

STATEMENT BY IATP

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It is often stated that trade has the potential to positively contribute to poverty alleviation, to sustainable development and to achieving the Millennium Development Goals. Experience has shown, however, that if not carried out in a fair and responsible manner, trade can, in fact, exacerbate poverty and inequality, undermine sustainable development and food security, and negatively impact local cultures and vital natural resources. Trade should not be seen as an end in itself but as a means to sustainable development.

We, members of the international Fair Trade movement and our allies, believe that in order to overcome the structural inequalities in international trade and finance policies, UNCTAD must reinforce its position as a UN agency, independent of the Bretton Woods Institutions. Its central focus should be the evaluation and promotion of policies to ensure that trade does, in practice, lead to sustainable development. UNCTAD should not be transformed into a technical assistance agency, existing merely to assist developing countries promote foreign investment and fulfil their commitments to the WTO and to other international financial institutions.

On the occasion of the UNCTAD XI Conference in São Paulo Brazil, we offer concrete proposals to UNCTAD member governments and other international organizations. The implementation of these proposals would contribute greatly to the promotion of a global trading system that truly works for poverty reduction and sustainable development.

Introducing Fair Trade

For more than forty years, the Fair Trade movement has demonstrated that trade can make a sustainable and significant contribution to improving the lives of producers and workers while protecting natural resources and the environment. From modest beginnings we have developed into a global network, bringing together several hundreds of thousands of small-scale producers and workers on plantations and in factories, thousands of trading and retail companies, NGOs and labelling organizations into an organized trading system reaching tens of millions of consumers.

Fair Trade is a trading partnership based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers - especially in the South. Fair Trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.¹

At present, the vast majority of businesses do not internalize the costs of their social and environmental impacts. By contrast, the Fair Trade movement believes that in order for trade to be sustainable, and not to distort markets, the full social, environmental and economic costs of goods and services must be taken into account. While many governments and international bodies quote the rhetoric of sustainability, Fair Trade organisations have the experience of how to make this a reality.

Millions of people in 48 countries of Latin America, Africa and Asia benefit from Fair Trade relationships. In 2002, worldwide sales of Fair Trade products were estimated at over US\$400 million and the market is growing rapidly.² International sales grew in 2003 by an average of 43%, including

¹ Definition of Fair Trade developed by FINE: the Fairtrade Labelling Organizations International (FLO-I), the International Federation for Alternative Trade (IFAT), Network of European World Shops (NEWS!) and the European Fair Trade Association (EFTA). Fair Trade operates according to a set of Fair Trade criteria, including the requirement of a minimum price that covers at least the costs of production and a living wage, among other things. Visit www.fairtrade.net or www.ifat.org for more information on Fair Trade criteria

² Figures from the Fairtrade Labeling Organizations International (FLO)

61 % growth in the UK, 81 % in France and 400% in Italy. In the US, sales of Fairtrade certified coffee grew 93% in 2003.

Producers, consumers and businesses are key to the success of Fair Trade, but governments and international institutions also have a critical role to play. True progress requires that the promotion of Fair Trade is carried out hand in hand with efforts to overcome structural inequalities in international trade and finance policies. Recognition of the right to food sovereignty, improved market access with remunerative prices for small producers, stable commodity prices, strengthening of regional agricultural zones as well as overcoming the debt and financial crises are some of the burning issues which need to be addressed.

Fair Trade demands to UNCTAD

1. Fair Trade producers, organizations and businesses have first-hand experience of the impact of the crash in commodity prices and have been in the forefront of providing solutions through technical support and a fair price to producers. Fair Trade is based upon principles of participation, fairness and equity in each daily transaction. In order to help overcome the structural inequities in the international trading system, we call on UNCTAD member governments to:

- Reassert UNCTAD's role and leadership in the creation and management of multilateral mechanisms which will regulate world commodity markets, and foster greater stability and fair prices for farmers who make up more than half the world's population.
- Promote the right of all countries, especially poorer countries, to promote food sovereignty and to protect and support vulnerable or emerging producer groups and economic sectors
- Promote South-South cooperation, especially in the area of information technology and biotechnology in order to bridge the information and technology divide.
- Ensure that civil society organizations and producer groups are fully involved in the establishment and implementation of such mechanisms.

2. As a movement concerned with supporting marginalized producers and workers in the south, we call on UNCTAD member governments to:

- Conduct research on the impact of mainstream trade (trade policy and corporate activity) and on the impact of Fair Trade on poor and marginalised groups in the South.
- Address the impact of regional and bilateral trade agreements on small producers and on poor and marginalised groups in developing countries.
- Strengthen the participation of small and medium sized enterprises in the policy making process by providing capacity building assistance and bolstering regional coalitions and partnerships.
- Support the creation of small-scale producer credit and loan guarantee programs, along with business support services for producer organisations.

3. Given Fair Trade's proven track record of using trade as a tool to promote sustainable and equitable development we call on UNCTAD member governments to take into account the experience and lessons of Fair Trade in the following ways:

- Design programs to integrate Fair Trade into ongoing UNCTAD activities that seek to increase producer access to certification programs, information, technical assistance and Fair Trade markets in the North.
- Raise awareness among its members, both in the north and south, about the economic development and market opportunities that Fair Trade provides.
- Encourage and develop partnerships with the private sector, civil society and producer groups which encourage ethical sourcing practices and Fair Trade consumer education.
- Recognize the Fair Trade movement's definition of Fair Trade (see footnote 1).
- Implement and promote Fair Trade and other ethical purchasing programs in UNCTAD offices and among member governments and other UN agencies.