

The way forward: Strengthening the international architecture for clean and environmentally sound technology development, transfer and dissemination

Conference Room 3, TNLB, UN HQ, New York City, 31 May 2013, 10.00 – 18.00

Remarks by Louise Kantrow
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“Strengthening clean and environmentally sound technology development, transfer and dissemination: Options for a facilitation mechanism”

Excellencies, ladies and gentlemen, good afternoon.

I am pleased to participate in this afternoon’s session in my capacity as Permanent Representative of the International Chamber of Commerce to the United Nations.

Established in 1919 by private sector representatives in five countries, today ICC represents the private sector in over 120 countries representing the views of tens of thousands of corporations in every region of the world from Small-Medium Enterprises to large multi-national companies. Granted consultative status in 1946 through ECOSOC, ICC has a long tradition of representing the balanced voice of business at the United Nations.

Business, as represented by ICC, has been deeply and constructively engaged over the past years in increasing collaboration across sectors in global matters at the United Nations. With an expected rise in global population from 6.5 to 8 billion, a 50% increase in energy demand and a doubling of economic output in the next 25 years, it is critically important to marshal the necessary technological resources to address sustainability challenges and increase the pace of technological innovation, cooperation and dissemination required for the transition to a more sustainable and inclusive economy.

ICC believes that the availability of economically feasible options to address global challenges – including health, the environment, and food security – will depend on the development, commercialization and widespread dissemination of effective existing technologies and new, currently non-commercial technologies. The private sector has been, and will continue to be, responsible for the vast majority of investments and the development and diffusion of the new and improved technologies that will be essential to meet these challenges. The ability to amortize these investments and assure a return to those who supply the necessary capital is secured by intellectual property protection of the inventions that will result from the private sector research and development effort.

Business does not do this in isolation and often forms partnerships with governments, academic and other non profit research organizations to leverage resources and benefits. However, government and academic contributions to innovation frequently are in the area of basic research and demonstration and require large investments of private capital to make the fruits of this research available to the marketplace. The barriers to, and instruments for technology development and deployment are very different when talking about technologies in the Research and Development (R&D) phase or technologies at the beginning of the technology chain, but as technologies move closer to commercial adoption, the role of private sector grows accordingly.

The most efficient means of rapidly moving government and academic research to market is the transfer of patent or the licensing of patents and related know how to the private sector thereby creating an incentive for the private partner to invest the necessary capital in the joint enterprise. Governments should increase funding for basic research and ensure that policies facilitate innovation and dissemination of technology. They should also encourage more public-private partnerships, particularly at the local and city level, to address the critical challenge of climate change.

Establishment of lists of favored or prescribed technologies would only hinder effective long-term use of the most appropriate technologies in the countries where they are to be used. Consequently, it is important for governments to specify performance criteria for acceptable technology rather than to ban or restrict technologies based on current performance. Decisions about appropriate technology should be part of the process by which projects are approved by host countries.

Increasingly, the world community acknowledges the importance of the natural environment, for many reasons, both moral and economic. The Convention on Biological Diversity (CBD) is one consequence. The objects of this treaty are to conserve biodiversity, to promote its sustainable use, and to share fairly the benefits of this use. The CBD recognizes the sovereignty of member countries over genetic resources found within their boundaries, and sets out principles upon which access to genetic resources is to be provided. Business supports suitable compensation for use of genetic resources, based on Mutually Agreed Terms (MAT), in line with the CBD.

Governments should ensure coordination between their policies on the environment and on intellectual property, as well as on trade. Policy makers should carefully consider the evidence and consult fully with business and intellectual property circles before introducing any legislation intended to protect the environment that could undermine intellectual property rights. In particular, governments should avoid requirements for disclosure of origin in patent applications and, instead, should introduce policies consistent with the CBD and the Nagoya Protocol that promote the objectives of the CBD without imposing unreasonable burdens on innovators.

Resource efficient products, processes, technologies, services, and solutions, such as energy and eco-efficient manufacturing, low-carbon technologies, building, or transport infrastructure require large and long-term investments. Having the right investment framework in place is fundamental for business. A comprehensive and balanced investment framework should be clear, stable, and predictable so that investors trust that policy goals and incentives will be in place for the duration of the project fostering innovation-led growth.

Business believes that a primary role of public finance should be to leverage private investment. In many cases, existing mechanisms and institutions can be modified to make them more effective at attracting private capital and private technology.

As new technology projects move from research and development towards commercialization, they often lack investment to bear the scale up risks. The challenge is to recognize when such technologies have the potential to become commercial after overcoming startup barriers, and when they are in fact not viable. National circumstances where the investment is to take place are a critical factor, as are infrastructure, regulatory frameworks and permitting requirements and investment incentives. Another critical element in decision making is where the technology is along the maturity scale. For technologies in the R&D phase, different policies, incentives or collaboration may be needed than for technologies that are near commercial or commercial.

Governments can support technological innovation through enabling policies and frameworks. These policies should include developing national research programmes targeted at local barrier identification and to recognize and support opportunities. In addition, policies can include subsidies, tax incentives, workable and effective patent systems and other positive incentives for research and development (R&D). National technology development strategies must cover fundamental research as well as emerging and near commercial areas in order to ensure a pipeline of new technologies. Governments play an essential role in the education continuously needed to replenish and expand the pipeline of qualified individuals with essential technical training.

The technology challenge is not limited to “hardware,” but should be understood to include the related management systems and the know-how and expertise to operate industrial activities in the most energy efficient way. The provision of services, skills and associated technologies to operate and maintain new technologies is essential to ensure their long term sustainability.

In countries with limited capital, and specifically for least developed countries, the role of private Foreign Direct Investment (FDI) should be complemented by multilateral development finance, Official Development Assistance (ODA), and local private funds. Through such innovative and combined financing solutions, project creation and implementation benefit from a variety of sources, which are mutually reinforcing, with each fund adapted to the type of investment and risks it covers.

Risk profiles of various investments will be unique, compounded by consideration of local (national) circumstances. Public funding could be considered to reduce the risk of diversifying to new “emerging” forms of energy production or consumption. However, any approach to public financing should be limited in duration and phased out over time.

Intellectual property (IP) has long been used by businesses to support the marketing of goods and services. However, there is growing recognition that intellectual property is a valuable asset in itself that can bring in revenue through licensing, improve a company’s balance sheet, increase stock value, or be used as collateral for loans or other financing.

The IP market is growing, both in size and in the number of players. More IP is owned by small companies and universities. The number of IP broker companies and intermediaries is increasing and patent auctions are becoming more important for buying and selling IP. This trend has been already ongoing for some time, but was accelerated by the economic downturn in 2008. Many companies are looking into their IP portfolios to spot packages that can be sold and bring in some money. Trading of IP is becoming a significant element in today’s way of doing business.

Another evolution in business practices with an impact on IP is the continuing shortening of product life cycles in many industries (e.g. the information technology sector). The length of time and amount of investment required to obtain intellectual property rights, especially patents, can be substantial relative to the effective life of the product. Requirements such as the need to mark products with relevant patent numbers also become impracticable when products have short life cycles and use many different technologies subject to different patents, especially when these products are miniaturized.

To accelerate technology development and deployment on a global scale, ICC recommends analysis of the fundamental issues encountered in the large scale deployment of emerging technologies. These studies need to reflect understanding of local potential and capacity, and

identify gaps and needs. Policymakers should strive to scale up successful projects and practices, and work with companies in this regard. Much of this R&D is long-term in nature and therefore requires a collaborative approach. A basket of policy options which address the various stages of technology maturities as well as national circumstances will have to be developed. Business supports global initiatives where public and private sector participants jointly fund and guide the research.

Thank you.