

The Rt Hon Vince Cable MP

Secretary of State for Business,
Innovation and Skills

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House of Commons
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Thank you for your letter of 19 May, on behalf of your constituents, about global poverty (Traidcraft campaign).

Trade has a vital role to play in economic and human development. That is why we are committed to development-friendly Economic Partnership Agreements (EPAs).

EPAs are trade agreements between the EU, its Member States and third countries or groups of countries in the African, Caribbean and Pacific (ACP) regions. Countries signing EPAs secure 100% duty-free, quota-free access to EU markets and benefit from improved Rules of Origin requirements, including simplified requirements for exporting textiles and fish – important export products for many developing countries.

We have consistently pressed the European Commission to be flexible in negotiating EPAs believing that ACP countries should decide upon the content, scope and timing of their EPAs. The Commission agreed with this approach and we have helped ensure that ACP countries have up to 25 years to open up their own economies. Crucially, up to 20% of sensitive products may remain fully protected.

However, for developing countries to capitalise on improved access to international and regional markets, they also need support to develop their capacity to trade. Aid for Trade funding has been spent delivering a range of new projects, such as the North South Corridor, which is helping to improve transport and trading links across eight African countries by upgrading roads and improving border crossings, improving railways, roads and ports.

Whilst we fully recognise the need to protect overseas workers from exploitation we believe that the best way to make progress on these issues is for Governments to work with workers' and employers' groups to improve their ability to comply with and enforce labour laws. The lead international organisation on labour issues is the International Labour Organisation (ILO) which endorses this approach. The Department for International Development (DFID) provided almost £20 million in the period 2006-10 to the ILO to strengthen its work with partner countries, promoting decent work through technical support and partnerships. The ILO is developing "Decent Work Country Programmes" in over 80 countries, with over 30 already running, together affecting the lives of many millions of working people.

We of course encourage UK businesses to act responsibly and to adhere to labour laws and standards. Voluntary schemes are bringing real improvements in conditions for workers overseas. For instance, in 2008, companies which are members of the Ethical Trading Initiative (ETI) registered over 84,000 separate improvements to workers' conditions that together touch the lives of over 8.6 million workers. Progress has included increased wages and shorter working hours in Bangladesh for people making garments for export; and in India, getting children out of hazardous work in stone quarries and getting them back into school.

We also support providing incentives to countries to ensure decent working conditions. For example, we support the special trading deal (called GSP Plus) that the EU offers to developing countries which ratify and effectively implement key international agreements, including the eight ILO Core Conventions.

We also encourage adherence to the OECD Guidelines for Multinational Enterprises, which set out recommendations for good corporate behaviour including employment rights and environmental issues.

Many UK Government departments provide a range of Fairtrade products through catering contracts. DFID and the Office of Government Commerce revised the guidance on fair trade in public procurement in 2008 to help departments increase the availability of fair trade products, within strict EU procurement rules. We are, with help from the ETI, considering the scope for ethical concerns to be covered by Public Procurement rules.

As a result of a Competition Commission (CC) investigation into the UK market for the supply of groceries the CC produced a new extended and strengthened Groceries Supply Code of Practice (GSCOP) that came into force on 4 February.

The previous Government agreed with the CC that the Code needed policing and launched a public consultation on 5 February, on what the monitoring and enforcement body might be and the powers that it might have. The consultation ended on 30 April 2010 and can be viewed on the BIS website pages at: <http://www.bis.gov.uk/assets/biscore/consumer-issues/docs/monitoring-gscop-consultation.pdf>.

The responses to the consultation will now be analysed before the new Government takes any further decisions. The programme for Government, published on 18 May, makes a commitment to introduce an Ombudsman in the Office of Fair Trading, to enforce the Grocery Supply Code of Practice and curb abuses of power which undermine our farmers and act against the long-term interest of consumers. We want to ensure that this body is robust and effective and shall be looking to take forward this measure as soon as is practicable.

A handwritten signature in black ink, appearing to read 'VINCE CABLE', with a small arrow pointing to the right above the end of the signature.

VINCE CABLE