

This speech was given by Prof. dr. Jan Orbie (Ghent University) on the occasion of the Study Visit in Ghent of EU Trade Commissioner Cecilia Malmström, EU Cities for fair and ethical trade Award, during lunch at the Ghent 'Port House', 15 March 2019

EU Fair Trade Policy: an academic perspective

Jan Orbie




Dear Commissioner Malmström,
Dear Mayor De Clercq,
Dear Councillors,
Dear Ladies and Gentlemen,

I was tempted to remain silent for 10 minutes, to show my support for the climate. But I will continue to talk, because this is a special and exciting moment for me. As a political scientist studying EU trade policy, meeting the Trade Commissioner in real life, must feel like for an astronomist to go to outer space, or for an archeologist to stand before the great pyramid in Egypt. I'm only exaggerating slightly because this really is an honour, and I would like to thank the City of Ghent for the invitation.

I was asked by the city to present an 'academic perspective'... but what do you mean with 'academic'? I wasn't sure, and therefore I consulted the dictionary and found two meanings: first, things relating to research and education, and second, things that are not of practical relevance. What I will discuss here in less than ten minutes will be a combination of both: some insights into our research on fairness in EU trade policy, but also some theoretical notions that may not be directly and practically applicable – but then don't we need today more than ever some creative and out-of-the-box thinking?

academic

/akəˈdɛmɪk/ 

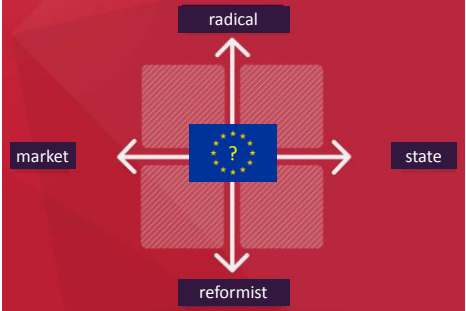
adjective

- relating to education and scholarship.
"academic achievement"
synonyms: educational, scholastic, instructional, pedagogical; Meer
- not of practical relevance; of only theoretical interest.
"the debate has been largely academic"
synonyms: theoretical, conceptual, notional, philosophical, unpragmatic, hypothetical, speculative, conjectural, conjectured, suppositional, putative; Meer



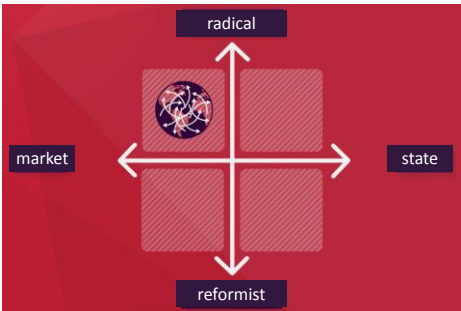
To start with, what is 'fair trade', and how can we think about fairness? The question is not so easy to answer. The *good news* is that nobody is against fair trade. (Almost) everyone wants trade to be fair. We are all crying for fairness – ever since our childhood we've been arguing in terms of fairness. But the *bad news* is that there are divergent political and philosophical

views on what fairness and also fair trade mean. So when my little children at home argue once more ‘This it is not fair!’ (if they do not get a candy or cannot watch TV), I reply to them ‘OK, but how do you conceptualize fairness?’, and then I start explaining them this matrix which works along two axes: horizontally, we have the total liberty (of the market, or for my children) on the one side and total regulation (by governments, or parents in my family case) on the other side; and on the vertical axis we have limited measures versus radical (systemic) measures.



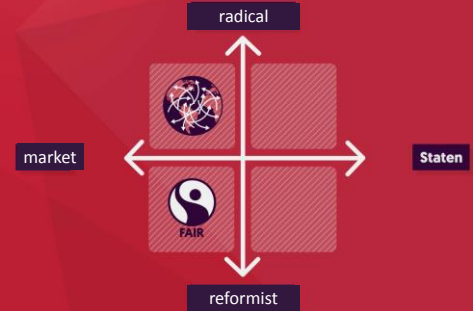
Which leads to four different political and philosophical views on fair trade, which I will now briefly explain; and the big question is of course: where is the EU in this scheme? I will not give the answer away yet, to keep you thrilled until the end.

First, fair trade implies that consumers and producers can trade on a level playing field without being distorted by subsidies, tariffs or other forms of government intervention. In the EU this view is quite dominant. Despite the crisis of the WTO, the eurocrisis, the rise of populism, Brexit and Trump... the EU continues to be the most active promotor of free trade (the number of free trade agreements has proliferated, as you see on the map which some of you know very well). So here, more market is the solution, and also a better functioning market, which is also the goal of the ‘Unfair Trading Practices Directive’ that was approved by the European Parliament earlier this week. We also had the free trade agreement with Canada, and today in the Port of Ghent some activists are protesting against this CETA agreement because it would lead to increased meat imports – which suggests that indeed free trade is not always the best way to promote sustainability.

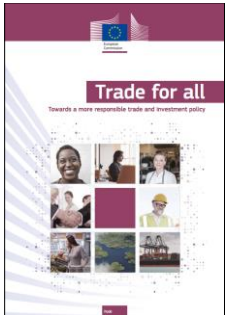
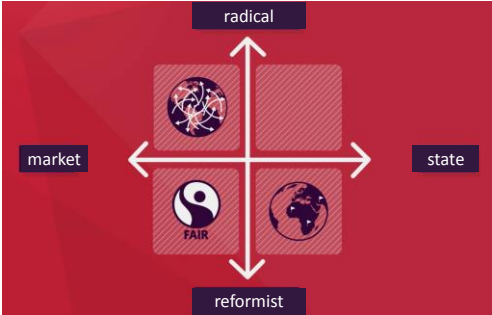


Second, fair trade commonly refers to ‘labels’ on products (such as coffee) that should guarantee that these products are produced in good conditions. It is up to the producers to decide if they want to use labels and it is up to the consumers to decide if they want to buy them. And the EU does not interfere: this is what we call the ‘hands off’ approach. The EU facilitates awareness for fairtrade labels, for instance here during fair trade breakfast at the European Parliament; but it does not promote an EU fair trade label. So when we go to the supermarket or when we go shopping in the streets of Ghent (as you did this morning), the

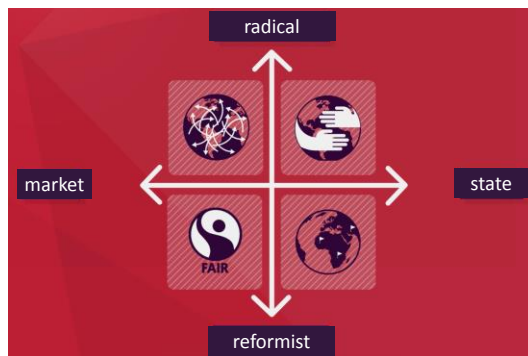
responsibility to buy ethically – whether we go to Primark or to Supergoods - lays entirely on the shoulder of the consumer.



Third, governments can play a more active role in supporting fairtrade practices, and interestingly this is where the EU has recently taken some cautious steps. First, the new EU public procurement directive makes it easier for public authorities to buy fair trade. For instance, the City of Ghent has bought sustainable work clothes, and I hope that my university will follow the city’s lead when buying laboratory jackets in the next months. Second, all new EU trade agreements contain a chapter on sustainable development where countries promise to respect labour and environmental standards. Third, there is the Conflict Minerals Regulation, there are the Voluntary Partnership Agreements against illegal logging, and there is the Sustainability Compact for textile in Bangladesh. The point here is that many initiatives are being taken, under the Commissioner’s wider ‘Trade for All’ vision, but (1) they are very often specific to one country or one sector, (2) their concrete impact so far on sustainability is not yet very clear.



Which brings us to the fourth vision, which requires more radical reforms of the trading system. Different trade rules would make it possible that national and local authorities can protect their markets against international competition. This would require for instance that the EU does not negotiate free trade agreements with a chapter on sustainable development, but sustainable development agreements with a chapter on free trade. It would also require that the EU does not only insist on timely payments in the global value chain (as under the new Directive), but that it negotiates international arrangements for higher and more stable prices for commodities.



Thank you

Questions?

Because, in order to make trade *really* fair, in terms of *greater equity* for all participants, it is not going to be sufficient to promote (1) free competition, (2) a free market of labels, and (3) very specific EU initiatives. For this reason, Ms Malmström, I am happy that you are not participating in the climate strike today because there is indeed a lot of work to be done to make the world more sustainable. Trade policy can be a leverage for a fairer world, but this requires more drastic reforms of the trade system than what is currently on the table.

And finally, there is some room for optimism because we now have a Trade Commissioner who puts 'values' at the centre of her trade strategy. This is new, we used to have for instance a Belgian Trade Commissioner (I forgot his name) who talked all the time about economic interests – not values. Ms Malmström, all I can do, as an 'academic', is try to spark some debate about whether current EU trade policy is really 'fair enough'; but some academics like you make it into politics and manage to become a European Commissioner; and if you would indeed radically pursue the ethical trade agenda that you have advocated, I would be happy to nominate you to become the new President of the European Commission.

For an academic version of this perspective, see my chapter with Dr. Deborah Martens entitled ['The European Union and Fair Trade: hands off?'](#) in the Edward Elgar Handbook on the EU and International Trade. Our Oped ['Fair enough? The EU's guilty neglect of fair trade'](#) published with Euractiv makes a similar point. A Dutch language video can be seen at the Universiteit van Vlaanderen lecture ['Heeft het zin om fair trade te kopen?'](#).