

Report to: Executive
Date: 5 July 2005
Report of: Executive Member for Organisational Development
Subject: Fairtrade Resolution
Ward: All

1. Purpose of the Report

The purpose of this report is to present for approval a 'Fair-trade Resolution' for the District of Easington.

2. Consultation

- 2.1 In preparing this report consultation has taken place with Working Executive, the Executive Member for the Environment, Management Team, East Durham Business Service, the Senior Technical Design / Energy Conservation Officer, and the Sustainability Officer.

3.0 Background

- 3.1 The term "fair-trade" covers a range of activities aimed at helping producers and workers in developing countries. An important objective is to help excluded and disadvantaged producers – including independent small farmers – to access international markets and receive a fair price for their products. Other objectives are to encourage: traders to buy as directly as possible from producer groups and to develop long-term relationships; the transparency of supply chains; and the empowerment of producer groups and workers. Another vital goal is to ensure decent working conditions and fair wages for workers on plantations and in factories.

With a fair price for their produce, they can not only feed their families but also look to the future and invest in such basic necessities as safe water supplies, sanitation, healthcare and education. Oxfam helps its Fair Trade partners grow in strength through training, advice and grants.

- 3.2 The Fair-trade Foundation, which was set up by the Catholic Fund for Overseas Development (CAFOD), Christian AID, Oxfam, Traidcraft Exchange, New Consumer and the World Development Movement, awards a consumer label – the 'Fairtrade Mark'. This mark demonstrates that internationally recognised standards of fair-trade have been met. Items covered by the mark include coffee, tea, chocolate, bananas, mangoes, fruit juice, sugar, snacks and biscuits and honey products.

The foundation works with 350 producer groups worldwide, representing 4.5 million producers in 36 countries. The foundation

shares internationally recognised fair trade standards with initiatives in 17 other countries – working together as Fair-trade Labelling Organisation International (FLO).

3.3 The Fair Trade labelling organisations approach each product through a strategy based on:

A) Defining Fairtrade terms of production, which licensed products must meet, including:

- ❑ Minimum wages
- ❑ Adequate housing where appropriate
- ❑ Minimum health and safety standards
- ❑ Environmental standards

B) Defining fair trade terms and conditions, including:

- ❑ A minimum price
- ❑ Credit terms
- ❑ A long term trading commitment

4.0 Current Position

4.1 Several Councils throughout the country have passed formal 'Fair-trade Resolutions'. These include South Tyneside, Gateshead and Newcastle City Council. Newcastle City Council has taken a step further by establishing the Newcastle Fair-trade Partnership to promote Fair-trade initiatives across the City.

4.2 In July 2004 the NE Purchasing Organisation (NEPO) Joint Committee formally passed a Fair-trade resolution. This means that tender documents for all future NEPO contracts will include a clause inviting contractors to submit Fair Trade alternatives to the commodities specified. The prominence and inclusion of this clause will depend upon the contract and its relevance.

5.0 The Benefits of Fair Trade

5.1 Farmers and workers use the fair price or fair wage they are paid to improve their living and working conditions; clean water, sanitation, basic medical treatment, food, a home and education. When we decide to buy fair-trade products, other people are able to obtain the things we often take for granted. When a local authority purchases fair trade goods, it can add thousands of pounds to the income of poor producers.

5.2 The future of the world's most vulnerable habitats depends on their having a greater value to society in a living state, than when destroyed. One of the conditions for entering into trading relationships with fair

tade organisations is that materials should be safe to use and sustainably harvested. The Fair-trade Foundation has listed the following pesticides as unsuitable:

Pesticides not to be used in the production of Fair-trade Marked Products

2,4,5-T Aldicarb, Aldrin, Campheclor, Chlordane, Chlordemiform, DBCP/DDT, Dieldrin, edb, Endrin, HCB/BHC, Heptachlor, Lindane, Praquat, Parathion (ethyl and methyl), Pentachlorophenol.

6.0 Implications

6.1 Financial

There are no financial implications, as any costs relating to this policy must be met from existing budgets.

6.2 Legal

Public procurement is governed by the EC Treaty principles of non-discrimination, transparency, equal treatment etc and the EU Procurement Directives, which are based on the Treaty principles, set out detailed procedures and criteria for the award of contracts above specified thresholds. Individual council's Procurement Policy should aim to provide best quality services by procuring the best, whilst at the same time ensuring value for money.

There is scope within the Government's procurement policy and the EC procurement rules to encourage, in non-discriminatory advertisements and specifications, the inclusion of fair-trade options in tenders for catering and canteen services and supplies contracts. However, specifications cannot be framed in terms of fair trade requirements, as such social labels are not permitted under the EC rules. Where the winning tenderer is able to provide fair trade options, and they can be provided on a value for money basis, an authority can decide how fair trade products (tea/Coffee etc) can best be made available for departmental meetings, conferences and hospitality activities. Where the catering provider is selling direct to the staff, there are no "procurement" implications from making use of fair-trade products.

6.2 Policy

There are no policy implications as the 'Fairtrade Resolution' (Appendix 1) supports the council's mission statement and corporate objectives and equally supports the key milestones of the National Procurement Strategy.

6.3 Risk

A Corporate Risk Assessment has been carried out to ensure the future 'Fairtrade Policy' is compatible with current priorities, policies, practices and protocols.

6.4 Communication

Key communication issues are addressed through the Communications and Marketing function.

6.5 Corporate Plan

The issues contained within this report are consistent with Corporate Plan priorities and policies.

7.0 Recommendations

Members are requested to endorse the 'Fairtrade Resolution'.

Peter Faill, Corporate Procurement Manager – Ext 2561

Documents and Publications used in the preparation of this report:

Global Partners – Fairtrade and Local Authorities (How to support Global Sustainable Development in your locality – An Oxfam Handbook – August 2001)

North East Purchasing Organisation –Report of the Liaison Officers – Fair Trade Policy.

Office of Government Commerce – Guidance on Fair and Ethical Trading

Cabinet Briefing – Durham County Council – Making Durham County Council a Fairtrade Council.

Report of the Newcastle Fairtrade Partnership – Fairtrade City.