BASD Meeting Paris – Opening by Mark Moody-Stuart

A warm welcome to you all and thank you for taking the time to attend what I believe is an important meeting.

The WSSD in Johannesburg next year is being convened to review the progress that we have all made since Rio in 1992 and to chart a way of progressing the sustainable development of the world.

Business Action for Sustainable Development is network of business organisations formed at the initiative of the International Chamber of Commerce and the World Business Council for Sustainable Development specifically to mobilize and help the business community to contribute to the WSSD in Johannesburg. In the past couple of months we have been active in interactions with the UN system and others to put across business ideas for the structure of the Summit (the role of business) and in the regional preparation meetings from which the agenda and arrangements will eventually emerge. We have also already received the input and material support from several important business networks. We expect many more who joined today to see the value of a common initiative. BASD in no way takes over the roles of either individual businesses or business organisations in relation to WSSD – we are there to act as a channel, an amplifier, a co-ordination unit, and a focal point. This meeting is particularly important to obtain wider input and agreement.

I am happy to welcome both Nitin Desai, the UN Under Secretary with specific responsibility for Johannesburg and also Emil Salim, who chairs the 10th UN Commission for Sustainable Development, which will play a key role in determining the agenda. We will all have an opportunity later in the morning to interact with them and get their views on the contribution expected of business

I believe that we have many encouraging examples where different sectors of business have made good progress, most often in partnership with others. Many sectors have also mapped out the future direction that they need to travel, even if they have not committed to specific targets.

The main objective of this meeting is to identify some of the best examples of progress to date and visions of future direction. We need to discuss how we can best project those examples and the lessons learned from them, and how business will best participate at Johannesburg. We will also look at the issues which cut across all sectors, for in my brief experience of multilateral meetings it is clear that while we in business tend to address issues by sector, and at as specific a level as possible, governments and others tend to look at the overarching themes, and understandably often take the discussion up to a more general level. So it is up to us to be ready to relate our specific examples effectively to general themes and still get our message across.

Apart from this overall tendency, this is a global summit and the views and examples of business will not be the only ones there – in fact even the few hundred business people who may be present are likely to be completely outnumbered by both government representatives – probably ten times as many as business people – and by NGOs – probably represented by over thirty thousand diverse people.

While we in business see good examples and the role models of leading business examples, others see the need for legislation and codes with teeth to make sure that business, which they regard as unlikely otherwise to pay any attention to anything other than short-term profit, is compelled to adopt certain standards and procedures. While the effectiveness of business is often acknowledged, a by-product is a deep suspicion that the economic power of business allows it to exert undue influence. Many others believe that if business simply made enough of what they consider goods with socially desirable qualities, our customers would buy them and patters of consumption would change. There is a strong feeling that large not for profit organisations have inherent legitimacy from their membership and should be included in the “governance” process. There is a tension between some NGOs who concentrate exclusively on environmental impacts and many in the developing world and elsewhere who seek to make sure that the social leg of sustainable development is given due weight.

Lastly, there is a strong desire in some quarters that some kind of “deal” should emerge from Johannesburg, whereby the different elements of society, including business, make mutual commitments. Others rightly point out that the Summit is in fact an intergovernmental meeting and that any declaration coming from it will be negotiated between governments. I doubt whether there is anyone in business who has much enthusiasm for involvement in such a negotiation.

None of these dilemmas will go away and we need to take them into account in the business approach to Johannesburg. We must argue vigorously from our corner, while being co-operative and constructive in relation to other players and partners. I believe one way of doing so is for us to talk about the business contribution to sustainable development within a framework where we can see clearly where we need to work with others and where others can see clearly a constructive role in relation to business.

And I believe such a framework or model is developing, and its workings can be illustrated by examples in many business sectors.

An issue is identified, perhaps by an industry sector itself, but equally perhaps by others – governments, NGOs, affected communities. We should be open about the contribution that others have to the identification of issues. There is then much discussion and open consultation on how to address the issue. Leading companies begin to take steps in line with the practical way forward developed from those open discussions. There will undoubtedly not be complete agreement on what needs to be done, but a key ingredient in the process is that the targets and timetables should be clear and that there be open reporting against those targets to build trust.

Consumers play a key role in this process, rewarding leading companies with their business, with those not complying with improved practice being gradually shunned. But accurate information is essential – and the means of transmitting that information needs to be credible so that choice are not influenced by wild rhetoric or misinformation on the one hand nor narrow commercial interests on the other. We also need to re-emphasize the point that in general consumers will be happy to support a more sustainable product, but only provided it competes effectively in terms of performance, cost and ease of use of competing products. And governments who try to tax or legislate against this trend will find themselves rejected as surely by their voters as a business by its customers. Customers and voters are after all the same people.
When a way forward is agreed or begins to emerge, leading companies work with their suppliers, often in developing countries to ensure that there is capacity to deliver in line with the improved methods. This capacity building is important – without it and the time to undertake it small businesses and businesses in developing countries can be seriously disadvantaged.

Through this process, greater sustainability is promoted by leading companies and if it is seen to be beneficial and confer advantages it will be adopted and perhaps emulated by the competition. I believe that it is at this point that regulation or legislation can have a role, to enshrine good practice and to ensure that the laggards or the unscrupulous in an industry do not gain an advantage. But care and wide consultation is needed. We know that regulation introduced on a national basis before the actual practicalities of supply are worked out, before the impact of certain apparently desirable actions on industry and livelihoods in for example developing countries is seen can have unfortunate consequences. Not least of these consequences may be to damage the economic leg of the sustainable development tripod. There is a place for regulation to bring the real laggards into line, but we need to be absolutely sure that we know what the consequences are. And this is best achieved by open consultation and practical experimentation.

At the same time, as business we should acknowledge that there are clearly areas where upfront regulation may be necessary to ensure that a process of change is embarked upon. This could apply for instance to the phase out in manufacturing of substances found to be harmful, to targets for certain emissions, to energy efficiency standards such as overall fleet efficiency. If we are to be credible as business, we must acknowledge the key role that such legislation can play, but make sure that in its introduction there is consultation, and also that damaging unilateral moves by one country are avoided. Such legislation should provide a framework in which the market can work, with competition delivering the best solution. Specification in detail as to how the objective is to be achieved just kills creativity and competition. Negotiated agreements, subsidy reform, and systems of permit trading are in many cases more efficient than simple regulation

I believe by highlighting the process by which improvement takes place in business, and acknowledging the role of others in this process, we will be able to acknowledge and address at least some of the concerns of others and thus work together for improvement.

In relation to the idea of a “deal”, some individual business sectors have made or may be able to make specific commitments towards a certain target over a period of years. I am sure that many individual companies will do this. But there is little that industry as a whole can commit to. Possible exceptions are a general commitment to consultation and to open and transparent reporting of performance, as well as a broad commitment to open markets. But given the diverse nature of business, even given agreement in principle, interpretation and practice will vary greatly from sector to sector. In addition to this a number of individual organisations have felt able to sign up to such initiatives as the Secretary General’s Global Compact, and there is no doubt that this will receive considerable attention in Johannesburg. As the output of Summit is likely to be a statement negotiated on an intergovernmental basis, it is likely that the business contributions will play a role mainly as input to such a statement, or as examples to be quoted.

Let me now turn specifically to Johannesburg. We are fortunate to have with us Reuel Khoza, the Chairman of Eskom and a member of the BASD steering committee as well as a key player in the South African Business Co-ordination Forum.

Apart from the input that BASD makes into the agenda, with our colleagues in South Africa we have been working on influencing the physical layout and the logistics in Johannesburg. This has now clarified to the extent that business delegates will be housed in the Hilton which is within the main summit perimeter and within walking distance of the main Summit venue. I am reasonably confident that during the second week of the Summit business leaders who are present will have an opportunity to interact constructively with government leaders and others, without becoming directly involved in the intergovernmental negotiations. Before long, firm commitments will have to be made to space and room requirements, so that is something we should consider in our deliberations.

Reuel will talk of three other issues. Firstly finance. In discussions with the South African Government we understand that there is a major budget problem relating to the WSSD. (**NOTE:** we still do not have the long promised details from Moss Mashishi of the proposed approach). It is clear that many northern governments were very supportive of the meeting being held in South

Africa. But it is equally clear that South Africa should not have to bear undue expense in hosting the meeting, and northern governments are simply not coming up with the funds. Not surprisingly, the South African government has turned to business to see what form of financial support might be available from business.

This is an area where I think great caution is needed. Many members of society are suspicious of business. Business is seen as powerful, and is suspected of using that financial muscle to influence national and international events. Business funding of the WSSD would inevitably lead to fears that business was exerting undue influence. Businesses were approached for support of the WTO meeting in Seattle – those who did so were not surprisingly accused of trying to buy influence and access.

I believe that while very sympathetic to the problem of South Africa, and not wishing to avoid responsibility, individual businesses and business organisations will be extremely nervous about making any contributions.

Clearly the most desirable route would be for the WSSD to be funded by government contribution, and all of us here must make sure that our governments are aware of the issue and are doing their best to help and are clear that any failure to do so creates problems for business. For business fund the Summit significantly will be very problematic, and in my view potentially exacerbate one of the impressions of business that we are working hard through consultation and co-operation to dispel. At the moment the magnitude of this problem is unclear.

Second an Exhibition illustrating best practice in sustainable development and cooperation is planned on a site adjacent to the Summit. There are always mixed views on the benefits to business of such exhibitions. We believe that space will be available on commercial terms to companies or organisations wanting to demonstrate what they believe are examples of good or best practice, particularly where these have involved co-operation with others. (**NOTE: Peter Ritchie** Here too, long promised details on costs and guidelines are simply not available).

Third, the City of Johannesburg and South Africa are keen that there be some tangible lasting benefit to the city and country of the Summit. I have been shown by the City a list of projects for which they are seeking partners – ranging from those requiring an investment of some two hundred thousand Rand to very much larger projects. We promised to make organisations and companies aware of these projects. I believe many of them are very practical and of a scale which companies may be interested in joining. (**NOTE:** Here too **Pascal Moloi** has not sent the material which he promised during my visit to Johannesburg).

In his talk Reuel will not only give you a South African view of the Summit, but address these three issues of funding, the exhibition and a legacy for South Africa in some more detail.

I am delighted that you have all taken the time to spend these two days together. You represent important business networks and powerful economic actors. We can work together. While you all have your own projects and interests we can align our energies, ideas in a way that amplifies the impact of our initiatives. Business Action for Sustainable Development is yours to build into an open network that serves you as well as business at large in contributing to the Johannesburg Summit. Give it your best.

But first, Maria and Björn will give you the views of BASD's parents, the ICC and WBCSD respectively.