

**Understanding the Linkages between Sustainable Consumption and Production
Patterns and Trade for Developing Countries in the Post-2015 Development Agenda
GSO Session at the WTO Public Forum, 2 October 2014**

Introduction

The Global Social Observatory (GSO) has been convening a series of interactive dialogues on linkages among the proposed goals of a Post-2015 Development Agenda. In April and June 2014, the dialogues addressed linkages among the proposed SDGs on growth and employment, health, food security and nutrition and trade. In September, the focus was on partnering for sustainable development. In this session, we look at another proposed SDG – on sustainable consumption and production – and on how to distinguish between barriers and opportunities for trade in the many initiatives currently advancing sustainable consumption and production objectives. The GSO will continue this series with a particular focus on the role of the Geneva international scene in contributing to the Post-2015 Development Agenda.

Moderator: Katherine Hagen, Executive Director, Global Social Observatory
Panelists: Chiedu Osakwe, Director, Accessions Division, World Trade Organization
Robert Skidmore, Chief, Sector Competitiveness, International Trade Centre
Beris Gwynne, Director and UN Representative, World Vision International
Thoric Cederström, Senior Manager, Agriculture and Nutrition, GAIN

First Round of Panelists

Katherine Hagen: Both public and private regulatory efforts to address food, nutrition and health standards appear to have a significant impact on the prospects for both free trade and for achieving the sustainable development goals on poverty eradication, food security and nutrition and health. Where do things stand on the relationship between domestic regulation in these areas and the rules of the WTO? And what are the implications for developing countries? How can we make sustainable consumption and production standards work to improve the opportunities for growth-enhancing trade by developing countries?

Chiedu Osakwe: There is no dispute that there is a role for domestic regulation to protect life and health as long as they are not arbitrary or unjustifiably discriminatory. But we need to deepen the dialogue to look at the relationship between poverty and an irresponsible use of resources. There is often an incompatibility between poverty reduction and sustainability patterns, as well as a tension with private or local standards. We need to shepherd the dialogue to a practical level on both the standards and adherence to them.

Robert Skidmore: At the ITC, we are trying to improve competitiveness of companies in developing countries. As tariffs have come down, non-tariff measures have become more burdensome for exporters. Standards can be a lever for improving performance of exports and producers and their access to global supply chains. However, standards do raise costs. The proliferation of private voluntary standards has made it difficult for producers to determine which to follow, because there are so many and they can be quite expensive to comply with. Conformity assessments are also a major challenge. We also find that most of the issues are at home, not abroad. Establishing the equivalence of diverse compliance standards and assessment procedures could help with some of these standards.

Beris Gwynne: It has long been recognized that economic growth is likely to have a greater impact on poverty reduction than aid flows. But economic growth is not the same as economic development and market forces cannot be relied upon to ensure that the costs and benefits of globalization are shared equitably. In fact, the gaps between rich and poor are widening, increasing competition for resources and deepening insecurity. Power is in the hands of economic and other actors that operate across national boundaries. Regardless of where we work, citizens need to find new ways of doing business to bridge the gap. The private sector has a role to play; market forces must be there for sustainable businesses to develop. Global NGOs are in a position to broker multi-stakeholder initiatives, as we are doing at World Vision International.

Thoric Cederström: Malnutrition is sometimes a function of market failure. We are working with the private sector to help address the nutrition challenges through micro-nutrient initiatives and large-scale food fortification. Consumer education is also part of the effort, as well as quality assurance and quality control of food fortification through domestic regulations and testing are also important. So we are working with civil society to monitor compliance of the private sector with these regulations. We are now entering a new generation of issues. Many domestic regulations may have the effect of blocking intra-regional food flows. Therefore, there is a need for the harmonization of food fortification requirements. Export-oriented agriculture is another issue. It is often a strong economic driver for countries to get their economies off the ground, but the challenge is how to encourage economic growth but at the same time address domestic food needs within the country.

Second Round of Panel Discussion

Katherine: Harmonization of regulations for consumption and production, a new business model to get past market failures and weighing the benefits of export-oriented agriculture versus domestic food needs are all important issues here. What can we do with these insights to promote both free trade and sustainable consumption and production patterns?

Chiedu: WTO conversations in this area tend to revolve around the interplay between the countries with the money and resources to subsidize agricultural production and those with no resources. Poor and low income countries cannot subsidize their agricultural production. The poor want the subsidies to be taken away. But there are multiple instances and causes of market failure that need to be addressed. We are believers in the market economy, and that is our goal. But there is a uniqueness to the conditions of every member and a need for a form of subsidiarity to accommodate these conditions.

Robert: We need to promote comparability, convergence, and standards that are needed for a common level of consumer protection. This calls for global standards – at least in terms of a base from which to interpret them locally. Agricultural standards may be too high, and conformity assessments may be too costly. Businesses should be able to reasonably demonstrate that they can meet the standards. The reality of any market is to have a regulatory framework that works, and the objective should be to achieve equivalence and inter-operability.

Beris: Most of us recognize that it is no longer about developed versus developing countries; it's about the included versus the excluded. In the 80s and 90s civil society organisations saw themselves leading efforts to persuade – and help - governments to eradicate poverty. In this

century, with increasing economic insecurity, governments have decided that the private sector will be able to do what the NGOs failed to achieve. World Vision's view is that no one 'sector' will succeed on its own. We need all three at the table: government, NGOs, private sector. NGOs bring advocacy around fairness, respect for fair rights. Market penetration for the Private Sector becomes more difficult when the focus is on the Bottom of the Pyramid in poorer communities and fragile contexts. This is where NGOs would like to move alongside private sector to bridge the gap so it is the norm that companies will think about how they can extend the benefits of what they are doing beyond notions of CSR. One of the most exciting things for me is that there are people in all sectors exploring new models for economic growth that will redress systemic imbalances and unfair practices.

Thoric: Making economies and markets work is the best way in the long turn to address the drivers of malnutrition, but structural changes are required to make economies function for the full benefit of all people. When there is market failure oftentimes the drivers are distortions and imperfections in these economies, and these are often caused by certain groups seeking to protect themselves at the cost of the consumer. At GAIN we focus on the disadvantaged to begin with, to make sure they have a place at the table. The mission is to help smallholder farmers become competitive or transition to some other livelihood that would be viable in this new, more global economy.

Q&A from the Audience

Question: What can be done to resolve the issue of access to markets for smallholders?

Thoric: If we can add a working group in an existing trade body to focus on food overall and food regulation, this may help to unblock the food flows. It makes sense to integrate these issues into broader discussions about trade harmonization.

Robert: The need for harmonization of standards needs to be addressed with regard to both private and public standards – not just the private standards. So governments need to be responsible, too. Some of the highest non-tariff barriers are in the cross-border trade between neighboring countries.

Question: What kind of shift is needed in the business model and in terms of global value chains?

Beris: Big is not necessarily better, northern-led globalization is not necessarily better. While there are benefits in upscaling, there are also concerns of long-term sustainability of the current model. Why should emerging countries not expect to have the same standard of living that we have and concentrate on their own markets? There are other market failures that have not been properly managed. The world needs to be aware of other issues: curbing corruption, tax avoidance, transfer pricing - all significant factors - and take steps to re-define what kind of world we want

Chiedu: There is no single formula to apply to the problems of the world; they are evolving and mutating in ways that are not foreseen. You need civil society because to a large extent the principle of subsidiarity will apply. There are things you can do multilaterally to deal with cross border issues and flows, and there are things that can only be done at the local level. The problems will have to be addressed at different levels and this is why the GSO's rule is key.

Thoric: The potential is there for tapping into new consumer awareness in developing countries about supply chains. People who are in the economic position to make choices can be the drivers of a new economy that links back to small producers and products of quality for the domestic market. Measurement indexes can be used to motivate the private sector to pay attention to these sorts of issues.

Closing Thoughts from the Panelists

Robert: We can make the task of complying with standards easier by developing the technologies to ease the process for those who are trying to comply with standards. In our favor, food prices are going up. New technologies for streamlining performance assessments can also give us much more visibility, the supply chain much more transparency. Let's keep encouraging companies to comply with these standards, keep them accountable and keep raising that bar; and let's make sure that governments take on board their responsibility to make these regulations effective and workable.

Beris: Multi-stakeholder partnering is the way forward. We can mobilize with private sector investment and demonstrate what we as NGOs can bring to the more practical problems of sustainable development. We are learning more and more about what makes for effective multi-stakeholder partnering – the skill sets required, the leadership required. There is a role for us to play.

Cheidu: First, let's support the conclusion of a trade and development round, with a mandate established in 2001, that focuses on agriculture. Let's take care of the Trade Facilitation Agreement (TFA), and move along with liberalization of trade in environmental goods and services. Then let us continue to build and consolidate a dialogue, build a consensus that sees the relationship between multilateral trade rules, domestic regulation, the private sector and civil society action. Inclusiveness should be the objective in all economies to begin to deal with poverty reduction.

Thoric: Those that are most marginalized and have yet to benefit from the successes of the current economic systems – they need to economically benefit and they need to have a voice and vote at the table. We need to answer how they can balance the urgency of survival with the longer term view of sustainability when really it's a day to day, life or death sort of choices they have to make. How do we involve them as partners - not as beneficiaries but as decision-makers in policies that will affect them either for good or for bad? The bottom line: we need to involve them.

Summary and Conclusions by the Moderator

Trade depends on functioning markets, but standards are needed for markets to work – preferably these should be mostly global standards, but they need to be adapted to local circumstances. Subsidiarity was mentioned to describe this concept. Inclusiveness is another important part of the process – for all parties who are affected by the standards. Innovative multi-stakeholder partnerships are also evolving to influence the emergence of new business models. And practical solutions are needed to ensure quality assurance and a harmonized system of compliance with standards. With profound thanks to the panelists, the GSO will integrate these insights into its ongoing series on partnering opportunities for the Post-2015 Development Agenda.