



Business and Industry Advisory Committee to the OECD

Comité Consultatif Economique et Industriel Auprès de l'OCDE

**Meeting of the Extended Bureau
of the OECD Environment Policy Committee**

Paris, 9 November 2005

***BIAC Views on the Development of a Strategic Vision
for the OECD Environment Programme***

BIAC welcomes the fact that the OECD Environment Policy Committee (EPOC) is developing a strategic vision for its environment programme and is pleased to offer the following comments for the discussions at the meeting of the Extended Bureau of EPOC on 9 November.

Key messages:

- *Prioritize activities and focus on those that are widely supported, have a real impact on policy making and for which OECD has clear added value*
- *Work towards true policy integration, i.e. not consider environmental policy in isolation, but evaluate their interactions with other key policy objectives, such as social and economic development, access to reliable energy, etc.*
- *Build on its economic strength and work towards implementing cost-effective and efficient policy measures taking into account competitiveness impacts in a global environment.*
- *Broaden cooperation with non-member countries and consider how global environmental challenges can best be addressed in cooperation between OECD member and non-member countries*

EPOC faces a challenge in managing a large number of issues and activities which are likely to create competing demands on the programme and difficult but necessary choices within the confines of a limited budget. We strongly recommend establishing a process to prioritize and select a limited number of projects that are priorities for and are widely supported by its members and for which OECD has specific added value. A strategic vision for the OECD environment programme should provide longer-term guidance, building on the unique characteristics and membership of the Organisation and drawing on views of BIAC and groups with which OECD consults.

As the OECD is not the only inter-governmental organisation working on issues related to the environment, its strategic direction should focus on the Organisation's unique skills set, expertise and influence and the added value it can provide compared to other organisations. OECD is an economics-based, multi-disciplinary intergovernmental organisation. It has committed itself to horizontal integration of sustainable development across numerous topical areas of its work. As a multi-disciplinary organisation with strong economic capacity, OECD is uniquely positioned to look

at the complex interactions between economic and other policies and to ensure that the economic perspective is duly reflected in the development of environmental policy, among others.

The OECD is particularly well suited to work on economic/environmental policy integration and the analysis of cost-effectiveness of policy measures to assess the economic impacts of environmental policies. We therefore recommend conforming EPOC analysis and activities more closely to the Organization's economic objectives and considering how such initiatives could support economic development goals both within the OECD and in its relation with non-member countries.

Promoting the economic, social and environmental aspects of sustainable development is a primary concern for business. Sound and rational policy approaches and their implementation are needed to address environmental challenges in a cost-effective way, based on science and risk management. In this regard, the OECD should focus on approaches that work with the dynamics of the market. A full range of policy measures should be considered, taking into account the consequences within and outside the OECD, and assessing environmental and economic effectiveness as well as effects on international competitiveness. OECD could make a useful contribution through case-by-case analyses of policy approaches in view of their economic and environmental effectiveness.

We also see a major role for OECD in helping to foster innovation and technology to find socially and environmentally sustainable solutions that spur economic growth. It is critical that government policy frameworks encourage innovation and foster beneficial technological change. We recommend EPOC to work closely with their colleagues in the OECD Directorate for Science, Technology and Industry and the Futures Programme that has the potential to look at long-term response strategies.

The OECD Environmental Strategy, which identifies key challenges OECD countries face in achieving environmental sustainability, represents an ambitious set of recommendations for addressing a wide range of transboundary environmental challenges. We recommend that the Strategic Vision comprise increased work with non-member countries. OECD can make a valuable contribution by sharing its experience with non-member countries and by contributing to capacity building for better governance to support environmental and sustainability objectives, including in terms of implementation of domestic regulations and strong institutions.

In addition to our involvement in the work of EPOC, BIAC is actively involved in the OECD Environment Health and Safety (EHS) programme, the core parts of which have the benefit of leading to concrete cost-savings for industry and government by avoiding duplicative data requirements. The BIAC Chemicals Committee developed a separate paper on our strategic vision for the EHS programme which we presented at the last OECD Joint Meeting held in June (see attached).

We would like to reiterate some of the key messages, which we brought to the attention of the 2005 OECD Environment Ministerial, and encourage policy makers to take into account the following issues in framing the Vision:

- **Develop an integrated approach that favours balance over hierarchy:** We urge the OECD EPOC Strategic Vision to integrate environmental, social and economic policies within the context of sustainable development in a balanced manner, seeking practical solutions based on cost-benefit analyses.
- **Foster open markets:** Free and open markets along with liberalised trade and investment provide an excellent context for companies to disseminate and share their environmental policies and practices and to comply with rules at least cost and with greatest effectiveness.
- **Encourage enabling policy frameworks** to optimize the role and contribution of business in addressing environmental challenges: Business will make its most effective contributions in an environment of basic enabling frameworks that are transparent, predictable and take account of

scientific knowledge with flexible incentive and market-based options and strong implementation.

- **Promote implementation of cost-effective science-based policies:** We are concerned when limited OECD resources are potentially deployed on rather speculative analysis, such as the proposed work on the cost of policy inaction. BIAAC recommends focusing on promoting the implementation of cost-effective science-based policies. OECD can add significant support to policy action by highlighting the most cost-effective and broadly beneficial policy options, and offering examples of successful approaches that could be more broadly adopted.
- **Foster innovation taking into account a life-cycle approach:** Disseminating existing technologies and upgrading technology are essential to progress toward effective use of resources and improved environmental performance. Policies should be designed to promote innovation, taking into account a life-cycle approach, and facilitate the spread of innovative approaches and related capacity building and sharing good practice to non-OECD countries.
- **Encourage voluntary approaches and partnerships:** Voluntary approaches and partnerships allow those with the best and most immediate knowledge of a particular challenge to propose measures that are tailored to be effective from a cost-benefit standpoint. The OECD Vision should promote enabling frameworks for voluntary approaches as part of a wider toolbox of policy approaches.
- **Pursue case-by-case analysis:** When designing instruments to address environmental challenges, all policy options should be considered and assessed on a case-by-case basis, taking into account economic efficiency and impacts as well as environmental effectiveness.
- **Address the global dimension of environmental challenges:** Many environmental challenges have a transboundary or global dimension and therefore require a co-operative global response. We encourage OECD to explore opportunities for partnerships with non-member countries to address environmental challenges.

Additional specific comments

- While the OECD Environmental Strategy identifies key challenges OECD countries face in achieving environmental sustainability, the strategy paper should give further guidance on how the great number of activities EPOC is dealing with are to be prioritized and if necessary streamlined.
- The specific benefits and added-value of OECD work on environment should be taken into account throughout the discussions on future work and prioritization of work.
- Competitiveness is an important aspect to be dealt with under the issue of globalisation and should be given due attention. At the same time, we recommend that OECD give due attention to environmental pressures from developing countries in its work on the future environmental outlook.
- The issue of integration should not be a one-sided approach. While the paper recommends reinforcing the integration of environmental aspects in other policy areas, economic and social considerations also need to be given due attention in designing environmental policy measures. In this context, individual activities mentioned in the paper, such as the 3R initiative and sustainable use of resources, should be addressed recognizing overlaps with other policy areas.
- Under the item on implementation, due attention should also be given to implementation of environmental policy in developing countries.

- On the issue of accountability, under which the OECD Environmental Performance Reviews are mentioned, BIAC would welcome closer cooperation with the OECD as the reviews are being developed. Our business contacts in OECD member countries would certainly be helpful for the development of these reviews.
- We appreciate the emphasis on partnerships, including work amongst Ministries, enhanced cooperation with non-member countries and selected stakeholders. We would like to underline our wish to remain actively involved in discussions on environmental policy at OECD.
- Effective communication of projects and results, as mentioned in the paper, is important. From the business perspective, we would recommend using user-friendly communication tools, provide executive summaries of long documents whenever possible and announce meetings well in advance to facilitate participation and input.

In summary, while the draft Strategic Vision highlights a number of important issues, we still believe that there is further room for prioritization and increased focus on the specific added value that the Organisation has to guide longer-term activities. BIAC would be pleased to remain actively involved in discussions on developing a vision providing longer-term strategic guidance on OECD work on environmental issues.