

ADDRESS BY CRISTINA NARBONA, Spanish Minister for the Environment (ENGLISH OR SPANISH)

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Mr. President, I am honoured to take part in this Assembly and represent the Spanish government which, since April 2004, has been committed to redirecting our development model towards more socially and environmentally demanding and responsible patterns. Full participation by workers, through their most representative trade union organisations, is, we believe, indispensable for this redirection process.

We are witnessing today an intense worldwide debate on the effects of globalisation, on the objectives and structures of a globalisation that has focused thus far on the total liberalisation of capital and on free trade - a concept which, in its current format, generates very serious asymmetries. In sum, a globalisation that is inherently unsustainable in social and environmental terms.

The grave damage suffered by the environment and the current deep inequalities in society are the major challenges of our age. Solutions to these problems cannot be reached in isolation; they require the participation of all countries, notwithstanding their seemingly conflicting interests, in an increasingly complex international scenario. We must move from a globalisation based on the logic of the interests of capital to the globalisation of citizens' rights. The international community itself, through the United Nations Organisation, has linked the transformation of the model of development to the need to strengthen civil society participation in this transformation, as is made explicitly clear in article 10 of the Rio Declaration, which states that environmental issues are best handled with the participation of all concerned citizens, i.e. by deepening democracy.

Business - understood as the result of labour and capital - is inevitably involved in the transition to a more sustainable model of development and should play a leading role as a catalyst of the process. By applying more ethics and more intelligence, companies will cease to be one of the causes of negative effects of globalisation and become part of the solution.

"It is impossible to do business in a failing society", notes Bjorn Stigson, President of the World Business Council for Sustainable Development. Companies therefore not only can but should reconcile the purely business benefits with those of a social and environmental nature. As the European Commission's Green Paper Promoting a European Framework for business responsibility aptly puts it, the aim is for "companies to integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis."

It is important to emphasise that such commitments have to be acquired in a context of dialogue between employers and employees and, of course, should extend beyond mere compliance with legislation and social and environmental standards established at national and international level, strict enforcement of which needs to be guaranteed by the authorities.

Why should entrepreneurs agree to take on greater commitments than those imposed by law or by quality standards? For fundamental moral reasons, but also for practical reasons: to improve their medium and long term results. As I said a moment ago, by applying more ethics and more intelligence in their decision-making.

This was precisely the argument advanced by ex-President Clinton in his speech to the Climate Summit in Montreal. Environmental and social requirements are an opportunity - the only real opportunity - for the economy and for job creation.

However, there is still a long way to go before citizens (employers, workers, the authorities...) understand these arguments and, consequently, play an active part in the process of transition to more responsible behaviour.

Neither the moral case, which views businesses as being economically, socially and environmentally responsible and, therefore, accountable to society, nor the 'win-win' opportunities principle, whereby benefits exist for the company's economic interests and for society as a whole, operate automatically or in a generalised manner.

Needless to say, according to the dominant 'liberal' approach to globalisation, there is no need for regulation or new mechanisms to force companies to behave better towards their social and natural environment: firms will adopt such strategies - on eco-efficiency, for instance - due to the cost advantages or the competitive advantages to be gained, given that sooner or later all companies will have to introduce responsible management measures out of legal obligation (or due to consumer or investor demands).

The above approach fails to take into account three crucial factors in company behaviour. To begin with, the perverse effect of speculative investment which seeks extremely high, short-term profit and impacts negatively on investment with longer-term objectives. Secondly, the effect of insufficient public controls to guarantee genuine compliance with social and environmental standards, which discourages responsible behaviour by companies.

A third and final (and equally important) element invalidates the 'deregulation' approach, which places excessive trust in the success of corporate social responsibility. I am referring to the insufficient information provided to hundreds of millions of citizens on our planet, who are led to believe that economic progress inevitably brings grave social and environmental problems. Specifically, in order to survive, hundreds of millions of people are forced to accept unworthy jobs - 'indecent', to borrow the term used by this Assembly - with severe consequences for their health and quality of life.

Fortunately, trade unions are now playing an increasingly active role, just as ecology organisations and consumer bodies have done for a long time.

The government of Spain is fully aware of this and for that reason is working to improve compliance with Spanish legislation - which is based on European and international law - by strengthening public provision to guarantee compliance and also encouraging participation by citizens in decision-making and management processes in the public and private sector. In other words, more and better democracy, as an indispensable requirement to achieving a more just, more lasting and more sustainable development model.

Spain's two largest unions (CCOO and UGT) are participating in this process. In July 2004, three months after the new government took office, the Ministry of the Environment signed a cooperation undertaking with both unions entitled "Towards a sustainable and quality productive fabric". Under the agreement we are working together on climate change, water policy, pollution prevention and control, management of hazardous substances and chemical products, biodiversity conservation, promotion of environmental management systems, workers' rights in environmental issues, as well as monitoring and control issues.

This wide-ranging agenda is carried forward through bilateral contacts and through union participation on the Environment Advisory Council and other bodies such as the National Climate Council, as well as through joint initiatives for worker training and information. In the near future, within the social dialogue framework, bodies will be set up to monitor the effects of the National Plan for the Allocation of Emission Rights. The monitoring bodies, which will include participation by unions, employers and the authorities, are a pioneer initiative which I am sure will help demonstrate with specific examples that the fight against climate change can stimulate technological innovation, economic activity and job creation.

Similarly, the Ministry of the Environment is working to generally strengthen the rights of all citizens to information on and participation in environmental issues, as well as access to justice to demand compliance with environmental legislation, in accordance with the Aarhus Convention which has been ratified by Spain and has been included in a new Bill approved recently by the government. The Spanish Parliament is also preparing the creation of a special Prosecutor's Office to deal with ecological and town planning offences. The Office will be a



crucial factor in strengthening the delivery of criminal justice.

Among the most immediate challenges ahead, allow me to underline the forthcoming approval of a Bill governing liability for environmental damage, under which potentially contaminating companies will be obliged to take out insurance or provide some other financial instrument to cover the costs of reparation of such damage. The legislation will be further completed with amendments to tax law to foster the introduction of clean technologies in all sectors of production. Spain's economic growth, which for years has outpaced the European Union average, has been based largely on intensive property development and on energy consumption, which has increased far in excess of GDP growth. Such patterns need to be modified in order to avoid further degradation to the environment and the high energy dependence on fossil fuels, which are clear impediments to the continuance of our current model of growth.

Spain's Prime Minister, Jose Luis Rodríguez Zapatero, made this approach clear from the outset in his investiture speech, as part of a wider commitment to introduce far-reaching transformations in our society in order to achieve more effective equality between men and women and recognition of the rights of least-favoured members of society.

Without doubt, our current level of economic and social development allows us to look to the future with optimism, convinced of our nation's extraordinary human and ecological potential. We are the biggest biodiversity reserve in the European Union; over 200 Spanish firms have signed up to the Global Compact on Corporate Social Responsibility; we are competitive in renewable energies and technologies for water quality and water use... The government realises fully that our country is still some way from meeting the environmental commitments arising out of our membership of the United Nations. However, we can and want to meet and enforce these commitments both at home and beyond our borders, in particular by supporting the citizens of Latin America, the Mediterranean countries... And, of course, the poorest nations of Africa, where we have barely begun to direct our efforts.

Spain is increasing its contributions to the different aid programmes and actions to promote a more sustainable form of development and we are deeply committed to the battle to bring peace to and eradicate famine from the entire world. In order to achieve the goals pursued, we need the United Nations system to function better as the indispensable guarantor of the process of globalisation of human rights, which is the main challenge faced by all progressive social forces worldwide.

Thank you.