



International Chamber of Commerce

*The world business organization*

## Sustainable industrial development: an ICC contribution to CSD 15

*"...building and supporting strong economies and communities, providing opportunities for people to pursue a livelihood and ensuring that everyone can live in dignity. In these goals, the UN and businesses are partners." Ban Ki Moon*

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While industrial development is just one aspect of commercial activity, many sectors beyond manufacturing (such as agriculture, retail, services, energy, natural resources and others) depend on it, making it central to commercial activity and sustainable development.

Industrial development and society's environmental and other societal goals should be pursued in a harmonious manner. Through industrial development, business:

- Provides products and services not only for consumers but also along the entire supply chain including to other businesses and the public sector
- Shares good practices
- Contributes to societal capacity in capital equipment, know-how and skilled employees
- Creates jobs and contributes to capacity-building
- Builds and maintains infrastructure (for energy and water, among others)
- Grows new opportunities for economic growth at local and regional levels
- Promulgates accountable and transparent environmental and other management systems, cleaner production and eco-efficiency
- Generates resources needed to finance social needs, for example tax revenues to public authorities
- Engenders capacity to design and implement technological innovation and cooperation.

Indeed, a successful industrial base strengthens society and contributes to the capacity to pursue sustainable development. Building a sustainable future will require tapping and enabling the capabilities and resources of all to invent, manage, empower and cooperate. Industrial development is an important pathway in that regard.

Business sees the challenge ahead in industrial development as supporting the growth of business activities, particularly in developing countries, that contribute to the economic, social and environmental objectives of sustainable development. The Johannesburg Plan of Implementation (JPOI), Agenda 21 and other UN deliberations have already clearly framed actions for governments and businesses to undertake. Companies of all sectors, sizes and nationalities make a contribution, and must be engaged.

ICC encourages CSD15 to highlight synergies between industrial activity and sustainability, and to propose ways to encourage the sustainable growth of business sectors and activities in developing countries, including via supply chains, innovation and the development of new markets. Business believes that cleaner production, eco-efficiency, management systems, technological innovation, voluntary approaches, and partnerships all offer opportunities for capacity-building in developing countries and for real progress towards sustainable development worldwide.

CSD15 and other UN partners should prioritize the following for action at and beyond CSD15, as areas in which business is focussing efforts and where significant benefits can be realized:

- **Strengthen enabling frameworks:** Well enforced regulation and good governance that relies on sound science, risk management, the market and voluntary approaches that supplement legal requirements

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all contribute to a successful evolution towards sustainable industrial development. Creating an enabling environment within which enterprises of all sizes and sectors can develop, create jobs, and pursue technological innovation and cooperation, coupled with good governance and policies to reduce barriers to international trade and FDI, traces a significant route out of poverty.

- ***Providing critical skills through education***: Governments have an essential role to play in education to foster and maintain a base of citizens who are well-trained with technical and management skills, for example in finance, management, engineering and science.
- ***Promote the business community's technological innovation and management systems*** in industrial development contexts by encouraging partnerships, capacity building, sharing good practices and pursuing trade liberalization and market access.
- ***Engage and grow business community involvement in technological cooperation and foreign direct investment (FDI)***: This is critical in helping developing countries enhance social and economic development, and improve environmental practices. Public-private sector partnerships for infrastructure are an important vehicle to improve quality of life, leverage resources and support growing viable commercial activities.
- ***Support continued business-to-business capacity building and dialogue*** on eco- and resource-efficiency, environmental management systems, and cleaner production. Any "one size fits all" approach is incompatible with the great diversity that exists within business. Indeed, the great variety of principles and other voluntary initiatives of individual companies attest to this diversity, are a resource of successful approaches, and should be encouraged.
- ***Open dialogue with business on continuous improvement in resource- and eco-efficiency in industrial settings***: Efficiency is a bottom-line consideration that lends itself very well to the pursuit of sustainability, and which has been integrated by many companies with other considerations of cleaner production, life-cycle thinking and waste minimization. These practices frequently make good business sense in keeping costs down and in enhancing competitiveness. Existing market drivers and competition already offer powerful incentives to improve performance in these areas and promote innovation. Consumer choice and information will help support better choices. Technology solutions, management systems and policy frameworks exist today that support efficiency and better environmental practices, and technological innovation will add solutions over time. The Marrakesh process is one forum for these discussions, and we encourage substantive interaction with companies and business groups.
- ***Encourage voluntary initiatives and partnerships*** involving business in partnerships and initiatives that complement cost effective and enforced regulation.

As governments, intergovernmental organizations and other stakeholders focus on implementing CSD15 recommendations in the area of industrial development, we encourage them to take the following list of recommended actions into consideration:

### **Strengthening enabling frameworks: a starting point for sustainable industrial development**

Successful and sustainable industrial development is largely a function of a vibrant private sector operating in a market-oriented framework. In this regard, conducive enabling frameworks are critical for local business communities as well as for foreign investors. Further, cooperation between business and governments, within their respective roles and responsibilities is crucial.

Elements of enabling frameworks include: open markets; strong institutions and sound governance; democratic processes and protection of human rights; rule of law; risk assessment and management; cost

effective, consistent policies and regulations based on transparent, stable, economic and uniformly enforced regulatory systems, and; protection of intellectual property; education and training.

### **Capitalizing on synergies of industrial development, good environmental practice and technological cooperation**

The use of environmental management systems and other management tools is well under way in many companies. Waste minimization, energy efficiency, pollution prevention and cleaner industrial production are key elements of continuous improvement and increased eco-efficiency in industrial operations. The supply-chain and value-chain linkages inherent in industrial development present many opportunities to promote technological cooperation and capacity building in environmental management systems and other good practices.

The internationalization of industry through supply chain relations, joint ventures and FDI as well as through locally grown businesses offers new opportunities to developing countries to participate in cross-border production networks and partnerships. In many cases, voluntary partnerships make good business sense, and business supports partnerships as constituting one of the most practical means of delivering sustainable development outcomes. Business and others should work to create long-term partnerships for sustainable development, engaging respectfully and openly with communities around the world.

### **Public private partnerships as a means to improve infrastructure for industrial development**

Industrial development is slowed by the lack or poor condition of infrastructure in areas such as water, energy, telecommunications and road systems. Infrastructure development is a priority concrete area where public and private sectors can work together through public private sector partnerships to support industrial development. For such partnerships (PPPs) to succeed:

- the legal framework needs to enable the entrance and operation of private entities in what are often state-controlled industries;
- the coordination of preparatory measures for efficient PPP start-up and implementation is necessary; and
- the allocation of risks through contractual agreements needs to be addressed. It is important to note that project profitability is a vital prerequisite for private sector involvement, especially if the project requires long-term engagement.

### **Promoting good corporate citizenship and reporting in industrial development initiatives.**

Responsible behaviour by companies on environmental and social matters is both a citizenship imperative and a matter of self-interest. Healthy and developing societies create new business opportunities and new markets. Companies help make possible a healthy and educated workforce; prosperous consumers; well-functioning infrastructure; societies free from ethnic strife or conflict; sound environmental management; and enabling environments conducive to enterprise.

Companies practice good corporate citizenship by spreading good practices among customers and employees, suppliers and business associates, in areas such as labour, the environment and human rights, in the countries where they operate.

### **Stimulating more sustainable consumption and production in the context of industrial development**

In addition to their role as producers of goods and services to meet the needs and aspirations of consumers, businesses themselves are consumers and participants in supply chains. For business, a key priority is answering the needs of consumers in developing countries for affordable, resource efficient and

more sustainable options for products and services, and of giving consumers choices and information to enlighten their decisions.

To move consumption and production in more sustainable directions, the international community should encourage cooperative and market-oriented initiatives to:

- stimulate innovation through competition in a free and open market place, together with enabling frameworks that encourage technology innovation, development, and commercialization,
- provide consumers with meaningful and relevant information that enables free and informed choice,
- improve methodologies and indicators for measuring economic, social and environmental impacts across life-cycles,
- promote international cooperation and flexible, multilateral approaches, and
- enable market access for, and within, developing countries.

This effort need not be a matter of consuming less, but should instead offer choices for consuming differently – both improving the quality of life and enabling effective stewardship of the world's resources. Centrally planned economies have demonstrated the unfeasibility and costs of dictating consumer behaviour, and international efforts to pursue more sustainable consumption and production should not replicate that erroneous approach. Trade restrictive policies that hamper innovation and market access for products and components that are deemed to not satisfy arbitrary criteria in their production have a particularly negative impact on developing countries.

In particular, the ICC supports global efforts to assure proper management of products throughout their life cycle, through collective and cooperative market-based efforts of governments, industry and consumers at each of the multiple stages of resource extraction, manufacturing, distribution, use, recycling, ultimate disposal, etc. More needs to be done to communicate the business advantage of doing so, particularly in developing countries and to SME's. Global efforts of institutions such as the United Nations Environment Programme (UNEP), the United Nations Commission on Sustainable Development (CSD) and others should be aimed at capacity building to enable each country to put in place and implement initiatives to, 1) meet obligations under relevant internationally agreed standards, and 2) address the environmental, social and economic problems they each deem to be relevant priorities for their societies and ecosystems.

### **Supporting voluntary partnerships to promote sustainable industrial development**

Business and industry supports partnerships as one of the most practical ways to deliver sustainable development outcomes, and has pursued numerous partnerships, some of which have been catalogued in CSD, UNEP and elsewhere. Business engages in partnerships where there is a sound business case and potential to deliver benefits for all partners. In many cases, voluntary initiatives and partnerships do make good business sense.

### **Implementing existing commitments**

The international business community is committed to supporting sustainable development, including through the United Nations Millennium Development process. In our view, this process encompasses a broad range of deliberations and treaties impacting commercial activity and the business community. These include Agenda 21, the Johannesburg Plan of Implementation, decisions of the Commission on Sustainable Development, the U.N. Millennium Declaration and the Monterrey Consensus of the International Conference on Financing for Development.

Implementation of these commitments by all sectors of society is essential, and although they are ambitious, making significant progress is attainable with the right priorities, adequate resources,

appropriate engagement and framework conditions. Business is a key partner in these undertakings and has made progress in implementing environmental and sustainability policies and practices, and providing more efficient and sustainable processes, products and services.

The business community's central economic, social and environmental roles in industrial development make the inclusion of business views and expertise indispensable to successful implementation. CSD15 should recognize and support the enormous and extremely diverse contribution that business continues to make in addressing global sustainable development challenges.

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### **About ICC**

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. The fundamental mission of ICC is to promote an open international trade and investment system and the market economy, and to help business corporations meet the challenges and opportunities of globalization. Business leaders and experts drawn from ICC's global membership establish the business stance on broad issues of trade and investment policy as well as on vital technical subjects. ICC was founded in 1919. Today it groups thousands of member companies and associations from 130 countries.