

## **An EU Fair Trade policy? Conceptual analysis and mapping the field**

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*Work in progress, please do not quote*

Since the Lisbon Treaty, promoting ‘fair trade’ has become one of the objectives of the European Union’s (EU) relations with the wider world (TEU art 3.5). In addition, the promotion of fair and ethical trade schemes is included in the objective to create an EU trade and investment policy based on values in the recently published Trade for All strategy. However, it remains unclear what fair trade exactly implies, how far the EU’s policies and competences reach, and what has been achieved so far.

Before being able to address these issues another essential question needs to be addressed first, namely ‘what is fair trade?’. Since there are divergent interpretations of fair trade, from labelling practices and the social movement to the reform of the trading system and trade defence instruments, there is no established answer to that question. To overcome this conceptual confusion we will delve into the sometimes complementary or opposing ideological and philosophical meanings of Fair Trade. These interpretations will then be schematised in a framework which will serve as a heuristic tool to approach relevant EU initiatives, illustrating that the EU also adopts different interpretations of Fair Trade which hampers the development of a univocal and straightforward EU Fair Trade policy. However Fair Trade has been on the EU agenda for more than decades. By means of a process tracing analysis four periods are determined, mapping the EU’s approach towards Fair Trade.

### **1. What’s in a name?**

Both in theory and practice, the notion of fairness is far from simple. It overlaps with many other normative principles such as justice, equity, law and even morality (Suranovic, 2000). At the same time, everybody seems to have an inherent sense of what fairness is. According to Boda (2001) fairness in trade is taken to be about the justice of the distribution of trade-related benefits through the trading system (Boda, 2001). Rescher shows how the idea of distributive equity forms the core of the concept of fairness in matters of distributive justice (Rescher, 2002). However ‘distributive equity’ is mostly a subjective term as it is determined by a personal process of value distribution, which in turn explains why there is no consensus about the meaning of ‘fair trade’. In general, there is widespread disagreement about what the issue of fair trade actually amounts to: not only about the principles that should govern it, but more fundamentally about the subject matter to which they are to apply (Miller, 2014). Even though distributive justice and equity are often essential concepts in fair trade, we will

argue here below that there are several opinions on what this fairness actually stand for and how it should be attained.

Before going into the different interpretations of the term 'Fair Trade' special attention should be given to the spelling and the corresponding meaning of the term. 'Fairtrade' – one word – refers to products certified by Fairtrade Labelling Organizations International (World Fair Trade Organisation, Fairtrade International, & FLO CERT, 2011). This product label is what most people will know as fair trade and has served to become the most popular and accessible model of fair trade to date. The term 'fair trade' – two words, lowercased – is used to refer broadly to the social movement, concept and market, while 'Fair Trade' – two words, capitalised – is the umbrella term for the philosophies and practices committed to fairness in global trade (Valiente-Riedl, 2013). Respectively 'fairtrade', 'fair trade' and 'Fair Trade' move from a very narrow to an extremely broad interpretation, a distinction that will be addressed hereunder. These spelling rules are confirmed by other authors (For instance Fisher, 2009), however the notations are often mixed up requiring a clarifying context.

In addition to these variations, other terms such as social trade, sustainable trade and ethical trade also exist. Each of them has its own focus. For instance, sustainable trade also includes organic products and ethical trade (as understood in the UK) is focused on ensuring that working conditions in global value chains meet minimum international standards, mainly referring to the adoption of codes in the context of corporate social responsibility (Smith & Barrientos, 2005). Since we address the term 'Fair Trade' in a comprehensive manner, these semantics will not be discussed further.

When looking for definitions of the term 'Fair Trade', it becomes clear that the different meanings are often intertwined and different authors emphasis different aspects (making it also difficult to use the spelling rules consequently):

The definition from the fair trade movement, which has also been adopted by the European Commission (EC) (2009), is as follows: "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, disadvantaged producers and workers—especially in the South. Fair Trade Organizations, backed by consumers, are actively engaged in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade (World Fair Trade Organisation et al., 2011)."

Others have come up with their own definition, Granville & Dine for instance are more concrete and specific: "fair trade is a privileged contractual trade agreement whereby producers or labourers receive a degree of insulation from market forces and alleged market failures and which seeks greater equity in international trade (2013)." According to Fisher fair trade is "an orientation that seeks greater equity in international trade by creating closer linkages between consumers and producers in the Geopolitical North and South (2009)." She clearly has an even more narrow view on the subject in contrast to Walton who describes Fair Trade as "an attempt to establish a form of interim global market justice in a non-ideal world (2010)."

## 2. Conceptual Framework

There are several opinions on what this fairness actually stand for and how it should be attained. We will point out that besides different definitions, there are several interpretations of the concept 'Fair Trade', indicating its meaning ranges from a very narrow and rather pragmatic approach of fairtrade labelling schemes to a broader interpretation of changing the current international trading rules which is often referred to as 'trade justice'. In addition, these different interpretation assign a different role in scope and substance for governments.

These extremes were gathered in a matrix in order to structure the conceptual debate and at a later stage situate EU initiatives (see Fig. 1). The matrix consists of two axes: The first axis makes a distinction between the means necessary to achieve fair trade, or rather the level of change necessary in the mode of economic interaction and global trading system, and ranges from a revisionist to revolutionary view on fair trade (partly based on Walton, 2010). The second axis distinguishes the required role of the government or public versus the market or private, in other words whether ideologically interventionism or neoliberalism prevails. Since these axes represent a continuum between the opposite extremes, graduations exist.

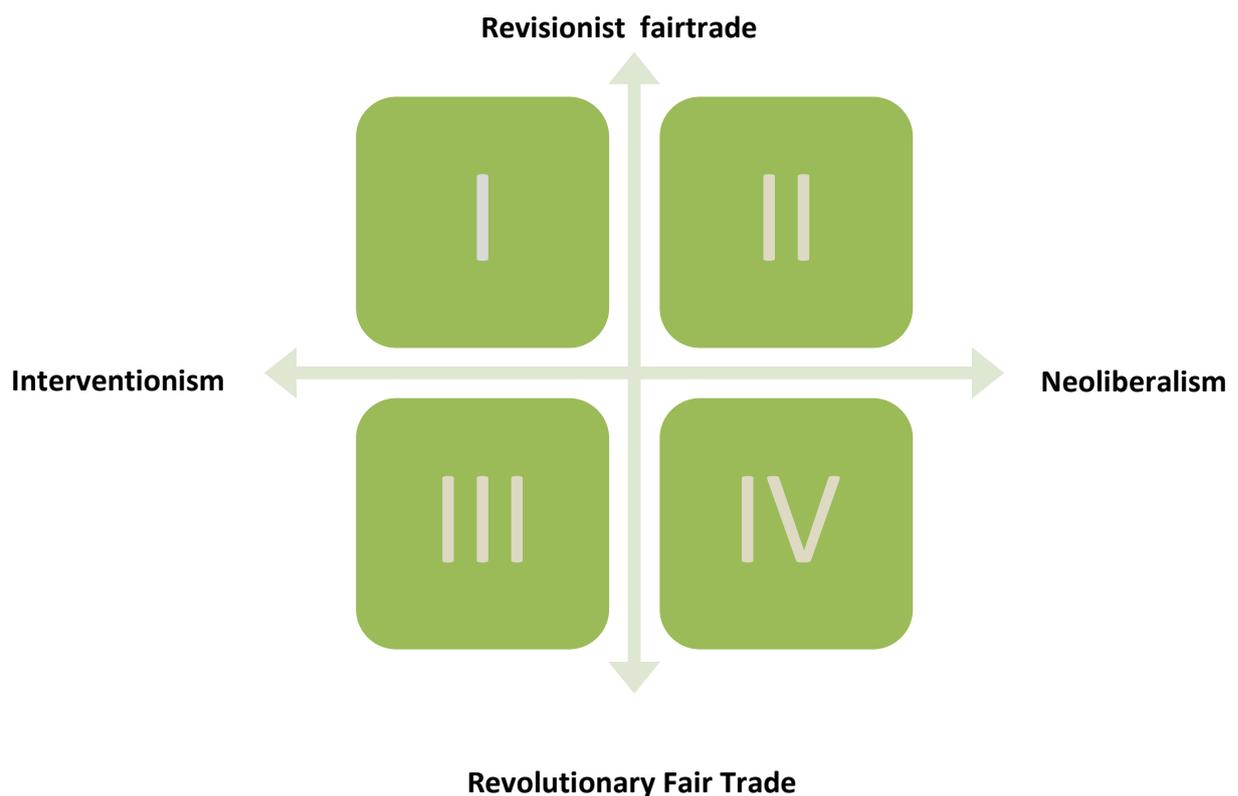


Fig. 1: Conceptualisations of Fair Trade

### 2.1. Axis 1: Revisionist vs Revolutionary Fair Trade

The first axis makes a distinction between the extremes of on the one hand fair trade as the practice of labelling and certifying specific products that comply with a number of criteria, thus working from

within present market structures (revisionist) and on the other hand fair trade as the ideal type of a radically reformed global trading system (revolutionary).

The revisionist approach is narrow and pragmatic. It includes the integrated-supply route (e.g. world shops) as well as the product-certification route (e.g. Oxfam label) based on the fair trade principles. The impact of fairtrade has often been questioned (Dragusanu, Giovannucci, & Nunn, 2014), not least because it is doubtful to what extent fairtrade can have any impact if it continues to be a small (albeit growing) niche market and whether fair trade should be mainstreamed or not (Fridell, 2006; Jaffee, 2012; Murray, Reynolds, & Taylor, 2006; Reynolds, 2009). Also the lack of transparency between different labels has been criticised, and the criteria underlying different labels can vary greatly (Kolk, 2013; Reynolds, Murray, & Heller, 2007). Nevertheless, 'fairtrade' is the most well-known interpretation of the concept, as it constitutes a concrete practice that can easily be visualised in the form of specific labels or shops. The 'fair trade' social movement has therefore also put much emphasis on promoting fairtrade and it has been relatively successful in doing so (Murray et al., 2006). This strategy also aims to increase awareness with consumers about the disadvantages of the current trading system. In general, it relies on 'ethical consumerism', which can also be initiated by demands of the consumer (Levi & Linton, 2003; Walton, 2010).

In sum, labelling schemes and sales volumes are central to the narrow interpretation of fair trade.

On the other side of the continuum there are two ideologically opposed conceptualisations of 'Fair Trade'. These are labelled as revolutionary because the realisation of their core objective represent a systemic change of the current economic interaction and global trading scheme.

First, ever since the emergence of the fair trade movement in the 1970s, the pragmatic strategy mentioned above was supposed to be a component of a larger agenda to make the international trading system more fair. In this context, the fair trade movement can be seen as a countermovement of de-commodification and social re-embedding (Reynolds, 2000) or resistance to the hegemonic global capitalist market (Shreck, 2005). As introduced above, Walton (2010) suggests that fair trade is best characterised as an attempt to establish a form of interim global market justice in a non-ideal world. 'Interim' refers to the fact that fair trade is second-best proxy in absence of the wider implementation of justice at the global level. Here, fairness is understood in terms of 'more equity'. When looking at more 'equity' in terms of global distributive justice, or in other words a more equitable international economic order, the unequal distribution of revenues and the inherent inequalities are at least partly addressed and counterbalanced (Boda, 2001). The expression 'at least partly' indicates that there are different gradations in which this can be seen.

According to Koslowksi (1996) fairness implies a fair equalisation of interests: the gains should not be accumulated on one side only. This applies taking into consideration the interest and values of different stakeholder groups, in our case the producers, consumers, competitors, workers and local people. In sum, trade will only be fair if it is based on activities which equalise the interests of each affected party (Boda, 2001). This view also relates to the normative question of which relationships are fundamental (Miller, 2014). Are states the relevant participants in trading relationships, or at a lower level businesses or individual such as the producer and consumer?

Whereas the origins of the fair trade movement coincide with the calls within the UNCTAD and G77 for a New International Economic Order (NIEO) that would radically restructure the world trading system and abolish the structural dependence of the South from the North, in practice more limited

measures have been taken in order to adjust some of the disadvantages of free trade for developing countries. Initiatives such as commodity arrangements providing high and stable prices for producers in the South and protective measures to insulate them from international competition and foster industrialisation were replaced by less radical arrangements such as the GSP, Special and Differential Treatment, Aid for Trade etc.

Second, as already suggested above, there is another perspective on the role of the global trading system in promoting fair trade. According to the classical neoliberal view on international trade, the rules of the GATT/WTO are seen as the best guarantee for fair trade, whereas 'unfair trade' is typically characterised as violations of these rules. In a context where free trade is the dominant ideal, fair trade is synonym for undistorted trade, free from barriers and non-discriminatory. One could wonder why this interpretation is not simply tagged as free and unfree trade.

From this perspective, the development towards a more liberalised trading system is thus necessary. Even though this approach is in line with current developments, the full realisation of this objective would still represent a radical change. In trade policy circles fair trade has traditionally been used as a reference to certain trade protection instruments such as anti-dumping and anti-subsidy. Importantly, free trade advocates are not necessarily opposed against (fairtrade) labelling, as long as this happens in a non-discriminatory and transparent way (cf. WTO rules). When it comes to social clauses in international trade, free traders have always argued that voluntary and non-binding approaches such as labelling are more effective and less prone to protectionist abuses (Bhagwati, 2002).

According to this ideal, trade is fair if it corresponds to the standards of the liberal trade regime, fairness thus being a norm of conduct rather than a norm of distributive justice (Boda, 2001). This is a procedural conception of justice, where the fairness of distribution of benefits is secured through the proper conduct of the traders. Using Nozick's Entitlement Theory (1974) allows us to interpret a norm of conduct as a justice principle. Nozick claims that we can tell whether a distribution of goods is just or not by looking at its history: if goods were acquired and transferred legitimately, then the resulting distribution of goods is just. If they were not, then we have to ask whether the injustice was rectified (Green, 2009).

When addressing fair trade as proper conduct, the subject of Unfair Trading Practices (UTPs) is also relevant. UTPs are practices that grossly deviate from good commercial conduct, are contrary to good faith and fair dealing and are unilaterally imposed by one trading partner (European Commission, 2014). Even though this concept is mainly used to indicate the abuse of power relations, such as unfair contract terms, excessive transfer of costs or using confidential information, by European retailers against European food producers, the fair trade movement jumped on the occasion to highlight similar UTPs abroad (FTAO & Banana Link, 2015).

## **2.2. Axis 2: Interventionism vs neoliberalism**

The second axis concerns the extent to which governments (public bodies) versus the market (private actors) should contribute to promoting fair trade. This corresponds to the familiar left-right cleavage in socio-economic policies between respectively interventionism and neoliberalism.

Neoliberalism promotes free trade as the best of all possible policies is part of the general case for laissez-faire in a market economy, and rests on the proposition that markets are efficient (Krugman,

1987). Interventionism in the other hand favors a significant expansion of state activity beyond that of the minimal state in order to correct the alleged excesses of unhampered capitalist production (Ikeda, 1997). In the context of trade, these two ideological opposites attribute a very different role for the state.

### 3. Applied Framework

Taken together with the first axis, this results in the following matrix (see Fig. 2) displaying the different perspectives to Fair Trade. Here below we will briefly describe what every quadrant of the matrix represents as well as introduce how the EU relates to this perspective.

- Quadrant I: Pursuing fairtrade through government involvement. This concerns the extent to which governments interfere in the process of labelling and certification. The most extreme variant would be a government-imposed labelling scheme. A weaker variant is that governments play a role in the development and/or quality control of labelling schemes or that they make it possible to use these in e.g. public procurement.
  - The European Parliament (EP) has hinted at the elaboration of a European label or at least a larger involvement of the EU in the quality control of certification systems (European Parliament, 1994, 1998b). At the instigation of some member states and the European Court of Justice ruling, fairtrade has received fresh impetus through the new EU public procurement regulations (Directives 23/24/25/EU).
- Quadrant II: Pursuing fairtrade through the market. This concerns the current practice whereby labelling schemes are largely developed and monitored by private bodies, relying exclusively on consumer awareness.
  - The EC has favoured a hands-off approach to labelling. It has consistently argued that it does not want to interfere in the rapid development of fairtrade certified goods driven by market actors in this regard (Malmström, 2015): “Regulating criteria and standards would limit a dynamic element of private initiatives in this field and could stand in the way of further development of fair trade and other private schemes and their standards” (European Commission, 2009). Broadening the scope of fair trade, the EU has a strategy for Corporate Social Responsibility which encourages companies to ‘integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis’ (European Commission, 2011).
- Quadrant III:  
Reforming the global trade rules by making them more interventionist. This could involve a radical restructuring of the world trading system à la NIEO. It could also involve a ‘localisation’ whereby local producers are protected from international competition. Both scenarios would involve significant intervention from public bodies, legitimised by concerns of equity.
  - Even though the EU does not have the tendency to increase governmental powers in trade policy, there are several EU initiatives to increase fairness in trade through the involvement of the state. These include the GSP(+) scheme, Development Aid aimed at producers and the recent attention towards Responsible Global Value Chains such as the Bangladesh Sustainability Compact where both governments and business are involved.
- Quadrant IV: Reforming the global trade rules in the sense of more liberalisation. This involves that the current trade regime’s potential for further liberalisation is further exploited (e.g. by including

more issues such as services and investment rules, by de-legitimising governmental subsidies) and that new free trade arrangements (e.g. bilateral trade agreements) are pursued in order to further improve the 'level playing field' on which fair competition can occur.

→ The EU has continued to be a strong supporter of the WTO system and has embarked on an ambitious bilateral trade agenda aimed at furthering and deepening liberalisation. To the extent that social, environmental and fair trade related provisions are incorporated, this has been through a soft and cooperative approach. It has been willing to gradually open up sensitive sectors such as agriculture, textiles and automobiles in order to gain access for offensive European sectors on third markets.

→ It should also be noted that the EP has adopted a storyline that equates unfair trade, i.e. dumped and subsidised goods, with a harmful practice and calls on striking the right balance in order to preserve free trade (Mathieu & Weinblum, 2013). The EC's policy on trade defence instruments and the meaning of unfair trade is thus not challenged, based on the discourse in the EP this will probably not change any time soon.

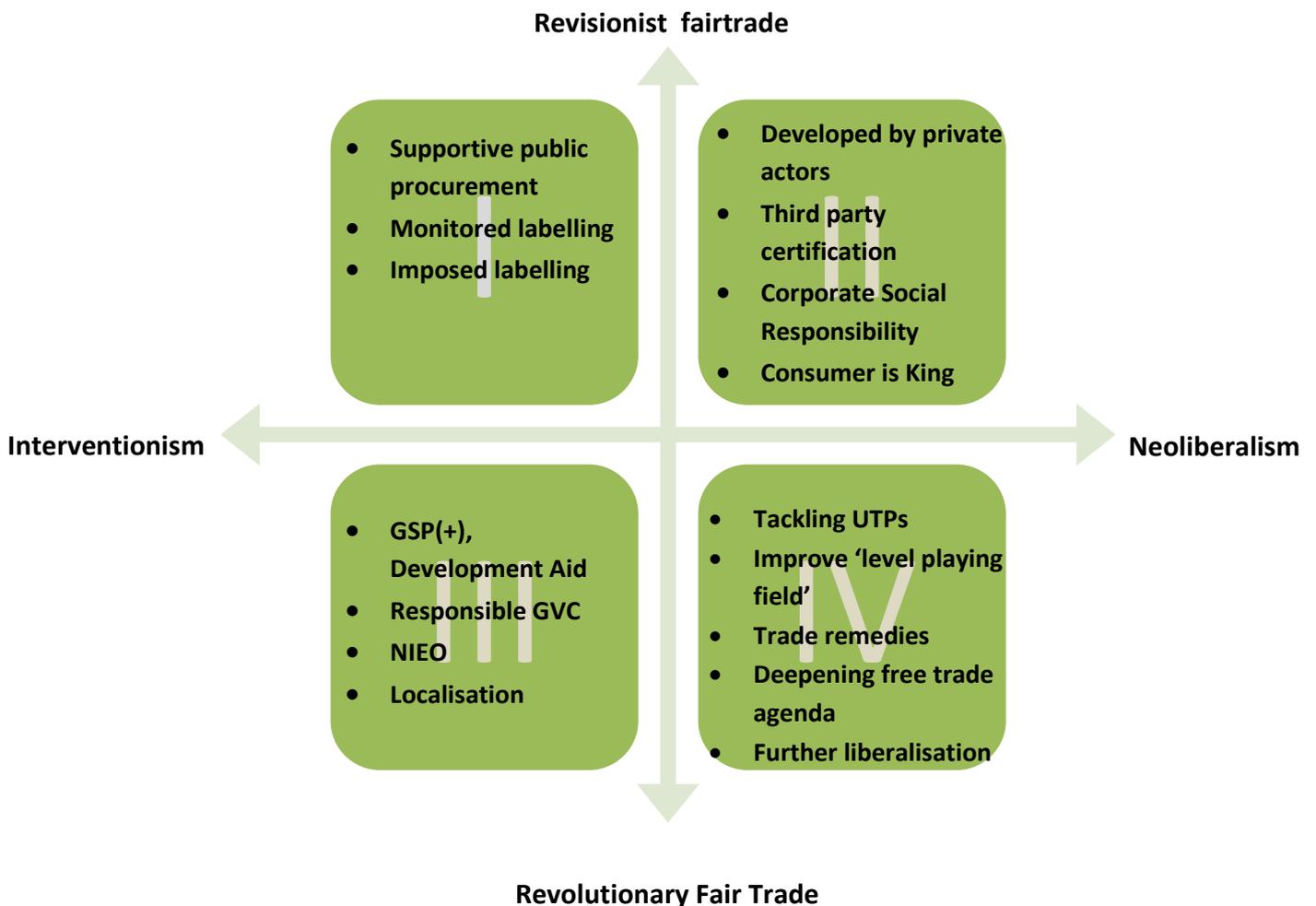


Fig. 2: Schematisation Fair Trade Policy initiatives

#### 4. An EU Fair Trade policy?

Now we have considered the different interpretations of the term Fair Trade and created a framework to structure the policy initiatives in this context, we can turn to the question of an EU Fair Trade policy. In order to map the relevant EU activities in relation to Fair Trade, a comprehensive analysis including the narrow and broad interpretation of the term should be made. Even though the mapping exercise is not complete yet and at this stage draws mainly on the narrow revisionist interpretation of Fair Trade (labelling), it shows that over the past two decades the EU has developed some sort of an EU Fair Trade policy, even though not in a straightforward and consistent way. The EP<sup>1</sup> has been particularly active, and, partly as a result of this pressure, the EC has taken some initiatives in this area. Our process-tracing analysis of the EU's activities in relation to fair trade distinguishes four different periods.

##### 1. Embryonic phase

The first political statement within the EU on the subject of fair trade was made in January 1991, when the EP adopted a resolution on Support for Third World coffee producers (OJ C 280, 8.10.1991). The EP indicated her preferences to use trade to support producers in the South and resolved to introduce Max Havelaar branded coffee at its premises, inviting the other EU institutions to do the same (European Parliament, 1991). The Resolution on promoting fairness and solidarity in North-South trade, adopted in January 1994 (OJ C 44, 14.2.1994), goes even further. It argues that structural imbalances caused by inequitable trade relations need to be addressed. It suggests that the fair trade objectives should be fully integrated into the EU's development and cooperation policy, for example by providing financial support to fair trade organisations and producers in the South (European Parliament, 1994). International trade negotiations should also include fair conditions, for example within the GATT. The EP also recommends a quality label of certification at EU level. Fiscal measures promoting the equalisation ('equitax'<sup>2</sup>) are also proposed. Moreover, it demands increased coordination within the EU and the establishment of a focal point in the EC. Shortly after the adoption of this Resolution the EC published a document on Alternative Trade in which it declares its support for strengthening Fair Trade in the South and North and its intention to establish an EC Working Group on Fair Trade. An informal working group of dedicated EC officials working on fair trade was formed. Nevertheless, without a political line or clear structure (European Parliament, 1998a). The EU also included a limited social clause within its GSP system from 1995 onwards.

Although the question of the development-friendliness of EU trade relations had obviously been debated for decades, tentative calls for a fair trade policy only emerged in the early 1990s at the EU level. This should be seen in the context of the EU's increased ambition on the international stage following the end of the Cold War, which also entailed the incorporation of development policy as an EU competence in the Maastricht Treaty. It also coincides with the final phase of the Uruguay Round of multilateral trade negotiations and a sharp increasing of unemployment within Europe, which lead to calls that international trade rules should protect against 'social dumping'.

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<sup>1</sup> Also the European Economic and Social Committee issued several reports and resolutions. Below we focus mainly on the EP and EC. Further research will also look more closely into the Council positions and initiatives in the Member States.

<sup>2</sup> The EP recommended the Commission to analyse the possibility to introduce fiscal measures which could promote the equalisation (i.e. the distribution of the benefits of trade) not achieved by the market alone. However the requested proposal for action has never been made.

## 2. *On the agenda*

It took until the end 1990s before fair trade came to occupy a distinct place on the agenda of the EU's external relations. Again, it was an EP resolution that initiated the debate, followed by a EC Communication. The Parliament's 1998 Resolution (OJ C 226, 20.7.1998) is characterised by a more practical tone than the one in 1994. It urges the fair trade sector to agree on a common definition, sets out compliance criteria, reiterates the importance of an European fair trade label, and calls on the EC to undertake serious actions in terms of policy and organisational coherence (European Parliament, 1998b). In contrast to the EP Resolution, the EC's response is rather descriptive. It elaborates on the concept of fair trade and gives a brief outline of the then current situation. It also lists several issues that should be paid attention to when considering further EU support of fair trade activities. The EU's commitment to the aims and objectives of the WTO such as transparency and non-discrimination is emphasised, indicating that fair trade initiatives should respect these prescribed principles.

Although the elaboration of an EU fair trade policy was still limited, henceforth the principle has been established on the EU agenda. In the same period, the Cotonou Agreement between the EU and the ACP (signed in 2000) would for the first time also include a mentioning of 'fair trade' (Article 23(i)). The EU also extended the promotion of core labour standards through its GSP reforms of 1998 and 2001. The Commission Communication on trade and development (COM(2002)513) also briefly mentions that 'the EU continues to work on fair trade'. Within the discussions of the Working Group on External Action of the European Convention (specifically between February-May 2003), fair trade was also included among the EU objectives in the wider world. This would subsequently be taken over into the Lisbon Treaty.

This evolution can be understood in the context of increased activism from transnational advocacy groups and growing discontent of developing countries faced with growing international trade liberalisation. The 1999 Communication happens to be published one day before the WTO Ministerial Conference in Seattle, which became famously known as the 'battle of Seattle' because of the anti-globalisation protests. It had become clear that the legitimacy of the world trading system would depend on its ability to incorporate developing country demands and address issues of global trade justice (Stiglitz, 2006; Summers, 2001). Also around the hinge of the new millennium, the EU started to profile itself as the leading force in favour of a more 'harnessed globalisation' and as a development-friendly international actor. Indeed the EU also distinguished itself as the largest proponent of a Doha Development Round. This coincided with the tenure of Lamy as the Trade Commissioner (1999-2004) and with a dominance of social-democratic parties in the European Council.

## 3. *Stagnation*

However, around the mid-2000s it seemed that the commitment to fair trade had barely been implemented. The Commission had not taken any initiatives following up on the 1999 Communication. Instead it had engaged in a more radical free trade orientation through the Economic Partnership Agreements, where the Commission increasingly emphasised the need for reciprocal market access and deep trade liberalisation including WTO+ issues such as trade in services, investment and procurement. This contributed to the failure of the EU's EPA agenda by the initial deadline of 2008. The 'Global Europe' trade strategy (COM(2006)567) also witnesses the EU's more outspokenly neoliberal approach to international trade, with its emphasis on the EU's economic interests. The basic message of the Global Europe document is that new trade agreements with emerging markets should

foster competitiveness at home and abroad. 'Fairness' is mentioned several times, but only in the context of trade defence.

To be sure, the EP continued to raise the issue of fair trade at the EU level. The Schmidt Report (2005/2245(INI)) resulted in the adoption of a new Resolution on Fair Trade and development (P6\_TA(2006)0320). The main five elements of the previous resolutions come back here: the Parliament insists on a recognised label, with minimum criteria and associated consumer confidence, it stresses the need for legislative and financial support for fair trade, it notices the importance of equity in international trade negotiations, it suggests fair trade criteria in procurement policies, and it emphasises the need for coherence and coordination within the EU. Interestingly, the EP here takes a wider view on the promotion of fair trade compared to previous initiatives in the 1990s. First, it argues for the integration of fair trade in *all* EU policies and not only in development policy (e.g. also in trade, agriculture, internal market, consumer protection policies). This is in line with the broadening of the EU's development agenda involving a stronger commitment to Policy Coherence for Development. Second, the promotion of fair trade is now framed as part of the EU's 'sustainable development' objectives, and no longer more narrowly in terms of economic or social development. Third, initiatives on procurement no longer concern the internal policy of the EU institutions but encompass public procurement within the EU at large. Finally, it is the first time the Parliaments highlights the efforts of European retailers to support fair trade.

However, these EP initiatives received a lukewarm response from the Commission. This stagnation took place in the context of the impasse of the WTO negotiations, the decline of EU economic power faced with emerging economies, and pressure for competitive liberalisation with the US. Trade Commissioner Mandelson (2004-2008) was also clearly more free trade oriented than his predecessor, within the wider context of an ideological shift towards the centre-right in most EU capitals.

#### 4. *New dynamism*

By the end of the decade, however, a number of new fair trade initiatives were initiated at the EU level. First, in May 2009, and three years after the Schmidt Report and the EP regulation, the EC finally issued its response in a new communication on Contributing to sustainable Development: the role of fair trade and non-governmental trade-related sustainability assurance schemes (COM(2009)215). Here the EC confirms its 'hands-off approach' whereby it does not intend to play a role in the elaboration of fair trade criteria and its monitoring. The main argument is that EU interference in this area would jeopardise the dynamism that private fair trade labelling initiatives have displayed. Furthermore, the Communication notes the importance of financial support from the EU for fair trade related projects, mainly on a demand-driven basis, responding to grant requests from NGOs. Just like the 1999 Communication, the Commission emphasizes its commitment to the WTO rules. When adopting regulation based on fair trade criteria, any government intervention or regulatory mechanism should make sure that take the WTO principles of non-discrimination and transparency into account. The Communication does however notice the need to elaborate EU-level guidelines on how sustainable development concerns can be addressed within public procurement.

Second, and following up on this latter suggestion, the Commission published 'Buying Social' guidelines on including social considerations into public procurement in October 2010. The purpose of this guide

is to raise contracting authorities' awareness of the potential benefits and to explain in a practical way the opportunities offered by the existing EU legal framework<sup>3</sup> (European Commission, 2010).

Third, the new dynamic in procurement rule stems from a number of EU member states that proved to be more ambitious in including fair trade criteria in public tenders. This resulted in a number of cases before the European Court of Justice since the mid-2000s (Cremona & Marín Durán, 2013). Most famously, the Court supported the decision of the Province of North Holland to include fair trade criteria in its public tendering for coffee machines (Case C-368/10 Commission v. Netherlands, 2012). As such the more restrictive interpretation of the European Commission was challenged by the Court. This has been hailed by the fair trade organisations as an important victory.<sup>4</sup> This contributed to clearer provisions on social criteria in the new EU public procurement regulation (Directives 2014/24/EU and 2014/25/EU). It remains to be seen to what extent this could entail an Europeanisation of fair trade provisions in public procurement practices. In any case, it is clear that fair trade through public procurement can also be pursued at national and local levels, with a diversity of views and approaches that further complicates the achievement of an EU policy (Cremona and Marin 2012).

How can this new dynamism be explained? Apart from continuing advocacy from some MEPs and civil society organizations (most notably the Brussels-based Fair Trade Advocacy Office), it seems important to focus on preferences within the European Commission. Whereas Trade Commissioners Mandelson (2004-2008) and De Gucht (2010-2014) were reluctant to embrace fair trade initiatives at the EU level, the brief interlude with Ashton (Trade Commissioner between October 2008 and December 2009) provided more space to discuss the issue. According to Manners (2010), the departure of Mandelson and his Director-General Falkenberg and the arrival of Ashton shed light on why the long-awaited Communication on Fair Trade was finally issued in 2009. Moreover, it should be noticed that the 'Buying Social' initiative was jointly proposed by the Directorate-Generals of Social Affairs and Internal Market (not External Trade), with the Commissioners Andor and Barnier respectively being more open towards fair trade considerations than their colleagues dealing with international trade.

Finally, all the new generation trade agreements, starting with the EU-South Korea FTA in 2011, contain a sustainable development (SD) chapter. Here, adherence to key international labour and environment standards and agreements, the prudent use of natural resources such as timber and fish, and the promotion of practices intended to favour sustainable development such as fair trade and CSR is included. The SD Chapter also establishes a monitoring mechanism which consists of civil society of both parties.

The fair trade movement's expectation that the new Trade Commissioner Malmström will be more supportive to fair trade than her predecessors (Estrada, 2015), has been confirmed in several speeches as well as the new Trade for All Strategy. The new strategy dedicates a chapter on EU trade and investment policy based on values, including a trade agenda to promote sustainable development, human rights and good governance which also mentions the promotion of fair and ethical trading schemes (European Commission, 2015).

It remains to be seen whether these intentions will mark the start of a deeper and coherent EU fair trade agenda, embarking into a new and more ambitious phase. It should also be noted that they

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<sup>3</sup> Since the public procurement rules were reformed in 2014 and they explicitly refer to fair trade, this guide needs to be updated.

<sup>4</sup> See <http://www.fairtrade-advocacy.org/ftao-publications/press-releases/press-release-2012/390-european-court-confirms-possibility-to-demand-fair-trade-criteria-in-public-procurement>.

coincide with a period of increased politicization of the trade policy, mainly due to the negotiations of the Transatlantic Trade and Investment Partnership (TTIP).

In conclusion, fair trade has been on the EU agenda for at least two decades. Whereas the EU's commitment has been questioned and implementation has been limited, one cannot neglect that the EU has given particular attention to fair trade. In the meantime and as suggested above, diverse understandings of fair trade exist alongside each other, including pleas for trade defence measures against social dumping, support for the fair trade movement and its certification schemes, and the reform of global trade rules towards a more just international trading system.

In order to better understand the diverse meanings of 'fair trade', we constructed a matrix depicting how narrow revisionist 'fairtrade' and holistic revolutionary 'Fair Trade' views on the one hand, and limited or larger roles for governmental intervention on the other hand, result in four different interpretations (see Figure 1 and 2). Applying the process-tracing analysis to how EU discourse and activities have considered fair trade, two broad conclusions can be drawn. First, the EU mainly situates itself at the right side of the matrix (Quadrants II and IV), implying that it predominantly favours market-oriented approaches to fair trade. This has been either in the form of the EC's hands-off approach to labelling or in the form of conceiving fair trade as compliant to WTO rules. Second, when the EU appears to favour a somewhat more interventionist approach, this is mainly in relation to fairtrade narrowly speaking, and mostly at the instigation of the European Parliament, progressive EU member states, and the European Court of Justice. This being said, Commissioner Malmström seems dedicated to responsible global value chains, which could result a considerable change in the EU (fair) trade policy. However, as always, the proof of the pudding is in the eating.

## **5. Next steps**

Based on a conceptual framework containing the different interpretations of Fair Trade, this paper indicates that there is no clear-cut answer to the question of what the EU Fair Trade policy consists of. On the contrary, it appears that 'Fair Trade' touches on a diverse number of internal and external policies, including trade arrangements, labelling schemes, and procurement rules. At the same time all actors involved agree that fair trade is important, however interpretations of 'fairness' diverge significantly.

Before being able to formulate more precise conclusions, both the conceptual framework and the process tracing analysis need to be elaborated. In a next stage the conceptual framework will be enriched with more literature on ethics and its matrix needs fine-tuning. In line with the broad interpretation of Fair Trade, the scope of the process tracing analysis needs to be enlarged horizontally (relevant EU fair trade initiatives from other policy areas such as development, internal market & competition and agriculture) and vertically (fair trade initiatives from the local or national level within the EU).

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