

# **Review of Fair Trade**

**Report of the Scrutiny (Environment and  
Transport) Committee**

**April 2004**



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Note: The information contained in the research report reflects the views of the independent research assistant and not those of the Committee or the Council.



# **Section 1: Foreword by the Chairman and Controlling Group Spokesperson**

*An introduction to the review on behalf of the Scrutiny  
(Environment and Transport) Committee by the Chairman,  
Councillor Jim Hood and Controlling Group Spokesperson,  
Councillor Wayne Elliott*



## Foreword



**Councillor Jim Hood**

Chairman of the Scrutiny (Environment and Transport) Committee

*"The issue of Fair Trade is one of increasing importance to the public and the Scrutiny (Environment & Transport) Committee felt it would be appropriate and potentially beneficial to investigate it with regard to the Dover District.*

*Many other local authorities across England can be seen to be involved in Fair Trade and their activities are often led by Local Agenda 21 and sustainable development policies.*

*The principles of Fair Trade reflect a desire to promote equality of treatment for producers across the world and the Committee wished to undertake a comprehensive review to assess all aspects of this matter and how it relates to the District, its businesses and its people."*



**Councillor Wayne Elliott**

Controlling Group Spokesperson of the Scrutiny (Environment and Transport) Committee

*"The use of an independent research assistant from the University of Kent at Canterbury has proved invaluable in conducting the review and the Committee would like to thank Anna Home for producing such a thorough and balanced report.*

*The appointment of Anna has enabled extensive public consultation and has increased public awareness of the Fair Trade issue."*

A handwritten signature in black ink, appearing to read "C. G. J. Hood".

Chairman of the Scrutiny (Environment and Transport) Committee

A handwritten signature in black ink, appearing to read "Wayne Elliott".

Controlling Group Spokesperson of the Scrutiny (Environment and Transport) Committee



## **Section 2: Scope and Process Report**

*Overview of the process adopted in conducting the review*



# Scope and Process Report

## Introduction

- 2.1.1 The issue of Fair Trade was raised at the Council Meeting on 26 March 2003 when Councillor Mark Furnival proposed a motion that:

“The Dover District Council will work towards achieving Fair Trade status and will initiate this by setting up a steering committee. This is in common with many towns and cities across the country that have obtained Fair Trade status.

The Council will encourage the purchase of products where there is evidence that the producers are fairly paid and work in reasonable conditions, particularly where the products concerned originate from sources overseas. Where there are recognised and monitorable fair-trading standards available, the Council encourages the use of products that adhere to these, both internally and externally.

The Council will work internally and externally with its suppliers and contractors to increase awareness of the ethical issues involved in purchasing decisions.”

- 2.1.2 This motion was referred to the Scrutiny (Environment and Transport) Committee via Cabinet for consideration and report.
- 2.1.3 The basic principal of Fair Trade is to guarantee a better deal for producers in the developing world. They are provided with a stable price for their goods, accompanied by a premium which they are then able to reinvest in either their business or in to social and environmental schemes within the wider community.
- 2.1.4 The Fair Trade Foundation asserts that one of the main problems facing farmers in the developing world is as prices regularly fluctuate, what they receive for their product is often insufficient to cover their costs. This is especially noticeable with regard to products such as tea, coffee and chocolate; the prices of which have not, according to the Fair Trade Foundation, risen in real terms over the last forty years. In contrast, prices of other goods necessary to the farming industry such as machinery and fertiliser have risen substantially. Such an imbalance has had an adverse affect on many producers in the developing world and Fair Trade was established to try to redress the balance.
- 2.1.5 The relevance of Fair Trade to local authorities can be found by examining Local Agenda 21 and sustainable development policies.
- 2.1.6 Garstang, Lancashire was the first town in the UK to gain Fair Trade status and since then, 29 other towns and cities have also achieved this. Currently, 80 more areas are in the process of doing so.
- 2.1.7 Many local authorities are interested in this issue as the work supports central government sustainability targets. Councils are also facing pressure from local residents to take part and in the last two years sales of Fair Trade products have risen by 90%.

- 2.1.8 The research conducted for this review included contacting a number of neighbouring local authorities to establish what is currently being done in the region and examine the practical implications of working towards achieving Fair Trade status.

## **Process**

- 2.1.9 A standard approach has been adopted in conducting the review as follows:

### **Stage 1: Methodology**

- 2.1.10 A Project Plan was approved by the Committee identifying the scope and time scale of the review as well as the consultation to be undertaken.

- 2.1.11 The terms of reference have been:

“To review the options available to the Council with regard to fair trade and applying for fair trade status analysing the resource implications of the options with appropriate officer support.”

- 2.1.12 The review has been conducted between January and April 2004 and involved the parties/organisations identified below (see Stage 3).

### **Stage 2: Research**

- 2.1.13 An Independent Research Assistant, Ms Anna Home from the University of Kent at Canterbury has been engaged to assist the review as it was considered that a great deal of market research work would be involved. Anna has extensive research experience including working at the Social Science Research Centre in Berlin, Germany and the Finnish Ministry for Foreign Affairs in the Department for External Economic Relations. Ms Home has recently completed a Ph.D. in International Relations at the University of Kent focussing on European Trade policies.

- 2.1.14 The research undertaken has been thorough in assessing the current availability of Fair Trade products within the district and by examining the issues that the Council should consider if it wishes to seek Fair Trade status.

- 2.1.15 There are also important legal implications to consider regarding Fair Trade status and the Council's Legal Division has contributed to the review with the opinion of the Council's Assistant Solicitor, Feroze Abbas being incorporated within the research paper.

### **Stage 3: Investigation**

- 2.1.16 In accordance with the wishes of the Committee significant market research has been undertaken involving Ms Home gathering evidence from the following sources:

34 shops, 14 cafes, 15 restaurants, Pfizer UK Ltd, Dover Harbour Board, P&O Ferries Ltd, Sea France Ltd, Hoverspeed Ltd, Norfolk Line, Nagel Logistics Ltd, Cavendish Ship Stores Ltd, London Fancy Box Ltd, Megger Ltd, Tilmanstone Salads and Digital Dream, 20 churches, 4 trade craft groups, Dover Christian Aid Committee, United Nations Association (Deal Branch), Action Aid (Deal Group), Dover College, Duke of York's Military School, Deal Youth Centre and Deal Volunteering Centre.

#### **Stage 4: Final Analysis**

2.1.17 The final report was presented to the Scrutiny (Environment and Transport) Committee at its meeting on Tuesday 6 April 2004. The report identified three options available to the Council:

Option A: "To proceed with trying to achieve Fair Trade zone status but setting the achievement of the status as a medium term goal. Facilitating existing community groups and/or convening a local steering group in order to help the district to meet Goals 2 and 3 set by the Fair Trade Foundation."

Option B: "To not pursue the achievement of Fair Trade status."

Option C: "To endorse the Deal Pilot Fair Trade Town Project."

2.1.18 The options were fully considered by the Scrutiny (Environment and Transport) Committee and the recommendations at page 31 are commended to the Council.



## **Section 3: Research Report**

*Details of the issues examined by the Scrutiny (Environment and Transport) Committee*



# Research Report

## **Fair Trade Status**

- 3.1.1 Since 2001, towns, cities and districts across the United Kingdom have applied for and, if successful, gained a Fairtrade Town, City or Zone Status. For simplicity, this report uses the term 'Fairtrade Town', unless specific reference is made to the Dover District that might wish to seek a Fairtrade Zone Status.
- 3.1.2 The Fairtrade Towns initiative was born in 1999 in Garstang, Lancashire, when a local Oxfam Group launched a campaign to make Garstang the 'world's first Fairtrade town'. The campaign rapidly won the support of local community groups, the council, shop-keepers and businesses. In May 2000 Garstang declared itself the World First Fairtrade Town with the motto 'We support Fairtrade and Local Produce'. Since then the Fairtrade Foundation UK has had the exclusive authority to award the Fairtrade Town status to a town, city or a zone. There are now 54 Fairtrade Towns in the UK, with many more, including Ashford in Kent, working to attain the status.
- 3.1.3 The Fairtrade Foundation UK seeks to play its part in ensuring a better deal for small-scale third world producers of primary commodities. The Foundation awards an independent, international consumer label, the FAIRTRADE Mark, to products that meet a clear set of internationally recognised standards of fair trade. The Fairtrade Foundation was set up in 1994 by CAFOD, Christian Aid, New Consumer, Oxfam, Tradecraft and the World Development Movement. The Women's Institute later joined these founding organisations.
- 3.1.4 The overall purpose of the Fairtrade Towns project is to contribute to tackling poverty by enabling disadvantaged producers from developing countries to receive a better deal, through encouraging support for the FAIRTRADE Mark. As is well known, small-scale farmers, growers and producers across the world are often forced to sell their produce for less than it costs them to produce it. This applies to small-scale farmers in the UK as well. Hence, support for Fairtrade labelled products might be tied together with enhanced support for local farm produce, as Garstang has done, although a Fairtrade mark does not exist for UK farmers, yet.
- 3.1.5 On what grounds might it be viable or not viable for the Dover District to seek Fairtrade status? In order for us to be able to assess the viability of seeking the status, we need to consider two issues. We ought to establish, first, what fair trade involves and second, what requirements are tied to the attainment of the Fairtrade Town or Zone status. Only after we have a clear understanding of these two issues, we can engage in a reasoned argument about the possible pros and cons of Dover District Council deciding to partake in this nation wide initiative.

## **The Wider Picture: Fair Trade, Human Rights and Sustainable Development**

- 3.1.6 There are several ways of introducing the wider motivations behind and consequences of the international Fairtrade labelling standards. It might be appropriate to approach this matter by starting close to home, in the UK. Although we do not tend to think about it, the minimum wage standard in the UK ensures that all those who are legally employed in Britain earn enough (even if just) to be able to sustain a livelihood. We take for granted that at least the minimum wage is due to us.

Moreover, if we are temporarily unemployed, we assert our right to social security. As Article 25 of the Universal Declaration of Human Rights states: 'Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.'

- 3.1.7 All of us, including the inhabitants of the Dover District, participate in international trade in one or other capacity, as consumers, workers and/or producers. International trade is not necessarily fair trade or it might be fairer towards some individuals and groups than others. It appears that any trading practice that categorically undermines our human right to an 'adequate standard of living' is unfair or unjust. This is where international Fairtrade standards and Fairtrade Labelling come into the picture.
- 3.1.8 Fairtrade Labelling was created in response to the request of coffee farmers in southern Mexico. In 1986, the farmers approached the development co-operation organisation Solidaridad and explained that instead of aid they wanted a chance to earn their living through trade. The first Fairtrade Label was created in the Netherlands two years later in partnership with the farmers.
- 3.1.9 A Fairtrade labelled product guarantees a better deal to producers in the developing world. This means that they are paid a stable price, which covers their production costs, along with a community premium that they can reinvest either in the business or in social and environmental schemes in the wider community. In addition, the Fairtrade Mark guarantees decent working conditions and long-term trading relationships for Third World farmers. Furthermore, fair trade brings the primary producer and consumer closer to each other. It does so by decreasing the number of 'middle-men', who normally reap a proportionately large part of the profit in primary-commodity trade. Finally, by guaranteeing a fair price for the producers, Fairtrade labelling ensures that farmers do not compromise the quality of the product, and enables them to reduce the use of chemical fertilisers.
- 3.1.10 This deal compares positively to the situation of the average small-scale farmer in the developing countries. Ordinary farmers have to contend with fluctuating prices that may not even cover what it costs to produce their crop. With few social services to fall back on the livelihood of small scale farmers and their families is at the mercy of the world market. When commodity prices fall considerably it has a direct impact on the lives of millions of small-scale producers, often resulting in debt, loss of land or even homes.
- 3.1.11 Currently nearly five million small-scale producers are guaranteed a fair price for their products through the Fairtrade market. The Fairtrade market augments the conventional model of world trade, and offers a path towards sustainable development and enhanced social justice. Every time we choose a Fairtrade labelled product over another product, we contribute to small-scale producers' and their families' right to a livelihood through the employment of their labour force. As was indicated earlier, we in the developed countries take for granted that our right to an adequate standard of living must not be undermined.
- 3.1.12 Because we live in an interdependent world, it is reasonable to suggest that Fairtrade leads to greater self-sufficiency on part of developing countries and decreases their need to rely on external aid. Moreover, by enabling an increasing number of small-scale primary producers to earn a reasonable living through international trade, Fairtrade has the potential to reduce economic migration from the developing countries.

3.1.13 Today, there are 17 national Fairtrade Labelling Organisations. These 17 organisations, of which the Fairtrade Foundation UK is a founding member, run the international standard setting and monitoring body Fairtrade Labelling Organisations International (FLO). This international body incorporates various stakeholders including elected producer and commercial representatives. It sets criteria and ensures the international, regular auditing of producer and commercial partners. In 2003 there were 360 Fairtrade certified producer groups in 40 producer countries selling to hundreds of Fairtrade registered importers, licensees and retailers in 17 countries.

### **Fairtrade Town Goals**

3.1.14 Having outlined the wider picture with regard to the nature of fair trade, we can now consider what is involved in seeking the Fairtrade Town (or Zone) Status. The Fairtrade Foundation has specified five criteria that need to be fulfilled in order for a town or a district to be entitled to the status. The five criteria include obligatory goals and recommended, optional extras. The goals are highlighted in **bold** and the optional extras in *italics*.

3.1.15 First, **the local council passes a resolution** supporting Fairtrade and agrees to serve Fairtrade coffee and tea at its meeting and its offices and canteens (**Goal 1**). Additionally, it is recommended that the *local council commits itself to promoting awareness of Fairtrade* to its constituency on a regular basis, through its free publication (if it has any) and other outlets. Moreover, it is desirable that the *local council allocates Fairtrade Town responsibilities to a member of staff or committee* (possibly its Environmental or Agenda 21 officer, working in partnership with a local Fairtrade steering group – see Goal 5 below) to ensure continued commitment to its Fairtrade Town status.

3.1.16 Second, **a range of (at least two) Fairtrade products are readily available in the area's shops (Goal 2A)**. In addition, **Fairtrade products are served in local cafes/catering establishments (Goal 2B)**. (There are specific targets with regard to the number of retail and catering outlets that ought to make Fairtrade products available. These targets are explained in the next section of this research report.) Apart from making Fairtrade products available, it is desirable that the retail and catering outlets *display literature or placards* advertising the fact that they serve or sell FAIRTRADE Mark products. Furthermore, *a local Fairtrade directory could be produced* advising people where they can buy or find Fairtrade products – both on paper and on-line.

3.1.17 Third, **Fairtrade products are used by a number of local workplaces (Goal 3A) and community organisations (churches, schools etc) (Goal 3B)**. Ideally, this should *include a flagship employer*. Also, *venues should display stickers, posters or other certificate* advising users that they use Fairtrade products and/or support the local Fairtrade Town campaign. It would be desirable that *educational campaigns are organised in these places* to deepen people's understanding of the issues and deepen their commitment to Fairtrade.

3.1.18 Fourth, it is important to **attract media coverage and popular support for the campaign (Goal 4)**. For the press, the story can be revived as each goal is achieved, organising a big splash for the Fairtrade endorsement ceremony and developing a strategy to keep it in the news long after. This will also enable local businesses and organisations to benefit from their involvement.

- 3.1.19 Fifth, **a local Fairtrade steering group is convened to ensure continued commitment to its Fairtrade status (Goal 5)**. This should ideally include a council representative, campaigners, and people representing the area's schools, churches and businesses. The group is responsible for an annual assessment to monitor whether the area is continuing to meet the five goals. The group organises events for Fairtrade Fortnight each year.
- 3.1.20 In order for the Dover District to become a Fairtrade Zone, should it wish to, it must realise the above five goals, highlighted in bold. When they are met the Fairtrade Foundation would present a signed and dated certificate conferring the Fairtrade status. Before we present the factual data on the current availability and use of Fairtrade products in the Dover District and evaluate to what extent Goals 2A, 2B, 3A and 3B have already been fulfilled, it appears useful to outline general criteria on the basis of which one might assess the overall viability of seeking the status.

### **The Viability of Seeking the Fair Trade Status: Criteria for Assessment**

- 3.1.21 Any assessment of whether or not it is viable for the Dover District Council to support Fair Trade and seek the Fair Trade status requires us to employ a set of rational, logical criteria. This section seeks to establish such criteria. The criteria can then be used in evaluating the factual evidence on the current availability and use of Fairtrade products in the Dover District that will be presented further in the report. It is of course at the discretion of the individual Councillors to decide, what criterion or criteria, if any, are the most plausible.
- 3.1.22 Unless one believes that all human beings do not actually have a right to a standard of living adequate for their health and well-being, despite of what Article 25 of the Universal Declaration of Human Rights asserts, it is hard to build a plausible argument against Fairtrade standards as such. The Fairtrade market for primary commodities, produced by certified small-scale farmers, does not undermine any other world markets for goods or services. In addition, any expression of general support for Fairtrade, e.g. by the Dover District Council, does not compromise free consumer choice. In the final instance, it is always up to the individual consumer, business or shop-keeper to decide whether to purchase, use or make Fairtrade products available or not.
- 3.1.23 There are, however, grounds on the basis of which to we can argue for or against the viability of any individual Town or District seeking the Fair Trade status. Let us first consider why or when it might not be viable for the Council to seek the Fairtrade Status.
- 3.1.24 First, should the District be very far from attaining especially Goals 2 and 3, it might not be worth the time and effort to try and reach them, unless circumstances change at some future point in time. Second, should there not be sufficient support and enthusiasm for the aims of Fair Trade among members of the community, and community groups in particular, trying to persuade them might not be an appropriate role for the Council to take. Third, although seeking and attaining the Fair Trade status should not involve a major financial investment, there might still be some financial and/or legal reasons to proceed with caution. Stroud District Council, for example, reported experiencing some unexpected financial implications in ensuring compliance with Goal 1 after it had passed the resolution. This Council's Assistant Solicitor has identified the legal implications of seeking to attain Goal 1. His report is attached to this research report.

3.1.25 Let us now consider why it might be viable for any Town or District Council to seek the status. First, the Fairtrade Towns initiative is a project that has the potential of uniting the District behind a positive, progressive cause, as it has done in Garstang, Bolton and Stockport among others. Second, if there were already a relatively wide support for Fairtrade among focus groups, the Council would demonstrate that it is in tune with the community's aims by seeking the Fair Trade status. By extension, individual councillors would have an opportunity to show initiative and leadership in this matter. Third, adhering to the Fairtrade Town goals would not only contribute to the life chances of some of the world's worst-off people. It would also support Dover District Council's Corporate Objectives by enhancing sustainable development and goals pertaining to Local Agenda 21. Fourth, the support for Fairtrade products can be easily combined with enhanced support for local farm products, as for example Garstang has done. One might argue that seeking the Fair Trade status gives an impetus for the Dover District to take increased pride in its high quality, local farm produce, and thereby contribute to the well-being of the local population.

### **Availability and Use of Fairtrade Products in the Dover District**

3.1.26 The previous section outlined general criteria on the basis of which one can evaluate the viability of seeking the Fair Trade status. However, we need some factual data to be evaluated. For us to be able to take a reasoned stance on whether or not it is viable for the Dover District Council to proceed with the Fairtrade Towns initiative, this section presents the factual data concerning the current availability and use of Fairtrade products in the District. The section outlines the targets specific to Dover District, presents the factual evidence gathered in the course of the 10 days' research process and analyses the data with regard to Goals 2A, 2B, 3A and 3B in turn.

#### **Goal 2A: Availability of Fairtrade Products in Retail Outlets**

3.1.27 The target for the number of shops in Dover District that ought to make at least 2 Fairtrade products available is **21**. This is calculated on the basis of Fairtrade Foundation's requirement, which states that a town or a district with a population of 10,000 to 200,000, ought to have 1 Fairtrade retail outlet per 5,000 inhabitants. Because the population of Dover District is approximately 105,000 (according to the last census in 2001), the target is 21 shops.

3.1.28 In the course of the research, 36 retail outlets were contacted, including supermarkets, convenience stores, health and whole food stores, village shops, farm shops and two charity shops. There are currently **13** retail outlets in the Dover District that make at least two, in most cases quite a few more, Fairtrade products available to their customers. Interestingly, these include not only most of the supermarkets but also one farm shop. In addition, there are 3 stores that stock 1 Fairtrade product at present. Out of the 36 retail outlets contacted, 20 do not make any Fairtrade products available as of now. Hence, the Dover District is 8 shops short of the target (21) or 5 shops short, should the 3 with 1 Fairtrade product choose to stock another one in the near future, making the number of legitimate Fairtrade stores **16**. However, this is not quite the whole picture.

3.1.29 It is worth noting that 2 out of the 20 retail outlet that do not currently make Fairtrade products available reported that the introduction of the products had already been discussed at higher corporate level. The managers of the 2 stores indicated that they believed Fairtrade products to be profitable and that it is likely that they will be introducing them in their own stores relatively soon. Should this happen, the number of retail outlets making (any number of) Fairtrade products available would become

**18**, leaving the District only 3 shops short of the target (21). Furthermore, 2 other shops (out of the 20 shops that do not sell Fairtrade products at present) are part of one nation wide chain and another 2 shops are part of a second chain. Both chains sell and promote Fairtrade products. Should any or all of the four shops wish to follow the example of local outlets in other districts, it would be easy to obtain Fairtrade products from their wholesaler. If all 4 stores would begin to make at least two Fairtrade products available to their customers, the total number of legitimate Fairtrade retail outlets in the Dover District would rise to **22**. In addition, one shop-keeper assumed that there would be demand for Fairtrade products among his customers but the products were not available from his wholesaler yet.

- 3.1.30 There may, however, be some hurdles on the way of raising the number of Fairtrade shops to 21 or 22 as outlined above. The 3 shops that currently make only 1 Fairtrade product available include 2 health food shops and one charity shop. They could *in principle* sell one or more additional Fairtrade products. In fact, both of the health food shops used to stock another Fairtrade product. However, they found that the additional Fairtrade products were not profitable enough. Moreover, another health food store used to stock Fairtrade products but ceased to do so altogether because there was not enough demand. In sum, although the shops have been willing to stock Fairtrade products for some time, they have not found the level of consumer demand high enough.
- 3.1.31 In order for us to attain a realistic picture about the prospects of attaining Goal 2A in the Dover District, it might be useful to list the main reasons that other shop managers gave for not stocking Fairtrade products. The owners of a few small, independent stores had not encountered any consumer requests for Fairtrade products and therefore did not stock them. One shop-keeper believed that the lack of demand for Fairtrade products in his store was due to the fact that it is situated opposite to a Co-operative store which makes a whole range of Fairtrade products available. A number of shop-keepers had not heard about Fairtrade products before. When the concept had been explained to them, they doubted that their customers would be interested in such products.
- 3.1.32 In sum, there are now 13 retail outlets in the Dover District that make at least two Fairtrade products available to their customers and the Fair Trade Status requires that this number increases to at least 21.

#### Goal 2B: Availability of Fairtrade Products in Catering Outlets

- 3.1.33 In order for the Dover District to fulfil Goal 2B, it ought to have at least **10** cafes, restaurants or other catering outlets that serve Fairtrade products. This target is calculated on the basis of the Fairtrade Foundation's requirement that there is 1 Fairtrade catering outlet per 10 000 inhabitants. Hence, for the Dover District with 105,000 inhabitants, the target is a minimum of 10 catering outlets.
- 3.1.34 The research has established the availability of Fairtrade products in 14 cafes, 14 restaurants, 28 public houses, 8 hotels with restaurants and 2 caterers, making the total number of successfully contacted catering outlets 68. A small number of other catering outlets were contacted without success, for example, due to a late opening time. Apart from 1 café-restaurant that occasionally serves Fairtrade coffee or tea, none of the catering outlets currently serve any Fairtrade products.
- 3.1.35 It should be noted, however, that 4 out of the 14 contacted restaurants or equivalent readily approved the idea of Fairtrade products and 3 of the 4 indicated that they could consider introducing Fairtrade coffee and tea options. In addition, the owner of

1 public house expressed willingness to do the same. Should all the 4 catering outlets choose to make Fairtrade refreshments available, the number of Fairtrade outlets would become 5. This is still 5 short of the target. Hence, someone would need to engage in some awareness raising activities, perhaps including offering free samples, in the local cafes and restaurants, should Dover District wish to attain the target (10).

- 3.1.36 As several of the catering outlets which were sympathetic to the idea of making Fairtrade products available source their food from local farms, there appears to be scope for tying enhanced support for local produce to the promotion of Fairtrade products. Not many of the people contacted in catering outlets gave specific reasons in support of or against the inclusion of Fairtrade products in their range. However, one of the restaurant owners who would consider introducing Fairtrade coffee and tea commented that in his view offering Fairtrade options might not require him to raise prices. If it did, the increase would be negligible and his customers would not be put off by it. Another restaurant owner expressed concern about the additional cost of Fairtrade products.

#### Goal 3A: Use of Fairtrade Products in Workplaces

- 3.1.37 According to Goal 3A, Fairtrade products ought to be used by a number of local workplaces. Due to time constraints, the research focused on establishing whether any of the largest companies in the District make Fairtrade products available to their employees in staff canteens or equivalent.
- 3.1.38 The contacted companies include Pfizer UK Ltd, Dover Harbour Board, P&O Ferries Ltd, Sea France Ltd, Hoverspeed Ltd, Norfolk Line, Nagel Logistics Ltd, Cavendish Ship Stores Ltd, London Fancy Box Ltd, Megger Ltd, Tilmanstone Salads and Digital Dream. It should be noted at the outset that only 5 of these 12 companies have an own staff canteen or restaurant. In addition, the employees of one use the canteen at another company's premises. The catering contractor of one of the 5 companies with catering facilities had tried to introduce Fairtrade coffee and tea options to the employees in 2003. However, due to low demand, the provision of this option was discontinued after the initial stock ran out. None of the other 4 companies or their catering contractors currently makes Fairtrade products available to the employees.
- 3.1.39 It should be mentioned, however, that several of the companies have vending machines. There are Fairtrade vending machines available from 9 different companies in South East England that have registered with the Fairtrade Foundation to use the Fairtrade Mark on their catering products. None of the existing vending machines in the companies contacted is a Fairtrade one.

#### Goal 3B: Use of Fairtrade Products by Community Groups

- 3.1.40 Last but not least, the research has identified the extent to which Fairtrade products are used and promoted by a number of community groups. In the course of the research, the attempt was made to contact 20 churches, of which 13 attempts were successful. It should be mentioned in this context that church meetings tend to take place at weekends and that a church might not be staffed during the weekdays when this research was undertaken.
- 3.1.41 The successfully contacted churches include: St. Mary's Church (Dover), River Methodist Church, the Parish Church of St. Peter and St. Paul (River), St. Peter's Church (Aylesham), St. Mary's Church (Walmer), Dover Baptist Church, Dover and Deal Circuit Methodist Church (Dover), Trinity Church (Deal), St. George's Church

(Deal), St. John's Church (Deal), St. Leonard's Church (Deal), St. Richards Church (Mill Hill, Deal) and St. Andrew's Church (Shepherdswell).

- 3.1.42 Fairtrade coffee and/or tea are currently used in church meetings by 6 out of the 13 churches, and 1 church intends to begin doing so in the near future. Of the successfully contacted 13 churches, 6 have regular, weekly or monthly Tradecraft stalls, in which a considerable number of Fairtrade products are available. One church has a Tradecraft stall 1-2 times per year, and another makes the Tradecraft catalogue available to church goers, although it does not host a Tradecraft stall at present. The total number of churches (out of 13) which more or less actively promote Fairtrade is 11. The members of the remaining 2 churches buy Fairtrade products for their individual use, and one of the two indicated that it could switch to Fairtrade coffee and tea for its meetings.
- 3.1.43 Other contacted community groups and related organisations include Dover Christian Aid Committee, United Nations Association (Deal Branch), Action Aid (Deal group), Dover College, Duke of York's Military School, Deal Youth Centre and Deal Volunteering Centre. In addition, four local Tradecraft agents were interviewed in order to establish where and how often they provide Fairtrade stalls in the Dover District.
- 3.1.44 Of the community groups mentioned, Dover Christian Aid Committee both uses Fairtrade refreshments in meetings organised by it and regularly hosts a Fairtrade stall. United Nations Association uses Fairtrade coffee in its monthly meetings. The other contacted groups do not currently use or make Fairtrade products available. However, several of them do not serve or use coffee and/or tea in the first place. Those that do had a positive attitude towards Fairtrade and could consider switching to Fairtrade refreshments in the future.
- 3.1.45 The interviewed Tradecraft agents disclosed that they provide Fairtrade stalls for churches, mini-markets in Eythorne, Shepherdswell and Tilmanstone and for the community market in Deal. At least one of them offers Tradecraft stalls for school and other fairs as well. In addition, all agents make Tradecraft catalogues available to any interested individuals or groups. The Tradecraft agents were positively surprised that Dover District Council is looking into the Fairtrade Zone Status, and expressed their support for the initiative.
- 3.1.46 Finally, 17 Parish Councils were contacted via email and all 32 Parish Councils were approached via the Town and Parish Page on the Dover District Council website. Because of the short time-scale of the research project into the availability and use of Fairtrade products, only 3 have had the chance to reply up to date. Shepherdswell with Coldred Parish Council replied that many parishioners use Fairtrade products and support the yearly Fairtrade fortnight (two first full weeks in March), including the local Church. Alkham Parish Council's reply was that Christian Aid had promoted Fairtrade products in the Parish about two years ago but apart from that Fairtrade products have not featured in its activities so far. Sutton-by-Dover Parish Council indicated that Fairtrade products are not currently used in Council meetings.
- 3.1.47 There appears to be a considerable amount of awareness about and support for Fairtrade among church groups and some other community groups. Should the Dover District Council choose to seek a Fairtrade Zone status, these groups and the Tradecraft agents would be well equipped to play a key role in raising people's awareness about Fairtrade. Provided of course that they expressed their interest and willingness in doing so. Representatives from community groups, including from Oxfam, churches and schools, in Canterbury, for example, formed a Canterbury

Fairtrade Network in January 2004, although the City Council has not looked into the Fair Trade status, yet. The Canterbury network has already produced an initial Fairtrade Food Guide for the local population.

### **Options Available to the Dover District Council regarding Fairtrade Zone Status**

3.1.48 We can finally outline the options available to the Dover District Council.

Option (1): To proceed with trying to achieve the Fairtrade Zone Status, but setting the achievement of the status as a medium term goal. Facilitating existing community groups and/or convening a local Fairtrade steering group in order to help the District to meet Goals 2 and 3 set by the Fairtrade Foundation.

3.1.49 It is clear from the factual evidence gathered in support of a possible application for the Fairtrade Zone status that Dover District does not fulfil Goals 2A and 2B at the present time. Hence, the viability of this option rests primarily on the fact that quite a few churches, other community organisations and a number of Tradecraft agents already actively promote Fairtrade awareness and products in the District. Facilitating their work and possible co-operation would only require a small time commitment from one Councillor sympathetic to the aims of Fair Trade.

3.1.50 Additionally, the District Council could initiate the setting up of the Fairtrade steering group (in fulfilment of Goal 5). One of the first objectives of the steering group could be to facilitate the forming of a Fairtrade network or a campaign group along the model of existing Fairtrade Towns or Canterbury. Another objective of the steering group could be to consider ways in which the enhanced awareness and support for Fairtrade could benefit the local farmers as well.

3.1.51 Discussions with Bolton and Stockport Council representatives, and written evidence from Garstang and some other Fairtrade Towns, revealed that the key to their success in attaining and maintaining Fairtrade status is the existence of an *active Fairtrade campaign group*. The groups include representatives from e.g. Oxfam, Christian Aid and church groups, and in the most successful Fairtrade Towns also from groups that are new to the Fairtrade movement. Furthermore, the representatives of Bolton and Stockport Council stressed that the *steering group* would ideally consist of one or two councillors or other council representatives, members of the campaign group or equivalent, and most importantly, include people representing the area's businesses and educational institutes.

Option (2): Not to pursue the achievement of Fairtrade Zone Status.

3.1.52 As always, it is possible not to pursue a project or a course of action. The benefits of choosing not to proceed with trying to achieve the Fair Trade status appear to be that no time, effort or money are required from anyone.

3.1.53 However, it is reasonable to suggest that Dover District Council would lose a valuable opportunity to undertake an enabling role in relation to community groups as a consequence of choosing this option. Needless to say, by choosing not to express support for Fairtrade, the Council would passively accept the current, mainstream international trade practice and its effects on the livelihood of small-scale farmers, at home and abroad.

3.1.54 It is left to the discretion of the individual Councillors to assess the more detailed viability of each of the two options. The Councillors may or may not wish to employ the assessment criteria previously suggested in this research report.

### **An Alternative Option: Deal Pilot Fairtrade Town Project**

3.1.55 There is also a third option available to Dover District Council with regard to the Fair Trade status. This option emerged on the basis of the research undertaken on the Deal, Dover and Sandwich Town Council's approach to Fair Trade status. In order for us to be able to explain and ground the viability of the third option for the District Council, a brief summary of the three Town Council's situation with regard to this issue is presented.

3.1.56 The Fair Trade status, and in particular the possibility of trying to achieve it, has not been on the agenda of the Dover or Sandwich Town Councils. Hence, these two Town Councils have not formed an approach to the issue, yet. On the contrary, Deal Town Council has recently discussed the issue and has decided to proceed as follows. At its meeting on 24.03.2004, Deal Town Council agreed to work towards obtaining Fairtrade Town status. The Council's Amenities and Environment Committee will be setting up a Fairtrade steering group in the very near future. On the factual side, Deal is relatively close to fulfilling Goals 2 and 3 set by the Fairtrade Foundation. Considering that Deal has decided to proceed with trying to achieve Fairtrade Town status, there appears to be the following, third option available to the Dover District Council.

Option (3): Not to proceed with Fair Trade status at the District level at the present time but to offer support to Deal in undertaking a pilot Fairtrade Town project. This would leave open the opportunity to reconsider the viability of seeking the status as a District in, for example, one year's time.

3.1.57 Because Deal has already decided to proceed with trying to attain Fair Trade status, it would be in Dover District Council's discretion what kind of support it may wish to offer to Deal Town Council. The benefit of offering some support, should Deal Town Council wish to receive it, would be that Dover District Council would have a chance to observe closely the progress made by Deal. Dover District Council could choose to evaluate this progress and use the results of the evaluation in assessing the viability of seeking the status at the District level in, for example, one year's time.

### **Summary of Options Open to the Dover District Council**

3.1.58 Upon consideration of the factual evidence presented in this report and the general criteria for assessing the viability of any Fair Trade status outlined previously, the options open to the Dover District Council can be summarised as follows.

Option (1): To proceed with trying to achieve the Fairtrade Zone Status, but setting the achievement of the status as a medium term goal. Facilitating existing community groups and/or convening a local Fairtrade steering group in order to help the District to meet Goals 2 and 3 set by the Fairtrade Foundation.

Option (2): Not to pursue the achievement of Fairtrade Zone Status.

Option (3): Not to proceed with Fair Trade status at the District level at the present time but to offer support to Deal in undertaking a pilot Fairtrade Town project, leaving open the opportunity to reconsider the viability of seeking the status as a District in, for example, one year's time.

3.1.59 In conclusion, the District Council can naturally decide not to take any further action with regard to the Fair Trade status, as suggested by Option (2). Should it wish to

follow a positive course of action, however, there appear to be two viable options available to it. These are Options (1) and (3). Options (1) and (3) do not close each other out. On the contrary, they support and augment each other.

*Anna Home*

*Scrutiny Research Assistant (temporary)*

*[PhD candidate at the University of Kent, Department of Politics and International Relations]*

## Legal Report

3.2.1 Further to the Head of Legal Services' previous report identifying a potential conflict between legislation governing the Council's procurement procedure and the principles of Fairtrade, additional research has led Legal Services to reach the following conclusions:

1. Council Procurement Procedure is governed by (a) European Union Procurement Rules and (b) National Domestic Legislation.

(a) Position under EU Procurement Rules

All procurement contracts which are subject to EU Procurement Rules must observe the principle of equality of treatment which ensures no discrimination on national origin and the use of transparent criteria in the selection of tenderers. In general these criteria state that procurement decisions should be based on value for money through competition.

Value for money (or the economically most advantageous offer) can be defined as the optimum combination of whole life costs and quality to meet the user's requirements. The concept of quality provides scope for the Council to specify what criteria is required in a contract to meet their own operational and policy objectives.

Therefore if the Council were to adopt specific policies based on the principle of sustainable development (the LA21 agenda) including a fair trade motion, this would allow and enable the Council to formulate a precise specification on what is required in contracts placed by the local authority.

However it must be noted any such specification placed in contract tendering documentation must be internationally or at least Europe wide in application and must be generic in order to ensure equality of treatment, ie phrases such as 'fair trade or equivalent' must be used or specific generic criteria detailed.

(b) Position under National Domestic Legislation (Local Government Act 1988 s.17)

Council procurement procedure, in addition to being subject to EU Procurement Rules, is also subject to national domestic legislation. Section 17 of the Local Government Act 1988 prohibits the consideration of 'non-commercial matters' by public authorities in exercising their functions in relation to public supply of goods or materials or works contracts.

'Non-commercial matters' includes within its definition (not specifically but generically) those principles covered under the Fairtrade umbrella, such as the treatment and working conditions of workers, political, industrial or sectarian affiliations of contractors, the country or territory

of origin of supplies, conduct of contractors in industrial disputes or affiliation or interests of contractors, please note the list is not intended to be exhaustive but only to provide examples.

The Head of Legal Services has been unable to find any avenue to ratify this domestic legislative provision with the fairtrade principle.

NB. Public authorities for the purposes of this legislation include District Councils, Parish Councils and Town Councils.

## 2. **General Conclusion**

However the above does not prevent the Council from resolving a motion along the following lines (which are examples taken from the Fairtrade & Local Government Guidance Document, published by Fairtrade Foundation.) The first is the softest option, the others specify actions of increasing commitment:

### (1) Resolved:

To request the Policy and Resources Committee to investigate how this council may legitimately:

- Welcome the initiatives by [insert name of organisation] to encourage the use of fair trade goods.
- Promote awareness of fair trade issues among its employees and the people of [insert district].
- Encourage the use of Fairtrade goods by council catering contractors where possible.
- Support fair trade in other ways.

### (2) Resolved:

To welcome the initiatives by [insert name of organisation] to encourage the use of fair trade goods.

To assist voluntary groups in distributing publicity and educational material concerning fair trade issues and opportunities for supporting fair trade in the area to:

- Council employees
- The people of Dover District
- Local businesses

To use fair trade goods, for example products carrying the Fairtrade Mark, when catering for council meetings and functions.

To request the [Chief Executive] to report further on how this council may legitimately encourage the use of fair trade goods by its catering contractors as and when appropriate.

To investigate other ways in which the council may support fair trade.

(3) Resolved:

This council welcomes the initiatives by the [insert name of organisation] to encourage the use of fair trade goods and notes that the council, as an important consumer and opinion leader, should research, develop, and support a strategy to facilitate fair trade where appropriate.

It therefore resolves:

To promote awareness of fair trade issues and the opportunities for supporting fair trade in the area. It would initially concentrate on making council employees, the public, and local businesses aware of the council's policy on fair trade.

To encourage the use of fair trade goods, for example products carrying the Fairtrade Mark, when catering for council meetings and functions.

To encourage the use of Fairtrade goods in other council contracts, including staff catering, wherever possible.

To request the council's wholesalers to stock Fairtrade products in addition to other brands. This would include, where appropriate, printing and stationery in addition to contract services, and would include promotion through the relevant catalogues and the provision of information.

To request the [Chief Executive] to report on how this council could integrate fair trade considerations into its environmental and internationalist policies, as part of the Local Agenda 21 programme for sustainable development. This would assist in the recognition and implementation of the council's core values of internationalism, equity, and empowerment. To identify a named officer responsible for liaising with the \*\*\*\*\* Forum and implementing this resolution. There would be a regular report and feedback procedure to monitor progress.

(4) Resolved:

This council welcomes the fair trade campaign supported by organisations including Fairtrade Foundation UK, Oxfam and Christian Aid, and thereby resolves:

To promote awareness of fair trade issues, and make publicity and educational information available to local people concerning the worldwide impact of unfair trade and the opportunities that fair trade provides to promote sustainable development.

To investigate the council's own purchasing policies such as those of its suppliers and contractors and implement fair trade where possible.

To consider buying Fairtrade products, such as those carrying the Fairtrade Mark, as they become available.

To promote fair trade issues and practices amongst local businesses, and commercial and other organisations.

To develop a strategy to make the council a 'fair trade council'.

As can be seen from all of these specimen resolutions, the Council's implementation of fairtrade principles is always qualified by terms such as 'where possible', 'legitimately encouraged', 'to consider', thereby always allowing the Council the flexibility and the option not to be rigorously held to the implementation of fairtrade principles in all procurement circumstances. This is particularly useful as it would appear that a rigid implementation of fairtrade principles across all Council contracts would lead the Council into, at the very least, breach of national domestic legislation.

Consultation with other Councils appears to strengthen the above view, with none of the responding Councils indicating an all contract wide implementation of fair trade principles. In fact none of the respondents indicated that the fairtrade principle had been implemented any further than in the provision of fairtrade tea and coffee for the Council staff and Members and even here a period of consultation with staff and Members is recommended, as any additional cost arising from the use of fairtrade products should be passed on direct to the consumer, ie the staff or Members, therefore not being subsidised by the Council.

### 3. **Future Considerations**

There is within the legal pipeline a new EU Procurement Directive which is to govern the procurement process. This new Directive is due to be published shortly and will then need to be written into national law within 21 months.

Of key significance to this report is that, within the new directive, express mention is made that contracting authorities may lay down special conditions relating to the performance of a contract, which may in particular, concern **social and environmental considerations**.

Such a direction upon its implementation may necessitate the ratification of national domestic legislation to provide a consistent approach and therefore the ability of the Council to adopt and implement fairtrade principles contract wide across the Council may drastically change upon the new directive's implementation.

Feroze Abbas  
Assistant Solicitor  
23 March 2004



## **Section 4: Recommendations**

***Summary of the recommendations of the Scrutiny  
(Environment and Transport) Committee to Council***



## Recommendations

4.1.1 Following the Review of Fair Trade by the Scrutiny (Environment and Transport) Committee, the recommendations that are made are as follows:

(a) That “Option 1” as detailed within the research report be supported:

“To proceed with trying to achieve Fair Trade Zone status, but setting the achievement of the status as a medium term goal. Facilitating existing community groups and/or convening a local Fair Trade steering group in order to help the District meet Goals 2 and 3 set by the Fair Trade Foundation.”

(b) That Deal Town Council be supported in its aim to achieve status as a Fair Trade town.

4.1.2 The views of CMT on the above recommendations are as follows:

The Corporate Plan agreed by Council does not include any actions associated with Fair Trade. The Council’s budgets and resources have been directed towards the Corporate Plan and contain no provision to support the achievement of Fair Trade status.



## **Section 5: Appendices**

*Appendix A: Letter from Deal Town Council*

*Appendix B: Presentation made by Scrutiny Research  
Assistant to the Scrutiny (Environment and Transport)  
Committee*





## DEAL TOWN COUNCIL

TOWN HALL, HIGH STREET, DEAL CT14 6BB

TELEPHONE: (01304) 361999

FACSIMILE: (01304) 380546

Web-Site Address: [www.deal.gov.uk](http://www.deal.gov.uk)

E-mail Address: [deal.town.council@deal.gov.uk](mailto:deal.town.council@deal.gov.uk)

Town Clerk	Town Treasurer	Mayor's Secretary	Town Sergeant
L. E. Bulman	M. J. Blee	Mrs. D. Pagdin	A. G. Higgins

Kate Harward  
Committee and Scrutiny Officer  
Democratic Services  
Dover District Council  
White Cliffs Business Park  
Dover  
Kent

1<sup>st</sup> April 2004.

Dear Ms Harward,

**Re: Fair Trade**

At a recent Full Council meeting, it was agreed that that Deal Town Council will look into establishing Deal as a Fair Trade Town.

This matter will now be taken further via the Town Council's Events & Promotions Committee who will establish a steering group and produce a timetable.

Yours sincerely,

**Cllr. Mrs. S. Delling**  
**Mayor of Deal.**

## **Five Goals for a Fairtrade Town, City or Zone**

1. Local Council passes a resolution supporting fairtrade, and agrees to serve fairtrade coffee and tea at its meetings, and its offices and canteens.
2.
  - (a) A range of (at least two) fairtrade products are readily available in the area's shops.
  - (b) Fairtrade products are served in local cafes/catering establishments.
3. Fairtrade products are used by a number of local community organisations (churches, schools etc) and work places.
4. Attract media coverage and popular support for the campaign.
5. A local fairtrade steering group is convened to ensure continued commitment to its fairtrade town status.

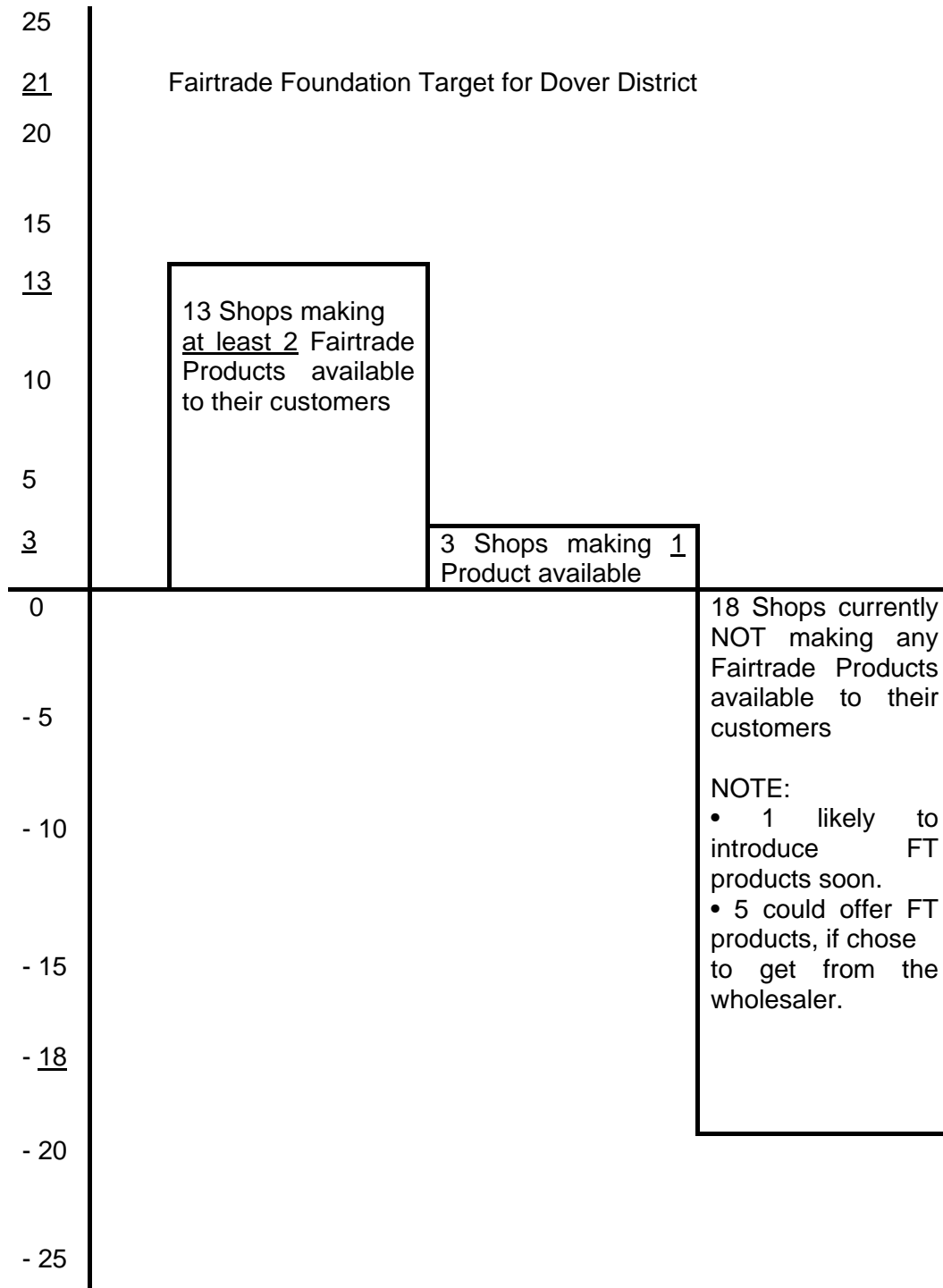
The purpose of a Fairtrade Town is to contribute to the independent Fairtrade Foundation's aim of tackling poverty by enabling disadvantaged producers from poor countries to receive a better deal, through encouraging support for the FAIRTRADE Mark.

The Fairtrade Town initiative is a project that has the potential of uniting a community behind a positive, progressive cause that makes a difference for the world's worst-off people.

## Availability of Fairtrade Products in Supermarkets and Shops, including Health Food, Village and Farm Shops

Number of Shops Contacted: 34

Target Calculation: 1 shop per 5000 inhabitants = 21 shops (per 105 000) ought to make at least 2 Fairtrade products available.

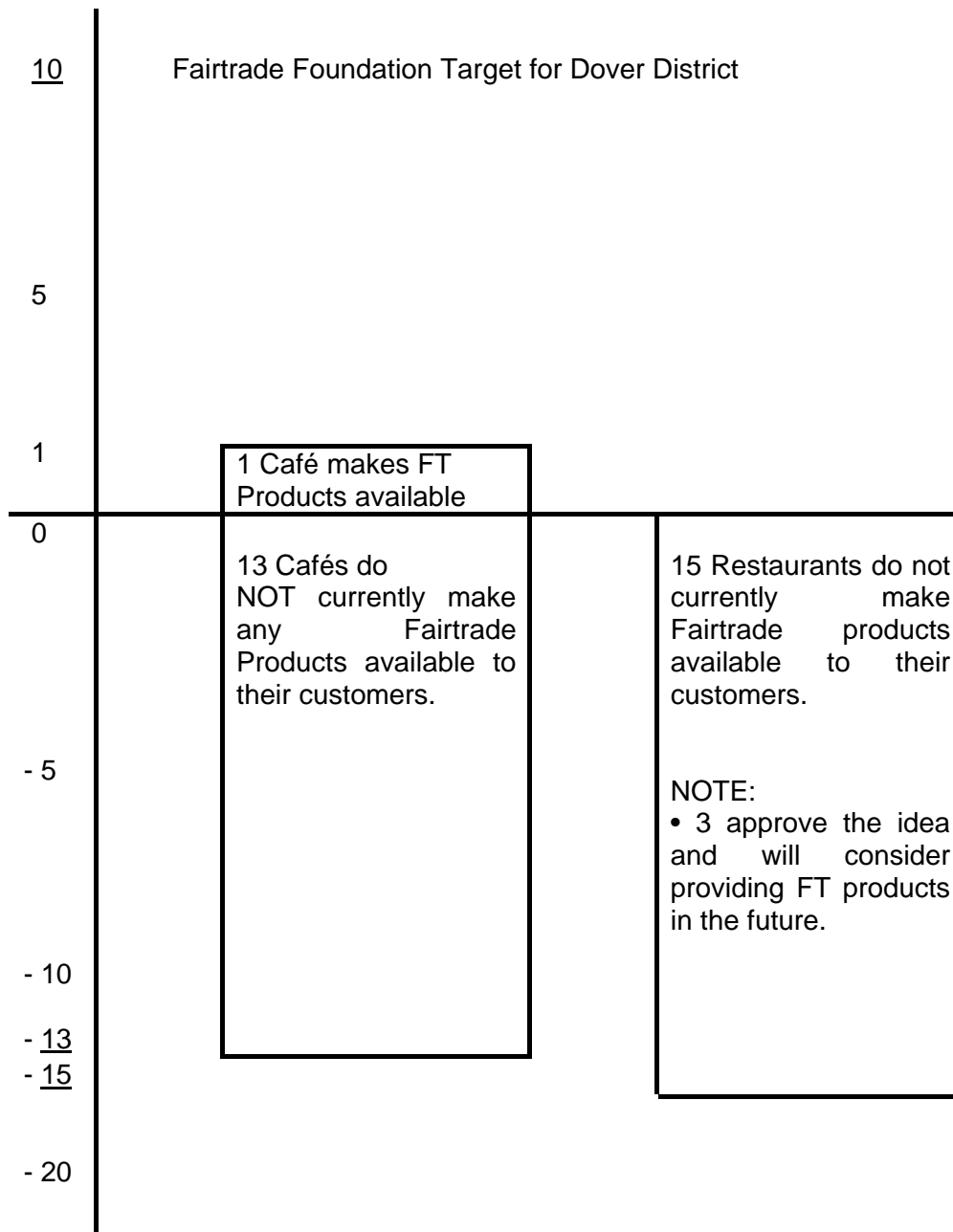


## Availability of Fairtrade Products in Cafes and Restaurants

Number of Cafés Contacted: 14

Number of Restaurants Contacted: 15

Target Calculation: 1 per 10 000 inhabitants = 10 catering outlets (per 105 000) ought to make at least 2 Fairtrade Products available.



## Fair Trade Status

### Options Available to the Dover District Council

1. Proceed at the District Council level. Setting the achievement of the fair trade status as a medium or long term goal. Facilitating existing focus groups to help the district to meet goals 2 and 3.
  - Community organisations, including churches and charities, and a number of tradecraft agents are already very actively promote fairtrade awareness and products.
  - Facilitating their work and co-operation would only require a small time commitment from one Councillor sympathetic to the aims of fair trade.
2. Not proceed at the District level as of now, but to offer support to deal in undertaking a 'pilot' fair trade town project.
  - Deal Town Council has already expressed a wish to support fairtrade initiatives and the town is closer to meeting the goals than is the entire District.
  - If Deal decided to go ahead with the fair trade status, the District could evaluate its progress in, for example, a year's time and reconsider the viability of applying for the status as a District.
3. Not do anything and leave the issue at that no effort or money required. However, the District Council will lose a valuable opportunity to undertake an enabling role in relation to community groups and/or the Deal Town Council, and join the ranks of the existing 54 fair trade towns and zones across the United Kingdom.

Anna Home  
Scrutiny Research Assistant  
DDC Fair Trade Review  
17 March 2004