ONE THE CAMPAIGN TO MAKE POVERTY HISTORY
BE A ONE EPISCOPALIAN

FACT SHEET:

Making Trade Fair

ISSUE: A Permanent Solution to Poverty

The Millennium Development Goals (MDGs) challenge industrialized nations to partner with poor countries in fighting deadly poverty by providing resources through development aid, debt cancellation, and fairer trade rules. While aid and the cancellation of debts provide short-term relief to the world's poor, fairer trade rules offer a more permanent solution.

No person or community in a poor country wants to rely forever on foreign generosity for the provision of basic needs. A fair-trade system would allow the people of the developing world to use the initial investments of development aid and debt cancellation to compete fairly and independently in the world's markets and enrich their nations. Unfortunately, international-trade rules make it difficult for developing countries to compete. Reforms aimed at correcting the effect of these rules (detailed below), could net poor countries as much as $700 billion every year. In 1980, Africa held a six percent share of the world's trade market. Today, this share is just two percent. **If Africa could regain just an additional one percent of the world's trade market, it would earn $70 billion more in exports each year: several times more than what the region currently receives in development aid.**

TRADE: Some fast facts

Did you know that:

- The poorest 49 countries make up 10 percent of the world's population but account for only 0.4 percent of world trade?
- Rich countries spend $100 billion a year to protect their markets with tariffs, quotas and subsidies: twice as much as they provide in aid for developing countries?
- On average, coffee farmers are getting $1 a kilogram while consumers are paying about $15 - a mark up of 1500 percent?
- Rich-country commodity subsidies for their own agricultural sectors total more than $350 billion every year?

BACKGROUND: Dimensions of an unfair system

The world-trade system contains many inequities and imbalances, each of which works to keep people living in poverty. Rich countries protect their own markets against exports from developing countries with import duties and quotas. Rich countries also subsidize their own farmers and agricultural producers at a rate of one billion dollars a day, making it all but impossible for farmers from the developing world to compete in world markets.

Developing countries seeking to strengthen their economies know they need to diversify their exports away from unprofitable basic crops such as coffee and cocoa and into products which earn more money, such as clothes, textiles and manufactured goods. Trade rules that encourage this diversification are desperately needed. Even the export of basic crops, however, would be far more profitable for poor countries if international-trade rules did not punish them for processing them for export. (As an example, African countries that export raw cocoa to Europe can do so with no tariff, but if the African country chooses to process that cocoa – tinning, roasting, or labeling it – it would face a 25 percent tariff for export.)

Trade rules generally are written by rich countries. The **World Trade Organization (WTO)** is the primary rule-making body, but of the 38 African nations which are members of the WTO, 15 nations have no representative at all at the headquarters in Geneva, and four nations have an office of only one person. Most rich nations have dozens of staff to protect their trading interests.

U.S. AND INTERNATIONAL POLICY: What has to happen to make trade fair?

A fair-trade system that empowers poor people around the world requires several commitments from rich countries. First, rich countries must open their markets to developing-country exports without quotas and duties. Additionally, developing countries must be allowed to negotiate country-specific trade schemes designed to alleviate poverty and spur economic growth. International-trade agreements also must protect labor and human rights for all. Perhaps most fundamentally, rich countries should move toward making their own agricultural sectors sustainable without commodity subsidies.

In the United States, Congress and the next President should work together to send a strong message to the international community to resume the "**Doha Round**" of negotiations to make international-trade rules fair immediately. These negotiations, which began in 2001 but have since floundered, were intended to focus on the relationship between trade and development, and produce fairer rules that allow millions of people to lift themselves out of poverty. **United States farm subsidies** – the vast bulk of which go to the largest one percent of American corporate farms rather than our nation's family farmers – are also a major contributor to global poverty, sucking tens of millions of dollars each year from developing-country economies, particularly in West Africa, where family-led cotton farming is the major backbone of national economies. *(See Box)* **Subsidy reform must be a key priority of the next U.S. President. Even though U.S. farm programs don't come up for debate again until 2012, the strength of the opposition to reform will require people of faith and others to begin working with lawmakers and the administration immediately in 2009.**

SPOTLIGHT: U.S. Farm Subsidies

Our nation's current subsidy system pays tens of billions of dollars each year to large-scale corporate farms, encouraging them to overproduce crops that our nation doesn't need and then flood international markets with products sold at artificially low prices. Family farmers in poor countries simply cannot compete in such a climate. **In 2007 and 2008, the Episcopal Church – along with dozens of other faith communities in the United States – launched a major campaign to restructure America's farm subsidy system as the U.S. Farm Bill was being renewed by Congress.** Reforming the subsidy system in a way that is good for American family farmers would also remove most of the negative impact the system has on poor families around the world. While this effort failed to achieve major reform, it did push Congress to have its first-ever serious debate on the issue, and laid the groundwork for future efforts to reform the system when the next Farm Bill is considered in 2012.

WHAT YOU CAN DO

Join the ONE Episcopalian campaign at www.episcopalchurch.org/ONE. You will receive messages urging you to e-mail your lawmakers in support of key initiatives related to fair trade, particularly with respect to the U.S. farm bill. Your voice, along with the voices of the 2.4 million other Americans who have joined the ONE Campaign, is the way through which the United States will help the make trade fair for all God's people. If you're interested in deeper engagement in the ONE Episcopalian campaign in your local community, send an email to Alex Baumgarten at abaumgarten@episcopalchurch.org.

GENERAL CONVENTION RESOLUTIONS RELATED TO FAIR TRADE

The Episcopal Church supports fair-trade rules as a result of its resolutions in support of the Millennium Development Goals (MDGs) in 2003 (D006) and 2006 (D022). (The MDGs call for fair-trade rules, alongside development aid and debt cancellation, as a way for rich-country resources to fuel poverty-reduction efforts.)