



DELIVERING THE SUSTAINABLE DEVELOPMENT GOALS THROUGH TRADE – A FIVE-POINT AGENDA FOR POLICY COHERENCE

**A Fairtrade Australia New Zealand
policy paper**

September 2015

Acronyms and abbreviations

AfT	Aid for Trade
CAP	Common Agricultural Policy
EU	European Union
PCD	Policy coherence for development
PGD	Policy for Global Development
SDGs	Sustainable Development Goals
WTO	World Trade Organization

ACKNOWLEDGMENTS

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The contents of this paper are the sole responsibility of Fairtrade Australia New Zealand and do not necessarily reflect the views of individuals and organisations consulted.

DELIVERING THE SUSTAINABLE DEVELOPMENT GOALS THROUGH TRADE – A FIVE-POINT AGENDA FOR POLICY COHERENCE

World governments are looking to trade as a driver of economic growth and poverty reduction, which is why trade is central to the Sustainable Development Goals (SDGs) – the new global poverty reduction and sustainability framework to be adopted in September 2015 by the international community.

For 25 years Fairtrade has demonstrated dramatic pro-poor impacts when markets are informed, supply chains are transparent and held to high standards, and producers and workers are empowered to define their own futures.

But trade can also be a blunt tool that can harm, as well as help, poverty reduction. Government trade policy must be harmonised, or the needs of poor people are easily undermined. Fairtrade Australia New Zealand (ANZ) believes that for action on trade to genuinely support the ambition of the SDGs, the following approach is needed from the Australian and New Zealand governments:

1

PRO-POOR TRADE SDGs:

To ensure that the SDGs on trade are ‘pro-poor’, with indicators that drive fair and sustainable trade to benefit poor communities.

2

JOINED-UP GOVERNMENT:

To make sure that the whole government works cohesively to reduce poverty through trade, sustainable development must be a top shared priority for Australia and New Zealand’s trade goals.

3

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 delivered.

4

PROPER ADJUSTMENT SUPPORT:

To ensure that farmers and workers affected by changes to trade regimes receive proper support to help them adjust.

5

FAIR INDO-PACIFIC TRADE POLICY:

To use Australia and New Zealand’s influence to ensure that any trade agreements made in the Indo-Pacific are fair for farmers and workers in developing countries.

TRADE AND POVERTY REDUCTION

Trade is an important tool for sustainable development. When trade structures are designed with sustainable development in mind, they can boost incomes, tackle poverty and deliver a lasting impact. But trade structures and trade liberalisation often work against the poor. Subsidies and tariffs present obstacles for developing countries when accessing markets, while poorly managed liberalisation undermines livelihoods without adequate support for those affected.

The draft SDGs address vital areas where farmers, workers and communities involved in international supply chains need action. They also contain a commitment to policy coherence for development (target 17.14) – in other words, the government’s commitment to work on poverty reduction as delivered by the Department of Foreign Affairs and Trade (AU) and the Ministry of Foreign Affairs and Trade (NZ) and they must not be undermined by decisions elsewhere in government.

Ahead of the SDGs, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development,¹ agreed upon in July 2015, aims to integrate sustainable development into trade policy at all levels and assess the sustainability impact of trade agreements.

The adoption of the SDGs, supported by a strong outcome on Financing for Development, is therefore a unique opportunity: ensuring AU and NZ trade policy work better for the poor could transform the lives of millions in the Pacific and around the world.

WHY TRADE POLICY COHERENCE MATTERS TO FAIRTRADE

Fairtrade’s experience is that it is possible to trade successfully – and at scale, within commercial markets – in a way which supports clearly defined sustainable development outcomes. The Fairtrade retail market in Australia and NZ was worth AU\$259 million in 2014.

To demonstrate the interconnected nature of global trade, this briefing shows evidence of trade policies from around the world which do not work to reduce poverty, because farmers and workers in developing countries are not able to trade on fair, sustainable terms.

WHEN TRADE STRUCTURES ARE DESIGNED WITH SUSTAINABLE DEVELOPMENT IN MIND, THEY CAN BOOST INCOMES, TACKLE POVERTY AND DELIVER A LASTING IMPACT.

¹ http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/69/313

BOX 1: WHY THE SDGs MATTER TO FAIRTRADE FARMERS AND WORKERS

The SDGs demand action on many areas crucial for the future of farmers and workers within the Fairtrade system, and millions more like them around the world. For example:

- ▶ Fairtrade works with 1.5 million small-scale farmers and workers, who are among the most marginalised groups globally, using trade rather than aid to support them to improve their livelihoods (Goals 1, 2, 5, 8).
- ▶ Fairtrade supports farmers and workers to address a range of economic, environmental and social challenges, including pushing for living wages for workers, building resilience to climate change and enabling communities to invest in education (Goals 4, 8, 13).
- ▶ Fairtrade works to forge trading partnerships, based on dialogue, transparency and respect, and greater equity in international trade (Goals 2, 8, 17).
- ▶ Fairtrade works with the public to campaign for more sustainable production and consumption in trade (Goal 12).



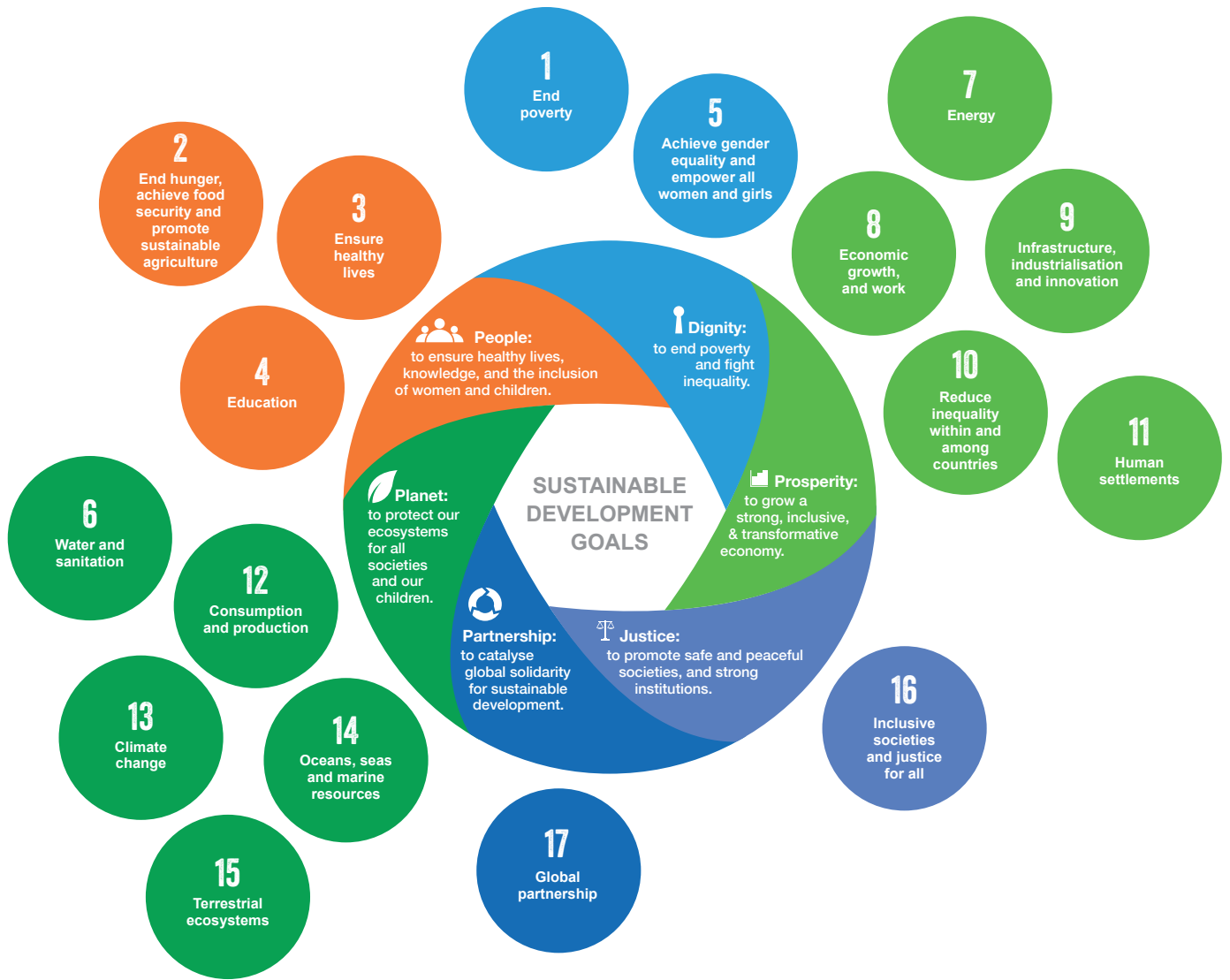


Figure 1: Draft SDGs mapped onto the six key themes identified in the UN Secretary-General's Synthesis Report on the Post-2015 agenda² (selection of goals against themes by Fairtrade ANZ).

² Central diagram encompassing the six themes is taken from the United Nations Secretary-General's Synthesis Report, The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet, December 2014: http://www.un.org/disabilities/documents/reports/SG_Synthesis_Report_Road_to_Dignity_by_2030.pdf



TRADE IS AFFECTED BY MORE THAN TRADE AGREEMENTS AND ALLIANCES

It is not just trade agreements which have an impact on the ability of developing countries to trade. Changes to government regulations or standards (at national, regional or international level), or changes to Australian or New Zealand policy can have unintended and far-reaching effects on the ability of producers in developing countries to sell their produce in both domestic and overseas markets. Such ‘non-tariff’ measures present a huge challenge to joined-up government, as they may be agreed by departments responsible for issues such as environment, farming or health, rather than the business or international development ministers. For example, NZ biosecurity regulations are overseen by the Ministry for Primary Industries.

Delivering the SDG commitment to trade policy coherence (see box 2) demands review and reform of domestic policies with an impact on trade, together with a new approach and accountability to ensure that trade agreements – bilateral, regional and multilateral – work to support poverty eradication and sustainability goals.

This will require a new commitment to ensure government departments work together. Trade, food, business and other areas of policy will need to align in support of poverty reduction, human rights and the environment.

“ TRADE, FOOD, BUSINESS AND OTHER AREAS OF POLICY WILL NEED TO ALIGN IN SUPPORT OF POVERTY REDUCTION, HUMAN RIGHTS AND THE ENVIRONMENT. ”

BOX 2: KEY SDGS AND TARGETS WITH LINKS TO TRADE POLICY COHERENCE

Goal 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Key targets:

- ▶ 2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
- ▶ 2.b Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round
- ▶ 2.c Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility

Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Key targets:

- ▶ 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
- ▶ 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- ▶ 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- ▶ 8.a Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries

Goal 12 Ensure sustainable consumption and production patterns

Key targets:

- ▶ 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
- ▶ 12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities

Goal 17 Strengthen the means of implementation and revitalise the global partnership for sustainable development

Key targets:

- ▶ 17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda
- ▶ 17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020
- ▶ 17.12 Realise timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access
- ▶ 17.14 Enhance policy coherence for sustainable development
- ▶ 17.15 Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development

The SDGs should drive fair trade³ which works for the poor. Many of the targets proposed – such as eliminating subsidies, enhancing Aid for Trade (AFT) and realising duty-free and quota-free market access – are welcome in principle. But with targets on trade in different sections of the SDGs, will policymakers join up the dots?

- Links need to be made between the SDG targets. For example, eliminating subsidies which hinder market access for developing countries (target 2.b) is essential. But poorer countries' freedom to make policies to deliver sustainable development must be respected (policy space, target 17.15), so agreements intended to improve market access need to avoid heavy conditionality for least development countries.
- Ensuring policies work together for sustainable development in trade is vital. The commitment to policy coherence in target 17.14 is therefore welcome – but a clear strategy and political leadership at the highest level will be needed if this is to be more than a paper commitment.
- There should be clear poverty reduction indicators against trade-related goals, so that measures intended to increase exports or trade volumes are also assessed against the positive – and negative – impact on livelihoods and poverty.
- Governments must be accountable for how major new trade agreements affect poverty eradication. The draft SDGs do not appear to recognise the rise of trade agreements outside multilateral processes – such as Economic Partnership Agreements, the Transatlantic Trade and Investment Partnership, PACER-Plus, the Trans-Pacific Partnership, and the Regional Comprehensive Economic Partnership. Agreements like these are setting the rules and dominating the direction of trade policy in the absence of successful WTO negotiations. Negotiators need to be given a clear mandate to secure poverty eradication and sustainability outcomes.

3 The term 'fair trade' defines 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, marginalised farmers and workers – especially in developing countries. 'Fairtrade' refers to the Fairtrade system – Fairtrade International, Fairtrade Producer Networks and National Fairtrade Organisations such as Fairtrade ANZ.





PRIORITIES FOR ACTION

We have set out a five-point agenda for the Australian and New Zealand governments to ensure the SDGs deliver results for farmers and workers.

1

PRO-POOR TRADE SDGs:

To ensure that the SDGs on trade are pro-poor, with indicators that drive fair and sustainable trade for poor communities.



The trade-related targets and indicators within the SDGs need to address the serious imbalances of power that remain in global trade. Trade subsidies and tariffs continue to protect the economies of developed countries and hinder poor countries from developing their economies. Developing countries also need enough freedom to make policies to build economies in which everyone prospers, especially the poorest. For example, the SDGs should commit to:

Levelling the playing field for producers in developing countries

Producers in developing countries are often operating in markets distorted in favour of richer countries, which means they face unfair competition. In addition, processed goods can bring in more income for a producing country than unprocessed raw commodities. However many high-income countries tend to charge higher import tariffs on these goods, creating a serious disincentive to developing national industry through value-chain addition at origin (known as tariff escalation).

TRADE AGREEMENTS NEED TO LEAVE POOR COUNTRIES SUFFICIENT INCENTIVES AND POLICY SPACE TO PURSUE THEIR OWN DEVELOPMENT OBJECTIVES.

The example of cotton

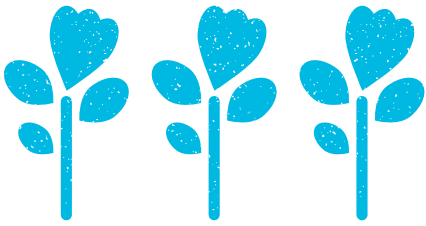
Developing countries dominate the cotton sector in areas such as imports and production but are responsible for only 52 percent of global exports.⁴ One study suggests that had the US reduced its subsidies in line with World Trade Organization (WTO) requirements, global cotton prices would have been on average six percent higher.⁵ This would make a substantial difference to African cotton exporters (such as Chad, Benin, Burkina Faso, Senegal and Mali) who depend on cotton for their livelihoods.

There have been significant changes in the international cotton market over the last decade, with China taking centre stage in determining prices and India now the second largest exporter of cotton. Nevertheless, much still needs to be done to eliminate the subsidies which are disadvantaging African producers. Cotton production in the EU is in rapid decline yet the EU remains the biggest subsidiser of cotton per tonne of production. Reform of the Common Agricultural Policy (CAP) also provides more flexibility for member states to reintroduce production-related support.



4 ICTSD/ICAC (May 2013) Cotton: Trends in global production, trade and policy, information note <http://ictsd.org/downloads/2013/06/cotton-trends-in-global-production-trade-and-policy.pdf>

5 Jales M (2010) How would a WTO Agreement on Cotton Affect Importing and Exporting Countries? ICTSD Programme on Agricultural Trade and Sustainable Development Issue Paper No. 26, International Centre for Trade and Sustainable Development, Geneva, Switzerland.

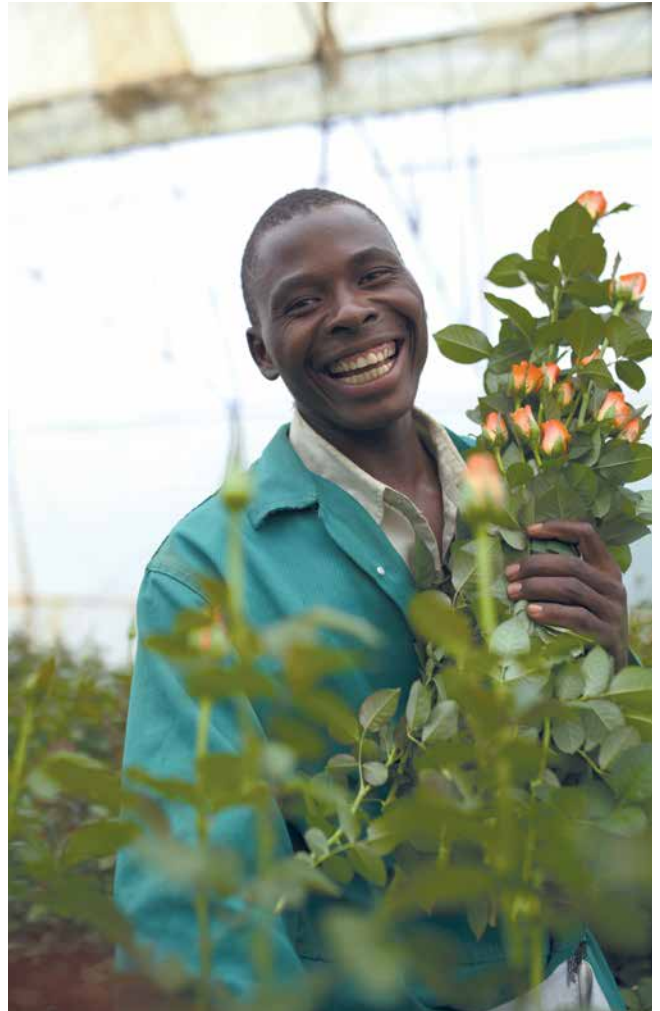


Ensuring poorer countries have the freedom to make policies which work towards the SDGs

Trade agreements need to leave poor countries sufficient time, incentives and policy space to pursue their own development objectives.

This includes allowing regional trading blocs sufficient time to negotiate agreements which could have implications for the trading community as a whole, rather than using the threat of tariff impositions as a 'stick' to push for faster agreement. In 2014, power struggles between East African governments and the EU over the continuation of zero tariffs under the East Africa Economic Partnership Agreement cost Kenya's flower industry, which supports the livelihoods of 500,000 people,⁶ an estimated £640,000 (AU\$1.4million) a month until an agreement was finally reached.⁷

Trade agreements should support, and not block, poorer countries from taking measures to nurture their own national industry and agriculture. In the Pacific, regional trade agreements have the potential to support Pacific island nations to build on their assets, strengthen their resilience, and accelerate progress towards the Sustainable Development Goals. If such agreements are framed disproportionately in favour of Australia and/or New Zealand's trade interests, it could exacerbate the problems of poor economic performance, growing economic hardship and conflict that the Indo-Pacific is currently facing.



The Australian and New Zealand governments could:

- Negotiate to ensure that regional trade agreements allow for governments to develop local industry including adding value at origin, to manage the environmental impacts of agriculture and trade, and not constrain governments from pursuing their own sustainable development objectives (in line with target 17.15).

2

JOINED-UP GOVERNMENT:

To make sure that the whole government works cohesively together to reduce poverty through trade, sustainable development must be a top shared priority for Australia and New Zealand's trade goals.



Ensuring strong accountability and ministerial oversight for trade policy coherence for development

Improving market access for developing country producers is meaningless if other policies undermine this commitment. In particular, where there are conflicts between national interests in trade and agriculture and those of producers in developing countries for viable market access, domestic interests are more than likely to win.

A stark example of this is in the sugar sector. Sugar cane producers are currently facing significant threats to their livelihoods due to removal of quotas of EU sugar beet production in 2017. In 2012, the UK government predicted that the removal of quotas could push 200,000 sugar cane farmers in Pacific, African, and Caribbean countries into poverty by 2020. As EU production increases, this is now looking like a conservative estimate. In December 2014, the European Commission projected that imports would fall from 3.1 million tonnes to 1.9 million tonnes.⁶ Since then, as sugar prices in the EU have plummeted, 10 EU member states have announced that they plan to provide additional subsidies for approximately 20 percent of domestic beet sugar production every year for the next five years. At the same time, some of the most efficient beet sugar producers are planning to expand production.⁷ There is a real danger that all Least Developed Countries imports will be pushed out of Europe.

In the Indo-Pacific, the Fijian sugar industry is now realising this impact, with the country's major sugar buyer now announcing it will no longer purchase Fairtrade certified sugar due to changes in the EU market.⁸ The Fiji Sugar Cane Growers Council says this will directly affect some 13 thousand farmers in the country as they will lose millions of dollars in Fairtrade Premiums every year.

A similar example is the proposal for a new EU organic regulation – which includes a potential move from 'equivalence' to 'compliance' with EU organic standards.⁹ It could result in developing country producers losing their EU market if the costs of full compliance are too great. Over 700,000 smallholder farmers work in Fairtrade producer organisations which also hold organic certification, growing products such as bananas, coffee and cotton. This change could affect millions of farmers in the developing world.

Joined-up government in Australia and New Zealand

It is not yet clear how the Australian and New Zealand Governments will respond to ensure their policies support the SDGs and resolve potential conflicts to ensure that poverty reduction is a priority. In practice, will action on sustainable development targets lose out to other priorities?

Denmark, Sweden and the Netherlands have successfully established institutional mechanisms to ensure policy coherence for development (see box 3). In Sweden, the government produces a regular report on policy coherence which is scrutinised by a civil society platform. The experience suggests that regular government reporting, combined with strong civil society accountability mechanisms are crucial for effective policy coherence. A similar approach by Australia and New Zealand would close potential gaps in trade policy coherence and build confidence that trade negotiators are prioritising poverty reduction outcomes.

IMPROVING MARKET ACCESS FOR DEVELOPING COUNTRY PRODUCERS IS MEANINGLESS IF OTHER POLICIES UNDERMINE THIS COMMITMENT.

6 European Commission (December 2014) Prospects for EU agricultural markets and income 2014-2024 http://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook/2014/fullrep_en.pdf

7 Südzucker Annual Report 2014/15: http://www.suedzucker.de/en/Downloads/Download_Daten/Finanzberichte/2014_15/Geschaeftsberichte_2014_15/GB_2014_15/SZ-GB_2014-15_en_2_1_1.pdf

8 "Tate & Lyle no longer buys Fiji sugar at fair trade prices - Source: <http://fjione.tv/tate-lyle-no-longer-buys-fiji-sugar-at-fair-trade-prices/#sthash.qbEVwYvD.dpuf>

9 'Compliance' requires producers to fulfil all requirements of the EU organic regulation, whereas 'equivalence' means that producers are certified to a standard equivalent to the EU regulation, taking into account local conditions.

But even if Australia and New Zealand were to establish similar institutional mechanisms, ensuring trade policy coherence against the SDGs cannot be the responsibility of a single team. It must be mainstreamed into all government departments with responsibility for taking forward trade policy. It needs to be led from the top, with ministers making clear that their government's trade policy must always be tested against the likely impact on the world's poorest people.



The Australian and New Zealand governments could:

- Empower their Ministers for Foreign Affairs and Trade with a mandate to ensure compliance with the SDGs across government.
- Review ways to achieve policy coherence for development across government. This could include ensuring that a cross-departmental Trade Policy Unit is fully supported to prioritise poverty reduction and SDGs within trade-related policy across government
- Incorporate annual reporting which details analysis of policy coherence for development across government, especially for those policies with an impact on trade.
- Facilitate and encourage detailed civil society consultation and review of government performance on policy coherence for development, especially trade.
- Regularly review government performance against the SDGs, especially with regard to policy coherence on trade, taking into account civil society views.
- Negotiate any trade agreements in line with the SDGs framework to achieve policy coherence, and enable proposed agreements to achieve maximum benefit and minimum harm for developing country producers.

BOX 3: SWEDEN'S APPROACH TO POLICY COHERENCE FOR DEVELOPMENT

In 2003, the Swedish parliament adopted a new Policy for Global Development which placed policy coherence for development at the heart of its approach. The Policy for Global Development proposed one common objective: to contribute to equitable and sustainable global development. Sweden has taken a whole-of-government approach – while the Policy for Global Development has its home in the Department for Development Policy (Ministry for Foreign Affairs), all policy areas and ministries share the responsibility for the implementation of global development policy.

Despite being considered as front-runner in policy coherence for development, civil society has nevertheless consistently pushed the Swedish government to do better.¹⁰ The government presents a biennial report on implementation of the Policy for Global Development, which is scrutinised by various NGOs and civil society organisations (members of CONCORD Sweden) who produce a Barometer report. The persistence of policy incoherence highlighted by this scrutiny led the government to review the Policy for Global Development in 2008 and changed it to one that aims to be more results-based – this was further amended in 2010 and 2012.

A key lesson from Sweden's experience is that without systematic interdepartmental coordination, incentives and a framework for monitoring and reporting progress, incoherence will remain.¹¹ The 2012 Barometer report recommended that the government should build capacity on Policy for Global Development and improve the coordination between the different ministries by allocating sufficient resources to revitalise the interdepartmental working groups; develop clear indicators to monitor and measure compliance with the Policy for Global Development; and establish an ombudsman with a mandate to investigate cases where Sweden's policies affect developing countries in a negative way, based on complaints from governments, civil society and individuals.



ENSURING TRADE POLICY COHERENCE AGAINST THE SDGs CANNOT BE THE RESPONSIBILITY OF A SINGLE TEAM... IT NEEDS TO BE LED FROM THE TOP, WITH MINISTERS MAKING CLEAR THAT THEIR GOVERNMENT'S TRADE POLICY MUST ALWAYS BE TESTED AGAINST THE LIKELY IMPACT ON THE WORLD'S POOREST PEOPLE.

10 European Centre for Development Policy Management (2013) Insights from Developments in National Policy Coherence for Development Systems: Key Cross Cutting Issues and Dilemmas, Discussion paper no.144, April 2013 <http://ecdpm.org/wp-content/uploads/2013/10/DP-144-Insights-from-Developments-in-Nationa-Policy-Coherence-for-Development-Systems.pdf>

11 CONCORD Sweden (2012) Barometer 2012: Civil Society Organisations check the pressure on Sweden's policy for global development <http://www.concord.se/wp-content/uploads/PGD-Barometer-2012.pdf>

3 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.

The Pacific Agreement on Closer Economic Relations (PACER) is an umbrella agreement between members of the Pacific Islands Forum (the Forum Island Countries plus Australia and New Zealand) which provides a framework for the future development of trade cooperation.

The official body that is facilitating the PACER-Plus negotiations is the Office of the Chief Trade Advisor (OCTA) who says that the agreement will contribute to the development of the Pacific Island Countries (PICs) by increasing trade and investment in the region, thereby creating more business opportunities, stronger economic growth, and more jobs.

Research¹² suggests, however, that if the agreement is framed incorrectly it could exacerbate the problems of poor economic performance, growing economic hardship and instability in the region.

The current format of the consultations allows for minimal engagement of civil society and communities in the Pacific. There is some concern in these groups that Pacific Island Countries have made serious concessions on desired outcomes for a development focused agreement in order to see the negotiations progress, and because of the outweighed influence of Australia and New Zealand¹³.

The Australian and New Zealand governments could:

- Implement processes whereby timely Sustainability Impact Assessments are conducted. Assessment outcomes could inform trade negotiations and support proposals which mitigate decisions that have a negative impact on farmers and workers in developing countries. Impact assessments should also be carried out within an appropriate time period after the trade agreement has been implemented to monitor and understand its effects.
- Ensure that developing countries have observer status during negotiations of trade agreements, especially where there is a strong likelihood decisions will impact them. Developing countries must have a seat at the table.



12 OXFAM NZ (2009) 'PACER Plus and its Alternatives: Which way for trade and development in the Pacific?' source: <http://www.oxfam.org.nz/sites/default/files/reports/PACER%20Plus%20and%20its%20Alternatives.pdf>

13 <http://pang.org.fj/pacific-civil-society-urgent-open-letter-on-pacer-plus/>

4 PROPER ADJUSTMENT SUPPORT:

To ensure that farmers and workers affected by changes to trade regimes receive proper support to help them adjust.

When trade liberalisation takes place, there will inevitably be some communities that benefit more than others. It is crucial that those adversely affected by changes to trade structures are properly supported to adjust in sufficient time to minimise negative impacts on livelihoods. One way of achieving this is through Aid for Trade.

Aid for Trade is a WTO-led initiative that encourages developing country governments and donors to recognise the role that trade can play in development. In particular, the initiative seeks to mobilise resources to address the trade-related constraints identified by developing and least-developed countries.

Money earmarked as Aid for Trade often goes to helping Indo-Pacific governments engage in international trade negotiations. This engagement is vital for success, and such funding is best to come from trade budgets. Additionally, Aid for Trade funds need to be used for impact to alleviate poverty, and should be evaluated for success against SDG indicators.

Examples of good use of Aid for Trade funds are projects that improve trade related infrastructure, provide information regarding international market opportunities, improve production techniques, maintain quality of supply, and develop new marketing and branding initiatives. By addressing these types of issues we can build independence and sustainable economic growth in developing countries.

Many such Aid for Trade projects exist in the Indo-Pacific but are subject to short-term funding cycles, and much could be done to coordinate support to would-be agricultural exporters on an ongoing basis, thereby increasing stability.¹⁴

The Australian and New Zealand government's Aid for Trade strategies (and negotiation position within the WTO) could ensure:

- Increasing meaningful and timely support for farmers and workers affected by trade regimes is provided. Such support will benefit the communities directly affected prior to any proposed reforms.
- Comprehensive monitoring and evaluation, assessing the impact of Aid for Trade in achieving the SDGs in small producer communities.
- Targeting of Aid for Trade towards small producers that builds on experience of what works for them, for example building co-operative organisations.
- Capacity building in developing countries which improves production and includes support to meet internationally recognised standards and move into value-added activities.



¹⁴ "Aid-for-trade should support the Pacific's 'hidden strength': smallholder agriculture" source: <http://devpolicy.org/aid-for-trade-should-support-the-pacifics-hidden-strength-smallholder-agriculture-20140221/>



5 FAIR INDO-PACIFIC TRADE POLICY:

To use Australia and New Zealand's influence to ensure that trade agreements in the Indo-Pacific deliver fair outcomes for farmers and workers in developing countries.

Australia and New Zealand are uniquely placed in the Indo-Pacific and have a tremendous opportunity to influence trade in the region.

When negotiating trade agreements that affect farmers and workers in the Indo-Pacific region, the Australian and New Zealand governments could consult widely with parliamentarians, traditional leaders, civil society, the private sector and others to ensure that these agreements:

1. Benefit priority sectors identified by Indo-Pacific countries, such as small business, agriculture, fisheries, tourism and cultural sectors.¹⁵
2. Support Indo-Pacific country governments to pursue their own policy agendas, and make changes to policy as priorities and circumstances change.
3. Build upon existing efforts to include a substantial programme to improve the productive capacities in sectors of key priority for each Indo-Pacific country so that trade can be of real benefit to all communities in the region.

15 OXFAM NZ (2009) 'PACER Plus and its Alternatives: Which way for trade and development in the Pacific?' source: <http://www.oxfam.org.nz/sites/default/files/reports/PACER%20Plus%20and%20its%20Alternatives.pdf>



CONCLUSION

If trade is to deliver prosperity for the world's poor, as the SDGs propose, then change is urgently needed.

Getting it right will mean trade negotiators must work harder to secure poverty reduction and sustainability outcomes in the context of future trade agreements.

Fairtrade's experience is that getting trade policy wrong is more than a matter of disappointing figures on a graph, but of personal hardship and poverty for hundreds of thousands of men, women and children.

But Fairtrade's 25 years of experience shows that when we get the partnerships and agreements right, the business partners also prosper while the producers and workers can enjoy sustainable livelihoods, fulfill their potential and decide their own futures.

However, a high level of political leadership will be needed to navigate the hard choices in trade policy. Governments must work to balance domestic self-interest with their responsibility as global leaders to the world's poorest.



2,500

FAIRTRADE CERTIFIED PRODUCTS WERE AVAILABLE IN AUSTRALIA AND NEW ZEALAND



AU\$259 MILLION

RETAIL SALES OF FAIRTRADE CERTIFIED PRODUCTS



53%

OF AUSTRALIANS RECOGNISE THE FAIRTRADE MARK

79%

OF NEW ZEALANDERS RECOGNISE THE FAIRTRADE MARK



191

LICENSEES & TRADERS IN AUSTRALIA

42

LICENSEES & TRADERS IN NEW ZEALAND



54%

COCOA

6%

TEA

36%

COFFEE

1%

COTTON & SPORTS PRODUCTS

3%

OTHER

