

“ There is a growing realization in the NGO community of the power of markets. Leading NGOs have concluded that the change to create a sustainable world will not come from governments. It can only come from making markets work to support sustainable development. However, that also means that we will see the NGO community utilizing the power of markets to a higher degree via campaigns, via demands for internalising of environmental costs to get the prices right and other similar actions”
Bjorn Stigson, WBCSD President.

**Lisbon II. European Competitiveness in a New World
Europe, the « first truly sustainable economy in the world »
After the Kok report.**



VISION

1. European competitiveness has two tracks :
 - Companies competitiveness
 - Nations, Regions and Communities Competitiveness.
2. In both cases, the conflict is between
 - Short and long term competitiveness
 - Competitiveness “despite” or “thanks to “ a social en environmental performance agenda.
3. Competitiveness of Nations, Regions and Communities. Support to SME’s. Social Cohesion « Policy makers have failed to work out how best to exploit the potential synergies between economic growth and competitiveness, and business strategies and practices that factor in social and environmental performance » (1)
4. European competitiveness depends on the South desirably catching up with the North in terms of environment and well-being standards, It is vital, for our own competitiveness, to help our South partners to set the bar of their own expectations higher about finding products that are good for health, employment and the environment on their own domestic markets. It is through a rapid convergence of the South that the good stand currently made by Europeans in top-of-the-range products can be maintained.
5. Europe’s ambition should be to become the « *first truly sustainable economy in the world* » (2). China (the 2020 Well-off Society, quadruple GDP- raise eco-efficiency by 6-8 times) and Japan have today a more ambitious agenda than the EU. Absolute decoupling of economic performance from the environmental pressure is a major source of innovation and value creation.
6. With successful “*socially responsible investments (SRI)*” and “*sustainable consumption and production*” initiatives, European *niche markets* of today are paving the way for a new “sustainable single market” of tomorrow and new joint ventures with the South. It is in the direct interest of many companies offering high-added value products or services in the social, ecological or cultural fields to exercise collective leadership with the other stakeholders to transform

the niche markets of today in *mainstream markets by 2012*, enhancing European competitiveness, creating new business models, working for a good health for everyone in a healthy environment, favouring social cohesion and sustainability.



Tools. Governance

1. The major problem of the Lisbon process/failure is a governance issue. Similarly, since the launching of the concept of eco-efficiency (1991) Europe, its Institutions, and Companies failed to exercise collective leadership. A "systemic change" is therefore required both at EU and Companies levels.
2. The Kok report is not providing us with
 - a. the new « polycentric and multi-level governance scheme » required in a network-Europe to pool risks in order to advance everyone's interest and to exercise « collective leadership »
 - b. the recognition of the role of civil society, next to public authorities and social partners for making markets work to support sustainable development.
 - c. the « social glue » which is needed to succeed in the « competitiveness » endeavour which is a source of new ideas, innovation, new jobs.

The support of workers and civil society organisations will not be obtained if Europe would be paying for its improved short-term economic performance by borrowing against the future, create greater inequality, increase poverty, lawlessness and incarceration, force millions of people into long-term debt and bankruptcy. The most important step for all policy-makers to ask is "*what would policy look like if it were seeking to promote well-being*" (3), one of the objective of Europe as defined by its Constitution.

3. With these in mind, the Lisbon II should

- **Be build on the concept of "innovation by agreements"**, designed by the Feira European Summit to "promote innovation and organisational learning in the context of negotiating consent for change" needs to be expanded to a broader European, Business and Civil Society agenda. « *Flexibility by consent and innovation-by-agreement are the keys to global competitive success It also ia a means of enharnacher individuel skis and organisational leasing in both the public and the private sectors, with gains both économique and social efficiency.* » (4) Today, the challenge is to create a critical mass and a "scale effect" for sucessful new businesses, social enterprises included, and niche markets towards a « close the loop economy », « sustainable trade », « solidarity and equity ». It is a key leverage of European competitiveness in a new world requiring a strong involvement of citizens on the market, as consumers, investors, workers. By doing so we will as well contribute to human security and the design of the "European Social Model" needed to secure European social cohesion.
- **Be developed through a Convention III type of process**, creating a « European space for debate and innovation by agreement » able to mobilise

efforts at EU and Member States levels, linking values and competitiveness, eradication of poverty with trade free and fair, as well as new business models, new N/S Joint Ventures and R&D, remains highly recommendable. The European Council should adopt a declaration, similar to the Laeken Declaration, to fix the terms of reference of such new type of « European Convention »..

- **Include an agenda of action “Europe, the first truly sustainable economy in the world »** The key to joining up Lisbon and Goteborg agendas is innovation - product innovation, technological innovation, business model innovation, social innovation (e.g. leapfrogging) and communication innovation .



ACTION.

European Innovation and Competitiveness Strategy And Sustainable Consumption and Production.

1. Partnership agreement with China and India(a circular economy-reduction, reuse, recycle)
2. Absolute decoupling objective (today relative de-coupling but with a burden-shifting to developing countries).
3. New business models (poverty eradication through the market, technological divide)
4. New environmental services for the poor
5. New marketing strategies encouraging demand for sustainable consumption
6. New South/North Joint Ventures
7. New Financial tools, European vehicles related to *Guarantee* - ECA's guidelines and the European Micro-credit guarantee fund - *Loans* - EIB, EBRD, EIF. – *Shares* - participation in Private Equity, Bonds, Fund of Funds
8. Basle II. Review Draft regulation.
9. EU, national and local sustainable procurement targets by 2006
10. Mainstreaming niche markets (responsible investments and sustainable purchasing)
11. Companies sustainable purchasing policies
12. Sustainable supply chain guidelines and partnerships
13. New Joint Purchasing Initiatives
14. Research Push (Barcelona target 3% of GDP + FP 7)
15. Partnership with Researchers from Developing Countries, their Research and Knowledge centres. A “Leapfrog” program.
16. Economic Instruments (revision of directives, sound analytical basis, elimination of harmful subsidies, incentives)
- 17 Working with Local Banks, Retailers, Citizen's groups interested in responsible investments and purchasing.
18. Working with Southern Producers (reciprocal acceptance of standards, technical assistance agreements)
19. An enhanced and tri-partite co-operation related to fiscal initiatives.
20. Harmonise project evaluation, reporting sustainability system for Companies listed on the stock market

In response to the WSSD call for a 10-year Framework Programme on Sustainable Consumption and Production.

1. Responsible Competitiveness Index. AccountAbility. UK
2. A European Dream. Jeremy Rifkin.
3. A Well-being manifesto for a flourishing society. The power of well-being. The New Economics Foundation. UK.
4. Social dialogue and Innovation by Agreement. Stuart Holland.