

CHAIRS' SUMMARY¹

Meeting of the Environment Policy Committee at Ministerial Level “Making Green Growth Deliver”

Paris, 30 March 2012

The Republic of Korea as Chair and Czech Republic, Israel, European Commission, Sweden and the United Kingdom as Vice Chairs were honoured to lead the 2012 OECD Environment Ministers Meeting over the last two days, on the theme of “Making Green Growth Deliver”. Ministers or their representatives participated from all OECD countries and the EU, Brazil, China, Colombia, Indonesia, South Africa, Russian Federation, as well as representatives from business, environmental NGOs, trade unions and from the World Bank, UNEP, UNDESA, UNECE, WHO, WTO and GGGI.

Minister Yoo (Korea), Chair of the Meeting, welcomed Ministers and delegates, and highlighted the challenges and opportunities we face in making green growth deliver. The OECD Secretary-General, Angel Gurría, identified how green growth can contribute to both an improved environment and a strong economy, and how the OECD is working across departments and Ministries to deliver this. He emphasised that green growth is not just a way forward, it is the way forward.

What Progress have we made on the Environment, and what does the Future Hold?

The Chair of the session, Minister Ek (Sweden), opened the session by emphasising that, although significant advances have been made on a number of fronts, the main objectives of the OECD Environmental Strategy for the first Decade of the 21st Century have not been achieved. Minister Auken (Denmark), the first lead speaker, highlighted a number of successful policy initiatives, but noted that more systematic change was still required. Minister Burke (Australia) focused on the health of oceans, highlighting pollution problems and the depletion of krill fisheries. Mr. Xu Qinghua (China) talked about the importance of ensuring clean water and of increasing resource efficiency.

In the discussion that followed, many Ministers emphasised that, without further action, critical environmental thresholds would be exceeded and would entail real reductions in well-being. There was widespread agreement that the costs of not acting to avoid continued environmental degradation were potentially colossal. Ministers considered that more should be done to extend our analysis of the multiple international and domestic benefits of action to promote green growth, including job creation, food security, resource productivity and waste management, innovation and competitiveness.

¹ The present document is a summary of the interactive dialogue that occurred among the Ministers at the Meeting of the OECD Environment Policy Committee at Ministerial Level. It reflects the ideas presented and discussed, as summarised by the Chair and Vice Chairs, rather than a consensus view of all points raised by participants.

Ministers recognised that they had successfully implemented many innovative and effective policy initiatives over the last decade, and agreed that these should be scaled-up and further developed. Successes include the more active participation of a better informed citizenry and stakeholders in environmental policy development and implementation, deeper experience with using economic instruments in environmental policy, better understanding of how environmental policies can contribute to economic recovery and the creation of high-quality jobs, progress by local governments and cities in tackling environmental quality, and advances in scientific and economic understanding of our ecological and economic systems. Policy initiatives such as these have helped to reduce emissions of some key air and water pollutants.

Despite past advances, Ministers recognized that staying within critical environmental boundaries will require even more ambitious policies as well as cost-effective ways to achieve them. As one Minister put it, “we need not only to shift gears, but also to change lanes.” While Ministers noted that the benefits of doing so outweigh the costs, securing public and political support remains a challenge. Ministers agreed that the current economic and financial situation presents both risks and opportunities in this regard, and that the crisis should not be used as an excuse for inaction, but as a catalyst for action. Ministers acknowledged that this requires cooperation with Ministers of Finance and Economy, and the integration of inclusive green growth across government. Many Ministers supported the OECD Secretary-General’s view that green growth is not just *a way forward*, it is *the way forward*.

Ministers discussed various ways to make environmental reforms happen, and to convince others of the benefits of environmental policy action. These included: providing political leadership and a systematic framework for protecting ecosystems; more effectively mainstreaming environmental issues into sectoral and economic policies through job creation, innovation and investment; building a sound scientific and economic case for policies, for example through better valuing natural assets, including understudied areas such as oceans; finding better ways to reconcile short- and long-term concerns; using least-cost approaches to achieve environmental objectives; finding ways of mitigating the impact of policies on affected groups without compromising environmental objectives; building more effective alliances at all levels of government; developing more innovative, transparent and inclusive partnerships among stakeholders; and strengthening dialogue and cooperation with emerging economies. Ministers called on OECD to carry out further work to support their efforts to implement environmental reforms.

Ministers agreed to submit the Message on the Implementation of the OECD Environmental Strategy for the First Decade of the 21st Century to the meeting of the OECD Council at Ministerial level.

Connecting Environment Policy to the Science

The chair of the session, Commissioner Potočník (European Commission), opened the session by highlighting that the focus of the discussion was about knowledge gaps and planetary boundaries and how science can inform policy makers. Professor Will Steffen shared with Ministers a wealth of information on the “anthropocene” era. He noted that the planet’s environment has been largely stable for the past 12,000 years. Since the Industrial Revolution, human actions have become the main driver of global environmental change.

In the discussion, Ministers noted that there is compelling scientific evidence that natural systems have “tipping points” or biophysical boundaries beyond which damaging change can become irreversible; however, these are in many cases not fully understood.

Some Ministers highlighted that, even when scientific evidence is available, it is not always recognised or there is reluctance to believe it. As policy makers, Ministers recognised the need to provide the conditions that facilitate the emergence of a critical mass of scientific opinion. Ministers agreed on the need for science-based policy-making, and noted that further investment in science makes sense. But Ministers also recognised the importance of not waiting for absolute scientific certainty before acting.

Many Ministers noted that science has a particularly strong impact on environmental policy when combined with robust economic analysis demonstrating the interlinkages, as shown with the Stern Review and the TEEB report (The Economics of Ecosystems and Biodiversity), as well as much of OECD’s work on green growth and environment-economy linkages.

Some of the key means to better connect environmental policy to science highlighted by Ministers were:

- Improving education, research and innovation, and fostering a systemic vision to facilitate work across disciplines in academic research and across sectors in policy-making.
- Gathering additional data and information (e.g. on nitrogen flows) to tell a clear and plausible story, including through OECD’s work on indicators.
- Promoting inclusive participatory processes that engage governments, scientists and the public.
- Communicating a human-centred and positive story, based on understandable scientific information, to encourage people to act.
- Managing risk better, including working with insurance companies.
- Finding ways to extend the timeframe of decision-making and investment.
- Realising synergies by addressing multiple planetary boundaries where they have common causes, to focus our efforts.

Recognising that there is no substitute for political leadership, Ministers emphasised their commitment to action, recalling Professor Steffen’s comment that the cost of failure would be very, very large.

The Environmental Outlook to 2050 – An Urgent Call for Green Growth Policies

The Chair of the session, Minister Erdan (Israel), opened the session by emphasising that, although not all countries have sufficiently ambitious policies in place to address the challenges raised in the *OECD Environmental Outlook to 2050*, there is a narrow window of opportunity to change the business-as-usual. The first lead speaker, Minister Benitez (Chile), stressed that

some environmental issues require international responses as their impacts are global and the world is increasingly interconnected, and that the green growth policy framework needs to be flexible in order to make it adaptable to national circumstances. Minister Clini (Italy) suggested that the OECD considers integrating the Environmental and Economic Outlooks. State Secretary Oberle (Switzerland) shared national examples of measures to promote sustainable use of natural resources and energy through land use, agriculture, trade and fiscal policies.

In the discussion that followed, many Ministers recognised that current action is not enough and noted that while in the past conventional wisdom was that protecting the environment hinders economic growth, today it is clearer that green and growth can go hand-in-hand.

Ministers noted that a better understanding of the nexus between the four issues covered in the *Outlook* (climate change, biodiversity, water, health impacts from pollution) is crucial. This will enable governments to develop policy measures that harness synergies and co-benefits, while avoiding policies that solve one environmental issue at the expense of another. We cannot work in policy silos.

Ministers recognised that green growth requires a more ambitious as well as a practical, predictable yet flexible mix of policy instruments that are adapted to fit different country circumstances so that all can achieve much more efficient use of energy and natural resources in an equitable way. Economic tools (such as taxes, charges, tradable permits, valuation of natural resources and ecosystem services, removal of environmentally harmful subsidies) are important, but countries also need effective regulatory approaches to foster behavioural changes. Some Ministers called on OECD to support governments in the endeavour to value nature and resources properly.

Many Ministers highlighted the need to foster sustainable production and consumption, in both developed and emerging economies, and that such efforts must be accompanied by government action to provide the public with the relevant information to raise awareness and to help consumers make more informed decisions.

There is room for each nation to contribute to green growth in its fields of expertise (e.g. energy and water saving technologies). Green innovation can create new jobs worldwide and green investment needs to be fostered.

More broadly, Ministers stressed that it is crucial to mainstream and integrate environmental issues in all relevant ministries (such as economic, finance, energy and agriculture) to achieve green growth. Top-down approaches need to be combined with bottom-up approaches.

Ministers highlighted the importance of independent science to guide our policies, as well as the need to incorporate long-term thinking in policy-making. It was noted that this can be guided by integrated assessments such as the *OECD Environmental Outlook*, and can be replicated at the national level.

In an increasingly globalised economy and given the trans-boundary nature of many of our environmental challenges, Ministers stressed that international co-operation will be key. Trade regimes could also help the shift towards green growth. Some Ministers noted the need for technology transfer to developing countries.

Ministers noted that economic growth is not the goal, but rather a means to the end of improving peoples' quality of life and well-being. Additional ways are needed to measure economic growth, taking into account environmental and social considerations, to pave the way

towards a paradigm shift in how we measure progress. Several Ministers called for further OECD work to support this, building on the Green Growth indicators and work on Measuring Well-being and Progress of Societies.

Ministers expressed the need to engage all stakeholders in these renewed efforts to alter our business-as-usual pathway (including business, workers, and citizens). Finally, it was noted that the role of Ministers, as policy makers, is to proactively prepare the economy to exploit the new opportunities of inclusive green growth. Our constituency is the next generation.

Adding OECD Value to Rio+20

The Co-Chair of the session, State Secretary Spelman (United Kingdom), opened the session by emphasising the imperative to achieve inclusive green growth, noting that there is no one-size-fits-all solution to shift to sustainable patterns of consumption and production. The other Co-Chair, Minister Chalupa (Czech Republic), highlighted the importance of bridging diverging views between countries and the need to effectively communicate the green growth message. The first lead speaker, Minister Berlakovich (Austria), focused on the need to support qualitative green growth in order to transition to an alternative pathway that transforms challenges into economic opportunities. Deputy Minister Gaetani (Brazil) emphasised the crucial importance of social inclusion when discussing green economy or green growth. EPA Administrator Jackson (USA) highlighted that increasing urbanisation is putting a strain on natural resources, but is also offering incredible opportunities for a greener future. Commissioner Potočnik (EU) noted the need for a trust-building agenda, and the importance of recognizing a “new DNA of growth.”

In the discussion that followed, a number of Ministers referred to the sobering talk from Jeremy Grantham (GMO/Grantham Foundation) the night before about looming resource scarcity and the tendency of capitalism to short-termism. This really helped us focus on the task in hand – to work together to ensure an ambitious outcome for the Rio+20 Conference and beyond.

Ministers converged on the clear importance of ensuring that we focus on inclusive green growth, to ensure that social inclusion is a central part of the debate leading up to and at Rio+20, to help bridge the gap between countries. A strong recurring theme amongst Ministers was the vital need to build trust and the need to demystify the concepts being discussed. This is an essential pre-condition for success at the Rio+20 Conference and we have to increase our efforts in this area.

Several Ministers emphasised that political will is key to ensuring tangible and practical outcomes from the Rio+20 Conference. Several Ministers stated their support for sustainable development goals and the need to go beyond GDP. We need to focus not only on the outcomes of Rio+20, but also on what happens after Rio.

Ministers highlighted that green growth is a practical means for achieving many of the goals of sustainable development, including poverty eradication. However, there is clearly not a one-size-fits-all solution. Some Ministers noted that while we value the transition to a green economy, we need to work together to achieve a common understanding of what this might mean. Some Ministers emphasised that the transition to an inclusive green economy should be a transition that promotes sustainable development and equitable growth, green and decent jobs and hence helps to eradicate poverty. Ministers also highlighted the important role that can be played by the

private sector. The private sector provides new opportunities, new investment, new markets that are essential to greener growth.

Several Ministers emphasised that green economy should not constitute a means for discrimination or provide a pretext for economic protectionism. Some Ministers highlighted the essential importance of transparency and support to existing international safeguards.

Ministers emphasised that the OECD has a lot to offer to the Rio+20 debate and to implementing whatever is agreed at the Rio+20 Conference. The OECD's *Environmental Outlook to 2050*, its green growth strategy, indicators for better measuring well-being (beyond GDP), and country reports tailored to country-specific context all provide a sound base for working together. Ministers also highlighted the importance of further OECD work on the costs of inaction, benefits of action, case studies of good practices and lessons learned, integrated environmental-economic modeling, and capacity building. Ministers welcomed the OECD work with the G20 on green growth and on sustainable agriculture.

Finally, OECD countries and the Russian Federation have adopted the OECD Policy Statement from the EPOC Ministerial Meeting on 29-30 March 2012 to the Rio+20 Conference. Other countries are welcome to sign-on to this Policy Statement at a later date if they wish. This Statement will be made available to the OECD Ministerial Council Meeting of Council.

Multi-Level Governance and the Role of Cities

The chair of the session and of the Ministerial Dr Yoo (Korea), opened the session highlighting the importance of local action with a global vision.

Lead speaker, Dr Schuster (Mayor of Stuttgart and UCLG* Vice-President), highlighted the outcome of the recent OECD 4th Roundtable of Ministers and Mayors. An important outcome was the endorsement of the "Chicago Proposal for Financing Sustainable Cities" which calls for an integrated framework for multilevel governance to define sustainable development to deliver basic services, social inclusion and equity. The proposal also calls for treatment of environmental issues and in particular for adaptation to climate change, disaster risk reduction and a resilience planning.

The second lead speaker, Mr. Miller (former Mayor of Toronto and former Chair of the C40), called on national governments and international institutions to make their partnership with the world's cities far stronger in order to reach our shared environmental and economic goals. To reach our shared environmental and economic goals, national governments and international institutions need to make far stronger their partnership with the world's cities. Cities are already acting. If we engage, empower and resource our cities, these actions will help us reduce greenhouse gas emissions with far more success and create needed jobs. A good start would be to build on the OECD Roundtable of Mayors and Ministers - for example, by ensuring finance and economic Ministers attend - building partnerships with city organisations like the C-40 and ensuring a strong role for cities, including at Rio+20.

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