

## **Introduction**

This response relates to the commitments made in the White Paper relating to support for fair and ethical trade.

### **Background on IFTN, work in Ireland and overseas**

Irish Fair Trade Network (IFTN), established in 1992, has three main activities: (1) Fairtrade labelling, (2) awareness-raising in Ireland and (3) support for small-scale producers and plantation workers in Central America and East Africa, enabling them to meet international sustainability standards, in particular the Fairtrade ([www.fairtrade.net](http://www.fairtrade.net)) and Utz Certified ([www.utzcertified.org](http://www.utzcertified.org)) standards.

IFTN is supported by all the main international development and human rights organisations in Ireland – including ActionAid Ireland, Amnesty International (Irish Section), Christian Aid, Concern, Friends of the Earth, Oxfam Ireland and Trócaire – and by the Irish Congress of Trade Unions.

Income from licence fees paid by companies based on their sales of products which carry the FAIRTRADE Mark are sufficient to cover the total cost of all domestic operations (i.e. excluding overseas programmes).

### **Fairtrade Labelling:**

*“Before you finish eating breakfast in the morning, you’ve depended on more than half the world.” - Martin Luther King, 1967*

The Fairtrade label was invented as a way to enable citizens as consumers to do something about production and processing conditions in the developing world and unfair pricing. By providing an independent assurance that these products meet decent standards which cover the cost of production and enable producers to earn a



good living, they enable consumers to make a positive contribution as part of the normal shopping activity. From small beginnings more than 20 years ago in the Netherlands, the Fairtrade market is now worth billions of euro and is operative in many countries.

## Progress Made

"Ireland has played an important role in supporting capacity-building for small coffee producers in Central America through its funding for Fairtrade Labelling Organizations International (FLO). The programme generated an immediate impact by stabilising small producers' incomes, during the most recent collapse of international coffee prices. It helped by changing the focus of the producers from marketing a product on a commodity basis to one of improving quality, producing specialist coffees, segmenting their market, identifying niche markets and converting to organic production. This integrated approach contributed to an increase in local employment and family welfare."

*"We will increase our financial support for initiatives which promote fair and ethical trade."*

*White Paper on Irish Aid, 2006, p. 66*

In line with this White Paper commitment, Irish Aid has provided some EUR 20 million to IFTN in support for fair and sustainable trade in the period 2005-2013.

This makes it one of the largest donors to the international fair and ethical trade movement, a position for which it has received considerable international recognition. It enables Ireland to make a substantial contribution to agricultural improvement in developing countries, especially in Africa and Central America, and to a more equitable international trading regime.

Significant multiannual funding has been provided (jointly with other donors) to two of the main international certification bodies – Fairtrade Labelling Organisation (FLO)

and Utz Certified (UTZ) – in support of their core activities. This has given Irish Aid an opportunity to influence the policies and practices of these organisations.

However, the majority of the funding has been for targeted programmes to assist small-scale producers in Central America (El Salvador, Guatemala, Honduras and Nicaragua) and in East Africa (Kenya, Uganda, Tanzania and Ethiopia). These two programmes have benefited almost 150,000 families directly and large numbers indirectly.

This producer support work is implemented through partners, not by IFTN itself – in Central America by FLO Central America and by Solidaridad, an international development NGO founded in the Netherlands; in East Africa by Solidaridad. They work in close collaboration with the private sector and with the agricultural extension and research services in each country in the provision of services to farmer cooperatives and other groups with which they work.

The programmes focus on *producer support*, through access to certification, technical assistance, training, systems development and credit management. Not surprisingly, there is a particular focus on good agricultural and processing practices.

Evaluation of the work is being undertaken by the Centre for Development Studies of the University of Nijmegen (CIDIN), and includes the first ever longitudinal studies of the impact of Fairtrade, in Kenya, Uganda and Ethiopia.

### **Awareness in Ireland**

Since November 1996, when Bewley's Ltd imported the first two tonnes of Fairtrade certified coffee, work with businesses in Ireland to promote the availability of products with the FAIRTRADE Mark has been the main activity of IFTN.

Products with the FAIRTRADE Mark are now widely available throughout Ireland, in cafes and restaurants and in all the main supermarkets, including Aldi, Centra, Dunnes Stores, Lidl, Mace, Marks & Spencer, Spar, Superquinn, SuperValu and Tesco. The range of products includes coffee, tea, sugar, bananas, chocolate, cocoa, confectionery, cosmetics, biscuits, fresh and dried fruit, cut flowers, ice cream, nuts, spices, fruit juice, honey, jams, rice, wine, oils, cotton and gold.

These products are produced by a wide range of Irish companies, including Bewley's, Robert Roberts, Supervalu, Insomnia (all their tea, coffee, drinking chocolate sugar), Java Republic, Fyffes, Musgraves and a host of others. Centra, Mace and Topaz outlets now serve 100 per cent Fairtrade certified coffee in their take-away coffee services.

In the past three years a number of leading international brands, including Cadbury Dairy Milk, Nestlé Kit Kat, Ben & Jerry's ice cream, Starbucks coffee, have become Fairtrade certified. Later this summer, Mars Maltesers will join the list. And there are now signs that the Fairtrade label and its sister sustainability labels (Utz Certified, Rainforest Alliance, Marine Stewardship Council and Forest Stewardship Council) are increasingly setting the standard for trade in agricultural commodities.

Despite the recession, sales of Fairtrade certified products continue to grow. Irish consumers spent an estimated €159 million on products with the FAIRTRADE Mark in 2011, an increase of 16 per cent over 2010.

***At an average of EUR 34 per person, Ireland has one of the highest per capita consumer spends on Fairtrade products in the world.***

Also in 2011, research by IMS Millward Brown showed that 66 per cent of adults in the Republic recognise the FAIRTRADE Mark, up from 16 per cent in 2002; the figure for Northern Ireland in 2011 is 70 per cent. Research by Globescan, an international consultancy, in 24 countries in 2011, indicated that prompted recognition of the FAIRTRADE Mark in Ireland stood at 91 per cent.

## Development Education

Fairtrade Ireland does educational work with the Irish public, raising awareness of the brand and the benefits of Fairtrade. This is done mainly through Fairtrade Towns, where there is official support by the town or city council and widespread local availability of Fairtrade certified products.

***At the end of 2011 there were 47 Fairtrade Towns and Cities, North and South, and a further 26 were working to achieve Fairtrade Town status.***

Fairtrade Fortnight is a major awareness-raising period each year. Events include visits of producers from Fairtrade certified organisations to schools, community groups, town and city councils, businesses and other organisations throughout the country.

## Changing Context

Fairtrade/ethical trade commodities are no longer niche products but have entered mainstream markets with significant involvement of large traders and retailers. For example, it is projected that certified coffees could account for 20-25% of the global coffee trade by 2015. In producing countries, there is evidence of wider systemic effects on farmer prices and production standards, over and above the benefits to those directly involved.

Certification is recognised as a quality mark even on the conventional market and the product attracts higher prices. Thus, many of the larger processors/exporters have become strong supporters of certification.

The growing body of rigorous impact studies shows:

- ✓ Economic gains for small producers from certification, also direct and indirect social benefits
- ✗ However, low levels of production, as a consequence of small farm size and poor productivity, mean that better prices alone are not sufficient to reduce poverty
- ↳ Thus, certification must be combined with measures to raise quality and productivity

Increased productivity and reduced unit costs (at farm and factory level) result directly from the good practices embedded in the certification standards. These effects can be enhanced through additional technical support at producer level, e.g. through the Irish Aid supported programmes. Initial external support reduces the costs of entry and thus facilitates participation by small scale producers. Financial sustainability is enabled through higher prices, while the inbuilt environmental standards promote technical sustainability.

## **Key Issues**

Recent research on emerging standards and their impact on smallholder farmers in Africa (World Bank 2011) concluded that emphasis on certification should not detract from the critical role of development efforts in supporting continuous improvements to achieve quality and productivity gains, and to promote smallholder organization and empowerment. Certified production as a tool for smallholder market integration needs to be based on a continuum of improvements, with the target being to provide tools for long-term competitiveness. This integrated approach has been the basis of IFTN/Irish Aid programmes in Central America and East Africa. Irish Aid and IFTN have played an important role in promoting cooperation between the main sustainability standards internationally; the work funded by Irish Aid in East Africa has been praised as a model of best practice in producer support.

Multiple certifications are now becoming the norm, e.g. 78% of small producer organisations hold at least one other certification as well as fairtrade. This calls for corresponding changes at international level to develop increasingly common standards and joint auditing procedures, a direction which has been strongly supported by Irish Aid. Technical work is under way and pilot schemes have been implemented, but there is a need for external (business and donor) pressure to overcome organisational obstacles.

Africa is starting from a lower base as regards certification but participation is growing rapidly – 58 percent of all farmers and workers within the Fairtrade system in 2010 lived in Africa.

## Other Comments

We believe that the commitment to increase financial support for initiatives which support fair and ethical trade contained in the White Paper should be renewed and extended. There should be explicit recognition that this is now a mainstream trading activity with the potential to bring sustainable income increases and social benefits to large numbers of small producers and low paid workers, while raising environmental standards. Ireland (through Irish Aid and IFTN) is already a significant player in this area but there is further potential to leverage current engagements into broader policy influence and support to an expanding body of small scale producers.

And finally, we believe that a strong statement is required to counteract the negative impression created by the DFAT Africa Strategy of 2011 which virtually ignored the question of trade into Ireland while focusing on Irish export promotion.

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