



Private Sector Driven Sustainability Standards

How Can they Promote Sustainability in Third States and EU Law?

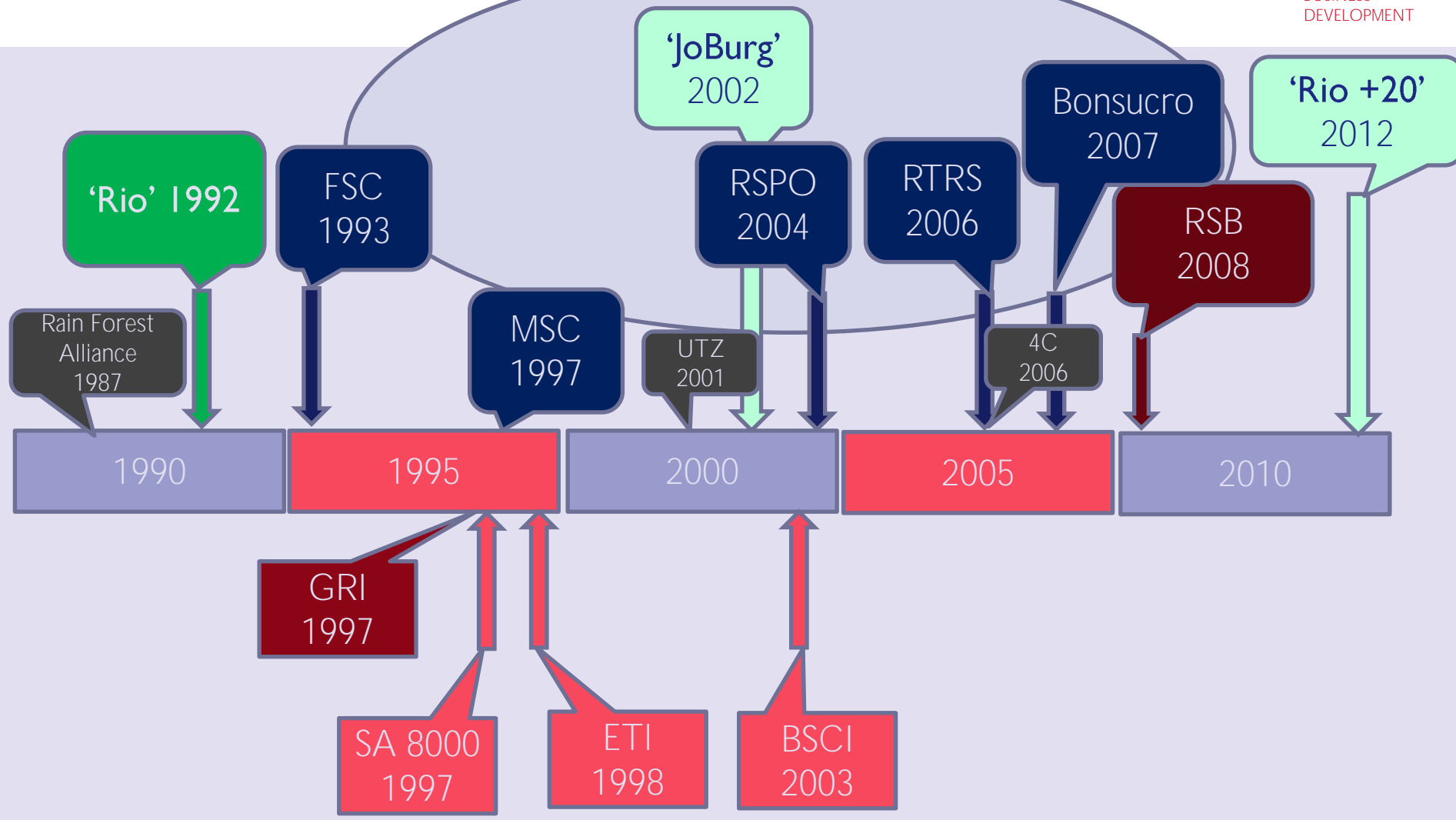
The Emergence of Private Sector Sustainability Standards



- Sustainable Commodities
 - forest/timber: FSC
 - fish: MSC
 - palm oil: RSPO
 - etc.
- Social Compliance
 - SA8000
 - ETI, BSCI, etc.
- Standards are
 - voluntary
 - private sector initiatives
 - often (not always) with multi-stakeholder participation



Historical Context



Example RSPO: Problem, Stakeholders, Process

GOAL

Satisfy growing demand for palm oil, without destroying high conservation value forests, violating human rights, etc.

Define broadly supported sustainability principles, criteria and set up a certification system. Assure that certification is feasible for mainstream producers.

WWF

NGO's

2001

- Informal preparation
- Stakeholders committed

2003

- Jan.: Organising Committee
- Statement of Intent
- Aug.: Kuala Lumpur, RT 1

2004

- Governance Structure
- Board + Chair
- KL Office

2005

- Principles and Criteria

Plantations

Processing,
Trade

Consumer
Products

Retail

Golden
Hope
MPOA

Anglia
Aarhus

Unilever
Migros

Migros
Sainsbury's



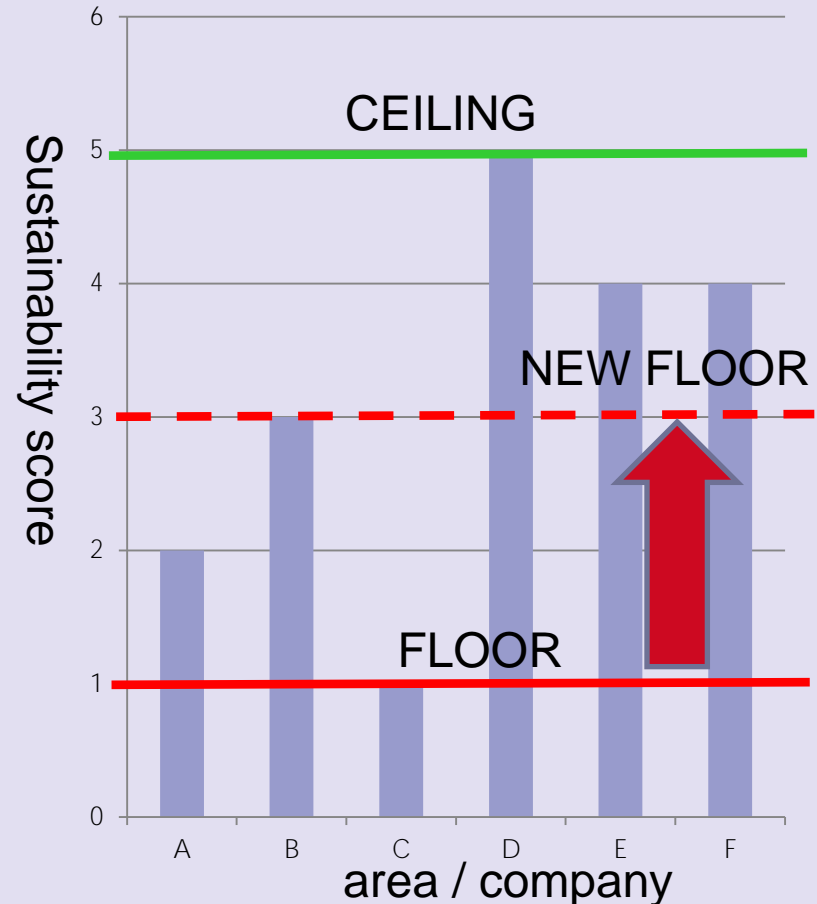
Example RSPO: principles



1. Commitment to transparency
2. Compliance with applicable laws and regulations
3. Commitment to long-term economic and financial viability
4. Use of appropriate best practice by growers and millers.
5. Environmental responsibility and conservation of natural resources and biodiversity.
6. Responsible consideration of employees and of individuals and communities affected by growers and mills.
7. Responsible development of new plantings
8. Commitment to continuous improvement in key areas of activity

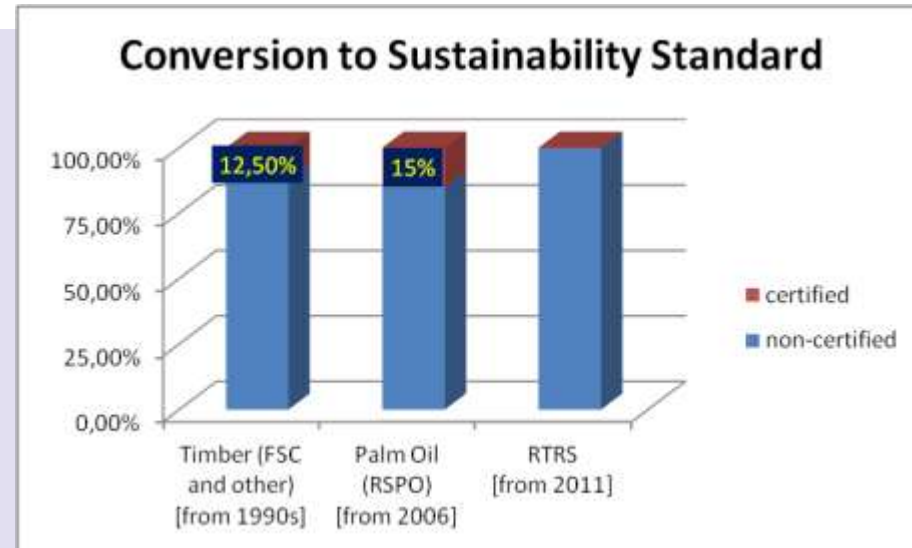
Theory: Sector Conversion

- Raising the floor, not (only) the ceiling
 - reversing the ‘race to the bottom’
- Sector-wide, globally
 - sector sustainability cannot be a competitive issue
- No conversion without cooperation
 - pre-competitive cooperation in the sector
 - commodity producers / farmers
 - input providers
 - consumer goods value chains
 - public-private cooperation
 - civil society inclusion



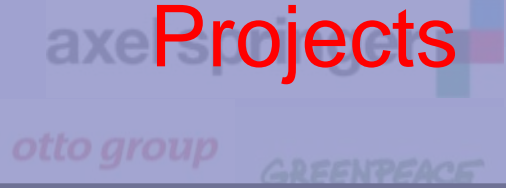
Practice: Limited Market Transformation

- Market transformation on the basis of voluntary private sector standards beyond 20% is unlikely.
- Such standards
 - are not an alternative to public regulation,
 - but at best a first step towards more effective regulation.



Private sector initiatives as a trigger for public regulation (examples)

Single Company Projects

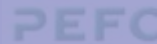


Industry Self Regulation with stakeholder participation

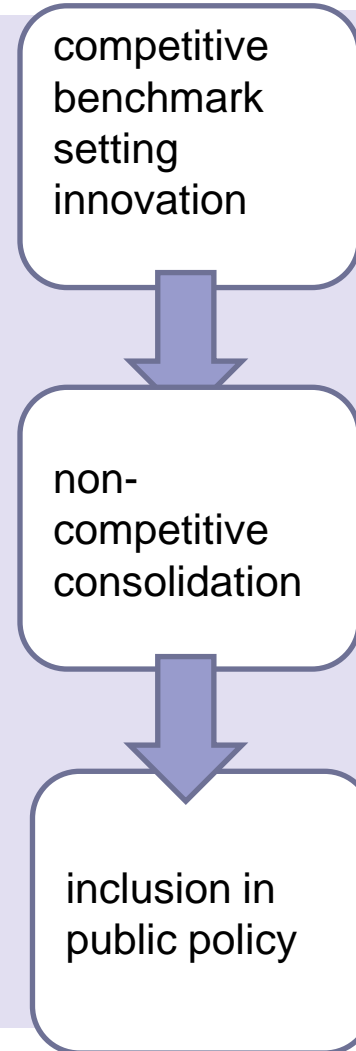


1990-2005

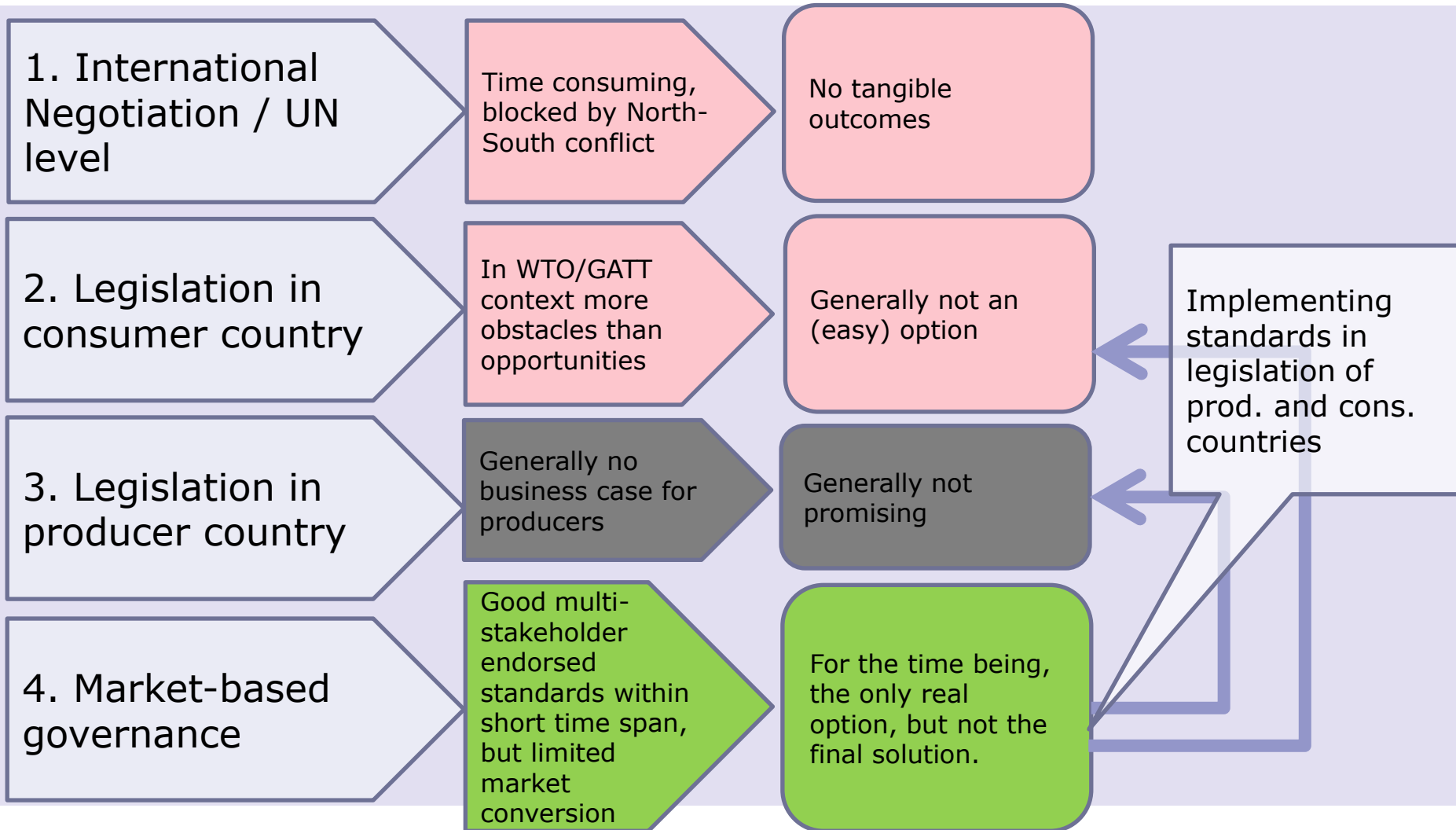
2005-...



National, International regulation



Private Standards as a Short-Cut



Implementing in Consumer Country Policy/Legislation/Regulation

- EU Biofuels regulation:
recognition of existing
schemes in the context of
certifying sustainable biofuels
including:
 - Bonsucro, RTRS, RSB,
 - RSPO.
 - *more on this in this conference*
- Supporting development
projects
 - sustainability criteria set by
development finance
institutions (national, IFC, etc.)
 - also referring to privately set
standards (e.g. on food
security, human rights).



Implementing in Producer Country Policy/Regulation/Legislation

- Implementing privately set sustainability criteria = in the interest of major exporting countries
 - creating institutional conditions for implementation, e.g. land rights/food security issues in FSC, RSPO
 - implementing (parts of) standards in national legislation
 - also: presenting national alternatives to global standards (e.g. Indonesian rival to RSPO).
- Partnerships in producing countries
 - Government – Standard initiatives
 - Producer – Consumer country governments
 - Dutch/Indonesian, Malaysian partnerships on palm oil, aquaculture, etc.
 - Voluntary Partnership Agreements under FLEGT
 - Implementation partnerships along the entire supply chain (partly with development aid money): e.g. IDH Sustainable Trade Initiative with public, private players, incl. NGOs.



What Next?



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SUSTAINABLE
BUSINESS
DEVELOPMENT