

Contribution by industry to the informal Environment Council

Horsens, Denmark 18 April, 2012

Distinguished Ministers and Heads of Delegations, Commissioners, Ladies and Gentlemen,

Despite Europe being a smaller part of a bigger world, European industry has the ambition to be a global leader in sustainable technologies and to play a leading role in greening the economy. Industry is a key solution provider for resource efficiency and climate change adaptation as well as other societal challenges as ageing and health promotion. The prerequisite for delivering solutions is a long-term vision with a clear path for a strong industrial basis in EU in the context of a globalised world.

However we must not ignore the strong pressure to relocate industrial activities from Europe due to an increasingly globalized value chain, growth markets in Asia and elsewhere, and higher production costs within Europe than outside. Resource-intensive, but also resource-efficient industry must not be burdened with unnecessary rising cost in order to produce competitively within Europe and to innovate. Innovation is crucial for moving production up the value chain which is necessary to be successful in the long run on the world markets.

It is an honour and a pleasure for me to present today the outcome of our Round Table yesterday where some of you also participated in the discussions. The title was “Greening the Economy – Industry as a Solution Provider” and the main issues addressed were resource efficiency and climate change adaptation as they are important elements of your discussion of the forthcoming 7th EAP and Rio+20.

The Round Table was co-hosted by the Danish Ministry of the Environment, the Confederation of Danish Industry and BUSINESSEUROPE and gathered leading companies in EU and in Denmark with business strategies in the field of environment and sustainable development and covering different sectors and branches. I shall now present the main results of the discussions.

To build an enabling new environmental framework, four key dimensions should be considered in putting together clear long term vision and appropriate incentives for industry to act:

- The innovation dimension: Industry needs a technology-friendly society and policy environment to be able to develop sustainable products and solutions. What we need is an open marketplace of ideas, one that's free to look in all directions for solutions. Be too prescriptive on product requirements can hold it back. Cutting-edge research and innovation in areas like bio- or nano-technologies must be supported and not prevented.
- The integration dimension: Environmental goals should not be pursued at the expense of competitiveness, any more than we should seek competitiveness at the expense of the environment. The challenge of integration is to achieve both. Among other things, this should entail a "competitiveness proofing" of every policy initiatives to avoid unnecessary costs and burdens.
- The trust dimension: To be successful, business needs policy which offers predictability, consistency and simplicity. Policymakers need to take account of the policy landscape and initiatives that are already in place. The assessment of the sixth environmental action programme revealed inadequate implementation and enforcement of the EU's existing environment policies. This should be the main focus, at least in the near future: to complete implementation.
- The consumer dimension: To be ultimately effective, sustainability policies must also touch on efficient resource use by consumers. Businesses are using different approaches to boosting green demand – such as raising consumer awareness, using government incentives to influence behaviour or providing greater information and choice for consumers. Support for industry driven activities is key to bring this forward.

A more resource-efficient economy can be achieved in different ways such as changes in consumer behaviours, new design of products or continuous recycling of resources for renewed use, without reducing the quality of the raw material. Waste must be considered a resource and waste management must be developed

appropriately, whether it is reuse, recycling or recovery for energy use. In all cases it is important to apply a life cycle approach and to develop operational indicators and methodologies. An integrated approach is also to be pursued to take into account interactions between different aspects.

Adaptation to climate change is important to society both locally, nationally and globally. Not only is it likely that climate change will bring extreme and unpredictable weather conditions that will affect infrastructure like buildings, transport, energy, water supply, and water treatment. Climate change will also impact the quality and availability of natural resources like water and soil resources, ecosystems, and biodiversity. However, the European industry can provide innovative and efficient solutions that will alleviate the negative social and economic impacts of climate change – thereby increase both welfare and green economic growth.

Urbanisation plays an important role in climate change adaptation measures. It is expected that in 2050 70% of the world's population will live in cities and be accountable for 90% of the global economy. This creates great demand of smart infrastructure that complies with the climate change challenges. Adaptation is costly, but postponement will have serious implications for environment and health, and doing nothing will be even more costly. However, financing is limited and therefore it is important that the solutions are socially and economically sustainable and in line with industrial competitiveness and growth.

The EU forthcoming adaptation strategy should be based on integrating adaptation into relevant policy areas, and on building a solid knowledge base on the impact and consequences of climate change for the EU. Furthermore the policy instruments to be used should be thoroughly assessed to avoid unnecessary barriers to competitiveness. Also the international cooperation on adaptation must be strengthened.

I will now give a few concrete examples of where the four dimensions that I have already mentioned should apply.

- Development and use of new technologies, like nanotechnology and biotechnology

- Renewable feedstock and use of agricultural residues
- Water planning, water efficiency and water management
- Eco cities and full scale demonstrations projects on how to manage resource efficiency
- waste management, recycling and the use of secondary raw materials.
- District heating as energy-efficient solutions

To sum up: The industry aims at strengthening the positive connection between environment and growth and thus contributing to solve both the economic and the resource crisis. I have reported some of the views expressed by participants on how environmental policy can create supportive and flexible frameworks for industry to be competitive globally and foster innovative products and solutions and deliver jobs, growth and welfare in Europe.

Thank you to the Danish presidency for giving us this opportunity to contribute to your discussions. With this, I will wish you a pleasant and fruitful meeting. Thank you for your attention.