

The logo for the Forestry Research Programme (FRP) is displayed in a stylized, red, serif font within a rectangular border.

Forestry Research Programme
Research Summary 001
Ethical trade and forest-dependent people
February 2003

A vertical strip of lush green foliage, including various leaves and branches, runs down the left side of the page.

Responsibly
harvested timber is
processed in a
sawmill operated by
Precious Woods Ltd.
in Brazil.

© Hannah Jaenicke



There is no definitive approach to ethical trade. Fair trade, forest certification and organic labelling each place a varying degree of emphasis on social, environmental and financial goals, which in practice can lead to trade-offs and conflicts of interest.

Ethical trade and forest-dependent people

In the Sustainable Livelihoods Approach (SLA) advocated by the United Kingdom Department for International Development (DFID), it is important to strike a balance between the aims of ethical trade in order to provide long term benefits for those communities whose livelihoods depend on local natural resources.

For this reason, DFID's Forestry Research Programme funded the Natural Resources and Ethical Trade Programme (NRET) in the Natural Resources Institute (NRI) to carry out a three year research project on ethical trade and forest-dependent people.¹ Forests sustain people's livelihoods across the world and, with regard to ethical trade, are no exception to the rule of conflicting interests.

Assessing ethical trade

The NRET project had two main aims. Firstly, to assess how ethical trade, in the form of forest and timber certification and the fair trade of non-timber forest products, compares with conventional trading systems in providing benefits to forest-dependent people. Secondly, to put this research into practice by developing a manual for those involved in ethical trade initiatives.

In order to assess the impact and potential of ethical trade, the NRET team carried out field studies in Peru, Ecuador and the Solomon Islands.²⁻⁶ It also considered ethical trade in the wider context of global trading regulations.⁷⁻¹⁰ The various approaches to ethical trade were analysed by Maggie Burns and Mick Blowfield who concluded that ethical trade is only successful when stakeholders work together in partnership.¹¹

The logo for the Department for International Development (DFID) is shown, featuring the letters 'DFID' in a bold, blue font with the full name in smaller text below it.

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“The project has provided timely and usable information for organisations working with forest-dependent people and is helping them see how their own work fits into the wider context of ethical trade and responsible business.”

*Valerie Nelson,
the Natural Resources and Ethical Trade Programme.*

Developing partnerships

Goal 8 of the Millennium Development Goals states that nations should “develop a global partnership for development.” The NRET team addressed this goal when translating the findings from their research into a manual on ethical trade in forest products.¹² In return for constructive criticism of the manual, the NRET team has provided direct help to practical development projects in Ecuador, Indonesia and South Africa.

Working with the NGO, **Care-Ecuador**, on their **Proyecto Subir**, the NRET team helped develop an ethical business plan for timber trading in the province of Esmeraldas in north west **Ecuador**. By expanding the conservation aims of Proyecto Subir to incorporate local economic development, both organisations hope to make forest certification more attractive to forest dwellers.

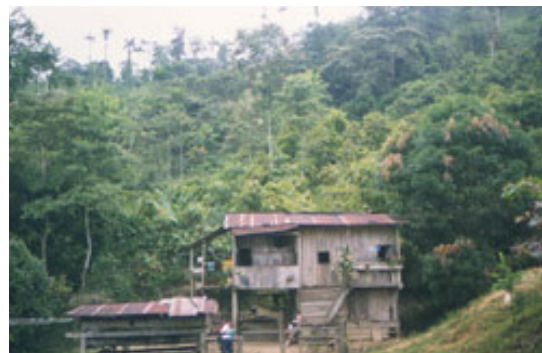
In **Indonesia**, the NRET team worked with the **Indonesian Ecolabelling Institute** to analyse the social fabric of forest communities. The aim was to identify how the livelihoods of different social groups might be affected by forest certification and thereby to inform the implementation of future initiatives.

In **South Africa**, NRET, in collaboration with the **Council for Scientific and**

Industrial Research (CSIR), designed a study to assess small timber growers’ perception of environmental and labour standards. The results of this study are contributing to the development of national standards for responsible forestry management.

As a result of the consultative process in Ecuador, South Africa and Indonesia, the findings from the DFID-funded research have been transformed into an accessible document for practical use by growers and collectors of forest products, trading organisations, development bodies and other key players in ethical forestry.

In South Africa, this collaboration has provided valuable input to **Oxfam GB** in its plans to develop market links in the country. Other collaborating organisations, including the Body Shop, Traidcraft and the Soil Association, will receive copies of the manual via the **UK Tropical Forestry Forum Small Business Group**.



A forest dwelling in the Esmeraldas province of Ecuador. © NRI

Raising awareness

Most of the reports from the ethical trade project are available on the NRI web site. This has generated interest among a wide range of organisations. Just World Trading, for example, requested a copy of the ethical trade manual as a result of viewing reports from the project online at www.nri.org/NRET/forestry.



Brazil nuts are bagged up for sale. © NRI

The NRET project has also informed debate within DFID and the alternative trade movement about whether ethical trade in its present form really benefits people in need. It has brought to the forefront the necessity for impact assessment and the realisation that, to be truly sustainable, ethical trade must compete in a global market.

Media exposure has enabled the ethical trade project to reach an audience beyond stakeholder groups. NRI and the BBC World Service, which collaborated on a radio series entitled *In the Field*, used the Ecuador cocoa study as the basis for a radio programme. This programme was broadcast globally in March 2000 and was made available on the BBC web site. The Ecuador cocoa case study also featured in the DFID-funded BBC World TV series and accompanying book, *Hands On*.

“There is now a healthy debate [in the UN Food and Agriculture Organisation] on whether fair trade should entirely shield inefficient producers and exporters or should be used to apply gentle pressure on them to face up to world markets.”

Rainer Foppen, the Fairtrade Labelling Organisation.

Creating sustainable livelihoods

The Sustainable Livelihoods Approach (SLA) provided the NRET team with a useful analytical tool for assessing the impact of ethical trade. In the studies carried out in Ecuador, Peru and the Solomon Islands, SLA enabled researchers to view trade in a particular commodity not as a discrete activity but as one part of a diverse range of livelihood strategies, designed to cope with economic shocks and natural disasters. This understanding was key to the development of a manual which, rather than being prescriptive, encourages producers and traders to ask carefully thought out questions before choosing an option in ethical trade.



Fair trade chocolate on the supermarket shelf. © NRI

By using SLA, the NRET team also detected that fair trade tends to benefit one stakeholder, namely the small-scale producer or grower; it does not necessarily help their workers and sub-contractors. In Peru, for example, Brazil nut shellers (who tend to be women) do not benefit from fair trade and, since they are a seasonal work force without political representation, are virtually invisible to the scheme. These findings highlighted the need for impact assessment and the importance of drawing on the social development experience built up by NGOs not engaged in trade. Again, this realisation was an

important contributor to the development of the manual.

This analysis ensured that the NRET research and development work is rooted in the six core principles of the Sustainable Livelihoods Approach. Firstly, it is **people-centred**, using the needs and livelihoods of forest-dependent people rather than trade in a particular commodity as its starting point. Secondly, the project is **responsive** and **participatory**, particularly in South Africa where small timber growers were consulted directly for the first time.

Thirdly, the NRET project is **multi-level**. By working with government departments and certification bodies as well as forest-dependent people, the team attempted to ensure that activities at a local level inform the development of national policy. This **partnership** included other organisations such as NGOs, alternative trading organisations and research bodies overseas.

The NRET project also focused on **sustainability** by advocating ethical trade practices that create a balance between social, economic and environmental objectives. Finally, the NRET team carried out its research and development recognising the **dynamic** nature of livelihood strategies in the face of natural disasters or changing economic and political climates.



The fair trade exporter, Maquita Agroexportador, buys cocoa beans from forest people in Ecuador. © NRI

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