



CORPORATE SOCIAL RESPONSIBILITY & FAIR TRADE:
Marooned at the margins or moving towards the mainstream

Overview of Trends & Definitions

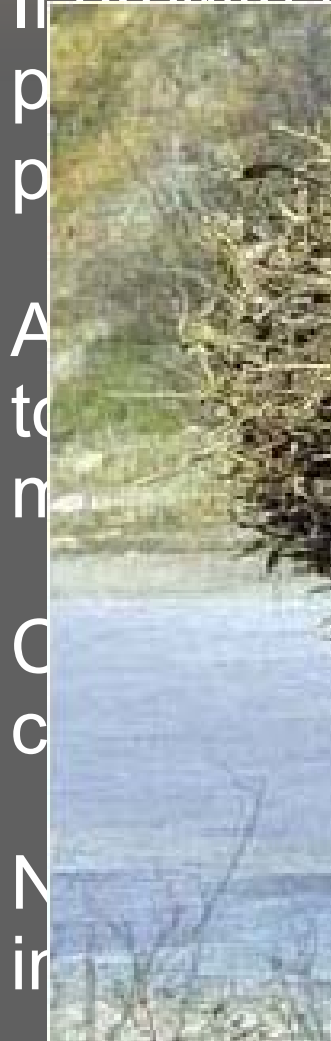
Daniele Giovannucci, consultant

European Commission regional workshop

“Sustainable Development and Regional Trade Agreements”

Why fair-ethical trade standards?

⇒ If growth is to improve rather than worsen rural



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The Markets for Sustainability

- Fair trade
- Organic
- Eco-friendly
- CSR
- Multi-stakeholder or sectoral industry standards
 - EUREP, Sustainable Agriculture Initiative, Utz Kapeh, Comon Code for Coffee, Ethical Trading Initiative, SA 8000...
- Private standards

Defining Popular Process Standards

- ⇒ **Fair Trade** - develops direct relationships between a trader and smallholder cooperatives that provides them with an equitable price and relationship (pre-financing, term contracts, etc.)
- ⇒ **Organic** - criteria include soil health practices and absence of synthetic agrochemicals
- ⇒ **Eco-friendly or Shade** - criteria for conserving/creating biodiversity as well as soil and water conservation
- ⇒ **CSR** – *Actions company takes to be better citizen. Range from greening (energy, pollution,...) to better labor relations, to sourcing guidelines & a range of processes in between*

NON SEQUITUR

Y'KNOW, THERE WAS A TIME WHEN CORPORATE RESPONSIBILITY MEANT HAVING THE DECENCY TO JUMP OUT OF A WINDOW WHEN YOU GOT CAUGHT



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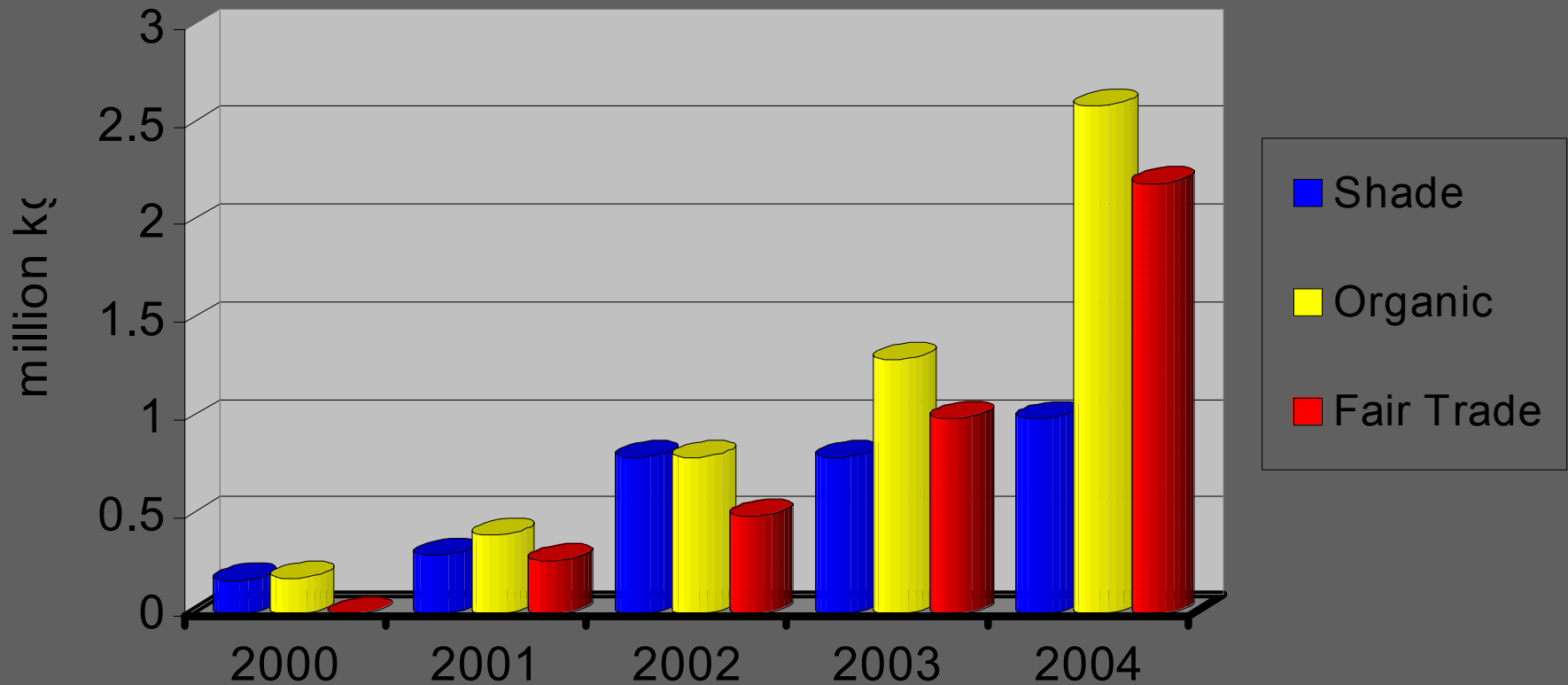
THE BUSINESS FUNDAMENTALIST

Trend Shifts

- ⇒ Major buyers shift from disinterest in the 80-90s... concern at turn of century to development now... 2 reasons
- ⇒ From Chiquita, to Ahold, to GAP - sustainability standards are hot for today's mainstream market leaders.



Starbucks & Sustainable Purchasing

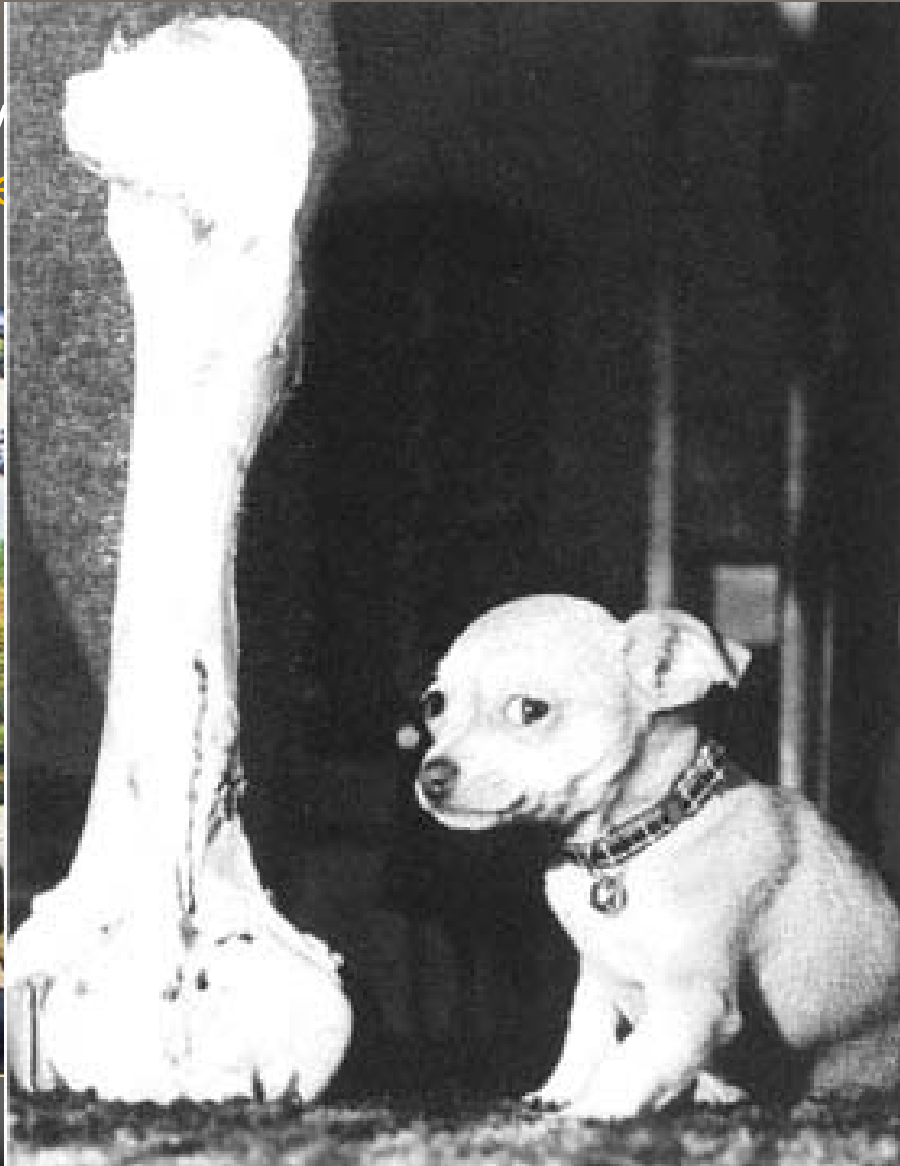
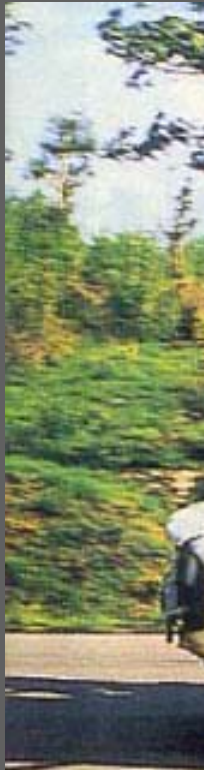


Source: *Giovannucci & Starbucks CSR Reports*

Supply - Demand outlook

⇒ Supply
...but like

players enter



Paradigm shift

- ⇒ Shifting regulatory, business, and consumer environments are inducing fundamental changes in the global trade regime that increase the demand for standards ...

... profound implications & not only for small producers or enterprises

- ⇒ How do RTAs integrate these changes so as to foster & not hinder? Private roles; public slow but necessary; institutions are key; certification;...

Public Standards: the dark side

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KEY POINTS

- ⇒ Although small: fast growth and considerable impact with important benefits beyond economics
- ⇒ Align with new demands of business
- ⇒ Their market structures are fragile & susceptible to giants especially when there is confusion about initiatives
- ⇒ Left only to markets, “equitable” prices tend not to value the processes

Sustainability Challenges

- **Lack of knowledge** about what sustainability is and confusion between sustainability initiatives
- **Limited markets**
- Costs of sustainable practices are still **externalized** do not **value the process**
- Operate as **barriers** (supply chain standards) - producers lack access & knowledge
- **Institutional failure** at both public and private levels

For more info....

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Value of sustainability is beyond the \$... participants benefit from:

- ⇒ Social cohesion communities & better use of resources
- ⇒ Drought resistance & Erosion reduction
- ⇒ Protecting clean water sources
- ⇒ More rational agrochemical use = health benefits
- ⇒ Lower production risks - but higher compliance costs

Public and Private Institutions

play a key role in:

- supporting the organization & interests of small producers who are otherwise unable to negotiate/compete
- providing effective technical assistance, market information, research, and extension to growers
- facilitating partnerships and alliances between local and foreign

Sustainable Coffee Partnership: Objectives

- Learning and information exchange
 - research and pilot projects
 - policy instruments
 - Transparency of costs, benefits, and impacts
- Generating learning and resources for promoting and implementing sustainability at global level
- Open to all - responsive to producer and industry needs

¿Cuántas veces subió el precio de 126?

