

Statement of TONY JUNIPER, Vice-Chair Friends of the Earth International and Director Friends of the Earth England, Wales and Northern Ireland (London), at the "Public Eye Awards 2007" in Davos.

## **Is it time for more deregulation, or time for greater accountability?**

The world is confronted with very serious and pressing environmental challenges. Each year these become worse. Climate changes are already taking place, fuelled by the combustion of fossil fuels and deforestation. This is leading to loss of species, tens of thousands of human deaths and large scale economic costs. Despite some modest political progress, greenhouse gas emissions are globally on the increase. The degradation of soils, over-fishing and lack of freshwater are causing major problems in many regions. As demand for natural resources increases, so these pressures are set to worsen.

These environmental trends are set against dramatic global inequalities. Although environmentally damaging development is often justified because of the need to promote 'growth', billions of the world's people remain in poverty. As the environment is further degraded this inequality is expected to worsen. For example, the findings of the 2006 Millennium Ecosystem Assessment warn that if steps are not taken to manage natural resources more sustainably, then it will not be possible to achieve the Millennium Development Goals which aim to reduce poverty by half.

One reason why we are finding it so hard to react is because of the continuing clash between environmental goals and conventional economic approaches. On the one hand there is a drive toward competition, deregulation and more open markets, while on the other there is a clear need for accountability, standards, regulations and economic mechanisms that reflect the finite capacity of ecosystems. At a time when the state of the environment dictates a strong need for official interventions, the emphasis is still on deregulation.

Discussions taking place at the World Economic Forum this year could make matters worse. In Davos in January 2007 there will be a further attempt at global economic deregulation. Key figures will seek to once more kick-start multilateral trade negotiations aimed at further liberalising international markets. One effect of this will be to further diminish the ability of governments to intervene and will make companies even less accountable.

For example, reopening trade talks would lead to proposals on Non-Agricultural Market Access (NAMA) being reconsidered. If successful, these new trade measures would increase market access for transnational corporations for products such as forest and fish. This would in turn have devastating impacts on these precious natural resources, and the communities dependent on access to them. In agriculture, a schedule to end subsidies that causes dumping has not been set and a new agreement would allow agri-business to flood developing country markets with their heavily subsidised goods and limit the ability of developing countries to protect their farmers and agricultural sectors.

The Forum's agenda is becoming more and more out of date. Instead of pressing for even more economic deregulation, the World Economic Forum should be seeking the means to manage sustainability challenges.

A new approach based on corporate accountability would be a far more appropriate response. Mandatory rules for corporate reporting, stronger rights for affected communities and the means to effectively seek redress are all necessary, not more deregulation.

The continuing infliction of abuses on people and the environment by the Shell Corporation in the Niger Delta region of Nigeria provides a case in point. Although the firm is required to meet high standards in Europe, in Africa Shell continues with outdated (and illegal) practices because it is effectively unaccountable and beyond the influence of the people who live next to its operations and who are daily affected by the pollution it causes. At the same time the company's operations are making climate change worse.

Companies in many countries have recognised the shortcomings of the deregulatory agenda that is pushed by many governments. They know that governments must put in place frameworks and regulations that require all actors in particular economies and jurisdictions to meet certain agreed goals. Some companies in the UK are calling for clearer and stronger legal frameworks so as to achieve a more sustainable economy. These include some of the largest British firms, such as Tesco and British Telecom. They have asked the Prime Minister himself to intervene with government rules, incentives and regulations to help them meet the challenge of climate change and sustainability. This is a new and important development, for it demonstrates that there is no longer a united call from business for deregulatory policies.

Regulations that promote greater accountability and in so doing help to protect critical environmental capacities can also boost competitiveness. Countries with some of the most far-reaching environmental standards in the world, setting global benchmarks in sectors ranging from renewable power to organic farming, are also among the most competitive. Many argue that these countries will be in a far better position to cope with the challenges ahead than countries that still embrace an anti-regulation ideology.

Given the worsening state of the environment, surely now is the time to review the approach that countries and companies take toward regulation. Now is the time to promote accountability, not to cut away the rules that could enable us to promote sustainability.