



OECD GLOBAL FORUM ON INTERNATIONAL INVESTMENT
Conference on Foreign Direct Investment and the Environment
Lessons to be Learned from the Mining Sector

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Environment and Foreign Direct Investment

Dialogue process for the World Summit on Sustainable Development

The new, globalised economy comprises increasingly interlinked and cross-border production structures and value-added chains including within individual sectors of industry.

Multinational enterprises are the cornerstones of these rapidly expanding private systems of value added and generating prosperity. Foreign investment plays a significant role in global sustainable development. This was cause for the Federal Environment Ministry (BMU) to start an initiative for the consideration of environmental protection aspects and sustainable development in foreign direct investment as part of its activities for the World Summit on Sustainable Development in Johannesburg in 2002.

A national dialogue began to jointly determine how greater consideration of environmentally sound sustainable development can be achieved in foreign direct investment.

There are already a range of guidelines and initiatives for the integration of environmentally sound sustainable development. But most of them are on a more abstract level.

Therefore BMU wanted to follow a bottom-up-approach and made empirical studies of 'daily' environmental management in FDI-projects. These studies are the basis of the process.

Together with companies, industry associations, trade unions and NGO's we are elaborating a codex which provides concrete proposals and ideas for enterprises on how to structure their

foreign investment in order to make a greater contribution to environmental protection and sustainable development.

The application of this codex will occur on a voluntary basis. All enterprises and associations will be free to enter into a corresponding implementation commitment.

This dialogue process is designed as an offer from policy-makers to enterprises and industrial associations to work together with the Federal Environment Ministry and with other major groups in elaborating this codex and present it together with best practice examples as one of Germany's contributions at the World Summit.

The codex will deal with the following issues:

- Setting environmental goals

Which environmental goals should be applied within the framework of foreign direct investment? Which procedures are appropriate for defining suitable environmental goals for an enterprise in view of the local conditions?

- Technology transfer

How can greater emphasis be given to the promotion of the use and the rapid distribution of more environmentally sound technologies, in combination with better information and know-how in the field of management, particularly in the developing countries?

- The use of environmental management systems

How can foreign investment make a greater contribution to a more rapid distribution of environmental management systems worldwide?

- Taking the entire life cycle of a product into consideration

How can the environmental consequences of a planned investment be investigated for the entire product chain, and how can this be given due consideration in the resulting "activities"?

- Ecologisation of the supply chain

How can multinational enterprises use their know-how to enable their suppliers in other countries, in particular in the developing countries, to have environmentally sound and sustainable production?

- Training employees

In the field of employee training, how can the awareness-raising process be improved in order to make employees more informed and daily production processes more environmentally sound?

- Consumer awareness-raising

How can foreign investment contribute to raising environmental awareness in the recipient country? Can this also be used to create markets for environmentally sound products?

- Participation

How can the relevant social actors be given the possibility to voice their opinions and to participate in the decision-making processes, both in the run-up to planned foreign investment and as part of investment already made in industry?

- Reporting

How can environmental aspects of FDI be included in environmental and sustainability reporting of multinational enterprises? How can this reporting help to increase compliance with this codex?