

Trading Towards a Sustainable Future

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

Project Update

The first kick-off workshop is scheduled to be held in Port Vila, Vanuatu in November. This is an important step to increase understanding and awareness of VSS. While there has been increased interest around VSS, it is still a new and abstract concept for many. Increasing knowledge on VSS can not only lead to more possibilities on maximizing on the benefits that VSS can bring but it also opens up a window for collaboration and coordination **(Continued page 2)**

Feature Country: Lao PDR

Lao PDR is a biodiversity rich and landlocked country in Southeast Asia. The country is largely dependent on agriculture which constitutes for 51% of the GDP. 80% of its arable land is cultivated with rice. Other harvested crops include peanuts, coffee, and maize. Subsistence agriculture is prevalent in the countryside which employs 80% of the country population.

As in many developing countries, agriculture done is largely organic by default. Since 2005, the Ministry of Agriculture and Forestry have adopted national organic standards **(Continued page 2)**



VSS Can Make a Difference for Businesses



In recent years, many businesses have been jumping on the bandwagon to make their operations and products more sustainable. As a result, VSS can be a viable tool that can help reinforce their corporate social responsibility strategies and also have an edge over other competitors. But moreover, there can be additional benefits for businesses.

1. Credibility

Today supermarkets are flooded with merchandises that are covered with promotional and enticing messages on its product labels such as “All-natural flavors”, “authenticity guaranteed”, or “green-certified product”. But how do we know that these claims are true? VSS certification can help to assure the credibility of its products. Many VSS certification offer independent third-party verification which guarantees that the products meet specified standards. For example, for a product to be certified with a Rainforest Alliance label, it must satisfy specified criteria and go through external auditing. Therefore, having the label proves that the product has received the seal-of-approval and not just making a false claim.

2. Mitigate Risk

This is increasingly crucial as there has been increasing cases of product fraud and false advertising. More businesses are paying deep into their pockets for these untruthful claims. For example, Walmart₁ was recently ordered to pay a fine of over \$800,000 USD in in erroneously claimed that some of their products were biodegradable or compostable when it in fact was not. Having an eco-label can help avoid this. **(Continue page 2)**

VSS Can Make a Difference (from page 1)

3. Customer Loyalty

VSS certification can increase trust of consumers. According to a 2014 survey ,57% of consumers trusted ecolabels as opposed to 37% trusting claims made by the brand. In addition, 62% said that ecolabels raise their confidence in a brand. Therefore, VSS certification can help bridge consumers to brands that are trustworthy and assuring. For businesses, it can help convey sustainability commitments more powerfully to its consumers.

4. Improve management

According to a joint study by ISEAL Alliance and Aidenvironment, 30% of surveyed companies who have incorporated VSS have said that they have benefitted from improvement in efficiency. Having VSS in their business chain has benefits such as reduced waste and fewer input use. 53% of businesses also said that helped improve strategic and operational planning capacity and better management systems.

How Did VSS Emerge?



Though standards have been used for centuries, the category of sustainability standards are still relatively new. The first big wave came about during the late 1980s when there was increased skepticism over governmental regulation due to mass food scares such as the mad cow disease. Additionally, backlash from society was also increasing as environmental and social NGOs launched campaigns against malpractices of corporations. Consumers themselves also became conscious of ethical and social issues. In response to this, companies established standards in these areas as a means to protect their company reputation as well as guard their brand against growing competition.

Since the 2000s, sustainability began to gain traction in mainstream society. Concomitantly, a new type sustainability standards started to emerge in which standards were developed at a round table format by collaboration of multi-stakeholders such as the World Wide Fund for Nature (WWF) and Unilever joining forces to establish the Marine Steward Council (MSC). Today there are over 400 VSS in existence across 172 countries with increasing prevalence in export-heavy developing countries. It is evident that sustainability standards are becoming an influencing tool in the arena of international trade

1. <http://fortune.com/2017/02/02/walmart-lawsuit-plastic-biodegradable/>
2. <https://www.globescan.com/news-and-analysis/press-releases/press-releases-2016/103-press-releases-2016/392-seafood-consumers-put-sustainability-before-price-and-brand.html>
3. <http://www.standardsimpacts.org/resources-reports/aidenvironment-report-business-benefits-using-sustainability-standards-meta-review>

Laos (from page 1)



and the national Laos Organic Label. In the years that followed, organic production has tripled with its major products being coffee and rice.

Nevertheless, certification for organic farming has limited recognition among local producers. Increasing the capacity of VSS can be a viable opportunity for premium market access which can help improve the livelihood of producers in which many of them are living in poverty.



Did you know?

27,000 products
are certified as Fairtrade and distributed in 120 countries

Project Underway (from page 1)

among stakeholders. But in order for this to occur, everyone needs to be on the same page. And most importantly, we also need to see VSS from different perspectives and allstakeholders. With this in mind, the workshops will be multi-stakeholder with participants from various sectors and fields. We are working towards organizing a kick-off workshop the target countries in the coming months. Stay tuned for more updates on more upcoming events and workshops