

Speech by Birgitta Tazelaar, Deputy Director-General for International Cooperation, Dutch Ministry of Foreign Affairs, on 'The Only Way is Up! International Conference on Living Wages and Incomes in agrifood, Rotterdam, 6 November 2019

Ladies and gentlemen,

I'd like to welcome you all to Rotterdam. I'm delighted to see so many people here to discuss such an important issue. This conference isn't just about a living wage and income. In fact, it's about a just world where every person counts.

Current situation

The world economy is growing, and more countries are benefiting from global prosperity. In recent years millions of people have seen major improvements in their living standards. But global inequality has been increasing even faster. More than half the world's wealth is now in the hands of only one per cent of the world's population. And in 2017 the richest 42 people in the world owned as much as the poorest 3.7 billion! Figures like this are morally unacceptable. And they pose a threat to the stability of countries and economies.

There is a dark side to our prosperity: children who can't read or write, working twelve hours a day or more in garment sweatshops. Large-scale deforestation in the interests of unsustainable palm oil production. Cacao farmers who don't get a fair price and can barely survive. These people produce the shirts we wear, the shampoo we use and the chocolate we eat.

Dutch policy on foreign trade and development cooperation is based on the Sustainable Development Goals. It's aimed at providing more opportunities to people in developing countries and vulnerable areas. At combating climate change. And at promoting fair trade that makes production and consumption more sustainable. Because everything's connected, and everything has a far-reaching impact.

What needs to be done?

Fair trade is trade that takes account of risks to society throughout the value chain, from the producer to the consumer. It's trade that creates jobs and raises incomes here as well as there, and gives people the prospect of a better life. It's trade built on respect for human life, workers' rights, animal welfare and climate.

We need to work together to move towards an economy where we look beyond the monetary value of products and services, and consider their ecological and social value as well. The famous three Ps: people, planet and profit. In an economy where everyone participates, counts and shares. Where fair prices are paid for products, and producers get fair incomes or wages for them.

We firmly believe that this is the future, that it will become the norm. More and more people are realising that we need to take care of nature and the environment. And that it's not right for some people to prosper at the expense of others. But what not many people realise yet is that this comes with a price tag. Living wages and incomes are a human right – but someone has to pay for them.

Consumer consciousness

The question is whether consumers are sufficiently aware of this. Whether they know that most of the products they buy and consume don't mean fair incomes and living wages at the other end of the chain. I'm afraid that most consumers don't know this.

More and more consumers want to make sustainable choices. But to make these choices, they need to be fully informed. About the wages and incomes received by employees and farmers, for example – even if this is 'an inconvenient truth'. To ensure living wages and incomes, there's a gap that needs to be closed. And consumers have to have confidence that claims of sustainability are justified.

That's why we're all here today. So that together, we can move towards fair prices for products – enough to give the producers living incomes or wages. And give a role in this process to consumers – the final but indispensable link in the chain.

Approach of the Dutch government

In the years ahead, the government will make more vigorous efforts to adopt legislation in this area. Right now, we're exploring our options. I don't know if it's feasible to close our frontiers to goods whose production violates social standards, like living wages. But we believe it must be possible to make companies that process goods responsible for achieving sustainability in their supply chains. And to support the adoption of legislation by governments in producer countries. In any event, we won't shy away from the issue of legislation. We will launch this discussion next year in the Netherlands. And I'll be working with Germany to move ahead in the EU with debates on effective policy on corporate social responsibility.

Through the ILO, we are supporting governments that want to raise their minimum wages to liveable levels. Higher minimum prices and higher minimum wages make it easier for parties in European consumer countries to reach their goals for living wages and incomes. What these do, after all, is create a level playing field.

National agreements have already been made in Switzerland, Germany and Belgium about making the cacao industry more sustainable. And similar agreements will be made in the Netherlands. The discussions here are already at an advanced stage.

The Netherlands calls on all parties – especially in our country, as a leader in the global market for cacao imports and processing – to translate these agreements into practical action as quickly as possible. Let's take responsibility for our role in the cocoa trade. And let's support the governments of Ghana and Côte d'Ivoire in raising the minimum price for cocoa, as a necessary part of a broader package of measures to ensure living incomes for farmers in the long term.

We are also supporting the development of a Living Income Reference Price. Living wages and incomes sound great. But without detailed calculations of what they mean in practice for product prices, this is barely more than a philanthropic catchphrase. It has to be more than that. Living wages and incomes are a human right – and this means they have to be quantified.

What do we expect from you

As a logical extension of these efforts, Dutch companies need to have procurement practices that promote compliance with higher minimum wages. Not just for cocoa, of course, but for other products as well, like flowers, coffee, tea and bananas. You are stakeholders in these Dutch companies. And so are we – because the government, too, is involved in procurement.

We are glad that sectoral commitments on living wages and incomes are being presented here this afternoon. As you all know, good intentions are nice, but everything depends on putting them into practice. And that requires working together. Working together to raise productivity and pay fair prices. To support social dialogue. And to reach agreement on who will cover the costs of those fair prices. By approaching suppliers as a group, you can minimise risks of exploitation and child labour. You can prevent competition among you from helping to perpetuate exploitation and child labour. What's more, you can receive support for this kind of partnership, for example through the Fund for Responsible Business. Partnerships are key. And the Dutch government believes that this is fully compatible with EU competition policy.

And there's another major task we see for you. As representatives of big retail chains, you understand better than anyone the art of inspiring and tempting consumers. Supermarkets and stores have big marketing and advertising budgets, and a lot of knowledge and know-how about influencing and educating customers. You could do enormous good in influencing consumers and raising their awareness, so that they make sustainable choices – at appropriate prices. Nobody knows more than you about the power of advertising. You know how to link a product to a feeling – and a price. So we want to call on your creativity and commercial instincts to tell consumers a story about fair trade. And to help them realise that fair products have fair prices.

We've made significant progress in recent years. But we need to make a lot more. As we pursue the SDG agenda for 2030, the Dutch government is trying to secure living wages and incomes worldwide for the people who produce our goods. To achieve this, major progress has to be made by 2025 in many different sectors – including yours. Let's set to work. Because as I said, this conference isn't just about living wages and incomes. It's about a human right.

Thank you.