

IPEN Intervention on Rio + 20- given by Joe DiGangi, IPEN Secretariat

Thank you Mr. President.

Rio + 20 is especially important to all of us that work on chemical safety since the original Rio Earth Summit adopted Chapter 19 of Agenda 21, launching the global chemicals agenda. Ten years later, heads of state called for SAICM. Now we find ourselves in a situation where climate and biodiversity have grabbed global attention and most of the financing... and chemical safety finds itself marginalized.

We believe that chemical safety and chemical policy reform should occupy a place at the core of the economic and development policy agenda. IPEN plans to elevate this topic at Rio + 20. Since the topic of chemicals is likely to get only a very small part of the final text at Rio + 20, we will have to be selective in choosing a small number of key ideas or messages to come from the meeting. We have a proposal that addresses both sustainability and the desperate need for finances. In fact, it is the realization of a key Rio Principle:

Rio+20 should call for establishment of a global cost recovery system so that the chemical industry becomes truly sustainable and pays the true cost of its products. This includes paying to establish and maintain the infrastructure necessary to safely manage its products. We are calling for the realization of Rio Principle 16; the polluter pays principle. Anything less is market distortion.

Here is a little quick math: the global turnover of the chemical industry is more than three trillion US dollars (3,000,000,000,000). That is a 3 followed by 12 zeros. To give you an idea of how big that is: Three trillion seconds is more than 90,000 years. If the global industry paid a 0.1% tax each year, then more than \$3,000,000,000 (billion) would be available for financing the global chemicals agenda annually.

We are proposing this global cost recovery system as a key message from Rio+20 for three reasons:

1. Developed countries will **never** be able to meet all the financial needs for building and maintaining sustainable national chemicals management programs
2. The money needed to assure that chemicals are safely managed is, ultimately, the responsibility of chemical producing industries. When chemicals are produced or used in a country, it is an obligation of the government to ensure that the public's health and the environment are not harmed as a result of chemical exposure or chemical accidents. The costs governments incur in fulfilling this obligation are economic externalities that arise as a result of economic decisions by industry to manufacture and to use chemicals... such external costs should not be borne by the general taxpayer, by the general national treasury, or by any other third party. Rather, appropriate economic instruments should be developed that effectively internalize such costs within the relevant industries
3. A global cost recovery system is needed...also take forms such as sub-regional and regional... Given the trans-national nature of the chemicals industry and its markets, purely national approaches to cost-recovery could be very difficult, even for large, highly industrialized countries. For most

developing and EIT countries, the burden of establishing a unique national approach could be overwhelming. A purely national approach could also face economic retaliation and/or the country may suffer economically from subsequent distortions in international trade and investment. In addition, the chemical may be widely present in imported products, and may be subsequently released from the product into the environment causing harm. These chemicals may be of substantial volume, and measures to assure they do not harm health and the environment may be costly. But a purely national cost recovery system would likely be unable to recover them. Finally, some Least Developed Countries (LDCs) may have great needs, but national cost-recovery could not be reasonably expected to generate sufficient revenues. For these and other reasons, a global approach would be preferred.

We believe that the time has come for the industry to pay its fair share. Rio+20 is the opportunity to add a financial component to what a sustainable chemical industry really means.

Thank you for your consideration.