



CHANGING COURSE

A GLOBAL BUSINESS
PERSPECTIVE ON DEVELOPMENT
AND THE ENVIRONMENT

STEPHAN SCHMIDHEINY
WITH THE BUSINESS COUNCIL
FOR SUSTAINABLE DEVELOPMENT

Contents

Declaration of the Business Council for Sustainable Development xi

Preface xix

1 The Business of Sustainable Development 1

Sustainable Development 4

The Growth Controversy 8

The Business Challenge 9

“Eco-efficiency” 9

The Challenge of Time 11

Shaping the Future 12

2 Pricing the Environment: Markets, Costs, and Instruments 14

Making Markets Work for the Environment 15

Inducing Change 19

The Right Mix 29

National Accounts 30

Society’s Choice 32

3 Energy and the Marketplace 34

Energy Dilemmas 34

A Framework for Action 35

Making Energy Markets Work 36

Increased Energy Efficiency 40

A Sustainable Energy Mix 47

- Energy Strategies for the Developing World 50
Ways Forward 52
- 4 Capital Markets: Financing Sustainable Development 54**
Capital Markets: A Rough Sketch 55
World Capital Market Imbalances 56
Misconceptions and Constraints 58
Components of Reform 60
Signs of Change 68
- 5 Trade and Sustainable Development 69**
Trade Then and Now 70
Trade and Environment 72
Trade and Development 76
Trade and Sustainable Development 79
- 6 Managing Corporate Change 82**
The Emerging Context 83
The Vision of Sustainable Development 84
Mobilizing the Vision Through Stakeholder Partnerships 86
New Markets, New Management Strategies 89
Corporate Outcomes and Reporting 93
The Leadership Agenda 96
- 7 The Innovation Process 97**
Cleaner Processes Through Pollution Prevention 99
Cleaner Products Through Life-Cycle Stewardship 108
Retail: The Environmental Go-Between 112
The Challenges Ahead 116
- 8 Technology Cooperation 118**
The New Urgency 119
Lessons Forgotten 120
What Works: Commerce and Competition 121
The Changing Scene 123

- Long-Term Partnerships 127
- Cooperation on Training 131
- Innovative Aid 131
- The Chain of Technology Cooperation 133

- 9 Sustainable Management of Renewable Resources: Agriculture and Forestry 135**
 - Food and Agriculture 136
 - Forestry 147

- 10 Leadership for Sustainable Development in Developing Countries 158**
 - Obstacles and Opportunities 163
 - Options for Business Leadership 178

- CASE STUDIES: SUCCESSFUL STEPS TOWARD SUSTAINABLE DEVELOPMENT 181**

- 11 Managing Change in Business 185**
 - New England Electric: Making Energy Conservation Pay 186
 - 3M: Building on the Success of Pollution Prevention 189
 - Du Pont: The CEO as Chief Environmental Officer 193
 - Norsk Hydro: Environmental Auditing 197
 - Shell: Human Resource Development 201

- 12 Managing Business Partnerships 205**
 - Nippon Steel/Usiminas: Long-Term Partnership for Sustainable Development 206
 - ABB Zamech: Technology Cooperation Through Joint Ventures 209
 - Eternit: Technology Cooperation for a Safer Working Environment 213
 - S.C. Johnson: Catalyzing Improved Supplier Performance 217
 - The Chemical Industry: Introducing Responsible Care 221
 - Leather Development Centre: Promoting Best Practice 224

- 13 Managing Stakeholder Partnerships 229**
 Northern Telecom/Mexico: Technology Cooperation to Halt Ozone Depletion 229
 The Wildlife Habitat Enhancement Council: Industry in Harmony with Nature 234
 Electrolux: Designing Energy-Efficient Products 238
 Mitsubishi: Cooperation for Reforestation 241
- 14 Managing Financial Partnerships 246**
 Nordic Environment Finance Corporation: Financing for Sustainable Development in Eastern Europe 247
 FUNDES: Promoting Small Businesses in Latin America 250
 Fundación Chile: Financing Technology Cooperation 254
 GE Capital: Lending and Environmental Risk 257
 Jupiter Tyndall: Investing in the Environment 260
- 15 Managing Cleaner Production 264**
 Dow Chemical: Making Waste Reduction Pay 265
 Harihar Polyfibers: Promoting Productivity to Prevent Pollution 270
 Holderbank: Making Cement with Less Energy 274
 Ciba-Geigy: Designing a Low-Pollution Dyestuff Plant 278
 ConAgra/Du Pont: Profiting from Recycled Waste 280
- 16 Managing Cleaner Products 284**
 Smith & Hawken: Promoting Products of Sustainable Forestry 285
 Procter & Gamble: Using Life-Cycle Analysis to Cut Solid Waste 290
 Migros: Using Life-Cycle Analysis in Retail Operations 294
 HENKEL: Developing Substitutes for Phosphates in Detergents 297
 Laing: Energy-Efficient Housing 301
 Volkswagen: Recycling the Car 305
 Pick'n Pay: Retailers and Sustainable Development 309
 ENI: Developing a Replacement for Lead in Gasoline 312

17 Managing Sustainable Resource Use	315
ABB: Introducing Clean Coal at Värtan	316
Triangle Limited: Energy from Biomass	319
E.I.D. Parry: Integrated Rural Development	323
Aracruz Celulose: Sustainable Forestry and Pulp Production	326
ALCOA: Sustainable Mining in the Jarrah Forest	330
Appendix I	Priorities for a Rational Energy Strategy 334
Appendix II	Acknowledgments 339
Notes	344
Index	357