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FAIR TRADE 'WILL SURVIVE' ECONOMIC CRISIS

Organic, fair trade and ethical products will keep their market, despite today's volatile, unpredictable economic climate, suggested keynote speakers at ITC's World Export Development Forum in Montreux, Switzerland, on Thursday.

The market for such goods will likely take a temporary hit, but will bounce back, they predicted. In fact, the sector continues to be a good investment.

"The market is relatively robust. Given the current downturn, there will likely be a short-term hit, but there is much more potential than its current size," said Gareth Thomas, UK Minister of State at the Department for International Development. Thomas told the conference that UK sales of fair-trade labelled goods rose 1000% in the last decade, with a 50% increase in the past quarter compared to a year earlier.

"Not only is the market for ethically grown and traded products here to stay, it is a growth market," said Alex Brigham, Executive Director of The Ethisphere Institute, based in the US. Asked whether it still made sense for developing countries to put money into fair trade projects, he noted that in a consolidating market there will be winners and losers. "But do not pull back investment in this time of crisis," he said. "Strong organizations invest in times of trouble." Indications are that fair trade products keep their market when the price premium stays below 3%.

Pascal Lamy, Director-General of the World Trade Organization (WTO), said that from the point of view of an exporter from a developing country, organic and/or fair trade, while still a small proportion of total trade, often represents opportunity. "For banana growers in the Caribbean islands, going organic was a question of survival. They jumped to another category of the market where they were safe."

Lamy also urged developing countries to come together to make their voice heard with those setting requirements and rules – whether private or governmental bodies.

At the same time, safety issues can create a "bottleneck that must be addressed". Lamy cited the example of the level of pesticides in flowers exported tariff-free to the EU. "If the maximum pesticide residue deviates a few milligrams from EU standards, it is no longer free trade, it is no trade at all," he said. "Addressing this is a priority and it is being done" -- through the Aid for Trade Initiative launched in 2005.

WEDF – one of the most influential global forums on trade and export issues for developing countries – is organized every year by the Geneva-based International Trade Centre (ITC).

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