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We welcome this discussion, indeed a very important one: because addressing the perceived contradiction between competitiveness and environment is essential for sustainable development. The paper we are discussing now, “environmental policy and international competitiveness in a globalizing world: challenges for low-income countries in the UNECE region” is excellent, right on target. Its conclusion that ambitious environmental policies are improving competitiveness and weak environmental policies weaken competitiveness is one we share completely. We advise all UNECE countries to use this paper, paragraph by paragraph.

The challenge to bring competitiveness and environment together is not only for low income countries. In Western Europe, and I believe in North America it is no different, we see in fact a strong and even increasing pressure on politicians, coming from industry federations, to stop developing new environmental policies and to weaken existing ones, with global competitiveness as excuse. And unfortunately, many politicians, governments and the European Commission are impressed by that pressure.

That is unfortunate and unnecessary. Because, as the document in front of us rightly states, there is a difference between competitiveness of individual companies and of countries as a whole. Competitiveness of a country is promoted through a clean environment, in many different ways. Clean water, clean soils, healthy people, all are important production factors. And competitiveness of a country is helped with moving from old-fashioned, energy and resource intensive production and consumption patterns towards clean and energy efficient production patterns and dematerialization. And focusing on the production and consumption patterns of tomorrow, which necessarily have to be sustainable, can also create, if one is fast enough, interesting new export markets.

Currently the individual short-term interests of companies prevail, and in particular the old, mainstream companies. The competitiveness of new and innovative industries, the ones that will grow as a result of ambitious environmental policies, is unfortunately badly represented in this struggle for attention. In only a few countries, politicians start to understand that for society as a whole, and also for the competitiveness of the future, it is better to listen to, cooperate with, and promote, the industries of the future. The German Government, earlier this year, launched a debate on ecological industrial innovation, on the basis of German practice. In Germany, environmental industries are already providing more jobs than the entire car industry in that country, and it has fast expanding export markets in wind-energy, waste management etc. This way of thinking can be found in the Working Paper for the Informal Meeting of Environment Ministers in Essen, called “Elements of a European Ecological Industrial Policy”, 1-3 June 2007.

Contrary to dominant thinking, the German Environment Minister comes to the conclusion that being proactive with environmental policies is not harming competitiveness, but helping it, even within the EU context. Being first means creating lead markets for innovative technologies. A good example is the Japanese Top Runner Programme. It sets standards for products on the basis of the environmentally best

performing products, therewith creating a permanent strong incentive for industry to improve their products. This leads to a very strong competitive position of Japanese companies on the global market.

The conclusion is clear: stop listening to the large, conservative, mainstream industries and their federations. Work with the new industries, the frontrunners! Design and implement ambitious and effective environmental policies, in particular environmental legislation and market instruments that make “the market work for environment”, such as environmental taxes and subsidies, and remove subsidies that harm the environment. The initiative of the Serbian government of Zero Taxes for Zero Emissions, announced yesterday, is interesting in this regard, provided we can reach agreement on what Zero Emissions mean. Greening public procurement can be a major driver as well. But to accelerate ecological innovation, one should not only reward new technologies. New technologies and new production and consumption patterns should become the norm, or “be mainstreamed” as we say in Euro-english, which means one should not only use carrots but definitely also sticks as legislation and taxes.

Ambitious environmental policies are first and for all necessary for the protection of our planet and its people. But they at the same time create jobs, economic opportunities, wealth. They create the necessary changes in production and consumption. So go for ambitious environmental policies and do not get carried away by fashions like non-binding partnerships, deregulation (sold sometimes as “better regulation”), voluntary approaches etc. We should not let the pace of development be decided by the losers and politicians that support them.