

## BIAC COMMITTEE UPDATE

# ENVIRONMENT COMMITTEE

January –December 2011

### ABOUT BIAC

*The Business and Industry Advisory Committee to the OECD (BIAC) was constituted in March 1962 as an independent organization officially recognized by the OECD as being representative of business and industry.*

*In the framework of its consultative status with the OECD, BIAC's role is to keep the OECD informed of the private sector's response to different policy options. BIAC offers business and industry an excellent opportunity to participate in inter-governmental discussions on policy issues, thus giving the business community a chance to shape the development of long-term policies in OECD countries.*

For several decades, the OECD has been actively supporting member and non-member countries to design environmental policies that are both economically efficient and effective at achieving their environmental objectives. The OECD provides governments with the analytical basis to develop environmental policies, through performance reviews, data collection, policy analysis, and projections.

The BIAC Environment Committee contributes to the broad range of OECD activities to ensure that business considerations are adequately reflected.

This report provides an update on the main events and activities of the BIAC Environment Committee in 2011 and gives an overview of future BIAC and OECD events of interest to our members.

### COMMITTEE LEADERSHIP

**Chair:** Russel Mills  
The Dow Chemical Company (USA)

**Vice Chair:** Yoshihito Iwama  
Nippon Keidanren (Japan)

**Vice Chair:** Matthias Dürr  
RWE (Germany)

**Task Force on Waste Management Chair:**  
Ross Bartley, Bureau of International Recycling (BIR)

### BIAC SECRETARIAT

For further information, please contact:

- Hanni Rosenbaum, Senior Policy Manager  
[rosenbaum@biac.org](mailto:rosenbaum@biac.org)
- Nathalie Mazier, Assistant  
[mazier@biac.org](mailto:mazier@biac.org)

Phone: 33 1 42 30 09 60

Visit our website [www.biac.org](http://www.biac.org)

## COMMITTEE ACTIVITIES IN 2011

### OECD Green Growth Strategy presented to Ministers

When Ministers met at the OECD Ministerial Council Meeting (MCM) in June 2009, they acknowledged that green and growth can go hand-in-hand, adopted the Declaration on Green Growth and asked the OECD to develop a Green Growth Strategy. In response to the mandate, BIAC created an ad hoc group on green growth comprised of members from different policy groups and provided both strategic and specific business input as the Strategy was being developed.

Among others, BIAC consistently underlined that green growth needs to consider business opportunities in all business sectors and that a separation between so-called “green” and other sectors should be avoided. BIAC also underlined the importance of innovation across sectors, a favorable investment environment, a mix of policy measures adapted to different circumstances and close cooperation with non-member economies. BIAC was pleased to see that many of its comments were reflected in the final reports, which were issued on the occasion of the May 2011 Ministerial Council Meeting:

- [Towards Green Growth](#)
- [Tools for Delivering on Green Growth](#)
- [Towards Green Growth: Monitoring Progress - OECD Indicators](#)
- [Towards Green Growth: A summary for policy makers](#)

To access the BIAC background paper for the OECD Green Growth Workshop in February, in which more than 10 BIAC experts from different committees participated, please [CLICK HERE](#). The various comments BIAC submitted on the OECD draft reports are available on our password-protected website.

BIAC will remain actively involved in further work on green growth, which will focus on the implementation of specific recommendations and mainstreaming green growth into OECD policy work.

### BIAC hosts Paris Green Economy Dialogue Conference

On 14 November, BIAC welcomed close to 100 experts from business, governments, OECD, UNEP and key academics to an International Business Green Economies Dialogue conference at the OECD Headquarters. The Paris conference was organized as the second part of a business-led series of discussions in North America, Europe, Asia and South America, in the run up to the Rio+20 Earth Summit in June 2012. The first conference took place in Washington in October, and two further conferences will be organized during the first half of 2012, one in Japan and one in Brazil, with the active participation of BIAC.

The Green Economy Dialogue project, launched by a range of sponsors and partners, with primary support from USCIB, the United States Council Foundation and BIAC, aims to promote a productive approach to greener growth with due recognition for both opportunities and challenges. It is also intended to increase dialogue with governments in the run-up to Rio+20, and to share business views. In addition, the project involves commissioning a number of peer-reviewed, academic papers on various aspects of green growth and green economy to inform the debate leading up to Rio+20 and going forward after the event.

The Paris conference drew on the work on green growth carried out by the OECD and

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actively engaged representatives from different parts of the Organisation in the discussions. Specific sessions focused on green growth for development and job creation; policy instruments; energy; and resource efficiency. Sessions were introduced by presentations of key academics, followed by reactions from experts from business, national governments and international organizations as well as an interactive discussion with all participants around the table.

Among others, it was highlighted that green growth policies should consider how to maximize growth across the economy, which underlines the need for credible and sustained public policies so that the necessary investments come forward. While there is a wealth of information on climate change, participants underlined that resource efficiency deserves increased attention in the context of greener growth. Integrated policy approaches to address interrelated challenges will require specific attention in the Rio+20 discussions. Many governments highlighted the importance of cooperation with the private sector, which underlines the importance of flexible bottom-up approaches and partnerships as part of the way forward.

Additional materials can be found at the Green Economies Dialogue website:

<http://www.green-dialogue.org/>

### **BIAC participates in first Green Manufacturing Summit in India**

On 17-18 March 2011, the Confederation of Indian Industry (CII), with the support of OECD and BIAC, organized its “First Green Manufacturing Summit” in New Delhi. Bringing together close to 300 high-level representatives of Indian and international business, including BIAC members, the Indian government, the OECD as well as

other key experts, the Summit provided an excellent platform for a constructive discussion on green manufacturing and complemented Indian efforts of promoting the country as a green manufacturing location. The first session included a keynote address by the Minister of Commerce and Industry of the Government of India.

India is increasingly embracing the concept of sustainability, which has become a major trend in the manufacturing industry and which, with the right policy framework in place, can create new business opportunities. The Summit allowed for interactive discussions in several areas, including: green manufacturing as a business trend; impacts on competitiveness; the role of regulation and implementation; innovation in products and processes; managing greenhouse gas emissions and improving energy efficiency; as well as the role of IT infrastructure and technologies in green manufacturing. To enrich the discussions, a number of case studies were presented from a range of different sectors, including, among others, steel, cement, automobile, electronics, IT, energy, and fertilizers.

In the framework of OECD work on green growth, one of the organization’s current priorities, BIAC has consistently underlined that the success of the OECD Green Growth Strategy will depend on the active involvement of major non-member economies, bearing in mind that “greening” of growth is needed throughout the world. For further information, [CLICK HERE](#).

### **Financing climate change**

Public and private financing for climate action will need to be scaled up significantly in the coming years. The OECD assists countries in their efforts to find lasting solutions to finance action on climate change, building on its long-standing work to share country experiences

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and identify lessons learnt and policy recommendations for good practice.

Among others, OECD work aims to support countries to implement good practice policies to attract private finance and investment to achieve low-carbon, climate resilient development. It will develop policy guidance bringing together knowledge and experience across what have traditionally been treated as separate policy domains, i.e. financial sector regulations, investment and climate change.

A strong BIAC delegation participated in the expert workshop on climate financing on 7 November to discuss how to create the necessary conditions to leverage private investment into low-carbon, climate resilient development in both developed and developing countries. BIAC's key points are summarized in a paper on financing climate change ([CLICK HERE](#)).

### Finance for biodiversity and the role of the private sector

OECD work on biodiversity focuses on the economic valuation of biodiversity and ecosystem services, and the use of market-based instruments to promote the conservation and sustainable use of biodiversity and associated ecosystem services. This work also supports the UN Convention on Biological Diversity.

Recognizing that biodiversity matters to business, BIAC has stepped up work in this area. In March, BIAC experts participated in an OECD workshop on financing for biodiversity and the role of the private sector. The meeting highlighted the gaps that exist between finance needs and flows for biodiversity conservation. Recognizing the role of the private sector, it was underlined that public finance should be used to leverage private sector finance.

In October, several BIAC members attended the OECD Working Party on Biodiversity, Water and Ecosystems (WPBWE) meeting, which focused on recent OECD work, as well as planning for future directions of work. At the meeting, the OECD Secretariat presented a scoping paper on Designing Innovative Finance Mechanisms for Biodiversity. A first draft will be developed for the WPBWE meeting in March 2012.

For further information on OECD work on biodiversity, please [CLICK HERE](#).

### New OECD Working Party on Resource Productivity and Waste

In line with the need to shift towards more integrated "life-cycle" approaches, the OECD has refocused much of its waste management work towards a sustainable materials management (SMM) perspective. In light of this broader focus, the OECD Working Party on Waste Prevention and Recycling has been replaced by the Working Party on Resource Productivity and Waste, which had its first meeting in June.

Key issues discussed included further work on sustainable materials management, building on the outcome of the Global Forum organized in October 2010, as well as several specific projects, such as the potential for greenhouse gas mitigation from materials management and a project on nanowaste. For the latter, it was underlined that both BIAC and OECD nanotechnology experts need to be closely involved and that the analysis carried out in another part of the OECD needs to be taken into consideration.

The following OECD reports on sustainable materials management were unclassified in April and are available on the OECD website ([CLICK HERE](#)):

- Policy principles for SMM
- Policy instruments for SMM
- Setting and using targets for SMM

In view of the broadened focus of OECD work on resource productivity, the BIAC Environment Committee decided to also reflect the broadened scope in BIAC work going forward.

### OECD submits progress report on resource productivity to G8 summit

In 2008, G8 Environment Ministers asked the OECD to follow upon the progress of work related to resource productivity and to deliver a report to the G8 Environment Ministers Meeting in 2011. In response to this request, the OECD delivered a detailed progress report in preparation for the G8 Summit in Deauville in May, building on recent OECD work on measuring material flows and resource productivity as well as on waste and sustainable materials management carried out as part of the implementation of the OECD Council Recommendation on Resource Productivity.

Among others, the report notes that G8 countries have been improving their resource efficiency significantly, with material intensity of these economies decreasing by more than 42% between 1980 and 2007. Over the same period, OECD economies have reduced material intensity by nearly 38%. However, the report underlines that major challenges still remain as material consumption continues to grow. But there is broad recognition that further progress can only be achieved through more integrated policy approaches that take account of the full life-cycle of materials and are designed according to the principles of sustainable materials management.

To access the report, [CLICK HERE](#).

### Strengthened focus on water issues

Representatives of the BIAC Ad-Hoc Group on Water were pleased to participate in the two meetings of the newly-established OECD Working Party on Biodiversity, Water and Ecosystems (WPBWE) in March and October 2011. BIAC has been contributing substantial comments and guidance towards the OECD Horizontal Water Program, whose outputs shall feed into the 6<sup>th</sup> World Water Forum in Marseilles in March 2012 and the Rio+20 Summit.

In particular, the BIAC Ad-Hoc Group on Water has been contributing its perspectives towards OECD reports on financing water resources management, financing water and sanitation, policy coherence (between water, energy and agriculture), water governance, the economics of water security, water and climate change, as well as projections included in the OECD Environmental Outlook to 2050. BIAC also provided guidance towards the organization of the OECD Global Forum on Environment: Making Water Reform Happen, which took place on 25-26 October in Paris, and in which several BIAC members actively participated as speakers or discussants.

### OECD Sustainable Manufacturing Toolkit

The OECD Sustainable Manufacturing Toolkit is designed to help businesses, particularly supply chain firms and small and medium-sized enterprises (SMEs), develop a more sustainable approach for growth. It is intended to enable firms to make the most of green growth opportunities by:

- Making their operations more efficient
- Reviewing the materials they acquire for production
- Rethinking their products' benefits and challenges
- Driving continuous improvement in their teams

In this respect, measuring performance is an indispensable first step. The toolkit provides a set of internationally applicable, common and comparable indicators to measure the environmental performance of manufacturing facilities. The indicators were developed through a two-year stakeholder consultation process, in which BIAAC was actively involved.

For further information on the OECD toolkit, please [CLICK HERE](#).

#### 40 years of chemical safety at the OECD

Celebrating the 40th anniversary of work on chemical safety at OECD, on 15 June, government officials, the chemicals industry, chemical experts and academics met during a high-level event to review the major achievements of the OECD's chemical safety work as well as the new challenges that need to be addressed. Discussions focused on past achievements, new approaches to testing and assessment, and challenges to the substitution of harmful chemicals.

Dr. Gernot Klotz, Executive Director Research & Innovation, CEFIC (the European Chemical Industry Council) and one of BIAAC's Associate Experts Group members, contributed to the discussion on challenges to the substitution of harmful chemicals.

With support from BIAAC, the OECD chemicals program has led to the development of harmonized high-quality instruments and policies that help countries

better manage the risks chemical products may pose. Harmonization of chemical safety policies at the OECD has allowed governments and industry to avoid duplicating work, minimize non-tariff barriers to trade and create a level playing field for industry.

The OECD system for the Mutual Acceptance of Data (MAD) in the assessment of chemicals has led to substantial efficiencies for both governments and industry, with total savings estimated at more than €150 million per year. The BIAAC Chemicals Committee participates as a partner in the OECD chemicals program, contributing major expertise to the OECD work to make it of mutual benefit for government and industry.

Brazil joined the MAD system in May, with India signing up in April, increasing the number of non-member countries adhering to the system.

Further information on the 40<sup>th</sup> anniversary of the OECD Chemicals Program is available at: [www.oecd.org/environment/40yearschemicals](http://www.oecd.org/environment/40yearschemicals)

#### OECD Environment Ministerial 2012

OECD Environment Ministers will meet on 29-30 March 2012 to discuss how to operationalise green growth based on the outcome of the OECD Green Growth Strategy. The OECD is now following up this strategy by supporting national and international efforts to achieve green growth. Environment Ministers will in particular be looking at what green growth means for environmental policy making. A key part of the meeting will be devoted to discussing how the Green Growth Strategy can be used by countries with different resource endowments, environmental pressures and states of development. As the OECD Environment Ministerial will take place ahead of the United Nations Conference on

Sustainable Development (Rio+20) in June, the OECD Ministerial will present an excellent opportunity for Ministers to make a positive contribution to Rio+20.

A key input to the Ministerial meeting will be the new OECD Environmental Outlook to 2050, to which BIAC has actively contributed. BIAC participated in the Global Forum on the Environmental Outlook and submitted comments on the four areas identified, i.e. climate change, biodiversity, water and the health impacts of pollution, highlighting key business considerations and the pro-active contribution that business can make to address these challenges. The BIAC comments on the Environmental Outlook are available on the BIAC members' only website. Ministers will also be presented with a report on what has been achieved and what remains to be done ten years after the "Environmental Strategy for the First Decade of the 21<sup>st</sup> Century" was adopted by OECD Environment Ministers in 2001.

BIAC stands ready to play an active role at the March 2012 Environment Ministerial and provide direct business input to the discussions.

#### UPCOMING EVENTS

**19-20 January** (Denmark): The Future of Eco-Innovation: The Role of Business Models in Green Transformation

**15-16 February:** OECD Working Party on Resource Productivity and Waste

**27 February:** OECD Forum on Skills for a Low-Carbon Economy

**19-20 March:** OECD/IEA Climate Change Expert Group Global Forum

**29-30 March:** OECD Meeting of the Environment Policy Committee (EPOC) at Ministerial Level

**19-20 April:** OECD Working Party on Integrating Environmental and Economic Policies (WPIEEP)

**2-4 May:** OECD Environment Policy Committee (EPOC)

**12-13 September:** OECD Workshop on Eco-innovation and Green Growth

**24-26 October:** OECD Working Party on Biodiversity, Water and Ecosystems

**20-21 November:** OECD Working Party on Integrating Environmental and Economic Policies

**27-29 November:** OECD Working Party on Resource Productivity and Waste

*Please note that this is a provisional list and that other meetings might be added.*

### **Towards Green Growth**

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The OECD Green Growth Strategy provides concrete recommendations and measurement tools, including indicators, to support countries' efforts to achieve economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which well-being relies. The strategy proposes a flexible policy framework that can be tailored to different country circumstances and stages of development.

***See page 2 for the links to the various publications.***

### **OECD Green Growth Studies: Energy**

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This report highlights the challenges facing energy producers and users, and how they can be addressed using green growth policies. This report was coordinated with the International Energy Agency (IEA).

### **OECD Green Growth Studies: Food and Agriculture**

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As part of the OECD Green Growth Strategy, this new series aims to provide in-depth reviews of the green growth issues faced by different sectors. The agriculture and fisheries sectors have an important role to play in contributing to greener growth, in particular through facilitating the uptake of green technologies and management practices and reducing waste in the food chain.

### **Water Governance in OECD Countries: A Multi-level Approach**

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This report addresses multilevel governance challenges in water policy implementation and identifies good practices for coordinating water policy across ministries, between levels of government, and across local actors at subnational level. Based on a methodological framework, it assesses the main "coordination gaps" in terms of policymaking, financing, information, accountability, objectives and capacity building, and provides a platform of existing governance mechanisms to bridge them. Based on an extensive survey on water governance the report provides a comprehensive institutional mapping of roles and responsibilities in water policy-making at national/subnational level in 17 OECD countries. It concludes on preliminary multilevel governance guidelines for integrated water policy.

### **Meeting the Challenge of Financing Water and Sanitation: Tools and Approaches**

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Some of the key messages of the report are: Water supply and sanitation generate substantial benefits for the economy; Investment needs to generate these benefits are large in both OECD and developing countries; Tariffs are a preferred funding source, but public budgets and ODA will have a role to play, too; Markets-based repayable finance is needed to cover high up-front capital investment costs; Strategic financial planning and other OECD tools can help Governments move forward.

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## **Benefits of Investing in Water and Sanitation**

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The provision of water supply, sanitation and wastewater services generates substantial benefits for public health, the economy and the environment. This report draws together and summarises existing information on the benefits of water and sanitation.

## **Cities and Green Growth: A Conceptual Framework**

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This report examines the current state of knowledge about green growth in cities and outlines the key research questions and protocols that will guide the OECD Green Cities programme. It builds the case for an urban green growth agenda by examining the economic and environmental conditions that have pushed the green growth agenda to the forefront of policy debate and assessing the critical role of cities in advancing urban context.

## **Climate Change and Tourism Policy in OECD Countries**

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Undertaken jointly with the United Nations Environment Programme, the report analyses policies and issues related to climate change adaptation and mitigation in the tourism sector. It provides policy recommendations, with the objective to identify priority areas to be included in a framework for action in the area of climate change and tourism.

## **Invention and Transfer of Environmental Technologies**

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The work presented in this book is brought together in five substantive chapters: environmental policy design characteristics and their role in inducing innovation, the role of public policies (including multilateral agreements) in encouraging transfer of environmental technologies, followed by three 'sectoral' studies of innovation in alternative fuel vehicles, solid waste management and recycling, and green (sustainable) chemistry.

## **Better Policies to Support Eco-innovation**

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This report takes a pragmatic approach to policies that support the development and diffusion of eco-innovation. Building on the OECD Innovation Strategy, it argues that eco-innovation is not merely about technical developments: non-technical innovations matter as well.

## **Greening Household Behaviour: The Role of Public Policy**

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The publication presents the main results and policy implications of an OECD survey of more than 10,000 households in 10 countries. It offers new insight into what policy measures really work, looking at what factors affect people's behaviour towards the environment in five areas: water use, energy use, personal transport choices, organic food consumption, and waste generation and recycling.