

The big picture

A new coalition has been formed to drive forward the concept that environmental standards determine long-term economic success. **Adrian Wilkes** reports on the Aldersgate Group

Despite the farsighted, and potentially revolutionary, Stern report, the environment versus competitiveness debate rages in Whitehall, as it has done for years. And Brussels urgently needs refocusing to recognise that environmental protection is fundamentally in the public interest.

To rebalance the debate, a new coalition, the Aldersgate Group, has been launched. Its aim is to prove that environmental standards are a fundamental part of long-term economic competitiveness as well as to quality of life.

The group brings together players including industry, environmental agencies, NGOs and think tanks. It believes the world has entered an era in which economic growth depends on the efficient use of increasingly scarce resources, and on the continued ability of the biosphere to deal with the pollution we create.

Globalisation has led to demands that government regulations be cut to ease the burdens on business, and to ensure a level playing field with competitors in Asia and the Far East. Environmental regulations set at UK and EU levels have been a particular target.

Nobody would argue against striving for better regulation if this means it is well designed, uses appropriate policy instruments, and meets its essential objectives at least cost to industry and the public purse. But demands for better regulation are often aimed at reducing environmental standards themselves, on the spurious grounds



Growth that ignores environment will not be sustainable

that they are the enemy of competitiveness.

Yet, no economic policy which sacrifices environmental quality can succeed in the long term. Smarter regulation must be employed instead to help manage the transition to a more eco-efficient economy in the UK and beyond.

The Aldersgate Group's first initiative was to publish an independent examination of our five main arguments, called *Green Foundations: Better regulation and a healthy environment for growth and jobs*.

Firstly, the report showed how a healthy environment and the sustainable use of natural resources are at the core of long-term economic sustainability. Rapid economic growth has brought the world's economy up against global ecological constraints, such as energy shortages, climate impacts and threats to biodiversity.

According to the WWF, in 2001 the resources we currently use in the UK for the production of goods and services – our ecological footprint – was far in excess of our own physical capacity to provide them. If this

level of consumption was matched worldwide, we would need the resources of two planets to meet our demands – and three at the rate of US consumption. We are spending nature's capital faster than it is being regenerated. Selling the family silver in this way cannot continue indefinitely.

To reduce this to plain self-interest, in a world of rising energy costs and increasingly scarce raw materials, our international economic standing will in future depend on maximising resource efficiency just as much as on boosting labour productivity. Increasingly, improved environmental performance will need to go hand in hand with improved economic performance.

Secondly, our report highlighted, yet again, that at the company level, good environmental performance and efficient resource use make good business sense. Research has, for example, identified that in the UK £4-5B savings could be made in annual operating costs through waste minimisation and energy efficiency.

Thirdly, the report showed

how environmental regulation presents business and employment opportunities, not just in the high-growth environment sector, but in other sectors too. The UK's environmental sector had a turnover of £25B in 2004 and employed about 400,000 people. Worldwide, it is already a £260B market and could be worth £350B by 2010 – as big as the successful aerospace or pharmaceuticals sectors.

Fourthly, the Aldersgate report shows how government policy appraisals and regulatory impact assessments often fail to be balanced and objective. Intelligent, evidence-based policy needs to neither undervalue the benefits nor overplay the costs of regulations.

Fifthly, and finally, the group argues that better regulation means having a regulatory environment which is proportionate, accountable, consistent, transparent, targeted, efficient and effective. It should aim to deliver high environmental standards providing the maximum stimulus to innovation and the creation of business opportunities, while minimising the administrative burdens of complying with them.

At the EU level, Environment Commissioner Stavros Dimas argues that "growth that ignores environmental considerations will clearly not be sustainable". The Aldersgate Group's mission is to ensure that this fundamental fact is firmly reflected in the policy decisions taken by all government departments in the UK and in the EU. **EB**

Adrian Wilkes is chair of the Aldersgate Group