

Fair trade and consumers in the European Union

Fair trade seeks to promote sustainable development by providing a fair return to primary producers and workers in developing countries. Although fair trade goods may have difficulty competing with other products solely on the basis of price-quality ratio, many consumers consider ethical and environmental factors, particularly when purchasing commodity products like coffee. Support for fair trade products continues to increase in Europe.

What is fair trade?

Fair trade describes a trading partnership that seeks greater equity in international trade and supports development that is socially, economically and environmentally sustainable. It offers market access to marginalised producers and workers on terms that support sustainable livelihoods and decent working conditions. Fair trade organisations are also engaged in supporting improvements in production, financing social developments and raising awareness of trading and production practices. Fair trade is sometimes referred to as alternative trade.

There are two complementary approaches to fair trade, each represented by an international organisation. For **product certification**, the [Fair Trade Labelling Organisations International](#) (FLO) serves as a coordinating organisation for national labelling initiatives and producer networks as well as a certification body. Fairtrade (used as a single word) is the registered international trademark of the FLO; its use indicates that a product has been certified by independent auditors to ensure that it respects environmental, labour and development standards. As well as supporting a 'living wage' for producers, the price of Fairtrade products includes a 'premium' above the price of production which is used to improve the economic or social conditions of farmers and workers. In the **integrated supply chain** approach, products are imported or distributed by organisations that have fair trade at the core of their mission or activities. The [World Fair Trade Organisation](#) does not certify products but seeks to influence the practices of organisations in the supply chain, and to help companies demonstrate their commitment to fair trade principles through the use of the World Fair Trade Organisation Mark. WFTO is also associated with more than 4 500 'worldshops' which mainly sell [handcrafts](#). In 2009, FLO and WFTO together developed a [Charter of Fair Trade Principles](#).



The second Saturday in May (10 May in 2014) is celebrated as World Fair Trade Day by the WFTO. The theme for 2014 is 'Fair Trade People', honouring consumers, promoters and producers of fair trade products.

While fair trade represents a very small percentage of international trade, it is growing. Worldwide, the number of Fairtrade producer organisations increased by **16%** from 2011 to 2012; they now represent more than 1.3 million farmers and workers in 70 countries. Shoppers spent an estimated €4.8 billion on Fairtrade products in 2012, a 21% increase since 2011. (These figures exclude sales in the USA, where the member organisation withdrew from the FLO in 2011). The European Union (EU) is the most important region for fair trade products, accounting for roughly two-thirds of world sales (including the USA), with the UK (€1.9 billion), Germany (€533 million) and France (€345 million) representing the largest markets. Estimated 'premium' receipts – over and above the Fairtrade minimum price which covers the cost of sustainable production – for 2012 were €80 million. In 2010-11, **more than half** of sales income came from sales of coffee (59%); the next most important products were bananas (15%), cocoa (8%), flowers and plants (6%) and seed cotton (3%).

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Fair trade has its critics, however. Some point to the [high costs](#) of certification, and note that the financial benefits may not reach the poorer [individual farmer](#) or worker. Others consider the possibly negative effect on small producers who are [outside](#) the fair trade system. Still others argue for the superiority of going beyond fair trade to '[direct trade](#)', which focuses on direct collaboration between upstream entrepreneurs and small producers (including bespoke pricing), a process that is believed to encourage farmers to innovate and improve product quality so as to earn a higher market price for their product.

European consumers and fair trade

Whilst fair trade products may not be competitive with traditional ones strictly on price-quality ratio, some consumers [attribute](#) a monetary value to the intangible ethical values. A 2010 Eurobarometer survey showed that [almost 40%](#) of Europeans were willing to pay more for products whose production preserves the environment, respects social conditions or helps developing countries. However there are many [practical factors](#) involved in a purchasing decision involving any product (e.g. price, quality, taste, brand, fit, colour, style) and some [doubt](#) exists as to whether an expressed willingness to pay more is a [reliable predictor](#) of choice when [different factors](#) must be weighed. Certainly [some research](#) shows that ethically responsible attitudes do not necessarily translate into practice.

Moreover not all consumers react in the same way. Fair trade has traditionally been associated with middle class or high earners who have [more disposable income](#). Though the evidence is not always consistent, [older consumers](#) seem to take more account of issues of conscience than younger consumers. Higher levels of education seem to be associated with fair trade purchasing, and men seem to be [less likely](#) than women to purchase ethically. Support for fair trade is [greater](#) in northern EU Member States than in countries in the south, and greater in the EU15 Member States than in those that have joined the EU since 2004.

Providing consumers with information about fair trade products can be [important](#) in influencing consumer behaviour but is unlikely on its own to be enough. [Some](#) point to the importance of long-term consciousness-raising and promoting better understanding of national and global political issues. Other studies have emphasised the role of the [social context](#) or [personal status](#), or point out that fair trade consumer decisions are often closely tied to the sense of belonging to a [social community](#) (including churches, non-governmental organisations and friendship groups). Consumers strongly committed to fair trade are more likely to shop in World Trade shops where the retailer is associated with ethical values: on the other hand, selling Fairtrade bananas could be [difficult](#) in a deep discount supermarket which stresses low prices and economies of scale. Influencing [collective decisions](#), e.g. provisioning policies for retail outlets and public spaces, may be a more productive approach to increasing market for fair trade products than focusing on individual consumer decisions.

The role of the European Union

The EU has exclusive competence for trade policy. In a 2009 [Communication](#) on the role of fair trade in sustainable development, the European Commission held that it should not take a role in regulating non-governmental sustainability assurance schemes, including those for social and environmental sustainability such as fair trade labels. The Commission stated that it would, however, continue to provide some financial support to fair trade initiatives through its development cooperation budget. On the other hand, the European Parliament (which has an informal cross-party group on Fair Trade) has [repeatedly called](#) for promotion of fair trade initiatives and a coherent policy on fair trade. In early 2014 the European Parliament and Council [adopted](#) legislation that allows public bodies in the EU to require, in their procurement procedures, labels as certification that a product meets objective criteria related to factors such as environmental or social sustainability. However suppliers may provide any label that certifies conformance with the criteria; if they are not able to obtain a label, they may offer alternative forms of proof.

Nevertheless fair trade advocates would like to see the EU go farther. The Fair Trade Advocacy Office, created by the FLO and WFTO together with the [European Fair Trade Association](#), calls for the [reform of trade rules](#) to ensure greater market access under fair trade conditions and to help lift people out of poverty. The Fair Trade movement has organised a [Vote for Fair Trade](#) (Vote4FT) initiative that calls on candidates in the May 2014 elections to the European Parliament to address abuses of buyer power in the supply chains and support an 'alternative trade mandate' to ensure that trade policy increases economic, social and environmental wellbeing globally.