

Trading Towards a Sustainable Future

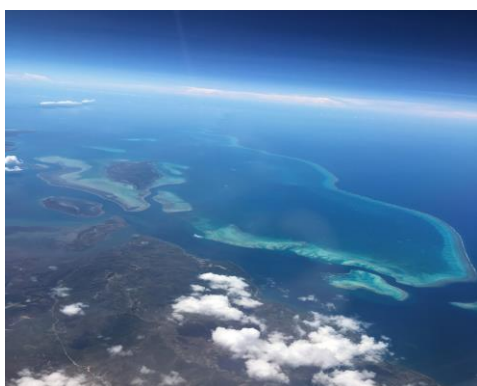
Newsletter on the Project for Fostering the Development of “Green” Exports Through VSS

Welcome!

Welcome to the first edition of our project newsletter! Through these newsletters, we hope to expand and broaden your understanding on Voluntary Sustainability Standards (VSS) as well as keep you informed and up-to-date on the latest developments of this project.

VSS has the potential to play a big role in fueling development as well as generate economic opportunities for developing countries. However, there are potential capacity gaps which make it difficult for VSS to be implemented at its full potential. Some of these problems may (**Continued Page 2**)

Feature Country: Vanuatu



Vanuatu is an archipelago made up of over 80 islands located in the South Pacific. Its economy is largely based on farming with 80% of the population depending on subsistence agriculture, the majority being small-scale farming.

Major agricultural exports include coconut, cocoa, and sandalwood. Strengthening these sectors would enhance production capacity and (**Continue page 2**)

No Longer a “Niche” Market: VSS are Moving into Mainstream



(Organic coconut products sold in Vanuatu)

What do Starbucks, H&M, McDonald’s, and IKEA all have in common? Other than the fact that they are all big, popular, and influential global franchise retailers, they all have one thing in common: they have invested and made strong commitments to make their businesses and products more sustainable. Gone are the days when sustainable products were considered as “niche” that were only sold in specialty stores or regarded as novelty or premium products. Sustainable products are now increasingly becoming mainstream within the global market. Since 2004, 99% of Starbucks’ coffee has been sourced from sustainable and ethical farming and it has invested over \$70 million USD in its efforts. In 2016, McDonald’s has begun to purchase sustainable beef and pledged to eliminate deforestation from its supply chain by 2020. Nestle has reduced their greenhouse gas (GHG) emissions by 40% in the past decade.

How did this change come about? And why are these retailers investing an enormous amount of effort, time, and money to implement them? After all, they can still produce their products without doing any of these things. The answer lies in the change of consumer behavior in the last few decades. With products being traded evermore globally, consumers want to know where, how, and who the products come from; especially with growing product safety scares, and unethical business scandals from big franchises. Moreover, more consumers are interested how their purchasing decisions can have an impact (**Continue Page 2**)

No Longer a “Niche” Market (from page 1)

socially and environmentally. 76% of consumers say they take sustainability into consideration when purchasing a product. Surveys and studies have shown that customers are more likely to buy products and services from companies they trust and remain loyal to them. In response, more and more companies are taking this into account.

But how do we know which products are actually sustainable and not false claims? This is where VSS plays a big role. VSS are a set of principles and criteria that determine whether products are processed and produced through use of good social, environmental, and/or ethical practices. Many of these products are certified and given a label (often called “eco-labels”) as “proof of approval”. There are over 450 VSS certifications in existence now and the numbers are growing. With the Sustainable Development Goals (SDGs) now in effect, sustainability continues to be a big driver in global markets and VSS have a contribution to make.

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include cost issues, lack of knowledge, and complexity of certification programs. This can become a barrier, especially for small-scale farmers who comprise over half of the entire commodities market. Even though they are the ones who can potentially benefit the most from VSS, they have the least access to resources and finances to incorporate them.

So, what can be done to fill these gaps? This is where this project comes into play. This project is aimed to help bridge these gaps. It is intended to enhance capacities in developing countries so that they would be better-equipped with knowledge, a multi-stakeholder platform, and strategies on VSS. We hope to elucidate on more details and concrete framework of this project in our coming editions.

VSS by the Numbers

450

Number of existing VSS

41%

Average percentage increase of certified production in all commodity sectors

293.2
USD
billion

Total trade value of top 10 sustainable commodity markets

How this project can contribute to the SDGs

In 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development Goals (SDGs) which are a set of 17 goals and 169 targets that will tackle major development challenges by 2030. These goals will be a guiding light which will determine the future direction of the global society, the economy, and the Earth. VSS can play an effective role to address a number of these goals through building a synergy of stakeholders including the government, business, and civil society. This project can potentially have impact on the following goals:

- Goal 2: VSS can improve on implementing resilient agricultural practices that increase productivity and production
- Goal 8: Promotes protection of workers through same and secure working environments
- Goal 12: Encourages companies to adopt sustainable practices
- Goal 14 & 15: Promotes sustainable use of ecosystems as well as manage forest and land and sustainable use of ocean resources
- Goal 17: Multi-stakeholder partnership platforms promotes cooperation and collaboration on sharing knowledge, technology, and resources



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increase economic activity. But to gain access to more profitable markets, meeting higher standards and acquiring certifications are becoming ever more important.

In recent years, the sector has been highly vulnerable due to natural hazards from climate change including cyclones, volcanic activity, and flooding. Increasing the national capacity in dealing with VSS in Vanuatu can potentially contribute to enhancing exports and promote sustainable development.

