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**LETTER**

# OUTREACH

**The Voice of the NGO Community at the CSD**

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*CSD NGO Steering Committee and World Federation of UN Associations (WFUNA)*

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### **Successful first day for the dialogue sessions**

*NGO proposal for Major Groups Review of voluntary initiatives for sustainable development acknowledged as a constructive way forward.*

**Last year the dialogue sessions** at CSD 5 were looked upon as an experiment with little serious content. This year the sessions have received the necessary status to be taken seriously. Held in the ECOSOC Chamber, the first two dialogue sessions were well attended by all major players. And yes, there was a good and serious flow of ideas.

**It was quite evident** that all groups had invested time and expertise in preparing their statements and their discussions. During the morning sessions, the NGOs proposed a Major Groups review of Voluntary Initiatives for Sustainable Development. The suggestion was first tabled during the Intersessional this year.

**The NGOs recommendation** was that the CSD establish a process to review the effectiveness of voluntary initiatives intended to promote sustainable business practices. Work on this should preferably begin at this CSD, and provide yearly reporting until 2002.

**A Working Group** or task force established by the CSD would carry out the review, and include participation by representatives of governments, UN entities, business and industry, NGOs including consumer groups, trade unions and research institutions.

**The NGOs had to press hard** to get the suggestion recognized. Trade Unions were quick to support the suggestion, but both governments and industry chose to ignore it as long as possible. It was not until a few minutes before the sessions closed on Tuesday that industry responded favourably. And

when Norway, which at present is not even a member of the CSD, pointed to the many positive merits in the proposal, and suggested to support it, an atmosphere of acquiescence seemed to descend on the dialogue sessions.

**Industry and Governments** still seem, by and large, a bit uneasy as to the content and consequences of the NGO suggestion. The Chair, however, is ready to discuss the suggestion in a serious way with all the involved players. The NGOs are ready, and so are the Trade Unions and at least several governments.

**We fail to see** frankly, what could be so threatening about taking a look at practices that businesses should have a right to be proud of.

*Jgs...*

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## For the NGO Working Group on Corporate Management Tools

Sustainable Development is not an option, it is a necessity. All stakeholders need to elaborate a vision of what a sustainable world would look like, in terms of all its components: eradicating poverty, ensuring a healthy environment and economic security for all. Improving management systems does not automatically improve the environment. It is widely assumed that management systems alone address environmental and social problems and, in some way, can drive the move towards sustainability.

In this regard, industry must take a more proactive role in ensuring that development proceeds in a more environmentally and socially responsible manner. Free market mechanisms will not provide the panacea for this. It has to be recognised that there is an intrinsic value in being socially and environmentally responsible.

The way forward is for industry to be engaged in the ongoing processes to implement Agenda 21. This requires a constructive dialogue with all other stakeholders, defined as including governments, NGOs, trade unions, consumers, contractors, suppliers, Indigenous Peoples, and the directly affected communities.

We need to establish a framework and negotiate broader enforceable guidelines to ensure the effective participation, dialogue and oversight of stakeholders and the protection of their rights as individual citizens and, when applicable, their collective rights.

1. Governments should create a framework where industry can function and feel secure while continuing to progress towards the goals of Sustainable Development. Steps should be taken to set the regulatory framework for industry to perform better in relation to these goals.
2. To increase the transparency and efficiency with which a company manages environmental and social issues, Environmental Management Systems (EMS) should be implemented to facilitate an institutionalised handling of environmental matters. However, Environmental Management Systems, in themselves, are unlikely to ensure improved environmental performance, without concrete measurable goals and time lines for achieving those objectives. Social and environmental performance is crucial. If it cannot be measured, it cannot be managed.

Ideally, EMS need to be mandatory to ensure a level playing field.

3. EMS standards can contribute to the goals of sustainable development when they are utilised in

conjunction with a wider range of environmental and social policies. However, they are not a replacement for regulatory regimes. ISO 14001 and other EMS standards need a vision of sustainable society.

ISO 14001 currently only requires continual improvement as a goal, and requires neither regulatory compliance nor favours pollution prevention over control. Moreover, it does not require third party verification, publication of environmental impacts, and the public is not made aware of the audit results. What is more, the choice of which environmental impacts are audited is left to the discretion of the companies.

The EU considers the publication of environmental reports within EMAS as vital to performance improvement. However, the NGO community feels strongly that the EMAS standard can only constitute the floor of corporate management standards if, during the review of EMAS, regulatory compliance is independently verified, and participation of NGOs, trade unions, and others is ensured.

Furthermore, the NGO community maintains that the public has a right to information at all levels, and that right should be in compliance with the UNECE Convention on Access to Information, Public Participation, and Access to Justice in Environmental Matters. All reports should also be made available in local languages.

4. EMS will only contribute to the achievement of more sustainable production-consumption systems, if their purpose is to ensure decision-making based on Clean Production criteria which are:

**The precautionary principle**, as defined by the following:

“Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures (to reduce environmental damage)”

**Prevention** means going to the source of the problem, rather than trying to mitigate the symptoms of the problem using end-of-pipe technologies.

### **Democratic control**

**Integration and holism** means bearing in mind all the social and environmental impacts of products throughout their life cycle.

5. NGOs are committed to establishing co-operative relationships with industry, governments and other stakeholders, to ensure agreement and ownership of the strategies to move to sustainable societies. Simultaneously, NGOs are aware of the increasing power of transnational corporations, and will thus continue to serve as a counterweight by:

- increasing public awareness and;
- lobbying governments to establish and enforce measurable regional standards that ensure responsible behaviour on the part of industry, both in an environmental and social context.

Finally, we see the following limits to the voluntary approach of EMS. It makes Sustainable Development only an option, and the need to act to further this goal only a choice of individual businesses whose primary concern is their financial bottom-line. Sustainable Development and the steps necessary to achieve it are not an alternative but a requirement, owing to the urgency we face.

In this respect, there is a potential conflict with the proposed Multilateral Agreement on Investment (MAI) which is currently being negotiated in the OECD. It is clear that the debate on whether and how the manner in which industry performance needs to be regulated, is not yet finished. However, as regards foreign investment, the MAI could potentially overrule many of the business requirements

beneficial to social development including technology transfer, demanding local content and the use of local personnel.

There is also a need for transition planning, especially for effected workers and industry sectors to smooth the transition to sustainable societies.

NGOs and community groups can be effective partners and proponents of holistic community development projects by utilising their creative resources for innovative solutions to the complex interrelationship between growth, distribution, consumption and technology exchange, for the benefit of all.

*Presented by Jan-Gustav Strandenaes, ForUM Norway*  
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## **NGO Perspectives on Responsible Entrepreneurship**

*Presentation of the NGO Working Group on Responsible Entrepreneurship  
to the CSD dialogue session, April 21, 1998*

I would like to thank Chairman Habito, Government delegates, and the CSD for providing the opportunity for this dialogue. This particular dialogue we feel is a major step forward in achieving the common goals that have brought us here today.

As our contribution to this dialogue, I would like to highlight the following five points.

1. "Responsible entrepreneurship" means taking the necessary risks to do the right thing - not just to earn profits but to benefit the rest of society and to sustain the health of the environment.

Considering the dictionary definition of an entrepreneur as "one who organizes, manages and assumes the risks of a business" it is paradoxical that one of the major criticisms of business and industry is that risks are often externalized to the environment and society. We agree with the trade unions that responsible entrepreneurship "seeks to change the way things are done." However, there are major risks attached to changing business as usual -- both within companies and industries, and government as well. Nevertheless, responsible entrepreneurship, in order to promote sustainable development requires taking these risks.

2. Industry is not monolithic, but a complex community of different players. Industry is not simply the owners and CEOs, but also includes the workers, the shareholders, the consumers whom make up the market, and the community of which each business is a part.

3. Furthermore, there are many different kinds of businesses -- with some sincere and responsible, others shrewd and irresponsible. It is a mistake to lump all companies into one stereotypical group, assuming they all think and act alike. Thus, we must give proper credit to the companies and individuals that take the necessary risks to do business in a way that serves communities and the planet. On the other hand, we also need to be able to see through the facade of companies (or public relations departments) which have learned the right words to mask bad habits.

Also, businesses may involve a range of different players, with some deserving credit for taking the risk of doing the right thing. This risk-taking behavior is (as the dictionary defines it) the essence of "responsible entrepreneurship." To move beyond the motive of making money to the motive of making the world a better place is the essence of "responsible entrepreneurship".

One of biggest obstacles in making voluntary initiatives work is a lack of credibility. Because voluntary initiatives have so often been paraded as a substitute for regulations, and also because they so often fail to live up to the positive publicity they are given, the public is naturally critical and suspicious. Credibility requires not only "proper reporting of the voluntary initiative's achievements and wide communication of these results" but also reporting on the rest of the information essential

to evaluating the effectiveness of those initiatives. Credibility also requires not only exploring "verification of adherence "but independent verification of results. Discussions about sustainability are indeed "hampered by a lack of credible information" - information that is not being voluntarily provided.

Current corporate reporting and auditing practices need to be significantly improved.

One weakness of many voluntary initiatives is an absence of useful information to the public. That is information necessary to determine to what degree that initiative actually achieves sustainability. One of the more controversial discussions within the business community is: How much information should be made public? This question has yet to receive a suitable answer. Thus, the following topics need to be adequately addressed:

a) Transparency: How transparent is the company in making information available to the public on its products and processes?

b) Independent verification: To what degree can the public verify a company's movements toward sustainability? What mechanisms are available?

c) Standardization: What kind of standards are appropriate for achieving environmental and social sustainability.

d) Stakeholder involvement: To what degree are stakeholders involved in the development, implementation, monitoring, verification and evaluation of the initiatives?

4. Voluntary initiatives cannot be a substitute for good environmental, labor and health laws and regulations -and they can certainly not justify a neglect of basic human rights.

Voluntary initiatives are meant to be an aid to companies and individuals to improve their behavior - not to be used as a justification for getting rid of regulations and hiding information about company practices from the public.

Unfortunately, because of these abuses and mistakes, NGOs sometimes generalize and claim that "voluntary initiatives don't work"-- giving the impression that they do not recognize the positive steps and contributions some companies have made to further sustainability and human rights. Most NGOs would probably agree that companies should indeed be encouraged to voluntarily do the right thing, to improve their practices and to deepen their understanding of their responsibility to the community and society of which they are apart. As both NGOs and the trade unions agree: corporate responsibility cannot exist without accountability.

Just as the behavior of individuals is guided by both personal moral codes as well as the laws of society, companies must also operate by regulating their practices according to a code of responsible conduct as well as the laws and regulations of the communities and societies to which they belong.

5. To help establish credibility and identify the strengths and weaknesses of voluntary initiatives, we urge the CSD to support a Major Groups' Review of their effectiveness.

In order to get beyond generalizations and unsubstantiated claims about the specific strengths and weaknesses of different voluntary initiatives -- such as Responsible Care, ISO 14000, EMAS, the OECD Guidelines on Multinational Enterprises, the CERES Principles, and the UN Guidelines on Consumer Protection -- we need more than a three-hour dialogue, or even two weeks of discussions. Therefore, we urge governments to adopt the proposal for organizing a Major Groups Review of the effectiveness of Voluntary Initiatives.

In particular this Review can contribute to each of the upcoming sectoral discussions at the CSD: in tourism, sustainable consumption and production, energy, transportation, food and agriculture, timber and land.

The equal partnership of Business and Industry, NGOs and Trade Unions in this review is essential. Industry has acknowledged the importance of "openness and responsiveness to public and stakeholder concerns" and "the need to seek out these concerns and to include them in its development policy." NGOs and trade unions, in turn, have expressed the need to "monitor and assess corporate practice." Thus, a Major Groups Review will provide not only a rich and balanced assessment of voluntary contributions to sustainable development and but also help to achieve greater credibility.

Conducting an evaluation of different voluntary initiatives combining the perspectives of industry, NGOs and workers -- would offer a valuable contribution to each year's CSD session. Furthermore, the overall exercise will provide an important implementation of the principle of partnership -- applied to a cooperative, comprehensive look at some of the proposed solutions to the problems of unsustainable production and consumption practices.

Obviously, these topics cannot be adequately defined or discussed within a seven minute presentation, nor can we hope to resolve some of the complicated questions which each of these subjects raise within the three hours allotted to the overall dialogue. However, we can use this time to find common agreement on the importance of addressing these questions and to point out a direction and perhaps methods for us to answer them.

This presentation is not intended to represent the views of all NGOs participating in the discussions and writings in the production and follow-up to the paper "NGO Perspectives on Responsible Entrepreneurship." but only, a number of NGOs participating in the discussions and writings in the production and follow-up to the paper "NGO Perspectives on Responsible Entrepreneurship."

*Presented by Jagjit Kaur Plahe*

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## Keeping Education on the Agenda

The report of the Secretary General on the Main and Emerging Issues for the High-Level Segment of CSD 6 states, "Education is an integral part of the enabling framework for sustainable development.... The concept of education for sustainable development needs to be widely understood as encompassing all disciplines, engaging all levels and modes of teaching ANC learning." To this end, UNED-UK developed "Education 21", endorsed by the Education caucus at CSD5 and reaffirmed at Rio +5. Copies of the document will be made available at the Education Caucus meetings.

Everything that is known about sustainable development has been, and will be, acquired by learning - a vital part of the process through which life is lived. Learning takes place in and out of school and throughout life and is guided by education.

The role of education has been acknowledged as an integral part of sustainable development policies in Agenda 21 and much CSD documentation. Education is included in the CSD6 debate on cross-sectoral themes along with capacity building, transfer of technology, science and awareness-raising.

Less well recognised has been the need to involve the broad education community, ranging from educational policy-makers to practitioners. Educators should not just be seen as implementers of the sustainable development policies of others. They need to be directly involved in planning and development phases of policy-making of all segments and themes of the CSD to ensure success.

The growth of education programmes directed towards a better understanding of environmental quality, sustainability and social equity, has been impressive. There now exists a body of educators and programmes in many countries capable of addressing issues of sustainable development. But many educators still know very little about Agenda 21 and its implications even though they have been charged to support its policies and help deliver its outcomes. There is still a very long way to go.

The Education NGO Caucus at CSD6 has therefore been active in calling for increased recognition of the educational community and the co-ordination of efforts through an international Education 21 programme, tied to Agenda 21, to bring together all education stakeholders. The programme, as drafted, is as much about social and ethical aspects as the scientific and technological concerns of sustainable development. It is about developing skills, attitudes and values as well as knowledge and understanding. Some practical steps for action of the education community have been drawn out in a statement from the Caucus which has been widely circulated. (Details available from UNED-UK.)

For the next three years education is not overtly on the CSD's agenda which will make it even more difficult to attract leaders of the education community into the debate. It will nevertheless be essential that education achieves a high profile in all other segments and themes to ensure it is not forgotten.

As part of the preliminary preparations for CSD6, UNU/UNITAR held a series of informative seminars on "Sustainable Development in Practice" including a seminar focused on education, a cross-sector theme. Case Studies on Innovative Approaches, Background Paper 27 will be made available during the CSD.

*By the NGO Education Caucus*

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## Corporate Codes of Conduct

Only 50 years ago the domestic conduct of governments was considered to be exclusively within their own jurisdiction as sovereign states. Since World War II, international law has steadily expanded so that governments are expected to respect human rights, and officials can be sanctioned for violations. In the last 25 years, a similar trend has appeared throughout the private multinational business community, with widespread adoption of self-imposed Corporate Codes of Conduct.

Yet, despite the fact that TNCs can be the most important actors in global affairs today, they have not been held legally responsible for promoting labor, human, and environmental protections. Meanwhile, voluntary codes rarely provide transparency in monitoring and public reporting. In many cases, TNCs focus on appearing, rather than being, responsible. On the other side of the coin, TNCs perversely find themselves exposed to greater vulnerability by charting a proactive course, as they can seldom live entirely up to their ideals.

In recognition of this reality, the NGO Task Force on Business & Industry (ToBI) has proposed establishment of a review process to evaluate the role and effectiveness of voluntary approaches to responsible entrepreneurship at all levels. This plan presents an excellent opportunity to develop a practical vocabulary that all can share, reassuring watchdogs that companies' declarations lead to substantive results, rather than superficial greenwashing, and allowing TNCs to publicly dedicate themselves to higher standards without becoming scapegoats.

The logical starting point for such a review is a survey and analysis of processes which have already been generated. Existing codes are useful models for understanding how companies approach their involvement in sustainable development. Furthermore, they reflect areas in which industry parties are already supportive of change. Thus, they may provide a foundation for the birth of a unified, independent, multilateral monitoring mechanism comprising NGOs, industry, and governments.

As many NGOs have asserted, no review can be undertaken without the development of detailed methodologies. Toward that end, the Natural Heritage Institute has examined several existing corporate codes and extracted points of broad consensus or common ground. (For a copy of this study, contact the authors.) On substantive issues, there is general agreement on some basic areas:

Employment:

- Emphasis on hiring local labor
- Conform wages, conditions and benefits to local law
- No employment discrimination
- Allow employees to organize and bargain collectively

Relationship with host government:

- Consider host country's development aims
- No bribery of public officials
- Notice to government and workers before closings or mass lay-offs

Environment:

- Obey host country environmental laws
- Disclose possible dangers to relevant host country agency

These points may be used as a basis for any multi-national process, with the immediate goal of defining the associated terminology.

Neglecting the opportunity to pursue such a path would be antithetical the interests of all members of the global community, and major groups must be charged with opening this evaluative process to the public. We can take a cue from the efforts of the Apparel Industry Partnership, a coalition of NGOs and industry in the U.S. under the auspices of the White House. Under this model, companies pledge to conduct themselves in a legally and morally responsible fashion, aided and confirmed by independent monitors.

In Western and Northern Europe, there has been a tradition of businesses, governments, and unions negotiating and implementing standards in the workplace.

Despite the apparent explosion of corporate pledges of responsibility, it is estimated that fewer than ten percent of U.S. based TNCs have adopted voluntary codes of conduct. Additional efforts still need to be made to involve the other tens of thousands of transnational corporations that are significant investors in the international economy, and to ensure that voluntary codes produce tangible results.

*By Michelle Leighton and Lela Getzler  
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## **MAI from the OECD Perspective**

*by William Witherell*

*Director for Financial, Fiscal and Enterprise Affairs  
Organization for Economic Cooperation and Development*

International investment has made a major contribution to economic growth over the past half-century, and its importance has increased dramatically in recent years. The benefits are numerous. Host countries receive fresh capital, technology and know-how, while new markets open for investing countries. Indeed, investment is an essential agent of economic growth, employment, sustainable development and rising living standards.



While investment decisions are market-based, the investment climate makes a vital difference. Investors need long-term stability and transparency of rules and procedures. They need equal competitive opportunities with domestic investors. They also need protection of existing investment.

However, despite the recognised importance of the investment climate, the multilateral system lacks a comprehensive and coherent framework of "rules of the game" for investment. Almost three years ago the OECD Ministerial Council launched an unprecedented process of negotiations between the OECD Member countries and the European Union on a Multilateral Agreement on Investment (known by its initials -- the MAI. The mandate for the negotiations is to achieve a comprehensive multilateral framework for investment with high standards of liberalization and investment protection with effective dispute settlement procedures and open to non-OECD countries. Since, due to their complexity, it has not proved to be possible to complete these negotiations by the target date of the April 1998 Ministerial, the Negotiating Group is asking Ministers for additional time to conclude the MAI. This will make possible further active public discussion on the issues at stake, which should lead to a stronger result.

### **1. What is the MAI?**

The MAI is designed to combine, for the first time in an international agreement, multilateral disciplines on the three principles of investment rule-making: investment protection; investment liberalisation; and dispute settlement. Its objective is to provide a "level playing field" for international investors, with non-discriminatory rules on both market access and legal security. It aims at reducing barriers and distortions to foreign investment flows, thereby promoting a more efficient allocation of economic resources, and achieving higher economic growth, more jobs and increased living standards.

The MAI is conceived as a free-standing international treaty open to the 29 OECD Members and the European Community, and to accession by Non-Member countries willing and able to meet its obligations. Currently eight Non-Member countries have observer status at the negotiations and participate fully in the discussions, with a view to their becoming founding members of the MAI: Argentina, Brazil, Chile, Estonia, Hong Kong (China), Latvia, Lithuania and the Slovak Republic. Other Non-Member countries are involved in regular dialogue on the state of the negotiations.

### **2. Why is the MAI being developed at the OECD?**

It should not be surprising that the negotiations are taking place in the OECD. Since the OECD Member countries account for 60 per cent of global inflows of foreign direct investment and 85 per cent of outflows, they have a major stake in the outcome. Moreover, the MAI negotiators have been able to build on existing OECD agreements relating to investment, including the Codes of Liberalisation (1961) and the Declaration on International Investment and Multinational Enterprises (1976), under which OECD Member countries have already accepted some basic principles in respect of foreign investment. Finally, negotiators turned to the OECD because the option of negotiating a high standards investment agreement was simply not available in another multilateral forum.

### **3. What are the main elements of the MAI?**

After three years of negotiations, texts are available on most of the essential elements of the agreement. While political choices are still needed in some cases, the principle outlines of the agreement include:

a) The MAI will apply to a wide range of investments, including foreign direct investments, portfolio and other financial investments, and intangible assets, but excluding cross-border trade in services. The aim is to apply MAI disciplines to all economic sectors and at all levels of government in the context of a satisfactory scope and balance of commitments.

b) The core concept of the MAI is non-discrimination :

The MAI Parties will commit themselves to treat foreign investors and their investments no less favourably than they treat their own investors (National Treatment);

- They will also agree not to discriminate among the investors or investments of different MAI

Parties (Most-Favoured-Nation Treatment).

- Complementing these principles will be rules on Transparency.

Additional specific disciplines will apply, including provisions on key personnel, privatisation, monopolies and performance requirements imposed in connection with a foreign investment.

c) Investors and investments will be protected by disciplines drawn from existing bilateral investment treaties, including fair and equitable compensation in the event of expropriation and the free cross-border transfer of funds.

d) MAI disciplines will not apply in situations addressed by “exceptions”. A framework for exceptions to the MAI disciplines is being developed that increases transparency and takes account of economic concerns and political, social and cultural sensitivities. These will include general exceptions applying to all parties, for example, in the area of measures related to national security, and country-specific exceptions lodged by individual countries.

e) Elements of a dispute settlement mechanism have been developed to allow settlement of disputes between states, and between investors and states.

f) The OECD Guidelines for Multinational Enterprises will be annexed to the agreement. Proposals to address environmental and labour issues have been given broad support.

#### **4. What are the implications of the MAI for national sovereignty?**

The MAI is being drafted to be fully consistent with the sovereign responsibility of governments to conduct domestic policies. The MAI will establish mutually beneficial international rules which would not inhibit the normal non-discriminatory exercise of regulatory powers by governments at all levels and such exercise of regulatory power would not amount to expropriation. Furthermore, it should be clear that the MAI will in no way immunise foreign investors from domestic laws. It will not remove the authority of domestic courts, tribunals and regulatory authorities over foreign investors and their enterprises.

Country-specific exceptions can be lodged to protect important interests that contracting parties would feel threatened by particular MAI provisions.

#### **5. How will the MAI address specifically labour and environmental concerns?**

The MAI is consistent with policies on labour standards and environmental protection and preservation. There is an increased convergence of views in the negotiations on the need for the MAI to address environmental and labour issues through an approach which would include commitments by governments not to lower environmental or labour standards in order to attract or retain an investment. In addition, the OECD Guidelines on Multinational Enterprises, which are widely recognised standards of best practice, including specific recommendations on labour and environmental issues, will be annexed to the MAI

#### **6. How can someone find out more about the MAI?**

Contrary to what it has sometimes been said, the MAI is not an agreement discussed in secrecy behind closed doors. From the very beginning, the OECD Internet site has provided a great deal of information on the MAI (<http://www.oecd.org/daf/cmism/mai/mainindex.htm>), including all progress reports of the Negotiating Group and seminar proceedings, speeches, published articles about the MAI and links to other MAI sites. It now includes the current negotiating text of the agreement. There have been numerous press releases and press conferences.

The MAI negotiating parties have recognised the importance of consulting all constituencies interested in this Agreement. That includes non-OECD governments and representatives of business, labour unions, and non-governmental organisations concerned about the environment, consumer protection, and development issues. These consultations have taken place at both the national and the international levels and have contributed to the development of the agreement.

In addition, the OECD has undertaken an unprecedented dialogue with non-OECD countries, including regular briefing sessions on the negotiations in Paris and a series of workshops in Latin

America, Asia, Africa and Central and Eastern Europe.

All of these efforts to make the negotiations more transparent and engage in informed public debate will continue.

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## MAI- A MISGUIDED AGREEMENT

The Multilateral Agreement on Investments (MAI) is currently being negotiated in the Organisation for Economic Co-operation and Development (OECD) in Paris. This agreement has sparked an unprecedented global NGO campaign against it. The MAI is a misguided treaty that cannot be remedied by adding some simple provisions on environment and labour, which is what negotiators are now pushing. To have the MAI contribute to sustainable development, the underlying assumptions will need to be changed.

### Freeing up the market

The current thinking behind the MAI is that it should protect investors, the corporate entities, from cumbersome and obstructive governmental regulation. This is based on the old economic philosophy that as long as economic activity is left alone, it will automatically work towards increasing everyone's standard of living, eradicate poverty and even disease (that last bit is a quote from Donald Johnson, secretary general of the OECD). This theory of "free market economics" is primarily being championed by the leaders of the large corporations of the world, and those that represent them. Most international economists would disagree with the interpretation of "free market economics" as these leaders present it, and as it is currently portrayed in the text of the MAI. A large group of economists and political scientists do not believe that the market can be left to its own devices. It needs solid social and environmental regulation for it to function properly, and the activities of business and industry need to be firmly embedded in and for all of society.

Why would any economist argue this? The theory of economics on which this free market thinking is based has one basic assumption... the level playing field. On the level playing field each producer will take advantage of his "comparative advantage" and therefore be able to compete on the market. Resources will be distributed most effectively, and everyone will be happy...

### Good economics?

Sound economics is what the MAI negotiators are trying to create. However, what the MAI negotiators are doing now (and what the WTO negotiators have already done) is to create a level legal playing field. But there is more to the world than law alone. The reality is that we are not dealing with a level economic playing field. The economic and social disparities between countries is such that the poorer countries and their corporations are no match for the giants from the rich countries. It is these giants that are now pushing for this MAI.

The comparative advantage principle, necessary for the economic theory to work cannot be used, because for that you need an equal starting point. That starting point will be the moment the market is freed up, and it is quite obvious that we have a playing field of lions (the Multinationals and the large corporations) and mice (everyone else).

It is argued that Foreign Direct Investment will help to level that playing field. The investments of Multinationals will offer opportunities for developing countries to compete on the global market. But, can industry be expected to assist its rivals in developing countries to compete against them? No! The world's largest corporations will move in and will start to use the "comparative advantage" and the economic disadvantage of those countries to strengthen their own company. This will in the end mean a more efficient allocation of resources, and lower prices. However, the choice between

products will become quite limited, because competitors will have difficulty securing a share of the market. The free global market will consist only of powerful multinationals.

### Who will lose in the end?

The big losers are those that do not reap the returns on the shares in these large companies. On a level legal playing field, no one is a match for the investment prowess of the large corporations. Small companies and even medium-sized companies operating internationally can not employ all the tricks a multinational or other large companies can (such as price-support for those subsidiaries facing tough competition). In the case of Central and Eastern Europe, for example, the local citizens can in no way offer a better deal in buying the shares in privatised companies than foreign nationals can. And so the list goes on. The losers are the people with less: The citizens and consumers of the countries who do not own shares, who will not reap the giant profits that investment banks and the large corporations (the ones pushing for this agreement the most) will. They will see their small neighbourhood stores, their small local companies disappear when confronted with the prowess of the large companies, who after having been able to stack up their own funds whilst enjoying the privileges of being in the rich North, can offer the products for less and sometimes even provide a relatively higher quality. The “consumers-choice” will basically be limited to what these big companies offer. But that will have nothing to do with comparative advantage, but with the advantage of being big and strong at the moment the market is freed up.

*Pieter van der Gaag  
ANPED*

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## NGO ANNOUNCEMENTS

### DAILY

8:30 - 9:00 a.m.	Church Center, 2nd Floor	<b>Youth Caucus</b>
9:00 - 9:15 a.m.	Conference Room B	<b>Women's Caucus</b>
9:15 - 10:00 a.m.	Conference Room B	<b>NGO Strategy Meeting</b>

### WEDNESDAY'S EVENTS (22 April)

10:00 - 11:00 a.m.	Conference Room B	<b>Education Caucus</b>
1:15 - 2:45 p.m.	Conference Room 8	<b>WWF International</b>
3:00 - 4:00 p.m.	Conference Room 8	<b>Social Development Caucus</b>

### THURSDAY'S EVENTS (23 April)

10:00 - 10:30 a.m.	Conference Room B	<b>North American Regional Caucus</b>
10:00 - 11:30 a.m.	Dag Hammarskjold Auditorium	<b>DPI/NGO Briefing: Habitat Agenda and Agenda 21</b> by Human Settlements Caucus and Science and Technology Caucus
1:15 - 2:45 p.m.	Conference Room 1	<b>Education Caucus and UNED-UK</b> Education 21 - A Strategic Program for Building Support for Sustainable Development * Open meeting
4:00 -	Conference Room B	<b>Science and Technology Caucus</b>

5:00 p.m.		
6:15 - 8:00 p.m.	Conference Room B	<b>Alliance to End Childhood Lead Poisoning</b> Air, Water, Land, Community: Best Practices and Partnerships for Lead Poisoning Prevention
6:00 - 7:00 p.m.	location TBA	<b>Northern Co-Chair Election Process</b>

**FRIDAY'S EVENTS (24 April)**

10:00 - 11:00 a.m.	Conference Room B	<b>Education Caucus</b>
12:00 - 1:00 p.m.	Conference Room B	<b>Health and Environment Caucus</b>
12:00 - 1:00 p.m.	Conference Room 8	<b>Social Development Caucus</b>
1:15 - 2:45 p.m.	Conference Room 8	<b>NGO Taskforce on Business &amp; Industry</b> Making Voluntary Initiatives Work
3:00 - 4:00 p.m.	Conference Room B	<b>Energy and Climate Change Caucus</b>

**SUNDAY'S EVENTS (26 April)**

9:00 - 4:00 p.m.	Church Center	<b>The International People's Tribunal on Human Rights and the Environment</b> Sustainable Development in the Context of Globalization <i>1998 cases will be heard</i>
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**MONDAY'S EVENTS (27 April)**

9:00 - 4:00 p.m.	Church Center	<b>The International People's Tribunal on Human Rights and the Environment</b> Sustainable Development in the Context of Globalization <i>1997 &amp; 1998 cases will be heard</i>
4:00 - 6:00 p.m.	Church Center	<b>The International People's Tribunal on Human Rights and the Environment</b> <i>Open Forum for interaction between case presenters and NGOs</i>
6:30 p.m.	Church Center	<b>The International People's Tribunal on Human Rights and the Environment</b> <i>Press Conference</i>

