



Policy Position Paper

Fairtrade Germany

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Summary

Fairtrade Germany aims to improve the livelihoods of farmers and workers in the countries of the Global South through fair trading conditions, such as fair prices. However, Fairtrade Germany also has a political mission. Together with its member and partner organisations from civil society, business and politics, Fairtrade Germany works on good frameworks for a sustainable and fair economy. Our political goal is not only to prevent the negative effects of political measures on producers in African, Asian and Latin American countries, but also to create the foundation for fair trade and sustainable business practices. Fairtrade Germany advocates for a strategic mix of legal requirements for fair competition, strengthening the demand for fairly traded products and raw materials, and supporting voluntary alternatives for sustainable trading practices and support for fair trade itself.

Safeguarding the rights of all people along international supply chains is a key concern of the fair trade movement and should be a guiding principle for political action. Human and labour rights, children's rights and gender equality, as well as environmental and climate protection, are the legal basis for fair trade. Governments worldwide must implement these rights through legislation. Fairtrade Germany is particularly committed to ensuring that living incomes and wages, and responsible trade practices are taken into account in legal requirements. In addition to regulations, however, incentives for sustainable business practices are also needed. Sustainable public procurement has a special role to play here. Fairtrade Germany supports respective political measures and their practical implementation. In order to enable sustainable economic activity, government action in Germany and Europe must be aligned with sustainable development goals. This also includes adequately financed, independent development cooperation. In order to strengthen the impact of fair trade, political support is also needed for fair trade organisations themselves and for an active civil society.

I. About Fairtrade Germany

Fairtrade connects consumers, companies and producer organisations around the world and changes trade through better prices, wages and decent working conditions for small farmers and workers on plantations and in factories in countries of the Global South. For 50 years, the fair trade movement in Germany has been fighting for structural change in world trade, with Fairtrade Germany joining the movement in 1992. By awarding the Fairtrade label, working directly with committed companies, activating campaigning and public relations work, and by collaborating with a large number of state and civil society actors, Fairtrade creates both a greater awareness of global interdependencies and the effects of conventional world trade, as well as tangible effects on the ground for over 1.9 million small farmers and workers in the Global South. Fairtrade demonstrates alternatives to trade policies and practices that are partly based on exploitation and environmental destruction, as well as ways to reduce power imbalances in trade and thus overcome exploitation and poverty. Through concrete measures, it makes a direct contribution to improving living and working conditions along global supply chains.

With its broad civil society base, Fairtrade also has a political mandate. As part of the Fairtrade Strategy 2021-2025, political advocacy and lobbying work has been firmly anchored as a field of action in the work of Fairtrade Germany. Together with partners around the world, Fairtrade monitors political frameworks and their impact on international trade, on working and living conditions along global supply chains and on global challenges such as the environmental and climate crisis or the biodiversity crisis. These issues are of great relevance to fair trade – without viable ecosystems, agriculture cannot function. It is therefore in Fairtrade's particular interest to position itself politically on these issues, connecting them with the interests of farmers and workers in countries of the Global South, with the aim of safeguarding their human and labour rights and contributing to the reduction of poverty and injustice through fair prices and wages.

Fairtrade complements existing laws as a voluntary approach. Beyond that, our organisation also demands the continuous enhancement of the legal framework. Fairtrade Germany strives to achieve regulatory changes that strengthen fair competition and thus promote sustainable business practices for the benefit of all involved. Many challenges along international supply chains, e.g. exploitative child labour and the use of hazardous pesticides, can be traced back to systemic causes in international supply chains as well as in the countries of origin. Overcoming this requires more than regulations and standards. In order to comply with existing agreements, such as the conventions on human, labour and children's rights or the Paris Climate Agreement, we must create alternative ways and develop solutions for society as a whole in collaboration with various stakeholders. Fairtrade makes an important contribution to this process: Through minimum prices, premium payments and other fair trading practices as well as through concrete projects in the producer countries.

Apart from bans and requirements (e.g. on corporate due diligence), the 'smart mix' of required measures for fair, sustainable world trade includes instruments such as cost-covering minimum prices, sustainable procurement and the voluntary commitment by companies in Germany and Europe as well as steps by actors outside the Fairtrade system. The principles of fair trade can serve as a model and guideline.

For its advocacy activities, Fairtrade Germany cooperates with a large number of actors from civil society, politics and business. 35 member organisations from various sectors form the basis of our organisation, mandate it and reach millions of citizens through their networks. They spread the idea and importance of fair trade and our responsibility for sustainable consumption throughout society. The member organisations are involved in the development of the Fairtrade strategy and the position paper, they also support and reinforce our advocacy activities.

This position paper outlines the pillars of Fairtrade Germany's political work. This is not an exhaustive list. In addition to the focal points resulting from Fairtrade's activities, current political and social developments determine and change the specifics.

II. Towards Fair Economic and Trade Policies

The existing economic and trade policy frameworks have a significant influence on the extent to which sustainable development is possible. Fairtrade therefore advocates three approaches to improve them:

1) Fairtrade acts as a role model for fair trading conditions and sustainable economic activity

Fairtrade develops scalable solutions for fair trade through the continuous and systematic development of its standard and certification system. Fairtrade obliges actors along the supply chain to comply with the core labour standards of the International Labor Organization (ILO) to prevent child labour and forced labour, demands compliance with health and occupational safety standards, and contributes to overarching objectives such as gender equality. Furthermore, certified actors must implement responsible trade practices, such as long-term trade relations, guaranteed minimum prices and the payment of premiums. In addition to implementing the standards on the ground and monitoring them through FLOCERT, Fairtrade also gathers experience in joint projects with companies and cooperatives in Africa, Asia and Latin America on innovative solutions, such as how to achieve a living income or how to adapt to climate change. Fairtrade shares its findings from these projects in multi-stakeholder partnerships in which it is involved, like the Forum for Sustainable Cocoa, the Action Alliance for Sustainable Bananas, the Alliance for Sustainable Textiles, and the Sustainable Agricultural Supply Chains Initiative. Throughout this work, the perspective of the Fairtrade producers at the start of the supply chains and the reduction of inequalities and power imbalances always come first.

2) Fairtrade motivates people to act

The educational, public relations and campaign work of Fairtrade Germany and the fair trade movement as a whole creates awareness of global contexts and shines a light on the people behind products such as coffee or bananas. It connects producers with consumers and shows what impact consumption in this country has on people and the environment in other parts of the world. Fairtrade goes beyond the economic realm and is part of a movement that campaigns against exploitation and for global justice. Fairtrade changes the discourse in society about fairness and supports people who stand up for fair trading conditions, as consumers and as citizens. The commitment of people in Fairtrade Towns, Schools, Universities and in our member organisations, as well as their willingness to buy fair products, send a clear signal to our political representatives.

3) Fairtrade has a direct influence on politics

Fairtrade also works directly with political decision-makers and political institutions to strengthen the political positions that are crucial for fair trade and sustainable business. At EU, federal, state and municipal level, Fairtrade Germany makes constructive and critical proposals to policymakers on how laws and their implementation can promote sustainability and improve the regulatory framework, in partnership with its member organisations, the German fair trade movement, non-governmental organisations, trade unions and our commercial partners. This is done through talks with members of parliament and authorities, events and public relations work, as well as through political tools as part of our campaigns, e.g. petitions. At EU and UN level, Fairtrade Germany works together with the organisations of the international Fairtrade system and the international fair trade movement, such as Fairtrade International and the Fair Trade Advocacy Office (FTAO). The producers' interests are independently represented in their countries through their regional producer networks and in their target markets through cooperation with Fairtrade International, FTAO and the national Fairtrade organisations, such as Fairtrade Germany.

III. Guiding Principles – Why Fairness Is Needed

Human rights need fairness – because we are all responsible

Fairtrade is committed to human rights, both in regards to compliance and to their further development. This also includes the rights of workers, as set out in the ILO core labour standards, for example, but also beyond that. While nation states are responsible to ensure the legal framework for compliance, commercial enterprises are responsible for the realisation of these rights. Competition can only be fair if all parties involved demonstrably contribute to the observance of human rights and labour rights. Fairtrade promotes human and labour rights, equality and environmental protection through the Fairtrade standards and through projects in the producer countries.

Human rights depend not only on economic conditions, but also on a healthy environment with sustainably available resources such as soil, water and forests. However, the climate and biodiversity crises is dramatically restricting agricultural production opportunities and thus the livelihoods of many smallholder families and workers worldwide. To ensure that the rights of future generations are also safeguarded, Fairtrade is committed to trade and economic practices that conserve natural resources, counteract climate change and preserve biodiversity. With this in mind, Fairtrade has adopted a system-wide strategy for sustainable agriculture based on agroecological principles, which will guide Fairtrade's further development.

Human rights, fair prices and environmentally friendly business practices influence each other. With its standards and projects, as well as through political influence, Fairtrade contributes to creating suitable frameworks for the realisation of human and labour rights worldwide, with a clear focus on working with and for women and young people, who are particularly affected by grievances and at the same time are important actors in the fight to improve political and economic conditions in developing and emerging countries.

Sustainability needs fairness – because we can only solve global challenges together

By signing up to the Global Sustainable Development Goals (SDGs), almost all countries have committed to promoting sustainability. However, Fairtrade is convinced that supply chains can only be sustainable if a fair distribution of profits and risks along the value and supply chains is ensured. Only this enables the implementation and protection of human rights and the environment, as well as investments in sustainable development on the ground. It is therefore essential to consider sustainability in ecological, social, economic and cultural dimensions and to take key aspects such as gender equality into account. Fairtrade Germany is continuously working to meet this requirement. All supply chain partners have a responsibility to act sustainably and to make their efforts transparent and traceable.

Social and economic justice are prerequisites and drivers of ecological sustainability. The preservation of biodiversity and our livelihoods is only possible under fair social and economic conditions. Without sustainable supply chains, the common goal of sustainable development will not be achieved, which is unfair to the people at the start of the supply chain and also jeopardises the resilience of the supply chains themselves. Exploitation and environmental destruction cannot and must not be the basis of our economic practices.

Business needs fairness – because everyone benefits from fair competition

To ensure that fair and sustainable trading practices are not a disadvantage in competition, a level playing field is needed for all market participants. The costs of unsustainable production methods are still being passed on to people and the environment. However, competition can only be fair if it is considering the "true costs" which cover fair prices, living incomes and wages as well as ecological and climate-friendly cultivation methods.

Concrete approaches to cover the costs of sustainable production are Fairtrade's minimum prices and premiums, as well as responsible sourcing practices and continuous support through projects and training, provided for example by the three Fairtrade producer networks in Africa, Asia and Latin America. Fairtrade offers producers fairer conditions than the conventional global market. For more far-reaching measures, such as living wages and incomes, however, German and European (internationally operating) companies at the other end of the supply chain need to make a commitment and take responsibility. The aim of all stakeholders must be to create fair and sustainable supply chains, pay producers fair prices and ensure that low-income households also have access to fair and sustainable products. Minimum legal requirements and voluntary corporate commitments can help to prevent competition at the expense of producers.

IV. Sustainable Business Needs Fair Trade – What Is Needed For Fair Trade?

The guiding principles above and the needs of the stakeholders in the Fairtrade system lead to a wide range of political positions and demands aimed at German and European policy-makers. In order to achieve the political objectives deduced from the guiding principles, a combination of different political instruments is required, a 'smart mix' to achieve the sustainability goals. Essentially, these can be divided into the following four categories:

- Legal foundations for fair competition
- A strong demand for fair products
- Support for sustainable business practices
- Support for fair trade and an active civil society

Legal foundations for fair competition

Legal foundations are an essential building block for enabling fair trade. When not all companies adhere to fair trading conditions, those who do take responsibility for the people in their supply chains are put at a disadvantage. Only a level playing field based on fair prices, compliance with human and labour rights and environmental and climate protection can enable fair competition. That is why we need a legal foundation, especially when it comes to living incomes and wages, sustainability in competition law and responsible trade practices.

Living incomes and wages are a human right (Article 23, UN Universal Declaration on Human Rights) and are central to sustainable and resilient supply chains. Furthermore, they are an instrument for the realisation of many SDGs and other human rights. Fairtrade works to ensure that they become a reality for farmers and workers in countries of the Global South. In addition to working with companies, Fairtrade also influences the political environment in Germany and the EU to make living wages and incomes the norm.

- The human right to living incomes and wages must also be implemented for people outside the EU and must therefore be taken into account in European and national trade regulations and agreements by governments in the North and South.
- Companies are required to contribute to living wages and incomes. Responsible purchasing practices along global supply chains play a central role here. The right to living wages and incomes is explicitly mentioned in the EU Supply Chain Directive (CSDDD). What is needed now is a clear definition and guidelines for companies on how they can implement it. This is the only way for companies to fulfil their due diligence obligations effectively and efficiently. Vague formulations, on the other hand, create uncertainty and often lead to costly and ineffective measures.
- When revising the EU Directive on Unfair Trading Practices (UTP), it is also important to protect suppliers from outside the EU from unfair trading practices so that everyone involved in the supply chain can earn an income that secures their livelihood.
- All supply chain partners must be transparent and accountable for their actions. Sustainability reporting requirements can ensure this.

Competition law must enable and demand sustainability.

- German antitrust law must reflect the EU competition rules, in which competitors can enter into agreements if these serve social, ecological or other sustainability goals. This is important, for example, for the payment of living wages and incomes.
- The same applies to public procurement. Competition for public contracts must continue to be used – and increasingly so – as an incentive for sustainable consumption and production patterns (SDG 12). Sustainable choices in public procurement, such as fair trade, e.g. in communal catering and work clothing, make an important contribution to a sustainable economy.

Responsible trade practices in international supply chains must be made mandatory and promoted. Long contract periods, payments on time and, above all, fair prices must become the norm. The forthcoming review of the EU Unfair Trading Regulation must be used to prevent unfair practices, such as selling below production costs, both inside and outside the EU. In order to successfully implement this requirement, support for producers outside the EU is necessary from the European Union and the German government.

The legal foundations for fair trade must be promoted at all political levels:

- Human rights, environmental and climate-related due diligence must be enshrined at UN level in the UN Convention on Business and Human Rights.
- The EU must continue to ensure a sustainable economy and thus compliance with human and labour rights, children's rights, gender equality and climate and environmental protection.
- When implementing EU directives, Germany and other EU member states have the opportunity to create effective and efficient national laws that help German companies to make their supply chains more sustainable and therefore more resilient.

Strong demand for fairly traded goods

Fair trade and the Fairtrade standards go beyond the legal requirements, which are not sufficient for the objectives of fair trade. Strong demand is therefore needed to expand fair trade. Demand can be increased by various incentives.

Strong **sustainable public procurement** increases the demand for fair products. Despite great progress in recent years, implementation in Germany is still patchy. Therefore Fairtrade Germany is calling for compulsory sustainability requirements in public procurement as well as more intensive and comprehensive support for implementation in federal, state and local administrations.

Tax incentives for sustainable products promote a demand-driven transformation towards a fairer and more sustainable economy. There is an urgent need for the tax and financial system to be geared towards clearly defined sustainability criteria, e.g. by adjusting calculations (life cycle calculations) or taxation that promote sustainable consumption and production. There is a whole range of suitable taxation tools, among them are

- The introduction of an ecologically and socially based value added tax.
- Lower customs and tax rates for sustainably certified consumer goods.
- A lower corporate tax rate for sustainable and welfare-oriented companies.

Goods produced by means of exploitation must be sanctioned and prices should compensate for product-related CO₂ emissions to ensure a noticeable steering effect towards a climate-friendly economy.

Support for a sustainable economy

The transformation to a fair and sustainable economy requires a beneficial environment in which companies and other stakeholders are supported throughout the processes of change. At the same time, companies in Germany and Europe must themselves actively work on the transformation to a fair and sustainable economy. Fairtrade supports these efforts through requirements in the Fairtrade standards, through projects in the producer countries with companies and local producers, and through the provision of services in the Fairtrade system. These include, for example, the calculation of reference prices for living incomes and the provision of satellite-based geo-information systems to meet legal requirements such as the European Deforestation Directive (EUDR). Advising state and private sector actors in cooperation with civil society partners makes Fairtrade an important player in this transformation.

For the German government, this means **aligning government action coherently with sustainable development goals**. As part of this, the consequences of legislation and government action on the economically most vulnerable people as well as on the climate and environment must be analysed and the associated risks reduced, with special consideration given to the perspective of women and young people.

- One way to implement this is to set up an inter-ministerial task force on the sustainability impacts of government action, which examines the human rights, social and environmental consequences (spillover effects) of laws, subsidies and trade agreements. Fairtrade Germany and its member and partner organisations point out existing and potential challenges and opportunities for transformation.
- All ministries must jointly implement measures to promote fair trade practices and social security for small farmers and workers in countries in the Global South.
- Any further development of the German sustainability strategy must put a stronger focus on equity. Meaningful and ambitious indicators and targets are needed. Consistent implementation of the strategy in government and private sector activities is crucial to its success.

Adequately financed and independent development cooperation is an important prerequisite for many support measures for sustainable trade:

- Farmers and their environment should be protected and supported by due diligence obligations and social and ecological legal requirements in Germany and the EU, as well as in the producer countries themselves. At the same time, these requirements also cause additional efforts and costs at the start of the supply chain. Fairtrade supports cooperatives and producers in the transition to meet these requirements. Companies in Germany and Europe must bear their fair share of these costs. At the same time, support programs from the EU and member states are needed.
- Access to pre-financing, agricultural loans and relevant insurance for smallholder producer organisations (e.g. crop failure insurance, adaptation to climate change) in countries of the Global South must be expanded.
- Based on the Paris Climate Agreement of 2015, targeted support must be provided for adaptation, mitigation and compensation in agricultural production, especially in rural areas in the global South. Support measures should focus in particular on the conservation and restoration of soils to sequester more carbon and increase resilience to floods and droughts and on the promotion of sustainable water management.
- The establishment and expansion of social security systems, for health services and pensions needs to be further supported. Fairtrade is already making a contribution to health care as well as injury and old-age provision, but further systemic efforts are required from policymakers and economic actors.
- Educational support and vocational training must continue to be fostered as part of development cooperation.
- For these changes, the producer countries need financial resources that are currently often blocked by high debt service. The countries concerned must be enabled to invest these funds in sustainable production methods, economic development and their social systems. In this way, people can benefit from economic development and increased tax revenue in the countries of the Global South in the long term.
- Multi-stakeholder initiatives from business and civil society must be given greater support in order to strengthen fair and sustainable supply chains through ambitious and innovative approaches.

However, supporting sustainable business is not a purely governmental task. Private sector players and their associations also carry responsibility. They ultimately benefit from resilient supply chains. To include them, we need

- Investment in sustainable agriculture and fair trading requirements,
- an end to unfair power relations along global supply chains,
- compliance with children's rights and gender equality,
- to promote agroecology and the protection of biodiversity,
- and the payment of living wages and incomes.

Supporting fair trade and an active civil society

Together with government, civil society and private sector partners, Fairtrade Germany is committed to fair trade and the improvement of living conditions in the producer countries. In order to increase the impact of our commitment, support is also needed for the fair trade organisations themselves. This applies in particular to the performance of tasks that benefit society as a whole, such as targeted educational and public relations work:

- Public relations activities to raise awareness of sustainable consumption and production in Germany needs further promotion.
- Federal and regional support for existing initiatives and campaigns, for example by One World Shops, One World networks and civil society actors on fair trade and Fairtrade Germany.
- Continuation and expansion of the Fairtrade Towns, Schools and Universities campaigns, and other sustainability campaigns in the education and youth sector, such as the "FairActivists". These raise awareness and often contribute to concrete changes in municipalities and universities. Exchanges with people from producer countries are also important and should be supported.

The editors would like to thank those who pointed out errors in the first edition. These have been corrected in the revised version (as of December 2025).

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Fairtrade Germany was founded in 1992 as 'TransFair e.V.' with the aim of supporting disadvantaged producer groups in developing countries. As an independent organisation, Fairtrade Germany does not trade in goods itself, but is committed to promoting trade in fairly traded products and raw materials and raising awareness of sustainable consumption. www.fairtrade.net

Fairtrade Germany is part of the international network Fairtrade International, a non-profit association that brings together Fairtrade organisations from more than 25 countries and the three continental producer networks.

Fairtrade International develops the internationally applicable Fairtrade standards.

All stakeholders along the supply chain are regularly monitored by FLOCERT GmbH. The company works with an independent and globally consistent certification system in accordance with the requirements of the ISO 17065 (DIN EN 45011) accreditation standard. More information: www.flocert.net

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