

Business & Industry Global Dialogue ‘07

“A Climate for Cooperation and Strategic Leadership”

**hosted by UNEP with the support of Brazilian business and industry
and the UN Global Compact**

Maksoud Hotel, Sao Paulo, Brazil, 15 - 16 October 2007

Opening Remarks by Sylvie Lemmet, Director, UNEP DTIE

Ladies and Gentlemen,

É com grande prazer que eu abro esta reunião aqui no Brasil. Eu já estive várias vezes neste lindo país e é muito bom estar vendo que a primeira reunião consultativa do PNUMA de negócios e indústria fora de Paris esta sendo realizada aqui. Esta reunião se realiza há muitos anos em Paris e mudar esta tradição, começando com o Brasil, um país do BRIC (Brasil, Rússia, Índia e China) vem confirmar o enfoque globalizado do nosso trabalho com o setor privado.

The roots of this annual meeting of UNEP with business go back to the first **World Industry Conference on Environmental Management (WICEM) which was held at the Palais des Congrès in Versailles, France, in November 1984.** Initiated by UNEP, WICEM was sponsored by world industry and UNEP in co-operation with the International Chamber of Commerce (ICC). Over 500 participants gathered to discuss environmental management, industrialisation models, pollution control, standards, voluntary codes and the role of multinational companies.

The participants included associations such as IPIECA (petroleum); companies from the chemicals, oil & gas and mining sectors in particular; NGOs such as The World Conservation Union-IUCN and World-wide Fund for Nature (WWF); and governmental representatives. On follow-up all agreed that UNEP, through its office in Paris and network of industry associations, should act as a “*clearing house for information and technology transfer*”.

Today, our challenge remains in large part focussed on three key enablers that apply to all industry sectors, namely *knowledge, technology and finance*. Also, we continue to use our international network of business and industry – including 44 industry sector associations - as the basis for activities by UNEP in working with the private sector. Over the years we have expanded the network and our annual meetings to include also individual companies and stakeholder organisations. Today we take one further step, agreed to by our annual Consultative Meeting on Business and Industry in October 2006: namely to have the meeting (i) in different regions every second / uneven year, and (ii) each year with a focus on one or two overall themes.

As a result, we find ourselves today in Sao Paulo, hosting with Brazilian partners our Business & Industry Global Dialogue '07. We are happy to start this new model in a BRICS country, your beautiful Brazil. Entitled “*A Climate for Cooperation and Strategic Leadership*”, our meeting is focussing on climate, energy and responsible chemicals management. We are gathered here in a multistakeholder meeting, and joined by high level public officials tomorrow afternoon, to discuss two critical issues on the global environment agenda today. And while I say “environment”, I

challenge you to think mainstream, core business and the business case for sustainable development.

With the launch in Paris of the 1st volume of its *Fourth Assessment Report* in February this year, the Intergovernmental Panel on Climate Change (IPCC) stated that major advances in climate modelling and the analysis of data now give scientists “very high confidence” in their understanding of how human activities are causing the world to warm. Six years earlier the IPCC’s *Third Assessment Report* underlined that the *greater* the reductions in greenhouse gas emissions and the *earlier* they are introduced, the smaller and slower the projected warming and the rise in sea levels. Thus whilst the economists are debating today the likely costs of action versus the likely costs of inaction, the natural scientists have agreement. And we are tasked as solution finders and implementers to speed up the pace of change.

Speaking at the UN Summit on Climate Change in New York on 24 September, UNEP Executive Director Achim Steiner noted that “climate change is no longer the issue or preoccupation only of scientists or of negotiators, but it has become a people's issue.” Calling for a renewed effort to reach consensus during the UN Climate Change Conference scheduled for Bali, Indonesia, from 3 to 14 December, he pointed to the agreement reached two days earlier in Montreal as an example of the world's readiness for progress on climate change. The agreement, reached on the twentieth anniversary of the Montreal Protocol, sets 2013 as the closing date for the production of hydrochlorofluorocarbons (HCFCs). This brings forward their final phase-out by 10 years. Declarations by Parties to the Montreal Protocol have highlighted concerns over the continued use and approval of HCFCs, both in

terms of their potential to deplete the ozone layer and their global warming potential for a number of years.

This brings me back to two key enablers for change mentioned above, namely **technology** and **finance**. Addressing the UN Climate Summit last month, UNSG Ban Ki-Moon argued that the essential parameters of a post-Kyoto global framework should include: (i) strengthened technology development and dissemination; as well as (ii) new approaches to financing and better use of market-based approaches. Climate is a strategic priority for UNEP and its Division of Technology, Industry and Economics (DTIE) today. We are starting new activities to address climate change action, building on our longstanding work to promote renewable energy technologies (RETs) and their financing. Climate action requires a focus on hard technologies – such as RETs - as well as soft technologies - for example management tools such as life cycle assessment, environmental management and reporting. The terrain of soft technologies underline the ongoing relevance of our work on sustainable consumption and production and industry sector based initiatives with pro-active companies to take action in this field. We are also aiming to engage more companies along with the UN Global Compact under the “Caring for Climate” statement that has been launched by the UNGC, UNEP and WBCSD in June this year. This initiative is challenging corporations to address climate at the strategy level.

One of UNEP’s industry sector initiatives, the Sustainable Building and Construction Initiative (SBCI), recently launched a report entitled “*Buildings and Climate Change –Status, Challenges and Opportunities*”. The report confirms that 25 – 40 per cent of total energy use in society is consumed in

buildings, causing similar shares of greenhouse gas emissions. Energy savings of about 30-50 per cent can normally be achieved in these buildings with commercialized and proven technologies. In developing countries where the building market is booming, the challenge is to leapfrog directly to more efficient building solutions. Only in China almost 2 billion square meters of new building space is added every year.

Sustainable Building and Construction is one of seven Task Forces chaired by Governments today under the Marrakech process on Sustainable Consumption and Production. Facilitated by the UN Department of Economic and Social Affairs and UNEP, this ten year framework process is following up on a call by Governments at the 2002 World Summit on Sustainable Development (WSSD) to address consumption and production in an integrated and holistic manner. The process enables us to take our longstanding work with business on life cycle approaches and sustainable resource management to the higher level of public policy development and enforcement. The recent Stockholm meeting of the Marrakech Process also saw the closer engagement of business and industry – including the WBCSD and ICC – in the Marrakech process. Regional meetings of the process, such as the experts meeting due to be hosted by the Government of Brazil, Ministry of Environment in Sao Paulo this Thursday and Friday, is taking this approach to into regional context.

In addition to the overall call for sustainable consumption and production (SCP) and corporate environmental and social responsibility (CESR), the WSSD also called for some sector and product specific objectives. Its call for the sound management of chemicals by 2020 presents a challenge for

regulators and private sector corporations alike. It requires more effectively combining mandatory and voluntary approaches in a mutually supportive manner. It also requires facilitating a multistakeholder process at the global and regional level, as can be seen in the Strategic Approach to International Chemicals Management (SAICM) process. SAICM is now in its second year of implementation following its adoption in Dubai under UNEP auspices in February 2006. The development of SAICM by the international community recognizes the critical role of chemicals in modern economies as well as the potential risks posed by chemicals to human health and the environment if not soundly managed. In our work on Safer Production today, UNEP welcomes the opportunity to partner with the international chemicals (ICCA) and mining (ICMM) sector associations in linking our Awareness and Preparedness for Emergencies at the Local Level (APELL) work with broader requirements of safer production and responsible chemicals management across all sectors.

SAICM is distinguished, among others, by its (i) comprehensive scope; (ii) multi-stakeholder and multi-sectoral character; (iii) endorsement at the highest political levels; and (iv) emphasis on chemical safety as a sustainable development issue. The successful implementation of SAICM's objectives depends on the commitment of all stakeholders, including industry. The chemical industry has a key part to play, both in ensuring the sustainability of its manufacturing processes and in promoting the safe use of its products. Industry's ongoing "Responsible Care" and "Global Product Stewardship" initiatives are commendable contributions. I can only underline the importance of capacity building and accountable reporting on progress under these new initiatives.

I encourage business to see SAICM as an opportunity to communicate its achievements, share best practices and hold itself accountable for continuously improving environmental performance, including by the rapidly growing chemical industry in newly industrialized economies such as Brazil's. I look forward to recommendations from this meeting on how we can partner with business in advancing SAICM in rapidly industrialising economies world-wide.

My call for identifying partner opportunities, with business and funding institutions such as the Global Environment Facility (GEF), also extends to addressing new activities to address heavy metals. Action on lead and cadmium are still under consideration. Mercury is recognised today as a pollutant of global concern. Mercury affects the nervous system, and particularly affects babies and children. Current focus for mercury in work by UNEP is on strengthening partnerships to reduce mercury emissions. UNEP looks to industry to support ongoing efforts to address mercury issues, including research on alternatives to mercury containing products. The contribution of energy efficient light bulbs to reducing energy demands is recognised. Decreases in overall mercury emissions may be seen when these bulbs are used, also considering that often energy is sourced from coal burning power stations which are one of the largest sources of mercury emissions.

As you can see, action needs to be taken from the micro to macro level, from simple things such as changing light bulbs to large scale things such as infrastructure. Capital allocation will to a large degree determine the

environmental footprint of the coming decade. Investment in fixed assets, particularly long-lived network assets such as energy, transport and communications infrastructure, will constrain the development path for many years to come. But new signs of hope are coming from investment in clean energy. Investment capital flowing into renewable energy climbed from \$80 billion in 2005 to a record \$100 billion in 2006. The recent “*Global Trends in Sustainable Energy Investment 2007*” report by UNEP offers a host of insights into the world's newest gold rush, which saw investors pour \$71 billion into companies and new sector opportunities in 2006. Investment in sustainable energy is still mostly in OECD countries. However, investment in developing countries is growing quickly: 21% of the global total in 2006 occurred in developing countries, compared with 15% in 2004.

The financial services sector and investment communities have a clear role to play in ensuring that there is an effective response to global warming. In another of our industry sector voluntary initiatives, the UNEP Finance Initiative, a Latin American Task Force has lead the way in developing environmental credit risk training programmes for the financial services sector in the region. Also, the UNEP FI has cooperated closely with Previ, the pension fund of Banco de Brasil, and the Sao Paulo Stock Exchange Bovespa, to promote the concept of responsible investment.

Globally, forward-looking institutions in the banking, insurance and investment industries have woken to the materiality of a wide range of environmental and social risks to their core businesses and investments. The scale of these risks and the potential global and regional economic impacts

are brought into sharp focus by the threat of global warming. Leaders amongst the worldwide insurance and re-insurance community have been at the forefront of defining the economic risks associated with climate change. This large world industry is today focussing on broader sustainability issues to develop the type of risk mitigating and risk transferring products that address both the challenges and opportunities of sustainable development.

As we meet under the umbrella theme “*A Climate for Cooperation and Strategic Leadership*” we are challenged to think in terms of not only risks but also opportunities, global and regional ones for a variety of industry sectors. We are meeting here to focus on the global issues of climate, energy and responsible chemicals management. Our meeting also include half a day with a regional, Latin America focus, during which participants will be able to discuss these global agenda items with a regional perspective. What would I like to see from this meeting? (i) Better understanding of new approaches in addressing global issues including climate change; (ii) a renewed commitment to the life cycle economy and corporate responsibility; (iii) agreement on collective action with UNEP and other partners to build capacity in areas such as Safer Production; and (iv) an engagement in a policy debate under processes such as SAICM and Marrakech, and (v) action-oriented recommendations from the public-private high level roundtable that will conclude this meeting tomorrow.

Let me encourage you to debate these issues frankly and identify where we can work joint in a UN-business partnership manner. I wish us all a productive two days and thank you in advance to our UN and Brazilian

partners for their support in hosting this meeting, in particular the Confederação Nacional da Indústria (CNI), Associação Brasileira da Indústria Química (ABIQUIM), Federação das Indústrias do Estado de São Paulo (FIESP), Instituto Ethos and the German agency InWEnt.

Thank you.