



Public regulation of fair trade and development of domestic fair trade channels

Lessons learnt from the French case

Fair trade is a civil society initiative aimed at ensuring fair remuneration for those behind the products we consume. This movement, which has its roots in international solidarity, has also been developing over the past 15 years in local sectors throughout Europe.

France has a unique experience, with the adoption 20 years ago of legal texts defining the scope of fair trade and the use of fair trade labelling on products. Within this perimeter, French companies and civil society have developed initiatives and products, in particular with the development, unique in Europe, of a domestic fair trade sector. What lessons can we draw from this French experience to support other initiatives in Europe? This note, written by Commerce Équitable France, analyzes the highlights of the French experience.



1. In France, national legislation has been supporting the structuring of the fair trade sector for 20 years

A first general law in 2005

The first legislative initiative on fair trade in France dates back to 2005, following an initiative by members of parliament and consumer movements to better define what fair trade is, at a time when fair trade products were increasingly present in the consumer environment. French fair trade players, united under the umbrella of Commerce Équitable France, then called Plateforme Française pour le Commerce Équitable, did not push for this legal initiative, but welcomed it and contributed to the actions of public authorities.

In 2005, an initial, fairly general definition of fair trade was included in a law on small and medium-sized enterprises. This law confirmed that fair trade applied to North-South trade. This corresponded to the majority of international solidarity practices in the sector at the time, even if more minority movements were already promoting the idea of local fair trade approaches.

This definition gave a certain visibility to the philosophy and practices of fair trade, but failed to establish a framework for the protection of fair trade communications.

A universal and more precise law in 2014

In the 2010s, partnerships inspired by fair trade developed between French farmers and companies. In particular, these initiatives responded to a context of repeated crises in agricultural prices, at a time when the Common Agricultural Policy had dismantled many of the regulatory tools and farmers were looking for solutions to build remunerative prices. These initiatives spoke of solidarity and partnership, but the law did not allow them to use the term “fair” in their communications. On the basis of these grassroots initiatives, Commerce Équitable France facilitated a dialogue between the North-South fair trade movement and French farmers’ movements, resulting in a charter laying the foundations for “local fair trade,” albeit without the name. But the movement was struggling to find a term that would speak to consumers, as no term seemed as evocative and effective as “fair trade,” which was still forbidden to them.

This is why French stakeholders were ready to consider a universal definition of fair trade when the opportunity arose to revise the 2005 law through a framework law on the social and solidarity economy.

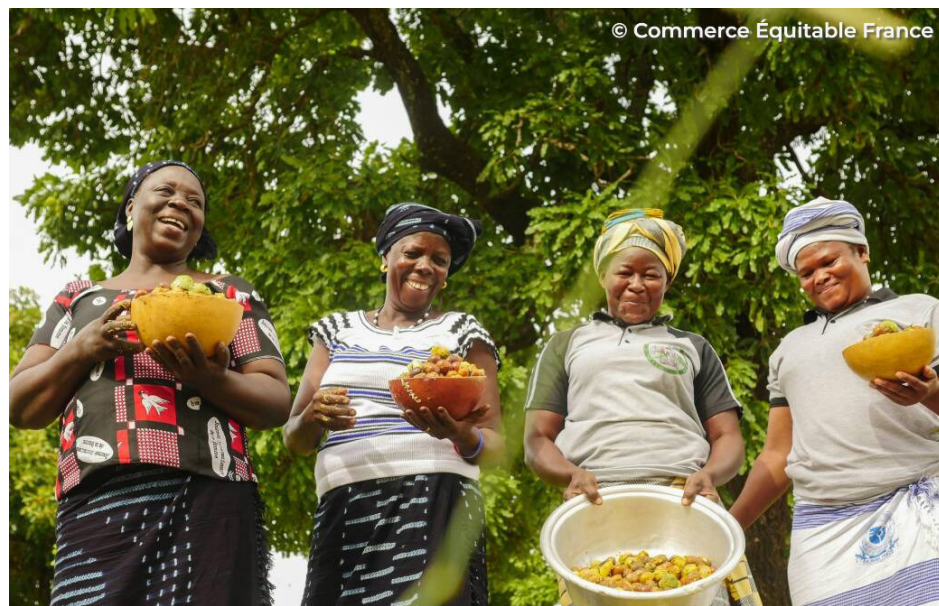
Thus, Article 94 of the 2014 Hamon law on the social and solidarity economy endorses the fundamental principles of a fair trade relationship without specifying a geographical location. This law represents a significant step forward, as it clarifies the legal framework within which companies can validly claim the term “fair trade” in the sales name of the products they market. It is essential to note that this law ratifies the principles of fair trade, which are very close

to the common definitions that fair trade players have adopted, notably through the existence of a national platform, Commerce Équitable France, and European and international forums for dialogue.

The law sets out seven criteria for claiming to be fair trade:

- Remunerative prices for producers, based on production costs and balanced negotiations
- A multi-year commercial commitment, lasting at least 3 years, between producer groups and buyers
- Payment of an additional amount to finance group projects
- Producer autonomy through democratic governance of their organizations
- Transparency and traceability of supply chains
- Raising consumer awareness of socially and ecologically sustainable production methods
- Enhancing the value of production and operating methods that respect the environment and biodiversity, such as agroecology (added in 2021)

The publication of this legal text and its successive reinforcements are of course strongly correlated with the existence of the Fair Trade France platform, which brings together the main players in fair trade,



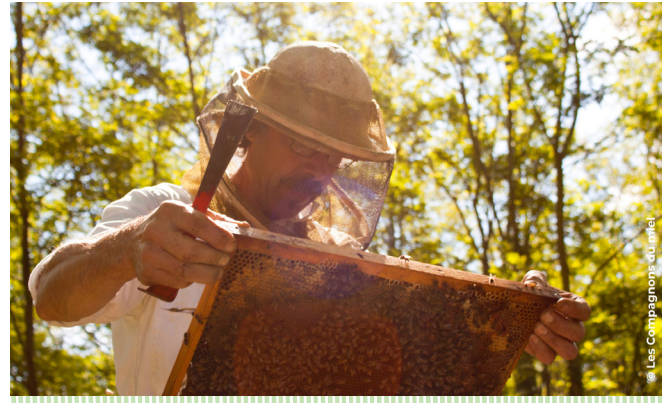
including labels, companies, and associations. The platform has organized ongoing consultation within the sector to develop common positions and a strategy for dialogue with public decision-makers. The Commerce Équitable France platform brings together all the fair trade labels present on the French market and has integrated the leading players in domestic fair trade chains. Having a network head that brings together enough of the movement to speak with a single voice is an essential factor in building regulation in France.

In subsequent years, the texts were strengthened in a number of respects. First of all, it was necessary to reinforce the protection of fair trade labels. In fact, the existence of the law, combined with the growing importance of fair remuneration for French producers, had led to a proliferation of more or less reliable claims referring to the symbolism of fair trade without offering the guarantees of credibility offered by labels (“in solidarity with farmers,” “fair remuneration,” etc.). To this end, article 173 of the 2019 PACTE law specifies that using the term “fair” alone entails the same obligations as the expression “fair trade” (e.g., “fair coffee” or “fair milk”). In fact, these expressions are equivalent in the minds of consumers.

Later, the 2021 Climate and Resilience Act incorporated the obligation for companies claiming the term fair trade to commit to fair trade labels or guarantee systems. This vision was supported by the sector to avoid any risk of “fairwashing” with uncontrolled declarations and to protect players making the demanding choice of committing to a label and bearing the costs. The labels and guarantee systems in question must be recognized by the State. The latter has been delayed but should be operational by 2025.

In addition, the members of the Commerce Équitable France platform put forward a plea for the law to make fair trade schemes more visible as a means of supporting the ecological transition of practices. This was intended to limit the risk of fair prices perpetuating agricultural sectors in France or in

developing countries that do not initiate the necessary changes in practices to meet the challenges of climate change and biodiversity preservation. This would also make it possible to include fair trade more explicitly in public policies relating to ecological transition and sustainable food. The 2021 Climate and Resilience Act did add the 7th criterion of environmental commitments to fair trade commitments.



2. The impact of French regulations on the fair trade sector

The existence of a legal framework for fair trade in French law, which has been strengthened over the years, has had important consequences for the fair trade sector and its impact.

Core fair trade commitments strengthened

Incorporating the principles of fair trade into French law has strengthened the coherence and visibility of fair trade commitments as implemented by the movement. This has helped to rally players around these principles, to conclude debates on the relevance of certain commitments, and to guide new initiatives on the common core to be respected.

A clearly defined scope for fair trade also enables public authorities to refer to it in sectoral public policies. For example, fair trade is cited in the objectives of French public development aid (Article 17 of Law no. 2021-1031 of August 4, 2021 on programming for solidarity development and the fight against global inequalities (LOP-DSI).

Fair trade is also included in public purchasing targets, with fair trade products forming part of the 50% of healthy and sustainable food that must be included in collective catering (Law 2018 for the balance of commercial relations in the agricultural sector and healthy and sustainable food known as EGALIM, amended by the Climate and Resilience Law 2021).

An enhanced claims control system

Since the 2014 law, companies claiming to be fair trade must be able to demonstrate that the law's six (then seven) fundamental principles have indeed been respected. This is a first level of protection for the terms "fair trade" and the fight against fairwashing initiatives.

Although the French authorities regularly carry out checks based on the criteria set out in the law, these checks are limited in scope: they are spot checks on a restricted sample of companies and can only cover French territory, whereas a significant proportion of products are imported.

The law and related spot checks are therefore no substitute for labels in guaranteeing the implementation of fair trade commitments. The labels are more precise (the reference documents are dozens of pages long, whereas the law is just a few lines long), better equipped to monitor claims (i.e., audits can include over 100 control points on a supply chain), and sometimes more demanding (particularly in terms of promoting gender equality, for example, or pre-financing of orders, subjects that are absent from French law). However, by laying down a clear, solid, and consensual legal foundation for the fundamental principles of fair trade, Article 94 has become an essential reference point around which both historic and more recent fair trade labels build their specifications. The protection of "fair trade" claims will also be strengthened when the public recognition scheme for fair trade labels, provided for in

the Climate and Resilience Act, is fully operational by the end of 2025. Brands will then be required to commit to a recognized fair trade label in order to make a claim on their products.

A "borderless" definition to structure domestic fair trade channels

The other major change in the law on fair trade concerns its extension to domestic products and supply chains. Whereas the 2005 law restricted the legal use of the "fair trade" claim to products from trade with developing countries, the 2014 law changes all that, in agreement with the French fair trade movement. This opened up a new phase in the history of the movement: that of "north-north" fair trade, since renamed "Origine France fair trade."

This new field of development has made it possible to engage new economic partners with other product entries: dairies, mills and bakers, etc., who will ultimately also be able to integrate fair trade ingredients from the South whenever they incorporate chocolate, sugar or spices into their recipes, for example.

Domestic fair trade in France is a response to the real difficulties encountered by French and

European farmers, who have seen their living conditions deteriorate as a result of the gradual dismantling of European mechanisms for securing agricultural prices and incomes. Today, the incomes of European farmers, like those in many southern countries, depend mainly on volatile world prices.

This new field also enables the fair trade movement to connect with new partners: farmers' organizations and unions, environmental NGOs, players in the localization of agricultural commodity chains. The fair trade movement is thus breaking away from its historical vision of North-South relations, asserting that producers and workers must and can benefit from remunerative prices, wherever they are, and that these products should be accessible to all consumers.

Unprecedented economic development

One of the most notable impacts of the 2014 ESS law has been the extraordinary boost to economic development in the fair trade sector. This protective, clarified legal framework has boosted sales, supported by a reinforced structuring of fair trade labels and supply chains. The French government also put in place a National Plan to Support Fair Trade between 2013 and 2017, a public policy that has coordinated public actions and resources to support the sector. There are now eight main fair trade labels to guarantee implementation of the law's commitments:

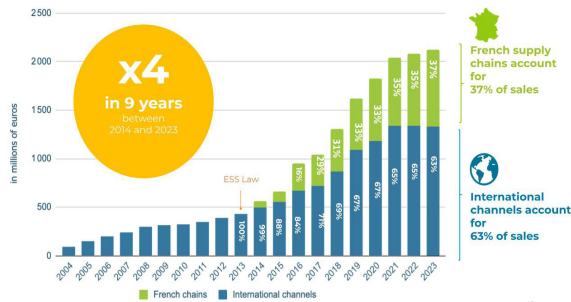


Fair trade sectors at the forefront of adapting farming practices to the challenges of climate change and biodiversity

French regulations highlight the contribution of fair trade to the ecological transition of agricultural practices, both both locally and internationally. Balanced commercial relations, long-term commitment from commercial partners, and the technical and democratic strengthening of producer collectives are powerful tools for activating the levers of (agro)ecological transition (see study on 14 sectors in France).

Producers who are part of collectives and secured by fair trade relations are in a much better position to make the investments required for the (agro)ecological transition of production systems. This mode of governance and fair economic relations is also conducive to the emergence and spread of innovations in favor of agro-ecological transition. This is borne out by the initiatives of the 8 winners of the “agroecology and fair trade” awards, whether in the fight against global warming, the regeneration of biodiversity, or the preservation of natural resources.

The 2024 edition of the **Observatoire du Commerce Équitable** (Fair Trade Observatory) run by Commerce Équitable France, illustrates this ten-year dynamic:



Sales of fair trade-labeled products in France have quadrupled in 10 years; the sector now weighs in at over 2.1 billion euros, compared with just 500 million euros in 2014.

- Sales of fair trade products «originating in France» have risen from 67 million Euros in 2014 to over 791 million Euros in 2023, a 12-fold increase in value!
- 580 companies offer almost 11,000 references of fair trade-labeled products (versus 3,500 in 2014).
- 12,000 French producers in 127 groups benefit from fair trade relationships.

3. The development of a local fair trade sector in coordination with international supply chains: what can France teach us?

A number of key factors have contributed to the emergence and strong growth of a local fair trade sector that is well coordinated with international fair trade:

A movement ready to think about universal fair trade

Prior to the implementation of regulations in France that also apply to local fair trade supply chains, there were several examples of partnerships in French agricultural supply chains that resembled fair trade and involved players in international supply chains: distribution of baskets from local farmers in worldshops (Artisans du Monde), fair trade brands developing products with local French farmers, Biocoop supply chains, fair trade labels with a French supply chain option, etc.

The question of whether the “fair trade” label should be reserved for products from the South of the planet has been a recurrent debate in the French fair trade movement for 15 years.

Furthermore, with the dismantling of European agricultural regulation tools (the abolition of milk quotas in 2015, for example), French farmers were confronted with world global prices that were frequently too low and volatile; the situation for milk was very similar to that for coffee or cocoa.

Against this backdrop, the national platform Commerce Équitable France led a dialogue with French farmers’ organizations to test the relevance and feasibility of fair trade commitments in the French agricultural context. This work resulted in a Charter for Fair Trade in France. This charter was seldom used by stakeholders as it was published only a few months before the 2014 law, which became the primary reference. Nonetheless, the writing of this charter forged close relationships and mutual understanding between fair trade actors with a culture of international solidarity and French peasant movements.

In the South and in the North, the same commitments and the same guarantees via labels



French law defines the same seven fair trade commitments for imported products from the South as for local products. This has proved to be an essential cement for the whole movement and has given a positive outcome to certain debates.

For example, the relevance of the fair trade premium was questioned in the French context. In the South, this premium finances essential services that are often inaccessible locally (health, schooling, infrastructure), while in France it supports environmental projects and revitalizes collective decision-making mechanisms in farming groups (see note). What’s more, the legal definition allows for adaptations in different contexts, and the fair trade premium is actually lower in France than in southern countries. Local fair trade chains are also protected by fair trade labels with control requirements comparable to those of southern chains.



A specific forum for dialogue led by the national platform

Commerce Équitable France has set up a specific committee bringing together the leading players in the domestic fair trade sector in France (companies, labels, producer groups) as well as partner French farmers’ movements (e.g., the Fédération Nationale d’Agriculture Biologique). This committee serves as a crucial platform for deliberating the application of fair trade commitments in the French context. What legal status is possible for French producer groups? What social criteria should be included for agricultural workers, with reference to French labor legislation? This committee produces collective expertise, such as this January 2025 note on analyzing agricultural production costs to define fair prices.

For example, players involved in local fair trade innovations have come together on the same national platform as players in the North-South supply chains; this shared space is an essential lever for building a common culture.

The ongoing challenges of a shared vision

Today, the French fair trade platform brings together companies that import products from the South, French producer groups, and fair trade labels that may specialize in French production or North-South supply chains. That being said, the realities and vocabularies of these players may differ. That's why Commerce Équitable France is keen to create forums to discuss common issues and balance the visibility of these two geographical dimensions. For example, the Trophées de la transition «commerce équitable & agroécologie» reward initiatives in both the South and France.

Additionally, new connections are also being established in products. For instance, by combining ingredients from the South and from France, the proportion of fair-trade ingredients in recipes is rising: fair-trade cocoa, sugar & milk in chocolate bars; fair-trade flour, eggs & chocolate chips in cakes; and so on.

Competition between fair trade products from the South and France has so far been limited. Rather, the multiplicity of origins makes it possible to offer a diversified range, with one product not replacing another. For example, fair-trade Asian rice coexists well with fair-trade rice from southern France or northern Italy. However, initiatives to produce products in France that have historically come from the South of the planet (quinoa, tea, cotton, ginger,

etc.), accentuated by climate change and the rise of localism in responsible consumption, could create new tensions. Commerce Équitable France is committed to nurturing a culture of international solidarity and to highlighting the global interdependencies and challenges that cannot be solved by turning inward.

4. What kind of regulation for fair trade at the European level in the future?

In various European countries, a variety of local fair trade experiments are underway

While the development of domestic fair trade chains in France has no equivalent in Europe in terms of the size of the sector, experiments have been emerging for several years in Italy, Belgium, Germany, Spain, and Greece.

In the absence of a legal framework in these European countries, these experiments can take a variety of forms, including more or less complete coverage of fair trade commitments and the use of all kinds of claims. Environmental commitments are sometimes absent or very little formalized, as in the case of initiatives in Belgium focusing on fair remuneration for producers.

Fair Trade regulatory initiatives in various European countries

In Belgium, a draft law, *The bill to legally recognize and fiscally encourage fair trade*, based on the French law, was tabled on May 24, 2023. It incorporates the seven commitments proposed by French law, applies to both international and national supply chains, and requires companies to commit to fair trade labels. The bill also includes a reduced VAT rate of 6% for fair trade products.

In Italy, regional regulations such as those of Lazio (2009) and Liguria (2007) define fair trade as an area of support for regional policy. In these older texts, which predate the development of local fair trade partnerships, fair trade is restricted to North-South exchanges.

In Spain, the national fair trade platform (Coordinadora Estatal de comercio Justo) is in talks with members of parliament to include articles defining fair trade in a law on the social economy.

In addition, controls and guarantees of commitments in these sectors seem far less mature than in international fair trade sectors, even though geographical proximity could, on the contrary, facilitate the implementation of stringent controls. These approaches could converge if common principles and commitments were defined for these local initiatives in dialogue with past North-South fair trade commitments.

Emerging regulatory frameworks for fair trade in various countries

Initiatives to promote a regulatory framework for fair trade are underway in several European countries. This shows the need identified in several national contexts to limit the risks of misleading consumer communications and to design support policies on a better-defined perimeter of initiatives.

Robust European regulation could draw on French experience

Developing a common European definition of fair trade could prove a positive way of supporting the development of fair trade partnerships in both international and local supply chains, and thus help improve farmers' incomes and enable them to adapt their production methods to meet the challenges of climate change and biodiversity restoration.

Such a definition could also make it possible to combat misleading product claims, in line with the European Green Claims and Empowering Consumers Directives, in order to regulate the messages that highlight the generous nature of brands towards producers, often local, that flourish on store shelves.

However, it seems essential that a European definition should not jeopardize fair trade companies that are already implementing commitments in line with the sector's demanding vision, as set out in French law. For this reason, European regulations should incorporate the commitments made in French law, particularly the core commitments of fair trade concerning the definition of remunerative prices, long-term contractualization, and the payment of a fair trade premium.

Moreover, the French experience also shows that defining identical commitments for local and international sectors is a guarantee of strengthening the sector as a whole and supporting new innovations and collaborations.

Farmers in Europe and around the world are very concerned about climate change and are calling for resources to support the changes they need to make to their production methods. Adapting farming practices is also an important tool for mitigating climate change, preserving biodiversity, and combating pollution, all of which have an increasingly visible impact on human health. That's why it's vital that fair trade's economic commitments support environmental transition initiatives, particularly in the agricultural sector. European regulation must therefore include explicit environmental criteria.

Fair trade could then be a universal dynamic supporting a Global Green Deal.



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**APPENDIX: Legal text defining the conditions for use of the terms
“fair” and “fair trade”**

Article 60 of Law No. 2005-882 of August 2, 2005 in favor of small and medium-sized businesses (Current version incorporates amendments to Article 173 of Law No. 2019-486 of May 22, 2019 on the growth and transformation of businesses, known as the PACTE Law, and Article 275 of Law No. 2021-1104 of August 22, 2021 on combating climate disruption and strengthening resilience to its effects).

I. - Fair trade is part of the national sustainable development strategy.

II. - The purpose of fair trade is to ensure the economic and social progress of workers who are at an economic disadvantage due to their precariousness, remuneration and qualifications, organized within democratically governed structures, by means of commercial relations with a purchaser who satisfies the following conditions:

1° A commitment between the parties to the contract for a period of not less than three years to limit the impact of the economic hazards suffered by these workers;

2° Payment by the buyer of a remunerative price for the workers, established on the basis of an identification of production costs and a balanced negotiation between the parties to the contract;

3° A compulsory additional amount granted by the purchaser for collective projects, in addition to the purchase price or integrated into the price, aimed at strengthening the capacities and empowerment of workers and their organizations.

Each company involved in these sectors promotes production and operating methods that respect the environment and biodiversity, such as agro-ecology in the case of food sectors, and is able to produce product traceability information.

Companies that publicly declare their fair trade status take part in initiatives to raise awareness and educate consumers about socially and ecologically sustainable production and consumption methods.

These provisions are without prejudice to the application of Book IV of the French Commercial Code.

A Conseil d’Etat decree specifies the criteria for economic disadvantage, as defined in the first paragraph of this II, and the contractual terms and conditions defined in 1° to 3°.

II a. - Only products meeting the conditions defined in II and subject to guarantee systems or complying with labels recognized under the conditions set out in III may include the term «fair trade» in their sales description.

III. - Fair trade guarantee systems and labels are recognized, for a renewable three-year period, by the national platform for global action on corporate social responsibility, whose members include a member of parliament and a senator, and whose missions and composition are specified by decree.

About Commerce Équitable France

Founded in 1997, Commerce Équitable France promotes and defends fair trade in France and internationally to support ecological and social transitions in production and consumption patterns. The collective brings together some thirty French organizations in the sector: committed companies, labels, distribution networks, consumer and global citizenship education associations, international solidarity organizations, and players in research and education. It also works for greater equity in all economic relations, with a view to promoting social justice, human rights, and environmental protection.



More information on www.commerceequitable.org

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