

## 1. Main Messages

**Voluntary Sustainability Standards (VSS) play a significant role in promoting sustainability in global value chains**, but their effectiveness varies by region, sector, and governance structures.

**Governance challenges and coordination issues** limit the efficiency of VSS in addressing sustainability concerns.

**Smallholder farmers struggle to meet certification requirements**, limiting their ability to participate in sustainable trade initiatives.

**Stronger integration of VSS into public policies is required** to enhance their impact on trade and sustainability objectives

The main challenge associated with VSSs is **compliance with sustainable production standards**.

## 2. Research Scope & Methodology

This study evaluates the sustainability effects of Voluntary Sustainability Standards (VSS) using:

- **Literature review on the role of VSS in trade and sustainability**, assessing their governance models and effectiveness.
- Empirical evidence from key agricultural sectors, **focusing on Ghana's cocoa and Vietnam's coffee value chains**.
- **Assessment of global trade policies**, including interactions between VSS and WTO regulations.
- **Stakeholder analysis**, incorporating perspectives from policymakers, businesses, and producers.

## 3. Key Findings: Evidence Supporting Policy Discussions

### 3.1. The Role of Voluntary Sustainability Standards in Trade Governance

- VSS provide mechanisms for improving sustainability in global value chains, **addressing labour rights, environmental protection, and social welfare**.
- **They serve as an alternative governance** tool in the absence of strong public regulations, but their effectiveness depends on enforcement mechanisms.
- **The proliferation of VSS creates coordination challenges**, with overlapping and competing standards reducing overall impact.

**Implication:** Stronger harmonisation efforts are needed to improve VSS effectiveness and prevent regulatory fragmentation.

# PROJECT BRIEF 13:

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## SUSTAINABILITY EFFECTS OF VOLUNTARY AND ETHICAL TRADE STANDARDS

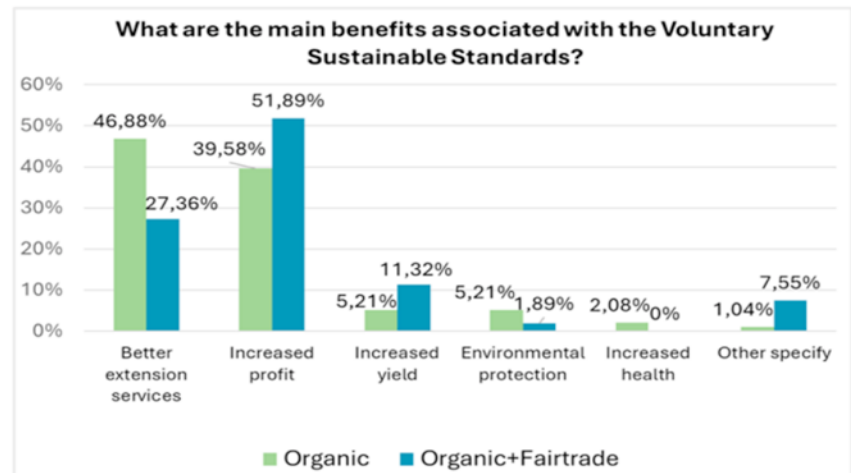


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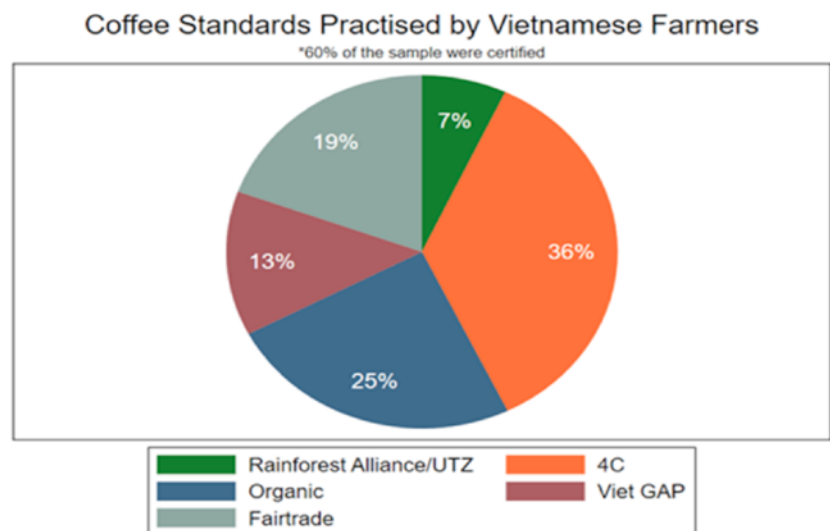
Figure 13.1. and 13.2 provides some more insights to our results.

**Figure 13.1: Main benefits associated with VSS in Ghana cocoa value chain**



Source: own composition.

**Figure 13.2: Coffee standards practiced by Vietnamese farmers**



Source: own composition.



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### 3.2. Sustainability Impacts of VSS in Agricultural Trade

- VSS have had mixed results in improving livelihoods for smallholder farmers, **often due to high certification costs and limited market access.**
- **Environmental benefits of VSS**, such as reduced deforestation and improved biodiversity conservation, **depend on enforcement and monitoring capacity.**
- **Social impacts**, including fair wages and improved labour conditions, **vary widely across sectors and regions.**

**Implication:** Policymakers must ensure that sustainability standards are accessible and beneficial for smallholder farmers while strengthening enforcement mechanisms.

### 3.3. Challenges in the Implementation of Voluntary Standards

- **The complexity of certification processes** makes it difficult for smallholders to comply, leading to exclusion from sustainable trade initiatives.
- **The credibility of VSS is sometimes questioned**, with concerns over transparency, effectiveness, and potential for greenwashing.
- **Public-private partnerships can enhance VSS credibility**, ensuring alignment with broader trade and sustainability goals.

**Implication:** Trade agreements should incorporate VSS as part of a broader regulatory framework to improve compliance and effectiveness.

## 4. Implications for EU Policy & Trade Governance

- **Embed sustainability provisions in trade agreements** to support smallholder compliance with VSS.
- **Ensure better alignment** between EU trade policies and private standards.
- **Expand technical and financial support** to facilitate VSS adoption in developing countries.
- **Encourage harmonisation of VSS** to reduce duplication and improve credibility.
- **Introduce monitoring mechanisms** to assess the effectiveness of sustainability certifications.
- **Promote multi-stakeholder dialogue** to strengthen the legitimacy of VSS.
- **Provide financial incentives for smallholder participation** in sustainable certification schemes.
- **Improve access to sustainability training and market opportunities** for certified products.
- **Ensure fair trade policies** that address socio-economic inequalities in global markets.



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## 5. Conclusion

This study highlights the potential and limitations of Voluntary Sustainability Standards in promoting sustainable trade.

### Key takeaways:

- VSS can support sustainability goals, but **stronger enforcement and coordination are needed.**
- **Harmonisation of standards and improved governance** will enhance their effectiveness.
- **Smallholder farmers require targeted support** to ensure they benefit from sustainability initiatives.

This Project Brief is based on **Deliverable 4.3.** of the TRADE4SD project.



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Trade4SD is a 4-year project devoted to research on a topic which is high on the domestic as well as multilateral, EU and bilateral trade policy agenda. The ambition of the project is to explore and foster the positive linkages between trade and sustainable development is to provide policy recommendations for the creation of new opportunities for agents involved in the global, regional and national agri-food value chains, and to define conditions for sustainable livelihoods of farm producers in the EU and developing partner countries. Trade is a central factor in shaping global, regional and local development. Increased trade, empowered by the growth of Global Value Chains (GVCs), has boosted productivity and incomes in many countries.