



Photo Solidaridad

Sustainable trade **Race to the top**

The Global Goals for Sustainable Development show how economic growth can go hand in hand with social development and environmental protection. Making trade and production more sustainable can take us a significant step closer to achieving these goals.

Production at the lowest possible cost leads to a ‘race to the bottom’ which disregards the social costs. The challenge is to turn this into a ‘race to the top’, to ensure we remain within the constraints of our ecosystems and create widely shared prosperity. The Netherlands is helping in the following ways:

- promoting innovation and sustainable business models
- fostering voluntary yet binding agreements between companies and civil society organisations
- tightening up local and international legislation
- curbing illegal practices

Sustainable supply chains

The Netherlands fosters more sustainable supply chains, focusing in particular on those in which we ourselves play an important role, and where the risks to sustainability are greatest. Examples include the round table initiatives on palm oil (RSPO) and soya (RTRS), and the international dialogue on sustainable cocoa. We lobby for fully sustainable consumption at home, and in Europe where possible. Through the [Sustainable Trade Initiative](#) and [Solidaridad](#), we are helping create a greater supply of sustainably produced products on the global market. Local manufacturers, processors and traders are all part of this process of increasing sustainability, and can benefit from the new market opportunities it brings.

Greater workplace safety in textile industry

The disaster at the Rana Plaza textile factory prompted the formation of a broad coalition of parties who are keen to improve working conditions in the textile industry in Bangladesh. Their efforts are already bearing fruit. Two hundred extra safety inspectors have for example been appointed, with ILO training funded by the Netherlands. Fire and building safety are being inspected at two thousand factories. The ILO programme is also helping set up health and safety committees at factories, and the government is receiving support in its efforts to improve labour laws. Rana Plaza victims are being given financial assistance. The EU/US Sustainability Compact is also working to achieve more rights and better working conditions for the four million workers in the clothing industry.

Tackling CSR risks

The Netherlands is encouraging both the Bangladeshi government and companies that purchase textiles produced in Bangladesh to take responsibility for good working conditions. Civil society organisations play a key role in these efforts. We challenge international brands to engage in discussions with their local suppliers.

We also support local initiatives designed to make the textile industry in Vietnam and Pakistan more sustainable. We are in discussion with the Dutch fashion industry over ways of tackling corporate social responsibility risks (social, environmental, human rights) in their supply chain.



The Solidaridad Farmer Support Programme assists 400,000 smallholders and a similar number of workers in the palm oil, soya, sugar cane, cotton and livestock farming sectors. The focus is on corporate social responsibility and fair trade.

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Agreements with companies

Companies must ensure their supply chains comply with the rules for international corporate social responsibility. The Netherlands is a strong advocate of compliance with the OECD guidelines for multinational enterprises. Compliance is compulsory for companies that receive grants.

We encourage Dutch companies to agree measures with stakeholders to make their production chains more sustainable. These arrangements should preferably be laid down in a voluntary agreement. The aim is to conclude ten such agreements by 2017. This will ensure companies identify the risks of human rights violations and illegal practices on the part of their suppliers, and take responsibility for tackling the problems.

International standards

We are campaigning for meaningful commitments to developing countries in the WTO negotiations, and for more sustainable ambitions. At EU level, too, we lobby for ambitious agreements concerning trade and sustainable development in free trade agreements.

The Netherlands is actively endeavouring to improve working conditions in partnership with the ILO and industry. Along with Germany we are promoting compliance with social standards in the supply chain of European fashion companies. And we support the European Garment Initiative for responsible management in the textile and clothing supply chain. This initiative should eventually lead to social and environmental improvements in textile manufacturing countries.

Support for local initiatives

We supplement our own efforts to make supply chains more sustainable with support for local initiatives, such as the sustainable production of palm oil in Indonesia, which also involves China as a significant customer. Pilots have been launched

trials a landscape approach in tea and coffee producing regions of Kenya and Vietnam. New sustainable initiatives are being developed in the timber and cocoa sectors in West Africa, and in the horticulture industry in East Africa. Dutch and local civil society organisations work together to build the capacity needed to make production and trade more sustainable.

Public-private partnership

We work in public-private partnership with companies and manufacturers who are actively seeking to create social, ecological and economic value in the production chain. The aim is to raise productivity while reducing environmental impact, involve smallholders and support female entrepreneurs. Solidaridad's Farmer Support Programme and initiatives like the [Facility for Sustainable Entrepreneurship and Food Security \(FDOV\)](#) are used to encourage smallholders and small enterprises to produce more sustainably. We have a strategic partnership with Unilever for the development of innovative business models for sustainable palm oil production, curbing deforestation, involvement of smallholders and support for female entrepreneurship, to name but a few examples.

Our aim is, working alongside the European Union, to make supply chains more sustainable and expand the market for sustainable products. In collaboration with the [Consumer Goods Forum \(CGF\)](#) we are working on uniform purchasing terms and conditions with minimum sustainability requirements. Our involvement in the [Tropical Forest Alliance 2020](#) gives us influence on the international stage, alongside the CGF and the World Economic Forum.

For more information on Dutch efforts to achieve sustainable, inclusive economic growth, contact: Ministry of Foreign Affairs Sustainable Economic Development Department
Postbus 20061
2500 EB Den Haag, The Netherlands
DDE@minbuza.nl
www.rijksoverheid.nl