

MP BRIEFING

SHOW YOUR HAND: MAKE TRADE FAIR

SUMMARY

The Fairtrade Foundation is launching the Show Your Hand: Make Trade Fair campaign in the run-up to the adoption of new UN Sustainable Development Goals (SDGs).

Trade is a powerful way to boost income and tackle poverty. But we are concerned that government policy is not joined up. Trade and development policies often work against each other and farmers and workers in poorer countries can lose out.

The adoption of the SDGs is a unique opportunity – making the UK's trade policy work better for the poor could transform the lives of millions around the world.

THE ISSUE:

Incoherence between the UK government's trade and sustainable development policies risks damage to the poorest.

The UK has courageously championed the protection of aid spending and is taking a leading role in developing the new SDGs. It sees trade as an important part of tackling global poverty.

We agree that global trade is a powerful way to reduce poverty, if managed in the right way. But the rules of the game must be fair ones if farmers and workers themselves are to benefit. And the rhetoric too often fails to match reality – the benefits of international trade often do not reach those at the bottom of supply chains. When trade policy goes wrong, it can seriously hinder vulnerable producers from accessing markets and can reverse progress made in reducing poverty.

- Proposed changes to EU organic standards could hike up costs for many coffee and banana farmers. Many Fairtrade farmers have invested in organic farming, in order to sell to this key market. Changes to standards for organic imports would add considerably to the costs for smallholder farmers in developing countries like Kenya, Uganda, the Dominican Republic and Honduras, without significant consumer benefit.
- Changes to the Common Agricultural Policy risk pushing 200,000 farmers and workers from ACP countries into poverty, as they lose out to subsidised European sugar beet producers.¹ The EU has encouraged sugar cane production by vulnerable smallholder farmers over the past decade, but viable market access for the same farmers is now being lost.
- Power struggles between the EU and East African governments over a new Economic Partnership Agreement in 2014 threatened the employment of 500,000 people dependent on the Kenyan flower industry.² When negotiations failed to reach a conclusion, the EU imposed import tariffs on Kenya, costing Kenya's cut flower industry an estimated £640,000 per month until agreement was reached.
- Analysis of the forthcoming Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US suggests it could cost some of the world's poorest countries dear. While predictions vary, some experts estimate possible losses to Côte d'Ivoire of £1.28 billion and Bangladesh £2.21 billion.³ It is not clear that the implications for poorer countries are being properly considered.

¹ *Sugar Crash: How EU reform is endangering the livelihoods of small farmers* (2015) Fairtrade Foundation

² 500,000 people dependent on the Kenyan floriculture industry, including 90,000 direct employees – source: Kenya Flower Council website

³ Felbermayr et al (2013) *Transatlantic Trade and Investment Partnership (TTIP): Who benefits from a free trade deal?*, estimate per capita income drops of 6.4 percent for Côte d'Ivoire, 3.3 percent for Ethiopia, and 2.3 percent for Bangladesh in some TTIP scenarios. Loss figures are calculated against World Bank 2013 data on GDP and population

THE SOLUTION:

Joined-up thinking that properly considers the impact on the poorest farmers and workers.

Trade with poor countries is profoundly affected by UK and EU policy decisions on agriculture, food, business and international development. DfID, BIS, the FCO, DEFRA and other departments need to work together, putting the impact of trade policy on the poorest first. Decisions at EU level are extremely important, since many trade-related policies are an EU competence.

For the UK to deliver on its commitment to the SDGs, trade, food, international development and business policy need to work together in support of poverty reduction, human rights and the environment. We need to stop giving with one hand and taking with the other.

SHOW YOUR HAND: MAKE TRADE FAIR

The adoption of the SDGs is a unique opportunity – making the UK's trade policy work better for the poor could transform the lives of millions around the world. We are calling on the Prime Minister to show his hand and make trade fair:

- **Ambitious pro-poor trade SDGs:** To back ambitious pro-poor SDGs on trade, demanding indicators that drive fair and sustainable trade for poor communities – not just trade for its own sake.
- **Joined-up government:** To make sure that the whole government works better together to deliver poverty reduction through trade – a positive impact on sustainable development must be the top shared priority for the UK's trade goals.
- **Impact assessment:** To ensure that comprehensive assessments are made of the likely impact of trade decisions on poor communities, the risks of damage to livelihoods and how positive outcomes can be ensured.
- **Proper adjustment support:** To ensure that farmers and workers affected by changes to trade regimes receive proper support to help them adjust.
- **Fair EU trade policy:** To use the UK's influence to ensure that the EU's trade decisions deliver fair outcomes for farmers and workers in developing countries.

How can MPs support the Show Your Hand campaign?

Members of Parliament will be asked by Fairtrade supporters to consider writing to the Prime Minister in support of the campaign. We are raising the matter with the Prime Minister, because influence over trade-related policy lies with at least four ministries – DfID, DEFRA, BIS and the FCO – and success will require strong leadership across government.

Who we are

The Fairtrade Foundation oversees the use of the FAIRTRADE Mark in the UK. In 2014, sales of Fairtrade products in the UK reached £1.67 billion, including bananas, coffee and cocoa. There are over 1.5 million farmers and workers around the world working in the Fairtrade system, and over 1600 Fairtrade Schools and 600 Fairtrade Towns across England, Wales, Scotland and Northern Ireland.

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