



**World Fair Trade Organization Europe (WFTO-Europe)**

Rue Washington 40, 1050 Brussels

RPM Région Bruxelles Capitale, 888.374.005

Website: [www.wfto-europe.org](http://www.wfto-europe.org)

Phone: (0)2 640 63 86

Transparency Register ID: 452862736936-07

**WFTO-Europe Feedback to the  
*Draft revised Horizontal Block Exemption Regulations and Horizontal Guidelines***

Brussels, 26th April 2022

WFTO-Europe warmly welcomes the introduction of a stand-alone chapter on Horizontal Sustainability Agreements (chapter 9) as part of the draft revised Horizontal Block Exemption Regulations and Horizontal Guidelines. This is an important step by the European Commission, and we invite the EC to go much further along this path to ensure that EU Competition Law does not hinder sustainability initiatives, especially those that are made possible or feasible through certain extents of collaboration between companies - so long as the purpose remains to ensure or improve sustainability of production and consumption.

First and foremost, it is vital that the EC recognises sustainability as a holistic concept, encompassing both social (labour and human rights) as well as environmental aspects. This is already an explicit part of the sustainability chapter, but the EC must be diligent in applying both sides of sustainability throughout its policies and regulations, in particular by recognising and addressing the tendency to a clear environmental bias. Including explicit mention of “payment of living wages and enabling living incomes for farmers via payment of prices allowing sustainable production” as part of the social aspects in all relevant parts of the guidelines would be a concrete first step. Similarly, including examples that also cover social sustainability in the guidelines would be another important step that would help avoid the bias of equating sustainability with being green only.

We also emphasise that the EC is right to endorse Collective Benefits and dedicates a subchapter to them, but we urge the EC to be consistent and take collective benefits much more seriously. Such benefits must be factored in when assessing sustainability initiatives along horizontal agreements, especially by careful consideration of the significance to consumers - as well as society at large - of collective benefits, e.g. when they help prevent environmental degradation, and ensure poverty alleviation. The risk of not factoring in these collective benefits would be significant drops in availability of products as a direct result of environmental degradation, deforestation and/or climate change, which would have a significant, negative impact on prices for consumers as well. This is a dire risk for products like coffee and bananas, and for products like textiles, garments, and chocolate, this risk similarly exists for social reasons, namely that when producers are kept in perpetuate poverty they cannot - or at some point will not - keep producing when not being paid wages or ensured incomes that enable them to make a living.



**World Fair Trade Organization Europe (WFTO-Europe)**

Rue Washington 40, 1050 Brussels  
RPM Région Bruxelles Capitale, 888.374.005  
Website: [www.wfto-europe.org](http://www.wfto-europe.org)  
Phone: (0)2 640 63 86  
Transparency Register ID: 452862736936-07

On this point in particular, we point the EC's attention to the fact that ensuring living wages and living incomes is perfectly feasible without any (or without any significant) increase in retail prices (for consumers). The low prices and wages paid to producers and farmers stem almost exclusively from dominant business practices for maximising the profit margin - as is outlined in a Fair Wear study, sustainability is perfectly feasible without price escalation along the supply chain if supply chains are managed differently.

Please see: <https://api.fairwear.org/wp-content/uploads/2016/06/ClimbingtheLadderReport.pdf>

Internal experience of the WFTO confirms this and we point the EC's attention to our members' - and the broader Fair Trade movement's - practices that ensure social and environmental sustainability in production while remaining economically viable even in the current market dominated by unfair competition as mainstream companies can compete without factoring so-called "externalities" like environmental and social concerns into their prices, their purchasing practices and supply chain management.

Finally, we point you to the joint letter of our partner, the Fair Trade Advocacy Office, together with the European Brands Association (AIM) and the Fair Wear Foundation, which can be found here: [Joint-letter-on-competition-law-and-social-sustainability.pdf \(fairtrade-advocacy.org\)](http://fairtrade-advocacy.org/joint-letter-on-competition-law-and-social-sustainability.pdf)

*The WFTO-Europe is the European branch of the World Fair Trade Organization (WFTO), representing more than 100 European members, among them Fair Trade Enterprises, Fair Trade networks and Fair Trade support organizations. We implement our Guarantee System and offer the WFTO label to assure that Fair Trade is implemented in the whole supply chain and within the business practices of our members, who are all mission-led social enterprises with built-in purposes for benefiting people and planet [https://wfto-europe.org/](http://wfto-europe.org/).*