

From Cancún to Durban: lobbying for a bigger role for big business

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“I think that's one of the areas we are going to work very hard leading to Durban to convince business to be party so that it's not just governments alone,”

South African President, Jacob Zuma, host of the upcoming climate summit, speaking at Davos, 27 January 2011¹.

Zuma's words did not come as a surprise to business leaders in the audience at Davos, the annual meeting of the global elite, held this January. The host of the upcoming climate talks' warm embrace of business as a partner was the result of a long-running campaign to enhance the role of business in the UNFCCC, the global body which organises the talks. This campaign has been led by the World Business Council for Sustainable Development (WBCSD) and the International Chamber of Commerce (ICC). The Mexican government, which hosted the most recent climate summit in Cancún, helped to establish this closer business-government relation with the 'Mexican Dialogues'. Through the Mexican dialogues, big business targeted issues of particular interest, such as carbon markets, financing and technology. Business lobbyists were given privileged access to key negotiators on these issues, and pushed for an enhanced role for business. Zuma's intention to follow in these steps risks a greater corporate capture of these crucial areas, at the expense of the climate and the people.

The UN climate negotiations, which have (until now) required consensus between all nations, have been less permeable to direct lobbying by business, whose more established hunting ground is national governments. However, some governments are keen to help big business change this situation. The 2009 Summit in Copenhagen (COP15) was a turning point with the Danish government easing the access of corporate groups to the negotiations². The Mexican government followed in its steps and granted big business, the WBCSD and the ICC, privileged access to key negotiators in the run up to the UN climate talks in Cancún.

WBCSD and the ICC

The World Business Council for Sustainable Development (WBCSD) and the International Chamber of Commerce (ICC) have a long history of working together to influence international climate negotiations.

The WBCSD is a group of some 200 companies, including ArcelorMittal, Areva, BP, E.ON, Lafarge and Shell, which has specialised in promoting a green image for its members by spinning business as a driver of sustainable development.

The ICC claims to be the global voice of business. Its main goal is to promote trade and investment liberalisation worldwide and business self-regulation. One way of achieving this is to try to avoid environmental legislation by influencing international bodies such as the UNFCCC. Its members include Chevron, Exxonmobil, Mitsubishi, RWE, Shell and Total. The Commission on Environment and Energy, chaired by Areva's Laurent Corbier with Exxonmobil's Brian Flannery as vice chair is responsible for its climate work. Nick Campbell, of Arkema (Total's chemical branch) is head of the ICC task force on Climate and also heads the climate groups at BusinessEurope (the EU employers' body) and CEFIC (the European chemical association) climate groups.

Lobbying in Cancún

The ICC had 58 lobbyists in Cancún from corporations such as Exxon, Sasol, BASF and the Global CCS Institute. The WBCSD registered 121 lobbyists, with 14 from CocaCola as well as lobbyists from Lafarge, Veolia, BP and Shell³. Other corporate groups were also present, including the International Emissions Trading Association (IETA), with a 164-strong delegation which included representatives from BP, Shell, ENEL and Vattenfall.

As usual, the WBCSD and the ICC organised a Global Business Day in Cancún, on 6th December 2010, where corporate lobbyists mingled with UN negotiators, hosting side events to promote their views. However, the main work for these negotiations had been done well before the Cancún meeting.

UN also goes to bed with business

Christiana Figueres, the head of the UNFCCC was very supportive of the Mexican Dialogues (see below). Speaking at the Cancún Business Day organised by the ICC and the WBCSD, Figueres praised the Mexican government's work to facilitate a public-private dialogue and expressed hopes that it would be continued by South Africa⁴.

Her predecessor, Yvo de Boer, also helped business have a voice during his term as UNFCCC Executive Director from 2006 to 2010. Boer, who had negotiated the Kyoto Protocol as part of the Dutch government delegation, left his position at the UNFCCC to join global consultancy KPMG as special global advisor. De Boer was very active in Cancún, particularly at the WBCSD and ICC events. His numerous connections with former UN colleagues and country negotiators help now the private sector to get its message across.

Multipronged campaign to give business a formal seat at the UNFCCC.

Over the last two years the WBCSD and the ICC have stepped up their efforts to extend corporate influence to the UN. Business has since the 1992 Earth Summit in Rio de Janeiro been one of the nine so-called 'Major Groups' in which the UN has organised constituencies. This puts business on an equal footing with other groups such as indigenous peoples, NGOs and farmers⁵. Back in 1992, this was achieved primarily thanks to the efforts of the WBCSD which managed to re-brand business as being pro- sustainable development, as being 'part of the solution'. The Major Groups have observer status at the UNFCCC.

The WBCSD and the ICC want this status to be upgraded, in order to get a more direct access and a bigger say. Their campaign is focused on achieving this primarily in the areas which are of most interest to them for economic reasons (financing) or which deal with matters that not only bring benefits but enable business to avoid real structural change in reducing emissions (carbon trading, offset mechanisms like clean development mechanism – CDM) or which will have the potential to do so when approved (REDD+, deforestation mitigation policy)

In the run-up to Cancún, this campaign was visible in the WBCSD's contract with the European Commission to design a business body which would have a more formal role in the UNFCCC; as well as through the so-called 'Mexican Dialogues' in which business was given privileged access to key negotiators; and through the consultations within the UNFCCC to enhance the role of observer organisations.

The WBCSD's contract with the European Commission (DG Enterprise) to "design options for private sector engagement in the context of the UNFCCC international climate negotiations," worth over 250,000 euros, was awarded last November⁶. The WBCSD, with consultancies Ecofys and Climate Focus, launched a report last August, which claimed that increased private sector involvement in the UNFCCC was a condition for the success of any international agreement on climate change⁷.

The report outlined how this might be achieved, and made some very specific suggestions in areas of key interest to business including the clean development mechanism (CDM), financing, technology, REDD+ (Reducing Emissions from Deforestation and Degradation, UN jargon for proposals dealing with deforestation, which businesses want to include in carbon markets), monitoring, reporting and verification (MRV) and National Appropriate Mitigation Actions (NAMAs - national plans with increasing obligations for developing countries). Business must be involved in developing policies, drawing up standards and in implementation, the report claimed.

These recommendations are supposedly in part based on the conclusions adopted at five workshops, and according to the authors reflect a consensus of views from a truly inclusive group of stakeholders, including NGOs. This claim is misleading given that NGOs were heavily outnumbered among the participants and those NGOs that were involved are not representative of the civil society movement⁸.

Corporate Europe Observatory recently sent an open letter⁹ to the European Commission to ask whether the EU supported the report's recommendations, but the reply failed to answer the question¹⁰.

The Mexican Dialogues provided another step towards bringing business closer to the UN climate negotiations¹¹. But this time the initiative came from government. The Mexican minister of foreign affairs Patricia Espinosa, who presided over the Cancún talks, played a key role in inviting the WBCSD and the ICC to co-organise the Mexican Dialogues. The WBCSD and the ICC also met directly with the Mexican President Felipe Calderón, and then went on to launch the dialogues in July 2010, with over 100 participants from corporations, governments and senior UN climate negotiators, including UNFCCC president Christiana Figueres.

The Mexican Dialogues gave numerous corporations access to governments to discuss in detail three issues which were of special interest to business in Cancún: carbon markets, financing, and technology. In the long term they were meant to "provide the basis for a sustainable platform for government-business interaction on international climate policy"¹². The outcomes of the dialogues were compiled into a report which was fed into the UN negotiations through participating governments¹³.

Both the WBCSD and the ICC have also pushed the issue of giving business a formal role in the UN climate structure by lobbying the Subsidiary Body for Implementation (SBI) which within the UNFCCC reviews implementation and deals with financial and administrative matters. The SBI has organised a consultation to enhance the role of observer groups, in which business is included. The WBCSD and ICC has seen this as a way to reinforce their spin that more direct business participation in the UNFCCC is needed for a successful agreement¹⁴. The WBCSD presents the Mexican Dialogues as a good start, which should be followed by a formal advisory structure with the private sector. The ICC also wants a formal structure to channel business input, a business consultative mechanism.

In general business argues that they will be the main actors implementing any agreement, claiming that they have the money and the expertise. This, they say, should entitle them to a bigger say in policy making than other groups. However, this is a flawed assumption as their input will inevitably be biased to favour their economic interests. As some NGOs are keen to point out. Simone Lovera from the Global Forest Coalition commented: "We are against any influence of profit-oriented actors over policy-making, as they will always seek profit, and thus provide biased advice. Groups like women, Indigenous Peoples and trade unions provide biased advice too, but there is a fundamental difference between organisations defending the rights of their constituencies (rightsholders), or the interests of the common good (NGOs, non-commercially funded science) and organisations defending the profits of their constituencies (stakeholders)"¹⁵.

The Mexican Dialogues

The first Mexican Dialogue, which took place in Geneva in early September 2010, focused on financing. Governments participating included India, Japan, the US, the two co-sponsors: Mexico and Switzerland, and representatives from the EU Commission¹⁶. Businesses included ArcelorMittal, Dow, IATA, IETA, Shell, and Siemens. The meeting suggested that the private sector should play an advisory role in the upcoming Green Fund. The Cancún meeting indeed established a Green Fund which will be administered by the World Bank. The dialogue had recommended using bilateral and multilateral development banks to reduce the investment risks for corporations.

The second dialogue, which took place in Bonn in October, focused on carbon markets. Participants from the Japanese, US, Brazilian and Australian governments among others took part alongside the EU Commission and business representatives from E.ON, Enel, Shell, Tokyo Electric Power, Det Norske Veritas (the biggest CDM validation company), IETA and the Carbon Market Investors Association (CMIA)¹⁷. The recommendations included a demand for "a business consultative mechanism that can provide an orderly way for business input in the process"¹⁸.

The document also claimed that "the continued ideological opposition to markets has to stop. It does not reflect the societal realities and there is no desire to impose market participation on those that do not wish to do so." But as the cables published in Wikileaks revealed, powerful countries have already been blackmailing developing countries with threats of cutting aid money if they do not sign up to the proposals designed by rich countries¹⁹.

In the view of the participants, if carbon markets do not advance in the UN process, they will do so via bilateral or plurilateral deals. "The continuous opposition to a discussion on markets will only ensure that the multilateral process will have no role to play in what will be a critical part of the response.... Doing without market mechanisms is simply unrealistic, so the COP needs to embrace their use. This is what business[es] respond to".

This strategy has been already pursued in other areas of key interests to business such as trade liberalisation. If multilateral negotiations get stuck at the World Trade Organisation (WTO) and the negative effects of policies are criticised effectively, negotiations move to the more discrete bilateral sphere where Northern countries and their corporations target specific key countries.

As for climate, business and several governments are keen to keep a ready supply of cheap offset credits from the clean development mechanism (CDM). Currently, the greatest numbers of offset projects under the CDM are in China and India. These countries are therefore pocketing the biggest share of money flowing from offset markets. Including forests in the CDM would expand the market to forest-rich countries. Not all Southern countries favour the use of carbon markets though, seeing them as a way of businesses in the North avoiding the need to cut emissions at home, at the expense of the most vulnerable communities in the South. But only Bolivia maintained its principled opposition in Cancún.

The third of the Mexican Dialogues focused on technology. From the 10 - 11 November, business and governments gathered in Delhi to discuss public support for technology transfer. As EDF's Jean-Ive

Caneill made clear 'transfer' refers to creating the conditions for private sector investment in developing countries, not about giving them technology²⁰. The view put forward was that for technology transfer to reach developing countries business-friendly models, open to foreign direct investment and with strong support for intellectual property rights were needed.

There is no published report or list of the participants at this meeting.

Same companies, different hats

Many corporate members of the WBCSD play a double game, as shown by the role played by European and Japanese industry in Cancún. The WBCSD specialises in giving its members a 'green' coat and claims they want ambitious emissions reduction targets. Many of the same companies that are active member of the WBCSD (and attended COP16 under their wing) are also members of other groups such as the European employers' confederation, BusinessEurope and CEFIC, the European association of the chemical industry (eg Solvay, BASF, Bayer, BP and Shell), or the Japanese industry organisation Keidanren (eg Tokyo Electric Power and Mitsubishi).

BusinessEurope is actively lobbying the European Commission not to raise its reduction commitments from 20% to 30% (by 2020). However, until now they had been careful to maintain the rhetoric that they support the current UN climate regime. But in their demands for Cancún (November 2010), BusinessEurope took a blunter approach and opposed any extension of the commitments under the Kyoto Protocol (an option presented at the last October European Council). BusinessEurope opposed it unless unrealistic and unjust conditions were met: ie that the commitments were part of an agreement that includes all major economies, that did not increase the EU's target and that did not distort competition. BusinessEurope explained that under those conditions they would support an extension of commitments under the Kyoto Protocol: "in particular as it would help to ensure a future of the international carbon offset mechanisms"²¹. The group also argued in favour of bilateral agreements to ensure the availability of offset credits to comply with the European Trading System (ETS) obligations. European corporations currently use a lot of credits from CDM projects involving HCF23 gases to meet their targets cheaply while avoiding emissions reductions in Europe.

The CEFIC delegation included a lobbyist from Mitsubishi and one from the Japan Chemical Corporation. The Japanese business organisation, Keidanren, was also in Cancún with 33 accredited lobbyists. Japanese business opposition to binding emission reductions targets was a major force behind Japan's announcement in the midst of the Cancún talks that they would not sign up to a second commitment period for the Kyoto Protocol. This was a blow to the negotiations and boosted the shift from the binding regime with the burden on developed countries to the voluntary system for developed countries with increased obligations for developing countries which is clearly emerging now, shifting the effort and blurring the meaning of the common but differentiated responsibilities, a crucial part of the international climate policy regime.

Spoiled lobbyists

Despite the efforts of the Mexican government, the WBCSD was apparently not happy with the attention it received from negotiators at the Cancún meeting. Matthew Bateson, the WBCSD's managing director for energy and climate, complained of an almost complete absence of delegate participation in the business events, and of a "feeling of 'them and us' between delegates and many observers"²². According to him, "it causes a healthy questioning of the value of so much time and intellectual investment by so many observers in events that will clearly not influence COP decisions, and only serves to underline the importance of being able to find a more effective way to promote business input and interaction." Bateson added that the WBCSD was attempting to overcome this by meeting with senior delegates and ministers. "WBCSD is attempting to do this and is holding a small lunch for some members with senior delegates and ministers. This will feedback the messages from the Mexican dialogues and highlight the perceived value of such engagement. It also hopes to gain a commitment from governments, particularly the South Africans, to take up the mantle of these dialogues in 2011."

WBCSD's president Bjorn Stigson also seemed disappointed by the results at Cancún. "Unfortunately, very little is said in the COP16 documents about Business. It is up to us to now make very concrete proposals during 2011 about the roles and contributions by Business. As government representatives start to grapple with technology development and transfer, a climate fund and reporting of emissions, the need for further collaboration with business will be obvious"²³.

Those same points makes the ICC confident that the Cancún agreement would result in a bigger role for business, saying: "The agreement contains many elements where closer cooperation with the private sector will be needed, including the elaborations of the technology mechanism, financing arrangements such as the "Green Fund" and the development of guidelines for measuring, reporting and verification"²⁴.

The WBCSD and the ICC have both said they are ready to continue their campaign to give business a formal seat at the UNFCCC and are already courting the South African government. And according to his statements in Davos, where South African President Jacob Zuma shared a panel with the Mexican President, the EU Commissioner for Climate, Connie Hedegaard, and the UNFCCC's Christiana Figueres, he is ready to play his part. This is not surprising given South Africa's trackrecord in favouring big business in UN negotiations. Business was a welcome participant at the Rio+10 summit in Johannesburg in 2002.

The WBCSD and other corporate groups put forward the argument that business expertise is needed to design effective policies. The same rational applies to the decision-making system in the EU, where many policies are largely the result of 'expertise' channelled through advisory groups dominated by industry. But this has resulted in the corporate capture of many policy areas in the EU to the detriment of the environment²⁵.

Looking forward

It is a worrying sign that several influential governments, including the last two hosts of UN climate summits are easing the way for business to have a bigger role. The reason might be that they fear that otherwise big business will block progress in the talks. But this is a flawed strategy. Business will push for a range of false solutions, some of which they have already successfully introduced, such as carbon markets, carbon capture and storage (CCS) and agrofuels. These false solutions are not effective in fighting climate change and they cause many new problems.

The next issues to be discussed in the public-private dialogues are REDD+ (reducing emissions from forests) and the monitoring, reporting and verifications of emissions and measures (MRV) – another key issue for business. For REDD, the WBCSD has recommended that individual industry experts, companies and business associations become involved, in for example, providing the assessments of social and environmental standards. In the light of the ongoing corporate lobby to allow monoculture forest plantations to be included in REDD+, which will have devastating impacts for biodiversity, local communities, and the climate, boosting the role of industry in this way could have disastrous consequences.

The influence of large corporations on decision-making in international negotiations is already one of the main obstacles to effective and just policies to tackle climate change. Further expanding corporate influence in UN climate policy-making, as the WBCSD and ICC demand, would spell disaster.

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³ <http://unfccc.int/resource/docs/2010/cop16/eng/misc01p04.pdf>

⁴ ISSD Report of Cancun Global Business Day <http://www.iisd.ca/climate/cop16/bd/>

⁵ The nine major groups are: women, children and youth, indigenous peoples, non-governmental organisations (NGOs), local authorities, workers and trade unions, business and industry, scientific and technological community and farmers.

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¹¹ The Dialogues are coordinated by the WBCSD and the ICC from business, and by the Mexican government and the UN's Expert Group on Technology Transfer (EGTT) from the government.

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