



International Trade and Sustainable Development

What is sustainability anyway?
A brief overview

| December 2020

Agenda

1. What is sustainability?
2. How did sustainability in business come about?
 - The emergence of Complex Global Value Chains (GVCs)
 - The rise of Voluntary Sustainability Standards (VSS)
3. Why does it matter?
4. Sustainability vis-à-vis MSMEs

What is sustainability?

«Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.»

- 1987 Brundtland Report

How it Started: the Emergence of Global Value Chains

*The term **Global Value Chains (GVCs)** refers to fragmented production processes: products and their spare parts being manufactured, assembled and sold in different countries and regions.*



As a Result: Voluntary Sustainability Standards (VSS) and Sustainability Monitoring

Sustainability tools, frameworks and initiatives emerged:

- ❖ Voluntary sustainability standards and certifications (eg Fairtrade, GlobalG.A.P., PEFC, Organic)
- ❖ International conventions and due diligence frameworks (eg ILO Conventions, OECD MNE Guidelines, United Nations Guiding Principles, Global Compact)
- ❖ Corporate social responsibility codes of conduct, audit protocols and corporate reporting.



The Evolution of Voluntary Sustainability Standards (VSS)



Evolution of tools & approaches

- ❖ 1992: UN Conference on Environment and Development in Rio de Janeiro as turning point
- ❖ 2000-2015: Pre-competitive platforms
- ❖ 2010-2020: Sustainability as a “must-have”

Sustainability as a “Must-Have”



Stakeholders and incentives:

- ❖ Consumers
- ❖ Non-Governmental Organizations
- ❖ Financial institutions
- ❖ Governments

Why does it matter?

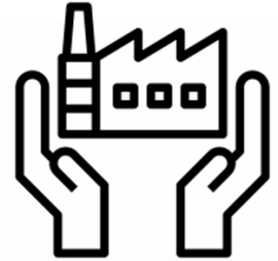
Certified area continues to grow and standard compliance gains ground:

- ❖ In 2018, cotton continued to have the largest certified area. Cotton experienced the highest growth rate of its certified area, which almost tripled (+173%)
- ❖ In the five-year period from 2014–2018, the certified area of all agricultural commodities covered in this report grew by at least half (+52%)
- ❖ Steady increase in certification reflects increasing demand among consumers, buyers and producers to address common environmental and social concerns



<https://www.intracen.org/publication/Sustainable-Markets-2020/>

Sustainability vis-à-vis MSMEs



- ❖ MSMEs – a vital stakeholder in promoting sustainable development
- ❖ Importance of capacity building, and technical assistance
- ❖ Leveraging innovation & technology
- ❖ Challenges & the road ahead

Conclusions



- ❖ **GVCs** have been playing a central role in the globalization of production and international trade. They impact millions of people and businesses around the world, both in developed and in developing countries
- ❖ Rising **issues** around environmental degradation, climate change, devastating working conditions and income inequality, have emerged with concerns around the sustainability of GVC, namely whether businesses respect ethical, labour and environmental norms
- ❖ Various **tools and approaches** have been developed to monitor and assure the sustainability of value chains, among which sustainability standards, codes of conduct, audit protocols
- ❖ **Sustainability** has become a “must-have” instead of a “nice-to-have” for business



**Want to make better sense of the different
Voluntary Sustainability Standards (VSS)?**

Tune in on December 17th!



Thank you!

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