

Launching Workshop

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VSS – are they an Opportunity or Barrier to Trade and what is the Role of the Private Sector?

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The Key Trade Disciplines for VSS

Key requirements resulting from TBT and SPS Agreements:

- Legitimacy (needs test under SPS),
- Transparency and inclusiveness,
- Least trade restrictiveness,
- Anti-trust
- Assuring coherence between regulation & VSS

Inter-relationship between VSS and WTO rules:

- VSS are a way to supplement rather static WTO rules
- Attempt to couch VSS within the WTO framework failed, the UNFSS was created against this background

Likely areas of tension between VSS and WTO disciplines:

- Transparency and inclusiveness still problematic,
- National interpretation and adaptation,
- Harmonization and equivalence.

Importance and Potential of VSS

- VSS can make significant contributions to:
 - improving quality
 - resource, energy and material efficiency
 - structural change towards more environmentally and socially sustainable production
- VSS are also a step in the direction of internalization of true social and environmental costs.
- VSS can reduce the risks that result from outsourcing of production from the North to the South (e.g. wage dumping, carbon leakage).
- For an increasing number of product groups (in particular for resource-based industries and food and agri-products), VSS have become a 'license to operate' in the market.
- If put in a constructive and supportive governmental framework, VSS can be a tool ushering into some 'transformational change'. Yet, with very few exceptions, VSS on their own are unlikely to result in 'transformational change'.

Decisive elements for the characterization of PSS

- Who 'owns' or 'initiates' the standard and for whom is it made?
- What is the level of inclusiveness and transparency in developing and managing the standard?
- How trade restrictive is the standard?
- What is the distribution of costs and benefits of standard implementation?
- How is the legitimacy of the standard obtained and continuously assured?
- What is the real impact of the concerned VSS at company and macro-economic level; how is this impact measured and the results interpreted? In what way does the standard contribute to sustainable market transformation and to improving economic livelihoods at local level?

Some Key Systemic Challenges of VSS

- Multiplicity and lacking interoperability of VSS – bearing on compliance costs.
- Stringent, complex and multi-dimensional standards may reinforce marginalization of smallholders and less developed regions – compounding already existing weaknesses.
- Fear that VSS might (directly or indirectly) undermine the hard-won disciplines in the WTO Agreements on TBT and SPS measures.
- Fear that Northern requirements and social preferences get imposed on developing countries.
- Risk of being used as anti-competitive instruments for achieving vested commercial interests.
- Spate of VSS may jeopardize integrity of their sustainability objectives and fuel confusion at producers' and consumers' end – “green-washing”.
- Many VSS tend to be one-dimensional on addressing risks – challenge of holistic approach.
- Most VSS have a micro-economic, not macro-economic sustainability perspective – challenge of coherence between trade and developmental impact.
- For many VSS, price premiums can either not be realized or only a minor share of an existing premium trickles through to producers. What is more, higher compliance and certification costs are rarely overcompensated for by higher productivity and thus lower production costs.
- Internationally operating food companies primarily see VSS as tool for assuring supply, increasing its quality and enlarging market shares. The general VSS sustainability impact is a ‘by product’.



THANK YOU