

April 2010

OECD Green Growth Strategy

BIAC key messages

BIAC welcomed the launch of the OECD Green Growth Strategy, which is timely in light of the major challenges we are facing. We therefore call upon Ministers to offer their support for OECD work on green growth, underlining that the OECD should address “green” and “growth” in a balanced and mutually reinforcing way. BIAC encourages the OECD to focus on the areas where it has a clear added value, including its economic strength and multi-disciplinary nature. We underline the importance of looking for win-win situations across the entire economy where sustainability and growth can be achieved.

We encourage the OECD leadership to give due attention to the following over-arching key messages in further work on green growth:

- **No separation between so-called “green” and “traditional” industries:** *All* business sectors have the potential to develop green growth approaches. Green growth policies should therefore not just try to support specific “green” industries, but aim at fostering innovation, entrepreneurship, competitiveness and green growth across sectors, focusing on where improvements that are both economically efficient and environmentally effective can best be achieved.
- **Green growth requires a comprehensive strategy:** What is needed is a long-term global strategy supported by predictable and enabling policy frameworks to encourage cost-effective market-based solutions, enabling investors to allocate scarce investment resources most effectively. Green growth strategies therefore need to foster investment, market openness, innovation, skills development, entrepreneurship, and market-based job creation. At the same time, it should be considered how green growth challenges relate to sustainable development and other global challenges, which require urgent attention.
- **Foster innovation-led growth:** Innovation is a “must” for green growth and requires high-level political commitment and the co-ordination of different government policies. Business has been calling for greater coherence in policies aimed at fostering innovation and entrepreneurship and strongly supports using the OECD Innovation Strategy as a major input to the Green Growth Strategy. At the same time, while breakthrough technologies are important, there are energy efficiency potentials in many areas, which should be an integral part of OECD work on green growth.

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- **Fostering a sound investment framework for “greening” the economy:** The changes needed will call for huge investments in low-carbon technologies, advanced power plants of all types, smart grids, energy efficient manufacturing, equipment, appliances, buildings, transport, logistics and infrastructure, including ICT. Hurdles to business investment need to be addressed, taking into account the often long investment cycles. Having the right policy framework in place to ensure that the necessary investments come forward should therefore be an overarching priority for the Green Growth Strategy.
 - **Greening of growth is needed throughout the world:** The success of the OECD Green Growth Strategy will depend on the active involvement of all parts of society, including governments, business broadly, consumers and stakeholders as well as close cooperation with major emerging economies. BIAC strongly recommends involving key non-member countries in OECD work on green growth on an equal footing and to aim for broad international support.

Governments have a key role to play by creating the policy framework and partnerships that can transform the global economy. At the same time, given its central role, business must be an integral part of the discussions to identify the most effective ways to work towards green growth in a realistic and pragmatic manner. BIAC stands ready to work closely with the OECD towards this objective as the Green Growth Strategy is being further developed.