

## SDG 12

### Ensure sustainable consumption and production patterns

## Corporate capture subverts production and consumption transformation

BY CHEE YOKE LING, THIRD WORLD NETWORK

Production systems that create jobs, use appropriate technologies and generate goods and services are central to meeting the Sustainable Development Goals (SDGs). Those who develop and control these technologies will shape production systems as well as consumption patterns and lifestyles.

Corporate-centric forces have been driving and shaping consumption and production patterns, often locking in those patterns through corporate capture of politics and policy-making at all levels from the national to the global, and across sectors.

A stark example can be seen in the case of agriculture. Agroecology, biodiversity and farmer-centred agriculture and sustainable food systems<sup>1</sup> are pitted against industrial monoculture, genetic engineering (from genetically modified organisms to synthetic biology and New Breeding Techniques<sup>2</sup>) and ever-growing corporate concentration.<sup>3</sup> Six corporations<sup>4</sup> control global markets for industrial seeds/

agrochemicals with collective sales of more than US\$ 65 billion a year, and accounting for more than 75 percent of all private sector agriculture research in seeds and chemicals. Three of these companies (Monsanto, Dupont and Syngenta) control 55 percent of the global seeds market while three others (Syngenta, Bayer and BASF) control 51 percent of agrochemical production. Thus, a handful of corporations control the entire chain of production from research to the final products. This market power also enables these corporations to get legislatures to pass laws that turn seeds into private “intellectual property”, penalize small farmers for saving, re-planting and selling seeds, and dilute efforts to regulate genetically engineered organisms.

The same corporate concentration plays out in the pharmaceutical sector. In 2014 Big Pharma, consisting of a handful of corporations earned US\$ 1 trillion, up from annual earnings of US\$ 300 billion in 2006. In 2014 the top revenue earners were Johnson & Johnson, Novartis, Roche and Pfizer. For the first time, a biotech company nudged aside one of the biggest Big Pharma names.

Eli Lilly & Co. was replaced in the top 10 by Gilead Sciences whose skyrocketing sales were fueled by its new blockbuster hepatitis C drug, Sovaldi (generic name Sofosbuvir), more than doubling its revenue

1 [www.ipes-food.org](http://www.ipes-food.org). See also Chapter 2.2 in this report on SDG 2.

2 See, for example, Steinbrecher (2015). Also [www.etcgroup.org](http://www.etcgroup.org) that provides information and trends of the impact of emerging technologies and corporate strategies on biodiversity, agriculture and human rights.

3 Cf. [www.etcgroup.org/content/mega-mergers-global-agricultural-inputs-sector](http://www.etcgroup.org/content/mega-mergers-global-agricultural-inputs-sector).

4 BASF, Bayer, Dow, Dupont, Monsanto and Syngenta.

in 2014 to US\$ 24.5 billion from US\$ 10.8 billion.<sup>5</sup> Gilead's pricing of US\$ 84,000 for 12 weeks' treatment triggered worldwide protest when generic versions are available for as low as US\$ 101.<sup>6</sup>

As the major players in one of the most lucrative and powerful industries in the world they also succeed in getting countries to adopt monopoly-friendly laws and patent regulations, thus squeezing out generic medicines production. Medicines that can save lives and cure diseases are a dream for hundreds of millions of people because patents have become a tool through which Big Pharma is able to demand exorbitant prices.

When governments act to protect the public from the ill effects of such monopoly power, corporations challenge them under the terms of trade and investment agreements. Laws passed by Uruguay and Australia to implement their obligations under international law<sup>7</sup> to reduce cigarette consumption and protect public health, for example, met with the wrath of the tobacco industry. Philip Morris took those two governments to private investor-to-state dispute arbitration under bilateral investment agreements in attempts to undermine the public health laws.

#### **From 1992 to the present: corporate capture subverts “fundamental changes”**

The urgency of tackling wasteful and excessive consumption by the rich and of meeting the needs of the world's majority, especially the poor, featured strongly in the public discourse around the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, Brazil.

The Rio negotiations put unsustainable consumption and lifestyles on the UN agenda for the first time. The crisis of depleting natural resources exemplified by tropical forest devastation and violation of indigenous peoples' rights as well as climate change was a wake-up call. Unfortunately the power of corporations to reap profits from selling products and lifestyles linked to materialistic desires and a reductionist dream of what life should be, in order to increase sales, underlined the US infamous red line: the American way of life is not up for negotiation.

There was intensive debate over whether consumption/lifestyles or population was a major driving force of the environmental crisis during the negotiations on the Rio Declaration on Environment and Development and Agenda 21 Plan of Action. This continued into the final stage of negotiations as the US delegation shocked the conference by denying that consumption patterns were related to environment problems and proceeded to square bracket (disagree with) the most important paragraphs of an already diluted chapter of Agenda 21 dealing with unsustainable consumption.<sup>8</sup> The US reluctance to address the link between consumption patterns and environmental stress has continued through subsequent negotiations; its success in deleting targets and timetables for reducing greenhouse gas emissions from the parallel negotiations on the 1997 climate change treaty in Kyoto exposed the Northern refusal to accept the need for fundamental changes in its economic policies and lifestyles.<sup>9</sup>

The explicit stance of the first Bush Administration in 1992, that the American lifestyle is not up for negotiation, still dominates political reality in the USA, as well as across most of the global North. Unsustainable lifestyle and consumption have in fact been globalized through aggressive marketing that targets the new and emerging middle classes and elites in the global South.

The compromise agreement, that both unsustainable production and population growth were major

<sup>5</sup> Cf. FirecePharma (2015).

<sup>6</sup> Cf. <http://msfaccess.org/our-work/hepatitis-c>. In response to protests, in 2015 Gilead licensed several Indian generic manufacturers to produce cheaper generic versions but exclude middle-income countries where millions need the medicine, and where the largest numbers of poor people live. See Médecins Sans Frontières (2015).

<sup>7</sup> WHO FCTC (2003).

<sup>8</sup> Third World Network (1993), p. 11.

<sup>9</sup> Ibid., p. 82.

drivers of environmental degradation was expressed in Principle 8 of the Rio Declaration: “To achieve sustainable development and a higher quality of life for all people, States should **reduce and eliminate** unsustainable patterns of production and consumption and promote appropriate demographic policies” (emphasis added).

Fast-forward to 2015 when the SDGs were forged, and that commitment has been reduced to mere remnants in the 2030 Agenda for Sustainable Development.

Although watered down, Agenda 21 itself is closer to reality than is the 2030 Agenda as it recognizes the links to imbalances in patterns of production

## Tinkering with “sustainable or eco tourism” hides the real face of tourism

BY ANITA PLEUMAROM (TOURISM INVESTIGATION AND MONITORING TEAM) AND CHEE YOKE LING (THIRD WORLD NETWORK)

Despite pronouncements of tourism being a positive force for economic development and poverty eradication, tourism is inept at meeting the challenge of implementing the SDGs. Like no other industry, tourism promotes – and glamorizes – a hyper-mobile and hyper-consumeristic lifestyle, rendering sustainability elusive. In fact, tourism development is fraught with negatives including inequality, social and cultural erosion, environmental degradation and climate pollution.

Recent research is particularly alarming in terms of tourism’s contribution to climate change, primarily due to the high energy use for transport such as air travel. Based on a new global tourism emissions model, global tourism is set to emit some 300 gigatonnes of CO<sub>2</sub> between 2015 and 2100, which is 30 percent of the global carbon budget for sustainable development. It is preposterous to take so much of this budget, also needed to meet the energy demand of billions of people around

the world. Tourism alternatives such as “green” or “eco”-tourism can also be problematic. Not only do they usually depend on long-haul flights – but despite some exceptions, they also tend to penetrate fragile ecosystems and Indigenous Peoples’ community land, and trigger biodiversity and culture loss.

Tourism as a major source of financial leakage is well documented. As it is frequently large foreign companies that either initiate or take over commercially successful tourism projects and repatriate profits to headquarters and shareholders based abroad, the domestic retention of tourism benefits and their distributive effects has a very poor record. A particular characteristic of contemporary tourism in this age of neoliberal globalization is that it is closely intertwined with the finance and real estate industry. Ground evidence shows that vast tracts of public land are being privatized and acquired by foreign investors for luxury

tourism, residential and commercial development, resulting in displacement and disempowerment of local people. Additionally, the radically de-regulated business environment spawns price hikes and speculation, posing high risks to local economies.

Therefore, steering tourism policy and practice towards more sustainability requires first and foremost tackling the unjust economic structures and power relations that drive tourism development. We would also need to put in place regulations that effectively protect local citizens and communities from harmful tourism as well as mechanisms that require travel and tourism businesses to compensate for losses and to clean up the damage they created. Clear, transparent, accessible mechanisms of accountability are also needed to empower people(s) to monitor and hold governments, financial institutions, development agencies and the private sector engaging in tourism accountable for their actions.

and consumption. Thus Paragraph 4.3 states: “While poverty results in certain kinds of environmental stress, the major cause of the continued deterioration of the global environment is the unsustainable pattern of consumption and production, particularly in industrialized countries, which is a matter of grave concern, aggravating poverty and imbalances.”

Further, in Paragraph 4.4, governments agreed: “Measures to be undertaken at the international level for the protection and enhancement of the environment must take fully into account the current imbalances in the global patterns of consumption and production.”

This point was made again in Paragraph 4.5, which states: “Although consumption patterns are very high in certain parts of the world, the basic consumer needs of a large section of humanity are not being met. This results in excessive demands and unsustainable lifestyles among the richer segments, which place immense stress on the environment. The poorer segments, meanwhile, are unable to meet food, health care, shelter and educational needs. Changing consumption patterns will require a multipronged strategy focusing on demand, meeting the basic needs of the poor, and reducing wastage and the use of finite resources in the production process.”

By contrast, under SDG 12, on production and consumption, the focus on excessive demand and unsustainable lifestyles has disappeared and the targets for that goal are very narrow and patchy. In the 2030 Agenda as a whole, there are only two references to lifestyles and these are only in the context of education (Target 4.7) and awareness-building on sustainable lifestyles (Target 12.8).

The groundwork for this slippage was however laid in Agenda 21, which also marked a shift from global agreement on the need for corporate regulation and accountability to the embrace of corporations as part of the solution to unsustainable development. That same year, in the UN system itself, work on a global code of conduct for transnational corporations (TNCs) was terminated and the small Centre on TNCs effectively dismantled. Thus corporations, for which the constant expansion of production and consumption

determines their bottom line, coupled with governments that accept the neo-liberal model of continued economic growth, continue to be obstacles to change.

Today we witness the increase of legal “rights” for corporations (especially foreign investors), including the right to directly challenge governments when they make and implement public policies that affect profits, including future, expected profits that they themselves calculate. Corporate capture of public policy-making and norm setting is evident at all levels, from the national to the global.<sup>10</sup> Corporate accountability and the polluter pays principle have given way in large part to voluntary corporate responsibility and “multi-stakeholderism”.

From the 1992 Rio Declaration and Agenda 21 to the Johannesburg Plan of Implementation (Rio+10 outcome document) to the “The Future We Want” (Rio+20 outcome document) and finally to the 2030 Agenda, the words “fundamental changes” in production and consumption have survived. But the spirit has become progressively weaker and the targets are not designed to achieve fundamental changes. The current indicator framework is even more inadequate.

Lifestyle choices are not merely individual choices but are primarily molded by values nurtured by education (formal, and within family and community) and development choices (through public policy). Target 12.8 perpetuates the assumption that individual awareness and informed choice are sufficient to bring about more sustainable lifestyles, committing governments only to: “ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature” by 2030.

### **The 10-Year Framework of Programmes (10YFP)**

Rio+20 adopted the voluntary 10-Year Framework of Programmes (10YFP) on sustainable consumption and production, invited the UN General Assembly to designate a UN Member State body to take needed

<sup>10</sup> For a discussion on the role of corporations in the UN Development System, see Adams / Martens (2015).

steps to fully operationalize the framework, and designated the UN Environment Programme (UNEP) as the Secretariat. Negotiations at the Commission on Sustainable Development on the 10YFP were difficult and its adoption was delayed, signaling a further retreat of governments from the Agenda 21 starting point in 1992. At that time civil society groups criticized Agenda 21 as weak but it appears to be so much stronger today!

SDG 12 explicitly reiterates that developed countries should take the lead in implementing the 10YFP, but this framework is much narrower than the Rio 1992 commitment to lead in shifting to sustainable consumption and production patterns. The decades of intergovernmental discussions at the now terminated Commission on Sustainable Development and in UNEP, and now in the actions mandated by the 10YFP and the SDG targets, reveal a systematic fragmen-

### Targets for SDG 12

- 12.1** Implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries
- 12.2** By 2030, achieve the sustainable management and efficient use of natural resources
- 12.3** By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
- 12.4** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- 12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
- 12.7** Promote public procurement practices that are sustainable, in accordance with national policies and priorities
- 12.8** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature
- 12.a** Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production
- 12.b** Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products
- 12.c** Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities

tation of the transformative nature of shifting to sustainable production and consumption. The objective of the 10YFP talks about generating “transformative change”, but its multi-stakeholder approach constrains the ability to put on the table the central issue of global political power imbalances along with corporate capture and dominance.

Despite these imbalances in power and influence, the 10YFP, along with much of the UN system itself, assumes everyone can be at the table (“inclusive”), be equal and like-minded (“collaborative”), and have “shared objectives”. The reality is that profit maximization and the dominant corporate bottom line rewards individual breaking of limits, fundamentally contradicting the limits of nature, communal and inter-generational responsibility. Production systems that embody these contradictions generate tensions and conflicts with regard to values, stewardship of and access to resources, research and technology choices, as well as the types of goods and services produced for society. It is not surprising that economic globalization and liberalization particularly since the 1980s have resulted in greater inequality and polarization within and between countries.

However, even as the 2030 Agenda and its SDGs identify poverty eradication and overcoming inequality as priorities, governments and UN bodies have failed to tackle the structural obstacles to sustainable production and consumption; instead of acknowledging corporate capture and regaining space for national and local public policy-making and necessary regulation, the agreed global response is the highly limited 10YFP, with its multi-stakeholder model as the primary delivery mode. Thus instead of embracing the need for government regulation of corporations, countries agreed only to urge companies to change their behavior. Thus, SDG Target 12.6 limply states: “Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.”

A case in point is the sustainable tourism programme agreed in the 10YFP. Tourism epitomizes unsustainable consumption and lifestyles linked to rapacious economics and powerful corporate actors (see Box

in this chapter) but the programme is led by the UN World Tourism Organization (UNWTO).

The nature and conceptualization of the UNWTO does not allow for it to adequately deal with the unsustainable and unjust patterns of tourism. Originally formed as a business organization, the UNWTO remains industry-controlled and industry-oriented and its critics do not regard it as a responsible UN agency acting for the social whole.

In synchrony with the global tourism and travel industry, it continues to aggressively campaign for further tourism growth despite the fact that much of contemporary tourism is antithetical to sustainable development, and tourism-related goods and services are often luxuries that can only be enjoyed by the world’s minority. Even if some improvements can be achieved in tourism through better regulation and management as well as increased demand for ecologically sustainable activities (“ecotourism”) it is clear that the gains made will be steadily undermined through continued growth of the tourist industry itself, as forecast and aspired to by the UNWTO. Instead of regulating and down-scaling the inflated tourism sector and effectively engaging in harm avoidance, the UNWTO sends a wrong message to the public: that “sustainable (eco)tourism” is the solution and needs to grow without barriers for the benefit of us all.<sup>11</sup> Accordingly SDG Target 12.b, “to develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products is way off the mark where sustainability is concerned.” Countries such as small island developing states that heavily rely on tourism have to contend with the volatility of tourism<sup>12</sup> and the need to address aviation for climate change mitigation. More sustainable economic activities are needed, a challenge that the international community must assist with, for the transition of those economies.

11 Pleumarom (2015). For more on the development and human rights context of tourism see: <http://twn.my/tour.htm>

12 For example, tourism slumps result from international financial / economic crises, natural disasters, acts of violence and health issues such as pandemics.

### Conclusion

The targets on sustainable production and consumption in SDG 12 and related targets in other goals fall far short of overcoming the obstacles to this goal. For transformation to sustainability, choices must necessarily be made to remove structural injustices often created and perpetuated by corporate dominance in national policy and law making as well as globally, especially in trade, investment and intellectual property norms and agreements. Regulations are also needed to push back on corporate concentration across all sectors and to reinstate obligations and responsibilities for corporate accountability.

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