

January 17th 2025

Fairtrade Foundation's submission to the Department for Business and Trade's call for input on a Trade Strategy

Introduction

The Fairtrade Foundation exists to tackle the causes of poverty and exploitation by promoting fairness and sustainability in global trade. It works with more than 2 million farmers and workers in over 70 countries across Africa, Asia and Latin America, and most of the UK's major retailers and brands, supporting them to source their products on fairer and more sustainable terms. Fairtrade also benefits from significant public support and is the most recognised and trusted ethical label in the UK, with 92% awareness among consumers. It has worked with more than 10,000 local Fairtrade groups and institutions (including schools, universities and places of worship) during its three decades.

The Fairtrade Foundation has advocated for a UK trade strategy for several years, and we welcome the Government's commitment to developing this, as well as this consultation process. We see this as an excellent opportunity for the UK to develop a more coherent and sustainable approach to trade, that supports growth for the UK economy, and fairer relationships with our trading partners overseas, especially the millions of smallholder farmers and workers in low income countries who play such a critical role in the UK's food system. We are committed to supporting the UK Government in realizing this vision, and would be delighted to provide more information, discuss our recommendations further, and support the UK Government in engaging with our networks representing millions of overseas farmers.

January 17th 2025

Summary of recommendations and supporting points

1. **Ensure coherence between UK Government action on trade, development and climate**
 - Prioritise an approach to trade which supports social, economic and environmental sustainability and helps drive progress towards the Sustainable Development Goals (SDGs) and the UK's commitments on climate and biodiversity.

2. **Include an Import Strategy that addresses the needs of overseas farmers and workers in the first mile of food supply chains**
 - Develop the import strategy based on thorough consultation with overseas farmers and workers, and including a focus on ensuring fair prices to support their attainment of living incomes / living wages.

3. **Encourage pre-competitive collaboration to support environmental and social sustainability**
 - As a key innovation within the trade strategy, commit to supporting pre-competitive collaboration between businesses to address human rights risks, tackle climate challenges, and drive sector-wide changes.

4. **Commit to introduce Human Rights and Environmental Due Diligence (HREDD) legislation**
 - Ensure that the legislation addresses key issues underpinning human rights and environmental violations, such as fair pay and living incomes / living wages, and that the costs and burdens of compliance are not imposed on farmers and workers themselves.

January 17th 2025

1. Ensure coherence between UK Government action on trade, development and climate

We welcome the Government's stated ambition to achieve '*long-term, sustainable, inclusive, and resilient*' growth. The development of an overarching trade strategy that addresses the close links between trade, environmental and development goals, and presents a coherent approach to meeting objectives across all three, will be crucial to achieving this.

This will require moving away from a short-term focus on economic liberalisation as the main driver in trade policy, and recognising that economic growth will not be sustainable without addressing systemic inequities and tackling the climate crisis. Fairtrade's work across three decades has consistently demonstrated that a fairer trade system benefits everyone in the supply chain and that sustainable and inclusive trade is possible when development and environmental priorities are integrated.¹

In order to achieve coherence, the trade strategy should be broad and ambitious in scope, engaging with a range of policy interventions such as HREDD legislation and pre-competitive collaboration (more information below), rather than restricting its focus too narrowly to Free Trade Agreements. There are considerable opportunities here for the UK to build more effective partnerships with trading partners, including countries in the global south, and rebuild its reputation as a global leader in sustainable business. In all cases, proposed trade interventions should be accompanied by ex-ante assessments of their environmental and development impacts as a key part of the decision-making process, and, where they are implemented, should be subject to ongoing monitoring of their impacts to ensure that the conditions for '*long-term, sustainable, inclusive, and resilient*' growth are genuinely met.

¹ Fairtrade Foundation (2024) [Fairtrade at 30 Growing our Movement for Change Report](#)

January 17th 2025

2. Include an import strategy that addresses the needs of farmers and workers in the first mile of food supply chains.

An important step in taking a more coherent approach to trade is a focus on imports. Many of the most pressing issues connected to environmental and social sustainability relate to products that originate overseas, including those from low-income countries which pass along complex supply chains. It will be important for the UK to develop specific policy interventions to address these.

An import strategy should put a particular focus on food supply chains. The UK is not food secure – as a country, we import almost half our food and approximately 16 per cent from countries which are exposed to climate change and lack the capacity to respond.² Recent events such as the global pandemic, and the war in Ukraine, have exposed the fragility of food supply chains, leading to empty shelves and food price inflation. The UK also needs to play its part in urgently improving the environmental sustainability of the global food system, currently responsible for a third of global greenhouse gas emissions caused by humans.³

In order to be effective, the strategy should put a particular focus on the needs of smallholder farmers and workers in food supply chains, addressing the importance of fair prices and addressing power imbalances in supply chains. Smallholder farmers produce one-third of the world's food⁴ and are at the heart of global supply chains, yet they often face the most significant challenges. Engaging their perspectives is crucial to

² See: Department for Environmental, Food & Rural Affairs (2024), [United Kingdom Food Security Report 2021: Theme 2: UK Food Supply Sources](#); UK Health Security Agency (2023) [Health Effects of Climate Change \(HECC\) in the UK: 2023 Report](#); Fairtrade Foundation (2021) [A Climate of Crisis: Farmers, Our Food and the Fight for Justice](#)

³ Crippa, M., Solazzo, E., Gizzardi, D et al (2021), Food systems are responsible for a third of global anthropogenic GHG emissions. *Nat Food* 2, 198 -209.

⁴ Food and Agriculture Organization of the United Nations, "[Small family farmers produce a third of the world's food](#)", 23rd April 2021

January 17th 2025

creating a more resilient food system that supports sustainable livelihoods, consumer needs and economic growth.

One of the most fundamental challenges they face are prices that are insufficient to support them, their families and their livelihoods. Faced with fluctuating costs and global commodity prices, and the unequal distribution of power across supply chains, farmers often have no choice but to sell below the cost of production. In some cases, this leads to them also being forced to engage in negative coping strategies. Examples include the expansion of deforestation connected to the chocolate industry in Ghana.⁵ Many of the major challenges in global supply chains – including child labour– are exacerbated by poverty, caused by unsustainably low prices.⁶

Low pricing also prevents farmers from investing in their farms meaning they are unable to adapt to the impacts of climate change. This, in turn, creates a vicious cycle that results in low yields and declining incomes. Though smallholder farmers are experts on sustainable stewardship of their land and environmentally sustainable practices, they are often unable to play a role as key partners in reforming the food system. The ability of farmers and workers to achieve a fair price, and earn a living income or a living wage is a key enabler as well as a precondition for ensuring effective climate action.

It is therefore crucial that an import strategy consults extensively with overseas smallholder farmers and workers in the first mile of UK supply chains, and embeds principles of fair pricing to support their achievement of living incomes and wages. Fairtrade uses a tech platform, called [FairVoice](#), as one way of facilitating direct communication with producers in supply chains; this can provide one of a number of ways of ensuring effective consultation with them.

⁵ See Nachibi, S.U., Morgan, A.K. [Understanding the relationship between poverty, environmental degradation, and power dynamics: a qualitative study in Northern Ghana](#). Environ Dev Sustain (2023); Higonnet, E. Bellantonio, M. & Hurwitz, G. (2018) [Chocolate's Dark Secret](#), Mighty Earth

⁶ González Torres, Eliana and Bayer, Dr. Chris N. and Watson II, Derrill, (2024) [Addressing Root Causes: Private Sector Impacts on Child Labour Outcomes](#) (February 29)

January 17th 2025

3. Encourage Pre-Competitive Collaboration between companies to support environmental and social sustainability.

Reforming the UK's trade system requires a commitment to innovation. The UK Government has a unique opportunity to lead on transforming markets to remove barriers that no longer serve the principles of trade justice or the best interests of producers, progressive businesses, and consumers. A crucial emerging opportunity to contribute to positive reform is to encourage more pre-competitive collaboration.

Until recently, concerns over the restrictions placed by competition law on collaboration had prevented many businesses from exploring collaboration with their competitors. But this is changing, as evidenced by the Competition and Markets Authority informal guidance in 2023 in support of Fairtrade's Shared ImPACT initiative⁷. The Shared ImPACT model, allowing retailers in the UK grocery sector to collectively source additional Fairtrade volumes from certified overseas producer groups, delivers benefits both for overseas producers and UK businesses through pre-competitive collaboration between the retailers.

For overseas producers, aggregated longer-term (3-5 year) sourcing commitments from retailers enable them to achieve better incomes, reduced dependency on individual businesses, and a greater share of power in supply chains. Producers are also provided with more resources to invest in sustainability initiatives, strengthening their resilience against external shocks such as climate change.

For businesses, the approach reduces the burden on individual companies to address human rights violations in their supply chains. Through this kind of collaboration, companies can drive sustainability and supply chain resilience on a scale that no single company could achieve alone.

The UK Government can champion this model of innovation across multiple sectors, by removing outdated barriers and enabling greater cooperation. By building on the steps

⁷ [New Fairtrade initiative will help UK grocery retailers collaborate on sustainability in supply chains - Fairtrade](#)

January 17th 2025

the CMA has already taken to approve this approach⁸, and offering greater support for pre-competitive collaboration, the UK Trade Strategy can set a global precedent for making ethical and sustainable trading practices the norm.

4. Commit to introduce Human Rights and Environmental Due Diligence (HREDD) Legislation

The UK Trade Strategy must support responsible business by placing a requirement on companies to tackle human rights and environmental abuses in their supply chains, and thereby create an environment in which ethical business can flourish. This can be done by introducing HREDD legislation, also referred to as a Business, Human Rights and Environment Act (BHREA). This legislation would address regulatory gaps and help to align trade policy with the UK's duty to protect against business-related human rights abuses, as set out in the United Nations Guiding Principles (UNGPs).

The current UK legal frameworks, including Modern Slavery Act S. 54 and Environmental Act Schedule 17, fail to meet the internationally accepted standards and are insufficient. This is despite the G7 having committed in 2024 to “support a global level playing field on business and human rights” and recognised the need to build “resilient labour markets”.⁹

HREDD legislation is welcomed by many progressive UK businesses,¹⁰ and will help align the UK with European trading partners, who are addressing human rights and environmental violations via the Corporate Sustainability Due Diligence Directive (CSDDD). It will not only level the playing field for responsible businesses but also drive

⁸ Competition & Markets Authority, [Green Agreements Guidance: Guidance on the application of the Chapter 1 prohibition in the Competition Act 1998 to environmental sustainability agreements](#), 12th October 2023

⁹ [G7-2024-LEM-Declaration](#) (2024)

¹⁰ See [oral evidence](#) submitted to the Business and Trade Select Committee by the British Retail Consortium, 7th January 2025

January 17th 2025

increases in wages, reduce exploitative practices, and build consumer trust. This will strengthen global supply chains while enhancing the UK's reputation as a leader in sustainable and ethical trade.

If the development of legislation is to achieve its aims of curbing irresponsible business and protecting the vulnerable, it is key that the UK Government listens carefully to producers and addresses their needs in order to avoid unintended impacts on those at the end of supply chains. This is also crucial to ensuring that compliance costs and burdens do not fall disproportionately on those least able to bear them. In particular HREDD legislation should:

- Drive action on living incomes and living wages for farmers and workers. These are both a human right and a precondition for sustainable farming practices, since poverty is often a root cause of human rights and environmental violations.
- Address unsustainable purchasing practices and business models as part of the due diligence process. In today's supply chains, asymmetric power relationships can lead to practices - such as late payment for products, unilateral contract changes, and prices below the cost of production - which contribute to poverty and precariousness for farmers and workers.
- Ensure that company disengagement from supply chains is a last resort. HREDD legislation will not achieve its intended objectives if it simply leads to companies 'cutting and running' from supply chains in contexts of greater risk. Instead, HREDD should encourage a strengthening of relationships along the supply chain through longer term investments that support farmers and workers to tackle the conditions that lead to violations.

Fairtrade International's Centre of Excellence on [HREDD](#) has developed substantial expertise in this area and is well-placed to support the UK Government in crafting legislation that protects human rights and ensures sustainable supply chains.

January 17th 2025

Fairtrade would also be happy to facilitate direct dialogue with smallholder farmers and workers overseas who are within the first mile of the UK's supply chains to help shape equitable and effective regulations.

Conclusion

The UK's trade strategy can provide the foundation for the UK to play a leading role in reforming the global trade system so that it is more ethical, sustainable, and inclusive. By addressing the areas set out above, the strategy can take major steps forward in fostering long-term, resilient growth while tackling pressing global challenges such as poverty, inequality, and climate change.

Fairtrade is committed to supporting the UK Government in realizing this vision. We are keen to work with the Government to design and help implement an approach to trade that fosters fairness, sustainability, and resilience, delivering lasting benefits for producers, businesses, and consumers alike, while cementing the UK's reputation as a global leader in sustainable trade.

To discuss this submission, please contact:

Head of Public Affairs and Media Relations - Alexander Carnwath
alexander.carnwath@fairtrade.org.uk

Senior Policy Manager – Sophia Ostler
Sophia.ostler@fairtrade.org.uk