



**PROCUREMENT SERVICES  
REPORT ON FAIRLY TRADED GOODS**

## 1. Background

The Scottish Parliament Corporate Body [Responsible Purchasing Strategy](#) contained the following objective: to “undertake comprehensive investigation and evaluation of fair trade to inform future procurement strategies”. This report records the main findings and includes action points to be incorporated into future procurement strategies. A background explanation of Fair Trade is provided at **Annex A**.

## 2. Fair Trade – The Aim

Fair Trade seeks to strengthen the position of marginalised farmers and workers and enable them to earn enough for today so that they can invest in a better tomorrow. This is done by setting a minimum price which covers the cost of production (enough for today) and a social premium which producer organisations invest in community projects (a better tomorrow). The number of intermediaries in the supply chain is also reduced so that growers get a larger share of the export price.

## 3. Buyers’ Responsibility

Buyers who are responsible for a project for which fairly traded options exist should include the fairly traded option in preference to a non-fairly traded one, wherever possible. At the outset, when developing the procurement strategy, it should be established whether a fairly traded option exists to allow the necessary comparisons to take place.

Following tender evaluation, should a decision be taken to purchase a fairly traded option, the purchaser should keep a record of why this decision was made. However, regardless of the decision taken, if you have stated in the specification that fair-trade or equivalent products should be proposed as an option, this will at least raise the profile of fair trade in the supply chain.

## 4. Legal Procurement Guidance

4.1 As a public authority, the SPCB must be fair and equitable in its treatment of all suppliers. Contracts cannot, therefore, be specified purely in terms of fair or ethically traded requirements and you can not ask for specific trade marks or trade names. In line with EU public procurement rules and best practice:

“Where you wish to obtain fair trade products, you must do so in a way that is consistent with the value for money policy and the EU public procurement directives. Positive steps that you can take include:

- Making clear in advertisements and invitation to tender documents that fair trade options are welcomed as part of the products supplied to meet the Department’s requirements. For example, fair trade

coffees might be included in a range of coffees that providers can offer;

- After contract award, using contract documents to make it clear that, where the winning tenderer is able to provide fair trade options, such products should be made available for, for example, departmental meetings, conferences, and hospitality events.

However, you must take care to ensure that:

- Specifications are not framed in terms of fair or ethically traded requirements, as such 'social' labels do not define the end product in terms of characteristics or performance as required by the EU public procurement directives;
- In referring to the possible inclusion of fair trade options, particular labels and marks or trade names are not specified to the exclusion of others. This is because it would be discriminatory to favour one or more of these above others. It can, however, be pointed out that where providers offer fair-trade options, purchasers should ask for products bearing the Fair-trade Mark/ 'or equivalent'. This is a helpful way of demonstrating that fair trade standards are being met;
- Contracts are awarded on the basis of best value for money (in EU terms 'the most economically advantageous tender') for the whole requirement regardless of whether fair trade options have been included. Quality aspects, as well as price, will be relevant. A bid cannot be rejected or considered non-compliant simply because it does not include any desired fair trade options; and
- In all cases, the need is being met in a way that makes efficient and effective use of public expenditure and delivers value for money for the taxpayer.

- 4.2 To ensure transparency from the outset, it is essential that the objective of the tendering process is clear.

Standard wording that could be used in specifications is as follows:

*'The Scottish Parliamentary Corporate Body's policy is to promote and support the use of fairly traded materials and products. Tenderers are therefore asked to identify whether they are able to provide a range of items that have the fair trade mark or equivalent.'*

## **5. Pricing**

- 5.1 As well as considering price and quality you should always take account of whole life costing and the social and environmental benefits of your procurement decision.
- 5.2 Best value does not equate to cost alone and there are examples where purchasing fairly traded products does not imply an increase in expenditure and where it does it is minimal, for example:

- (i) From Sainsbury's rates in June 2009, Silver Spoon Granulated sugar 1kg cost £0.93 versus Fair Trade Granulated sugar 1kg at £0.93 and;
- (ii) Taylors of Harrogate Rich and Ground coffee, Lazy Sunday 227g at £2.57 versus Café Direct Fair Trade Rich Roast & Ground coffee 227g at £2.29.

5.3 However, higher prices are an issue for some fairly traded goods from some service providers, so it is important to establish the most appropriate weighting for the pricing criterion, ensuring that the relevant business area/budget holder is fully aware of the evaluation and cost implications.

## 6. Procurement Strategy Considerations

During research you should consider the following as a minimum:

- (i) Do fairly traded goods exist for part or all of the goods you are purchasing and can these be incorporated as options? (For example if procuring corporate clothing, consider fairly traded cotton shirts / suits.)
- (ii) What is the current supply base for this? Are there suppliers that can provide fairly traded goods and that are likely to be interested in bidding for the requirement?

## 7. Fairly Traded Items Available in the market:

Some of the fairly traded products that are currently available in the market place:

### Catering

- Tea, Coffee, Herbal Teas
- Chocolate, Hot Chocolate drinks
- Fruit, Dried fruit, fruit juice and fruit smoothies
- Chilean and African honey
- Sugar
- Rice
- Cereal bars
- Cooking oil
- Biscuits (cookies, flapjack)
- Cakes
- Ice cream & frozen smoothies
- Jams and preserves
- Chutneys and sauces
- Spices

## Other

- Jewellery
- Wine
- Cotton (staff uniforms/table covers/napkins/reusable bags)
- Souvenirs (coaster/fridge magnet/business card holders/bookmarks, wooden picture frames, leather goods from India, baubles from Kashmir and stationery from Nepal etc)
- Pens, pencils, notebooks and pencil boxes
- Flowers
- Books
- Beer & ale

This list is not exhaustive and can change as the amount of fairly traded goods is ever increasing. It is recommended that when undertaking any Procurement exercise, fairly traded goods are incorporated into the research stage and considered as part of the Procurement Strategy.

Some more specific details follow for key aspects of fair trade in the attached Annexes (correct at the time of drafting.) It is recommended that this is only used as a guide and that full research of your specific requirement is undertaken at the market research stage of the procurement project.

Attached at **Annex B** is the Fair trade Directory in Edinburgh, which provides details of some suppliers that provide fairly traded goods. The following websites also contain details of suppliers and wholesalers of fairly traded goods:

- <http://www.tradingfairly.co.uk/site/index.jsp>
- <http://www.esources.co.uk/wholesale-suppliers/203/>
- <http://www.west-dunbarton.gov.uk/community-and-living/fairtrade/fairtrade-suppliers/>

## **8. Implementation of Fair Trade**

To implement this within Procurement Services:

- (i) Fairly traded goods are to be included within the template Procurement Strategy so that they can be considered for every relevant procurement process. Where it is not relevant (e.g. services contracts) the Strategy should explain this.
- (ii) During the research stages of all relevant procurement projects, purchasers will consider the questions in Paragraph 6 of this document.

- (iii) It is recognised that fair trade is evolving quickly and that it would be difficult to be completely up to date on all aspects. Therefore purchasers must undertake comprehensive research at the commencement of each relevant project, updating existing information as appropriate.
- (iv) A spreadsheet will be developed to record actions taken in relation to fair trade. This will then form the basis of annual reports.



## Annex A

### Fair Trade: Background information

1. Fair Trade is all about making sure that products exported internationally from “developing” countries to “developed” countries are produced under fair conditions. That means promoting the payment of fair prices, safe and healthy working conditions and responsible environmental practices.
2. Fair Trade is where a certified company and/or product incorporates policies and standards that include a fair living wage for all factory employees, ample breaks, no obligation to work overtime without compensation, and a safe work environment with emergency protocols in place.
3. Fairtrade, written as one word, refers specifically to the international Fairtrade certification system and any of its constituent organisations, e.g. Fairtrade Labelling Organisations International, or activities such as Fairtrade Fortnight and Fairtrade Premium.
4. Fair trade, written as two words, refers to the wider movement and includes networks such as FLO, IFAT (International Fair Trade Association), NEWS (Network of European World Shops) and EFTA (European Fair Trade Association) known collectively as FINE.
5. There are various labels that demonstrate that products have been produced in accordance with internationally recognised fair trade standards. Below are three examples of organisations working to promote fair and ethical trade internationally, in their own words:

- The Fairtrade Foundation awards the **FAIRTRADE Mark** to products that meet international Fairtrade standards. These include long-term trading contracts and a price that covers the cost of sustainable production and living. Farmers and workers’ organisations receive a premium to invest in social and environmental projects benefiting their communities. The Mark appears on a wide range of certified products, including coffee, tea, fruit, cotton, and composite products like biscuits which include a minimum percentage of Fairtrade ingredients.

[www.fairtrade.org.uk](http://www.fairtrade.org.uk)

- The Rainforrest Alliance works with foresters, farmers and tour operators to ensure their goods are environmentally and socially responsible. **The Rainforest Alliance Certified™** seal of approval appears on products including timber, paper, bananas and coffee which have been grown or made sustainably.

[www.rainforest-alliance.org](http://www.rainforest-alliance.org)

- **UTZ CERTIFIED *Good Inside*** is a worldwide certification and traceability programme covering coffee and expanding into other commodities such as cocoa, tea, palm oil and soy.

[www.utzcertified.org](http://www.utzcertified.org)

6. Rather than looking at reasons why fair trade products can not be bought, by taking a positive attitude you will find that fairly traded products can be easily sourced, introduced and accepted.

### **FairTrade and the Rainforest Alliance Standards**

7. The Fairtrade standards include environmental requirements such as avoiding certain banned agrochemicals, managing erosion, boosting soil fertility. Likewise, the Rainforest Alliance standards include social requirements such as non-discrimination in hiring practices and workers receiving the at least the legal minimum wage or the regional average wage.
8. In short, both schemes have developed a wholly sustainable model, covering the financial, social and environmental aspects.
9. Both Fairtrade and the Rainforest Alliance standards require that child labour is not employed and that the International Labour Organisation standards are being adhered to.
10. A product can bear the Rainforest Alliance mark with only 30% certified product. Rainforest Alliance focuses on environmental and sustainability factors. Working conditions are also included, but there is no aim to change the trading system; any increases in the price paid to the grower for the products come as the result of growing a better quality crop.
11. Fairtrade is the only mark that guarantees a minimum price paid to farmers for their products. From the research undertaken, it is clear how important this is. Fair trade is about the deal for the farmers and ensuring that the unfair trade system is reversed so that farmers can work their way out of poverty. Environmental benefits mainly come as a result of the empowerment and protection of the workers – e.g. reductions in chemical usage, reduction in deforestation as current crops are financially viable.

## Annex B

### [Fair trade Directory in Edinburgh](#)

