



GREEN GOALS FOR BUSINESS

Green Week, 4/6/03 Afternoon session:

"WHAT EU AND CORPORATE GOVERNANCE MODELS FOR SUSTAINABLE DEVELOPMENT AND DURABLE CONSUMPTION?"

John Hontelez, Secretary General EEB

In response to the introduction to this session:

Much of the existing EU environmental legislation is not directed at sustainable development. It is simply aimed to reduce end-of-pipe pollution, reduce exposure of hazardous substances onto human beings and other species, protect nature. Such legislation will be necessary for the foreseeable future, as long as the market forces and human behaviour have not completely internalised environmental objectives.

And I am not impressed by the numbers. 280 pieces of environmental legislation sounds a lot, but it is in part consisting of amendments to earlier parts of legislation, it is often addressed to specific sectors, and it has prevented a much worse situation, being 15 different sets of environmental legislation of varying quality, which would have made a functioning single market impossible.

As head of an organisation that is for 29 years already fighting for the environment on the EU level, I certainly can subscribe the thesis that the set of EU legislation is imperfect. It is indeed. It is a result of compromise, its

quality has been reduced, its complexity increased in particular by relentless lobbying and campaigning in particular of the business sector whose attitude almost per definition is that it wants to slow down, dilute, prevent if possible, new EU legislation. So yes, the EU environmental legislation is up for improvement. For example, we desperately need an effective and innovative EU Chemicals Policy that will ensure that within one generation from now we can guarantee the EU citizens that the chemicals brought on the market, and used in products, are safe.

This does not mean that legislation by itself can bring sustainable development. Sustainable development means for me that the public authorities, business and industry, and society at large have internalised and prioritized environmental and social goals in all their operations. To get there we need political leadership and courage, we need business leaders with vision, with preparedness to develop innovative approaches and preparedness to accept that some production processes must be replaced , and we need a public that has both the willingness and the means to play its role, as consumers, as active citizens, as taxpayers, as educators, as electorate.

An essential pre-condition however is that the market is mobilised to work for sustainable development. From an environmental perspective, this means that we need to stop environmentally perverse subsidies. This means that we need an environmental tax reform: use the tax system to reduce the costs of labour and/or of social services while at the same time making environmentally unsound practices more expensive. We need such incentives in particular where the volume of resource use and/or pollution is important, like in the energy sector, use of raw materials with a large

ecological rucksack, or scarce renewable resources such as freshwater, fish, fertile soils. Parts of the same package for us include the right, even the duty, for public authorities to lead by example: in particular in their procurement policies. And we need a system of strict environmental liability, which would internalise in business calculations the necessity of reduction of environmental risks.

Responsible business would support all this. It would support all this because such a market would systematically reward environmentally sound behaviour, make it common practice. It would create level playing fields, where voluntary agreements do not do so. It would promote innovation, make the EU the vanguard globally in sustainable production and consumption patterns. However, unfortunately in the Brussels' scene we see such responsible behaviour of business representatives seldom, and when they dare, they have a difficult time with their colleagues.

Therefore, for us, the debate about corporate responsibility has a suspicious flavor: it is all too often connected with pleas for deregulation and against instruments such as an environmental tax reform.