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Industrial Development

Statement
by the Delegation of the Federal Republic of Germany
on behalf of the European Union

New York, 27 February 2007

I have the honour to speak on behalf of the European Union. The Candidate Countries Turkey, Croatia and the former Yugoslav Republic of Macedonia, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina and Serbia align themselves with this declaration.

- The EU sees a mutually reinforcing relationship between competitiveness, resource-efficiency of production and environmental protection and social cohesion. The challenge is to make it possible for all countries and developing countries especially, to put these win-win opportunities into practice and to benefit from the development and application of sound environmental and resource-efficient technologies and systems.
- Industrial development can be an engine for poverty eradication and for achieving the Millennium Development Goals providing it is environmentally, socially and economically sustainable. A sustainable industrial development is also essential for producing necessary goods and services in a cost-effective and resource-efficient way as well as for creating employment.
- Sustainable industrial policies are key prerequisites for global sustainable development. The choices in terms of design of industrial development are interlinked with challenges such as climate change, energy supply and air pollution. One example of such inter-linkage is the fact that access to energy is vital for sustainable industrial activity. To increase coherence, sustainable industrial policies should be integrated into national strategies, including sustainable development strategies and poverty reduction strategies.
- Sustainable industrial development is a challenge for all countries, as current patterns of production and consumption patterns both in developed and in developing countries often are unsustainable in economic, social and environmental terms.
- The EU is prepared to cooperate with others and to take the lead in demonstrating how to combine a successful economic and social development with environmental protection.

Improve the framework conditions for sustainable industrial development (especially in developing countries)

- Industrial development is closely linked to the further integration of developing countries in international trade. Developing countries, in particular the least developed, should be fully integrated into the international trading system and be able to reap the benefits of international, regional and bilateral free trade agreements. Improved market access for products of vital importance to developing countries, in particular LDC's, are essential. Enhanced trade-related assistance is an important instrument as initiatives like Aid for Trade and the Integrated Framework demonstrate.
- Overall conditions for sustainable industrial development investments in developing countries and countries with economies in transition need to be strengthened through improved infrastructure and services as well as enhanced governance structures to overcome constraints to sustainable industrial development. This also includes actions to facilitate foreign direct investments contributing to sustainable development.
- The EU sees a growing need for upfront Strategic Environmental Assessments (SEA) to be applied to country level and regional policies, plans and programmes as well as in development cooperation in order to avoid potential negative impacts of investments.
- The access to affordable, clean and resource-efficient technologies needs to be facilitated. Efforts to improve intergovernmental cooperation on technology transfer, technological innovation and co-operation are essential. One important issue is to intensify the research on and adaptation of resource efficient technologies for developing countries,. Banks and investors should be encouraged to finance new and more efficient products, production facilities and the adoption of cleaner technologies to overcome market barriers, especially since there is evidence that such measures tend to have a positive return on investment. The EU particularly welcome efforts to promote South-South cooperation for technology development and transfer.

- Dialogue between business leaders and other key stakeholders including trade unions, non-governmental organizations and political leaders are an effective tool in formulating and proposing ambitious business and consumer responses for sustainable consumption and production which go beyond existing minimum legal requirements. Such dialogues should be supported. Public Private Partnerships should also be initiated and supported.
- The EU acknowledges the ongoing contributions of the private sector to sustainable industrial development. They are of vital importance and should be further supported and facilitated. This includes the use of different management instruments, e.g. environmental management systems, life cycle analysis, eco-design etc.
- Corporate Social and Environmental Responsibility and Accountability initiatives should be promoted within the context of the UN Global Compact and the OECD Guidelines for Multinational enterprises. Initiatives to further adjust CSR-tools to suit small and medium sized enterprises are especially interesting in this task. ISO 26000 involving an inclusive multi-stakeholder process is another example of how organizations in general are trying to work out guidelines for how to deal with CSR issues.

Promote Resource Efficiency and sustainable production and consumption

- Increased resource efficiency, industrial energy efficiency, enhancing technological innovation and decoupling economic growth from resource use and thus environmental degradation offers opportunities to increase competitiveness, reduce costs, and thereby preserve jobs or even provide additional employment. To achieve this, it is vital to improve resource efficiency while ensuring functioning markets.
- In a first step countries and enterprises should assess the potentials for increasing resource efficiency in specific sectors.
- Policies that emphasize the need and potential of innovation, entrepreneurship, sustainable management practices, product development, especially with a view to enhancing life-cycle analysis and eco-design, as well as the sound use of ecosystem services are essential in this context and should be encouraged and implemented.
- Applying methods to assess the monetary value of the external costs of environmental degradation in terms of ill-health and pollution can illustrate global sustainability problems in socio-economic terms. There is a need for effective economic and other market based instruments. The use of financial as well as other incentives (e.g. tax reductions, benchmarking, awards) and the elimination of harmful incentives for enterprises and consumers should be encouraged. The UNIDO efforts on country- and sector-specific benchmarking could be an important step to raise further support for the principles of "cleaner production" and resource-efficiency.
- An important part of the global work to change unsustainable consumption and production is to actively participate in the Marrakech Process, e.g. by enhanced partnerships throughout the supply-chain. The EU supports this process particularly through its specific Taskforces.
- Labeling can be an important tool in this regard. International labeling including harmonized eco-labeling criteria in the Global Ecolabeling Network as well as labeling schemes for the energy consumption and recycling capabilities of a product and for products with relatively high environmental impact should therefore be promoted.
- Innovative approaches and means based on life-cycle thinking, including eco-design, by-product exchange, waste management, re-use, recycling and safe disposal as well as the proper handling of hazardous waste need to be applied.
- Business capacity, in particular SME:s, to address unsustainable industrial practices and to implement supportive management instruments often needs to be strengthened. Improved access to loan and credit programmes are essential in this regard. Industry support institutions such as cleaner production or energy efficiency centres (e.g. UNIDO/UNEP clean production centres) play an important role in assisting enterprises to adopt sustainable production practices. Universities and

other higher education institutions play a key role in providing education and training to qualify the workforce for the necessary competence to fully develop and exploit sustainable technologies.

- To support women entrepreneurship and women's right to employment and equal pay are vital. It is also crucial to secure women legal rights, including rights of inheritance, and equal access to secure tenure of land and finance. Loans to women entrepreneurs are also important as women often start business in areas for which banks usually are more restrictive.
- ILO core labour standards should be enforced. Employment and decent work issues can be an important vehicle for economic growth and poverty reduction. A well functioning labor market contributes to a positive climate of investment, an increased economic growth and a fair income distribution. The International Labour Organization, ILO, plays a vital role in the work towards reaching the Millennium Development Goals. Its activities in this respect should be further strengthened.