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Fair Trade Fair 公平貿易 展覽研討會 and Symposium

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| Diversifying Products: Fair Trade in Tourism | |
| December 15 th , 16.45 – 19.00 | |
| Moderator | Ranjan Salomon, Ecumenical Coalition on Tourism |
| Speakers | - Guyonne James, Tourism Concern - Jennifer Seif, Fair Trade in Tourism in South Africa - Henryk Handszuh, World Tourism Organization |

Opening remarks from the moderator:

The WTO – whether it is loved or hated – brings civil society and social groups together to debate alternatives and to establish that which people want to see or other alternatives that deliver trade with justice for all. Tourism is one of the areas that are severely affected by the WTO and what happens in GATS. Tourism is huge, highly complex, and rapidly facing large challenges because of that.

Contribution: Guyonne James:

- Tourism is a huge global industry, covering over 10% of the world's annual GDP (4.5 trillion US\$) and employing 220 million workers. 700 million trips are taken every year and this number is estimated to double by 2020 (some even say 2015). It cuts across core sectors in national economies, is involved in infrastructure building, agriculture, restaurants, guided trips, etc. It is primarily a service industry, but it is global. The consumer is taken to a product to consume that product, not the other way around. This makes it a huge export industry. It has been flouted as the best development tool around. 49 of the lesser developed countries (or one third) declare that tourism is their biggest revenue earner. It uses what many poorer countries have in abundance, nice landscapes, etc. Bob Geldoff told everyone to go to Africa, because that is what is going to help them. The problems with tourism are the same as any globally traded sector: it does not deliver just or fair trade.
- Tourism Concern has been working in this area for over 15 years now; on things such as displacement. People are being moved from their local lands to make way for tourist areas (e.g. Kenya, coastal areas) and it is becoming privatised. Also, the working conditions are often exploitative. Tourism Concern did research on mass-tourism definitions and we found that there are issues of low wages, long hours, discrimination, etc.; which becomes crucial in developing countries.
- In addition, many of the benefits of tourism do not end up in the country where the consumption occurs. As little as 10% that a tourist pays on a package holiday will end up in the country he or she visits. They pay for it in the North, so the transaction occurs there. If a northern airline or an international resort is being used, the money will stay in the north. Ways in which the local community will benefit are very restricted—especially with respect to all-inclusive holidays—because people will not spend much extra money at the destination.
- In the north often people who work as gardeners, cleaners, and waiters are not from the country they are working in. In the south it's the opposite. The better paid jobs, like the managers, are imported from outside. These positions are not filled with people from the local community.

- A standard economic reality from a company being developed is that someone will find an area of amazing beauty. It will be noticed as a tourist development area and the local community may have small-scale sustainable economic activities there. However, if there is more large-scale tourist development, the workers will be brought in from the outside. Infrastructure will be built for the benefit of the tourist resort. They will most likely also bring in products from outside, so the local area will not benefit. Once the resort is built the local community gets drawn into the development, but it will be the least paid jobs that are frequently below standard wages and living requirements. Because the wages are so low, the local community will not develop. One is left with a terribly unjust system, where hoards of rich people come into a community and the locals have little benefits, become dependent on the resort, and stay poor. This can be seen in Cancun, Brazil, and Egypt—beautiful resorts along the coast, and just outside: shanty town communities that service the tourists. They come for jobs because they are desperate and they stay on the outside. This is what Tourism Concern has found with the conducted research. These are the negative effects of tourism and the reality we're dealing with.
- FT tourism has been around for quite a while under a variety of names like ethical tourism, community tourism, geo-tourism, sustainable tourism, etc. The core element of all these initiatives is to create a wealth for the local community. It has to do with minimizing damage to the environment, supporting social schemes, etc.

Contribution: Jennifer Seif*:

***The slide presentation by Seif is posted at fairtradeexpo.org.**

- Fair Trade in Tourism South Africa (FTTSA) is doing the labelling or certification of tourist products. These labels include hotel, bed & breakfast location or safari lodge. Our work is facing two contexts: the global context (competition exploding) and the South-African context (transforming post-apartheid South-Africa to rectify the injustices of the past).
- There is a consensus that a tourism industry that benefits the majority of South Africans is wanted.
- Since 1994 international arrivals into South AFRICA have nearly doubled (SAT Arrival Statistics, www.southafrica.net). South Africa has avoided much of the terrible development of the 1960s and 1970s as it was not a popular destination before 1992. There is also a strong domestic industry (it accounts for half of the revenue). South Africa sees tourism as a key sector (unemployment is 40%). FTTSA has used fair trade certification as a way to address this dynamic and make sure it benefits the majority. It is quite an interesting context. FTTSA is a non-profit organisation started by the World Conservation Union. Many people don't know what FT tourism is but it makes sense to ordinary South Africans so a certification system was developed in South Africa.
- The principles and criteria for FT in tourism are defined on our website: www.fairtourismsa.org.za. We have a particular understanding of these principles and the challenge was to join global and local trends, making it relevant to those in the value chain.
- FTTSA offers certification to the industry. We target emerging product owners, black owned (anyone not white) businesses and mainstream operations. So far 14 institutions have been certified in 2 years ranging from small-scale to five star luxury businesses. They want to buy into the transformation and show stakeholders that they are reforming their businesses and committed to development.
- FTTSA certifies products. They do not label the 14-day package, but the lodge, or the diving activity, etc. They also try and work with tour operators. The value chain in tourism is not unlike the food chain. There are tour operators who sell to wholesalers, then to retailers and then, finally, consumers (and is sometimes owned by one owner, but not often in South Africa). The certificate or label can provide an entry point into the market which is vital to the long term viability of the business. They then get access to

catalogues, helping them in financial and non-financial ways, they are now in the industry.

- FTTSA is trying to make this mainstream in the industry. They don't directly target consumers, but try and raise awareness with domestic consumers and tour operators do this too. They place advertisements in in-flight magazines, on websites, etc. The operators feel the real value for them is being a part of a network of progressive businesses, knowing that they're complying with laws, etc.
- In South Africa the aim is to increase the number of businesses certified including a high number of emerging businesses. Consolidation of what has been done, as well as broadening the portfolio, are the two aspects. This way, FT in tourism will be taken more seriously and FTTSA will get more exposure. A next step is also to expand the labelling initiative (which is essentially a social one) to other African countries.
- Challenging issues:
 - o Making it part of FT family (an umbrella organisation called FT South-Africa that will become part of FLO and they want to use this to help them do this)
 - o Looking at whether to continue certifying just parts of the value chain.
- In some ways South Africa is unique but in other ways not. There is high unemployment, high poverty, so in many ways we are similar to other developing countries.

Contribution: Henryk Handszuh*:

*** The slide presentation by Handszuh is posted at fairtradeexpo.org.**

- The World Tourism Organisation has become the UNWTO to coincide with our organisation becoming a special organisation with the UN giving extra benefits.
- The General Agreement reflects some of the aspects that some countries decided to voluntarily put in the agreement. They relate to sustainability, fair trade, and recognition of national standards. These are positive but they have not been developed in the negotiations. UNWTO has come here to promote a new agenda, to promote a new approach for a substantial change in the negotiations. The general thinking is that once you liberalize markets, the tourists will come but this is not true: capital will only flow if it can be remunerated.
- There was a joint conference UNWTO-UNCTAD in 1999; the conclusions of which are presented here. How can all parties in the supply chain be remunerated? This is a challenge. There were other conclusions, too, that lead us to the heart of the problem.
- One can talk about FT in tourism if it is clearly defined and if there are measures in place with proper incentives. Furthermore, a better regulatory framework needs to be achieved.
- The term international tourism is used to refer to tourism as exclusively related to holidays; however, this is the wrong concept. It is not just about going on holidays, but it is about all travels (i.e. also business travellers). One should go beyond this narrow approach to tourism and also emphasize the importance of domestic demand. Tourism is also about rewarding the local suppliers whose services are coming from the same country. So let's use *this* broad concept of tourism. Along the same lines the discussion should not be limited to hotels or tours. It is also about convention services. In sort, it relates to a whole range of activities and the concept of FT can be applied to each and every one of them.
- What are the issues at stake? Handszuh states that he is an economist and looks at how much is invested and what the return is. Terms used in the economic discussion are: remuneration and the factors of production (land, labour, capital). How are know-how, marketers, and intermediaries remunerated? How big should the commissions be? There is such a strong competition in the market place and it is so versatile that they can easily move places. These days, chains do not buy land and hotels, they allow people to use their label and if that does not work out as well as expected, they move on. There is another trend to sub-contract and offer employment to other people. Definitions were

mentioned. Beck tells us about the definition of relations: once this is in place we can have more transparent ways to work that makes everyone happy. FT is something objective or less objective. Co-existence between small and big destinations.

- What is the real challenge? It can only work if the people who take the risk to open a business are involved. It must involve entrepreneurs, they will require capital, and unnecessary leakage must be avoided so that it benefits the local community. Keys of success: those who buy give in advance and on-time payments and establishment of long-term (sustained) commercial relationships. The seller will be successful if what they offer really represents quality and, also, if the people are empowered and have the capacity to be in a successful relationship with the distributor so they can dictate their own conditions and be responsive to demand. At a local level FT tourism is successful when it establishes linkages with the local community to avoid unnecessary leakages.
- What are the benefits of FT for tourism consumers?
 - o Avoidance of massification
 - o Enhancing and safeguarding quality
 - o Respecting diversity.
- What are the challenges?
 - o Under-representation of tourist businesses at local level
 - o Ownership of land
 - o Access to credits (micro credits) by SMEs
 - o Access to public promotion and marketing budgets
 - o Positive consumer awareness
 - o Consumers as participants
- There is a difference between other FT products: they do not simply consume it but they participate in the process of making it which gives it a different dimension.
- Possibilities for SMEs:
 - o Become noticed
 - o Gain greater power
 - o Become represented
 - o Network
 - o Link with FT operators like in South Africa
- What is the strategy?
 - o Identify the tourism production chain
 - o Identify and support key SME leaders
 - o Achieve transparent analysis of pricing
 - o Test the price sensitivity of consumers
 - o Exchange of cost information
 - o Increase consumer awareness
- There are various scenarios for the monitoring of FT activities. 3 important studies are on the UNWTO's internet site (leakages and linkages, competition problems in tourism, sustainable standards etc.). They are doing surveys on business and anticompetitive practices, prototypes, reports etc. There are two big projects: STEP (Sustainable Tourism for Eliminating Poverty, created by Mr Leadman and he's the leading person in the WTO secretariat) and we are planning to do something interesting in South America. There are three stages: Madrid (January 2006), then Malaga (June 2006), then the Americas (beginning 2007).

Discussion

- Jennifer Seif:

- I think our (Henryk's) understanding of FT is different. Things like tourism, people being paid on time, etc.; is part of the perfect liberal market mechanism. My understanding of FT is more that it is an intervention in the market which does not treat people fairly so and intervention is needed to do that. So how is the UNWTO intervening to create equal opportunity for everyone because it is not a level playing field? For me FT is a method of intervening to help create a more level playing field.
- Henryk Handszuh:
 - "We still have to demonstrate that FT products are interesting for the majority of consumers and we have to develop that. We need to increase transparency in the market, we need to define the stakeholders, and we would like to arrive at the end situation where mainstream tour operators will move in a long-term perspective in more ethical ways. We will never have a perfect situation because it is changing all the time and we live in a global market. We need FT-friendly domestic regulation especially the global multinationals as they affect 80% of global trade. They will feel happier and secure if they have to deal with clear regulation and strong nation states".
- Richard Gerster:
 - "Jennifer, I'm very impressed by your initiatives for development because I have learned that this is where the potential is: at the grass-roots level. I would have expected that you (Henryk) support such initiatives because they are in the direction that we want to get to."
- Jeff Littman, UNWTO:
 - "As far as the broad picture is concerned we have a long-term strategy; which is liberalisation with a face. We support WTO liberalization, we think it is going in the right direction, but we think that it must include FT in the way Jennifer has defined it which is in the interest of poverty intervention and community based initiatives. We support such initiatives which balance benefits, because that is what markets do. We have dozens of programs which are designed to do this. Our long term interest is to provide a framework in which all initiatives can be advanced, tested, and helped to promote the best of these. We have been working on sustainability certification since Rio and we are interested in promoting the best of these initiatives, which is what we are trying to do with the Americas meeting. Like Tourism Concern, we recognize that there are issues in tourism, but there are a lot of positive things happening too. We hope to be able to play a role in reducing the bad and increasing the good."
- Indian person from the audience: Referring to *Article 2* of the OMT/UNWTO global code of ethics (clause and article 9):
 - It seems to be that from listening to what Henryk and Jeff said that their code of ethics is not in line with the position they have taken today. The second issue is that it is interesting that the UNWTO views the GATS as an opportunity. Tourism is one of the most liberalized sectors, if we research the commitments taken we see the trend that developing countries have opened up more and more, and tourism is often a bargaining chip in many of the negotiations as it is often a non-issue. It has given up with India as it is all about trade-offs, and many countries are not given the time to look at what they want to do with regards to this. An Indian community has submitted a document to the WTO highlighting the issues in one of our major tourist areas, it highlights that GATS has problems and is a work in progress.
- Henryk:
 - "GATS does not regulate those people who do not care. It happens in my community in Spain too, not just in India. So it does not really intervene, all the commitments are there but they do not intervene in real life. The large

multinationals do not really care whether the country has entered into agreements; they just enter into direct negotiations with countries without caring about GATS.”

- Vidya Rangan, Equations:
 - o “Then why should tourism be in the GATS if it does not have any impact anyway? Wouldn’t it be better to get out of it?”
- Jeff:
 - o “No, but we do not have anything better. It is here that most of society has accepted it and we feel it is an acceptable mechanism. We think that we should try and get these rules right over time; our role is to give our members a perspective of how this is evolving over time, so that we can have an influence on how this develops. Our belief is that there will be another round after this, and that if you take a 15-20 year perspective, we believe that this rule-based framework can evolve. Our answer is a liberalization strategy with a face: multi-stakeholder involvement, local community involvement, etc. We believe that the global code of ethic should be how it evolves, but we are a small organisation with 100 people, a budget of US\$ 10 million and we are trying to respond to a highly dynamic world so it’s much more complicated.”
- Vidya:
 - o “Thank you. Your last comment of the Code of Ethics is heartening to note. I agree that tourism is a long-term activity and should be viewed over time, but we have companies that invested in GATS 10 years back, like Kenya, and their effects are so negative. I agree that any framework needs to be given time but we need to reflect. What has GATS done over the last 10 years? What are its affects? Positive or negative? It’s reflected in GATS. We have been negotiating with our own government but it’s a question of priority.
- Henryk:
 - o “The WTO secretariat is an entirely member driven organisation. Subventions need to be delivered by members, and one country is one vote. One country can nullify a consensus but it is very democratic. They reach a consensus. It is similar to other organisations but also different. We have a permanent status. So if there is ever a negotiation, we are invited to come to the table and give our opinion but we can not make the decision. There is a struggle between those that ask for assessment, but our member states have not asked us to do this assessment so you never know how the decisions will work in the medium or long term and it is not our job. Developing countries do not have the capacity to be present at all meetings, to see all things. Thanks to donor nations like Switzerland they try to give help to these nations. We have our little role: we try and be constructive and positive, but common sense must be there.”
- Ranjan:
 - o “Again the question arises: are we operating on a level playing field? Most people do not believe that liberalization can ever have a human face under the conditions that are currently being negotiated. When will it be right? After 1 round, after 10? By then there will be tens of thousands of victims. We can’t wait.”
- Guyonne:
 - o “We tend to be very fluent on the negative aspects of tourism and that does not mean we do not see the positive benefits. *Tourism Concern* published a book on 750 positive examples to put out models on how it can be done. FT began as an alternative model, as the current model was so unjust that local producers could not be part of it. FT is a different business model. That is the core of it: the turning around of the power dynamics that currently exist.

Everything you are trying to do, great, but it is not what we would consider FT or what the people who are a part of it want it to be. I'm concerned about that because you are using the language that was created in response to the problems that organisations like yours are part of."

- Vidya:
 - o "What would a framework of FT do to enhance the situation of producers? That is the only question that we need to ask and assess for ourselves."
- Jennifer:
 - o "I think that this issue of power dynamics is critical to FT in tourism. We have policy for FT tourism in South Africa and many people ask me how FT in tourism is different. The answer is because it specifically addresses issues of power, and I think this is why it resonates so strongly in a place like South Africa where we are so aware of these differences. So I think it is important to look at that because we do not see tourism as just a bad thing but it is also not a magic carpet. If we leave it alone, it will not help these people. To come back to the challenges, our program is similar to other FT challenges around the world; the most obvious being our won capacity. Another is the capacity of the industry. How much time is needed to educate emerging and established businesses on even what sustainability is? Also, the lack of empirical emphasis about demand? Most of the research is inspirational but it does not really test purchasing behaviour or demand. Once you have certification you can test demand and make a business case, which is necessary to grow the business. There are also challenges because a lot of initiatives are becoming trendy and sometimes it becomes confusing and, in the worst case, we will have NGOs fighting each other for resources. The big challenge for me, is should FT tourism be driven from the North, South, or both? Our research shows that a more bottom-up approach has a better impact. If you see FT as a developmental tool, I would argue that it should be driven bottom-up to respond to local challenges, if you see it from a marketing perspective I'm not sure whether it should be market-based."
- Jeff:
 - o "Speaking as a board member on GreenGlobe21 which was launched because people from the industry saw it as an attempt to get it right after Rio. Industry opposed it because they did not want regulations, NGOs opposed it because it was industry based, and the UNWTO opposed it is because it was not from them. The real challenge is the people managing the programme; they are difficult to put in place because they are complicated and take time to educate people, etc. There is no level playing field, and the only thing we can do is try and make it more level, which I think, can best be done within the institutional framework."
- Vidya:
 - o "Yes, there is good in tourism, but what are we doing to enhance it and ensure it is being preserved?"
- Guyonne:
 - o "It is all about whose rules count. It is about whether local communities have an influence over this development. We are also talking about social wealth which is so much more than how many pennies you have in your pocket."
- Jennifer:
 - o "There are other things which some of us would like to discuss so we can continue and look at how we can get tourism FT in the broader FT framework, etc."
- Ranjan:

- “The dialogue must continue and the differences are huge. For our network we need to advance the question of FT tourism at an NGO level. We hope that the UNWTO will open up the dialogue as it is very expensive for us to be a member and we can't afford to join (2000€); and yet it is meant to be for the people.

Notes by Annelies Hodge