

4C Global Sustainability Conference  
**Practical Solutions for Sustainable Coffee Supply Chains**

Certification and Post-Certification:  
A Scientific Assessment of Measures to Achieve  
Transformation into Sustainable Markets

6 June 2019, Berlin, Germany

Gernot Klepper  
Kiel Institute for the World Economy



## Global Trade and Sustainability

- Most products that are consumed today are produced within a **complex value chain that passes across many countries** with divergent intensities of national regulation with respect to a sustainable use of resources
- **Global trade flows** are directed by cost advantages in the availability of natural and human resources for the production of goods
- These **cost advantages determine price advantages** and thus determine which goods are most demanded by importers and eventually consumers
- However, cost and price advantages do not always reflect the true cost of the resources used. So called “external effects” or **externalities** are especially prevalent in production systems that use natural resources such as biomass
- Such externalities need to be **internalized by government policies**
- In many cases, sustainability is lacking due to **insufficient regulation of environmental externalities and socially sustainable working conditions**

## Instruments for achieving sustainability for internationally traded goods

- Achieving environmentally sustainable production conditions requires **regulation of externalities**
- There are **local externalities** such as local pollution or the overuse of renewable resources. These can only be controlled by local institutions
- Pollution charges, emissions taxes, or direct regulation of resource use are **potential instruments**
- **Global externalities** such as emissions of greenhouse gases (GHGs) require a coordinated effort if they were to be implemented in an efficient manner and without distortion in international trade
- The implementation of **socially acceptable working conditions** is in the hands of national governments
- Achieving sustainability is therefore a task that encompasses **many levels of governance** and requires coordination among those governance institutions

## Certification as a solution for missing sustainability policies

- In many countries sustainability policies are missing or not implemented to the extent that is desired by other countries
- This is especially the case for the emissions of GHGs (including emissions from land use change) where no international regulatory body exists
- Often local externalities and social conditions are also not implemented according to the wishes of consumers and/or governments of importing countries
- Since imported goods usually do not contain information about the sustainability of their production processes, this information needs to be collected along the value chain and delivered to all participants
- Certification is providing this service!
- It supports sustainable production practices, creates incentives for producers to become more sustainable, and provides the necessary information to consumers

## Conclusions

- Certification is in many cases today the only way to create sufficient information about the sustainability of internationally traded goods
- In voluntary schemes it enables consumers to choose sustainable products over goods produced in an unsustainable way
- Obligatory certification introduced by regulatory authorities make sure that imported goods are produced in a sustainable way. However, they cannot influence sustainability of all other goods in an exporting country
- Post-Certification would be a desirable situation. It would consist of a system of sustainable production practices supported and regulated by national sustainability policies which are implemented and professionally administrated
- There is still a long way to go to get to Post-Certification globally!