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Consultative submission regarding Norway's work on sustainable development.

Ministry of Finance, January 24th 2007.

Fairtrade Max Havelaar (FMH) would like to comment on three issues in the national budget chapter 7: a) the principles in the work with sustainable development b) the indicator listed under 7.2.1 c) strategies and action concerning imports from the "Least Developed Countries" (LDC).

The principles in the work with sustainable development

The national budget emphasises the need for international solidarity, where the fight against poverty, economic development, democracy and human rights are essential. Thinking globally and acting locally are used as a guiding principle, and ethical consumers are regarded important.

Consumer research has found that Norwegian consumers have a very low degree of knowledge about environmental and ethical consumption, and seldom take such considerations in the purchasing process. This is a situation that could be rectified by awareness campaigns. FMH has, both alone and in collaboration with the organic label "Debio" and the environmental label "Svanen", applied for resources for such campaigns. We know from other European countries that there is a higher degree of consumer awareness, and that this is reflected in consumption patterns. The cabinet should prioritize funding of such an awareness campaign to reach a goal of ethical consumers.

The government and the Norwegian municipalities have a responsibility to go in front as ethical consumers. There is however unresolved issues concerning public procurement in regard to the legality of taking ethical considerations. This poses challenges for those who wish to take such considerations in their procurement policies. The Ministry of Government Administration and Reform recently published a guide for public procurement with a chapter dealing with ethical procurement, but was not able to clarify the issue, stating that the Ministry simply was not able to give complete guidance. FMH considers this to be liability insurance, not offering any guidance to procurement officers in institutions and municipalities. The government should take responsibility and develop clear guidelines for the law on public procurement and distribute them to those who are affected, enabling procurement officers to take ethical considerations in public procurement.

Indicator 2, on international collaboration for a sustainable development and fight against poverty.

The indicator measures the import from African countries and LCD's in Africa. FMH has through consultative submissions earlier in the process of developing the indicators, called for this indicator to reflect quality of trade, not simply quantity. All trade with poor countries does not stimulate development, exploitation through trade are one of many factors hindering development in developing countries.

The indicator should therefore measure trade done on the principles of Fair Trade, making sure that trade has a positive effect on development. The European Parliament has through report A6-0207/2006, defined Fair Trade. This definition includes, a fair price covering the costs of sustainable production and living, long-term stable relations with producers, transparency and traceability throughout the supply chain to guarantee appropriate consumer information, conditions of production respecting the eight International Labour Organization (ILO) Core Conventions, and monitoring and verification of compliance with these criteria.

Fairtrade guarantees these conditions, and has a large network of producers, traders and distributors. Fairtrade operates in compliance with the ISO65 standard.

Strategies and action concerning imports for LDC's

The national budget analyzes the effect of the zero tariffs for LDC's scheme, and recognizes that the effect has been marginal. It concludes that lowering tariffs are not enough to stimulate trade, and recognizes the need for developing products and infrastructure.

FMH agrees fully with this analysis. Fairtrade has been working with such issues for 18 years, and recognizes that resolving practical issues of infrastructure and having a marked orientation are critical factors making trade attractive for commercial enterprise.

Fairtrade has experience in connecting European importers with producers in developing countries, and setting up functional frameworks that makes trade possible. The organization considers itself to be a resource in this field, and would welcome invitations from the Norwegian government to collaborate on increasing import from developing countries. Fairtrade Max Havelaar and Fairtrade Labelling Organizations International have, given the necessary financial resources, the capacity to:

- Identify and develop potential products for the Norwegian market.
- Identify importers and retailers.
- Develop Fairtrade standards for products.
- Identify producers.
- Manage supply and demand of products.
- Give producer support and guidance.
- Provide control of trade standards in accordance with the ISO65 standard.

Fairtrade is an effective international organization working on sustainable development, and regards itself as a resource on trade and development. Fairtrade believes its potential for creating development could be far better utilized, if governments supported and collaborated with the organization to a greater extent.

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