



A PROPOSAL BY GTPA AND RMIT UNIVERSITY,
WITH THE SUPPORT OF BLOOMBERG
NEW ECONOMY SOLUTIONS

Research proposal:
Developing a methodology for mapping and harmonising
standards supporting integrity-related issues in GVCs

June 2020

WHO WE ARE



GLOBAL TRADE PROFESSIONALS ALLIANCE (GTPA)

The Global Trade Professionals Alliance (GTPA) is a global trade organisation dedicated to the development of international standards to harmonise and facilitate inclusive and trusted trade.

The GTPA support businesses, governments, trade professionals, trade organisations and industry bodies to:

- Build competency and proficiency in the conduct of international trade;
- Create and facilitate global business networks to advance international trading opportunities; and
- Establish a trusted international trading environment reinforced by ISO standards.



THE AUSTRALIAN
APEC STUDY CENTRE
Asia Pacific
Economic Cooperation

In partnership with



RMIT University

Established in 1887, the Royal Melbourne Institute of Technology (RMIT) is a global university of technology, design and enterprise. RMIT brings unique capabilities to research through a transdisciplinary approach. Our academic expertise, strong links to research partners and consideration of technological and social dimensions enables us to find solutions to critical problems impacting communities and the environment.

The RMIT School of Accounting, Information Systems and Supply Chain is a leader in cross-disciplinary collaboration between accounting and technology. The School is focused on establishing and maintaining innovative research projects, strong industry connections, and unique discipline areas driven by experts of the field, professional partners and leading academics. With over 6500 students the School is RMIT's largest business school offering opportunities for study in Australia, Singapore, China and Vietnam.

The Australian APEC Study Centre at RMIT is a leading research and capacity building institution that champions better economic outcomes for all people in the Asia Pacific region. The Centre supports policy development through the delivery of research and capacity building for government officials, policymakers and regulators through specialised workshops, events, dialogues and online courses.





BLOOMBERG NEW ECONOMY SOLUTIONS

Established in 2018, Bloomberg New Economy seeks to be the defining voice and global hub of ideas during this period of global change. Our annual gathering, the New Economy Forum, convenes a global community composed of leading executives, policymakers, rising stars, innovators, and thought leaders from around the world to have candid exchanges, conversations, and debates. Together, they define the challenges, identify the opportunities, and chart a way forward toward a thriving economy of the future. In November 2019, our community convened in Beijing, the very heart of the new economy, to continue the dialogue on these challenges and collaborate on a pathway toward prosperity in the new economy.

Through the New Economy Solutions, we engage our community throughout the year to advance pragmatic, creative solutions that make tangible progress in tackling the broader challenges of the New Economy. These solutions launch or expand existing initiatives that combat inequality and/or climate change. From hiring refugees and reskilling workers to leveraging data and AI for climate change-related disaster relief, we seek to convene the right perspectives through workshops and matchmaking, to amplify awareness of effective efforts to our community and beyond, and to use the New Economy Forum as an opportunity to issue calls to action to our CEOs and government officials.



THE RATIONALE

As consumers and investors have become more socially conscious, ensuring **integrity** (sustainability, ethical behaviour, security and inclusion) in global value chains (GVCs) operations has become imperative. In a more environmentally and socially conscious world, integrity risks for multinational corporations (MNCs) and for small and medium enterprises (SMEs) are likely to increase in the coming decades.

In order to reduce those risks, a myriad of standards and certifications run by industries, private sector, international organisations and NGOs have emerged in the past decades. While these standards may pursue similar goals, they may also differ in terms of the incentives for their adoption, their type of enforcement, their funding, and their approach to substantial social issues, amongst others. As a result, the universe of standards available have expanded, increasing fragmentation and therefore diminishing the overall impact of standards in facilitating global trade. At the same time, current standards are often very focused on specific issues at play in a GVC, fragmenting the compliance operations of MNCs and SMEs, and making it more onerous and complex.

In this context, the Global Trade Professionals Alliance (GTPA) in partnership with RMIT University and with the support of Bloomberg's New Economy Solutions initiative, will work with a coalition of other partners and stakeholders in 2020 to develop a methodology for mapping and harmonising existing standards supporting integrity-related issues in GVCs, with the long-term goal to develop an overarching standard to build integrity in GVCs. That overarching global standard would link, in a harmonised framework, a series of relevant elements resulting from the mapping and its analysis, as well as from other quantitative and qualitative projects that the GTPA is running to develop

its overall solution to unlock inclusive trade between MNCs and SMEs.

An overarching standard to build integrity in GVCs would not only reduce risks in the operation of MNCs and promote the participation of SMEs in those GVCs but would also make the undertakings of ensuring compliance and mitigating risks simpler, faster and less onerous.

Why is this the case? Because standards are frameworks in nature. As such, they have an overarching nature that facilitates, on one hand, their universal use, and the other, to tailor them to the specific nature, procedures, and systems of GVCs. This versatility of standards is what would permit the project to be implemented at the global scale covering multiple MNCs and SMEs across a myriad of regions and of industry sectors. Developing an overarching global standard to build integrity in GVCs would effectively capture the full versatility of standards.

Standards contribute to:

- Reducing costs and risks
- Delivering consistency where multiplicity is the norm
- Providing certainty where uncertainty is the rule
- Offering credibility and enhancing trust
- Facilitating diverse engagements and access to innovation and technology
- Ensuring quality of procedures, products, and services
- Complying with domestic and international regulations at a lower cost

THE PROJECT

The project will

1. Develop a methodology for mapping and harmonising existing standards supporting integrity-related issues in GVCs.
2. Proceed to harmonise the relevant integrity-related elements of standards resulting from the mapping.
3. Propose a theoretical and commercial framework for both processes of mapping and harmonisation.



Proposed research

Three key industries that represent fundamental aspects of GVCs will be selected based on a set of developed and agreed criteria, such as the importance and value of the industry, the number and characteristics of SMEs, importance in APEC region, number, sophistication and status of existing integrity standards etc. Three industries will be selected and researched. Potential industries include apparel, food and electronics.

The mapping of the existing standards frameworks in the key three industries will include standards developed by:

- Business sectors
- NGOs and IGOs
- ISO (public and private national and international standard-setting bodies)
- Governments

The standards will be mapped in relation to several characteristics, including:

- Adoption: voluntary – compulsory
- Approach: values/principles – compliance
- Enforcement: compliance – aspirational/ best practice
- Status of standard setter
- Funding arrangements
- Audit and discipline mechanisms

Outputs

- Standards mapping.
- Harmonisation of relevant integrity-related elements of standards.
- Recommendations for the future development of the overarching global integrity standard.
- Recommendations on the characteristics of an effective technological tool to be used for the global standard adoption and implementation by MNCs and SMEs.

Research team from RMIT University

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COMPONENT OF A LARGER PROJECT

The research proposal is an element of a larger project that GTPA, with the support of Bloomberg New Economy Solutions, is currently advancing: “*Building Integrity in Global Value Chains*”. Integrity is the capability of businesses to ensure **sustainability, ethical behaviour, security, and inclusion** throughout their entire operations across GVCs.

MNC executives around the world are constantly assessing and searching for the best ways to de-risk their global operations while maintaining value in their supply chains. As consumers have become more socially conscious, and investors seek closer scrutiny of the integrity of GVCs, a more recent category of risks for those operating within GVCs has emerged in recent years: risks associated with ensuring integrity standards in supply chains.

A way for MNCs to reduce those risks associated with concentrating their GVCs’ operations is to *diversify* them by sourcing from small and medium enterprises (SMEs) around the world. By diversifying their GVCs, MNCs also have more opportunities to access new technologies and innovative solutions developed by their local or global suppliers. Now, while diversifying GVCs by sourcing from SMEs can help reduce concentration risk and enhance innovation, SMEs can create value chain risk due to their lack of rigorous systems and processes to ensure minimum standards for integrity-related factors. SMEs from least developed countries (LDCs) are also more likely to be considered a greater risk for sourcing, and therefore remain excluded from GVCs.

The question is, therefore: how to build a framework that reduces risks and costs of operation in GVCs, increases value, and at the same time promotes diversity with the participation of SMEs? The answer is: **through the development of an overarching standard to build integrity in GVCs that would link, in a harmonised framework, a number of existing standards – and if necessary new ones – that already support specific integrity issues in GVCs.**

There exists, thus, a reinforcing relationship between reducing risks for MNCs, adding value in GVCs, increasing diversity through the participation of SMEs, and the transference of innovation and technology, enabled by the development of integrity global standards.

The project, therefore, provides an opportunity to:

1. Map the critical components embedding integrity in GVCs;
2. Develop an overarching global standard (framework) to build integrity in GVCs by linking in existing specific-issue standards;
3. Promote SMEs’ participation in GVCs through capacity-building and adoption of a global integrity standard to build integrity;
4. Mitigate MNCs’ risks via the implementation of an overarching global integrity standard; and
5. Build trust, adding value, and reducing costs in the operation of GVCs.



HOW CAN YOU COLLABORATE?

	MNCs	SMEs	Industry bodies	Government /international organizations	Academia/ think-tanks
Knowledge					
Contribute with research findings and analysis, case studies, and best practices	X	X	X	X	X
Provide interviews and insights from in-house experts and practitioners	X	X	X		
Provide high-level advice on the areas of global trade standards and integrity-related risks and issues in GVCs			X	X	X
Research development and dissemination					
Advise on research paper content and design	X	X	X	X	X
Disseminate research paper and encourage stakeholder's engagement	X	X	X	X	X

YOUR COLLABORATION BENEFITS

	MNCs	SMEs	Industry bodies	Government /international organizations	Academia/ think-tanks
Branding rights					
Recognition on all research advertising materials and related social media, including display of logo	X	X	X	X	X
Recognition on event specific materials (e.g. paper's results presentation, invitations, discussion groups – whether in-person or online)	X	X	X		
Access to findings					
For direct business' transformation purposes	X	X	X		
For policymaking, advocacy, and thought leadership purposes			X	X	X
Media and marketing exposure					
Ability to leverage brand on website and marketing materials	X	X	X	X	X
Access to a global network of trade experts, professionals, academics and policy makers	X	X	X	X	X

CONTACT US TODAY

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