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Business Responsibility for Environmental Protection in Developing Countries

Report of the International Workshop
Heredia, Costa Rica, 22–24 September 1997
UNRISD Conference Report, May 1988

PREFACE

During the 1990s there have been some significant changes in the way business corporations use and manage natural resources. The so-called “greening of business” has gathered momentum particularly in the industrialized North; but in developing countries as well an increasing number of companies are adopting environmental management policies and practices that attempt to use natural resources more efficiently, minimize externalities and rehabilitate the environment.

Corporations that are taking a proactive role in the field of environmental protection are also becoming increasingly influential in shaping national policy on environmental issues, as well as international standards and regulatory processes that are currently under negotiation. In certain countries, some of the most significant developments in government environmental policy have occurred when influential business interests have added their weight to the conservation lobby. As corporate responsibility for environmental protection increases, state agencies in several countries are ceding control of certain areas of resource management or protection to the private sector and reducing levels of public-sector regulation in favour of voluntary agreements or self-regulation by business.

There is considerable debate, however, about whether such trends associated with “corporate environmentalism” are contributing in any meaningful way to sustainable development. There can be little doubt that a growing number of companies are now adopting codes of conduct and environmental reporting and monitoring procedures; promoting recycling, waste or pollution control and energy efficiency; and taking more proactive measures to conserve the environment. Yet many commentators dismiss these developments as extremely piecemeal, mere window dressing or as actually having resulted in negative environmental and social effects. There is a strong body of opinion which claims that the harshly competitive macro-economic environment of the 1990s creates a context that is hostile, rather than conducive, to corporate environmentalism and that this climate is eroding any gains that have been made. Furthermore, there is concern regarding the apparent transfer of responsibility for regulation from public to private institutions and the notion that “policing the polluter” should be left to the polluter.

The debate on corporate environmentalism concerns not only the reality behind corporate claims to manage natural resources on a sustainable basis but also the question of which sectors of the business community are acting responsibly in environmental and social terms. While much criticism has been directed at transnational corporations, TNCs themselves and other commentators often claim that it is national rather than transnational enterprises that either do more damage to the environment or have taken fewer initiatives to reform environmental management systems. Furthermore, there appear to be some major differences in levels of corporate responsibility by industrial sector.

It is extremely difficult to assess what impact corporate environmentalism has had in terms of promoting sustainable development in developing countries. This is partly due to the fact that opinions and analyses on the scale and effects of these trends tend to be fairly anecdotal and polarized, and that research is often influenced by business interests, consumers' associations or NGOs, each with their own agenda. Moreover, much of the analysis focuses narrowly on environmental objectives and technical solutions and ignores important social and political aspects. In view of this situation, the United Nations Research Institute for Social Development (UNRISD) launched in 1997 a programme of research and policy dialogue on **Business Responsibility for Sustainable Development**, which aims to promote independent research and international debate on the role of big business in environmental protection and social development in developing countries.

Under the first phase of this programme, UNRISD and the Universidad Nacional (UNA) in Costa Rica organized a three-day international workshop on **Business Responsibility for Environmental Protection in Developing Countries**. The papers prepared for the meeting and the discussions themselves were organized in five main sessions. The first provided an opportunity to consider very different perspectives on the potential and limits of corporate environmentalism. Session two explored the types of public policies, partnerships and political conditions conducive to corporate environmental responsibility. The third session assessed the experience of corporate environmentalism in selected developing countries. Session four examined in more detail the case of Costa Rica. The final session discussed key issues and proposals for future research, policy dialogue and networking.

This report of the workshop is divided into six parts. The first part summarizes both in English and Spanish some of the main issues and ideas discussed during the three days. Two of the opening addresses and abstracts or summaries of the workshop papers are then presented. These are followed by the workshop agenda and list of participants. Additional information on some of the workshop participants is presented in the final section.

The UNRISD project on **Business Responsibility for Sustainable Development** is coordinated by Peter Utting.

May 1998

Thandika Mkandawire
Director, UNRISD

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ABBREVIATIONS AND ACRONYMS

BECC	Border Environmental Consultative Commission
CAMBIOS	Programa Cambio Social, Biodiversidad, Sostenibilidad
CEC	Commission on Environmental Cooperation
CEGESTI	Centro de Gestión Tecnológica
CEM	corporate environmental management
CINPE	Centro Internacional de Política Económica para el Desarrollo Sostenible/International Center of Economic Policy for Sustainable Development
EHS	environment, health and safety
EMAS	Eco-Management and Audit Scheme (of the European Union)
G-7/G-8	Group of Seven/Group of Eight
INBio	Instituto Nacional de Biodiversidad/National Biodiversity Institute
INCAE	Instituto Centroamericano de Administración de Empresas
ISO	International Organization for Standardization
NAFTA	North American Free Trade Agreement
NGO	non-governmental organization
OECD	Organization for Economic Co-operation and Development
SINAC	Sistema Nacional de Areas de Conservación/National System of Conservation Areas
TNC	transnational corporation
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Social Development
WBCSD	World Business Council for Sustainable Development
WTO	World Trade Organization

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SUMMARY OF THE DISCUSSIONS

Introduction

On the first day of the workshop, speakers from business schools in Denmark, Sweden, the United Kingdom and the United States, as well as the environmental advisor to the South African chemical company, AECI Ltd., presented their perspectives on what progress was being made in terms of “the greening of business” in developing countries and what types of policy instruments, political contexts and partnerships were conducive to corporate environmental and social responsibility. During the second day, researchers and activists from developing countries assessed the reality of corporate environmental responsibility in Brazil, Central America, Chile, Malaysia and Mexico, with particular attention focused on Costa Rica. The third day considered ideas for future research and collaborative activities. The meeting produced a lively debate on the contribution of big business to sustainable development, and the conditions and measures needed to promote corporate environmental responsibility in developing countries. Much of the discussion centred on the following issues and questions.

Trends and Prospects

Has there been a significant shift from “business-as-usual” to corporate environmental responsibility? How accurate are the claims of many large corporations that they are actively promoting sustainable development?

When considering questions such as these, the workshop participants generally agreed that there had been a groundswell of initiatives on the part of big business to improve its environmental record during the 1990s. Moreover, there were some signs that a new corporate ethic was in the making that encouraged business executives to minimize the negative environmental impacts of their operations rather than regard the environment as an externality. Although large firms in developing countries generally lagged far behind their counterparts in richer nations in terms of corporate environmental management, it was evident that stricter environmental standards, cleaner technologies and waste reduction practices were becoming more commonplace. Participants from Costa Rica noted, for example, advances that had occurred in the field of “sustainable logging” through certification (involving the independent assessment of whether forest management practices comply with certain internationally recognized standards), and a speaker from Chile reported significant improvements in the environmental performance of a number of large foreign-owned mining companies.

Some speakers argued that various processes associated with “globalization” were creating a context that was favourable to corporate environmentalism. They noted, for example, that many transnational companies were seeking greater uniformity in technology throughout their

corporate structures and, as a result, were using cleaner technologies not only in the richer industrialized economies but in developing countries as well. Also, as competition made it increasingly difficult for companies to differentiate their products on the basis of price and quality, some were attempting to gain competitive advantage by associating their products with other features related to environmental or social responsibility. Furthermore, it was becoming increasingly difficult for companies to hide their environmentally-damaging activities from public view, particularly in a context of growing global environmental awareness and recognition of certain basic standards, as well as developments in global communications, networking and monitoring. Presentations focusing on Chile, Malaysia, Central America and Costa Rica revealed how some firms in developing countries with links to the international economy — for example, those producing for export markets or having a parent company based in a Northern industrialized country — had often made more progress than other firms in adopting certain environmental standards and procedures. Some participants also noted that larger rather than smaller companies were generally in a better position to bear the costs of improving environmental management systems, through such measures as cleaner technologies, staff training and independent certification or audits.

The discussions revealed, however, the dangers of generalizing about corporate behaviour and trends. In contrast to the above scenario of incipient progress was another, depicting a corporate world merely tinkering with an economic system that continued to seriously degrade the environment, and upholding the rhetoric of environmental protection as a means to fend off criticism and boost corporate image. Several participants argued that leading companies in the field of corporate environmental management often claimed to be promoting sustainable development when in fact they were narrowly focusing on changes in their environmental management systems and disregarding other key aspects associated, for example, with internal employment conditions, the introduction of labour-displacing technology, the types of “throw away” products they were producing or the immense scale of their operations.

Presentations focusing on Malaysia, Mexico and Central America highlighted the fairly dismal record of business in the field of corporate environmental management and the wide gap that often separated corporate rhetoric and actual performance. One participant presented the preliminary results of a survey of 500 of Central America’s leading firms. In Costa Rica — the country expected to have the best corporate environmental record in the region — only 33 per cent of the companies surveyed had a written environmental policy, while 40 per cent reported having procedures in place to comply with current environmental laws. Speakers analysing developments in the Brazilian pulp industry and bioprospecting in Costa Rica revealed how even some of the globally publicized “success stories” of corporate environmental responsibility were either fundamentally flawed or had had their merits blown out of proportion.

Strategy and Tactics

How should actors and organizations concerned with environmental protection engage the business community to promote corporate environmental responsibility? What types of relations between business and NGOs or government are most conducive to reform, and what sorts of pressures need to be exerted on the business community?

Various participants stressed the importance of working constructively and pragmatically with business. Several who worked in or closely with business and business associations highlighted the need for practical recommendations and solutions, as well as dialogue and consensus. Firms were limited in what they could take on at any one time in terms of environmental and social responsibility. While there was much good will among corporate executives, many remained unconvinced of the need for major change and lacked the necessary know-how to improve environmental management systems in a cost-effective way. Accordingly, feasible priorities and targets needed to be set and practical information and training were also essential. In many situations it made sense to adopt an incremental approach, focusing initially on more obvious “win-win” solutions where environmental management could also have a positive spin-off effect in terms of profits, company image, product differentiation and market share. In addition, corporate executives needed more positive feedback on what they were doing right, as opposed to constant criticism.

Several participants argued, however, that corporate environmental and social responsibility must ultimately derive from a political process. Whether governments and corporations acted to promote sustainable development was not simply a technical issue of know-how, resource availability, “win-win” situations or even greater environmental awareness on the part of key decision makers. All of the above might contribute to generating the political will needed for reform, but political will also stemmed from a social process involving power struggles between different actors and stakeholders. Viewed in this context, what was essential for promoting corporate responsibility for sustainable development was the capacity of environmental and human rights organizations, as well as international NGO networks, to organize and mobilize; the emergence and strengthening of “consumer power”; and the role of certain national and multilateral institutions calling for stricter environmental standards.

Policies and Partnerships

Much of the workshop discussion focused on the types of policies and partnerships that were promoting or might facilitate greater corporate environmental responsibility. It was apparent that corporate executives, policy makers, NGO activists and the research community were engaged in a vibrant learning experience regarding appropriate policy instruments and ways of building consensus on the need for greater corporate environmental responsibility. The 1990s had produced an exciting climate of innovation in terms of international and national policy initiatives, business “self-regulation” and multi-stakeholder partnerships and alliances.

Examined in some detail was the role of recent policy and partnership initiatives involving “co-regulation” or “negotiated agreements”, seen by some as potentially far more constructive

than attempts by governments to police the business community or companies to regulate themselves. These agreements, based on consensus and shared responsibility, were essentially of two types. The first involved voluntary agreements between government and business associations to promote, for example, corporate codes of conduct, eco-labelling, and environmental auditing and reporting. The second involved “civil compliance” or partnerships between business and NGOs where the latter, *inter alia*, certified products, audited companies and monitored corporate activities, and, through various forms of pressure, including “consumer power”, influenced corporate policy and behaviour.

Yet the discussions also revealed the limitations of negotiated agreements, particularly in developing countries where, for example, consumer power might be relatively weak, state regulatory authorities might lack both independence and human and financial resources, business might not be obliged to disclose basic information, NGOs might be relatively few in number or lack the capacity to monitor corporate activities, and restrictions on press freedom might inhibit the media from playing a watch-dog role. It was also pointed out that the civil compliance model often involved “professional” NGOs but excluded grassroots and community organizations. Furthermore, it did little, if anything, to question the fundamentals of unsustainable development related to specific patterns of economic growth and consumption as well as inequalitarian structures of power and income distribution.

In view of these and other concerns, several speakers emphasized the ongoing and prominent role that international and governmental regulation and policy instruments should play in promoting corporate environmental responsibility: setting minimum industry-wide standards, providing incentives and support services for improving environmental management systems, ensuring public disclosure and freedom of information, and, through fiscal reforms, reducing or eliminating certain types of subsidies associated with environmental degradation. The issue of environmental taxes generated considerable debate. While many participants argued that taxes were necessary to “internalize” environmental costs and reduce the use of non-renewable resources through proper valuation, participants were also reminded of the political limits to, for example, raising energy prices.

Some participants argued for even stronger measures to reverse what they saw as the current course of unsustainable development. In the area of fiscal reform, for example, the point was made that if business corporations were to contribute in a meaningful way to sustainable development, what was required were not only environmental taxes but also fiscal reforms that discouraged the practice of replacing labour with subsidized capital. Calls were also heard for protectionist measures that would target the markets of firms that consistently degraded both the environment and people’s livelihoods.

While the discussions often emphasized the poor performance of many governments in establishing appropriate policy frameworks and enforcing basic environmental laws, the point was also made that, whether enforced or not, government regulations could have a powerful

symbolic value in that the mere presence or threat of regulations acted as a trigger to corporate environmental responsibility.

Future Research and Policy Dialogue

During the final day, participants reviewed various research initiatives under way in the field of corporate environmental and social responsibility and discussed a proposal presented by UNRISD and UNA for future research on the social, political and institutional aspects of corporate environmentalism in developing countries. Participants agreed that much work needed to be done on these issues, and thought that meetings such as this one, which had brought together a diverse range of actors and stakeholders from both North and South, in a debate on the potential and limits of corporate responsibility for sustainable development, were timely and necessary, and should, if possible, be replicated in other regions of the world.

RESUMEN DE LOS DEBATES

Introducción

El primer día del seminario, los ponentes que provenían de escuelas de negocios de Dinamarca, Suecia, el Reino Unido y los Estados Unidos, junto con el consejero sobre medio ambiente de una compañía sudafricana de productos químicos, presentaron sus puntos de vista sobre los avances logrados en el “enverdecimiento de los negocios” en los países en desarrollo. Expresaron también su opinión en cuanto a instrumentos de política junto con los contextos de orden político y las asociaciones de diversos actores que les permiten a las grandes empresas adoptar un sentido de responsabilidad social y ambiental. En el transcurso del segundo día, los investigadores junto con activistas de las ONGs de los países en desarrollo evaluaron la responsabilidad empresarial en torno al medio ambiente y lo social, tal como se le advierte en la realidad, en Brasil, en América Central, en Chile, Malasia y México, dando atención especial a Costa Rica. El tercer día se dedicó a discutir posibilidades de investigación y de colaboración en el futuro. La reunión generó un debate animado sobre la aportación de las grandes empresas al desarrollo sostenible, y sobre las condiciones y medidas necesarias para promover la responsabilidad empresarial en relación con el medio ambiente en países en desarrollo. Una gran parte del debate se concentró en los temas y cuestiones siguientes:

Tendencias y perspectivas

¿Ha habido un viraje significativo por parte de los empresarios, que implique abandonar aquello de “más de lo mismo”, y que les permita aceptar su responsabilidad sobre el medio ambiente? ¿Qué tan acertados son los reclamos que hacen muchas de las grandes empresas en el sentido de que ellas están promoviendo activamente el desarrollo sostenible?

Al tomar en consideración ese tipo de preguntas, muchos de los participantes señalaron que en el decenio de los 90 se ha advertido una acumulación de iniciativas por parte de las grandes empresas para mejorar su actuación en torno al medio ambiente. Algunos de ellos advirtieron que hay señales de una nueva ética empresarial en formación, en la cual el medio ambiente ya no es considerado como una cuestión ajena, sino que cae dentro del ámbito de responsabilidad de las empresas. Por lo que se refiere al manejo ambiental en los países en desarrollo, no obstante que, por lo general, las grandes firmas se hallan muy atrasadas en comparación con sus contrapartes en los países más prósperos, es evidente que se están aplicando con mayor frecuencia normas más estrictas de protección al medio ambiente, “tecnologías limpias” y que se utilizan diversas técnicas para reducir desechos. Por ejemplo, los participantes de Costa Rica destacaron los logros que se han obtenido en el área de “explotación maderera sostenible” con el procedimiento de certificación (que implica hacer una evaluación independiente sobre el hecho de que se cumplan o no determinadas normas reconocidas a nivel internacional sobre

prácticas de manejo forestal); y uno de los ponentes, procedente de Chile, dio a conocer las mejoras significativas que han habido en el comportamiento de varias de las grandes compañías mineras de propiedad extranjera, en lo que se refiere al medio ambiente.

Algunos de los ponentes argumentaron que varios de los procesos relacionados con la “globalización” estaban generando un contexto favorable al medioambientalismo empresarial. Subrayaron, por ejemplo, que muchas compañías transnacionales estaban tratando de lograr una mayor uniformidad tecnológica a través de sus estructuras y, como resultado de ello, estaban utilizando tecnologías más limpias no solamente en las economías industrializadas más prósperas, sino que también en los países en desarrollo. Además, debido a que la competencia ha hecho que cada vez sea más difícil para las compañías diferenciar sus productos sobre la base de precio y calidad, algunas de ellas estaban tratando de lograr ventajas competitivas asociando sus productos con otros rasgos relacionados con la responsabilidad social y ambiental. Más aún, para las empresas, estaba siendo cada vez más difícil ocultar sus actividades destructoras del medio ambiente de la vista del público, especialmente en un contexto mundial de creciente concientización ambiental y de aceptación de determinadas normas básicas, así como de los avances en las comunicaciones, las redes de ONGs y la vigilancia a nivel internacional. Las ponencias que se referían a Chile, Malasia, América Central y a Costa Rica, permitieron advertir la forma en que algunas empresas con vínculos más fuertes con la economía internacional (por ejemplo, las que producen para el mercado de exportación o que tienen una empresa matriz establecida en un país industrializado del Norte), a menudo han progresado más que otras empresas en la adopción de ciertas normas y procedimientos en pro del medio ambiente. Algunos de los participantes advirtieron también que, por lo general, las compañías más grandes y no las más pequeñas se hallaban en una posición mejor para soportar los costos de mejoramiento de los sistemas de manejo ambiental, aplicando medidas tales como tecnologías limpias, capacitación del personal y certificaciones o auditorías independientes de las empresas.

Sin embargo, los debates mostraron el riesgo que implica generalizar sobre el comportamiento y las tendencias de las empresas. En contraste con el escenario anterior, de avance incipiente, se describió también un mundo corporativo en el que sólo se hacen ofrecimientos de mejoras superficiales a un sistema económico que continúa deteriorando gravemente el medio ambiente, a la vez que se sigue sosteniendo la retórica de una supuesta protección a la naturaleza como una forma de esquivar la crítica y ensalzar la imagen empresarial. Varios de los ponentes consideraron que las corporaciones que están a la cabeza en cuanto al manejo empresarial del medio ambiente a menudo proclaman que están promoviendo el desarrollo sostenible, cuando en realidad sólo están concentrándose en los cambios a sus sistemas de utilización de los recursos naturales. Descartan así otros aspectos claves relacionados, por ejemplo, con las condiciones internas de empleo, con la introducción de tecnología que desplaza a la mano de obra, con los tipos de productos “desechables” que dichas empresas producen, o con la inmensa magnitud de sus operaciones.

En las ponencias que se referían principalmente a los casos de Malasia, México y América Central, se subrayó la calificación bastante deprimente que tienen las empresas en el campo del manejo del medio ambiente, así como la brecha tan amplia que a menudo separa la retórica empresarial de su comportamiento efectivo. Uno de los participantes presentó los resultados preliminares de una encuesta con 500 de las empresas más importantes de América Central. En Costa Rica (país que se supone tiene el mejor comportamiento empresarial en cuanto a responsabilidad ambiental en la región), sólo el 33 por ciento de las empresas encuestadas tenían una política sobre medio ambiente registrada por escrito, en tanto que el 40 por ciento informaron tener procedimientos explícitos para cumplir con las leyes actuales de protección al medio ambiente. Los ponentes que analizaron lo que se ha hecho en la industria brasileña productora de pulpa y en el campo de la bioprospección en Costa Rica mostraron como aún algunas de las “historias de éxito” con mayor propaganda mundial en cuanto a la responsabilidad empresarial sobre el medio ambiente, en esencia, habían tenido numerosos defectos o se habían exagerado mucho sus méritos.

Estrategia y tácticas

¿En qué forma los actores y las organizaciones interesadas en proteger el medio ambiente deberían comprometer a la comunidad empresarial para que se promueva la responsabilidad ambiental de las empresas? ¿Qué tipo de relaciones entre las compañías y las ONGs o el gobierno son las que mejor conducen hacia determinadas reformas, y qué clase de presiones se requiere ejercer sobre la comunidad empresarial?

Varios de los participantes enfatizaron la importancia que tiene trabajar en forma constructiva y pragmática con la comunidad empresarial. Algunos de ellos, que han trabajado en compañías privadas o en asociaciones de empresarios, o que han colaborado con ellos, destacaron la necesidad de hacer recomendaciones y proponer soluciones de orden práctico, así como la de dialogar y lograr consenso. A pesar de que muchos empresarios desean cada vez más asumir un mayor grado de responsabilidad ambiental y social, las corporaciones están permanentemente restringidas en cuanto a lo que pueden hacer al respecto, y a menudo carecen del conocimiento adecuado para mejorar sus sistemas de manejo ambiental sin elevar sus costos excesivamente. Se requiere establecer metas y prioridades que sean viables, así como aportar información práctica y capacitación adecuada. En muchos casos, se recomienda adoptar un enfoque en el que se abarquen gradualmente más elementos, concentrándose al principio en soluciones en las que “todos ganen” y en las que el manejo ambiental pueda tener también un efecto positivo en términos de ganancias, imagen empresarial o del producto y de participación en el reparto del mercado. Además, los ejecutivos empresariales necesitan que se les reconozca lo que estén haciendo bien y no que se les critique solamente.

Varios ponentes coincidieron en que, en última instancia, la responsabilidad empresarial debe derivarse de un proceso político. El hecho de que gobiernos y empresas actúen para promover el desarrollo sostenible no es un asunto simplemente técnico, de conocimientos adecuados, de disponibilidad de recursos ni de situaciones en las que “todos ganen”, o de una mayor

conciencia sobre el medio ambiente por parte de quienes toman decisiones. Todo lo anterior puede contribuir a generar el ambiente político necesario para hacer reformas, pero la voluntad política es en esencia el resultado de un proceso social que involucra conflictos de poder entre diferentes actores e instituciones. En consecuencia, promover el “poder del consumidor”, fortalecer las instituciones nacionales y multilaterales para que establezcan normas y las hagan cumplir, así como movilizar las redes de ONGs relacionadas con medio ambiente y derechos humanos, son acciones esenciales para promover la responsabilidad empresarial en pro del desarrollo sostenible.

Políticas, asociaciones y alianzas

Una gran parte de las discusiones en el seminario de trabajo se concentraron en los tipos de políticas y de asociaciones de múltiples actores que permitieran promover un mayor sentido de responsabilidad empresarial en torno al medio ambiente, o que pudieran facilitararlo. Aparentemente, muchos de los ejecutivos de las grandes empresas, junto con los funcionarios públicos, los promotores procedentes de las ONGs y la comunidad de investigadores estuvieron involucrados en una animada experiencia de aprendizaje por lo que se refiere a instrumentos adecuados de política y a formas de lograr consenso sobre la necesidad de que haya un mayor sentido de responsabilidad empresarial en torno al medio ambiente. En el decenio de los 90 se generó una atmósfera esperanzadora de innovaciones relacionadas con iniciativas de política, internacionales y nacionales, de “autorregulación” de las empresas, y de asociaciones entre compañías y otros actores.

Se examinó en forma bastante detallada el papel de la llamada “corregulación o regulación conjunta” o “acuerdos negociados”, que fueron vistos por algunos como potencialmente más constructivos que los intentos de los gobiernos para controlar a la comunidad empresarial o los esfuerzos de las compañías para regularse a sí mismas. Dichos acuerdos, que se sustentan en el consenso y en la responsabilidad compartida, son esencialmente de dos tipos: Uno, los que involucran convenios voluntarios entre gobierno y asociaciones empresariales para promover medidas tales como códigos de conducta para las empresas, etiquetación ecológica, auditorías e informes ambientales. Dos, los acuerdos en los que se promueve una relación más estrecha de las empresas con la sociedad civil, en la cual las ONGs, ínter-alia, llevan a cabo auditorías a la vez que certifican productos, vigilan las actividades empresariales y mediante varias formas de presión, incluido el “poder de los consumidores”, tratan de influir en la política y la conducta empresarial.

Pero las discusiones también revelaron las limitaciones de los acuerdos negociados, especialmente en los países en desarrollo donde con frecuencia el poder de los consumidores es relativamente débil, las autoridades estatales reguladoras carecen a menudo de independencia así como de recursos humanos y financieros, a las compañías no se les obliga a divulgar información básica, las ONGs son escasas o no tienen la capacidad para vigilar las actividades de las empresas, y las restricciones a la libertad de prensa pueden inhibir el papel de los medios de comunicación como vigilantes. Se destacó también que el modelo que

implica responder ante la sociedad civil, frecuentemente involucra a ONGs “profesionales” pero excluye a las organizaciones comunitarias de base. Más aún, se hizo poco, por no decir nada, para cuestionar los fundamentos del desarrollo insostenible que tienen que ver con ciertas pautas de crecimiento económico y de consumo, así como con las estructuras desiguales de poder y de distribución del ingreso.

A la luz de estas y otras preocupaciones, varios participantes enfatizaron la importancia que deberían tener tanto la reglamentación como las políticas gubernamentales y de la comunidad internacional en la promoción del sentido de responsabilidad empresarial sobre medio ambiente. Para ello se requiere, entre otras cosas, establecer normas mínimas que se apliquen por rama industrial; proporcionar incentivos y servicios de apoyo para mejorar los sistemas de manejo ambiental; asegurar el libre acceso del público a la información; y mediante la reforma fiscal reducir o eliminar determinados subsidios que favorecen el deterioro ecológico. El asunto de los impuestos en pro del medio ambiente generó un largo debate. En tanto que muchos de los participantes consideraban que los impuestos eran necesarios para “interiorizar” los costos de la protección al medio ambiente y reducir el consumo de recursos no renovables mediante una evaluación adecuada, también se les recordó a los participantes las limitaciones de orden político que tienen, por ejemplo, las alzas de precios de la energía.

Algunos de los participantes argumentaron en favor de medidas aún más drásticas a fin de revertir lo que veían como el curso actual del desarrollo insostenible. En el área de reforma fiscal, por ejemplo, se advirtió que si las empresas fueran a contribuir en forma significativa al desarrollo sostenible, lo que se requeriría no eran solamente impuestos en pro del medio ambiente, sino también reformas fiscales que desalentasen la costumbre de remplazar mano de obra por capital subsidiado. Hubo también un llamado en pro de medidas proteccionistas que se dirigieran hacia las empresas que deterioran con suma frecuencia tanto el medio ambiente como los medios de vida de los pueblos.

No obstante que en las discusiones a menudo se daba énfasis al comportamiento deficiente de muchos gobiernos para establecer políticas adecuadas y para aplicar leyes básicas de protección al medio ambiente, se advirtió también que, ya fuera que se apliquen o no, los reglamentos gubernamentales pueden tener un valor simbólico poderoso, en el sentido de que su sola existencia o la amenaza de aplicarlos pueda servir para despertar el sentido de responsabilidad empresarial en relación con el medio ambiente.

Investigación futura y diálogo sobre políticas

El último día, los participantes revisaron diversas iniciativas de investigación que están en marcha en torno al sentido de responsabilidad empresarial sobre lo social y sobre el medio ambiente; y se sometió a discusión una propuesta de UNRISD y la Universidad Nacional (Costa Rica) para realizar futuras investigaciones sobre los aspectos sociales, políticos e institucionales del medio ambientalismo de las empresas en países en desarrollo. Los participantes estuvieron de acuerdo en que todavía se requiere investigar mucho esos temas; y se pensó que reuniones como esta, en la que se juntaron diversos tipos de actores, tanto de países del Norte como del Sur, en un debate sobre la potencialidad y los límites de la responsabilidad empresarial en pro del desarrollo sostenible, eran oportunas y necesarias, y, de ser posible, deberían repetirse en otras regiones del mundo.

WELCOMING ADDRESSES

Peter Utting, Project Co-ordinator, UNRISD

On behalf of the United Nations Research Institute for Social Development, it gives me great pleasure to welcome you to this workshop. When preparations began earlier this year, we were uncertain as to what the response would be. Quite frankly, I have been surprised by the amount of interest expressed by people from many countries and institutions. Clearly the topic of business responsibility for environmental protection is one of growing global concern. I think it is useful to reflect for a moment on why this is so.

This theme brings together two of the greatest concerns of our times. The first, of course, has to do with how we deal with the serious problems of environmental degradation that affect our cities, rural areas, forests and the global commons – problems that have been caused to a considerable extent by traditional business practices which failed to attach much importance to the environment. The second relates to globalization and its effects on our societies, economies and cultures. Globalization is producing profound changes not only in production, marketing, consumption and financial systems, but also in terms of the roles and responsibilities of different institutions for dealing with problems of human and sustainable development.

In a report entitled **States of Disarray**, which was prepared for the World Summit for Social Development in 1995, UNRISD examined some of the social and institutional effects of globalization. What we seem to be witnessing at the end of the twentieth century is a fairly profound transformation or shake-up in institutional responsibilities for social development and environmental protection. In this shake-up certain institutions associated with national governments and local communities, which historically assumed at least some degree of responsibility for dealing with problems of poverty and vulnerability, have seen their capacities diminished. Meanwhile, others — particularly at the international level, including transnational corporations and global finance agencies — have seen their freedom of action increase and have become far more influential in determining the pace and style of development. The report ended with the argument that if globalization means that international forces and institutions are becoming more powerful, then we should expect them also to assume greater responsibility for dealing with problems of sustainable development.

In the light of these observations, I would suggest that the level of interest in the issue of corporate responsibility has to do not only with contemporary concerns for the environment and recognition of the fact that business has played its part in generating serious national and global environmental problems. It stems also from (i) a practical concern that if the capacity of governments to assume direct responsibility for environmental protection and corporate regulation is diminishing, then we should expect corporations to assume a greater role; and (ii)

an ethical concern that if business is being granted increased freedom through economic liberalization and deregulation, then with that freedom must come increased responsibility.

There seems to be growing recognition from within the international business community that corporations must assume greater environmental responsibilities. And there are some signs that a new corporate culture may be emerging — one in which the concerns of senior management extend beyond the shareholder or company employee to multiple stakeholders, including consumers, communities where inputs are sourced or goods are produced, and even future generations.

But much of the attention so far has focused on corporate activities in the richer industrialized nations as opposed to developing countries, and on changes in corporate environmental policy as opposed to actual performance — what is said rather than what is done. Not surprisingly, there is considerable scepticism. Many say that the “greening of business” is essentially a corporate public relations exercise; that it involves minor adjustments to a system that continues to produce massive waste, pollution and inequality.

In this workshop we will be debating these issues. We want to focus, in particular, on what progress has been made in the greening of business in developing countries, and the policy and political contexts that promote corporate environmental and social responsibility. To do so we have brought together a group of people from diverse professional and institutional backgrounds, and with very different points of view on these issues. The participants include researchers, business or business association representatives, NGO activists, environmental journalists, policy makers and international agency officials. This broad mix of participants is fairly typical of UNRISD meetings. Our research programmes — in such areas as the social effects of structural adjustment programmes, the causes of ethnic conflict, the illicit narcotics drugs trade, land reform, and the social effects of environmental protection projects — typically involve somewhat contentious issues, on which there are many, often conflicting, approaches in terms of analysis and policy recommendations.

It is important to stimulate international debate on these issues. For some time I have been concerned by the way information, analysis and policy recommendations on issues of corporate environmental responsibility are presented and disseminated. To put it crudely, it sometimes seems as if there is one group that believes that business is well on the way to putting its environmental house in order; and another that believes corporate responsibility is essentially a public relations exercise. There are relatively few fora where these very different perspectives can come together and engage in a meaningful dialogue and debate.

Furthermore, we see certain international organizations often attempting to impose fairly standardized policy recommendations and technical prescriptions regarding “best practices”. But where is the analysis of alternative policy options, or recognition of the fact that what seems to work in one country or area may not be transferable or replicable in another context where very different cultural or institutional conditions may be present?

At a recent United Nations meeting dealing with the issue of United Nations reform, the then President of the General Assembly, Mr. Razali Ismail, pointed out that development today is being increasingly defined by just a few powerful institutions that include the G-7/G-8, global corporations and banks, and that the role of the UN must be to raise the level of debate on development issues and facilitate the participation of other countries and actors in relevant discussions and decision-making processes. Policy makers need to consider a broader range of alternatives than is usually the case today.

It is, then, very much in this spirit — of contributing to an international debate on these issues and considering different perspectives and visions — that we have organized this workshop. A concrete output from this event will be two books — one in English, one in Spanish — which will contain a selection of the papers prepared for this meeting. We have asked the authors to be prepared to revise their draft papers, taking into account your comments. But the workshop also has another purpose. We hope it will be the launching pad for a longer term programme of research, debate and dialogue on what large corporations are doing to improve environmental management and contribute more effectively to the pursuit of sustainable development in developing countries. Over the coming months we will attempt to mobilize sufficient funding for this programme and thereby continue what has been a very productive partnership with the Universidad Nacional.

Before closing, let me take this opportunity to thank all the participants formally for having interrupted their very busy schedules to join us here. We hope that this contact and exchange will not end with this event but will continue in the future. Let me also thank the Swiss Agency for Development and Cooperation for having provided the grant that made this workshop possible, as well as the Danish Ministry of Foreign Affairs and the United Nations Development Programme in Costa Rica for their support. Above all, my sincerest thanks to the Universidad Nacional, and in particular, Antonieta Camacho, Olman Segura Bonilla and their colleagues for the tremendous effort they have put into organizing this event. I trust that you will all benefit from the discussions of the next three days.

Jorge Mora, Rector, Universidad Nacional

The workshop that we are opening this morning is a clear expression of the important role of institutions of higher education in the promotion of sustainable development in Southern and Northern countries. It is also an expression of the importance of knowledge networks and exchanges between the research and academic centres in the industrialized and developing countries.

Environmental pollution has global, continental, national and local dimensions. Actions to promote environmental protection must be undertaken at all of these levels, considering the specific characteristics of the problems and solutions in each particular space. According to the 1997 **Human Development Report** of the United Nations Development Programme, a relatively small group of industrialized countries accounted for 50 per cent of greenhouse gas emissions. In the Southern countries, growth of urban areas, increasing poverty and weak regulations on industrial activities contributed significantly to air pollution. International co-operation is thus important to overcome what is clearly a global problem.

In the case of the developing societies, it is absolutely necessary to strengthen research and the dissemination of information to diverse social actors to increase their awareness of the magnitude and nature of environmental problems. Closer relations between universities and the productive sectors facilitate the creation of knowledge, its application to productive processes and the utilization of the competitive advantages of clean production in both international and local markets. Knowledge and information are also necessary for the establishment of regulations to address the causes of environmental problems. The participation of both corporations and communities in the analysis of problems and in the design of environmental protection strategies is the best way to attain common goals.

The role of the universities in generating knowledge, information and solutions is important. I want to present briefly three examples related to the work of the Universidad Nacional which illustrate the type of role that universities can play in facilitating the participation of different stakeholders in the search for solutions. The first involves a project implemented by the Chemistry School in the canton of Belén, province of Heredia, where several large industries are located. The local government there, concerned with pollution associated with industrial waste, is encouraging environmental education. By means of an agreement signed with the local government, the Universidad Nacional is working with 30 industries to implement a project which analyses the pollution impact of industrial waste, outlines models for the treatment of waste and the introduction of clean technologies in the companies' productive processes. Belén's public schools also participate in this effort to promote environmental protection. Environmental education, involving both theory and practice, has involved the children of the community in several activities related to the management of solid waste.

The second example involves the activities of the Chemistry Atmospheric Laboratory and Air Pollution Laboratory that form part of the University's Chemistry and Environmental Schools

respectively. Both labs work with a number of companies and national institutions in research activities, the adoption of regulations and the introduction of clean technologies in industrial production. The success of these laboratories in their work with companies is the result of rigorous applied research and collaboration.

The third example refers to the activities of the International Center of Economic Policy for Sustainable Development (CINPE), which has co-organized this workshop, together with CAMBIOS. The international co-operation promoted by CINPE, and the organization of conferences, workshops and courses with the participation of community representatives and company managers or representatives, are a good way to disseminate information on environmental protection and to reveal the advantages of sustainable development strategies and the application of clean technologies. This stimulates the development of an environmental culture and encourages business responsibility for environmental protection.

The most important lesson learned from these successful projects is that we need to go outside the campus to involve communities, companies and public institutions in environmental research and extension projects, and together with them construct a societal response to environmental protection. Knowledge and information are the most important bases for the definition of policies, adopting appropriate regulations and raising awareness about the responsibility of all social actors for promoting a healthy environment and better quality of life for the populations of developing countries.

The experiences show, too, that it is absolutely necessary to define a global political framework based on the consensus of diverse social actors. The Universidad Nacional was mandated by the National Congress to co-ordinate a commission to formulate a draft biodiversity law. Research centres, companies, social organizations, NGOs and community representatives are participating in this work. The commission members express their different interests and points of view, but they have agreed on the importance of legislation in this field and they are going to elaborate a consensus proposal for the protection and sustainable use of biodiversity.

I am sure that the joint effort of UNRISD and the Universidad Nacional to open this space for analysis and discussion of business responsibility for environmental protection will also contribute to the definition of concrete strategies for solving environmental problems in developing countries. Welcome to our University and welcome to Costa Rica. I hope you enjoy the workshop and — why not — the tropical weather that El Niño is bringing these days. Thank you for having accepted our invitation to participate in this important activity.

PAPER ABSTRACTS AND SUMMARIES

Corporate Environmentalism: From Rhetoric to Results

Margaret Flaherty and Ann Rappaport*

Globalization is here to stay, and with it, the speed and efficiency with which ideas, products and services travel around the world is changing the way companies do business. How will the environment fare in this new scenario? What environmental strategies should companies implement so that they can ensure sustainability in the market? How are developing country businesses going to meet these emerging competitive pressures?

In this paper, the authors address these questions and begin to illustrate that as trade continues to liberalize, this flow of goods, services and capital renders traditional geopolitical borders increasingly irrelevant, and traditional approaches to managing the environment obsolete. What used to be viewed as home/host, developed/developing or industrialized/industrializing country environmental issues have decreasing relevance in a global economy. Corporate environmentalism has taken on new meaning both in operational and philosophical terms. The scope is broader, the rigor greater and the drivers more diverse. Doing a good job on the environment and crafting strategies to address sustainable development no longer represent unproductive costs but, increasingly, opportunities whose benefits may be vital and necessary for the survival of companies.

As this paper goes through the progress made by companies over the past few years in coming to grips with their environmental responsibilities and the implications for developing country operations, some important themes and trends emerge, all of which point towards companies using sustainability strategies as a way to distinguish themselves in the market and gain competitive advantage.

In this paper, the authors review and assess how companies have addressed and continue to tackle the significant challenges posed by investing, operating and developing business opportunities in a sustainable manner. They also seek to show that as leading companies strive to make sustainable development operational, the issues of environment, economics and social responsibility become increasingly indistinguishable.

They argue that business has come a long way in dealing with the environment. There is increased understanding that addressing environmental issues is not simply a matter of complying with government mandates; it is also a significant stakeholder concern. One important driver of company action is the recognition that the rewards for good environmental

* The views expressed in this paper are those of the authors and not necessarily those of any institution or organization.

performance go beyond simple compliance with environmental laws and regulations; they include product cost savings, customer satisfaction and leveraging these to secure competitive advantage.

There exists within companies the opportunity to specialize environment programmes for developing country sites and to tailor priorities to reflect local interests, but this remains a largely under-exploited resource. Having said that, it is important to recognize that there is a great deal of pressure on companies to develop and implement consistent global environmental management programmes, such as EMAS, ISO 14001 and their equivalents. Establishing a consistent management framework while, at the same time, encouraging local programme variations will be challenging and will require thoughtful input from a variety of stakeholders.

Businesses recognize that the effort to integrate environmental issues into the full range of their decisions remains incomplete. Companies are finding it very challenging to look ahead continually and anticipate the next set of government policies relating to the environment, particularly as the implications are increasingly profound. At the same time that companies are being asked to consider the environment in the full range of their decisions, they are challenging themselves constantly to respond to new market opportunities and to re-conceptualize their core businesses. Shifts in some leadership companies from manufacturing traditional products to a greater service orientation have important implications for the environment in developing countries.

While companies are undergoing transformations, government policy makers are seeking ways to increase the effectiveness of their efforts. Approaches that capture corporate self-interest may result in significant improvements to the environment at relatively modest societal costs. As part of this approach, however, policy makers will have to develop a more complete understanding of what drives corporate environmental responsibility.

Companies' response to environmental issues is a topic that has received insufficient attention from policy makers, academics and non-governmental organizations. A better understanding of the drivers of corporate environmental responsibility would improve the scope for designing policies that are more effective and less contentious than those currently in place. While it would be naive and inaccurate to suggest that all companies are taking seriously their responsibility toward the environment, there are an increasing number of pathways by which company practice is revealed to the public and subjected to scrutiny. This increasing transparency represents an enormous opportunity for developing countries to shape company decisions in directions that favour sustainable development.

Business Responsibility for Environmental Protection: Corporate Environmental Management and Competitive Strategy in Developing Countries

Richard Welford

Damage to the environment of the planet over the last few decades has reached the point of causing untold suffering for human beings and other species. Just as business has to accept a large share of the responsibility for this devastation, it must also play a central role in reversing it. To date most businesses which have begun to respond to environmental issues have done so in quite marginal ways. Periodic environmental audits will not protect an indigenous population; green marketing will not replace slashed rainforests; and printing glossy environmental reports on recycled paper will not rehabilitate thousands of square miles of dangerously contaminated land. This paper considers the potential and limits of contemporary approaches to corporate environmental management (CEM) with specific reference to the developing country context. It argues that while there are many opportunities for improving environmental protection, there are many barriers preventing business strategies which would be consistent with sustainable development.

Large corporations must be persuaded, cajoled or even forced to change. Few of them have recognized the crisis and are committed to change. The reality is that corporations duck and dive, invest in smoke screens, hide behind science and technology, espouse gradualist solutions and attempt to derive maximum publicity from piecemeal changes in environmental management systems. The paper reveals how dominant approaches to CEM enshrined in what might be called “eco-modernism” or “eco-efficiency” are not promoting the types of reforms in business strategy that would be consistent with sustainable development. In fact, to the extent that eco-modernism simply adds an environmental dimension to the mainstream development path and reinforces the growth paradigm, it represents another variant of “business as usual”. As business comes to control both the environmental agenda and the greening of development through technology transfer via private capital, more radical visions of social and environmental change are being diluted or silenced. Business has consistently ignored the root causes of the environmental crisis, which have to do with consumption patterns, materialism and growth.

Large corporations often claim to be contributing to sustainable development, but they place little emphasis on crucial social and ethical dimensions inherent in the concept. While firms increasingly acknowledge the need for a stakeholder approach, and include it in their environmental planning, many consistently fail to address the negative social impacts of their activities, pay only lip-service to improving their internal employment conditions, and lack openness and transparency in decision-making processes and the disclosure of information.

If companies are serious about putting in place sustainable production systems and procedures for social and environmental accountability, they must embark on comprehensive reform. One key aspect of this process involves the development of sustainable production systems that make fewer “throw-away” goods, produce more products of quality that last longer and create less waste, promote reuse and recycling, and increase levels of employment. Another is the development of a broad-based strategy that addresses not only environmental and economic concerns but also social, political and ethical dimensions of sustainable development. Businesses should have a clear policy in six areas, which can be called the six “Es”: environment, empowerment, economics, ethics, equity and education. Then firms must operationalize their policies by using specific tools, report on progress and demonstrate continuous improvement.

Clearly, maintaining or gaining competitive advantage is key to the success of business and needs to be part of a corporate strategy for sustainable development. Although it is sometimes assumed that strategies and tools associated with environmental protection and sustainable development will be costly and may reduce competitiveness, there is evidence that environmental management can add to competitive advantage in the new framework for competition that is emerging with globalization. Such a framework is imposing a need for a strategic reorientation of companies — with firms having to reduce costs by using fewer inputs, and to produce and market environmentally friendly goods and services in order to differentiate their products from those of their competitors.

Progress towards corporate environmental and social responsibility can be greatly accelerated through governmental and civil society actions that create an appropriate policy framework. The paper ends by identifying a number of policy initiatives and instruments that need to be considered more seriously. Particularly important in this regard is the introduction of environmental taxes and other fiscal reforms which would reduce the use of non-renewable resources and discourage the practice of replacing labour with capital. Other policies include the development of a framework for social accounting and consumer information to monitor and report on corporate achievements and failures, and protectionist measures that target the markets of unscrupulous companies which consistently degrade the environment and threaten people’s livelihoods.

Promoting Business Responsibility for Environmental Management in Developing Countries: What Role for “Self-Regulatory” and “Co-Regulatory” Policy Instruments?

Jonathon Hanks

In view of the generally poor record of enforcement of environmental standards throughout most developing countries, and the growing trend in OECD countries towards the adoption of more innovative forms of environmental regulation, this paper examines the potential within developing economies for shifting greater responsibility for environmental protection from the public to the corporate sector.

The paper begins by arguing that effective environmental policy-making requires an active participatory approach, as well as the promotion of incentive and information-based strategies, as opposed to traditional command-and-control régimes. After describing the various available policy options in some detail, the paper outlines some of the shortcomings associated with directive-based (command-and-control) regulation, contrasting these with the arguments in favour of self- or co-regulatory policy approaches. The application of innovative policy options within OECD countries is then reviewed, and the possible strengths and weaknesses of such instruments is assessed.

The second part of the paper focuses on the use of negotiated agreements as a specific policy instrument that strongly promotes a participatory approach to environmental policy-making. By examining the development of such agreements within various OECD countries, and questioning the extent to which they have been successful in improving environmental performance, a number of conditions and criteria for their implementation in developing countries are identified.

The third section of the paper outlines some of the difficulties associated with implementing innovative policies in developing countries, but nevertheless suggests that there is merit in pursuing such strategies under certain conditions. Based on a consideration of recent developments in South Africa, the author identifies a number of actual and potential constraints to, and possible strategies for, pursuing innovative policy options. Areas for future research are also identified.

The paper argues that if sustainability is to be achieved, responsibility must be shared between government and business. While recognizing that the necessary political and institutional conditions for the adoption of negotiated environmental agreements may not always be present in many developing countries, the author makes the case that such instruments are an important complementary means of achieving business responsibility for environmental protection in developing countries.

Environmental Regulation of Transnational Corporations: Needs and Prospects

Michael Hansen

With the rapid expansion of international production organized by transnational corporations (TNCs), it is increasingly pertinent to examine the environmental and policy implications of this process. This paper argues that normative measures specifically targeting the environmental aspects of TNC activity in developing countries should be adopted and outlines how such measures could be designed.

Part one provides a historical overview of the debate on environmental regulation of TNCs. It describes how environmental regulation specifically targeting TNCs was intensely debated in various intergovernmental fora during the late 1970s and early 1980s, and how this debate largely subsided with the 1992 Rio Conference. Paradoxically, this happened precisely at a time when TNCs were becoming more important in the international economy. This paradox created an outrage in the NGO community; one that was fuelled by the claims of conservative governments and business groups that business “self-regulation” could provide an alternative to international regulation.

Part two of the paper discusses whether environmental regulations that specifically target TNCs are warranted at all. Various arguments for and against such provisions are presented and the merits of these arguments assessed. On balance, international environmental rules pertaining to TNCs are warranted in order to (i) mitigate the adverse environmental impacts of TNC activity on host economies; (ii) compensate for regulatory failure at the national and international level; and (iii) enhance the positive contribution of TNCs to environmental upgrading and capacity building in developing countries.

Part three discusses how such rules could be designed. Various measures are considered, including unilateral versus multilateral measures, binding versus voluntary measures, and business self-regulation versus action by international organizations. It is argued that the inclusion of minimum environmental standards in a forthcoming multilateral agreement on investment would be an appropriate way to promote corporate environmental responsibility. The author suggests, however, that the pursuit of best environmental technology and management practice should be left to business self-regulation, and to voluntary and incentive-based government initiatives.

The paper concludes with the observation that there are few signs that the international community is coming to grips with the issue of international environmental standards. It also notes that failure to act in this area could well undermine the confidence of consumers and communities in TNCs, and may expose such corporations to arbitrary decisions by governments reacting to hostile domestic opinion.

The Politics of Corporate Environmentalism: Civil, Legal or Self-Compliance for Sustainable Development?

David F. Murphy and Jem Bendell

This paper investigates the importance of business relations with civil society — NGOs, social movements, activist and community groups — in promoting greater business responsibility for environmental protection and sustainable development in developing countries. The authors describe a variety of relationships between business and civil society, from direct action protest and confrontation to dialogue and partnership. They explore the potential of emerging models of non-regulatory, civil compliance to promote responsible business practice and sustainable development. In order to examine these issues, the authors present three case studies from the timber trade, the sporting goods industry, and the petroleum and chemical industries. The first case study identifies NGO protests in Europe against the timber trade in the late 1980s and early 1990s as a driving force for subsequent business-NGO partnerships and the creation of a new global forest management standards council. These developments are contrasted with the ongoing role of protest against the forest industry, illustrated by the international campaign of the Tupinikim and Guaraní peoples in Brazil against the pulp and paper company Aracruz Cellulose.

The second case study describes the joint efforts of industry associations, member firms, local manufacturers, United Nations agencies, and development NGOs to elaborate strategies to prevent and eliminate child labour in the production of hand-stitched soccer balls in Pakistan. The role of civil society protest is identified as a major catalyst for this new partnership project and as a necessary conduit for future change. The case concludes with an overview of ongoing protest against sporting goods companies and other industrial sectors concerning their environment, health and safety (EHS) practices in developing countries.

The third case study reviews business-NGO relations in both the petroleum and chemical industries. The case begins with a brief history of NGO protest against these industries in the North. For a Southern perspective, the specific experiences of Shell in Nigeria and Union Carbide in India are noted. In the Shell example, the significant role of protest by NGOs and activist companies such as the Body Shop is emphasized. This protest is identified as a major contributing factor in the adoption by Shell of new policies on sustainable development and human rights. The Union Carbide example demonstrates the limits of voluntary self-regulation and suggests that a range of civil society responses are needed, from public opinion tribunals and dialogue with business to non-violent resistance and, in some cases, violent rebellion.

The case studies illustrate the growing influence in the 1990s of “third wave” environmentalism and the social market activities of development NGOs, in the North, over global and national corporations. The cases also reveal a growing market-orientation of Southern NGOs in the late 1990s. Much of the impetus for this re-positioning of NGOs in both North and South is the perceived decline in the role and capacity of nation states and international laws to regulate business activities. The importance of information technology in facilitating new NGO alliances and market-oriented strategies is also noted. Business is also increasingly using the Internet to disseminate information about corporate social and environmental policies. One of the more significant implications of both new corporate policies and the changing role of NGOs is the emergence of so-called hybrid organizations. Such hybrids usually combine a strong market orientation with a social commitment and high ethical standards. Examples include new global standard-setting bodies, activist companies and not-for-profit monitoring and verification firms. The paper goes on to outline some common themes from the success stories of NGOs and companies working in partnership to promote sustainable development. The paradoxical, yet key, role of protest in generating these partnerships is described. The socio-political context, particularly the protection of civil liberties, appears to be significant in facilitating civil compliance. In the North, NGOs and business are beginning to identify short- to medium-term solutions to environmental conflict involving local communities in the South. Civil compliance is a key mechanism in many such cases. Although it is not seen as a replacement for government or inter-governmental regulation, civil compliance appears to offer greater business accountability to stakeholders than self-regulation. With ongoing dialogue, more sustainable business strategies and regulatory alternatives may be identified and implemented in the longer term. The capacity and desire of Southern NGOs to collaborate with global or national business in similar ways is less clear. There is a need for research and field work to explore the prospects for new or enhanced business-NGO co-operation in the South.

The paper provides a critique of the growing reliance on both self-regulation and civil compliance for sustainable development, drawing upon the deep green, eco-feminist and socialist perspectives. Although preferable to self-regulation, civil compliance cannot and should not become the primary instrument for monitoring business behaviour. The authors suggest two ways in which international policy makers can respond:

- (i) in the short term, there must be support for NGOs, activists and community groups by ensuring their rights to organize and protest, while also supporting progressive and responsible business through appropriate financial incentives;
- (ii) in the long term, a system of “global private regulation” that would employ a non-price index of value (covering ethical, environmental and social concerns) paid for by the market, should be developed internationally and eventually become a “licence to trade”.

In reflecting upon the role of civil compliance and business-NGO partnerships in promoting sustainable development, the authors draw upon theoretical debates concerning development,

progress, sustainability, globalization, governance, markets and power. Questions for further consideration and research are posed throughout the paper.

The Greening of Business in Mexico

David Barkin

In Mexico, the business climate for environmental protection might be characterized as “very permissive”. There is substantial corporate activity in waste collection and processing, resource management, transportation and power generation, but it generally involves “end of the pipe” approaches to reduce waste streams, rather than more thorough-going restructuring. An area that has been virtually neglected until recently is workplace health and safety. The accelerated process of international economic integration and changes in the development model, which emphasize the export of non-traditional products, have led to a redeployment of production from the central valley of Mexico City and surrounding areas to the northern part of the country. Given the lack of adequate infrastructure and absence of any planning process in this region, environmental problems have been aggravated. Moreover, the situation is unlikely to improve in the near term, given the shortage of fiscal revenues in the major cities along the border with the United States, which has resulted from the generous tax incentives used to attract private enterprise.

The new economic strategy has compounded the problem of environmental planning and remediation. The changing composition of industries is evolving towards sectors where more effluents are generated per million dollars of production. In addition, with the manifold increase in transport volume as a result of burgeoning trade within North America, contamination from truck and plane traffic is also rising dramatically, especially in industrial and commercial centres. Similarly, demand for water is growing rapidly and becoming a source of contention, especially in the northern border regions where agriculture and livestock depend on the extensive irrigation systems built during recent decades. Moves to reduce demands with technological innovations are thwarted by the lack of a financing capacity.

However, in a number of areas market-driven demands have led to the incorporation of environmental considerations directly into production. In agriculture and forestry, for example, the opportunities created for organically produced products and wood harvested sustainably have motivated many groups to search for ways to qualify for certification. There is also an incipient movement to create alternative forms of “responsible tourism” that would be more benign to the environment. Many larger firms have implemented processes which grant them recognition as a “clean industry” by the ministry in charge of environmental affairs (SEMARNAP) and to qualify for ISO 14000 status, as part of the private sector’s international self-regulating process. Investments in this area have concentrated on reducing emissions, and on increasing efficiency in the use of raw materials and energy during production, by adopting new eco-efficient technologies, adjusting processes to eliminate waste and increasing recycling

through collection and reprocessing. Such efforts have led to the creation of a number of domestic organizations that are promoting improvements in private sector performance. In general, these have been successful in pre-empting attempts by environmental non-government organizations to increase the intervention of the government regulatory apparatus.

With the creation of the Commission on Environmental Cooperation (CEC) and the Border Environmental Consultative Commission (BECC), products of the environmental side-agreement of the North American Free Trade Agreement (NAFTA), the institutional capacity to deal with environmental problems has increased. In spite of an initial cool reception by the private sector, these initiatives have been successful in stimulating private sector responses, notably in the search for ways to implement technologies that can both be environmentally friendly and cost effective. For example, following the massive killing of migratory birds in central Mexico, the CEC sponsored a study that recommended the introduction of very profitable modifications in the leather tanning industry to reduce contamination through recovery and reuse of spent chemicals. Another project carried out by the recently created "Center for Clean Production" at the National Polytechnic Institute, with assistance from the United Nations Industrial Development Organization, recommended similar modifications in various metal plating industries.

Perhaps the greatest challenge facing both industry and government in Mexico is to develop mechanisms through which the price system will encourage a better use of existing resources and reduce negative environmental and social impacts. The present approach seeks to align domestic prices more closely with international prices for tradable resources and commodities. This is clearly an inadequate solution, given the very different conditions prevailing in Mexico. Furthermore, the dramatic reduction of real wages (more than 50 per cent over the past 20 years) has provoked a deterioration of the quality of life that has had a devastating impact on the environment. Finally, the issue of how to distribute important "common property" resources (water, air, communal lands and forests) and guarantee their quality is a vexing matter that has pitted traditional stakeholders against new corporate claimants on an unequal battleground where the rules of engagement are yet to be determined. Without confronting these problems effectively, both producers and society are condemned to continue their inadequate relationship with their environment.

The corporate community's attempts to participate actively in the debate about environmental responsibility are very significant. At the same time, the growing awareness of the importance of environmental issues among ever widening circles of society has led environmental organizations to become not just more vocal, but also more active in confronting the problems. Some of this activity takes the form of direct challenges, but generally remains at the level of discussion and negotiation. It is clear that a large distance separates corporate concerns for the short-term interests of their businesses and society's concerns about community health and safety. Budgetary limitations and a new predisposition to allow the private sector as great a scope for action as possible have led the government to define its focus more narrowly, leaving

the broader issues of environmental quality to the realm of academic research and political discourse.

The Good, Bad and Ugly: Environmental Performance of Companies in Malaysia

Pang Hin Yue**

Following years of rapid economic growth and modernization, the Malaysian landscape has changed considerably. The changes, however, are not always for the better. This is particularly evident in the field of corporate environmental management. This paper argues not only that there has been little progress in promoting business responsibility for sustainable development, but also that environmental laws are being circumvented in the race to industrialize the country. The paper examines the nature of political conditions within the country that explain, in large part, the poor environmental record of big business in Malaysia.

Under its current leadership, the country has thrived on the two “Ms”: mega projects and massive expenditure. Transnational corporations have played a key role in this process, selling their know-how while national partners secure the political connections and funding. Such partnerships include Ekran, for example, the local company that linked up with the Swiss-Swedish ABB group to build the controversial Bakun hydroelectric dam; more recently, the national oil company, Petronas, entered into a joint venture to set up a petrochemical plant with Union Carbide (responsible for the Bhopal chemical disaster).

“Malaysian Incorporated”, a concept popularized by the government, has thus led to a cosy relationship between business and politics. The two often mix under the guise of “projects-in-the-interest-of-the nation.” Avenues for public participation in decision-making and monitoring processes are still lacking. It is thus not easy to determine the environmental performance of companies in Malaysia. The voice of communities negatively affected by corporate activities and mega projects is rarely heard, as long as the companies concerned have the blessings of the powers that be. The situation is compounded by a fettered press. Although rules and regulations are in place to meet the challenges of the 1990s, much remains to be done in terms of implementation. Political intervention gets in the way. It does not help that the Ministry of International Trade and Industry is constantly at loggerheads with the Environment Ministry. Much of the latter’s work has been negated by the approach of the former to industrialization.

Some companies, however, are trying to be transparent in their operations. A few, including Shell Malaysia, have received ISO 14000 certification related to environmental management standards. Last year, the Malaysian Business Council for Sustainable Development began

** The views expressed in this paper are those of the author and not necessarily those of the organization she works for.

giving “Green Hibiscus Awards” to eco-friendly companies. But so far the response has been poor. Those which have participated tend to be well-established TNCs, such as Motorola and Texas Instruments. On the whole, attempts by companies to show they are going green have not been convincing, with many still considering environmental responsibility a public relations exercise. Perhaps the problem lies with the lack of avenues for members of the public to engage in dialogue with them. The close relation between business and politics has not helped boost public confidence in the intentions of business.

Non-governmental organizations are putting pressure on decision makers. But they are used by government as a scapegoat: they are referred to as the “tools of the Western governments” whenever their agenda is not compatible with that of the government. The paper concludes that Malaysia has a long way to go. It can only be hoped that with economic liberalization, greater democratic space will follow, as will more accountable companies.

Multinational Businesses Do Have a Role to Play in the Sustainable Development of Chile

Guillermo Geisse

This paper examines the different levels of environmental responsibility of multinational and state-owned mining companies in Chile. Since their arrival in Chile at the end of the 1980s, multinational mining companies from countries such as Canada, the United States and Finland have transferred clean technology. This situation does not come as a surprise. There is an extensive literature which refutes claims that differences in environmental standards between countries are a primary cause of the “flight” of companies to developing countries. In Chile, at least, this was not a decisive factor. On the contrary, the multinational mining companies operating in Chile have maintained the environmental standards of their home countries. This is due to various reasons: pressure from stockholders, concern with corporate image (seriously deteriorated as a result of ecological incidents symbolized by the case of Union Carbide in India in 1984), and the discovery that clean production methods are often more efficient and competitive.

It is interesting to note the contrast between environmental management in the state-owned mining companies and the new investments of the multinationals attracted to Chile by economic liberalization. During the 1980s, environmental issues were very secondary to the public companies. Until the end of the 1980s, official policy considered the lack of environmental regulations on capital to be an additional comparative advantage, which complemented the country’s natural advantages.

In this context, multinational companies have had a positive environmental effect on large domestic firms, especially those most directly tied to multinational companies in the production chain. Growing environmental consciousness, both foreign as well as domestic, has

also created pressures on the state-owned companies, which still account for 45 per cent of domestic mining production. The main challenge for all large multinational and domestic companies, once compliance with goals of pollution reduction is achieved, is to formalize their commitment to sustainable development. This begins with the companies' conviction that their own competitiveness is tied to improvement in the quality of life and identity of the regions in which they operate.

There are positive tendencies in Chile for collaboration among business, community and government (regional and national) in "common goods" (infrastructure, education, worker and management training, cultural identity and environmental sustainability). Theory suggests that the sustainable development of a region favours the competitiveness of firms, higher quality of life of communities and opportunities for public initiatives in environmental protection. This theory, however, still needs to be applied in practice, and Chile's mining regions provide a good opportunity to do so.

The Environmental and Social Effects of Corporate Environmentalism in the Brazilian Market Pulp Industry

Ricardo Carrere

Responsibility for many of the world's environmental and social problems lies — directly or indirectly — with large corporations. People — their customers — are becoming increasingly aware of this and are calling on corporations to include environmental conservation and social considerations in their productive activities. If they choose to ignore these demands and continue "business as usual", the long-term result could be economic losses and even closure. In general terms, it can thus be said that corporations are being forced to do something about their environmental and social record. Corporations have three possible alternatives: (i) "business as usual" disguised under an environmentally and socially concerned discourse; (ii) real environmental and social responsibility; and (iii) a mix between (i) and (ii).

This paper examines the case of the Brazilian market pulp industry¹ and the activities of five major corporations that supply half of the world's bleached eucalyptus pulp. It assesses the reality behind corporate claims concerning environmental and social responsibility. The analysis highlights the contradiction between the goals of making profits and promoting sustainable development. It shows that during the first phase of their activities, the Brazilian pulp corporations attempted to obtain quick returns on the large investments that had been made by externalizing as many costs as possible. Their political and economic power allowed them not only to obtain subsidies from the state, but also to have the coercive power of the state on their side when confronted by local people's opposition. Moreover, the state turned a blind eye to certain corporate activities that were degrading the environment. Corporate

¹ The term "market pulp" refers to pulp which is produced as a commodity. This paper does not examine the case of mills that produce pulp as an input for their paper production process.

concern for the environment only surfaced once the companies began to make profits, which made it economically possible for them to undertake investments to curb some of their more polluting activities (e.g. industrial effluents). But even when profitability facilitated such investment, two other conditions were necessary:

- (i) strong social pressure, either from customers abroad or from local, organized citizens' groups; and
- (ii) approval and enforcement of strict environmental legislation.

Of these two conditions, the first seems to have been more important. Most corporate commitments to protect the environment are in response to customer concerns and/or to local pressures. Such is the case in the issue of the use of chlorine gas, which pulp companies are being forced to phase out. Legislation — when it exists — has seldom been enforced, and when it has, it has usually been with the approval of corporations (e.g. the conservation of patches of native forests).

When legislation exists but social pressures have not been sufficiently strong, companies have continued to externalize impacts. This has occurred, for example, in the case of the Tupinikim and Guaraní struggle to get their lands back from Aracruz.

Where environmental or social issues put the companies' future at stake, they tend to use their strength to misinform the public. For example, they resort to public relations exercises aimed at convincing the uninformed public that plantations are good for the environment. Another example, in the social area, is Aracruz's response to the Tupinikim/Guaraní issue, where — instead of trying to find an equitable solution — the company recently hired a well-known US public relations company (Burson Marsteller) with the aim of counteracting the international campaign launched by the indigenous peoples.

In all cases, as corporations are, by definition, profit oriented, they try to strike a balance between investments in the environmental/social areas and profitability. Rainforest conservation and environmental protection have become catchwords for many customers, and therefore companies must not only sell a product, but the product must embody an answer to those concerns. While corporations may forgo profits through the non-exploitation of rainforests, for instance, they may make more profits by selling an “environmentally friendly” product.

The analysis presented in this paper shows that in spite of their stated policies, the activities of all five corporations have resulted in important negative impacts — both social and environmental — in the regions where they operate. The main reason seems to be the large scale of their operations, which results in equally large-scale impacts. A key issue, therefore, is not simply whether these companies are truly committed to environmental and social responsibility, but whether this is in fact possible. It is extremely difficult for the logic of a large-scale, profit-oriented company to be compatible with the logic of sustainable

development, and even more so if the concept also includes not only environmental aspects but also “social equity”.

Based on the analysis of the experience of the main companies in the Brazilian market pulp industry, the paper concludes that none of them carry out their activities with full respect for the environment and society — due to their large scale, political power and profit-making profile. They have, however, mitigated some of their worse practices in response to pressures from society and government. At the local level, however, the only choice should not be between a very destructive and a less destructive corporation. The possibility of promoting and facilitating other alternatives based on local culture and resources, which aim at the sustainable and socially equitable improvement of the quality of life of local communities, should also exist.

Environmental Management as an Indicator of Business Responsibility in Central America

Lawrence Pratt and Emily D. Fintel

Environmental responsibility of business is a concept which is just beginning to be recognized and understood in Central America. The concrete measures taken by firms to improve environmental performance are one strong indicator of business responsibility. INCAE, with the co-operation of the Harvard Institute for International Development, has conducted a study of approximately 500 leading Central American businesses. The study utilizes a survey to inquire about a number of business-related variables and opinions. One section of the survey, focusing on the environmental efforts of these firms, helps to provide a preliminary understanding of the environmental profile of Central American businesses. The survey reveals a worrisome state of affairs: the number of firms engaged in efforts to take responsibility their environmental impact is small. This paper reports on initial survey findings and discusses possible reasons why firms are not acting in what would seem to be the environmental, financial and competitive best interests of the region’s business community.

The results from the two countries for which data were available at the time of writing, Costa Rica and El Salvador, show that a remarkably small percentage of leading firms are engaged in improving environmental performance. Even in areas which are known to improve financial as well as environmental outcomes, performance is weak. Where some progress has been achieved, for example in relation to firms’ having explicit, written environmental plans, it appears to be mainly in the areas of solid waste management, liquid discharge control and energy conservation. Survey findings for the two countries indicate that the strongest motivators for adopting or changing environmental plans are company image and reputation, and government regulations. Consumer demand and product differentiation based on environmental criteria are relatively insignificant.

In a broader study of Central American industry behaviour, INCAE researchers are beginning to discover factors which potentially contribute to the lack of attention to environmental performance. Legislation and regulations are in place, but they are often so confusing and weak that they do little to improve corporate environmental performance. Furthermore, fiscal and financial policies remaining from decades of import substitution are clearly providing direct and indirect incentives to perform in environmentally non-responsible ways.

While currently low, corporate environmental responsibility shows some signs of improving. The paper argues that regional trends, particularly the globalization of Central American business, will likely lead to increases in levels of environmental performance and responsibility. The survey data reveal a positive association between corporate environmental action and international involvement of the firm, particularly in the case of companies whose products are exported rather than sold locally.

Bioprospecting in Costa Rica: Facing New Social and Environmental Responsibilities

Antonieta Camacho and Silvia Rodríguez

This paper examines the activities and goals of bioprospecting as a means of valuing and conserving tropical biodiversity through the application of advances in biotechnology, which have accompanied the growth of “molecular markets” for genetic materials.

By focusing on the case of Costa Rica, and the first agreement between the National Biodiversity Institute (INBio, an NGO) and a US firm, Merck, the authors examine processes of bioresource use and identify a series of problematic issues linked to biodiversity management, partnership agreements, biotechnology and knowledge/research transfer, the regulation of conservation, and participation of social actors. Two central concerns of this paper relate to (i) the social aspects of access to genetic resources from conservation areas in Costa Rica, which have traditionally been considered part of the national heritage and managed by the state through the National System of Conservation Areas (SINAC); and (ii) the ethical aspects of institutional changes involving privatization of the administration of natural resources in protected areas.

The arguments put forward by the authors challenge the conventional wisdom that bioprospecting constitutes a “win-win” situation where all stakeholders stand to benefit. They show that developments in bioprospecting are taking place under rapidly changing and uncertain conditions, and often involve “hard” or sophisticated technologies that countries in the South have difficulties in accessing. The complexity of bioprospecting and its long-term and slow results greatly complicate the valuation of both raw materials and final products, as well as the process of negotiating with the multiple social actors interested in accessing biodiversity resources. These include local knowledge providers in particular, who contribute

to the process of identifying properties of biodiversity elements and who should receive adequate compensation. The participation of all actors, as well as strategies that take account of the interests of all stakeholders, are needed to identify and negotiate environmental and social responsibilities.

Bioprospección en Costa Rica: Frente a las nuevas dimensiones de la responsabilidad social y ambiental

En este trabajo se exploran las actividades y promesas de la bioprospección, como medio de valorar y conservar la biodiversidad tropical, a través del uso de los avances de la biotecnología para relacionarse con el mercado y con la demanda de materiales genéticos.

A partir de la experiencia de Costa Rica mediante el primer convenio entre el Instituto Nacional de Biodiversidad y la empresa Merck se reflexiona sobre temas controversiales relacionados con la administración de la biodiversidad, las promesas de la “implementación conjunta”, la transferencia de conocimientos y tecnologías, las regulaciones y la participación de distintos actores sociales en esos procesos. Dos preocupaciones centrales son: (i) los aspectos sociales relacionados con el acceso a recursos de la biodiversidad dentro del Sistema Nacional de Areas de Conservación (SINAC), tradicionalmente concebido como un medio para preservar los derechos soberanos administrados por el Estado; y (ii) los aspectos éticos relacionados con los cambios institucionales que promueven la privatización de la administración del patrimonio de la biodiversidad.

Los argumentos centrales confrontan la retórica de que con la bioprospección “todos ganan” pues esta actividad se desarrolla en condiciones sumamente cambiantes, y poco tangibles para muchos, mediadas por tecnologías sofisticadas de alcance restringido para los países subdesarrollados pero ricos en biodiversidad. Los resultados de largo plazo dificultan valorar apropiadamente la materia prima y sus derivados, así como establecer las negociaciones apropiadas que incluyan retribuciones a los conocimientos y descubrimientos locales, así como a usos culturales no comerciales. Es necesario promover la participación de todos los actores para identificar y negociar las responsabilidades ambientales y sociales.

Forestry Companies and Their Responsibility in Costa Rica

Olman Segura and Marielos Alfaro

This paper forms part of a broad debate on whether sustainability and competitiveness are compatible. The authors argue that they can be, and that windows of opportunity do exist for forestry companies to act in an environmentally responsible way. Even within the limitations of the current market context, which emphasizes short-term profitability, it is possible for firms

to introduce important environmental management reforms and act more responsibly in order to promote sustainable development. The authors explain the “new” rationality that can lead to concrete benefits for firms that protect and invest in the environment, particularly in the management of forestry resources. What is occurring in terms of corporate environmental management contrasts with traditional practices. This shift has occurred largely in response to growing non-tariff trade barriers, including consumer boycotts, which reflect international concern with forest destruction. The paper identifies institutional changes in Costa Rica that have allowed the forestry sector to develop on a more sustainable basis, in particular, the process of timber certification. Two case studies illustrate the potential for introducing institutional changes that promote economic and environmental innovation and efficiency, and thereby increase simultaneously business opportunities and competitiveness. Finally, the authors note certain topics that would benefit from more in-depth research.

Las empresas forestales y su responsabilidad en Costa Rica

Este documento parte de la discusión que existe sobre si la sostenibilidad y la competitividad son compatibles o no, para llegar a mostrar la existencia de “ventanas de oportunidades” para el desarrollo de las empresas forestales con responsabilidad ambiental. Se plantea que aún con las limitaciones de los mercados actuales, que están principalmente basados en la rentabilidad financiera de corto plazo, es posible para las empresas introducir consideraciones ambientales importantes, como tránsito hacia mayores grados de responsabilidad que nos permita alcanzar el desarrollo sostenible. La “nueva” racionalidad del porqué las empresas se benefician de cuidar e invertir en el ambiente y particularmente en el manejo de los recursos forestales es explicada en detalle. Lo que ocurre es precisamente el contraste de lo planteado antes, pues ante la preocupación mundial por la destrucción de los recursos forestales, aumentan permanentemente las barreras no arancelarias en los mercados internacionales y hasta boicots contra dicho comercio. Se analizan las transformaciones institucionales que se han introducido en Costa Rica para poder desarrollar el sector forestal y sobre todo se revisa el proceso de certificación de buen manejo forestal. Dos estudios de caso ilustran y respaldan la posibilidad de aprovechar los cambios institucionales y la posibilidad de crear nuevas oportunidades y mayor competitividad basados principalmente en la innovación y la eficiencia económica y ecológica simultáneamente. Finalmente algunas recomendaciones de temas para estudiar y profundizar en el futuro son incluídos en las conclusiones.

Costa Rica: Sustainable Tourism and Business Responsibility

Marvin Acuña and Jeffrey Orozco

For tourism to make a positive economic and environmental contribution to sustainable development in Costa Rica, it is necessary to understand, regulate and change the relationship

between tourism and the environment in its various dimensions. The concept of business responsibility has an important role to play in this context, as it orients both the long-term strategy of tourism companies and their daily practices. In order to understand the diverse range of variables that affect the development of the tourism sector, as well as to design policies that might promote sustainability, the authors analyse the actual and desired situation of this sector by using the recently developed Spider Model. This model uses the figure of a spider web on which are superimposed 12 axes, representing key variables, within four quadrants, representing spatial, environmental, social and economic dimensions. The actual and desired state of each variable can be plotted on the axes using existing information and the opinions of experts.

Based on this analysis, the paper concludes that sustainable development of the tourism sector cannot be achieved by relying on the isolated actions of firms. Co-ordinated action in various directions is required. This includes strategic planning; the development of an adequate institutional and regulatory framework to stimulate tourism and prevent environmental damage; infrastructural development related to roads, ports and airports; and taking measures to improve the relation of price to quality, including educational and training programmes for workers in this sector. Business responsibility for environmental protection, therefore, is not simply dependent on piecemeal remedial measures taken by individual firms. Above all, it involves strategic vision and planning guided by “the precautionary principle” and constant attempts to improve productive processes through a gradual reduction in the ratio of energy and material inputs to services provided.

Costa Rica: Turismo sostenible y responsabilidad empresarial

La necesidad de mejorar el desempeño económico y ambiental del sector turismo en perspectiva del desarrollo sostenible en Costa Rica, demanda de forma urgente comprender, regular y rearticular adecuadamente la relación turismo-ambiente, en todas sus múltiples dimensiones. En ese contexto emerge un concepto de responsabilidad empresarial, que hace de la protección ambiental un componente estratégico y una práctica constitutiva en la cultura de gestión de las empresas turísticas. En virtud, de las complejas y diversas dimensiones, variables y tendencias que afectan el desempeño del sector y ante la necesidad de dejar debidamente plasmadas las diversas políticas y acciones que pueden conferir sostenibilidad, se recurre a la construcción del escenario actual y el escenario deseado, a través de una aplicación de los recientemente desarrollados modelos de telaraña (Spider Model). El modelo de telaraña es construido con las principales características básicas del sector, representadas por doce abscisas distribuidas en cuatro cuadrantes: espacial, ambiental, social y económico; de esta forma el modelo provee un marco teórico adecuado para analizar el sector e identificar las fuerzas impulsoras del cambio en dirección hacia la sostenibilidad del sector. El escenario actual y el escenario deseado son construidos con la información disponible y con el uso del criterio de expertos.

Se concluye que el desarrollo sostenible en el turismo no es posible sólo con esfuerzos aislados de las empresas; es necesaria una acción articulada y concertada en varias direcciones: planeamiento estratégico; desarrollo de un marco institucional y regulatorio adecuado para el estímulo de la actividad turística, y para la prevención de daños ambientales ocasionados por esa actividad y por otros sectores productivos; mejoramiento constante de la infraestructura de carreteras, puertos y aeropuertos; incorporación de medidas para mejorar la relación calidad-precio, incluyendo la aplicación de programas educativos y de entrenamiento para los trabajadores del sector. En este sentido, la responsabilidad empresarial para la protección ambiental no es sólo un conjunto de acciones remediales aplicadas por empresas aisladas. Ante todo, es una conducta estratégica y debidamente interiorizada, orientada por “el principio de precaución” y guiada por una permanente mejora de los procesos productivos, en procura de una disminución paulatina en la intensidad de uso de energía y materiales en la producción y el consumo.

AGENDA

Day One: Monday, 22 September

- Registration of Participants
- 9:00 - 10:30** **Inaugural Session**
- Alejandro Esquivel, Ministerio del Ambiente y Energía (MINAE)
 - Jorge Mora, Rector, Universidad Nacional
 - Peter Utting, Project Co-ordinator, UNRISD
- Coffee Break
- 10:30 - 12:30** **Session I: The Potential and Limits of Corporate Environmentalism**
- Chair: Guillermo Velásquez, CEGESTI, UNDP
- **Corporate Environmentalism: From Rhetoric to Results**, Ann Rappaport (co-author, Margaret Flaherty)
 - **Business Responsibility for Environmental Protection: Corporate Environmental Management and Competitive Strategy in Developing Countries**, Richard Welford
- General Discussion
- 12:30 - 14:00 Lunch
- 14:00 - 18:00** **Session II: Promoting Corporate Environmental Responsibility: The Policy and Political Backdrop**
- Chair: Maximo Kalaw, Earth Council
- **Promoting Business Responsibility for Environmental Management in Developing Countries. What Role for “Self-Regulatory” and “Co-Regulatory” Policy Instruments**, Jonathon Hanks
 - **Environmental Regulation of Transnational Corporations: Needs and Prospects**, Michael Hansen
- General Discussion
- Coffee Break
- **The Politics of Corporate Environmentalism: Civil, Legal or Self-Compliance for Sustainable Development?**, David Murphy and Jem Bendell
- General Discussion

Day Two: Tuesday, 23 September

- 8:15 - 12:30** **Session III: Perspectives on Corporate Environmentalism in Selected Developing Countries**
- Chair: Carlos Pomareda, International Services for Entrepreneurial Development, (SIDE S.A.)
- **The Greening of Business in Mexico**, David Barkin
 - **The Good, Bad and Ugly: Environmental Performance of**

Companies in Malaysia, Pang Hin Yue

General Discussion

Coffee Break

- **Multinational Businesses Do Have a Role to Play in the Sustainable Development in Chile**, Guillermo Geisse (presented by Hernán Blanco)
- **The Environmental and Social Effects of Corporate Environmentalism in the Brazilian Market Pulp Industry**, Ricardo Carrere

General Discussion

12:30 - 14:00

Lunch

14:00 - 18:00

Session IV: Corporate Environmentalism in Central America

Chair: Nicolás Mateo, INBio

- **Environmental Management as an Indicator of Business Responsibility in Central America**, Lawrence Pratt (co-author, Emily Fintel)

General Discussion

- **Biodiversity in Costa Rica: Facing New Social and Environmental Responsibilities**, Antonieta Camacho and Silvia Rodríguez

Coffee Break

- **Forestry Companies and Their Responsibility in Costa Rica**, Olman Segura and Marielos Alfaro
- **Costa Rica: Sustainable Tourism and Business Responsibility**, Jeffrey Orozco and Marvin Acuña

General Discussion

Day Three: Wednesday, 24 September

9:00 - 11:15

Session V: Future Research

Chair: Olman Segura, CINPE

- **Key Issues and Future Research: Social and Political Dimensions of Corporate Environmentalism in Developing Countries**, Peter Utting

General Discussion

- **Methodology for Future Research**, Harris Gleckman
- **Action-Research Methodologies: Experiences from Costa Rica**, Antonieta Camacho and Olman Segura Bonilla

General Discussion

Coffee Break

11:15 - 12:30

Working Groups

12:30 - 14:00

Lunch

14:00 - 16:30

Working Groups (continued)

Coffee Break

16:30 - 18:00

Plenary: Presentation of Group Discussions and Feedback

18:00 - 18:30

Closing Statements

PARTICIPANTS

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BIODATA

Acuña Ortega, Marvin, an economist, graduated from Centro de Estudios Económicos, El Colegio de México. He is a professor of macro-economics, international trade, development theory and economic policy at the School of Economics, Universidad Nacional, Costa Rica. He is currently directing the Labour, Distribution and Human Resources Program at the International Center of Economic Policy for Sustainable Development (CINPE), Universidad Nacional.

Alfaro, Marielos a forestry engineer, received her master's degree in economics and management of natural resources. She has been working as a forestry consultant in medium and large projects in several countries in Latin America. She is a professor at the School of Environmental Sciences, Universidad Nacional, Costa Rica. Ms. Alfaro also works with the consultancy firm Recursos Naturales Tropicales S.A., and is a member of the Costa Rican Forestry Enterprise Association (Cámara Costarricense Forestal — CCF).

Barkin, David received his doctorate in economics from Yale University and teaches at the Metropolitan University in Mexico City, has been awarded the National Prize in Political Economy and is a fellow of the Academy for Scientific Research. He is also a research associate at the Mexican Center for Ecology and Development. His current work involves the analysis of the impact of international economic integration on the environment and on economic opportunities in Latin America. Mr. Barkin is the author of more than a dozen books and numerous articles in eight languages. His recent publications include **Distorted Development: Mexico in the World Economy** (in English, Japanese and Spanish), and **Monarchs and Peasants: A Strategy for Sustainable Development in Eastern Michoacán** (available only in Spanish).

Bendell, Jem is the originator and co-ordinator of The Values Network, an organization which brings together business, NGOs and researchers to discuss standards and certification for responsible business practice, and Director of ESI Limited, an environmental consultancy and web-publishing company. He is also a researcher, writer and consultant on the environment and corporate social responsibility. He worked on forest certification issues while at the World Wide Fund For Nature-UK, and contributed to the establishment of the new Marine Stewardship Council. He is currently a doctoral candidate at the University of Bristol. He is a co-author of the book **In the Company of Partners: Business, Environmental Groups and Sustainable Development Post-Rio**.

Camacho Soto, María Antonieta is a professor at the School of Planning and Social Promotion, Universidad Nacional, Costa Rica, where she co-ordinates a multidisciplinary programme involving action-research methodologies related to social and political dimensions of environmental policies and social change. Ms. Camacho has an undergraduate degree in social work and a master's degree in rural sociology, and she received her doctorate from the School of Development Studies, University of East Anglia, United Kingdom. She has published several articles and is a co-author of a forthcoming methodological series issued by CAMBIOS and a book on participatory issues and case studies about the environmental policy-making processes in Costa Rica.

Carrere, Ricardo is a project co-ordinator at the Instituto del Tercer Mundo in Uruguay, a non-governmental organization working on environment and development issues internationally. He is also the international co-ordinator of the World Rainforest Movement, which aims to protect tropical forests and the peoples which inhabit them. Since 1988, he has conducted research and

international and national campaigns on both native forests and commercial tree plantations. He is the author of numerous books, papers and articles in Spanish as well as English, including **Pulping the South: Industrial Tree Plantations and the World Paper Economy** and **Forestry Geopolitics and Sustainable Development: An Overview and the Case of Uruguay**.

Flaherty, Margaret joined the World Business Council for Sustainable Development (WBCSD), Geneva in 1995 and currently manages programmes on trade law and policy and education and training, as well as projects on corporate social responsibility and sustainability in the market. Previously she worked on environmental programmes at the World Industry Council for the Environment in Paris, and carried out research on environmental regulatory compliance, privatization and auditing systems of multinational corporations. She has a degree from the Northeastern University School of Law and a master's degree from Tufts University's Department of Civil Engineering. She is a co-author of the book, **Corporate Response to Environmental Challenges: Initiatives of Multinational Management**, as well as numerous articles on trade and environment.

Geisse, Guillermo is President and Executive Director of the Center of Environmental Studies and Policies (CIPMA) in Santiago, Chile. He was formerly a professor and Director of the Center of Urban and Regional Planning at the Catholic University of Chile. He has a master's degree in city and regional planning from the University of California, Berkeley, where he has worked periodically as a visiting professor. Among his publications on environmental and policy issues is the edited volume **Diez años de debate ambiental: Inserción global y medio ambiente**.

Gleckman, Harris has a doctorate in sociology from Brandeis University and is Senior Information Officer at the United Nations Conference on Trade and Development (UNCTAD), Geneva. He was formerly Chief of the Environmental Unit of the United Nations Centre on Transnational Corporations and Director of Benchmark Environmental Consulting Inc. His current policy interests include structural changes in corporate environmental management strategies; the linkages between investment, trade and sustainable development; and corporate responses to multilateral environmental agreements. He has published widely on sustainable development and is lead author of **Benchmark Survey of Corporate Environmental Management**, and co-author of **Self-Regulation of Environmental Management**.

Hanks, Jonathon is Group Environmental Advisor at AECI Ltd., one of the largest chemical companies in South Africa. He is currently completing a master's degree at the International Institute of Industrial Environmental Economics at Lund University, Sweden, on the role of negotiated environmental agreements as a means of promoting sustainable industrial development in Southern Africa. Previously, Mr. Hanks was responsible for managing the corporate environmental audit programme for AECI. He also served as the South African representative to the ISO Subcommittee on Environmental Auditing, and participated in various environmental policy initiatives on behalf of AECI and the South African Chemical and Allied Industries Association.

Hansen, Michael is an assistant professor at the Copenhagen Business School (CBS), specializing in international business economics and development issues. He has a master's degree political philosophy from Essex University, United Kingdom, and recently completed a doctorate at CBS on the environmental implications of foreign direct investment in less developed countries. He previously worked as an associate expert at the United Nations Centre on Transnational Corporations and is currently co-ordinating a joint CBS-UNCTAD project that considers cross-border environmental management of European TNCs with affiliates in South East Asia. He has

published several articles and chapters of books and is a co-editor of **International Trade Regulation, National Development Strategies and the Environment**.

Murphy, David is a researcher, trainer and consultant in the fields of sustainable development and corporate social responsibility. He is currently completing his doctorate at the School for Policy Studies, University of Bristol, United Kingdom, where he is researching business-NGO relations on sustainable development in the international policy arena. In recent years he has undertaken assignments for organizations such as the Office of International Policy Services (IPS), the Audit Commission, the New Academy of Business, the International Labour Organization and the World Conservation Union (IUCN). Prior to his arrival in Bristol, he worked for CUSO (a Canadian development NGO) in both West Africa and Canada. He is a co-author of **In Company of Partners: Business, Environmental Groups and Sustainable Development Post-Rio**.

Orozco Barrantes, Jeffrey received his master's degree in economic policy, with a specialization in international economy. In recent years he has undertaken research on a variety of themes, including sustainable development, competitiveness, technology, structural change and environment, and development of the energy sector, while working with several European institutes in Norway, Denmark, Holland and Germany. Mr. Orozco recently published an evaluation of the Costa Rican development model based on multidimensional criteria of sustainable development.

Pang, Hin Yue graduated from the Universiti Sains Malaysia with a degree in mass communications. Based in Kuala Lumpur, Malaysia, she is currently a journalist with the English daily newspaper, **The New Straits Times** (NST). She writes features concerning mainly environmental issues in the newspaper's Life and Times section and has a fortnightly column called The Green Zone. Pang's work won environmental journalism awards in 1994/95 and 1995/96.

Rappaport, Ann is an assistant professor in the Department of Civil and Environmental Engineering, Department of Urban and Environmental Policy, Tufts University, United States. She conducts research on issues related to multinational companies and the environment, including pollution prevention, innovation, technology transfer, and partnership. She currently serves on the National Research Council Committee on Innovation Remediation Technology. She received her master's degree in civil engineering from the Massachusetts Institute of Technology and her doctorate in environmental engineering from Tufts University. She is a co-author of **Corporate Responses to Environmental Challenges: Initiatives by Multinational Management**, and is the author of **Development and Transfer of Pollution Prevention Technology** as well as several book chapters and articles related to companies and the environment.

Rodríguez Cervantes, Silvia is a professor at the School of Environmental Sciences, Universidad Nacional, Costa Rica. She is a member of the interdisciplinary team, CAMBIOS, an action-research programme on the social and political dimensions of environmental policies. She leads the Biodiversity and Social Actors Project and co-ordinates the commission formed by the National Assembly to draft the biodiversity law. Ms. Rodríguez has an undergraduate degree in social work, a master's degree in rural development and a doctorate from the University of Wisconsin, United States. She has written several articles on sustainable development, biodiversity, bioprospecting and patenting rights, and is a co-author of an award-winning book on forestry policies in Costa Rica.

Segura Bonilla, Olman, an economist, graduated from London University. He is a doctoral candidate in economics at Aalborg University, Denmark. He is currently Head of the Environmental Management and Innovation Program in the International Center of Economic Policy for

Sustainable Development (CINPE) at the Universidad Nacional. He has written widely on sustainable development issues and is the editor of **Desarrollo Sostenible y Políticas Económicas en América Latina** and the author of **Costa Rica y el Gatt: Los desafíos del nuevo orden del comercio mundial**.

Utting, Peter is a project co-ordinator at the United Nations Research Institute for Social Development (UNRISD), Geneva, Switzerland. He currently leads research projects on the politics of environmental protection in developing countries, business responsibility for sustainable development, and vulnerability and coping strategies in Cambodia. He has a doctorate in development sociology from Essex University, United Kingdom. Prior to joining UNRISD in 1991, he worked for 12 years in Central America on a range of environment and development issues. He is a co-editor of **States of Disarray: The Social Effects of Globalization** and his authored books include **Trees, People and Power: Social Dimensions of Deforestation and Forest Protection in Central America**.

Welford, Richard is a professor of business economics and Director of the Centre for Corporate Environmental Management at the University of Huddersfield, United Kingdom. He is also a professor of sustainable management at the Norwegian School of Management. Mr. Welford specializes in analysing and tracking corporate environmental management tools and strategies, and has written seven books and many articles on these subjects. He is the editor of **Business and Environment** and **Corporate Environmental Management**. His most recent book, **Hijacking Environmentalism: Corporate Responses to Sustainable Development**, takes a critical look at the efforts of business in both environmental improvement and sustainability.