Sixtieth General Assembly
Second Committee
AM Meeting

PRIVATE SECTOR WILLING TO CONTRIBUTE TOWARDS MILLENNIUM GOALS, BUT BUSINESS

STILL ITS PRIMARY ROLE, SECOND COMMITTEE PANEL DISCUSSION HEARS

Emerging Partnerships Like Global Compact Vital in Changing Orientation, Practices of Corporations, Delegates Told

While businesses were willing to contribute to the Millennium Development Goals, and often did so, their primary role was still "business", a Second Committee (Economic and Financial) panel discussion heard today.

Addressing the Committee on the topic "Global partnerships: the role of the private sector in achieving the Millennium Development Goals", panellist Arun Maira, Chairman of India's Boston Consulting Group, said corporations played a narrow role within society, and enrolling them in the struggle to achieve the Millennium Goals was a concept that had yet to work its way through. Their language and practices were largely to blame, and emerging partnerships, such as the United Nations Global Compact, were vital in changing corporate orientation and practices.

Mr. Maira, formerly a senior executive with the Tata Group, an Indian company known for its emphasis on community development, noted, however, that early in its history, Tata had provided houses, roads, schools, hospitals and utilities for its employees. Its philosophy had later changed to give people more control over their lives, and so that the workers themselves could improve the schools and medical facilities in their communities, with the company's assistance. Tata had also steered government officials and funds towards those activities, and in the 1990s many other Indian corporations had begun to do the same. Working in partnership with each other, non-governmental organizations and the Government, they had created new business models that had improved the lives of India's poor while still producing profits for their shareholders, often using innovative technology.

But panellist Sam Jonah, former President of AngloGold Ashanti, the world's second largest gold producer, stressed that the primary purpose of business was to provide a reasonable return for its investors. Although attaining the Millennium Goals would be a boon, it was not in itself an incentive to engage in their pursuit.

Similarly, Herman Mulder, Senior Executive Vice-President of global banking group ABN AMRO, said that businesses -- out of their own self-interest -- could contribute to the Goals by improving their operating environments and developing new markets. For their part, Governments must create incentives for local entrepreneurs and international corporations by offering access to funding, markets and skills, as well as by setting high operating and governance standards. Meanwhile, Governments, businesses, and civil society -- entities with distinct features and roles -- must work together to construct a common vision for development.

However, Jeremy Hobbs, Executive Director of Oxfam International, lamented the lack of private-sector leadership on the questions of aid, debt and trade, saying that was among the reasons that the current global trade talks were in trouble. Non-governmental organizations could not win the argument for development in the Doha Round by themselves; the support of business was needed to break through the impasse between the European Union and the United States on agriculture issues, and to ensure that developing countries were not forced to open their markets too quickly and against their own interests.

He also noted that businesses were reluctant to embrace the United Nations Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, approved in August 2003 by the United Nations Sub-Commission on the Promotion and Protection of Human Rights. In the absence of some form of global governance for business, the adoption of voluntary standards, like the Global Compact and the Global Reporting Initiative, was important but insufficient, precisely because they were voluntary.

During the discussion that followed, Mr. Hobbs, answering a query about finding a balance between company profits and corporate responsibility, underscored the importance of Global Compact norms, which brought together existing human rights law and encouraged companies to use them, pointing out that in the end, national Governments must establish standardized laws and companies must comply with them.

As for corporate responsibility in so-called failed States, he said non-governmental organizations had taken up the task of criticizing companies that took advantage of chaotic legal conditions in such countries, or committed human rights abuses. The international community must come together to promote common standards and work to promote them. In some cases, massive problems arose from corporate irresponsibility, and pressure must constantly be applied to expose them.

In answer to another question, AngloGold Ashanti's Mr. Jonah, said that a growing number of businesses had joined the Global Compact, although greater efforts were needed to attract more. Business managers could no longer simply serve their own interests, but they must also consider their shareholders and the communities they affected. In Nigeria, communities had shut down oil terminals and companies had been forced to pay more heed to the areas in which they operated. In Guinea, AngloGold Ashanti had set up a fund for the benefit of the community, with extraordinary results in terms of industrial harmony and productivity.

Second Committee Vice-Chairman Juraj Koudelka (Czech Republic), said in his opening remarks that business and civil society brought valuable networks, expertise, skills and resources of tremendous value, not just for individual partnerships, but for the United Nations as a whole. For example, partnerships with non-State actors, which had been the focus of the Commission on Sustainable Development and the Financing for Development Office, had become a catalyst for reform and institutional innovation across the entire system.

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