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HIGHLIGHTS FROM THE CSD INTERSESSIONAL ON INDUSTRY AND SUSTAINABLE DEVELOPMENT THURSDAY, 5 MARCH 1998

The CSD's Intersessional *Ad Hoc* Working Group (ISWG) on Industry and Sustainable Development exchanged views on the Co-Chairs' draft report during an afternoon meeting. The Co-Chairs also introduced their draft Report on Guidelines for Sustainable Consumption during the afternoon.

CO-CHAIRS' REPORT ON GUIDELINES FOR SUSTAINABLE CONSUMPTION

The report sets out the respective responsibilities of governments, business and industry and consumers. Governments should establish frameworks and set an example through their procurement policies. Business and industry should be encouraged to provide consumers with information, including environmental and social assessments. The report supports further consideration of the guidelines at CSD-6. The Co-Chairs state that the CSD should consider how to proceed with a detailed consideration of new guidelines and report to ECOSOC at its 1998 substantive session, as requested in resolution 1997/53.

CO-CHAIRS' DRAFT REPORT ON INDUSTRY

GENERAL STATEMENTS: The EU called for a greater effort to highlight dialogue, eco-efficiency, environmental management, the role of industry in technology transfer and social responsibility. He expressed concern about the exclusion of EU proposals on business partnerships for integrating environmental and social considerations in international standards, a UNEP work programme on minimum standards of environmental performance and on regional-level action. He said the text could be shortened and should focus on action-oriented outcomes. AUSTRALIA sought references to the need for more information exchange between industry and government, including information on best practices, and a greater emphasis on voluntary reporting by industry. She also proposed making dialogue and cooperation between the UN system and industry a permanent feature of the CSD's work.

The US called for a sharper focus on creating an enabling framework and references to transparency and participation. He said the text should also: contain stronger language on the benefits of sustainable development; recognize progress by some businesses; and mention micro-credit specifically.

MEXICO said the text should emphasize the need for training to achieve sustainable development. NEW ZEALAND said the text emphasizes voluntary action by industry and should not ignore governmental responsibility.

I. INTRODUCTION

The G-77/CHINA proposed amending a reference to promoting sustainable development through entrepreneurship "in light of country specific conditions." With POLAND, he said a reference to emissions that contaminate soils "and rivers" should be expanded to mention other bodies of water. To a list noting global problems, he proposed adding "desertification and drought."

II. GENERAL RECOMMENDATIONS

The G-77/CHINA replaced text noting that some policy instruments used in developed countries may be useful and feasible for the more advanced developing countries with a reference to the "development of appropriate policy instruments which require international cooperation in terms of finance and technology." NEW ZEALAND added "and womens' organizations" to text calling for constructive dialogue and partnerships. CANADA added a reference to "preventing" in addition to mitigating pollution.

SWITZERLAND said the text encouraging industry to develop guides and codes of conduct should refer to voluntary agreements and the conditions under which they work. The NGO STEERING COMMITTEE said governments, industry, trade unions and other organizations of civil society should work toward ending racism as well as discrimination against women.

III. RECOMMENDATIONS FOR GOVERNMENTS

The G-77/CHINA said "Within a supportive international environment" should preface a call for governments to create an enabling policy environment. The NGO STEERING COMMITTEE said an enabling environment should include efforts to ensure the survival of SMEs and the livelihoods of local communities. SWITZERLAND proposed including specific elements such as sound macroeconomic policy and good governance.

On ODA, the EU called for clearer drafting, stating that domestic resources are and will remain the main resources. CANADA noted the importance of ODA in a paragraph on strengthening an enabling framework for FDI. The WBCSD proposed reference to an enabling financial framework in text regarding FDI. SWITZERLAND and the US called for reference to specific core labor standards, such as prohibition of child labor and freedom of association.

Regarding traditional regulatory approaches, CANADA said they could be "complemented" by economic instruments and "voluntary approaches, awareness raising and public-private partnerships." The WBCSD said that the means to achieve "realistic" objectives and targets for internalizing environmental costs-and-benefits should be established by the authorities, "in consultation with business." CANADA also stated that, when developing voluntary initiatives,

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countries should ensure, *inter alia*, broad-based participation, measurable objectives and monitoring mechanisms. He said a paragraph on incentives for technology transfer needs clarification.

The G-77/CHINA sought the deletion of references calling for exploration of the idea of national emissions trading schemes. He also called for deletion of a paragraph on eco-efficiency, which calls for the fulfillment of the Kyoto Protocol through consideration of Factor 4 and Factor 10 in developed countries. The EU, supported by NORWAY, said the paragraph gives an unhelpful and narrow view of the Factor 4 and Factor 10 concepts, and does not need to refer to Kyoto commitments. The G-77/CHINA also proposed that a call for a common set of indicators for comparability and aggregation be rephrased: "relevant" indicators.

The WBCSD said the reference to environmental management systems adapted to the capacities and needs of SMEs should indicate that no reduction in standards should be made. The ICC proposed adding a reference to the UNEP-ICC environmental management kit. MEXICO said a paragraph on the strengthening of pension schemes should be moved to the industry recommendations since it suggests that governments have not begun work on this issue.

IV. RECOMMENDATIONS FOR INDUSTRY

In a paragraph on environmentally-oriented management, the EU called for a reference to eco-efficiency. On technology transfer, the EU called for more emphasis on the role of industry. AUSTRALIA inserted a reference to the benefits of sectoral trade liberalization for such transfers. UKRAINE called for a reference to military technology conversion. The G-77/CHINA proposed text stating that Chambers of Commerce and business organizations be encouraged to cooperate in transfers and in the development of management tools and institutional frameworks.

On reliable information for consumers, SWITZERLAND added a reference to accurate information on the "conditions of production" of products. On industry's environmental performance and adoption of environmental management systems, compliance with standards and certification, the G-77/CHINA proposed alternative text calling for national certification schemes to be based upon the principles of transparency and non-discrimination and not be used as non-tariff trade barriers. SWITZERLAND added a reference to the advantage of a single worldwide standard. The NGO STEERING COMMITTEE said the text on TNCs should call on them to implement environmental management systems, rather than set a time-frame within which to implement them, and pay attention to the concerns of local communities. CANADA said the paragraph should not refer only to TNC adoption of environmental management systems. The US said a paragraph calling on transnational corporations (TNCs) to apply best practices and promote core labor standards should be expanded to cover all industries.

IV. RECOMMENDATIONS FOR THE INTERNATIONAL COMMUNITY

The G-77/CHINA proposed deleting the reference to developing countries' efforts to "progressively raise their environmental standards."

UNESCO said this section should include references to the role of education and relevant UN organizations' role in this regard. The ICFTU said the ILO should be listed as an agency able to contribute to technology transfer. The G-77/CHINA proposed references to UNIDO and other relevant UN agencies in a paragraph on industrialization and to UNIDO's programme on investment promotion in a paragraph on FDI. He proposed a new paragraph stating that appropriate financial and technical support should be provided by the international community, UNIDO and other relevant UN agencies.

The EU called for substantial reworking of a paragraph on trade agreements. RUSSIA welcomed a reference to the need to avoid negative impacts on trade for economies in transition. NEW ZEALAND

expressed concern with the reference to trade and trade agreements posing an obstacle to the creation of employment and said the general aim of trade agreements is overall growth.

AUSTRALIA regretted the implicit suggestion that eco-efficiency measures could have a negative effect on developing countries. She said the concept is about improving environmental performance and economic outcomes and called for more emphasis on eco-efficiency. CANADA said reference to promoting eco-efficiency in line with the needs of developing countries, in particular by encouraging positive impacts, cast the concept in a negative light.

The G-77/CHINA proposed adding two sentences to the paragraph on the Multilateral Agreement on Investment (MAI), one calling for participatory, transparent and non-discriminatory negotiation on multilateral investment and the other calling for such agreements to take into account the specific social, economic and environmental needs of developing countries. The EU said the paragraph should reflect developments on the MAI since UNGASS. JAPAN, NEW ZEALAND, the US, CANADA, MEXICO and AUSTRALIA said the text on the MAI should be deleted or reworked. The NGO STEERING COMMITTEE said the text should call for the full integration of economic, environmental and social consequences and take into account the outcome of recent conferences.

To text regarding the 20:20 Initiative, the G-77/CHINA added text noting that the Initiative is making a significant contribution to some developing countries, particularly the LDCs. SWITZERLAND proposed adding a reference to the ILO's role in monitoring the implementation of related agreements. The EU called for deletion of a paragraph on clearinghouse functions in international environmental agreements. CANADA proposed deleting text noting that concern was expressed regarding the impact of the current intellectual property regime on the transfer of ESTs.

VI. FUTURE WORK

The ICC recommended a work programme that invites business to submit information on voluntary initiatives, invites others to do the same, and decides how to review the information.

The EU called for this section to address a process for ensuring that there is a mechanism for maintaining the dialogue with industry, keeping track of follow-up and ensuring an effective input on industry into the CSD Work Programme. The US said a proposal to have the CSD evaluate voluntary initiatives deserves further elaboration. On review processes and ongoing dialogues, JAPAN, supported by INDONESIA, said that it was important that the CSD continues to address the role of industry in the context of themes allocated for future sessions. CANADA proposed that the CSD look at the success of the Intergovernmental Forum on Chemical Safety (IFCS) as a model multi-stakeholder forum. NORWAY supported a proposal from the ICC that existing networks and cooperative arrangements be mapped and reported to the CSD.

THINGS TO LOOK FOR TODAY

ISWG: The ISWG is expected to convene at 10:00 am in the Trusteeship Council Chamber to discuss the Co-Chairs' draft report on consumer guidelines and their revised draft on industry and sustainable development.

Briefing by UNEP Executive Director: The recently appointed UNEP Executive Director, Klaus Töpfer, will give a briefing on the outcome of the UNEP High-Level Committee of Ministers meeting in Nairobi (2-4 March) at 1:15 p.m. Room TBA.