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CSD-6 HIGHLIGHTS TUESDAY, 21 APRIL 1998

CSD-6 participants conducted a Dialogue on Responsible Entrepreneurship during the morning and a Dialogue on Corporate Management Tools during the afternoon. Each session was introduced by keynote statements from industry, trade unions and NGOs and was followed by a dialogue. Chair Habito said governments may take up proposals arising from the Dialogues during their deliberations.

DIALOGUE ON RESPONSIBLE ENTREPRENEURSHIP

Dom Bausano (Huntsman Corporation) said industry views responsible entrepreneurship as embodying a more flexible, market-driven and innovative response by the private sector, one that responds not only to economic factors but also to the public's perceptions, expectations and concerns. Industry has demonstrated its support for this approach by developing voluntary initiatives that complement rather than replace regulatory regimes. He urged governments to consider how to integrate economic incentives and voluntary initiatives with regulations and create a paradigm that allows for flexibility.

Bernd Heins (Union of Chemical Workers-Germany) said trade unions' aims include: protecting nature through efficient resource use; improving living standards for all but not to the detriment of the environment; and involving workers and trade unions when sustainability targets and deadlines are formulated. He said trade unions seek to, *inter alia*: help establish and carry out responsible business practice; ensure that sustainable development targets are based on conclusive analyses of employment impacts; and ensure that responsible entrepreneurship "pays off" through reduced energy consumption, lower environmental costs and reduced insurance costs.

Jagjit Kaur Plahe (Eco-news Africa), speaking for NGOs, said responsible entrepreneurship means taking the risks necessary to benefit the rest of society and to sustain the health of the environment, not just to earn profits. She said that voluntary initiatives cannot be a substitute for good environmental, labor and health laws and urged the CSD to support the proposed Major Group Review of the Effectiveness of Voluntary Initiatives.

INDIA said most companies in his country are small- and medium-sized enterprises (SMEs) that try to establish a management system first, following which they may learn the meaning of eco-friendly. He also noted difficulties in accessing technologies that are eco-friendly and called for restraint in exporting old technology to developing countries. The EU said responsible entrepreneurship is an important issue for all businesses, small and large alike. He noted that eco-efficiency does not necessarily address the social dimension, which

should be further strengthened. He said the challenge is to create the market conditions whereby sustainability will form the basis of competitiveness.

DIALOGUE: A trade union representative (TRADE UNIONS) supported efforts to insert core labor standards into international trade agreements. A YOUTH highlighted the need to incorporate sustainable development education in business education. The ILO underscored the importance of adhering to core labor standards and industry's potential to reduce poverty through employment. An industry representative (INDUSTRY) noted the emergence of a new corporate culture in the mining industry, characterized by commitment to improving environmental performance and increased sensitivity to social needs. INDUSTRY said few means currently exist to quantify social performance.

TRADE UNIONS noted that Foreign Direct Investment (FDI) can be a motor of social development but should be regulated, and trade unions should be involved in related negotiations. EGYPT asked what environment is necessary for industry to move FDI into countries that are not receiving flows now. INDUSTRY noted that ODA and FDI could be combined to address capacity building and the needs of SMEs in recipient countries. INDUSTRY also suggested that the supply chain provides a way to bring SMEs into the process. BARBADOS called for a global perspective of responsible entrepreneurship. He questioned whether companies should apply differential standards in different countries.

EGYPT asked what trade unions are doing to educate the labor force on the concept of eco-efficiency. The President of the Intergovernmental Forum on Chemical Safety (IFCS) presented the IFCS as an example of partnership between governments, industry, trade unions, environmental and consumer NGOs, international science organizations, intergovernmental and international organizations for chemical management issues. INDUSTRY noted the complexity involved with measuring and reporting environmental outcomes. The US emphasized the importance of cooperative partnership arrangements, core labor standards and reporting on voluntary initiatives. TRADE UNIONS said industry must engage in consultations with all stakeholders from the initial stages of policy formulation. Under Secretary-General Nitin Desai (DESA) suggested that governments consider holding similar dialogues at the national level.

INDUSTRY said the NGO proposal to review voluntary initiatives is rather ironic since it would try to codify voluntary initiatives that may go beyond regulation. TRADE UNIONS said voluntary initiatives could be seen as opportunities rather than threats if they are transparent and participatory, and noted the example of a Swedish certification system on sustainable forestry that was negotiated by

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industry, trade unions and indigenous groups, among others. SWITZERLAND suggested that voluntary agreements should: be negotiated under favorable framework conditions; involve quantifiable, mandatory targets; keep the public informed and be transparent; and include monitoring and sanctions if targets are not met. JAPAN stressed the need for monitoring and enhancement of voluntary initiatives. The ICC said definitions and joint understandings of voluntary codes are prerequisites for constructive dialogue. SAMOA emphasized the importance of highlighting best practices in monitoring and compliance, particularly for the climate change agreement. NGOs reiterated the need to improve accountability and compliance with voluntary agreements. NGOs supported the proposal to extend the UN Guidelines on consumer protection into sustainable consumption.

DIALOGUE ON CORPORATE MANAGEMENT TOOLS

George Carpenter (Proctor and Gamble) said voluntary initiatives are intended to supplement and not replace government regulation and had achieved progress that would not have come about with command and control methods. He listed several innovations: eco-efficiency; sophisticated environmental reporting; codes of conduct; and the ICC Business Charter for Sustainable Development.

Cecilia Brighi (a trade union representative) said sustainable development must be guided by strong partnerships for environment and health protection, education and training, information sharing, joint inspections, and agreement on work, energy use and production patterns. Companies using environmental management have improved health and safety, resolved conflicts, improved corporate climates, and helped achieve markets for sound products. She called for advisory information and training centers and spoke against lowering environmental and social standards to attract FDI.

Jan-Gustav Strandenaes (ForUM Norway) called on industry to take a more proactive role in ensuring that development is more environmentally and socially responsible. He called for a framework for enforceable guidelines to ensure effective participation, dialogue and stakeholder oversight and protection of citizens' rights. He called for: government actions to establish a regulatory framework for industry; increased transparency and efficiency in company management; mandatory environmental management systems (EMS); EMS standards in conjunction with wider environmental and social policies; and improvements in ISO 14001 and the Eco-Management and Audit Scheme (EMAS). He said that the MAI under negotiation could potentially overrule many of the business requirements beneficial to social development.

EGYPT raised questions regarding: whether industry really believes in the precautionary principle and why there was an effort prior to Kyoto to avert the accepted understanding among scientists on climate change; how ISO 14000 will differ from ISO 9000, which he characterized as "misused;" how industry is taking into account durability, rather than the "built-in obsolescence" that requires frequent replacement; how business is prepared to help developing countries find resources to implement EMS, particularly micro-enterprises.

The EU highlighted several tools, including: EMAS; ISO 14000; public reporting; and Life Cycle Assessment. He recognized that implementation of such tools in developing countries and in SMEs presents differing challenges. The private sector should provide information, transfer know-how and promote practical training programmes. He noted the need for "benchmarking" tools and performance indicators if this dialogue is to further sustainability.

DIALOGUE: INDUSTRY expressed surprise at a newspaper article by an NGO representative implying that if regulation protects the planet, industry portrays it as bureaucratic. He said if this reflects the NGO position, then the dialogue may as well stop. A representative

of INDIGENOUS PEOPLE called on the CSD to open up a dialogue between industry and indigenous people. PAKISTAN said social development is not receiving the attention it deserves.

UNEP highlighted the role of industry associations in facilitating benchmarking and publishing aggregate reports on their contributions to sustainable development. GERMANY highlighted a declaration issued by German industry associations in 1995 for voluntary efforts to reduce CO₂ emissions. INDUSTRY noted the role for industry associations in public reporting of environmental progress.

TRADE UNIONS stressed the need to improve EMAS and ISO 14000, strengthen the quality and reliability of EMS, and use the innovative potential of labor. TRADE UNIONS also called for agreement between stakeholders on common targets for environmental management tools. RUSSIA announced the establishment of a new environmental standards center. The OECD highlighted the role of governments in developing strategies that are broadly based, inclusive of stakeholders and tolerant of experimentation and failure. A YOUTH highlighted the gap between the rich companies, who can afford to implement eco-efficiency, and smaller companies that cannot. The ILO underscored the need for outreach to SMEs. CHINA asked how corporate management tools can be applied to SMEs in developing countries. TRADE UNIONS reported on their information network for SMEs in Italy.

Regarding ISO 14000, TRADE UNIONS said the standard fails to examine whether national regulations have been met or whether environmental protection has been improved. INDUSTRY said ISO 14000 costs are too extensive to be pursued for mere image. He conceded that it is not a performance-based standard.

TRADE UNIONS stressed the need to educate the public on sustainable consumption and noted that in many countries, unions are the largest providers of non-formal adult education. NGOs stressed the importance of public awareness raising and called for developing civil society's capacity to interact with industry in developing countries.

NGOs asked industry representatives if they would join other stakeholders in finding ways to establish measurable targets for environmental management tools. NGOs have found the ISO unbalanced in multi-stakeholder participation. He asked industry if it would be possible to move forward on the earlier NGO proposal to evaluate together the benefits of voluntary initiatives. INDUSTRY supported the concept but expressed concern regarding specific elements, including the proposal for a permanent body, its scope and authority, and the precise scope of the review process. He proposed a multi-stakeholder meeting, using the NGO proposal as a basis, to further determine the elements and goals. The CHAIR proposed scheduling such a meeting by the end of the week and stated that any proposal to emerge from the CSD would require a government sponsor.

THINGS TO LOOK FOR TODAY

INDUSTRY SEGMENT: The industry segment will meet again in the ECOSOC Chamber. The Dialogue on Technology Cooperation and Assessment will take place during the morning and the Dialogue on Industry and Freshwater will take place during the afternoon.

FRANCOPHONE COUNTRIES COORDINATION MEETING: The countries having French as a common language will meet at 1:30 pm at ACCT, 801 2nd Avenue, Suite 605.