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CHARTING THE WAY FORWARD ON ETHICAL TRADE

Even if the global financial crisis ends up slashing economic growth, the market for ethical goods is likely to remain more buoyant than for traditional products, Patricia R. Francis, the Executive Director of the International Trade Centre (ITC), predicted Saturday.

While ethical goods are still a niche market, accounting for only a small proportion of world trade, studies have shown that the market has been growing faster than other sectors of the economy.

"If the financial market quashes growth, there will remain opportunities. The ethical market is growing faster than the overall economy," Francis told trade specialists at the closing session of the 10th ITC World Export Development Forum.

The three-day conference, the flagship event of the Geneva-based ITC, took as its theme: "Consumer Conscience: How Environment and Ethics are influencing Exports."

The conference heard that transparency is vital to consumer confidence in the North, where technology and the media are driving awareness of ethical issues. Consumers in the South are still motivated mainly by cost and brands, but the growth of ethical and environmental awareness is "only a matter of time," she said.

Francis reported that one conclusion from the debates is that in order to boost market share for ethical goods from developing countries, it is necessary to look at the global supply chain and see where it touches, or can touch, on local supply capacity and adjust business strategies accordingly. "This is the only way we [in developing and transition economies] are going to get market share," she said.

The conference heard numerous examples of how this can be done successfully in many commercial sectors, she reminded the invited group of export strategy makers, trade support officials and business leaders. "Telling our stories is important in getting our message across," she noted.

In this the forum had shown itself useful to numerous participants. "We have opened eyes to some of the opportunities that exist," she said.

Another conclusion is that innovation is of paramount importance. But too often developing country producers run into market barriers caused by quality and other standards, mainly laid down by rich countries, Ms Francis observed.



Privately set standards, in particular, are “driving developing countries crazy,” she said. Too often these standards are simply devices aimed at protecting the brands of corporations from the industrialized world.

Developing countries “have to become more engaged” in making sure their voices are at the table when standards are being set, she said. There is a role for the ITC as an honest broker at the table, she added.

Developing countries should become more involved in setting their own standards. But at the same time, they should see money spent on meeting international standards as not just a cost, but also as an investment in quality improvement and in the development of human resources, she noted.

Francis said that the ITC hopes to maintain debate on some of the issues raised at the conference through an online forum. “This is just the beginning of a process for us. We would like you to continue to be engaged with us,” she said.

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