

An ambitious business response to shoulder a more ambitious political agenda

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The European Council “*urged business leaders and other key stakeholders, including workers’ organizations and non-governmental organizations to propose an ambitious business response in support to the implementation of the EU Sustainable Development Strategy*”.

The Berlin Declaration gave the wrong signal. “Sustainable security” embraces climate change, war for resources, marginalization of the majority world.

The EUSDS should remain the overarching strategy. After the *Steel and Coal Community*, after the *Single Market*, after the *Euro*, the “New European Economic Agenda” is to build a *Resource-Efficient and Low-Carbon Economy*. This objective should be enshrined in the new EU Treaty (2008), in the EU Budget and be part of the EU diplomacy. It should change the way companies invest and purchase, their business model, their way to co-operate with civil society, the daily decisions taken by local authorities and consumers. It should lead to a real “metamorphosis of Europe” at an accelerated speed.

We will be successful as Europeans only if we are able to present a “Low-Carbon and Resource-Efficient Economy” as part of a “New Societal Contract”, a “progress for mankind” and the leverage of a “Well-Being Society for All” in Europe and elsewhere.

We need an EU multi-stakeholder, value chain strategy in implementing the EUSDS where governments and the Commission are (i) “developing a new ambitious innovative policy agenda”; (ii) setting a successful framework for “innovation by agreement”; (iii) participating in public-private partnerships with incentives for innovation on the market place.

1. The Berlin Declaration: the wrong signal

The Berlin Declaration celebrating the EU’s 50th anniversary is very disappointing for two reasons which are illustrating why our EUSDS Business Response Contact Group will be useful:

- In January 2007, President Barroso named sustainability as one of the EU’s five key values, to be enshrined in the Berlin Declaration celebrating the EU’s 50th anniversary. However, the reference was restricted to fighting climate change.
- The Declaration has not been signed by all the EU Member States.

1.1. Focus on climate change only?

That “climate change” is preferred – as an EU priority – to “sustainable development” is a wrong signal. This is demonstrating that the European Heads of States and Governments have not realized – unlike some CEOs – that:

- **Sustainability is key and a “creator of progress » (CEO of Monoprix, a major French retailer) with a vision for change towards a new global security paradigm: “sustainable security”** (climate change, competition over resources, marginalization of the major part of the world). The Berlin Declaration underlines that the full potential of a “sustainable development strategy” has not yet been grasped.
- **Three challenges:** mankind is faced with an “evolutionary wall” that does not result from one single threat (climate change) but from three challenges coming at the same time: climate change, the war for resources (including energy) and the right to development for all with booming economies in countries like China and India. The political divisions of the Cold War have given way to a global scramble for oil, natural gas, minerals, and water (1).
- **Emerging economies want a “Well-Being Society For All Agenda”** and will not accept a “vision” and “mission” limited to combating climate change, seen as the responsibility of the old industrial economies (the USA and Europe in particular). We need to address their priorities, not only “ours”. In an Asian perspective, for example, the impact of the high economic growth on public health, mobility, access to water are key issues which are more important in their eyes than “climate change”. This is why the 7 themes of the EUSDS are of major importance.

It is now in connection with the new challenges of the 21st century relating to climate change, resource scarcity and well-being for all that Europe can best give itself a new “mission” (in line with the priorities that emerged from the citizens’ panels recently organized by the Commission, putting energy and environmental issues as top-one priorities for Europe). The European Union is the only entity that has defined the goal of promoting the well-being of its peoples AND working for sustainable development as an objective in its draft Constitution. The draft European Constitution Art I-3, §1 states that “the Union’s aim is to promote peace, its values and the well-being of its peoples” and its Art I-3, §4 states that “in its relations with the wider world, the Union (...) shall contribute to peace, security, the sustainable development of the earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and protection of human rights”. I am assuming that this will remain part of the new Treaty to be adopted at the end of the new IGC.

Quoting the draft European Constitution articles above, I was recently portrayed by a good friend of mine – a member of European Commission services – as a “Mormon”. I have to disagree. We will be successful as Europeans only if we are able to present a “Low-Carbon and Resource-Efficient Economy” as part of a “New Societal Contract”, “progress for mankind” and the leverage of a “Well-Being Society for All” in Europe and elsewhere.

This is why the EUSDS should remain the overarching strategy under the responsibility of the Presidents of the European Council and the European Commission.

The Commission Communication on the implementation of the EU-SDS should address:

- **the overarching role of the EUSDS and co-ordination between the many “Commission strategies”** such as (i) the EUSDS, (ii) the EU Energy Efficiency Action Plan, (iii) the

Thematic Strategy for the Sustainable Use of Natural Resources, (iv) the ETAP Programme, (v) the EU Sustainable Consumption and Production Action Plan, (vi) the EU Water Framework Directive, and (vii) Corporate Social Responsibility;

- **new policy initiatives at international level;**
- **an Open Coordination mechanism;**
- **consistent better regulation;**
- **action against pervasive incentives. The Green tax reform is part of this process.**

1.2. The Berlin Declaration has not been signed by everyone

If today's risks are called "*resource scarcity*" and "*war for resources*" while opportunities take the form of a "*resource-efficient and low-carbon economy*" and a "*well-being society for all*", the challenge consists in ensuring that this vision is shared by the EU 27 Member States. Contrary to what the Czech President thinks, these new urgencies are neither a "Western" nor a "Green" agenda against the rights to development of "new member states" and "developing countries" or against "business", nor "a communist plot cooked up by the losers of the cold war". It is a mankind imperative shared at global level by public authorities, the religious, scientific circles, and business communities. It is – as any crisis – a risk and an opportunity (in particular, to make profit and enhance competitiveness). It is the necessary path forward to help emerging economies and developing countries to "leapfrog".

The strong "anti" views of the Czech President, which I can only assume are shared by other leaders, should drive to arrange high-level meetings with some Heads of States of the EU 27 to help understand the potential for their economy and their people, in the same way as the EU Leaders Group on Climate Change resulted in President Barroso changing his mind with regard to climate change being supposedly opposed to EU competitiveness.

2. A New deal?

To make a success of the next decade, the EU must face three major interconnected challenges to which it must adapt: (1) recapturing citizens' confidence (by redefining the reasons for living together), (2) becoming the "leader" of a low-carbon economy and a society of well-being for all (another way of talking of a competitive, innovating economy through sustainable development in the context of climate change), (3) transforming the Union's relations with its neighbours and finding a new answer to the enlargement issue, co-operation with Russia, Iran and pacification in the Middle East. It is what the German Environment Minister, Sigmar Gabriel, has called a *New Deal for economy, environment and employment with at its core a third industrial revolution*.

After the *Steel and Coal Community*, after the *Single Market*, after the *Euro*, we now have the "New European Economic Agenda" which is to build a *Resource-Efficient and Low-Carbon Economy*. This objective should be enshrined in the new EU Treaty (2008), in the EU Budget and be part of the EU diplomacy. It should change the way companies invest and purchase, their business model, their way to co-operate with civil society, the daily decisions taken by local authorities and consumers. It should lead to a real "metamorphosis of Europe" at an accelerated speed.

The European Union has been built over the past fifty years through the implementation of three “routes”: the intergovernmental route (e.g. European Council), the federalist route (e.g. European Parliament) and the functionalist route (e.g. the internal market and the euro). There is a convergence of interests today around the development of the fourth engine in the rocket “Europe”: the participatory route. By 2025, the level of global and EU economic prosperity will be 40% higher in an open-doors scenario. The “open-doors” approach (described by several Institutes – Shell global scenarios for 2025 as well as Futurible) is a world in which civil society in different countries are reassured that their fundamental values can be affirmed and strengthened, not only internally but across borders, and in conjunction with market forces. An “open-doors scenario” is the leverage we propose for shifting Europe’s economy at a wartime speed towards a low-carbon economy and a well-being society for all.

The Network members of the Contact Group should be interested in discussing the design of an Open Coordination Method for the EUSDS with the Commission and other stakeholders. The European Commission should undertake a strategic review of its vision, methods and procedures in the field of partnerships and support to the agents of change.

3. An “Ambitious Business Response”

There is a major change in attitude both in Europe and the USA as regards sustainable development.

- According to a US expert, three revolutions are leading to this transformation: the energy of the future agenda, a change in business attitude, in particular from venture capital funds, a new policy approach (market mechanism incentives such as ETS). Be prepared to see a “green print” for a more sustainable world in which both challenges and opportunities abound. In the US, as more and more people are shifting their attention from global war to global warming, “patriotism” will be demonstrated by responsible ecological behaviour. As *New York Times* columnist Tom Friedman says, “Green is the new Red, White, and Blue.”
- Europeans, who would like a more interdependent world, consider that the EU must play the major pilot role of a “normative power” in many important world issues such as the Millennium Objectives for poverty alleviation, the Kyoto Process, the 2010 Countdown for the safeguarding of biodiversity, the UNESCO Convention on Cultural Diversity, the World Summit on Sustainable Development to change consumption and production patterns, etc.
- Internationally, corporate accountability will include Environmental, Social, and Governance (ESG) factors, as corporate management come to the inescapable conclusion that any financial analysis that excludes these factors cannot safely predict a company’s long-term profitability. The next 15 years will see the full integration of ESG into financial analysis and corporate decisions to reflect a triple bottom line. As more individuals understand that their shopping and investing choices have impacts and want to make those impacts positive and sustainable, listed companies will have to demonstrate their “sustainability performance” or face the risk of losing the support of investors, from pension funds to investment banks.

These issues also illustrate a system that is becoming less and less “stato-centric”. The concept of shared and differentiated responsibility highlights the “specificity”, the “necessity” and the “complementarity” of the few actions by the “State”, the market and civil society which are

necessary to overcome the challenges of our time. Multi-level, participatory governance (another way to define empowerment) is representing a shift from “government to governance”.

Several companies are now members of different initiatives from global (Global Compact, Iso 2006) to local level. They have often attached great importance to the Lisbon Strategy. In Europe as well as in the States, they are now recognizing the importance of partnership with the value chain, including NGOs. The participatory route for Europe would consist in establishing new mechanisms that would respond to the “systemic changes” required and facilitate partnerships via a network type of governance supplementing the multilateral system that the Union already is.

This underlines the importance of addressing the EUSDS and the market place. We need an EU multi-stakeholder, value chain strategy in implementing the EUSDS where governments and the Commission are:

- **“developing a new ambitious innovative policy agenda” (3,1)**
- **setting a successful framework for “innovation by agreement” (3,2)**
- **participating in public-private partnerships with incentives for innovation on the market place (3,3).**

3.1. Business and EU new ambitious political initiatives

The European Union needs to demonstrate that it can “innovate” to address the ambitious political EUSDS agenda implications at global level:

- **EUSDS and the Neighbourhood Policy.** From a “sustainable security perspective”, further enlargements of the “European Empire” (2) are not the main issue. The “next big thing” is, by 2010, a Three-Sea Alliance (Mediterranean, Black and Caspian Seas), driven by the European and Russian “Empires” on an equal footing (and involving other “Empires”, including the Shiite, Chinese, Japanese and US Empires in an appropriated manner), having Istanbul as headquarters, leading to a new approach to peace in the whole region, including the Middle East. There would be a strong involvement of the business sector offering an “ambitious response to sustainability” from a “clean technologies to eco- innovation” investment. (On 7 June - at the Water Summit - the European Water Partnership will present the Energy and Water Treaty proposed for the Three-Sea Region).
- **EUSDS and the Transatlantic Dialogue.** Now that in the USA (where “global terrorism” has been presented as the major threat and risk, used to “unify the nation”) as well as in Europe, there is a converging consensus on “climate change” as a global threat, together with major concerns relating to a war for resources, the Transatlantic Dialogue should open a new chapter focused on sustainable development and how both “Empires” can co-operate.
- **EUSDS and the EU – regional/bilateral agreements.** The EUSDS implementation mechanism should guarantee an active participation of business and civil society from Europe and the other regions of the world in (i) the preparation and implementation of EU bilateral/regional trade agreements and agreements with ACP countries and sub-regions, and in (ii) EU funding programmes for ACP, Med, Asia, Mercosur as well as the Europe Aid, Life + and other programmes.

3.2. “Innovation by Agreement”

The concept of “innovation by agreement” used by the Feira European Council should be adopted to implement the EUSDS agenda. The first two proposals implementing the concept of “innovation by agreement for Sustainable Development” are:

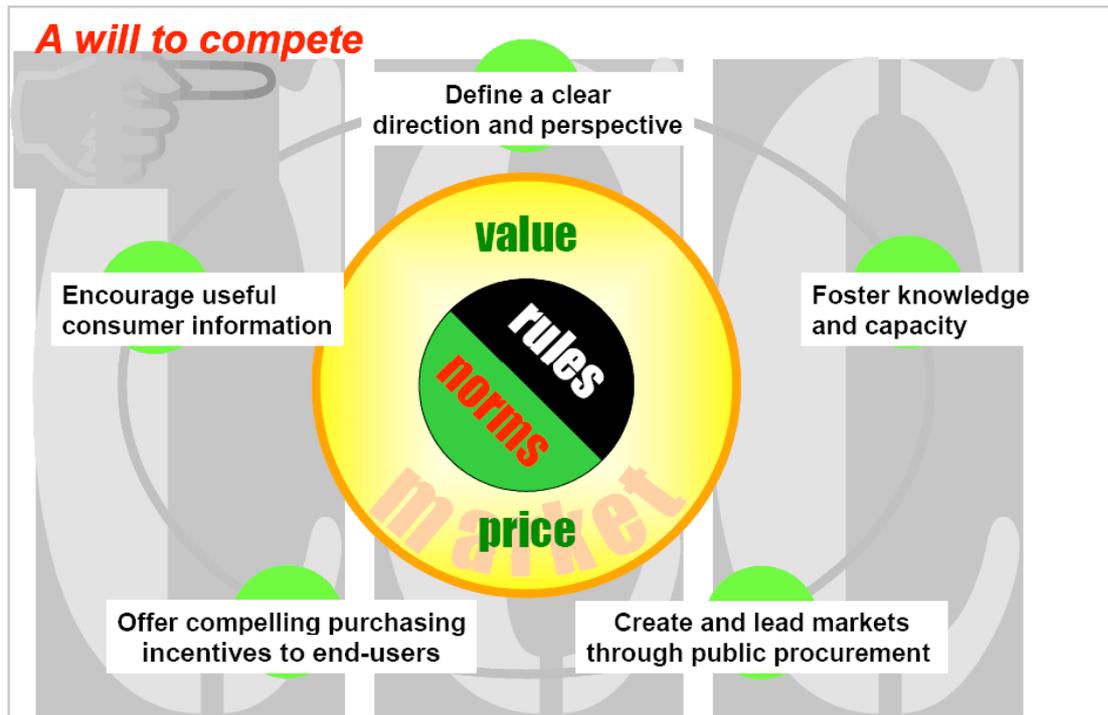
- **THE EU-SDS AND A “SOCIAL, CULTURAL AND ENVIRONMENTAL COMPACT”.** It will be the theme of a round-table debate to be organized in September 2007 by the Permanent Forum of Civil Society as THE KEY TO SHAPE A Well-Being Society for all, a federative project implementing one of the three core objectives of the Union as defined in the Constitutional Treaty: “*The Union’s aim is to promote peace, its values and the well-being of its peoples*” (Art I-3, §1). The objective of a Well-Being Society for all can mobilize people around a positive dynamic that does not negate crises but responds to them proactively. This project provides powerful leverage for “remobilizing” public opinion as well as the business community from both the private and public sectors, social entrepreneurship, services of general interest and voluntary organizations; it is a factor of innovation for new products and services and job creation; it is an “accelerator of progress” and new competitiveness.
- **The EUSDS and the Public and Private Sustainable Purchasing Plan of Action.** The EU does not have a platform similar to the Japanese Green Purchasing Network which involves, in Japan, both the public and private sectors co-ordinating their “green purchasing” strategies. We should have the same platform, focused on “sustainable purchasing”. It should be linked to “Sustainable Trade and Innovation Platforms” as we need to move from CSR & Trade to CSR, Trade & Resource Efficiency. Indeed, in addition to key European directives (Food security, REACH, WEE etc.), supply chain guidelines addressing social and environmental requirements are perceived by our trade partners as non-tariff barriers, all about competition, passing on risks and costs to suppliers depending on supermarkets. There is a tacit alliance: standardization is outsourced to the private sector, especially as regards environmental and social issues. There is a lack of institutional support (testing, quality insurance) and – as often noted within the framework of STIC activities – Europeans lack a team approach (from guidelines and standards, participatory processes and capacity building to clean tech, financiers, auditing, etc.).

3.3. The market and PPP’s leverages

By 1999, the WBCSD and EPE called the Helsinki European Council for “*an ambitious European Eco-Efficiency Action Plan to maintain and further develop Europe’s potential for innovation, competitiveness and economic strengths*”, frankly without much success neither at Commission nor Council level.

By 2003, EPE and EUCETSA participated in the “*Partnership Clean-Clever-Competitive Europe*” launched by the Dutch Presidency, again without much resonance. The Resource Efficiency Alliance is now implementing the conclusions of the Partnership Clean-Clever-Competitive Europe Report, initiated under the EU Dutch Presidency. The objective of this dialogue was to identify ways of improving the production and dissemination of eco-efficient technologies in the EU and exports to third countries as an important way to achieve the Lisbon target.

A Virtuous Cycle should result from a coordinated strategy jointly developed by the public and private sectors.



We will use this scheme to address the six leverages on which an ambitious business response should focus:

- **Investment** – a new investment approach
- **Production** – a new technology push
- **Marketing to Consumers** – a new type of sales campaigns and interaction with consumers/retail investors
- **Education** – new education/training programmes
- **Poverty** – new products and services addressing the needs of the poor
- **Innovation by Agreements** – new forms of agreements negotiated between civil society, business and trade unions.

4. Conclusion

For the European Union to be efficient in a networking world, in the globalized world of Internet, it must mobilize all its active forces. Participatory democracy is generating more economic well-being for all and more innovation because it produces greater collective knowledge. We must succeed as much as the United States and the United Kingdom did when, at the beginning of the Second World War, they transformed their economy to answer the brutal new challenge they had to face. Today, however, the new challenges require the participation of all to build a low-carbon economy producing well-being for all.

But there will not be the “acceleration” needed and the “shift” towards a Resource-Efficient Economy moving from niche market to mainstream market resource efficient products, processes, services and consumption if there is no strong multi-stakeholder alliance of leaders pushing the agenda at EU level, showing the way, developing synergies among themselves and creating a critical mass.

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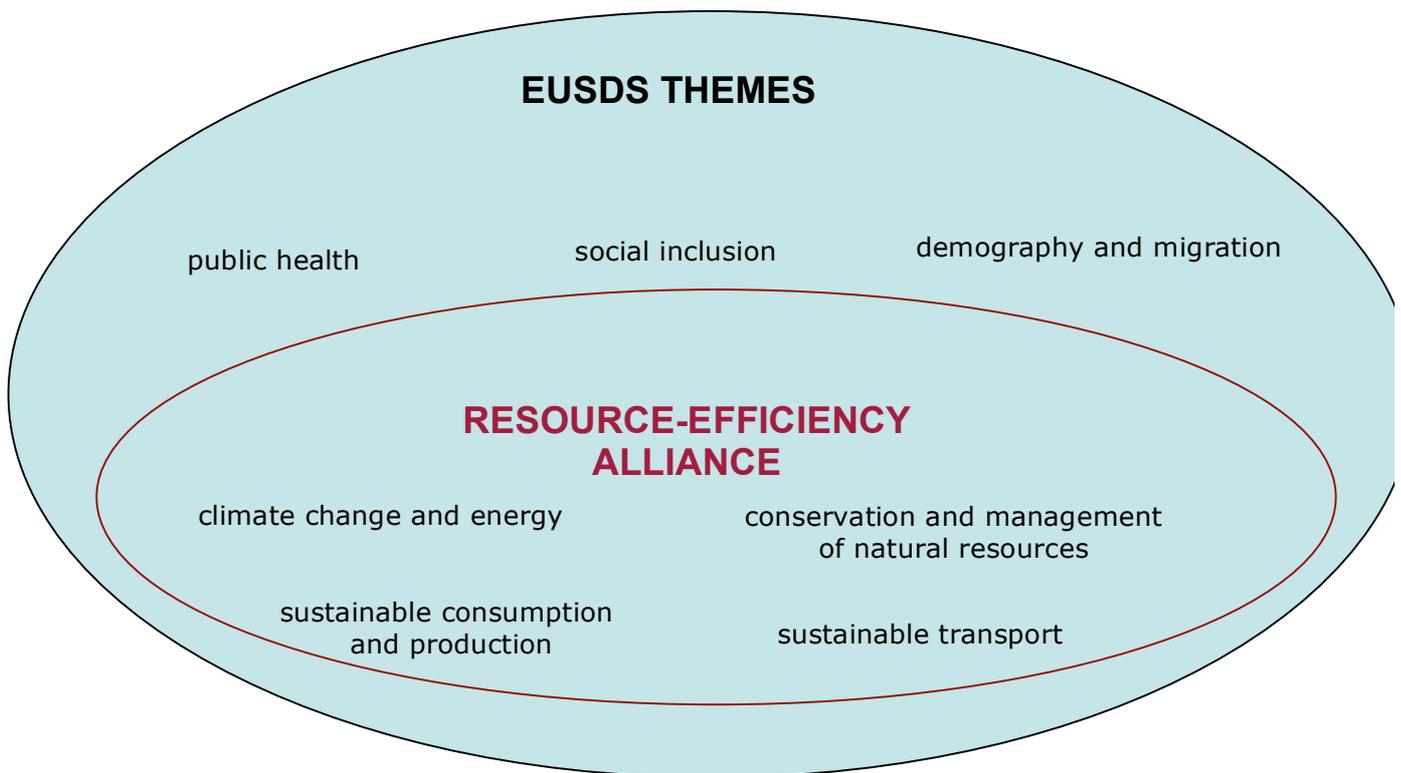
This is why leaders should join forces. The Resource-Efficiency Alliance (see annex) already includes key players in the Clean tech, Socially Responsible Investment, Sustainable Trade, Sustainable Management fields. On 28 June they will get together to debate with Nick Robins, of Henderson Global Investors, what should be their joint roadmap. One of the outcomes of this 28 June process should be to introduce a strategy giving partners the opportunity to “push the frontiers” of their own success stories, so that their “best practice” may become the standard in all 27 EU Member States as well as a source of inspiration for Europeans “abroad”.

- (1) Michael T. Klare, *Resource wars: the new landscape of global conflict*. Amazon.
- (2) Ulrich Beck and Edgard Grande, *Pour un Empire européen (Das Kosmopolitische Europa)*, Flammarion, 2007.

The Resource-Efficiency Alliance

The seven themes of the EU Sustainable Development Strategy are: public health, social inclusion, demography and migration, climate change and energy, sustainable transport, sustainable consumption and production, conservation and management of natural resources. By developing an ambitious response in relation to the four themes below, Resource-Efficiency Alliance partners are also contributing to the three remaining themes.

EU Sustainable Development Strategy - Synergies and Alliances -



Several networks have launched the Resource-Efficiency Alliance which should become an “Accelerator of Progress” that **powers innovation deriving from new synergies between investors, buyers, public authorities, civil society and the media**. These networks believe that we all need to make a decisive “jump forward” into a new, complementary form of collective leadership and action. A roadmap is being discussed to:

- **exercise collective leadership**, including new alliances to mobilize public and private funds in order to accelerate the transition towards a low-carbon resource-efficient economy within the carrying capacity of ecosystems and a well-being society for all;
- **critical mass mobilization** at European, national, regional and local level in the EU;
- **new partnerships engineered** with interested parties i.e. investors/retailers in emerging economies in the field of sustainable trade, purchase and investments, and joint ventures in order to develop capacity building programmes and domestic markets for green and fair trade products.

The Resource-Efficiency Alliance roadmap will also release the full potential that lies within the group of committed champions to achieve the specific EUSDS goals of:

- achieving the **20% reduction** target for greenhouse gas emissions from energy consumption by 2020;
- achieving an EU average level of **Green Public Procurement (GPP)** by 2010, equal to that currently achieved by the best performing Member States.
- increasing the EU global market share in the field of **environmental technologies and eco-innovations**, thus fostering sustainable development.
- achieving a balanced shift towards **environment-friendly transport modes** to bring about a sustainable transport and mobility system by 2010.
- improving resource efficiency to **reduce the overall use of non-renewable natural resources** and related environmental impacts of raw material use by 2015, in line with the Johannesburg Plan of Action (2002).

The Resource-Efficiency Alliance would focus on four issues: energy, water, food, raw materials.



This is why, in order to contribute to the EUSDS programme, synergies with other networks addressing other dimensions of a sustainable development strategy are crucial. And we are delighted to join forces with members of the contact group that belong to other networks. The door is open to other networks.