



Organización Internacional del Café
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Organisation Internationale du Café

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Ethical trading

Executive Board
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**Draft terms of reference for a seminar on
ethical trading and world coffee economy**

Background

The attached document contains draft terms of reference for a seminar on ethical trading and the world coffee economy, as provided for in the programme of activities for 2002/03. Appropriate speakers will be identified once the terms of reference have been agreed.

Action

The Executive Board is requested to consider and approve the attached draft terms of reference.

Introduction

1. With trade globalization, many social and environmental concerns are emerging. Awareness of these, and more recently of food issues, appears to be increasing, and the concept of socially responsible or ethical business has gained a high profile in the corporate sector in recent years. Dominant market groups are setting a range of standards that suppliers in developing countries must meet. What is ethical trading and how does it affect the development of food/commodity production and the value chain in coffee exporting developing countries? In its broadest sense, ethical trade is the trade in commodities/goods produced and marketed under conditions that are socially, environmentally and financially optimized. These initiatives include fair trade schemes, organic agriculture, environmental codes, and the ethical sourcing initiatives of major Western retailers. Can the promotion of ethical trading standards improve competitiveness in the marketplace or does it act more as a catalyst for sustainable production and livelihoods?

Importance of ethical trading

2. Some people argue that ethical trade is a form of non-tariff barrier to protect home-country producers, and there is much debate about how such standards will be regarded in the long term by the World Trade Organization. According to a report by the Natural Resources Institute (NRI), both social and environmental concerns have led to changing definitions of corporate responsibility and tougher consumer safety legislation. Producers of export commodities are being scrutinized by NGOs, buyers, consumers and governments in developed countries and the media. The initial concern was for the environmental and food safety impact of farms and plantations where unsanitary practices and uncontrolled chemical usage were perceived as commonplace. More recently, concerns about human rights, welfare of workers, and biodiversity loss have begun to determine the success of products, companies and sometimes even countries in the global marketplace.

Objectives

3. The goal of the seminar is firstly to inform Members about what is being done in this area of ethical trading and to evaluate whether it can contribute to the development of the social responsibility policy of different sectors involved in the coffee economy (production, trade) and their activity, particularly in terms of impact on the poor in developing countries. It will stimulate the exchange of ideas on ethical trading and its impact on coffee exporting countries. The seminar will also increase involvement of stakeholders throughout the coffee chain, showcase best practices, share lessons learned, isolate challenges and identify possible solutions and opportunities for collaboration. The overall goals of the seminar are firstly to review clearly the current situation of ethical trading in relation to coffee, secondly to identify problem areas arising from ethical trading with respect to mainstream coffee trade

and thirdly to contribute to the development of the social responsibility policy and activity in the coffee industry. The seminar will involve participants from Member countries, NGOs representatives, business people and academics, and deal with the following:

- Examples of good practice, success factors and lessons learned
- What are some of the remaining challenges and barriers?
- What are the potential solutions and ways forward, and how can stakeholders work individually and collaboratively to achieve further progress?
- What practical solutions can be introduced to improve the conditions of workers and their families in global supply chains?
- Are there negative effects of ethical trading initiatives?

Proposed structure

Introduction

This introductory section will look at definitions of, and key issues concerning ethical trading.

NGOs perspective

Representatives from NGOs will give their perspective on ethical trading and the world coffee economy.

Best practices in developing countries

This section will look at how to improve lives of workers and families in global supply chains, and to work together to identify and promote good practice in code implementation.

Industry perspective: the role of coffee industry in importing countries in poverty reduction

This section will consider how to actively promote corporate responsibility and accountability, including through the full development and effective implementation of intergovernmental agreements and measures, international initiatives and public-private partnerships, and appropriate national regulations.

Partnerships for sustainable coffee economy

This section will look at how stakeholders can work individually and collaboratively to achieve further progress.