

d·i·e

Deutsches Institut für  
Entwicklungspolitik



German Development  
Institute

## Southern powers begin shaping sustainability standards

By Thomas Fues and Sven Grimm,  
*German Development Institute /  
Deutsches Institut für Entwicklungspolitik (DIE)*

# The Current Column

*of 23 October 2017*

## Southern powers begin shaping sustainability standards

Bonn, 23 October 2017. International organisations based in Geneva have recently devoted great attention to voluntary sustainability standards (VSS) which claim to align production and consumption patterns with certain social, environmental and ethical specifications. At conferences last September organised by the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre, participants identified three drivers for the growing significance of VSS: First, consumer in advanced economies are increasingly looking for “clean” products, be that sustainably harvested wood or fair-traded products such as cocoa and coffee. Second, transnational corporations turn to VSS in order to mitigate reputational risks and differentiate their goods and services. Finally, public procurement in Europe and Southern countries like Brazil, China and India has begun to take sustainability criteria into account.

The rapid growth of VSS has created a veritable standards jungle where consumers, producers, traders and public authorities have great difficulties to orient themselves. There are more than 500 product labels promising sustainability globally, and it is difficult to know which are genuine. The objective assessment of impact and the comparability of competing VSS schemes are impaired by the lack of transparency and incomplete empirical evidence. Sustainability claims of individual companies which are not backed up by third-party verification add further layers of complexity.

Historically, actors from the South have rejected standards conceived in the North as protectionist and discriminatory towards small and medium-sized enterprises (SMEs). The sceptical attitude has recently given way to pro-active engagement as Southern powers want to participate in shaping the evolution of VSS according to their priorities. From March 2016 to June 2017, India, Brazil and China established national VSS platforms as clearing houses for information exchange and policy formulation. The Quality Council of India (QCI), a joint entity of the Ministry of Commerce and Trade and industry federations, acts as secretariat for the national platform. In Brazil, INMETRO, which is part of the Ministry of Industry and Foreign Trade, is charged with such task. In China, the Standardization Administration of China and the China Association for Standardization work in tandem to coordinate the national platform. Learning from these experiences in multi-stakeholder settings as part of the Managing Global Governance Network, Mexico, Indonesia and

South Africa are presently exploring the possibility of establishing similar institutions.

The platforms in India, Brazil and China have three functions in common: facilitation of dialogue, adaptation of standards and international networking. While multi-stakeholder interaction has become a well-established practice, the alignment of VSS with national priorities presents considerable challenges. Ambitious international labels need to be complemented by low-threshold versions which allow for the gradual upgrading of domestic enterprises. In India, for example, QCI created BasicGAP for food producers as a stepping stone to the internationally recognized GlobalGAP. As complementary measure, governments need to provide financial and technical support to SMEs for the uptake of standards.

National platforms are now working on policy frameworks which would ensure that VSS align with the development priorities of the country while achieving sustainability outcomes. The underlying paradigm shift can be understood as a counter-measure to the unfettered liberalisation of world trade, which has led to unfair social and ecological competition. In the South, VSS are no longer seen from the perspective of individual corporations but as instruments to serve the macro-economic objectives of transformation and sustainable development. More and more governments want to determine the conditions under which international schemes are helpful (a “licence to operate” of sorts). Acting on their own, India and China are presently designing national endorsement procedures for VSS (“standard for standards”). Once put in place, public support for VSS will be made conditional on meeting such requirements.

The growing pro-active commitment of developing countries to sustainability standards is a welcome trend. Their efforts in aligning VSS to national priorities and in articulating Southern perspectives at the international level will enhance the contribution of such market-based instruments to the 2030 Agenda for Sustainable Development. In the short run, the United Nations Forum for Sustainability Standards under the leadership of UNCTAD should facilitate a multi-stakeholder process for sharing experiences, joint knowledge creation and policy dialogue on VSS. In the long run, the international community needs to establish a coherent global framework for VSS which could overcome the present state of fragmentation and promote sustainable trade.