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**Response of TUAC to the UNEP Industry Sector Reports:  
Chemicals (including Detergents)**

**CAVEAT**

The following report is based on information obtainable by the author during the course of research and writing. Attempts have been made to obtain input from appropriate labour groups. However, it is important to note that there may be relevant policy documents and points of view not represented here. This document is subject to change as additional input may be forthcoming. Please ensure that you are reading the most recent version. Therefore this report should be considered an introduction to trade union thinking on these issues rather than a final or complete position.

**INTRODUCTION**

The Trade Union Advisory Committee (TUAC) to the Organisation for Economic Cooperation and Development (OECD) along with the International Confederation of Free Trade Unions (ICFTU) welcome this opportunity to provide our response to the Industry Sector Reports being prepared by international industry associations under the auspices of the United Nations Environment Program (UNEP); Division of Technology, Industry, and Economics.

When seeking information on the sustainability of any industry, it is important to remember that the input from industry management and industry associations is only one-half of the story - the owners' part. Workers, through the unions which represent them, are able to complete the picture.

Business hopes to ensure that its positive contributions to sustainability are appropriately recognized. Trade unions, as part of both "industry" and civil society, acknowledge that in many cases, industries and sectors have made important progress in the areas of technology development and technology transfer, environmental management systems and tools, and voluntary initiatives.

However, there are many unfulfilled past promises, and complex future challenges for industry. These are neither uniform between industry sectors, between nations, nor even within single nations and industry sectors.

**LABOUR'S VIEW OF SUSTAINABLE DEVELOPMENT**

The simplest definition of sustainable development states that we must meet the "needs" of today's generation without sacrificing the ability of future generations to meet their needs. This simple definition becomes more complex upon examination of the word "needs". "Needs" does not just mean environmental or economic concerns, which is a common misinterpretation, but includes environmental, economic, and social concerns.

The concept of "sustainable development" has proven to be difficult for many people to fully understand. Perhaps that is because it requires integrative rather than compartmentalized thinking, and is not well adapted to explanation in five-second media "sound bites". Environmental, economic and social concerns must be addressed simultaneously. Very simply: if we fail to protect the environment we will have no jobs, no communities, and no future; but if we attempt to impose environmental solutions that ignore economic and social realities, we will face disaster of a different sort. Practitioners of the scientific professions, for example, need to occasionally put aside their technical and scientific training and reflect upon the broader consequences of what they do.

The first objective along the path towards sustainability will be to integrate consideration of all environmental, economic, and social impacts into all of society's decisions; whether these take place within governments, corporate boardrooms, or other institutions of civil society. Reaching this objective will in turn require a review of decision-making processes (particularly the application of consensus-building as a decision-making tool in settings that previously have neither acknowledged consensus-building as a need nor an opportunity). It may even require a complete reconstruction of many existing institutions, structures, and decision making methods – some of which are quite resistant to change. Finally, the integration of environmental, economic, and social thought into those decision-making processes will necessitate the utilization of human knowledge from the widest possible range of sources and across the widest possible range of disciplines.

Environmental, social, and economic concerns are frequently described as "the three pillars of sustainability". While this is a useful analogy in the sense of acknowledging the requirement for each to ensure the stability of the whole, it is also problematic. Pillars are very solid and distinct objects. Perhaps a better image for a discussion of how to integrate these needs is that of three puddles of paint on a plate, slightly stirred. The interfaces (social-economic, social-environmental, environmental-economic) are blurred and indistinct, and there is great difficulty in separating one from the other. Not only that, but within each component exists a myriad of subsidiary interfaces.

Environmental non-governmental organizations (ENGOS) and business have significant expertise and are powerful advocates for the environmental and economic components of sustainability, respectively. Unions, too, have a particular expertise regarding the environment and the economy that differs from that of ENGOS and business. However, the social component of sustainability is the component that unions feel has been rather neglected in the debate; and coincidentally is the area in which we are most uniquely qualified. It falls therefore upon labour to speak up for social needs - as it has so often in the past.

As a minimum, trade unions believe that we can start addressing the social component of sustainability by promoting or developing, and fully implementing:

- the International Labour Organization (ILO) Core Labour Standards;
- the United Nations Universal Declaration of Human Rights;
- "Just Transition" programs (see explanation in following paragraph);
- The United Nations Secretary-General's "Global Compact" Initiative;
- Industry Voluntary Initiatives and Agreements

Of these five, "Just Transition" programs occupy a unique position within labour's view of sustainable development. Briefly, a "Just Transition" program ensures that the costs and benefits of moving towards a more sustainable future are shared fairly; and especially, that the workers, families and communities who rely on industries or activities dubbed "unsustainable" by society are protected during the transition to more sustainable activities. First and foremost, "Just Transition" programs are a necessary prerequisite to making any substantial progress on environmental issues. Secondly, the existence and quality of "Just Transition" programs are indicators of social sustainability.

Fairly standard and well accepted indicators of economic performance exist. Environmental indicators of various sorts have been proposed and there is an emerging consensus on at least the broader categories of what they are. Clearly, however, social indicators have been the poor relation in policy analysis.

Industry, broadly, has made progress in recognizing some of the environmental imperatives of sustainable development and integrating them into its economic decision-making. Labour applauds this progress and encourages its continuation but notes that the recognition and integration of social needs into corporate decision making has made far less progress.

Every industrial sector has its own particular challenges and concerns, with considerable variation between and within regions and sectors. Sustainability for any sector can only be achieved when each of those challenges and concerns is dealt with in a consensus-seeking, integrative fashion that attempts to balance the environmental, economic, and social imperatives of sustainability.

#### CHEMICALS, including DETERGENTS

This report will deal with the chemicals, and detergent, industries together. While there are differences, there is significant overlap. However, PLEASE NOTE that not every comment that follows will apply equally to every aspect of either of these two very large, and very diverse, industries. Notwithstanding this, the discussion on “Responsible Care” generally applies to the chemical industry only; although some detergent manufacturers subscribe to the “Responsible Care” program. The detergent industry also is understood to have one or more of its own industry organizations and in some cases similar voluntary initiatives, for example industry codes of good environmental practice.

Although the industry sector includes facilities of every size, it is dominated by large companies, many of them multi-nationals. The chemical industry is fundamental to many other industries, frequently producing the basic material building blocks, intermediaries, and tools for many other types of production and services. On the other hand, the detergent industry tends to produce more products for end consumers, though it too is fundamental to a wide range of other industries and services.

As far as the social dimension of sustainability is concerned, this important industry groups’ relationships with local communities, suppliers, clients and customers, investors and workers have been marred by secretiveness. As for labour relations, the chemical and detergent industries have an uneven track record of relations with their unions.

The chemical, including detergent, industries can make a positive contribution to improved quality of life and creation of opportunities for quality employment, in a sustainable manner. While this industry group does frequently provide quality jobs to its employees, at least in developed countries, it would be fair to say that neither the chemical industry, nor the detergent industry, has contributed to employment GROWTH. All the benefits, both actual and potential, of these industries have been mitigated by their desire to shed staff in recent years rather than create employment. Thus, the record of the chemical industry in recent years – as with so many capital-intensive industries - has as often as not been one of employment destruction rather than employment creation. The record of the detergent industry has been one of increased use of contracted, rather than permanent, work forces.

As stated above, the social dimension of sustainability is far broader than simply employment and includes all of the impacts of an industry upon families, communities, societies, and cultures. For example, the concept of “environmental justice” implies a fair sharing of the benefits as well as the costs of production. The developing world, and low-income areas of the developed world, continue to attract a disproportionate share of toxic waste disposal sites and new investment in toxic production facilities. Unless the chemical and detergent industries pay greater attention to social

sustainability, they will suffer from a loss of public support, which in the end is the unwritten “production permit” needed to stay in business.

Regarding the environmental dimension of sustainability, the performance of these industries is again, mixed. In developed countries, this industry grouping has in general a fairly good record of adherence and compliance with national and international regulations and environmental agreements, e.g. climate change, ozone protection, persistent organic pollutants etc. This record is not quite so good in developing nations.

The chemical industry (based on the prevailing economic paradigm) has introduced some 67,000 chemicals into widespread industrial use. For only a handful of these do we have even limited human health data. Environmental effects are even less well understood. We in the labour movement have historically tended to view this as an occupational health problem, though the broader view, and one that is gaining greater currency amongst unions, is that it is really an environmental problem with an occupational aspect.

The chemical and detergent industries are widely criticized for their emissions, wastes, and secondary environmental effects resulting from the use of their products. There are responsible players within the industry attempting to manage emissions and wastes properly, and take some responsibility for how their products are used, but there are also irresponsible elements. There are opportunities to avoid responsibility, or evade waste disposal restrictions in almost every jurisdiction, for example by conversion of the waste from one physical form to another. This should be borne in mind while reading the following three paragraphs on air, water, and land issues. Some members of the chemical industry have demonstrated a willingness to look for and use these opportunities.

The grouping of chemical and detergent industries is very broad, and includes many differing enterprises involved in many different industrial activities. Some of these have an enviable record in terms of air pollution. Others have a less enviable one.

Many, if not most, large chemical and detergent production facilities are situated next to large bodies of water. Cooling water for heat exchange as well as fire-fighting are two of the reasons for this. There has been significant progress in the last couple of decades in limiting the “blowdown” or single-cycle use of water in these industries, although this does to some extent still occur. Multi-cycle use is not the norm, although completely closed systems are rare (and perhaps not as desirable as their name implies). The effects of the end-use and disposal of chemical and detergent products remain a significant concern for water contamination.

The chemical and detergent industries are significant users of lands. One of the land use issues involves zoning and the placement of so-called “buffer zones” around large chemical production facilities. The need for this has been highlighted by events such as Bhopal, and more recently in Toulouse, France. Although an argument could be made that the industry itself is responsible for ensuring that a buffer zone is maintained, it should be noted that in some cases the industry was situated away from populated areas in an industrial area when it was first located, but local authorities allowed the construction of residences right up to the fence-line of the chemical facility, after it had been built. This experience illustrates that very often, local authorities are only minimally aware of or concerned with the kinds of industries in their midst, and are utterly unprepared for a major industrial accidents.

Facing all of these issues, it is no surprise that the chemical industry is the main industry that comes to mind when people think of toxic releases; and the detergent industry continues to figure highly in environmental concerns when people think of products they use. Obviously, the production process is far from the only cause for concern. Banning a chemical, for example, is a “supply side” chemicals management strategy. Supply side strategies are not the only ones used in the financial sector and it is difficult to see why the “demand side” of the chemicals sector has not been paid as much attention as the chemical producing industry. A “demand side” strategy could be of particular importance in the case of the detergent industry.

There is some pressure to force industries towards a closed-loop type of production where anything produced has to be reintegrated back into the system. This makes sense regarding specific waste streams or certain pollutants. However, the term "zero discharge" is often misunderstood. Although we can achieve zero discharge of selected pollutants, it is impossible to obtain zero discharge of all pollutants (including heat and carbon dioxide) simultaneously. When talking about "clean production" therefore, what is really meant is "cleaner production". For these and other reasons, more promising than “zero discharge” may be new research into so-called “green chemistry”. In brief, this is the search for synthetic routes, processes and products that have, inherently, less potential to damage the environment. The industry could do much more to further this research. “Green chemistry” is consistent with the precautionary approach urged in Agenda 21.

The manufacture of many chemicals and detergent products requires significant energy inputs. The chemical and detergent industries can do much to improve this record through increased energy efficiency, alternative fuels, and recycling of materials.

Besides pollution and energy issues, the chemical industry, in particular, should not be discussed without paying attention to the issues of conservation and management of resources for development. The chemical industry is widely regarded as an environmental liability – sometimes as much because it is highly ‘visible’ as for its intrinsic impacts. However, it is worth noting that, unique among all the industry sectors, the manufacture of petrochemicals is in fact a competing use for a non-renewable, depleting resource – petroleum and gas. The other major use of this resource is to burn it. An argument could be made that this portion of the chemical industry is inherently better at conservation and management of resources for development in that it produces durable, or at least value-added, products from a non-renewable and depleting resource and that this is probably preferable to simply burning it. The chemical industry is a unique industrial sector in that it provides many of the materials out of which a sustainable infrastructure will be built.

However, this industrial sector cannot ignore the fact that there are serious concerns about the sustainability of portions of it. Legitimate public and scientific concerns about environmental and human health effects are forcing governments to consider bans on certain products and production methods, and public support for chemical production facilities and many of their products remain low.

The chemical and detergent industries do undertake research and development of environmentally sound technologies, but can do much more. Present research includes the investigation of both “end-of-pipe” and “at the source” controls, but needs to heavily concentrate on the latter. Perhaps more pressing than process and production technology and product development should be research to remedy the inadequacy of present knowledge on the environmental and human health effects of existing, and new, products – including a need for a very considerable amount of traditional toxicology research. Spending on research and development in these areas is minor compared to spending on e.g. product development or production technology.

The chemicals and detergents industries, along with the pharmaceutical, entertainment, and software industries, are amongst the most enthusiastic supporters of the concept of “intellectual property”. Intellectual property, in turn, is one of the most serious barriers to technology transfer and cooperation, particularly between the developed and the developing world.

The chemicals and detergents industries have their own view of “Risk Assessment” and the precautionary principle; views that would not necessarily stand up to multi-stakeholder scrutiny or approval. Real stakeholder participation implies much more than after-the-fact communication of the outcome of an industry risk assessment done behind closed doors by self proclaimed “experts”. Trade unions believe that fundamental to good decision making about hazardous products and processes is full understanding and acceptance of the decision by those facing the hazard. This can only be achieved through consensus decision-making.

Trade unions accept the right of society to decide, even in a precautionary manner, whether present patterns of production and consumption should be allowed to continue, or not. We will of course do our own research and make our interventions in that decision-making process. However, if society ultimately makes a decision that certain products or processes are no longer desired, then a Just Transition for workers in the threatened industries must be assured. On the employer side, it should be a condition for any environmental approval or compliance certificate that the employer have in place a local negotiated adjustment plan. Such plans would have to meet minimum standards in the same way as employment standards legislation protects minimum standards in employment generally. Environmental assessment approvals for projects with limited lives would require that acceptable transition mechanisms be in place.

Some of the major environmental problems of our day are inextricably linked in the public’s mind to the chemicals and detergents industries, and this is not likely to change any time soon.

#### “Responsible Care”

It is impossible to discuss the sustainability performance of the chemical industry without discussing “Responsible Care”. Leading similar efforts in many other industry sectors, the chemical industry has attempted to implement a voluntary initiative encompassing the environmental, and to some extent the social, dimensions of sustainability.

NOTE: As mentioned previously, the following discussion applies primarily to the chemical, and not the detergent, industry. However, a few members of the detergent industry do participate in “Responsible Care”, and some aspects of other voluntary initiatives within the detergent industry share characteristics with “Responsible Care”.

“Responsible Care” is the chemical industry’s voluntary program to enhance health, safety, emergency preparedness and response, and environmental protection. “Responsible Care” is also intended to create a dialogue with stakeholders and raise the awareness of the community on issues of chemical safety and environmental stewardship, including releases to the environment. A great deal of the positive news in the chemical industry’s report to UNEP focuses upon activities that take place under the banner of “Responsible Care”.

The trade union movement does not wish, in this response to the chemical industry’s report, to repeat past arguments over the merits of "regulatory versus non-regulatory approaches", by which is often meant the choice between traditional regulations and such things as voluntary initiatives. We understand that there will always be a need for both. It is as ridiculous to assume that all of

industry will ultimately become self-policing as it is to assume that all private citizens will one day become self-policing.

On the other hand, building a consensus between the industry and society regarding which behaviours are expected of them, is a necessary step towards achieving compliance with regulations. Achieving this consensus requires extensive and ongoing dialogue and participation, with appropriate stakeholders and representatives of civil society. This has not occurred to any great extent.

Thus, while laudable in a sense, “Responsible Care” suffers from a lack of credibility due to its unilateral development and implementation. Little stakeholder input, especially from the trade unions, has been sought or included. Furthermore, there has been some exaggeration of the successes of “Responsible Care” and a tendency to minimize discussion of its failures. As a result, to many outsiders, “Responsible Care” seems more like a public relations or marketing program; rather than a true program to improve health, safety and environmental management or “ethical” social conduct.

The industry would argue that as part of “Responsible Care”, public communications and multi-stakeholder consultations do take place. Indeed, the industry has made a public commitment to reporting events to the community they operate in as well as to the regulatory authorities. Implementation of this principle is, however, somewhat inconsistent from jurisdiction to jurisdiction. In part, this is because it has relied upon “Public Advisory Groups” selected primarily by the industry as their main communications link with the community. These have served to broaden the perspective of the industry in some areas. Recently, however, the Public Advisory Group to “Responsible Care” in the United States has been disbanded, demonstrating the fragility of a consultative structure that relies upon the voluntary good-will of the industry. In the case of the United States, a change in the political climate and a consequent perceived change in the need for industry to consult with the public resulted in the disbanding of the Public Advisory Group.

Trade unions believe that the full participation of workers in “Responsible Care” can provide the program with the credibility it needs to achieve its stated goals; particularly in those areas of the world where the program is presently weakest. However, many chemical workers have not even heard about Responsible Care activities in their work places. “Responsible Care” needs to penetrate down through the company hierarchy to the plant floor level in order to become a truly important and effective program. Workers, via organizations such as the International Federation of Chemical, Energy, Mine and General Workers’ Unions (ICEM), are willing to lend their support to “Responsible Care” but only if the industry recognizes their legitimate right to belong to trade unions and their right to participate in the future of their industry. Recent attempts to negotiate and formalize a relationship between trade unions (represented by the ICEM) and the International Council of Chemical Associations (ICCA) broke down over the refusal of two American companies, Exxon and Dupont, to have anything to do with workers’ organisations.

The credibility of “Responsible Care” can only be established by making the workings of the program transparent. This requires regular, and formalized, multi-stakeholder involvement. If the international chemical industry is serious about building the credibility of “Responsible Care”, it must insist on the continued existence of effective Public Advisory Panels in all regions, and on the signing of the proposed agreement with the ICEM on “Responsible Care”.

Crucially, the chemical industry needs to agree to some level of external verification of performance. “Responsible Care” needs stakeholder participation – especially workers and their unions – in the development of appropriate auditing methods

The chemical industry often asserts that it wishes to maintain “best practice” for health, safety and environmental performance, wherever it produces or markets its products. There was hope that owners and managers of multinational chemical companies would be able to agree to set a world-wide baseline of environmental and social “best practice” through the “Responsible Care” program. This promise, however, is as yet unfulfilled.

“Responsible Care” presently covers only forty-six countries and, even within those countries, primarily the larger national and international companies. “Responsible Care” is supposed to be a commitment a multinational corporation carries with it, wherever in the world it may be operating. Yet, clearly, the commitments of the chemical industry under “Responsible Care” have the best record of implementation in the developed world and the lowest level of successful implementation and even recognition in the developing world. This unfortunately shows that the chemical industry believes that the need for visible commitment to health, safety and environmental principles is greatest in the developed world, while scrutiny of their activities in the developing world will be less intense as well as more forgiving of minor misbehaviours. In other words, the best performance is always to be found where legislation and regulation (or the credible threat of such ‘command and control’ methods) are strongest!

The lesson to be learned from this is that voluntary initiatives (such as “Responsible Care”) are supplemental to, and not replacements for, regulatory approaches. In geographic areas where the implementation of “Responsible Care” principles has been less than successful, the key to future progress lies with the appropriate regulatory authorities, and with industry itself. The appropriate regulatory authorities must recognize that commitments by industry, no matter how noble, must be underpinned by a system of regulation and enforcement that sets at least a baseline of performance. The industry must recognize that partnership with stakeholders, especially organized labour, is not an option but a prerequisite for credibility of their “Responsible Care” initiative.

Ideally, “Responsible Care” should focus its attention on improving performance in developing countries. Although many of the participants are multinational corporations, performance in the areas of health, safety and environment – even by operations of the same company - continues to vary between countries. In developing countries, the “Responsible Care” program should assist small- and medium-sized companies to develop capacity in health, safety, and environmental management. Beyond even the chemical industry itself, “Responsible Care”, with effective stakeholder participation (especially of workers and their unions), could help build capacity and understanding within governments and civil society. From the perspective of trade unions, “Responsible Care” is not a substitute for a legal framework. However, in many parts of the world there is not yet an appropriate regulatory framework. “Responsible Care” could play a stronger role in such countries in information sharing and in the education of workers and communities – and indeed government officials - about chemical safety and environmental issues. However, at present the participation of trade unions and other representatives of civil society is almost nonexistent in these countries.

The chemical industry has pinned much of its credibility on the success of the “Responsible Care” program. The international trade union movement stands ready to assist in this endeavour, which would in any case be consistent with the stated principles of “Responsible Care” and its associated codes of conduct. The next move is up to the industry.

## CONCLUSION

What are some specific goals that industry could set itself to meet over the next five to twenty years? There are three broad areas in which the industry could greatly enhance its sustainability. These are: (1) environmental performance; (2) social performance; and (3) structure and governance.

### Environmental Performance

Industry needs to concentrate on research into “green chemistry” processes, precautionary approaches, resource efficiency and pollution prevention. This, unfortunately, does not eliminate the need to continue to consider end-of-pipe emission reduction, which must continue to be improved while other approaches are being researched and considered. Technology transfer and assistance are particularly needed in the developing world. Accepting responsibility for product use and disposal, even after sale to a consumer, is another area for improved environmental performance.

### Social Performance

The industry needs to consider whether its passion for staff reductions has left its facilities in a hazardous, let alone socially unsustainable, state. Beyond the employment issues, which obviously are very important, the industry needs to become more fully engaged in the process of social sustainability. This includes examining its attitude towards its trade unions. In addition, the industry could do more in contributing to adult literacy and education programs, public health programs, and the like. Is the industry covering its fair share of general education and apprenticeship training? Trade unions could be effective partners in these social initiatives.

### Structure and Governance of the Industry

The chemical industry needs to recognize that there will always be a need for both voluntary initiatives and effective, enforceable regulations. “Responsible Care”, for example, correctly recognizes the need to take a stronger role in product stewardship, but lacks the necessary credibility without the effective participation of stakeholders, particularly trade unions. The chemicals and detergents industries must take “cradle to grave” responsibility in product stewardship. Responsibility especially for the health of people exposed to chemical and detergent products (and not just ‘the environment’) should also be taken up by the industry. There must be an openness to the role of third parties in the independent verification of performance. The needs of this industry sector to meet its future challenges include the development of a clear and effective decision-making structure capable of responding to the sustainability challenges faced by the industry; whether they be predominantly economic, environmental or social or a complex interaction between all three.