



CANCUN. Mini-Ministerial Meeting

Opening remarks

by Dr. Ngubane, Minister of Arts, Science and Culture, Govt of South Africa.

Dear Colleagues

Let me first expressed STIC's deepest gratitude to all of you for being here this morning. STIC, presented at the WSSD in Johannesburg as a Type II Partnership initiative, is having a series of consultations to frame its working programme .We consider this mini-Ministerial as a key moment. We want to hear your recommendations on how we should define our priorities. We want also to get your support and participation. And finally, we want to build – with your help – a strong global alliance of Governments, Companies and Stakeholders to deliver.

STIC is very much in line with the WSSD Plan of Implementation commitments to

- Support trade in environmentally friendly and organic products
- Strengthen and target Trade Related Technical Assistance and Cooperation agreements
- Support actions of Corporate Social Responsibility.

Our initial ideas regarding STIC's mandate are that this is a field for

- Innovation, including towards new products, services and markets
- New forms of public-private partnership, in particular related to standards setting, testing procedures, labelling, audit and certification
- New forms of dialogue between Vendors (of Developing Countries) and Buyers, in particular Multinationals and Public Authorities leading, to the joint drafting of purchasing guidelines.

So far, producers of Developing Countries have a little say in the way the Developed Countries and Multinationals design their purchasing policies towards sustainable development. This is what we want to change.

There is no doubt in my mind that, later, such new public/private partnership will become for you, Trade Ministers, food for thoughts regarding the trade regime rules.

With the financial support of the Dutch Government, regional consultations are taking place. So far meetings have been taking place in West Africa, South and Central America, South Asia. Others are scheduled for South African Countries, the Caribbean, the Mediterranean. We wish to extend this first series of consultations to North America, Japan, ASEAN Countries, China of course. In the meantime I wish to share with you our first findings and invite you to help us to set priorities.

But before doing so, let me make few points clear to set the scene . STIC is not addressing the WTO agenda but, as a partnership initiative, addresses several other key trade dimensions and in particular

- The role of the private sector through the global chain management
- The opportunities, threats for and needs of SME's and producers of the South
- The new industrial and commercial revolution generated by the sustainability agenda
- The role of Governments of Developing Countries in such new framework.

In his introductory remarks at the opening of STIC Consultation for South Asia, Mr. S B Mookherjee, Minister of State for Commerce of India has eloquently described the context in which an initiative as STIC has to be approached :

- *The Preamble to the Marrakesh Agreement, raising the standards of living ,ensuring full employment ,increasing income and expanding the production of, and trade in, goods and services, in accordance with sustainable development is one of several objectives of the WTO.*
- The environmental measures introduced with the objective of sustainable development have an impact both on the market access and the opportunities to sale to private companies establishing, under the pressure of their stakeholders, guidelines and private standards, certification , testing, auditing processes.
- The export of sustainable products and other Environmentally Friendly Products is increasingly becoming important for developing countries.

From our first regional consultations, I could summarize our first findings as follows and I'm inviting you to comment.

(i) We indeed observed the importance attached by Global Corporations and SME's to the new governmental environmental requirements and how some Developing Countries, as Thailand, is preparing their Companies to be equipped in such framework and gain new markets.

(ii) But, the new requirements of the private sector –multinationals, manufacturing and retailers companies – under the pressure of a number of stakeholders is a field of faster changes than the regulatory one, shaping a new agenda going beyond Governmental requirements and becoming for SME's of both Developed and Developing Countries a source of threats as well as opportunities.

(iii) Finally the "market potential" in terms of Environmentally Friendly Products and Fair Trade Products is to be understood by number of SME's. A Major market intelligence and marketing programme is needed in Developing Countries.

International business in trade is much governed by the supply chain. Supply chains are complex today –in terms of linkages, breadth and depth. They are dynamic and keep evolving. The driver of STIC agenda today is not the political debates but the permanent dialogue between enterprises, (multinationals, retailers) and their stakeholders A permanent dialogue and a dynamic resulting of pressures, risks management (including reputation risks) , sustainable development performance assessment ratings influencing the stock exchange market, and so on.

We met a number of smart entrepreneurs of Developing Countries already garnering the benefits of partnering with Global Corporations in implementing these environmental and social private guidelines like Sony's "Green Partners". These changes will require from Governments a "comprehensive strategy" including new dimensions as regional policies for testing and certification as well as a domestic procurement policy. I will come back to these elements.

Indeed, as Minister Mookherjee suggested, STIC is intending to focus specifically on the problems of, but I would say as well opportunities for, the SME's.

As noted in the background paper for this meeting, the consultations for West Africa (Benin), Latin America (Costa Rica), South Asia (India) underlined the role STIC could play in addressing the four criteria of sustainable trade (and again I'm inviting you to comment):

- *Generates economic values* : market intelligence and launching a buyers projects group will be two first focus for STIC helping producers to find buyers.

- *Reduces poverty and inequalities* : STIC could concentrate on two issues (i) the costs of certification process is too high for many; (ii) the future of many SME's is at stake which is becoming a "social issue"
- *Regenerates the environmental resources* : STIC could help to promote the high value of protecting and making better use of natural resources. Support trade in environmentally friendly and organic products would be one of the focus. There are huge needs in terms of market intelligence.
- *Carried within an open governance system*. STIC would focus on private standardisation initiatives to change the balance of standards setting towards Developing Countries

What would be needed from the Governmental side ?

From Developing Governments firstly.

Mohammed Saqib from the Rajiv Gandhi Foundation, identified in particular an issue we also observed during the Consultation in Benin : the lack of incentives to implement domestically the concept of sustainable/environmental products :

- Non existence of , or poor enforcement , of domestic standards. One conclusion might be the need to emphasize the role of Developing Countries Governments as Purchasers, to create incentives by Newmarket access.
- The other need would be to debate at regional level (SARC, ASEAN, Mercosur, ACP...) the need for regional approach to accreditation procedure, standards harmonisation, testing institutes.

To change the balance of standards setting towards Developing Countries requires indeed

- to have a purchasing power. From this point of view, Countries as those invited to the mini-Ministerial (China, India, Brazil, South Africa...) are very attractive
- open a debate not with standards setting organisations but with major buyers using voluntary but competing and not harmonised standards..

From Governments of Developed Countries.

The consultations identified so far 3 type of actions expected :

- To establish a policy debate with Southern producers. We are welcoming from this perspective the launching of the European Sustainable Trade Forum, which gives now the opportunity for STIC to co-host with DG Trade thematic debates on trade barriers and SME's needs. A first meeting addressed electronics, the next one will be on textile and agri-food. We suggest that similar platforms should be considered by the USA, Japan, and other OECD Countries.
- The WSSD plan refers to the strengthening and targeting of Trade Related Technical Assistance and Cooperation agreements. So far we are exploring the issue. The existing funding systems are not efficient to streamline their funding programmes in support to sustainable trade to facilitate business-to-business meetings, training, equipments, new joint ventures, trilateral partnership between Donors Countries and South-South partnerships in particular in the field of appropriate technologies.
- To change the patterns of purchasing guidelines drafting processes, certification and validation requirements. So far Southern producers are not involved. This needs to change and Governments, as Buyers through their procurement policies, could show the way.

What is expected from the Private Sector ?

The partnership between Governments, the Private Sector and Civil Society is key. We will come back to this in the second part of our discussions introduced by my colleague Minister Erwin.

The consultations here also identified specific expectations.

- Here also, to change the patterns of purchasing guidelines drafting processes, certification and validation requirements. Two major reasons to do so. Firstly, because so far Southern stakeholders are not involved. Secondly because major buyers are using competing private standards. We are expecting major buyers (for instance in the food sector limited to 5 or 6) in the electronics, food and textile sectors to come together with STIC to address these issues.
- As Buyers, to help Developing Countries SME's, to be qualified as suppliers on this new market. We are welcoming the launching of the European Buyers Projects Group which should , in addition to buy "green and fair trade products", develop programmes in support to SME's in terms of market intelligence, training, logistics sharing.
- As Financial Companies, to establish and expand the number of financial products (as micro-credits) and services (coaching). This is the theme proposed for a meeting next year on which Commissioner Lamy will come back.

In conclusion, the potential is huge, as well as the challenges. STIC is build on the concept of "power of synergies". We are grateful to all those organisations which are willing to pool in a common basket their tools in support to Southern producers: Governments, UN agencies, Chambers of Commerce, NGO's, Companies. We hope that your Governments will in a way or another join the "power of synergies group" and be a STIC partner.

STIC should be seen as a network of partners in support to Southern Producers. At the end of the year we will fix our programme of actions. Thank you for helping us to shape it.