



## World Export Development Forum (WEDF), 8 – 11 October 2008

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### SESSION SUMMARY: Saturday, 11 October 2008

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#### Plenary Brainstorming

#### **Embracing Consumer Conscience: A Strategic Approach to Export Development**

##### SPEAKERS:

Grant Aldonas, Split Rock International, USA

Stephen Browne, Deputy Executive Director, ITC

Hans Peter Egler, Head, Trade and Clean Technology Cooperation Development, SECO, Switzerland

Ricardo Estrada Estrada, Ecuador Export Corporation-CORPEI

MODERATOR: Samira Ahmed

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#### **Getting Practical about Ethical Exports**

Moderator Ahmed asked the panellists: how can we pull together the ideas of ethical trading into a practical strategy?

“We are specifically targeting ethical niche markets,” said Ricardo Estrada Estrada. In this context, he listed elements that the government of Ecuador and CORPEI would like to see included in the National Export Strategy process soon to be started by ITC in the country. These included:

- Value chain analysis to see where national producers need to comply with market requirements and ethical trade principles -- creating better-paid jobs, more jobs for women, production of organic foods, reducing CO2 emissions, minimizing water consumption and ethical certification.
- Promoting an inclusive business model, with companies that act as anchors in a systematic manner, focusing all trade activity.
- Consolidating SMEs into associations, to promote economies of scale and enable them to reach export markets more easily as well as lower the cost of certifications.
- Creation of a complementary public policy, including access to financial instruments, tax breaks, encouragement of local and foreign investment and development of a national export brand, both for goods and the country as a whole.
- Identifying supportive trade institutions and tapping them to identify niches, analyze companies' growth potential, track demand to ensure that supply does not outstrip it and promote international safety standards.



- Education of children in the concepts of sustainability and ethical trade from the youngest age.

Grant Aldonas offered the perspective of an export consulting company. He said there has been a populist backlash against trade and globalization, a development that has made it vital to show people trade can be ethical. As a result, supply and value chains have to be emphasized rather than importing-country benefits. Importers and multinational corporations in the world today draw their goods from a much larger array of sources, often as components for products to be assembled elsewhere and are serving far more diversified markets. In this environment, he explained, “tariffs are often less of a barrier to trade than standards.”

A “supply chain map”, he said, is a practical tool. It draws a comprehensive picture of trade transactions that identifies the stakeholders, what their institutional affiliations and requirements are, and where barriers exist. “It shows where to intervene to have the greatest impact and can connect producers to markets,” Aldonas said.

Hans Peter Egler of Switzerland described the goals of donor institutions in promoting sustainable and ethical trade patterns. On the one hand, said Egler, it is important to address the needs of the producers and their countries of origin, in particular through support for SMEs in fulfilling standards requirements, in developing local and independent certifying organizations and in analysing the value chain in a more holistic and systematic manner. On the other hand, stakeholders in developed countries -- from NGOs and government officials to schoolchildren -- must be educated on the issues involved.

“There must be a democratization of the way that standards are set,” he argued. This would mean incorporating the views of all stakeholders in the process from multi-national corporations and international organizations to NGOs in both North and South and the SMEs in the developing countries.

Stephen Browne of ITC argued that trade ethics must be considered on both the macro- and micro-levels. On the macro-level, he argued, the trade system is over-regulated in comparison to the under-regulated international financial system. But this did not mean the trade system is necessarily more ethical, given its failure so far to bring much benefit to the South. The Doha round, he said, was supposed to address the concerns of developing countries, which the previous eight rounds of global trade negotiations had largely failed to do.

On the micro-level, the ITC has developed a list of 10 propositions for ethical exporting. Regarding developing countries, the list includes focusing on profitable SMEs; non-discriminatory and non-exploitive production systems; new-job creation with particular emphasis on those for women; sustainable production methods; and promoting the interdependence and complementarity of SMEs on a regional basis.

In developed countries, ITC advocates promotion of trade that responds to the preferences of the conscientious consumer, is compatible with food security goals, links multinational corporations with SMEs in developing countries and that promotes the inter-dependence of the trading nations of the South.

“Consumer conscience is something of a Northern concept but there is no reason that it should remain so forever,” declared Brown.