and lobbying within the Fairtrade system and for Fairtrade Germany was strengthened. The need for clearly articulated political demands is inherent in the increasing societal importance of fair trade in general and of Fairtrade International in particular. At the same time, however, fair trade actors are clearly inadequately politically positioned and are not cooperating sufficiently with broader social movements for more justice and sustainability.<sup>1</sup> Fairtrade Germany is already involved in multi-stakeholder forums such as the Textile Alliance, the German Initiative on Sustainable Cocoa (GISCO), and the Action Alliance for Sustainable Bananas (ABNB) and is using this positioning document to contribute towards agreement on political demands in fair trade areas with its stakeholders.

This document is not a reiteration of the existing demands on behalf of FTAO (The Fair Trade Advocacy Office) or VENRO (the Development Policy and Humanitarian Aid Association of German NGOs) or of member's position statements on fair trade or global trading structures; it is instead a listing of Fairtrade Germany-relevant aspects. The document is the basis for national and international advocacy and lobbying and is to be integrated into the operative level of current work processes. It is primarily a formalization of the framework under which Fairtrade Germany's advocacy work operates. This will make the organization's position clearer and will align Fairtrade better within the work of the German development cooperation. The document will be supported by the member organizations in order to describe a co-operation framework for collective political work. Lastly, the document will define synergies and points of contact for cooperation with other fair trade organizations and associations as well as with society as a whole in terms of global justice.

Fairtrade Germany believes that the UN's issuance of Sustainable Development Goals (SDGs) validates its political demands, as these demands are reflected in the SDGs. These also contain requirements to, among other things, develop sustainable agriculture, guarantee living wages, protect the environment and biodiversity, ensure food security, provide equal rights for men and women as well as boys and girls, and to establish a right to education. Fairtrade Germany shares these goals completely.

The global supply chain of consumer goods is directly or indirectly involved in all of these challenges. It is currently typified by power imbalances that promote exploitation and environmental destruction and reinforce inequality. Fair trade offers alternatives to existing trade practices and through its instruments contributes directly to improvement in the life and work situations of people in the global south.

The last few decades have shown that the involvement of society, consumers, individual companies and politicians can accomplish a great deal but is not by itself sufficient<sup>2</sup> to bring about necessary global socio-ecological transformation. An environment must be created under which trade and commerce can be effectively oriented over the long term in accordance with these sustainable development goals. For this reason, the voices of small farmers and workers from countries in the global south must be heard in the development of national plans of action on the political and economic level. Only when their interests are considered and only when the extreme power imbalance within international supply chains is ended can e.g. the goal of ensuring sustainable production and consumption patterns possibly become reality – with direct effects on all other goals.

As a member of Fairtrade International e.V., whose decision-making structures are determined up to 50% by producer representatives, and according to its own statutory mission, Fairtrade Germany sees its work as amplifying the voice of the global south. On this basis, the organization believes that it is its responsibility to make political demands in the current discussion on the elimination of poverty and the establishment of global justice and sustainability.

Through its membership and work in associations and initiatives<sup>3</sup>, Fairtrade Germany is already actively communicating political demands to government and business leaders. The successful Fairtrade Towns, Fairtrade Schools, Fairtrade Universities, and Fair Trade Fortnight campaigns and other activities direct concrete demands to the worlds of politics, business, and society from the local level to the EU level.

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<sup>1</sup> Bähge, Sandra: Verändert der Faire Handel die Gesellschaft? Trend- und Wirkungsstudie im Auftrag von TransFair, Servicestelle Kommunen in der Einen Welt/ Engagement Global, Brot für die Welt - Evangelischer Entwicklungsdienst, MISEREOR, Forum Fairer Handel, with financial support from the Friedrich-Ebert-Stiftung, published by CEval, Centrum für Evaluation GmbH der Universität Saarbrücken 2016. Last accessed 17.01.2017.

<sup>2</sup> Bähge, Sandra: Verändert der Faire Handel die Gesellschaft? Hrsg. CEval, Centrum für Evaluation GmbH der Universität Saarbrücken. Last accessed 17.01.2017.

<sup>3</sup> Among others, VENRO, Fairtrade Advocacy Office in Brussels (via Fairtrade International), the Federal Partnership for Sustainable Textiles, the German Initiative on Sustainable Cocoa, the Action Alliance for Sustainable Bananas, the German Coffee Association, and many more.

Fairtrade Germany uses a dialogue and solution-oriented approach to make trade more fair, self-determination for small producers and workers a reality, and sustainable living circumstances possible. Fairtrade Germany directs its demands to political representatives and decision-makers on a variety of levels.

## BASIC ELEMENTS OF FAIRTRADE GERMANY'S POLITICAL DEMANDS

### 1. Coherent governmental policies to attain development goals

i.e. ensuring that economic, agricultural, environmental, and development policies work together so that poverty and inequality are reduced. Sustainable development must be central to the German federal government's mission and become a new common vision for the future on the national and global level.

### 2. Impact Assessment

i.e. ensuring that the foreseeable consequences of trade decisions on the poorest people are analyzed in advance and their risks minimized.

### 3. Pro-poor trade SDGs

i.e. ensuring that SDGs are implemented for the benefit of the poor, with indicators that advance fair and sustainable trade for economically disadvantaged communities in the global south and that ensure that the very poorest are reached.

### 4. Concrete assistance in adjusting to climate change

i.e. ensuring that particularly small farmers and workers in the global south that are negatively impacted by the results of climate change receive material assistance, information, and education to strengthen their resilience and to help them better adjust to those changes.

### 5. Fairer EU trade policies

i.e. ensuring that the German Federal Government acts as a standard-setting institution for trade rules for the benefit of global sustainability, so that fair decisions can be made for small farmers and workers in developing countries.

## CONCRETE DEMANDS CONCERNING SUSTAINABLE DEVELOPMENT GOALS (SDGS):

### POVERTY REDUCTION (SDG 1)

Extreme social inequality and lacking access to resources (e.g. education, land, or investment capital) is a primary factor for poverty that forces people to engage in exploitative working relationships. Small farmers' cooperatives are seen in many countries as not credit-worthy per se, for which reason their development possibilities are limited and structurally disadvantaged against large corporations. For want of investment possibilities and contingency reserves, they are ill-prepared for natural catastrophes, changes in cultivating conditions (e.g. as a result of climate change), or reforms in trade regulations.

#### **Fairtrade Germany demands the following from the Federal Government and its Ministries:**

- The Federal Government must develop instruments to analyze each legislative, regulatory, and subsidization decision in terms of its human rights, social, and ecological consequences, including the consequences for third-party states, and in terms of its compatibility with global sustainable development goals and, if necessary, reject such decision. All decisions must follow a pro poor approach. The Federal Ministry for Economic Cooperation and Development, in combination with other specialized ministries within the federal government, must support the expansion of measures to promote just trade structures as well as the social security of small farmers and workers in countries of the global south.

## FIGHTING HUNGER BY MEANS OF SUSTAINABLE AGRICULTURE (SDG 2)

Small farmers produce approximately 70 percent of food from developing countries.<sup>4</sup> They produce food under increasingly difficult conditions and are affected by the results of climate change, limited access to land, and political disadvantages vis-à-vis large agricultural corporations in many countries as well as in current governmental development cooperation. Additionally, they suffer under extreme price fluctuations (often the result of financial speculation), which is one of the main reasons that conventional trade cannot secure a sustainable livelihood. To survive, farmers need to be able to depend on a stable income so that they can invest in their operations and achieve long-term food security for their families and villages. In their World Agricultural Report of 2008, the FAO already recognized that small-farm agriculture is the most sustainable form of agriculture and the best suited as regards alleviation of hunger.

### Fairtrade Germany demands:

- Development, agricultural-economic, and trading policy must actively support and assist small-farm agriculture as the most sustainable form of agricultural production in the countries of the global south.
- A retreat from the export-oriented industrial agricultural model which knowingly or purposely contributes to the destruction of small-farm agriculture in countries in the global south.
- Existing disadvantages of small-famer agriculture due to changes in trade regulations must be compensated and adjustments must be made possible.
- The payment of living wages for all workers in agriculture supply chains.
- Resource and food waste must be ended, for example by means of the establishment of an ecologically and socially oriented VAT (e.g. with lower duty and tax rates for certified sustainable consumer goods, lower income taxes for sustainable enterprises)

## EXPANSION OF EDUCATION AND CONTINUING EDUCATION FOR SUSTAINABLE DEVELOPMENT (SDG 4)

Fairtrade Germany is encouraged by the focus of the UNESCO global campaign Education for Sustainable Development (BNE) (2015-2019) and believes this campaign has an important role to play in the realization of SDG 4, particularly SDG 4.7<sup>5</sup>.

### Fairtrade Germany demands:

- The long-term structural establishment of Education for Sustainable Development ESD as a topic in all academic and non-academic educational areas including civil society and appropriate state and federal subsidy programs. Children and young adults should in particular be enabled to achieve ESD competency and put them into practice.
- Municipalities should be supported in their efforts to establish themselves as high-quality educational centres with regard to ESD and to take a holistic approach to ESD.
- Increased support of the Fairtrade Schools and Fairtrade Universities campaigns.

<sup>4</sup> <http://www.welthungerhilfe.de/kleinbauern.html>. Last accessed 17.01.2017.

<sup>5</sup> Subgoal 4.7 requires the ensurance by 2030 that "all learners acquire knowledge and skills needed to promote sustainable development, including among others through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development." <https://sustainabledevelopment.un.org/focussdgs.html>. Last accessed 17.01.2017.

## GENDER EQUALITY (SDG 5)

Fairtrade Standards contain concrete measures to improve the participation of girls and women, the elimination of discrimination, sexualized violence, and others forms of discrimination. This has proven difficult to execute in the field: the absence of a right to own property or to contract independently, a failure to recognize creditworthiness, and the poor execution and protection of women's rights in national legal systems are challenges that make political action necessary.<sup>6</sup>

### Fairtrade Germany demands:

- The Federal Government and ministries must actively support women's rights and participation in development, trade, and foreign policy, must work to change disadvantageous national laws, and pursue the practical implementation of international treaties (e.g. the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)).
- Impact assessments of new trade agreements or regulations must directly include impact on the situation of women.

## SUSTAINABLE ECONOMIC GROWTH AND HUMANE WORKING (SDG 8)

Sustainable and just economic growth that benefits a broad cross-section of social strata is only possible when rights to job security and safety in the workplace are met for all workers, when people receive a living wage or living income for their products with which they not only survive but can improve their situation, and when exploitative child labour and forced labour are eliminated.

### Fairtrade Germany demands:

- The Federal Government must legislate an obligatory human rights approach to economic policy. The first national action plan "Economics and Human Rights" that was issued on December 21, 2016 by the Federal cabinet must be modified to this end as it currently only makes voluntary suggestions. Corporate responsibility remains a voluntary matter for German companies.
- The EU and the Federal Government must enforce binding international regulations for the protection of humanity and the environment in global supply chains, particularly those for the protection of children, women, and vulnerable groups such as seasonal and migratory workers against exploitation.
- Economic organizations must create or modify internal regulations to significantly strengthen protections for human rights and the environment and to check members on compliance.
- Development policies, the finance sector, and businesses must improve access to pre-financing, agricultural credits, and relevant insurance (e.g. crop insurance, adaption to climate change) for small-farm production organizations in southern countries.
- The protection of children from exploitative child labour by means of enforcement of the appropriate ILO core labour standards.

## SUSUTAINABLE PRODUCTION AND CONSUMPTION (SDG 12)

The growth-oriented economic reality creates welfare and growth above all in the global north; however, this often comes at the cost of the destruction of ecological and social life cycles in the global south. For example, the costs of environmental damage in agriculture are extremely high according to UN estimates. Sustainability in consumption and production alternatives must address all levels of sustainability, i.e. social, ecological, and economic criteria, and must be based on general human rights and other international human rights conventions.

<sup>6</sup> Fairtrade International, Gender, <http://www.fairtrade.net/programmes/gender.html>. Last accessed 17.01.2017.

### **Fairtrade Germany demands:**

- The EU and the Federal Government must support the systematic promotion of small-farm production forms as well as ecological agriculture and other environment and climate-friendly production models that maintain species and variety diversity in developing countries within sustainable EU agriculture policy.
- The EU and the Federal Government must support local and site-suitable agricultural production in countries of the south instead of destroying such production with subsidized exports from the global North.
- The EU and the Federal Government must introduce binding sustainability reporting requirements for companies and introduce legislation to require a duty of care and responsibility for human rights and the environment for all actors in global, regional, and local supply chains, which should include the payment of living wages. Mere participation in multi-stakeholder initiatives is not an acceptable substitute for concrete measures.
- The EU and the Federal Government must support balanced power relationships in agricultural value chains.<sup>7</sup>
- The EU and the Federal Government must develop mechanisms through which the actual environmental and social costs of agricultural and industrial agricultural production are included in producer prices. This will prevent social and environmental dumping.
- The EU and the Federal Government must create sustainable taxation systems, e.g. through the introduction of an ecologically and socially oriented VAT (e.g. with lower duty and tax rates for certified sustainable consumer goods, lower income taxes for sustainable enterprises). The Federal Government must pursue the application and expansion of global environmentally economic instruments instead of increasing tax income through pollution.

### **For sustainable consumption, Fairtrade Germany demands:**

- Prices of consumer goods must include the actual social and environmental costs along the supply chain, i.e. the environmental and social costs of production and distribution may not be externalized – no social or environmental dumping.
- Consistent application of the legal framework to support ecologically sustainable and socially fair public purchasing on the federal, state, and municipal level (better execution of EU Directive 2014/24/EU and state laws on public purchasing).
- An acceptance of the state sector's position as a role model for sustainable consumption.
- The creation and maintenance of a solid legal framework that is also valid in the context of free trade agreements for ecologically fair purchasing.
- Support of campaigns that use activities in cities, schools, universities, etc that create interest in sustainable consumption.

## **CLIMATE PROTECTION MEASURES (SDG 13)**

Climate change has become a significant threat to small farmers' way of living and growing and to agricultural production in vulnerable regions of the world generally. Increasing extreme weather events and changed climactic cultivation conditions require adjustments and, in part, a complete change of production or migration of production to other regions, which are hardly affordable by small farmers' cooperatives with their small plantations. At the same time, studies show that small farm agriculture is clearly the most sustainable form of agriculture with the smallest contribution to climate change.

### **Fairtrade Germany demands:**

- According to the Paris Climate Agreement of 2015, industrialized countries and corporations must finance adaptive, minimizing, and compensation efforts against climate change in agricultural production; this includes above all small farm production in developing countries.
- Emissions that impact the climate must be reduced and compensated along the supply chain.
- Directed support of biodiversity tactics and sustainable agricultural production – small-farm agriculture – in countries of the global south, among other reasons for the protection and strengthening of agricultural diversity.

<sup>7</sup> Bureau d'Analyse Sociétal pour une Information Citoyen, BASIC: Wer hat die Macht? Machtkonzentration und unlautere Handelspraktiken in landwirtschaftlichen Lieferketten. German translation of the complete study published by Forum Fairer Handel e.V., GEPA – The Fair Trade Company GmbH, MISEREOR e.V., TransFair e.V. and Weltladen-Dachverband e.V. 2015.

## GENERAL ORIENTATION TOWARDS SUSTAINABILITY GOALS; COLLECTIVE BARGAINING; AND POLICY COHERENCE (SDG 17)

Fairtrade Germany particularly welcomes the general demands in Goals 17.10 (the support of a universal, rule-based, open, non-discriminating, and just multilateral bargaining system) and 17.14 (improving policy coherence for the benefit of sustainable development).<sup>8</sup> We believe that global sustainability goals must become a central guiding principle of a closely united European Union and thus create a new common vision for the future.

### **Fairtrade Germany demands:**

- Renewal of the rules concerning European competition policy to avoid unfair trade practices.<sup>9</sup>
- The introduction of stricter enforcement mechanisms and an end to unfair trade practices within the EU and by EU-headquartered countries.
- The active shaping of policy in the interests of a social-ecological transformation of economy and society in member states.
- No new market openings that burden regional economic structures, small farmers, or workers in countries of the global south.
- Trade agreements must support socially and ecologically sustainable economic models and guarantee compliance with minimum social and ecological standards.
- Coherent economic, agricultural, environmental and development policy in harmony with global development goals.
- Regular independent human rights and ecological impact assessments for every law and regulation initiative or subsidy decision, including those that affect third-party states.

<sup>8</sup> <https://sustainabledevelopment.un.org/content/documents/2125203020Agenda20for20Sustainable20Development20web.pdf>. Last accessed 17.01.2017

<sup>9</sup> Bureau d'Analyse Sociétal pour une Information Citoyen, BASIC: Wer hat die Macht? Machtkonzentration und unlautere Handelspraktiken in landwirtschaftlichen Lieferketten. German translation of the complete study published by Forum Fairer Handel e.V., GEPA – The Fair Trade Company GmbH, MISEREOR e.V., TransFair e.V. and Weltladen-Dachverband e.V. 2015.

The association **TransFair e.V.** was founded in 1992 to support disadvantaged producer groups in developing countries. As an independent organization, TransFair e. V. does not trade products itself but issues the Fairtrade label to fairly traded products and promotes awareness for sustainable consumption. [www.fairtrade-deutschland.de](http://www.fairtrade-deutschland.de)  
TransFair is a member of **Fairtrade International e.V.** which unites initiatives from 25 countries as well as the three continental producer networks. Fairtrade International determines the internationally valid Fairtrade standards. [www.fairtrade.net](http://www.fairtrade.net)

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