



Sustainable Trade and Innovation Centre (STIC)

The Sustainable Trade and Innovation Centre (STIC) is a new global partnership designed to help developing country producers to benefit from growing market pressures to integrate environmental and social factors into their export strategies. STIC aims to facilitate a shared vision of sustainable trade between producer and consumer countries so that producers are inspired to lead the process as innovators, instead of as followers. STIC will act as a platform for bringing together stakeholders from North and South to create a more co-operative context for sustainable trade and innovation.



STIC Presentation by Minister Ngubane at the World Summit on Sustainable Development (WSSD)

STIC





The Need for STIC

Exporters from developing countries are facing mounting pressures to integrate environmental and social factors into their production and export strategies. While some of this is driven by regulatory requirements, the main drivers are business requirements from international buyers and growing consumer demand for products able to demonstrate environmental and social responsibility. New trade opportunities have resulted for some producers, but many exporters have faced difficulties responding to these demands. The result has been considerable frustration among producers who now face extra costs in meeting additional requirements, which have often been designed without consultation and introduced with short lead-times.

STIC - Filling a Gap

Globally, there is no single body that can support developing countries to respond to this challenge. STIC will help to fill the gap by bringing together in one place practical experience with export promotion, expertise in sustainability issues, developing country leadership and a vital linkage with innovation: only through innovation will developing country producers be able to meet new environmental and social requirements in a cost-effective way that contributes to the development process. In doing so, STIC will also act as a platform for bringing together stakeholders from North and South to create a more cooperative context for achieving commercial, environmental and social progress simultaneously in developed and developing countries.

STIC - Serving Developing Countries

STIC's mission is to assist developing country exporters in responding to, anticipating and ultimately shaping the environmental and social dimensions of the market, thereby capturing a greater share of the value-added of international trade. STIC will concentrate on providing practical support to developing country exporters to equip them to meet these new market demands. It will also provide a platform for developing country exporters to voice their concerns and influence the setting of voluntary codes of practice set by importers. STIC will be market-driven, focusing on mainstreaming best practice and generating innovative solutions.

STIC - Three Tasks

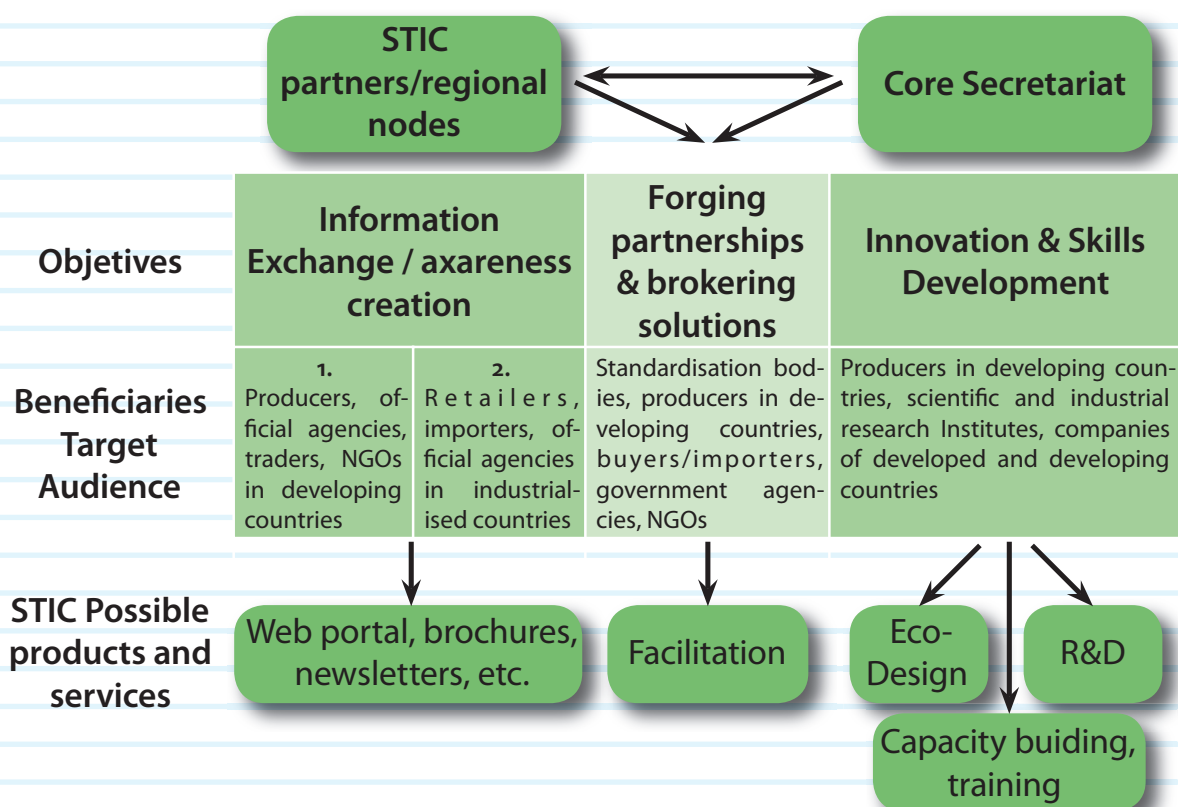
STIC is targeting its efforts on three core tasks: information exchange, promoting innovation and forging partnerships.

- **Information Exchange:** Inadequate information is often a major constraint facing both developing country producers and the buyers in developed countries. STIC will focus on getting timely information into the hands of trade practitioners, as well as consolidating experience from the marketplace. An annual 'State of Sustainable Trade' report will be one output, along with sector and issue focused materials. One example is TEXBASE, a new CD Rom containing comprehensive information on environmental and social standards, codes, and case studies of cleaner production for exporters in the textile and clothing sector. The STIC website will be a key mechanism for information dissemination and will act as an 'early warning' system for developing country producers.
- **Promoting innovation:** Moving to sustainable patterns of production and trade requires investments of time, commitment and finance. Experience has shown that it is the innovative businesses, those that have introduced changes in product design and management practices, that have been able to generate commercial benefits from this challenge. STIC will aim to spread good practice, for example, by training producers on new tools and techniques. A recent programme on eco-design for electronic component manufacturers in India not only helped to raise awareness of forthcoming legislative changes in key export markets, but also to improve management and interaction with agents along their supply chain, resulting in environmental and productivity gains.
- **Forging partnerships:** One of the major obstacles facing developing country producers is a lack of input into the plethora of commercial codes of conduct in different companies, sectors and countries. Genuine partnerships need to be created along the value chain to produce codes that are fair, feasible and lasting in place of today's tendency for unilateral imposition.

Working with its partners, STIC aims to create critical mass in favour of solutions that enable exporters in developing countries to achieve commercial success and sustainable progress. In so doing it will develop new ways of conducting business.

Chart 1 summarises the objectives, organisation and structure of STIC.

Chart 1: STIC Organisation and Structure



STIC – Phase 1

Preparatory work relating to STIC's launch was made possible by the support received from the Commonwealth Science Council and the European Commission Directorate General for Trade.

The first phase of STIC activities, due to be completed by December 2003, is funded by the Dutch Ministry of Housing, Spatial Planning and the Environment, VROM. This phase of activities will be implemented jointly by three organisations – the Commonwealth Science Council (CSC), UK, the European Partners for the Environment (EPE), Brussels, and the Royal Tropical Institute (KIT), Amsterdam. The work of STIC, in the initial phase, is governed by an Advisory Board consisting of leading trade and sustainable development pioneers, chaired by the Minister of Arts, Culture, Science and Technology of the republic of South Africa.

After the completion of Phase 1, STIC will operate as a foundation with a core office located at KIT in Amsterdam, and a series of regional, national and sectoral partners.

STIC's initial programme of activities for Phase 1 include:

- Regional consultations in Africa, Asia, Latin America, Caribbean and the Mediterranean to identify services required from STIC, and get the buy-in of major stakeholders, resulting in regional guidelines for implementation and the design of a regional hub.
- Pilot projects (textiles, electronics) in different regions relating to the three key tasks: facilitation of dialogues on voluntary codes; capacity building for innovation and eco-design; and information dissemination to generate support and interest.
- An annual review of sustainable trade issues including: market trends and opportunities, codes and regulations in export markets, production conditions and constraints faced by producers in developing countries, costs and procedures for certification, case studies promoting and highlighting good practices of developing countries who have successfully seized market opportunities in the North.



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