

**Alliance for Artisan Enterprise Corporate Council**  
**State Department: June 10, 2013**

Notes

**INTRODUCTION**

Sharon Wiener, Acting Ambassador at Large for Global Women's issues, opened the meeting by thanking everyone in attendance for coming together to begin this dialogue. She emphasized that the Department of State was hosting this event in recognition of the critical perspective that the private sector has to offer in its understanding of the specific challenges and successes it has encountered in growing the value chain for artisan-made products. Opening remarks were also given by Karen Gibbs, who summarized the Alliance's mission, goals, membership and activities, as well as outlining the upcoming Alliance events and meetings.

**PRESENTATIONS AND ROUNDTABLE DISCUSSION**

Jim Brett, President of west elm, presented an overview of his company's commitment to offering artisan-made products as well as building and sustaining profitable businesses. He explained that west elm's goal is to create products that connect artisans, makers, and the traditions of craft with new customers and markets. Currently 20 percent of west elm's products are artisan-made, and he expects that figure to increase year over year.

Jean Johnson of SERVV then reviewed the various fair trade certification systems as presented at the recent World Fair Trade Organization meeting in Rio De Janeiro. She clarified that at present the most relevant for handcraft processes are the Ecocert, IMO and WFTO systems, as other systems primarily focus on the certification of commodity products.

**BREAKOUT SESSIONS**

During the break-out group session challenges, potential solutions, and potential next steps were discussed in regards to the following four areas: Policy and Public Sector Engagement, Connecting Artisans and Retailers/Brands, Developing a Verification Process, and Growing Supply Chains. These are the challenges, potential solutions, and potential next steps that were identified by each group:

**I. Policy and Public Sector Engagement**

Challenges:

- The main challenges of international policy relate back to a lack of knowledge surrounding customs rules. Producers must bear the costs that come along with not knowing customs rules. Artisans need to be educated on the requirements for customs and international shipping.
- Information on regulations for international trade is not easily accessible and understandable for all actors in the supply chain.

### Potential Solutions:

- Establish an advocate in each country who has a deep understanding of the rules and regulations of international fair trade and who can serve as a point of reference for artisan producers, customs, and countries of destination alike.
- Determine best practices and start focusing on a small set of countries (e.g., 5 countries) in which to change policies in order to ensure effective change.
- Find a way to work with the governments to decrease the cost of production (for example, get rid of inbound duties for materials that don't already exist in the country).
- Create a group shipping system where producers can share containers to save money. A potential issue would be certification and compliance of all those sharing the containers.
- Simplify fair trade agreements through advocacy from the US government to foreign governments on the advantages of trade within the handcraft sector.
- Simplify shipping rules and communicate them well to all involved.
- Create a global index that shows the quantifiable benefits of artisanal trade.

### Potential Next Steps:

- Target countries that have been successful and countries that have been unsuccessful with implementing policy and growing public sector engagement. Use these countries as models.
- Create a harmonization of key compliance areas across countries. Simplify customs regulations and reduce the number of steps that must be taken as well as the number of actors that need to be certified.
- Include ministers of trade and high-level policymakers in future Alliance meetings in order to foster their understanding of the challenges that artisans face and the steps that can be taken by the government on the policy level.

## **II. Connecting Artisans and Retailers/Brands**

### Challenges:

- Artisans need to work on their diversity and on having a consistent high quality of products.
- Bringing high end artisans to market and financing the controls of the product, such as quality, design, and supply chain processes.
- There is no central market for ideas, goods, and currency to be exchanged. Having this crossover between art and commerce would be helpful.

### Potential Solutions:

- Establish local representation at the artisan level to oversee quality, design and inventory control. This would be a way of "trouble shooting" and interacting with the artisans.
- Educate artisans on how to produce a better quality product and share artisan stories with consumers in order to help them understand artisan products.

- Get more facts about industries to raise substantial capital. We need to develop rules and an amount of capital that matches quality control as well as expectations and knowledge. We should provide training, certification, and education based off of these rules.

#### Potential Next Steps:

- Establish State Department representatives in each country to help facilitate artisans and sourcing.
- Create a coalition that brings microfinance together with Alliance for Artisan Enterprise resources.
- Identify key aggregators in every region.

### **III. Developing a Verification Process**

#### Challenges:

- There is no clear definition of what it means to be artisan made. There needs to be a standard that has to be met, but the branding process also has to be done in a way that preserves the individual artisans' stories and the uniqueness of handmade products. Validation must be unique.
- Need to concentrate on fair treatment of artisans and minimizing the burden placed on producers. This can be done in part by creating transparency throughout the supply chains.

#### Potential Solutions:

- Develop a clear and concrete vocabulary around the definition of what it means to be artisan made. Create a campaign to educate producers on this new vocabulary.
- Balance the representation between artisans and consumers.

#### Potential Next Steps:

- Establish a definition as to what artisan products are (and are not), and then educate producers using this new language.
- Research what vocabulary resonates with the consumers and use it to educate them on artisan products.
- Start creating trend reports and tracking in-country convenings as the verification process is pilot tested.

### **IV. Growing Supply Chains**

#### Challenges:

- Stress the importance of locally sourced materials and create awareness of this importance amongst buyers, retailers and producers. Also look at the importance of specifically all-women made products.

- Developing micro-financing for funding, as pre-payment is not common, and work on lowering prices for retailers.

Potential solutions:

- Create a network of suppliers and maintain transparency throughout the supply chain.
- Preserve artisans' unique techniques and work this uniqueness into the certification process.

Potential next steps:

- Assist artisan groups in creating a diverse selection of crafts in order to support higher end products. Build collaborative relationships to help these groups build year-round production.
- Create a network of intermediaries that have country-specific expertise