



**International Chamber of Commerce**

*The world business organization*

## **The Global Compact: a business perspective**

Global Compact Leaders Summit, 24 June 2004, New York

At a time when deep divergences have emerged on how best to address the major challenges facing the world and the ability of the United Nations to deal with them is being questioned, the Global Compact has become an important rallying point for the support of internationally agreed basic values.

With more than 1200 companies from more than 70 countries North and South - from businesses with a global reach to small and medium-size enterprises - having responded positively to the Secretary-General's call to promote shared values in the areas of human rights, labor relations and the environment, a momentum has developed that promises increasing support for this groundbreaking initiative.

Growing acceptance of the Global Compact in the world business community provides further underpinning to the development of a collaborative relationship between the United Nations and the private sector that is essential to the attainment of the UN's basic goals, notably the Millennium Development Goals, which are central to peace and human dignity.

This collaborative relationship has been further nurtured by the growing recognition that progress toward the Millennium Development Goals is not only a moral and social imperative called for by the principles of the United Nations but is also in the basic interest of business in a stable, inclusive global society.

Experience with the Global Compact to date demonstrates the importance of adhering to its original concept -- aspirational and exhortative in nature, encouraging continuous improvement in business behavior, and serving as a learning forum through the dissemination of good company practices in the fields covered by the Compact's principles.

The spreading acceptance of the Global Compact and the increasing integration of its principles into the operational culture of companies that have adhered to it have proved its worth. The Global Compact's greatest strength lies in its voluntary nature, which acts as a powerful complement to the necessary action by governments themselves to safeguard and advance its principles.

A conducive political and economic environment will open the way for business to make its full contribution to the achievement of the basic objectives of the Global Compact and to the fight against poverty, in which business has a large stake. Continued efforts must be made in the following areas to ensure such an environment:

- promotion of peace and security as essential foundations of productive economic activity and preconditions for local entrepreneurship to flourish and for foreign business to invest;
- encouragement and support of good governance within countries based on efficient, transparent and impartial government as an essential element of the framework for an orderly, stable society able to prosper from the private entrepreneurship of its citizens;
- promotion of competitive markets as a key ingredient of economic growth;
- vigorously combating bribery and extortion by all appropriate means in order to reduce and eliminate the pernicious impact of corruption on commerce, competition and good governance;

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- building support for a global rules-based system of trade and investment in goods, services, technology and information whose benefits are spread world-wide;
- breaking the impasse on the Doha round negotiations particularly in the agricultural sector, by addressing trade-distorting subsidies that block poor country exports from world markets;
- continued harmonization and mutual recognition of legal and technical norms crucial to the efficient functioning of the international economic system;
- enhancing the capacity of developing countries, particularly the least developed and countries in transition, to integrate themselves into and compete in the global economy;
- protection and conservation of international "public goods" in such areas as the oceans, the atmosphere, water, biodiversity and health.

The Global Compact provides an authoritative framework for companies to demonstrate good corporate citizenship in the global market. This will lend strong support to the greatest contribution of business to economic, social and environmental progress through the pursuit of its primary function - creating wealth and productive employment.

Today, many of the issues of concern to world business transcend national boundaries and cannot be adequately dealt with by national action alone. Sustained multilateral cooperation is necessary to address them effectively. Support of the UN by non-state actors is important to maintain a global framework for such cooperation.

Hopefully, business and other principal stakeholders in civil society can together, in the context of responsible global citizenship, increasingly help shape the international agenda and policy development on global economic and social issues so as to encourage and support governmental actions for a more stable, inclusive and rule-based world order.