

Fair trade: a basis for a New World Trade order

Not committed to the UN’s Sustainable Development Goals, the World Trade Organisation supports an unrestricted globalisation of trade that harms the people and economies of the poorest countries, as well as the climate and biodiversity. Through its principles of fair remuneration for producers and accessibility of its products to consumers, Fair Trade holds all the keys to advantageously recasting a new trade order where “fair trade” prevails over “free trade”. In both northern and southern countries, the idea is gaining ground.



The “Debates and Ideas” Collection, published by Commerce Équitable France, aims to offer reflections and debates by actors and allies of the French fair trade movement on issues linked to the ecological and social transition and the transformation of world trade rules. The content is the sole responsibility of the author(s) and does not reflect the positions of the collectif.



By José TISSIER
President of Commerce
Équitable France

How can we keep hope alive when our planet is gradually becoming unliveable for a growing number of human beings and other living creatures, animal and plant alike? And in the eyes of everyone, especially young people, who don’t need to be reminded of the long series of climatic and environmental disasters and social and democratic regressions that the war in Ukraine has completed.

What has surprised many observers in recent months, however, is the geopolitical positioning of a growing number of countries in the South, particularly African countries: Bolstered by the recent lessons of the pandemic, which have only served to exacerbate inequalities¹, and unfulfilled promises to help their societies adapt to climate change², they have decided more clearly than ever to “defend (their) own interests without having to choose sides”³ in a multipolar world marked by the emergence of multiple regional powers. This is true for the war in Ukraine, which they seem to be reducing to a confrontation between industrialised countries. At the risk of undermining the very notion of

1 The solidarity of the industrialised countries has reached its limits in this case. For Michelle Bachelet, United Nations High Commissioner for Human Rights, “The scale and scope of the inequalities created and exacerbated by Covid-19 are truly shocking” and “Covid-19 has shown our failures to invest in just and equitable societies”. According to the FAO, between 119 and 124 million more people will be pushed into extreme poverty by 2020.

2 According to the OECD, the commitment by industrialised countries to mobilise US\$100 billion per year from 2020 onwards for adaptation will not be met until 2023!

3 Interview with M. Comfort Ero, President of the International Crisis Group in Le Monde Afrique on 20/09/2022.

the United Nations⁴, whose minimum basic rule is respect for the territorial integrity of neighbouring countries. The same is true of COP 27 in Sharm El Sheikh, where the - otherwise legitimate - political objective of securing recognition and financial compensation for the Losses and Damage caused by climate disruption attributable to the industrialised countries overshadowed the urgent need to programme the elimination of fossil fuels. At the risk of overshadowing the + 1.5°C threshold and the urgent need to change gear in terms of reducing greenhouse gas emissions and adaptation.

Rebuilding the international order in the context of an unprecedented food and humanitarian crisis

In fact, “we are facing the worst food and humanitarian crisis since the Second World War”⁵, the food security situation⁶ of many countries gives cause for concern, and it is time to lay the foundations for climate justice and a fairer world order.

In the words of French President Emmanuel Macron in his address to Ambassadors on 1st September 2022, “the world order has never been so fractured... and that is our main difficulty”. “The economic order, open, liberal capitalism... has gone haywire” and “The reality of the climate crisis... and the biodiversity crisis have also shown, along with the inequalities in our societies, that this model is no longer sustainable because it can no longer leave so many externalities to be managed by others”. “The capacity of the international order to act collectively on the basis of consensus established and shared by all has weakened at the very time when we need greater cooperation to resolve our own problems and those of the planet”. With “a war of annexation on our doorstep... and a historic deconstruction of the frameworks that made it possible to regulate globalisation and relations between nations... the international order defined after the Second World War... has been shattered (and) we need to rebuild it.”

“The world order has never been so fractured... and this is our main difficulty. The economic order, open, liberal, capitalism... has gone haywire”

Many voices in Europe and around the world are being heard to question our production and consumption patterns, which are now clearly unsustainable, especially when the model to be achieved is all too often “the American way of life”.

⁴ It has already been put to the test by its poor results in the fight against climate change and the erosion of biodiversity, not to mention its relative inability to prevent armed conflicts

⁵ David Beasley director of the WFP World Food Programme in Le Monde 12 November 2022

⁶ Hence the steps taken by Macky Sall, Chairman of the African Union, to restore Ukrainian and Russian exports of fertiliser and cereals.

A WTO that is blind to social and environmental issues

On the other hand, few voices have been raised to debate the issue of trade, the organisation of which at international level claims to be the subject of a consensus between countries on the need for free trade and the virtue of comparative advantage... The WTO - the World Trade Organisation, which does not belong to the “family” of United Nations organisations - ensures that trade is as large, fluid, predictable and free as possible. But it is not committed to the Sustainable Development Goals. In fact, international trade law always takes precedence over social or environmental considerations, no matter how urgent or important. The 1992 United Nations Framework Convention on Climate Change⁷ calls for “measures taken to combat climate change, including unilateral measures, to be avoided as a means of arbitrary or unjustifiable discrimination in international trade, or as a disguised restriction on such trade”, thus implicitly subjecting the climate policy of individual countries to acceptance by an international organisation outside the UN and with no competence in climate and environmental matters.

“Few voices have been raised to debate the issue of trade , the organisation of which at international level claims to be the subject of a consensus between countries on the need for free trade and the virtue of comparative advantage...”

At a time when the issue of food sovereignty is being raised in Europe and elsewhere, at a time when agro-ecological practices are becoming increasingly relevant to decarbonising our food supply and halting its contribution to the collapse of biodiversity, and at a time when long-distance transport is being called into question, the WTO is conducting its ‘business as usual’ and its dispute settlement panel is, for example, finding in favour of Europe against Colombia, which is appealing.

“International trade law always takes precedence over social or environmental considerations, no matter how urgent or important”

This Andean country, the cradle of the potato, had introduced a so-called anti-dumping tax of 8% on imports of frozen European chips⁸ to prevent its local production from being ruined. The WTO’s decision is tantamount to arbitrating in favour of the greenhouse gas emissions of the northern European agro-industry, which produces using fossil fuels, irrigation water and chemical inputs⁹, and in favour of the impoverishment of the 100,000 or so small-scale Colombian producers in the Andes who are affected. At the same time, the regulation of potato imports into Guinea has produced convincing results for the small

7 Cf. paragraph 5 of article 32

8 <https://farm.coop/wp-content/uploads/2022/05/patates-en-colere-etude-2021.pdf>

9 To combat mildew and other diseases, the industry recommends up to 20 sprays per year, making industrial potato cultivation the biggest consumer of pesticides per hectare!

producers of Fouta Djallon and the development of an entire region.

In Africa, new voices for new paths

At a time when the reconstruction of an international architecture is potentially on the agenda, it is vital to hear the voices of the African continent, which could be the most densely populated by 2050, and which is particularly concerned by development issues and the consequences of climate change, the erosion of biodiversity and the increasing scarcity of natural resources.

“It is vital to hear the voices of the African continent, which could be the most densely populated by 2050, and which is particularly concerned by these issues”

In his latest book¹⁰, M.Kako Nubukpo, Commissioner for Agriculture, Water Resources and the Environment at the [West African Economic and Monetary Union](#) (UEMOA), proposes a three-point programme involving the agro-ecological intensification of African peasant farming, the introduction of regulatory measures known as “**ecological neoprotectionism**” designed to protect family farming¹¹ and develop local agri-food chains geared towards the domestic market, and finally the organisation of international trade on a fair basis.

This agenda, which aims to “**rebuild Africa on the basis of agricultural and food sovereignty**”¹² (rather than food security, which the global market is doing a poor job of ensuring), is not just concerned with production methods (advocating agroecology and local processing) and consumption methods (advocating local consumption). At the same time, it takes trade into account, advocating a balanced partnership, particularly with Europe, based not on free trade but on fair trade and taking into account the ecosystem services provided to the world by preserved African territories.

“This agenda takes trade into account, advocating a balanced partnership, particularly with Europe, based not on free trade but on fair trade”

To implement it, private economic players must of course play their part, producing in quantity and quality, processing, transporting, storing and marketing to cover the needs of African populations and, if necessary, exporting. But this also means reviewing the Common

10 cf. “Une solution pour l’Afrique : du néoprotectionnisme aux biens communs” Ed. Odile Jacob October 2022

11 Hundreds of millions of manual farmers in Africa are competing on the same world market with tens of millions of farmers in industrialised countries who use mechanised, chemised and subsidised motorbike farming. Can we talk of “fair competition” and expect the best to win (the market), when productivity differences can range from 1 to 1000?

12 The author justifies this by saying that “two-thirds of the working population in sub-Saharan Africa and one-third in northern Africa work in agriculture, livestock, fisheries and forestry, the only sectors likely to create tens of millions of jobs for the additional young people who will enter the labour market each year”.

Agricultural Policy - for West Africa at the level of the Economic Community of West African States (ECOWAS) or the WAEMU - by launching measures to secure access to land for farming families, by ensuring remunerative prices for producers (through protection at regional borders - variable import taxes - and public and private buffer stocks at different levels), by providing safety nets for the most disadvantaged consumers (canteens, vouchers, etc.), by facilitating the purchase of equipment and services, and by promoting the use of renewable energy), by facilitating equipment and financing (credit, insurance) for the agroecological and agroforestry intensification of family production systems, by promoting the consumption of local products and, finally, by investing in the establishment of public services in rural areas. It's hard to imagine such a programme without calling into question the current rules of market (de)regulation.

“To implement it, private economic players must of course play their part, producing in quantity and quality, processing, transporting, storing and marketing to cover the needs of African populations”

Towards new rules in the spirit of the Havana Agreements?

In any case, we need to look again at the fundamental issues and see what kind of international trade we collectively need if we are to meet the major challenges of human development, climate change, biodiversity and the increasing scarcity of natural resources. This leads us to question the principles of free trade on which the current unsustainable economic order is based, and to call into question the systematic pitting of nations, peoples and producers against each other (whatever their historical context), what some call “economic warfare”, that war in peacetime whose natural extension is ultimately war at all...

The support of the peoples and countries of Africa and Asia for proposals to overhaul the international order will be all the stronger if these proposals take account of their specific characteristics and problems, particularly in their international exchanges, which they often describe as neo-colonial, and if they no longer appear to be built around Western interests alone (which does not exclude the defence of common universal values, which are not dead, whatever the dictatorships may claim).

“The support of the peoples and countries of Africa and Asia for proposals to overhaul the international order will be all the stronger if these proposals take account of their specific characteristics and problems”

In order to rebuild an international trade architecture that will win the support of the vast majority of peoples and countries, it is worth revisiting the history of the United Nations organisations. At the end of the Second World War, the countries brought together by the UN at

the suggestion of the USA prepared the Havana Agreements¹³. Signed in March 1948 by 53 countries (almost all the members of the international community with the exception of the defeated countries, which were not invited, and the USSR, which refused to join), the Havana Charter provided for the removal from the market and free trade of so-called «basic» goods, i.e. goods derived from agriculture, fishing, forestry and the subsoil, which would be the subject of further international cooperation to be specified.

Promulgate a “food exception” in the same way as there is a “cultural exception”.

The objectives of this agreement were first and foremost full employment, then maintaining a balance of payments between countries to avoid creating structural surpluses or deficits in one country or another, price stability, fair prices that were both remunerative for producers and affordable for consumers, the preservation of natural resources and the ability to intervene rapidly in the event of a food crisis in a given region. The development of international trade was only a long-term objective. Unfortunately, these agreements were not ratified in the end, the USA having finally defaulted, and the more liberal logic of the GATT, signed in October 1947 by 23 countries, prevailed.

But the spirit of Havana did not arrive by chance! In 1941, Roosevelt and Churchill had signed the Atlantic Charter to lay the foundations for a new form of global governance. At a time of war, the aim was to isolate the Axis powers on the international stage and bring together as many countries as possible to build the world of tomorrow. The question of international trade was part of their thinking, which made it possible to define the principles of cooperation and the objectives of Havana.

Who can take up the torch today? Who will be able to push forward the principle of a food exception similar to the cultural exception adopted by the WTO in 1994?

Given this particular “momentum”, those involved in Fair Trade on all five continents, an integral part of the Social Solidarity Economy¹⁴, feel it is essential to share their vision and the experience they have gained in creating and developing specific

“Rebuilding an international order requires not only a change in production and consumption patterns, but also a change in trade rules.”

¹³ Read “The Havana Charter: for a different kind of globalisation” by François Collart Dutilleul (Dalloz Editions)

¹⁴ The UN - which adopted a resolution to this effect on 18 April 2023 - the European Union - which adopted an Action Plan in favour of the SSE at the end of December 2021 - and France - which has a ministry for this purpose - all intend to contribute to its development!

sectors based on fair trade between producers - mainly small-scale family farmers - processors and distributors. Rebuilding an international order requires not only a change in production and consumption patterns, but also a change in trade rules.

Building balanced partnerships between people and countries

The current thinking around the concept of fair trade and sustainable cocoa could be mobilised: it pursues the objective of cocoa paid at a fair price, higher - whatever the world price - than the production costs and allowing farming households - without child labour - not only to draw a decent family income (“**living income**”) but also to invest in developing new agricultural practices inspired by agroecology and giving full scope to so-called “food” crops without fuelling deforestation throughout the cocoa-growing area... “Trade not aid” or rather “Fair Trade not aid” - the slogan remains relevant if we want to build real, balanced partnership relations between economic players and between countries. “Trade not aid”, or rather “Fair Trade not aid”, is still a relevant slogan if we want to build genuinely balanced partnerships between economic players and between countries.

It is not so much a question of wiping the slate clean of the past and the existing institutions as of strengthening multilateralism in its governance and the (threatened) tools at its disposal, by reforming it, because it remains essential to meeting the major challenges facing humanity.

The purpose of the WTO undoubtedly needs to be reviewed, as it can no longer be to extend international trade ad infinitum¹⁵. The pursuit of the major Sustainable Development Goals should be made compulsory for the WTO, rather than optional, giving priority to respect for human, social and environmental (including climate) rights over trade rights. Its Director General, Ngozi Okonjo-Iweala, seems open to this reflection. For her, the WTO “**can and must do more to help the world respond to the pandemic, address environmental challenges and foster greater socio-economic inclusion**”¹⁶ and “**the trade rules that govern agricultural products ... are outdated and need to adapt to the challenges of climate and demographic change**”.¹⁷

“The trade rules that govern agricultural products are outdated and need to adapt to the challenges of climate and demographic change”

¹⁵ On its website www.wto.org, the WTO still defines itself as “the international organisation whose objective is to open up trade for the benefit of all” and describes its main activities as follows: “negotiating the reduction or elimination of barriers to trade...; administering and monitoring the application of WTO trade rules...; monitoring and reviewing the trade policies of our Members...; settling disputes between our Members...”.

¹⁶ 12th WTO Ministerial Conference in Geneva in June 2022

¹⁷ WTO communiqué of 25 October 2022

An area of fair trade and solidarity between Europe and the countries of Africa, the Caribbean and the Pacific

One by one, the basic rules of world trade should therefore be analysed to see if and how they enable us to meet the major climatic, environmental and social challenges. Depending on the assessment, it will then be possible to see which rules can be maintained as they are, improved or abolished, for example¹⁸ the most-favoured-nation clause, the

prohibition of non-tariff protection measures for domestic markets against imports (such as total or partial bans - quotas - or variable import taxes, etc.), non-discrimination between imported products and domestic products, the use of subsidies and even tariff disarmament...

For its part, rather than defending the export of its potato fries, the European Union could approve the European Commission's new trade strategy: It aims to “shape global rules to make globalisation fairer and more sustainable”¹⁹ and aims in EU trade agreements to “obtain from partner countries ... commitments ... to the effective implementation of ILO Conventions and Multilateral Environmental Agreements (MEAs), ... such as the Paris Agreement on Climate Change and the Convention on Biological Diversity”²⁰. It also aims to defend a project to reform the WTO, enabling it to work in favour of sustainable development (including “subjects such as environmental degradation, climate change or decent work ... considered taboo” or “gender equality”). But given the current geopolitical situation, the completion of such a Copernican revolution in the regulation of world trade may have to wait a little longer.

In the meantime, Europe can quickly send out a signal, initially to the African continent²¹ and then to the ACP countries²², and take initiatives that will give concrete expression to the new international order it intends to promote. It could propose the gradual creation of an SEEZ, an area of fair trade and solidarity, between Europe and the ACP countries. This would involve making imports of so-called “tropical” agricultural

“Europe could propose the gradual creation of an SEEZ, an area of fair trade and solidarity, between Europe and the ACP countries ”

18 Some of these rules are largely transgressed by the USA in the Inflation Reduction Act of August 2022.

19 https://eur-lex.europa.eu/resource.html?uri=cellar:5bf4e9d0-71d2-11eb-9ac9-01aa75e-d71a1.0002.02/DOC_1&format=PDF

20 <https://eur-lex.europa.eu/legal-content/FR/ALL/?uri=COM%3A2022%3A409%3AFIN>

21 This is a reasonable first step, as Africa accounts for 6% of the EU's world trade; conversely, as the European Union is Sub-Saharan Africa's main trading partner and leading foreign investor, these decisions could bring about major changes for African economies.

22 The African, Caribbean and Pacific (ACP) countries comprise 79 signatories to the Lomé Agreement in 1975 and the Cotonou Agreement in 2000. Many of these countries are among those most affected by climate change, including almost all the island states.

products conditional on compliance with the principles of “fair trade”²³, in both social and environmental terms.

It would not just be a matter of implementing the regulations on corporate duty of care with regard to sustainability and imported deforestation. It would mean extending their ambition with social clauses relating to the prices received by producers for their work, which must necessarily cover production costs and guarantee farmers and their families a decent standard of living, and environmental clauses promoting agro-ecology.

In a pragmatic way, this SEZ could be built by first tackling a few emblematic export products from ACP countries: coffee, cocoa, shea butter, bananas, mangoes, gum arabic, citrus fruit, cotton, dates, olive oil, copra, etc., and by involving not only ACP political leaders but also African civil society, and in particular farmers’ organisations, in the process. By revisiting and expanding upon the spirit of the Lomé agreements, Europe could lead the international community in its pursuit of fair trade relations.

“In a pragmatic way, this SEZ could be built by first tackling a few emblematic export products from ACP countries (...) involving not only ACP political leaders but also African civil society, and in particular farmers’ organisations, in the process.”

In the coming years, the Collectif Commerce Equitable France will help to make this utopia a reality. It will continue its efforts to promote the development of fair trade channels, but will also be actively involved in work aimed at making fair trade more widespread.

²³ According to the definition and principles set out in “The International Fair Trade Charter” <https://www.commerceequitable.org/wp-content/uploads/charte-internationale-du-ce-2018.pdf> or even the criteria set out in French law.

Text proposed by
**José Tissier, President
of Commerce Équitable France**



José Tissier is an agro-economist and has been President of Commerce Équitable France since 2020. His professional life has taken him to work in mainland France, New Caledonia and West Africa on agricultural and rural development and land issues. Since retiring in 2016, he has continued to follow agricultural, environmental and climate issues within the French association movement.



WITH THE SUPPORT OF :

