

WORLD EXPORT DEVELOPMENT FORUM – W·E·D·F 2008

BREAKOUT SERIES 3: ETHICS THROUGH WHOSE EYES? DEALING WITH LABEL AND CERTIFICATION PROLIFERATION

The Issue:

A growing multi-billion Euro market for organic and fair trade products indicates that conscientious consumers are prepared to pay premium prices for environmentally and socially preferred production methods. The way to attract these premium-paying, conscientious consumers is straightforward: use a label to highlight a product's environmental and social merits. However, understanding and complying with labelling regulations can be anything but straightforward.

This is especially true when producers and exporters must conform to often different labelling regulations in each export market. Not all standards are created equal, and buyers tend to have their own views as to what should qualify as "ethical." For example, a tomato may qualify as "organic" through the eyes of country A, but not country B.

This creates a dilemma for producers in developing countries. On the one hand, dealing with widespread labelling requirements can be confusing and costly. On the other, producers and exporters cannot access conscientious consumers if their products do not have the necessary "seal of approval." To add to the dilemma, there are many labels and standards available, both public and private. In addition to organic and fair trade also, for example, GlobalGap, ISO, Rainforest Alliance, SA8000, ETI and Utz. Given this state of affairs, how do producers choose the right standard?

The Proposition:

Is the best way to deal with label proliferation to de-clutter the system? If there were global standards that trumped all other labels, label proliferation would no longer cause confusion for producers, exporters, and even consumers. In essence, countries or standards bodies could unite and share a common viewpoint towards labelling regulations instead of each addressing ethical issues through their own eyes.

Granted, this system has its problems. For example, conscientious consumers may differ on what they perceive as 'ethical' from one country to another. Further, the conditions of production that are acceptable in one country may not be in another. However, a global standard could guarantee an agreed minimum standard for all.

Focus of the debate:

The debate will address the following questions:

1. Who are the current standard-setters and from whom do they receive their legitimacy?
2. Has the explosion of "ethical" labelling standards impacted producers and exporters in developing countries? What is the most appropriate way for them to respond?
3. Should the thrust be on the establishment of globally acceptable guidelines? If so, who should administer such a system?