

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

PLENARY: ETHICAL TRADE: DOES IT COME AT A DEVELOPMENTAL COST?

The Issue:

Ethical trade is based on solidarity and is dedicated to fostering development. It balances commercial trading interests with development interests to reduce poverty, gender inequality and environmental damage. The private sector's ethical trade initiatives serve as real life cases for policy makers to further develop the open, rule-based, predictable and non-discriminatory trading system the world has set out to achieve in its Millennium Goals. However, the analysis of developmental benefits and developmental costs of ethical trade for the different players in global value chains has yet to be completed. Ethical trade has not yet proven to be the ultimate answer for trade's contribution to sustainable development. Or has it?

The Proposition:

World trade is growing exponentially, though economic growth varies in different regions. At the same time, poverty gaps are increasing at an accelerating pace within and among countries. The world struggles with the food crisis and with climate change. Civil unrest and armed violence are daily news in many parts of the world.

At the Millennium Summit in 2000, world leaders committed to a global partnership for development between the North and the South. In eight "Millennium Development Goals" they formulated concrete targets to reduce extreme poverty, hunger, major inequalities and related global ills to be achieved by 2015.

For many people, their poverty is rooted in their inability to trade. Employment creation and income generation through trade have proven essential for achieving and sustaining development. The "forgotten" Millennium Goal 8 provides a "To do" list to make the global partnership between the North and the South work for development: Trade and private sector involvement are seen as key for reaching all the other anti-poverty goals. And yet a recent UN report singles out aid and trade as those areas showing the most critical gaps in international follow-through to the Millennium Goals at their mid-point in 2008. What are the developmental dividends, and what the developmental costs associated with ethical trade? How do trade policy makers reflect ethical trade experiences in their development strategies?

Responding to the rise of conscientious consumerism, a significant number of world market trends benefit from the influence of ethical trade, from haute-couture fashion to T-shirts, from organic food to cut flowers and ecological tourism. As middle and high-income consumers in the North are found willing to pay a premium for goods associated with "fair" and "ethical" practices, ethical trade markets become increasingly lucrative. In short, ethical trade has become trend-setting for sectors, which in many respects are fundamental to our basic needs. It should follow therefore that the benefits to society will cascade in an unprecedented manner as this phenomenon spreads through all walks of life.

Focus of the debate:

The debate will address the following questions:

1. Does ethical trade set a model for the "*Global partnership for development*" between the North and the South? Is it a Millennium dream or a workable solution?
2. Does trade require a framework to be ethical? How should the "rules of the game" be shaped to achieve the desired outcome?
3. Who foots which ethical bill along the global value chains?
4. What is required from policy makers and the private sector in the North and the South to ensure that the benefits of ethical trade for the world's poorest outweigh its developmental costs? Which lessons need to be remembered so that trade can work to its full potential as a route out of poverty?