

## **Speaking notes for Second Committee special event November 17<sup>th</sup>.**

I am very pleased to address the Second Committee on the role of business in achieving the Millennium Development Goals. Oxfam contends that business has a vital role to play in reducing poverty. It is a role that is far from fully realized and I would like to suggest three areas that business needs to address.

Firstly, through foreign direct investment and trade, business can provide growth, wealth and the jobs. With equity measures to share the benefits, can potentially lift whole countries out of poverty. East Asia still offers the most powerful examples of large-scale rapid poverty reduction through a combination of strategic FDI, strong financial management and good government policies, such as agrarian reform, legal reform, investment in education and health and measures to increase equity.

Business can work with governments to develop strategic industries, lift skills, transfer technology and build local employment. This means accepting that national governments have their roles to play to provide predictable enabling environment for business, for in the end we need good quality investment for the benefits to stick. We need business to commit to long term investments, not simply jump from country to country and we need business to encourage and help build the capacity of developing country governments. In some cases NGOs may be able to help because of historical knowledge, perceptions of risk and having established relationships in a particular country.

Secondly, business needs to adopt the mantra of 'do no harm.' Unfortunately, many of Oxfam's relationships with business have come about because of the harm done to communities, to workers and farmers; abuses of human rights by companies, whether it be in mining, clothing and footwear, coffee companies, or pharmaceuticals. Businesses, particularly TNCs have rightly come under intense public scrutiny because of these abuses, and some have become a lightening rod for discontent about globalization.

As a member of the Global Compact's former Advisory Council I was disappointed that participants were so reluctant to embrace human rights in the form of the UN Norms, and to be so fearful of genuine monitoring and verification of standards. It seems obvious that in the absence of some form of global governance for business, standards will need to be driven in some other way. Adoption of voluntary standards like the Global Compact, and the Global Reporting Initiative are important but not enough. They are insufficient precisely because they are voluntary. Ironically some of the biggest companies have high standards but have not managed to slough off negative brand associations that go back many years. Meanwhile smaller unknown national companies remain below the CSR radar. The Global Compact is performing a valuable role in promoting standards across the developing world, especially where there is inadequate government capacity (or corruption) but some form of regulation is

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inevitable in the longer run, and business leaders should support this. The UN Norms are an important step in this direction.

Corporate social responsibility is fine as far as it goes but it is not a substitute for corporate accountability. There are some important initiatives – like the joint work done by Oxfam with a number of coffee roasters to increase fair trade coffee in supermarkets and coffee shops, or the joint study between Unilever and Oxfam to look at the impact Unilever's operations in Indonesia have had on poverty. The findings were interesting – of a company taking its responsibility as a taxpayer and employer very seriously from the point of view of how it affected poverty. Predictably the part of the supply chain it did not control was where the main problems lay. Oxfam has also done some ground breaking work with BHP Billiton through an Executive Leadership programme which exposes senior staff to the reality of mining impacts in a country like India from the point of view of poor communities

Thirdly business needs to participate openly and transparently in public debate, and not just through corporate lobbying.

It is particularly important that in a year where civil society has run massive campaigns to lift aid, cut debt and change the rules in the WTO, and where governments have actually responded with commitments and money, that business also plays its part.

The Make Poverty History Campaign held at the G8, (part of a wider civil society mobilization against poverty in over 70 countries, known as GCAP) has put poverty firmly back on the political agenda and given a public face to the Millennium Development Goals. While media cynics like to diminish the contributions of Bono, Bob Geldoff and to a lesser extent NGOs, there is no doubt that the terms of the debate has changed and poverty cannot be put on the back-burner any more than climate-change can. Another reason is that the poverty-security link is becoming clearer as time goes on.

But where is business in this argument? While many businesses responded generously to the Asian Tsunami, and some have supported messages about the MDGs, overall there has been little discernable leadership on the issues of aid, debt and trade. In particular the absence of business from the trade debate is disappointing and it is thought by many to be one of the reasons that the trade talks are in such trouble. Yet it is probably the area that offers the greatest potential to reduce poverty. As one World Bank official said, progressive business has been absent without leave, leaving the field open to those who have an interest in the status quo, the agribusinesses and large farmers who do not want to see an end to export subsidies and trade distorting domestic subsidies.

When I participate in business groups like the Evian Group I find a lot of resonance about the problems of subsidies for agriculture, but little interest in the

other half of the equation which is the right of developing countries to decide the scale and pace of their own liberalization. Most businesses say that the best route to poverty reduction is complete liberalization - and many of those have an interest in NAMA or the area of services.

A deal in Hong Kong where developing countries are expected to get very little in agriculture and give a lot in NAMA and services is very unlikely, and furthermore we do not think the evidence supports this as a good route to poverty reduction. The EU position is a clear case of 'do as I say, not do as I do'; they will only concede the current miserly agriculture reforms if developing countries throw open their markets for industrial goods and services - the US want similar opening for agriculture.

NGOs cannot win the argument for development in the Doha Round by themselves. We need the support of business to break through the impasse of the EU and US on agriculture and to ensure that once again developing countries are not forced to open markets quickly and against their interests. Rich countries need to be reminded that they all remained highly protected during their economic development and only liberalized when it was affordable politically, socially and economically.

We want business to join the public debate and have three messages:

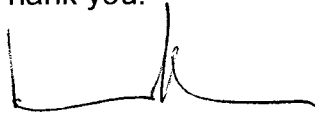
Don't let the narrow interests of agribusiness scuttle the broader prospect of a genuine development round and the broader interests of downstream users of agricultural products - get engaged in the policy debate.

Take a longer term view than the politicians and put development first because it will pay off and you will have access to bigger markets like India and China. But don't force the pace of liberalization of developing countries. Those with lower capacity will take longer - orderly transition should be the way forward with countries setting their own pace. Keeping developing countries poor is not good for business.

Public pressure to act ethically on trade and other issues will increase. Accept it and build it into your thinking and see standards and regulation as ways to protect your brand not just an added cost. Try to assess and communicate the anti-poverty impact of your company or industry.

In the end it is in everyone's interests to make business work for the poor.

Thank you.



17/11/08