

Sustainability Standards, SDGs and the WTO¹

The recently adopted 2030 Agenda for Sustainable Development calls for sustainable trade, production and consumption across the globe. Although the number of environment-related requirements under WTO rules has been growing in recent years, the more ambitious steps have been seen outside of this regime in the field of Voluntary Sustainability Standards (VSS) – voluntary in the sense that there is no binding and effective international or national regulation that requires compliance with them for general market access. VSS have in many cases been translated into formal certification schemes along value chains by non-state coalitions of producers, civil society organisations and companies, the latter two overwhelmingly headquartered in the global North. Brand-specific sustainability schemes, public VSS and new complementary partnerships such as the German Partnership for Sustainable Textiles add to this picture. Initially expected to create niche markets, production certified under VSS schemes has reached significant market shares in individual commodity sectors, above all in coffee production.

Contributing towards SDG 12 and beyond

Provided that their market significance further increases, VSS in their different degrees of formalisation have a considerable potential to contribute to the implementation of Sustainable Development Goals (SDGs): At one end of global value chains, VSS are a practicable tool to implement sustainable consumption and sustainable public procurement in rich countries, which are expected to take the lead in attaining the respective SDG 12. At the other end (or actually the beginning) of global value chains, VSS have the potential to bring about significant environmental (less use of natural resources, energy and chemicals in production) and developmental (higher yields, access to new markets, health improvements, price premiums) benefits. VSS may therefore have direct relevance for almost all Targets under SDG 12 as well as related Targets such as 6.3 and 6.4 (water

quality and water-use efficiency), 8.2 to 8.9 (economic diversification, decent work etc.) and many more. In order to use these potentials, however, a number of issues need to be addressed by governments, civil society and business globally.

1. The global trade context: From a developing country and rising power perspective, the push for sustainability standards by Northern NGOs, corporations and governments may appear imbalanced as long as local producers face severe pressure from (a) subsidised exports of the North, especially in the agricultural sector, and (b) producers in neighbouring countries where even lower standards apply. Progress on WTO Doha Round commitments to cut agricultural export subsidies (also claimed for in SDG Target 2.b) would create new dynamics and legitimacy for the global promotion of VSS as well. In addition, large VSS initiatives and their supporters should consider regional approaches where country-focused VSS promotion risks crowding out production to neighbouring markets with lower standards.

2. Ownership of the global South: Broad representation of stakeholders from the global South – not just producer groups, but also consumer NGOs, business, government and academia – in the governance structures of VSS schemes is vital for their successful globalisation. Provisions should also leave enough space for local adaptations as the notion of sustainability may not be universal in every detail, but rather in its substance. Local VSS complementing global schemes can help create ownership and increase the relevance of standards for (middle-class) consumption in the South. Connectivity between local and global initiatives should be facilitated by VSS umbrella organisations and large corporations.

3. Tangible benefits: Joint research from the global South and North is required to substantiate the fragmented evidence on social, economic and environmental benefits of VSS implementation with reliable aggregate data for a range of decision makers – from governments to local producers looking for productivity and efficiency gains. In light of developing countries' mixed experiences with technology access under the TRIPS Agreement, VSS schemes may have to build up trust by offering very concrete modes of technology and information sharing within and across their platforms and with support from international cooperation.

¹ Drawing on the “Conference on WTO and SDGs: Issues before the Nairobi Ministerial” co-organised by the Research and Information System for Developing Countries (RIS), the German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE) and the Centre for WTO Studies in partnership with the Federation of Indian Chambers of Commerce (FICCI) and the Confederation of Indian Industry (CII) in November 2015 in Delhi.