

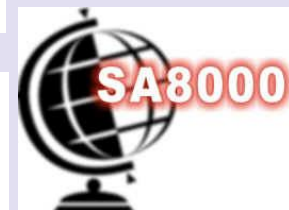
# Private Sector Driven Sustainability Standards

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

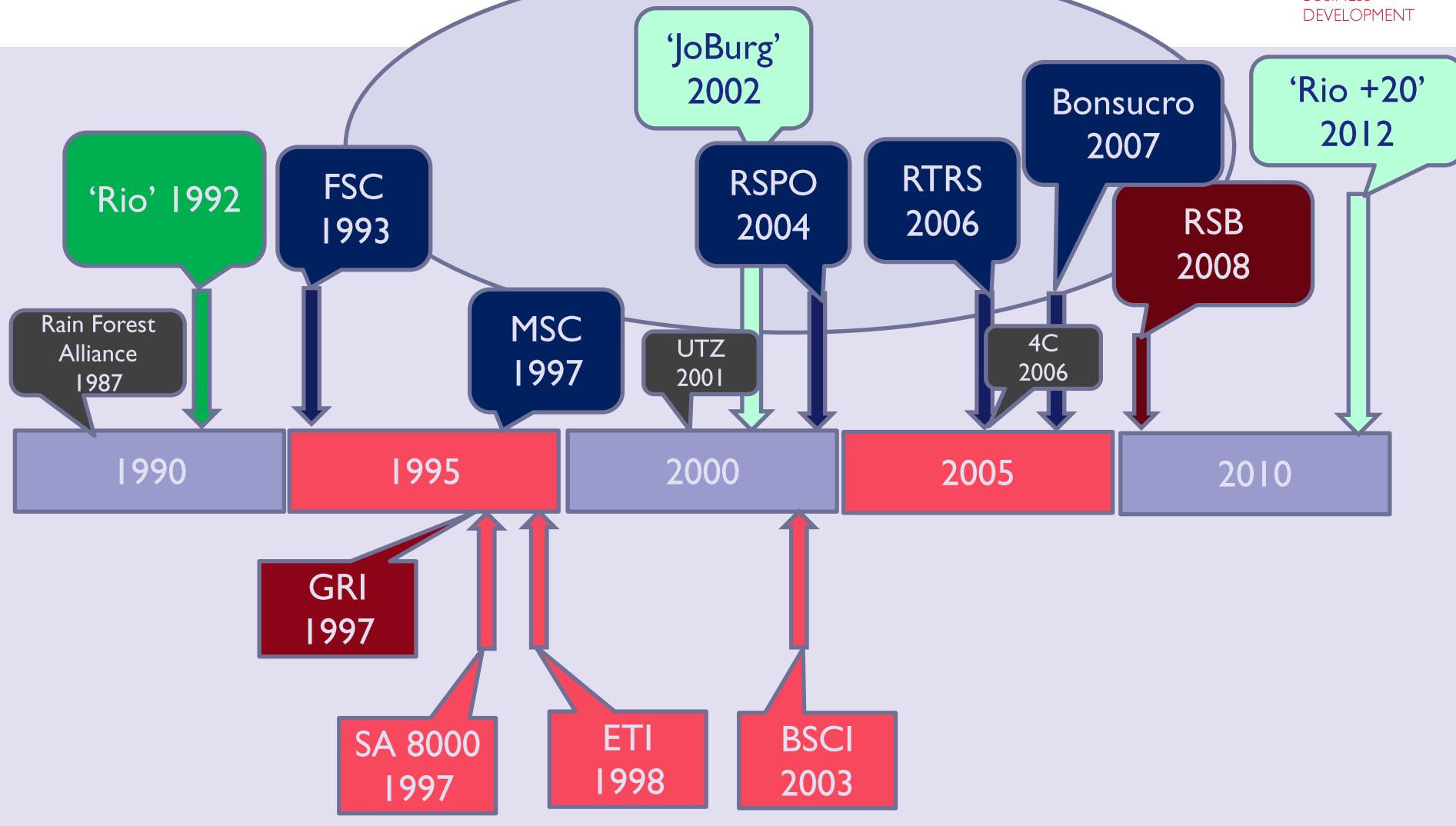
# The Emergence of Private Sector Sustainability Standards



- 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 I

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



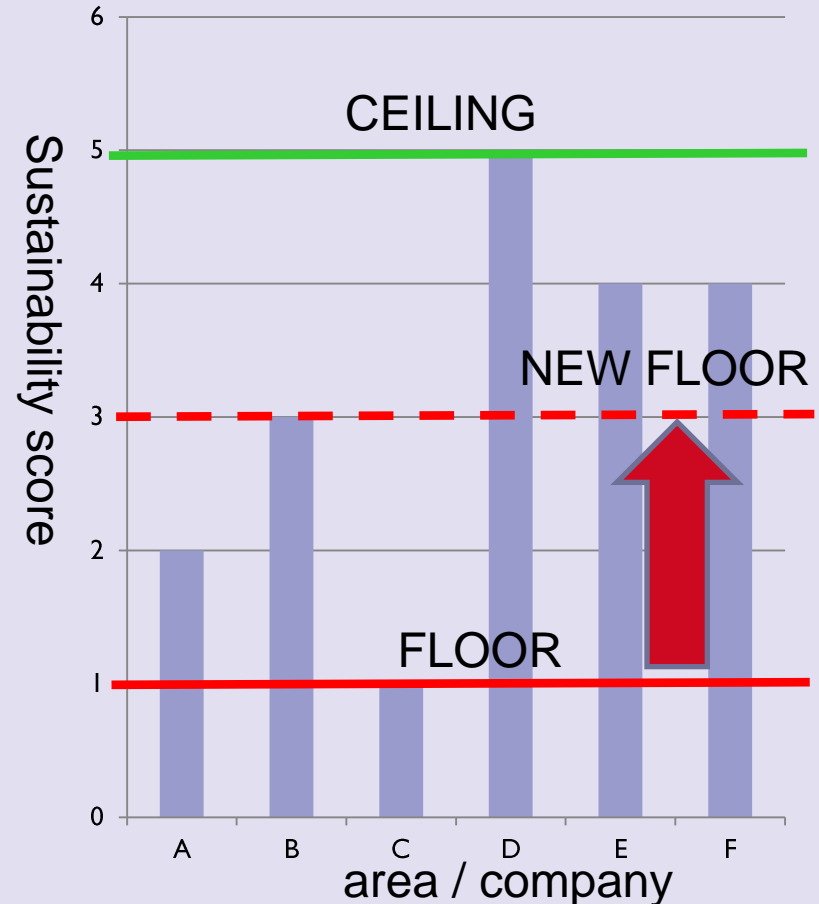
# Example RSPO: principles



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

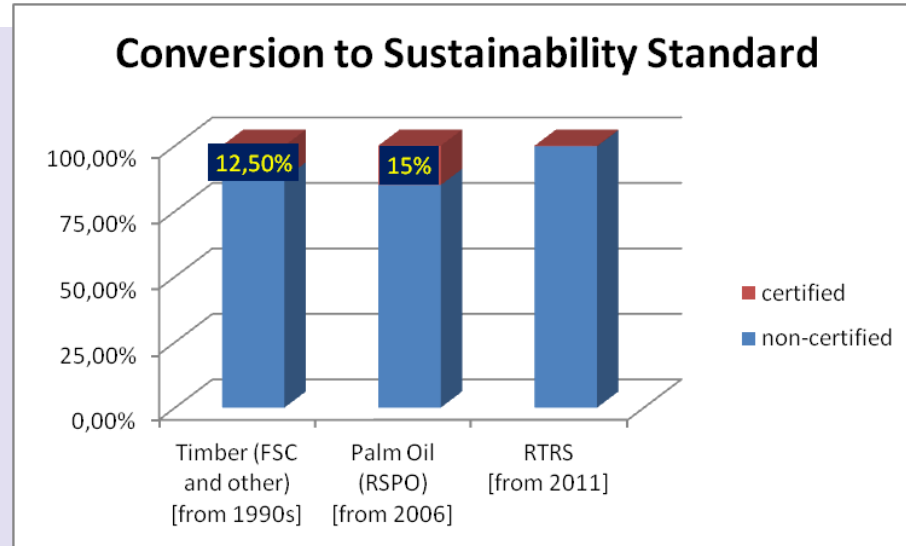
# Theory: Sector Conversion

- 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

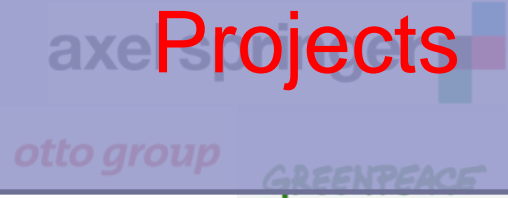
- Market transformation on the basis of voluntary private sector standards beyond 20% is unlikely.
- Such standards
  - are not an alternative to public regulation,
  - but at best a first step towards more effective regulation.





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

**Single Company Projects**



**Industry Self Regulation with stakeholder participation**

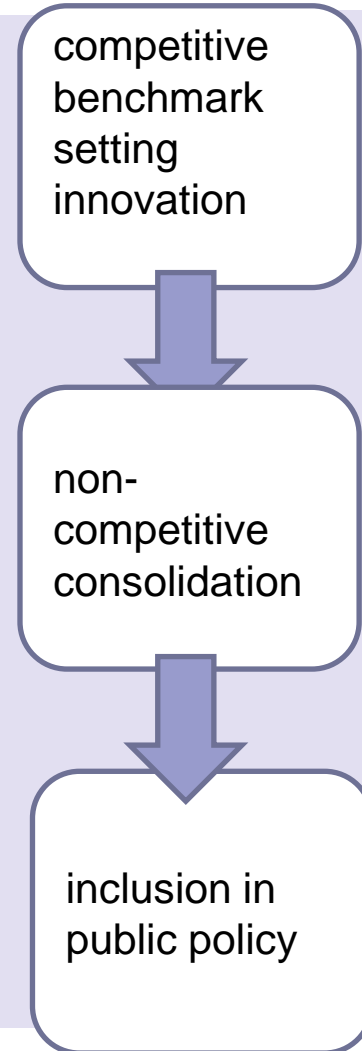


1990-2005

2005-...

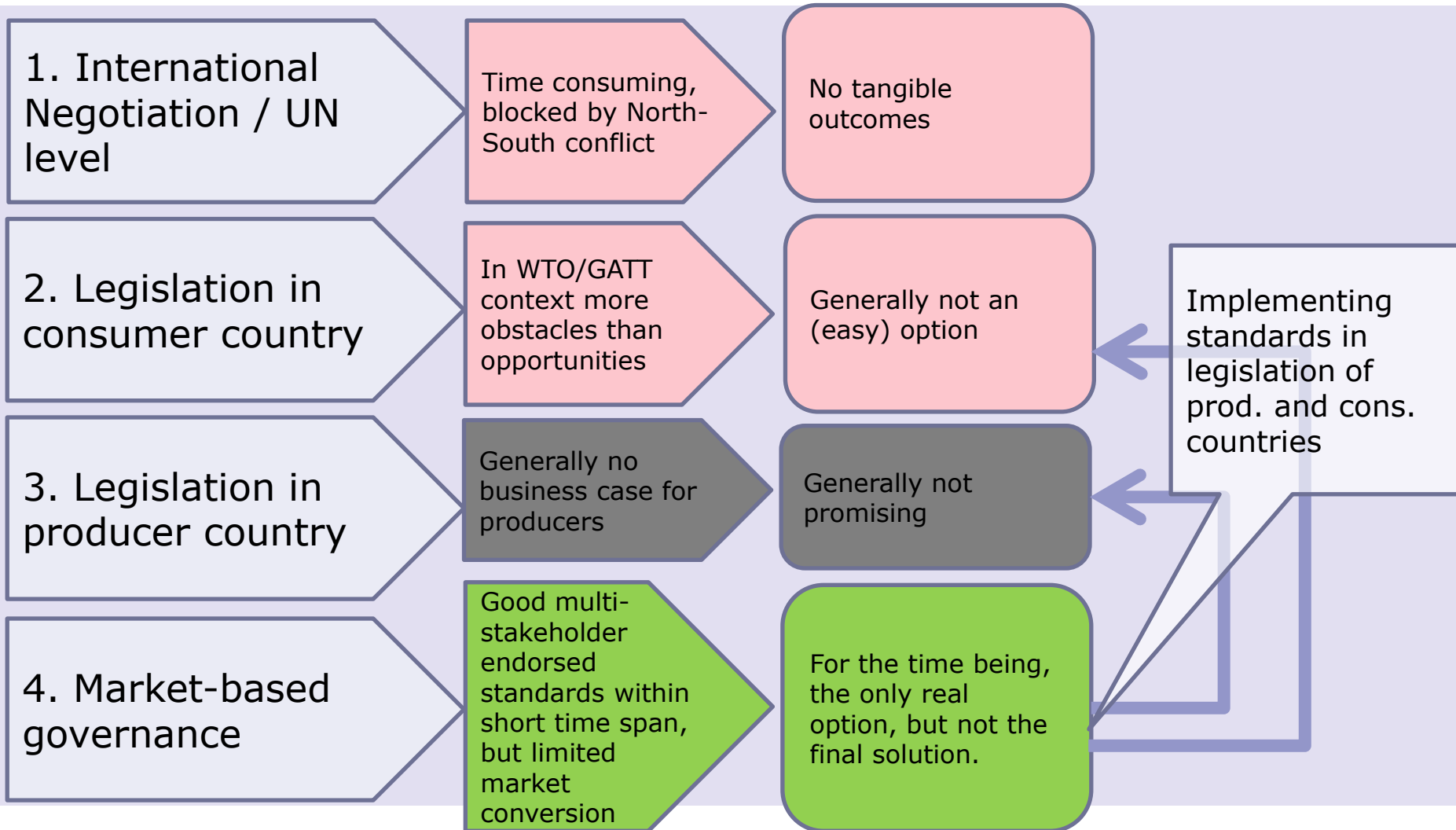


**National, International regulation**





# 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).

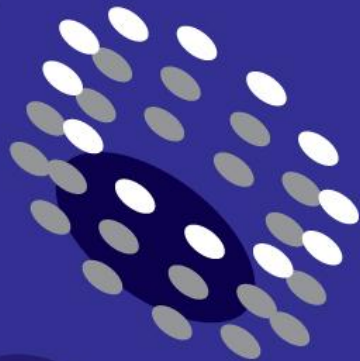


# Implementing in Producer Country Policy/Regulation/Legislation

- 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?



**REINIER  
DE MAN**

SUSTAINABLE  
BUSINESS  
DEVELOPMENT