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HIGHLIGHTS FROM THE CSD INTERSESSIONAL WORKING GROUP ON INDUSTRY AND SUSTAINABLE DEVELOPMENT TUESDAY, 3 MARCH 1998

The Commission on Sustainable Development's Intersessional Ad Hoc Working Group (ISWG) on Industry and Sustainable Development exchanged general views during the morning and focused on the role of industry in the transfer of technology during the afternoon.

GENERAL DISCUSSION

RUSSIA supported the EU's proposal to produce general recommendations, recommendations to governments on legislative and financial matters, and recommendations to industry. He said the government recommendations should emphasize technology transfer and industry recommendations should acknowledge each country's different levels of development and privatization. He supported the introduction of fees for natural resource use, such as mining or timber harvesting.

NEW ZEALAND focused on the importance of good government in creating an environment that is conducive to sustainable development. She endorsed, *inter alia*, the market approach, economic instruments and ecolabelling, if voluntary and in accordance with WTO rules. She said fostering the development of the private sector, while ensuring that interventions are environmentally sustainable, remains a major challenge for donors and their partner countries.

CHINA said that discussion at CSD-6 should follow Agenda 21 principles, taking into account levels of economic development in developing countries rather than imposing new obligations. International cooperation should encourage industrial enterprises to use environmentally sound technologies (ESTs) and promote the sustainable development of industry. He noted that ODA cannot be replaced by other resources. BELGIUM said that participants in the National Roundtable on Business and Sustainable Development in Brussels on 19 February noted the need for: clarifying the concept of sustainable development; a balanced approach to the three components of sustainable development; training in best practices, including the adoption of ISO standards; and a smarter mix of policy instruments.

POLAND noted the importance of small and medium sized enterprises (SMEs) in Poland. He said the high cost of and lack of information about the best available technologies are weak points in SMEs' relationship with the environment and hamper their international competitiveness. He also noted the relevance of the Kyoto Protocol to this discussion. CANADA stressed that a commitment by industry to

sustainable development can be best achieved through a mutually-supportive relationship with other actors, including governments and local communities. He noted the role that FDI can play in the diffusion of ESTs and said ODA can play a role in strengthening an enabling environment to encourage FDI flows. He said the traditional reliance on command and control measures has evolved to emphasize pollution prevention, a mix of different and innovative instruments, and public-private sector partnerships.

SWITZERLAND said the role of governments is to improve labor standards, provide suitable framework conditions for internalizing external costs and promote corporate management tools. She also supported the use of market-based approaches, international standards and voluntary agreements. She said the CSD should integrate the concerns of NGOs, industry and trade unions with government proposals to produce realistic recommendations.

MEXICO recommended consideration of: the implications of different degrees of economic development for environmental policies; the complementary nature of command and control and other instruments; and interdisciplinary training. He called for balanced treatment of national and international ramifications and a reaffirmation of the CSD's coordinating policy-making role within the UN system. The INTERNATIONAL CHAMBER OF COMMERCE supported the 2 March WBCSD statement and commented on new trends in managing environmental impacts and the creation of new roles and responsibilities brought about by globalization. He stressed the need to further encourage SMEs to re-orient their modes of operation and offered to work with the CSD to gather and share information on voluntary agreements.

CUBA said developing countries need a systematic transfer of ESTs and financial resources and noted connections between this discussion and the Framework Convention on Climate Change (FCCC) and the Basel Convention. NORWAY supported inviting all stakeholders and governments concerned to provide follow-up reports on best practices and problems encountered. He also stressed: the importance of a sustained dialogue; the need to view industry and technology transfer in a wider socio-economic context; and the possibilities of ecoefficiency.

UNEP said responsible entrepreneurship is an appropriate way to introduce a preventive approach in that it calls for early intervention in a product's life cycle and requires a better corporate environmental management system. He acknowledged the difficulty in legislating how much waste to avoid rather than how much may be released. He said a corporate approach needs corresponding changes in the government framework to work appropriately. Governments should set

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targets while adopting new methods of affecting corporate behavior. UNIDO recounted its efforts toward international cooperation related to sustainable industrial development, noting that nearly half of its projects have environment aspects. He highlighted interagency collaboration, citing collaboration with UNEP on Cleaner Production Centres as an example.

BRAZIL said any CSD recommendations should be based on the right to development and Agenda 21, and should note that unsustainable production and consumption patterns occur primarily in developed countries. He also highlighted language from the WTO Ministerial Conference on labor standards; cautioned that ecoefficiency standards should not be applied uniformly; and said ecolabelling should not create a non-tariff barrier to trade.

IRAN noted: developing countries' need for preferential access to EST transfers; the industrial sectors' need to enhance access to expertise and the need to avoid excessive costs for SMEs adopting new standards; and the international community's challenge to help developing countries reduce environmental impacts while allowing them to become more competitive. The REPUBLIC OF KOREA noted that his country had enacted a legal framework to promote environmentally friendly industry, with government playing a role in EST research and development. He noted consumer influence on industrial strategy.

THE ROLE OF INDUSTRY IN THE TRANSFER OF TECHNOLOGY

The G-77/CHINA said that technology transfer should take into consideration, *inter alia*, how: stronger protection of intellectual property rights (IPR) will impede its transfer; developing countries interested in the pursuit of biotechnology innovation need to preserve their natural genetic endowment rights for future exploitation; the relationship between the Trade Related Intellectual Property Rights (TRIPs) Agreement and the Convention of Biological Diversity (CBD) should be assessed; initiatives for public and private sector partnerships show great promise for the increased voluntary adoption of environmental management; proposals for further study of various options with respect to publicly owned technologies and publicly funded research and development are welcome; and it is important to identify and reduce barriers and restrictions to the transfer of ESTs and to increase specific incentives for EST transfer.

The EU recommended actions for governments, international organizations and the private sector, including: ensuring a policy framework that encourages private sector investment in EST development and diffusion; developing and maintaining the capacity to support domestic technology development; encouraging UNIDO and UNEP to continue providing practical and user-friendly materials; diffusing information about available technologies; multilateral institutional agreements, programmes and projects that contribute to the use of ESTs; fostering contacts between private sector companies and associations in different countries; use of supply chain networks for the development and transfer of technology; and use of best practice with respect to technology and the development and training of workforces in appropriate managerial and technical skills.

PAKISTAN emphasized social and human resource development prerequisites for technology transfer. He also noted that FDI is motivated by profits, and only ODA will help with social development. Globalization of consumerism must be accompanied by globalization of employment opportunities. He called for a dialogue with all actors and removal of barriers to publicly funded technology transfers.

On greater use of public-private partnerships to increase access to environmentally and socially sound technologies, the US cited current examples of agreements used to leverage federal finance for innovative technology with the private sector and to cooperate with devel-

oping countries on capacity building. He referred to emerging technologies in the public sector and noted that the US is working to share information. He advocated exploring ways of using the Internet with the private sector to distribute technology training and education information. He noted the need for: more government-industry cooperation on data; dissemination of appropriate energy technologies; and technology training and education. He underlined key elements for national enabling environments: regulatory structures for strong intellectual property rights protection and enforcement; support for technology transfer to SMEs, emphasizing investment finance; and innovative financing including regulation for micro-credit. He advocated enhanced efforts by governments and industry to build capacity in the developing world for environmentally sound and appropriate technologies, including scientific innovation and education for sustainable development. US efforts to transfer technology, relevant to industry, include: promotion and development of pollution prevention and ecoefficiency programmes and knowledge sharing on, *inter alia*, cost effectiveness; cooperation on dissemination of clean technology information and know-how; support for research to develop ESTs; work with overseas partners to build technological capacity by providing training and information on cost effectiveness; and encouraging assistance in the development of seed industries in developing countries.

NORWAY proposed a CSD programme based on a number of river basins and involving industry and other stakeholders in demonstrating implementation of best practices, including ecoefficiency, responsible entrepreneurship, and the use of clean technology. The REPUBLIC OF KOREA shared the findings of a recent expert group meeting it hosted on technology transfer. It found considerable differences between mainly public sector ESTs and other technologies. The participants identified potential areas for sharing public R&D. They suggested that the CSD could recommend follow-up activities. Many other speakers highlighted this meeting.

AUSTRALIA, supported by CANADA, said limited aid funds must be targeted to allow the greatest impact and funding for transfer is also an issue for the private sector. She said essential elements for an enabling environment include good governance, adoption of market-oriented policies and reduction of trade barriers.

UNIDO noted that technology transfer involves more than a physical transfer; training and involvement of community organizations and government are also important. The INTERNATIONAL ALLIANCE OF WOMEN noted the need to support R&D for ESTs, and not neglect traditional knowledge, which promotes cultural sustainability. An underutilized commodity is local ingenuity and resourcefulness in providing the best use of resources.

THINGS TO LOOK FOR TODAY

ISWG: The Working Group is expected to meet in the Trusteeship Council Chamber to discuss the UN Consumer Guidelines (E/CN.17/1998/5) during the morning and afternoon. Co-Chair Odevall (Sweden) announced that the Co-Chairs would produce a summary for CSD-6 reflecting discussions of the consumer guidelines that will be separate from the industry segment. The Co-Chairs' draft report on the work of the ISWG is expected to be distributed during the day.