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PREPARATIONS FOR THE SPECIAL SESSION OF THE GENERAL ASSEMBLY
FOR THE PURPOSE OF AN OVERALL REVIEW AND APPRAISAL OF THE
IMPLEMENTATION OF AGENDA 21

DIALOGUE SESSIONS WITH MAJOR GROUPS

Summary report of the dialogue session with business and industry
(18 April 1997)

Chairman: Ambassador John Ashe (Antigua and Barbuda), Vice-Chairman,
Commission on Sustainable Development

Facilitators: Mrs. Maria Cattau, International Chamber of Commerce, and
Mr. Bjorn Stigson, World Business Council for Sustainable
Development

Presenters: Representatives of the following organizations and corporations
made presentations: Xerox Corporation; ICI; EnviroServe;
Scudder, Stevens and Clark; Tokyo Electric Power Company; British
Petroleum Company; Aracruz Celulose; International Chamber of
Commerce; World Business Council for Sustainable Development
(WBCSD); Dow Chemical; Grupo IMSA.

PRESENTATIONS

Business has made progress towards sustainable development (examples were presented from the following reports: "Signals of Change" by WBCSD and "Implementation of the ICC Business Charter for Sustainable Development" by ICC). In the late 1970s and early 1980s, companies focused on pollution cleanup and end-of-pipe measures. Today, many of the world's leading companies have adopted more integrated efforts. These involve a systems approach to environmental management, partnerships with government and stakeholders and

corporate responsibility throughout the product life-cycle. However, business and industry are still in the early stages of their "green" revolution, and they have yet to engage many small and medium-sized enterprises (SMEs), especially those in developing countries.

Activities

The business community has initiated several projects and programmes to promote sustainable development. Some examples of these "signals of change" were presented by the panel, including:

- The International Chamber of Commerce (ICC) developed and launched the Business Charter for Sustainable Development shortly before the Rio Conference. Since then, over 2,500 companies worldwide have adopted the 16 principles of the Business Charter and continue to improve their environmental policy and practice.
- ICC has promoted eco-labelling, waste management, biodiversity and climate-change-related policies. ICC has also developed an environmental management kit for companies.
- Xerox Corporation has implemented eco-efficiency and environmental leadership programmes. Through partnerships with government and stakeholders, Xerox Corporation aims at achieving waste elimination, product stewardship, safe products, zero employee injuries and worldwide compliance with regulations. Specific efforts include programmes for print and toner cartridge return and waste-free factories.
- ICI has instituted a comprehensive Safety, Health and Environmental Management System. This System utilizes tools to promote sustainable practices. These include standards, guidelines, local procedures, auditing, letters of assurance, and performance and policy reviews.
- Many companies are implementing systems for independent verification and performance reviews. The Eco-Management and Audit Scheme (EMAS) is an example of such a programme.
- The chemical industry has implemented a "Responsible Care" programme that involves environmental and social reporting, business charters and principles, and environmental management systems standards.
- Thirty-six industries and 137 business associations in Japan have developed Industry-oriented Environmental Action Plans.
- Scudder, Stevens and Clark serves as an investment manager for the Storebrand, Scudder Environmental Value Fund. The two objectives of this fund are (i) to provide competitive returns against the Morgan Stanley World Index and (ii) to demonstrate that superior investment returns can be earned by use of environmental analytical disciplines. Companies included in the portfolio are judged against a series of environmental criteria.

- BP has developed a clear statement of safety, health, environmental and long-term goals. Targets and management processes are in place to facilitate the realization of goals.
- Aracruz Celulose commissioned the International Institute for Environment and Development (IIED) to conduct a study on the paper cycle. The study covers all aspects of the sustainable paper cycle and makes conclusions regarding related government regulations, eco-labelling and incineration.
- EnviroServe highlighted the importance of SMEs in the economic development of countries such as South Africa while pinpointing the difficulties faced in improving their environmental performance.

Obstacles

Business and industry face several obstacles to furthering sustainable development. These obstacles include difficulties in engaging SMEs and policies that promote unsustainable practices. More specific problems are outlined below:

- Although many leading companies have adopted sustainable development principles, many SMEs lack the resources necessary to follow suit.
- Taxes and subsidies often promote unsustainable behaviour.
- Unnecessary regulations can hinder the efforts of businesses to promote sustainable development.
- Some Governments and cultures discourage stakeholder and outreach initiatives on the part of industry.
- Economic, social and legal frameworks often run counter to sustainability.

Priorities

The business community identified several priority areas. These include:

- Sustainability requires a long-term view.
- Mutual trust among all stakeholders is essential for sustainable development. This requires transparency and commitments involving principles, report and review, and verification.
- Sustainable development requires cooperation involving all sectors.
- All business and industry, not just large multinationals, must adopt sustainable development principles.
- Government must provide the necessary framework for businesses to meet the needs of society and protect the environment. In particular,

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Governments should provide incentives for sustainability and remove disincentives.

- The developing countries should avoid the past mistakes of the industrialized countries
- Business practices should involve eco-efficiency, life-cycle management, appropriate consumer information, environmental accounting and environmental benchmarks.

DIALOGUE

Representatives of the following Governments participated in the discussion: Belgium, China, France, Marshall Islands, Netherlands, Norway, Peru, Republic of Korea, South Africa, Sweden, United States of America.

Other dialogue participants included representatives of the Central and Eastern European Network, Friends of the Earth International, Tools for Transition and the United Nations Environment Programme (UNEP)

One representative asked about instances of efforts by companies to forestall action on climate change. In particular, he suggested that in acting to protect their short-term profits, the companies were challenging scientific findings regarding global warming. A panelist responded that many business community members want to be involved in the climate change debate and favoured long-term, global solutions. Another panelist recognized the need to change lifestyles, de-couple energy and economic development and adopt alternative energy sources.

One representative noted the difficulty in reconciling industry's preference for voluntary initiatives with the need to have consistency in government policies and environmental standards. He also acknowledged the importance of enabling small and medium-sized businesses (especially those in developing countries) to meet international standards (Belgium). A panelist suggested that big businesses should assist small businesses in adhering to internationally harmonized standards rather than negotiating lower standards for developing countries.

Other comments by government representatives called attention to local participation (United States) and consumer awareness (Peru). One government representative noted that businesses can play an important role in raising environmental consciousness among consumers (Peru). In response, the representative of Xerox Corporation described a communication programme in his company that provided information to salespeople and consumers.

One government representative noted that SME practices were often very harmful to the environment (China). A panelist responded that big businesses needed to support SMEs in their efforts to promote sustainable development.

A non-governmental organization pointed out that environmental degradation resulting from increased volume of production was negating gains in efficiency

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(Friends of the Earth International). A panelist responded that development, as well as sustainability was necessary and that economic growth meant increased volume of production.

Other government representatives addressed a wide range of topics in their statements. One representative suggested that WBCSD could assist in developing eco-efficiency targets (Netherlands). Another representative noted the complexity of the issues at hand and called for different transparent forums and organizational structures to address those challenges globally and across different scales (South Africa). Another representative raised the issue of technology transfer; he acknowledged the trend towards business-to-business transfer as well as the role that Governments played in providing incentives for such activities (France). A panelist responded by noting the increased flow of technology to developing countries. Another representative suggested that lease-based programmes were often more environmentally sound than other sales approaches.

CHALLENGES AND RECOMMENDATIONS TO THE COMMISSION ON SUSTAINABLE DEVELOPMENT

The Commission on Sustainable Development should give close attention to all three aspects of sustainable development - economic growth, social development and environmental protection. It should base its agenda on sound science and careful assessment of risks and economic costs. It should focus in its next phase of work on those issues for which no clear focal point for policy discussion and recommendations has been established in the United Nations system. The business world welcomes a continued systematic dialogue involving major groups, but it is essential that Governments participate actively in this process. Governments should promote sustainable development by:

- Capitalizing on the ability of business and industry to change and adapt quickly.
- Allowing business to choose between a minimum regulatory system or one that permits flexibility of approach in return for higher performance targets.
- Helping to motivate and introduce voluntary systems that encourage responsibility for products throughout their life cycles.
- Examining whether taxes and subsidies promote unsustainable behaviour and changing policies accordingly.
- Moving from income- to consumption-based taxes over a sufficiently long period of time.
- Gradually getting prices right so that products reflect their full environmental costs.

- Re-examining the conventional measure of gross domestic product (GDP) and considering supplementing it with a net-GDP measure that reflects resource depletion.
- Promoting stakeholder outreach and involvement regarding the business role in promoting sustainable development.
