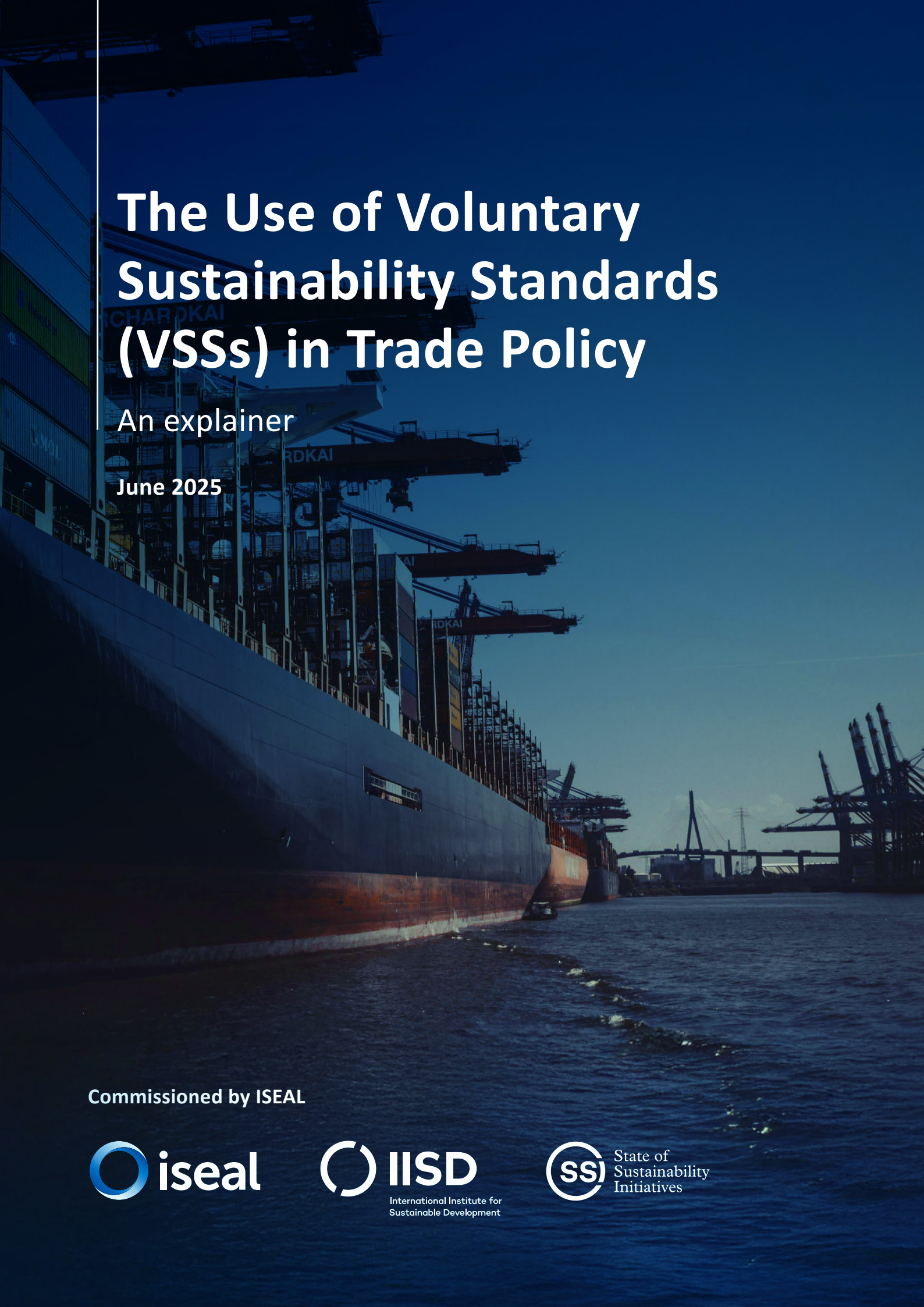


The Use of Voluntary Sustainability Standards (VSSs) in Trade Policy

An explainer

June 2025

Commissioned by ISEAL

iseal

IISD
International Institute for Sustainable Development

SSI State of Sustainability Initiatives

Suggested citation: Sarmiento, F., Bermúdez, S., & Verma, R. (2025). Using Voluntary Sustainability Standards (VSSs) in trade policy: An explainer. ISEAL and International Institute for Sustainable Development (IISD).

Acknowledgements

The authors gratefully acknowledge Cristina Larrea and Alice Tipping (IISD) for their valuable feedback on earlier drafts and Leslie Sajous and Joshua Wickerham (ISEAL) for their thoughtful contributions.

Disclaimer

This brief was produced as part of a partnership between ISEAL and IISD on voluntary sustainability standards and trade policy.

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

Cover image: © Hormel Media / Pexels

Key Messages

- Policymakers are increasingly integrating VSSs into trade policy frameworks, including market access and due diligence regulations; free trade agreements; public procurement; and export promotion strategies.
- VSSs are recognised as instruments that can support and help align trade with sustainable development goals.
- While governments use different approaches to integrate VSSs in trade policy, challenges remain around limited technical knowledge and limited data on the use and benefits of VSSs in trade policy.
- The use of VSSs in trade policy must be accompanied by targeted support for producers, including capacity-building services and financial assistance to access and maintain certification, especially in developing countries.
- Since not all VSSs are equal, the use of VSSs in trade policy must also be accompanied by credibility criteria.

What are Voluntary Sustainability Standards (VSSs)?

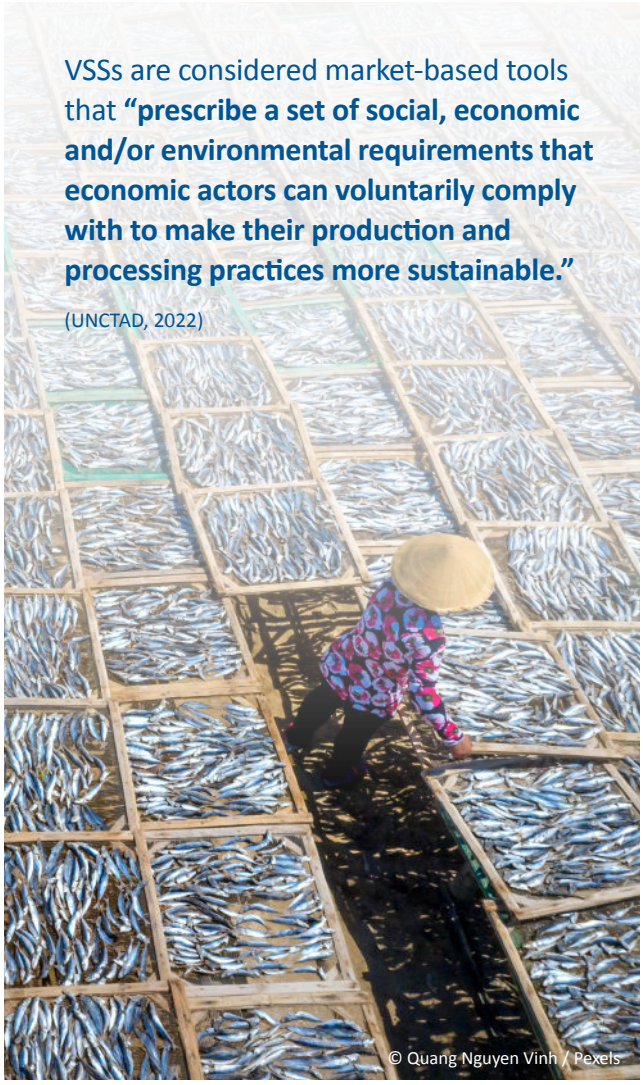
VSSs are sustainability systems designed to help producers and other economic actors achieve sustainable development outcomes (ISEAL, 2023). These systems are voluntary in nature. They comprise a range of measures, such as sustainability production requirements through standards or codes of conduct, mechanisms to ensure compliance with these requirements, and capacity-building and supporting services to producers that include training and impact monitoring. In addition to this, VSSs increasingly adopt more systemic strategies to drive impact, such as working on policy and advocacy through government engagement and adopting landscape and jurisdictional approaches (ISEAL, 2025).

In exchange for compliance with these requirements, which may include respect for fundamental human rights, worker health and safety, and the protection of natural resources and the environment, VSS-compliant products obtain formal recognition in the marketplace. Usually, this recognition is done through an assurance mechanism like a certificate and sometimes with an accompanying sustainability claim or label.

According to ITC's Standards Map, over 300 VSSs currently operate in several sectors of the global economy, from agriculture to mining (ITC, 2025). Given their expansion and growing importance, governments around the globe have increasingly begun to reference or integrate VSSs into trade policy, recognising them as a tool for addressing some of the environmental, social, and economic issues related to the production and trade of goods and services (Bermudez, 2021). In addition, VSSs have also been recognised as tools to support the implementation of sustainability regulations, including those related to trade (UNCTAD, 2024).

VSSs are considered market-based tools that **"prescribe a set of social, economic and/or environmental requirements that economic actors can voluntarily comply with to make their production and processing practices more sustainable."**

(UNCTAD, 2022)



© Quang Nguyen Vinh / Pexels

How are VSSs Used in Trade Policy?

Initially, VSSs were primarily developed and promoted by multistakeholder initiatives led by non-state actors, such as civil society organizations. Over time, government agencies also began to engage in their development and use. As their global use has expanded, VSSs have begun to feature in trade policy, where they are increasingly referenced as tools to support and facilitate sustainable trade. This section examines how VSSs are integrated into different trade policy instruments and some of the key challenges and opportunities associated with their inclusion.

Market Access Regulations

Market access refers to the conditions and measures that countries use to regulate the entry of imported goods - such as tariffs, quotas, technical standards, and sustainability requirements (WTO, 2025). In recent years, as trade policy evolves to support environmental and social objectives, certain regulations have introduced explicit or implicit references to VSSs as part of compliance criteria for market access. In these cases, products are granted entry or preferential treatment only if they are certified under specific VSSs or meet equivalent sustainability standards.

While there is no comprehensive overview of regulations that include VSSs as a market access requirement, there are two often-cited examples:

EU Renewable Energy Directive (RED): First adopted in 2009 and subsequently revised (last updated in 2023), the RED Directive regulates the development of renewable energy across all sectors in the European Union (EU). Specifically, it sets sustainability criteria for biofuels and biomass used within the EU.

Notably, a key component of the Directive is a recognition framework that sets both substantive and procedural requirements that VSSs must meet to be accepted as valid evidence of compliance with the sustainability criteria. In other words, only biofuel and biomass products certified by an EU-recognised scheme can count toward national renewable energy targets. In this regard, the European Commission maintains a list of recognised schemes with recognition granted for five years, before a re-evaluation is required (UNCTAD, 2022). For example, Bonsucro is a VSS recognised by the EU, which allows Bonsucro-certified biofuels and biomass fuels made from sugarcane to comply with the sustainability criteria set out in the Directive (Bonsucro, 2025).

South Korea's Act on the Sustainable Use of Timbers: Adopted in 2017, the Act aims to promote the trade of legally harvested timber and applies to domestic and imported timber and timber products. It formally recognises VSSs as proof of compliance with the legality requirements under the regulation.


© Văn Long Bùi / Pexels

The implementation of the Act, overseen by the Korea Forest Service, is guided by Detailed Standards for Determining Legality of Imported Timber and Timber Products, which outlines the specific documents and certifications that both imported and domestic operators must provide to demonstrate legal sourcing. These include explicit references to VSSs, particularly to the Forest Stewardship Council (FSC) and the Programme for Endorsement of Forest Certification (PEFC), as evidence of compliance and legality (UNCTAD, 2022).

The use of VSSs to demonstrate compliance with market access regulations can create incentives to comply with environmental standards and promote more sustainable production practices. However, the use of VSSs in these regulatory frameworks needs careful consideration. Not all VSSs are created equal; they vary in terms of scope, governance, transparency, and assurance mechanisms. Moreover, compliance costs associated with certification may reduce market access for small-scale producers and small and medium-sized enterprises in developing countries.

Free Trade Agreements

A free trade agreement (FTA) is a treaty between two or more countries that liberalises and facilitates trade, thereby eliminating trade barriers. References to VSSs in FTAs have increased substantially in recent years. Before 2018, only 17 FTAs referred to VSSs (Bermudez & Sarmiento, 2024). According to our analysis, between 2018 and 2025, 34 new agreements refer to VSSs in some way.[1]

Most of these references are in chapters within these agreements dedicated to the environment or Trade and Sustainable Development (TSD). A notable exception is the Agreement on Climate Change, Trade, and Sustainability (ACCTS), signed by Costa Rica, Iceland, New Zealand, and Switzerland in November 2024, which includes a dedicated chapter on eco-labelling (Chapter 5) that offers 13 non-binding guidelines to enhance the integrity and transparency of VSSs. The guidelines are unique in their aim to strengthen the credibility of VSSs, prevent false information regarding their use, reduce unnecessary trade barriers, and manage implementation costs (Tipping *et al.*, 2024).

References to VSSs in FTAs are generally promotional rather than legally binding. The only known exception to date is the EFTA-Indonesia Comprehensive Economic Partnership Agreement (CEPA), where Switzerland requires compliance with selected certification schemes (including the Roundtable on Sustainable Palm Oil (RSPO) and International Sustainability and Carbon Certification PLUS (ISCC PLUS)) to implement the agreement's sustainability provisions and grant tariff preferences to palm oil and its derivatives (Larrea *et al.*, 2021).

Our research identifies five main categories that characterise the use of VSSs in FTAs:

Cooperation:

Parties agree to collaborate on the use of VSSs, often through information exchanges or by listing VSS as an area of cooperation. [2]

Promotion:

Parties commit to facilitating and promoting trade in sustainable products, including those that are certified. [3]

Recognition:

VSSs are recognised as contributing to high environmental protection standards.[4]

Guidelines:

Parties encourage the private sector to develop voluntary mechanisms that are truthful, not misleading, and based on recognised standards, or introduce specific guidelines to improve the quality of voluntary eco-labels.[5]

Support:

VSSs are used to support FTA implementation. The only example of this is Switzerland under the EFTA-Indonesia CEPA, where certification is required for palm oil and its derivatives to access tariff preferences (Bermudez & Sarmiento, 2024).[6]

Source: Bermudez & Sarmiento, 2024

The growing incorporation of VSSs in FTAs aligns with a broader shift towards integrating more social and environmental considerations into trade policy. However, the impact and effectiveness of these provisions in addressing sustainability challenges remain uncertain and require further research and analysis.

Ultimately, incorporating VSSs in FTAs presents an opportunity to leverage their use, enhance their effectiveness, address credibility and operational shortcomings, and distinguish credible VSSs that can be leveraged to strengthen efforts to promote sustainable trade (Bermudez & Sarmiento, 2024).

Due Diligence Regulations

Due diligence regulations have gained prominence in the past two decades. An increasing number of countries have started to adopt legislative measures requiring companies to report on the steps they are taking to tackle certain human rights and environmental issues. These regulations require companies to conduct due diligence to identify, assess, prevent, mitigate, and remediate potential or actual adverse environmental and social impacts in their operations as part of global value chains (Verma, 2024).

Due diligence measures can take different forms. One category of trade-based due diligence includes regulations prohibiting the import, placement on the market, export, or use of products or commodities associated with adverse environmental and social impacts unless companies can demonstrate that adequate due diligence or due care has been conducted (OECD, 2024).

An initial analysis and review of recent literature indicates that VSSs are well-placed to support compliance with due diligence regulations and requirements (ISEAL, 2020; UNCTAD, 2025; Verma, 2024). By offering tools and mechanisms for identifying, assessing, mitigating, and monitoring risks, along with data collection and traceability systems, VSSs have the potential to support nearly all aspects of due diligence (UNCTAD, 2024; Verma, 2024).

While it can be considered a market access regulation, the **European Union Deforestation Regulation** (EUDR) also constitutes a due diligence regulation that can be classified as a trade-based measure. Article 10 of the EUDR explicitly acknowledges that VSSs can serve as valuable tools for conducting risk assessments and supporting compliance with its due diligence requirements. The European Commission further states that VSSs can help demonstrate that products are legal and deforestation-free, while contributing to broader goals such as sustainable sourcing and supply chain transparency (European Commission, 2025; Sarmiento, 2025).

Another example of a trade-based due diligence regulation is the **Japan Clean Wood Act** (CWA), introduced in 2016 and revised every 5 years, with the latest version entering into force on 1 April 2025. The Act aims to promote the sustainable development of the wood products industry by establishing guidelines for the use and distribution of wood and wood products made from trees harvested in compliance with Japan's laws and regulations and those in the countries of origin. Notably, the CWA states that "a wood-related business entity must collect and organise raw material information […] to confirm whether or not it is highly probable that the wood and wood products do not fall under wood and wood products pertaining to illegal logging." On 7 October 2024, the Forestry Agency of the Ministry of Agriculture, Forestry and Fisheries (MAFF) proposed the list of organisations that the MAFF Minister seeks to designate as providers of certified information showing that the wood products are highly likely to not derive from illegal harvests. Notably, the list includes FSC and PEFC.

This new trend of due diligence regulations might result in the further development and uptake of VSSs and thus promote more sustainable practices. It can also prompt VSSs to evolve and strengthen their design and strategies, as there is a lack of uniformity in design and implementation mechanisms, and lingering concerns about the effectiveness, credibility, and transparency of their assurance approaches, monitoring systems, and complaint mechanisms (UNCTAD, 2023).

Companies or actors using VSSs to support due diligence compliance must ensure that these standards are credible (see section below on credibility), add value to the implementation of the due diligence system to meet the sustainability requirements under public policy, and are not used as a substitute for the due diligence obligations.

Public Procurement Policies

Public procurement, the process by which governments purchase goods and services to fulfil their responsibilities and deliver public services, accounts for approximately 13 percent of the world's Gross Domestic Product (GDP), or around USD 13 trillion annually (WTO, 2023). In addition to cost-effectiveness, public procurement systems are increasingly incorporating sustainability considerations. VSSs are being referenced in sustainable public procurement (SPP) as proxy indicators of the positive social and environmental performance of production processes, thereby helping procurement agencies to better identify sustainable products or assess a bidder's credentials (Bermudez, 2021).

Brazil has used or referenced VSSs in SPP, specifically the Hummingbird ecolabel, a private standard created by the Brazilian Association of Technical Standards (ABNT), as proof of compliance with the government's procurement policies, particularly for purchasing furniture and electronic products (Global Ecolabelling Network, 2024). The Hummingbird label is the only Type I Ecolabel accredited under ISO 17065 and it includes criteria that minimises impacts along the lifecycle of the products, which are in line with the provisions of Brazil's 2021 Government Contracts Act [Law 14.133] to advance life cycle cost and sustainability in public procurement (Global Ecolabelling Network, 2024; Pereira, 2024).

Other countries, such as **Mexico** and **Ecuador**, also recognise VSSs within their national public procurement strategies to verify the sustainability of forest products (One Planet Network, 2024). Mexico's federal government procurement policy, for instance, recognises two VSSs, the FSC standard and the Programme for the Endorsement of Forest Certification (PEFC) as a proof of compliance to procure timber and wooden furniture products confirmed to originate from sustainable managed forests (Bermudez, 2021). Both standards' criteria are aligned with the requirements established by the Mexican Standard for Sustainable Forest Management (NMX-AA-143-SCFI-2015) (Gobierno de Mexico,

2017). The FSC also developed a National FSC standard for Mexico in 2020, outlining certification requirements for forest operations in the country, to adapt to the specific legal, social, and geographic conditions of Mexican forests (FSC, 2021).

In most legal frameworks for public procurement, VSSs are used as a promotional tool rather than a conditional requirement; in other words, bidders are encouraged but not required to use them. However, the cases from Brazil and Mexico show that there is an increasing recognition of these tools as mechanisms that can help to verify the sustainability of a supplier's goods or services in specific sectors or products. Overall, the use of VSSs in SPP can serve as a means to ensure that public contracts support broader governmental environmental and socio-economic policy goals by encouraging market operators to deliver more environmentally sound goods and services (ClientEarth, 2010).

Despite its potential, the use of VSSs in public procurement remains limited. One of the biggest challenges is the lack of understanding about the potential for the use of VSSs in sustainable procurement practices globally. Since 2009, some governments have reported their environment-related government procurement measures to the WTO Environmental Database (EDB). However, not all WTO members are parties to the Government Procurement Agreement, and reporting is inconsistent (WTO, 2023).

In many countries, sustainable procurement is not mandatory, so public authorities may choose not to prioritise sustainability considerations over cost-effectiveness. In traditional public procurement systems, cost-effectiveness refers to obtaining the best possible value for public spending, as opposed to considering full life cycle costs and environmental impacts (Schnitzer, 2024). Where sustainability could be prioritised, procurement officers often lack the training and information needed to understand how VSSs work, how to identify credible standards, and assess their criteria and mechanisms for compliance. Other reported challenges include limited monitoring and reporting systems, and the lack of data to evaluate whether the use of sustainable procurement policies and measures achieves its goals (World Bank, 2021). Overall, these gaps undermine the scaling up of the use of VSSs in sustainable procurement practices.

Export Promotion Measures

Some governments are integrating VSSs into their export promotion strategies to increase access to sustainable markets and boost exports. In these cases, governments may align domestic production practices with sustainability criteria required by VSSs or mandate compliance with specific VSSs to obtain export licences or permits to operate in key sectors (i.e., agriculture, horticulture, fisheries, others).

To date, there is no consolidated data available on the number and nature of government measures that integrate VSSs into export promotion, but there are some notable examples of developing countries that seek to promote their main export products through the adoption of VSSs (UNCTAD, 2022).

One example is **Mozambique**, where cotton is one of the most important export crops and an important source of income for rural households. To access international markets and boost sustainable cotton production, the government partnered with the Better Cotton (BC) standard to embed its principles and criteria in national regulations related to cotton production. For this, the government developed a national cotton regulation (Regulamento Para a Cultura Do Algodão, 2015) that mirrored BC's criteria and indicators, as well as designed tailored training and technical assistance for cotton farmers to enable them to comply with the requirements (Better Cotton, 2025).

In **Kenya**, the flower sector is a vital part of its economy, accounting for 1.25% of GDP and employing more than 500,000 Kenyans. To strengthen the sector and access export markets with demanding sustainability requirements, the government partnered with the Kenya Flower Council (KFC), a private industry body that administers a voluntary sustainability standard for flowers and ornamentals (KFC-FOSS), to develop a public mandatory standard for the horticultural sector (KS 1758). Compliance with the KS 1758 standard is a requirement for horticultural producers and exporters to obtain and maintain an export license, and the KFC-FOSS is accepted as a means of compliance. The KFC has become a strategic ally to the Kenyan government by representing the interests of growers and processors in trade negotiations and providing training to horticultural producers (Bermudez & Ngige, 2024).

These examples illustrate how governments can strategically leverage well-established VSSs to support sustainable trade interests in developing countries that rely heavily on exporting certain commodities or products. By aligning national regulations or export strategies with VSSs' criteria and practices, governments can help producers gain access to international markets that increasingly require sustainability. Moreover, collaborative approaches between the government and VSSs can help to mobilise technical expertise, facilitate compliance, and support domestic producers through joint capacity-building efforts.

However, integrating VSSs into export promotion strategies also poses challenges. A major issue is enforcing and ensuring compliance with regulations that require certification for production or export. In many producing countries, high levels of informality can hinder compliance efforts. Additionally, the high costs associated with obtaining and maintaining certifications can have discriminatory effects by excluding producers that are unable to afford them (Bermudez, 2021). Ensuring fair participation of small-scale producers and small and medium enterprises in producing countries is key. It requires strong government commitment, private sector investment, and an enabling environment where all actors, including VSSs, are actively engaged and committed.

Towards the use of credible VSSs in trade policy

As the references to VSSs in trade policy continue to grow, a crucial question arises: *Which VSSs can be considered credible for their use in trade policy frameworks?* Not all VSSs are created equal, and assessing their credibility is essential to ensure they effectively support sustainable trade and contribute to sustainability goals.

The concept of credibility in the context of VSSs has long been the subject of discussion. Over the years, many frameworks have been developed to define and operationalise what constitutes a credible sustainability standard. Examples include the ISEAL Credibility Principles (Box 1) and ISO standards. These frameworks typically emphasise principles that sustainability standards need to adopt, such as transparency, stakeholder engagement, robust assurance systems, and continuous improvement.

BOX 1: ISEAL CREDIBILITY PRINCIPLES AND CODE OF GOOD PRACTICE

ISEAL Credibility Principles define core values of credible and effective sustainability systems, such as standards and certification schemes:

- **Sustainability impacts:** A credible sustainability system has a clear purpose to drive positive social, environmental, and economic impacts and to eliminate or remediate negative impacts.
- **Collaboration:** A credible sustainability system partners with governments, businesses, and civil society to align efforts and achieve shared goals.
- **Value creation:** A credible sustainability system strives to create value that fairly rewards the effort and resources that it takes for users to participate in the system.
- **Measurable progress:** A credible sustainability system has tools that are relevant to achieving its sustainability objectives, and these tools allow progress towards objectives to be measured over time.
- **Stakeholder engagement:** A credible sustainability system is inclusive and non-discriminatory. It empowers stakeholders to participate in decisions and hold the system to account.
- **Transparency:** A credible sustainability system makes important information publicly available and easily accessible, while protecting confidential and private information.
- **Impartiality:** A credible sustainability system identifies and avoids or mitigates conflicts of interest throughout its governance and operations.
- **Reliability:** A credible sustainability system provides trustworthy assessments of users' performance.
- **Truthfulness:** A credible sustainability system's claims and communications can be trusted. A credible sustainability system substantiates its claims.
- **Continual improvement:** A credible sustainability system regularly reviews its objectives, its strategies, and the performance of its tools and system.

These principles were used as a reference point in the development of the ISEAL Code of Good Practice for Sustainability Systems, which provides a framework, defining practices for effective and credible sustainability systems.

However, in trade policy, governments have only started to introduce criteria for identifying credible VSSs in the past few years. These criteria most commonly focus on aspects of governance and operations, with fewer addressing the scope of the VSSs. Examples include the EU RED (revised 2023), ACCTS (2024), the guidance prepared by the European Commission for the implementation of EUDR (2025), and several FTAs (2018-2022).

Though this is a promising development, the guidance or criteria included in trade policy instruments to promote the use of credible VSSs are still limited in scope as they only cover governance and operations. There is room for improvement, particularly in expanding the criteria to include aspects related to the scope of standards and the robustness of assurance systems.

In addition, according to our analysis, trade policy instruments lay down different credibility criteria covering various issues. This suggests a clear opportunity for harmonisation and the development of a minimum set of credibility criteria that VSSs should meet to be effectively used and recognised in the trade policy domain. Box 2 below provides a summary of the most common credibility criteria currently referenced in trade policy instruments, based on a revision of the criteria included in the above-mentioned examples.

BOX 2: KEY CRITERIA USED IN TRADE POLICY TO ASSESS VSS CREDIBILITY

This box presents an overview of the most used criteria based on a review of existing trade policy instruments, such as the EU RED (revised 2023), ACCTS (2024), the guidance prepared by the European Commission for the implementation of EUDR (2025), and several FTAs (2018-2022). For clarity, the categorisation of these criteria follows the typology developed by the OECD and the International Trade Centre (OECD & International Trade Centre, 2024), which offers a structured set of parameters and a common language to better understand the main elements of sustainability initiatives. While the framework distinguishes between scope, objective, governance, and operational dimensions of VSSs design and implementation, trade policy instruments refer only to governance and operational criteria.

Governance Criteria

These relate to how the VSSs are structured and governed, including approaches to stakeholder engagement, and disclosure of information.

a) Information disclosure: Trade policies often contain criteria related to the information that VSS schemes should make publicly available. For instance, EU RED requires that schemes publicly provide:

- Detailed governance structures, ownership, and membership;
- Lists of certified economic operators and audit summaries, including corrective actions;
- Up-to-date scheme documentation and audit guidelines;
- Contact information and lists of certification bodies, including their accreditation status;
- Results of annual monitoring and activity reports.

b) Stakeholder engagement: Trade policies also refer to the extent to which the standard involves relevant stakeholders in its key processes, including the scheme's design, implementation, governance, and review. For example, ACCTS states that voluntary eco-labels must be "developed through fair processes with stakeholder participation." It further requires that "appropriate information should be made available to stakeholders in an accessible manner" and that "a diverse and balanced range of interested stakeholders should have opportunities to participate in the process of developing and implementing an ecolabel."

Operational Criteria

These refer to how the VSSs functions in practice, covering practical aspects of implementation.

c) Sustainability claim: A sustainability claim is "a message used to set apart and promote a product, process, business, or service with reference to one or more dimensions of sustainability." In this regard, trade policies require that the information relayed by the VSSs should be truthful and non-misleading and supported by verifiable evidence. For example, the EUDR's guidance document includes VSSs criteria covering the "ability of the scheme to provide required information accompanied by evidence that is 'adequately conclusive and verifiable'" (European Commission, 2025). Another example is found in FTAs, such as the Chile-Ecuador Economic Complementarity Agreement (2020), which states that the parties should encourage the development of VSSs that are "truthful, [and] not misleading."

d) Recognition of other initiatives: Many trade policies require VSSs to align with or recognise international standards. For example, ACCTS mentions that "an ecolabel should be aligned with relevant international standards, recommendations or guidelines, support harmonisation of best practices and avoid duplication with international standards and international instruments."

e) Chain of Custody (CoC): Chain-of-custody models in VSSs are used to ensure traceability of materials as they move through the value chain. These models help prevent the risk of mixing of certified and non-certified products. For example, the EUDR guidance specifies that certain CoC models, such as those that allow mixing materials of known and unknown origin, are not acceptable.

Apart from these most common criteria used in trade policy, some regulations are more detailed. For instance, the EU RED includes several additional criteria regarding the assurance system, namely the procedures used to verify that specific sustainability requirements are met – typically through audits or certifications. Generally, trade policy frameworks establish criteria for third-party assurance, meaning that verification is performed by an independent body with no interest in the subject being assessed. The EU RED adds criteria for auditors' competence, such as training, rotation, and independence. Notably, it also includes a grievance mechanism, a publicly available process to receive and address complaints.

Conclusion

VSSs are increasingly directly and indirectly referenced in trade policy. They are integrated into various policy instruments, including market access and due diligence regulations, FTAs, public procurement policies, and export promotion strategies.

The level of enforcement of this integration across instruments varies. In some cases, the use of VSSs is a mandatory requirement, while in others their use is voluntary or promotional. These diverse ways in which VSSs are integrated and used suggest that governments consider them as tools to advance their sustainability policy goals, improve market access, and support domestic producers and other value chain actors operating in key industries critical to sustainable economic development.

The impact of VSSs integration also varies, and for some instruments remains underexplored or not documented. For example, there is growing awareness and alignment around the role of VSSs in supporting compliance with due diligence regulations, where their function is more clearly defined and operationalised. Export promotion strategies are also an example of collaboration between VSS and governments, yielding potential positive results to local producers and small and medium-sized enterprises. In contrast, their use in public procurement remains limited, and the evidence about the impacts of their inclusion in FTAs is scarce. This might be due to the predominantly non-binding nature of the provisions referencing VSSs, which makes it difficult to assess effectiveness or enforce commitments in practice.

Common challenges persist in the use of VSSs across all policy instruments. A major issue for policymakers is determining which standards are credible and appropriate. While some trade policies have begun to include criteria to guide this selection, gaps remain. Another challenge is ensuring adequate training and knowledge transfer to public officials on using VSSs to assess sustainability in traded or procured products and services.

Compliance costs for operators also remain a significant concern, particularly in developing countries and regions, where such costs and maintenance risk might exclude small producers and small and medium-sized enterprises. Addressing this requires acknowledging that meeting sustainability requirements entails additional costs but can also bring economic benefits through increased market access and recognition of compliance. This calls for stronger coordination among stakeholders, including VSS bodies, private sector actors, and government agencies, by creating an enabling environment supported by targeted capacity-building services and financial assistance to help producers and small and medium-sized enterprises access and maintain certification.

Overall, VSSs offer important opportunities to leverage trade as a vehicle to support and advance sustainability goals, and there is a clear and growing interest in their use within various policy tools. Moving forward, consolidating information on how VSSs are used in trade policy measures, creating platforms for countries using these tools to share experiences and best practices, and systematically documenting lessons learned will be essential to better understanding their impact and informing the design of future trade policy measures that include credible VSSs.

End Notes

1. Based on the analysis of Bermudez & Sarmiento, 2024, complemented by the WTO's Regional Trade Agreements database available at: https://rtais.wto.org/UI/PublicMaintainRTAHome.aspx.

2. See, for instance, United Kingdom–Japan Comprehensive Economic Partnership Agreement (2020), article 16.12.

3. See, for instance, EU–New Zealand FTA (2020), article 19.11.

4. See, for instance, Chile–Paraguay FTA (2021), article 12.10.

5. See Chile–Ecuador Economic Complementarity Agreement (2020), article 17.9 and Chapter 5 of the Agreement on Climate Change, Trade and Sustainability (ACCTS).

6. In the implementation of articles 8.10(2):a and 8.10(2):e of the EFTA–Indonesia CEPA, Switzerland's domestic legislation requires that compliance with VSSs to obtain preferential tariff treatment.

References

Bermudez, S. (2021). *How can voluntary sustainability standards drive sustainability in public procurement and trade policy?* International Institute for Sustainable Development. https://www.iisd.org/ssi/publications/how-can-voluntary-sustainability-standards-drive-sustainability-in-public-procurement-and-trade-policy/

Bermudez, S., & Ngige, J. M. (2024). *The Kenyan Flower Subsector: A model of enhanced competitiveness through mandatory and voluntary sustainability standards*. International Institute for Sustainable Development. https://www.iisd.org/system/files/2024-07/sustainability-standards-kenyan-flower-subsector.pdf

Bermudez, S., & Sarmiento, F. (2024). *Will the Inclusion of Voluntary Standards in Trade Agreements Lead to More Sustainable Trade?* ISEAL Alliance and International Institute for Sustainable Development. https://www.iisd.org/publications/brief/ssi-voluntary-standards-agreements-sustainable-trade

Better Cotton. (2025). *Better Cotton in Mozambique*. https://bettercotton.org/where-is-better-cotton-grown/better-cotton-in-mozambique/

Bonsucro. (2025). *EU-RED Standard*. https://bonsucro.com/eu-red/

ClientEarth. (2010). *Legal Analysis: The place of "Social Criteria" in Public Procurement Policies for Legal and Sustainable Timber.* ClientEarth. https://copade.es/wp-content/uploads/2017/04/The-place-of-"Social-Criteria"-in-Public-Procurement-Policies-for-Legal-and-Sustainable-Timber.pdf

European Commission. (2025, April 15). *Updated Guidance Document for Regulation on Deforestation-Free Products*. https://environment.ec.europa.eu/document/download/5dc7aa19-e58f-42a3-bbbe-f0eb2e5a1d3a_en?filename=C_2025_2485_F1_ANNEX_EN_V3_P1_4056628.PDF

FSC. (2021). *FSC National Forest Stewardship Standard of Mexico Published.* https://fsc.org/en/newscentre/standards/fsc-national-forest-stewardship-standard-of-mexico-published#:~:text=The%20FSC%20Forest%20Management%20standard,employment%20for%20local%20and%20indigenous

Global Ecolabelling Network. (2024). *ABNT Ecolabel—Hummingbird (Associação Brasileira de Normas Técnicas).* https://globalecolabelling.net/organisation/abnt-ecolabel-hummingbird/

Gobierno de Mexico. (2017). *Contrataciones Públicas Sustentables—Papel.* https://www.gob.mx/buengobierno/acciones-y-programas/contrataciones-publicas-sustentables-papel?state=published

ISEAL. (2020). *Corporate due diligence, sustainability standards and certification.* ISEAL. https://www.isealalliance.org/sites/default/files/resource/2020-01/Due-Diligence-Briefing-Note_ISEAL_01-2020_1.pdf

ISEAL. (2023). *What is a sustainability system?* https://www.isealalliance.org/sites/default/files/resource/2023-02/ISEAL_What_is_a_sustainability_system_FINAL.pdf

ISEAL. (2025). *Understanding the impacts of sustainability systems.* https://isealalliance.org/what-we-do/sustainability-policy-and-regulation/understanding-impacts-sustainability-systems

ITC. (2025). *Standards Map.* https://standardsmap.org/en/home

Larrea, C., Leal, S., Sarmiento, F., & Voora, V. (2021). *Voluntary Sustainability Standards, Forest Conservation, and Environmental Provisions in International Trade Policy.* International Institute for Sustainable Development. https://www.iisd.org/publications/voluntary-sustainability-standards-forest-conservation-trade-policy

OECD. (2024). *Review of G7 Government-led Voluntary and Mandatory Due Diligence Measures for Sustainable Agri-food Supply Chains.* OECD. https://doi.org/10.1787/f05af4a1-en

OECD & International Trade Centre. (2024). *Understanding Sustainability Initiatives: A Typology Framework.* OECD. https://doi.org/10.1787/8f8a3d7f-en

One Planet Network. (2024). *Sustainable public procurement policies that use ecolabels and environmental certifications.* https://www.oneplanetnetwork.org/sites/default/files/2024-10/GP%20Ecolabels%20used%20in%20SPP%20Policies%20-%20ENG_V2.pdf

Pereira, C. (2024). Salient Features of Brazil's 2021 Government Contracts Act (Law 14.133). *The Procurement Journal*. https://justen.com.br/wp-content/uploads/2024/04/IE-206-Cesar-reprint-Brazil´s-2021-Government-Contracts-Act-UrT-2024.pdf

Regulamento Para a Cultura Do Algodão (2015). https://iaom.gov.mz/wp-content/uploads/2023/04/Regulamento-do-Algodao.pdf

Sarmiento, F. (2025). *Unpacking the European Union Deforestation Regulation.* International Institute for Sustainable Development. https://www.iisd.org/publications/brief/unpacking-european-union-deforestation-regulation

Schnitzer, J. (2024). *Environmentally sustainable public procurement to strategically reshape markets and effect lasting change.* https://www.mckinsey.com/featured-insights/in-the-balance/environmentally-sustainable-public-procurement-to-strategically-reshape-markets-and-effect-lasting-change

Tipping, A., Gerasimchuk, I., Larrea, C., Laan, T., Kuehl, J., Sarmiento, F., & Triplicane, S. (2024, December 13). *Agreement on Climate Change, Trade and Sustainability: A landmark pact for trade and sustainability.* International Institute for Sustainable Development. https://www.iisd.org/articles/deep-dive/agreement-climate-change-trade-sustainability-accts

UNCTAD. (2022). *Voluntary Sustainability Standards in International Trade.* United Nations. https://unctad.org/system/files/official-document/ditctab2022d8_en.pdf

UNCTAD. (2023). *Understanding voluntary sustainability standards: A strengths, weaknesses, opportunities, and threats analysis.* United Nations. https://unctad.org/system/files/official-document/ditctab2023d3_en.pdf

UNCTAD. (2024). *Voluntary sustainability standards and sustainable development due diligence: The evolving landscape of sustainable trade.* United Nations. https://unctad.org/system/files/official-document/ditctab2024d3_en.pdf

UNCTAD. (2025). *The future of sustainable trade: Due diligence initiatives, voluntary sustainability standards and developing countries.* United Nations. https://unctad.org/system/files/official-document/ditctab2024d5_en.pdf

Verma, R. (2024). *Fitting the Pieces of the Puzzle: Making sense of due diligence regulations across the globe.* International Institute for Sustainable Development. https://www.iisd.org/publications/brief/due-diligence-regulations

World Bank. (2021). *A Global Procurement Partnership for Sustainable Development: An International Stocktaking of Developments in Public Procurement.* World Bank.

WTO. (2025). *Market access for goods.* https://www.wto.org/english/tratop_e/markacc_e/markacc_e.htm

ISEAL
The Green House
244-254 Cambridge Heath Road
London E2 9DA
United Kingdom

+44 (0)20 3246 0066
info@isealalliance.org
twitter.com/isealalliance
www.isealalliance.org

Registered Charity 1199607