OECD Environmental Policy Committee at Ministerial Level
28-29 September 2016
BIAC key messages

BIAC appreciates the opportunity to participate in the 2016 OECD Environment Policy Ministerial meeting and is pleased to present its key messages on the two main themes of the Ministerial meeting. The OECD meeting is taking place at an important moment, one year after the UN Special Summit on Sustainable Development and the Paris climate change conference, thus offering an opportunity to discuss concrete areas of implementation to achieve practical progress in these vital and inter-related areas.

Global and local environmental challenges are making us realize that to continue to enjoy the benefits of increased prosperity thanks to economic growth, we will have to continue the evolution towards more sustainable and greener growth. It is essential to move from words to action, bearing in mind that green growth is not about curbing growth, but about making the two concepts mutually supportive.

Business must be recognized as an important provider of solutions and can make its contributions most effectively within an overall policy framework that is transparent, predictable and encourages market-based options and incentives. Concrete opportunities for partnerships and active engagement must be encouraged at the international, national and local levels.

Greening growth must go hand in hand with promoting economic development around the world while addressing other major global challenges in areas such as energy, water, food and health. BIAC believes that the OECD is particularly well placed to foster policy coherence, analyze cross-cutting policy issues, encourage dialogue and cooperation across ministries and among countries, and propose a long-term strategy focusing on opportunities for innovation, investment, and new solutions.
Climate change – key challenges moving forward

Building on the successful conclusion of the Paris Agreement, BIAC reiterates its continued support to the OECD in leveraging its expertise in a wide range of policy areas to contribute to increasing the overall coherence and cost-effectiveness of climate measures, and to help ensure a policy environment that is supportive of innovation and investment by all the businesses involved. The policy focus must now shift towards stimulating long-term investments to scale up low-carbon technologies and fostering R&D and innovation to develop new technologies and services. The following issues should be given particular attention:

- **Foster global engagement**: Determined efforts by all parties will be needed to reach the long-term objectives set out by the Paris agreement. Implementation of the pledges will be essential to the success of the agreement. The business community calls for continued global action to create a level playing field between industries from all countries. An action plan for the Paris Agreement built on common responsibilities should foster competition and provide a stable policy environment for business to invest and innovate. We also support exploring synergies between the climate negotiations and the Sustainable Development Goals.

- **Create institutional infrastructure at national and international levels to enable business engagement and input, starting with the NDCs**: Stimulating an “all of society” and “all of economy” effort to operationalize the NDCs is fundamental; full “engagement” of societal partners will be needed to accomplish that. Improving business and other stakeholders’ involvement in all elements of the assessment and revision of current INDCs is needed as they are used to prepare, strengthen and raise the ambition of the forthcoming NDCs submitted upon ratification of the Paris Agreement. In addition, to build trust that pledges are being met and to inform discussions on enhanced future efforts, Parties will need to create effective, efficient and credible engagement and transparency systems - both domestically and internationally - including with representative economic stakeholders, i.e., business.

- **Ensure free trade and open markets**: Open trade policies are a key element for the successful achievement of the Paris Agreement’s goals and the spread of climate solutions. Trade policies must serve as a means for innovative technologies and know-how to spread across countries, supporting the low-carbon transition worldwide. Market distortions and unilateral barriers to trade and investment must be avoided, and inefficient environmental and energy subsidies should be removed.

- **Foster innovation**: The development and deployment of cost-effective technology as well as sufficient funding for R&D are essential to effectively address climate change. A pro-innovation policy framework to enable the private sector to engage and identify business opportunities supportive of climate change goals will be essential. The OECD should include innovation as a key pillar in its future work on climate change, underlining the need to ensure protection of
intellectual property rights and focusing on market-based incentives. Business welcomes collaborative initiatives that support and accelerate innovation in clean energy technologies.¹

**Encourage private investment for climate action:** Transformational change in infrastructure, including in the energy, transport and building sectors, will require large-scale private sector engagement. Investment and funding will only come forward if the international market for climate solutions functions well. A pro-investment policy framework, correct incentives, a level playing field for market participants and investors as well as clear policy frameworks concerning international financial regulation, including access to the right financial instruments, must be in place to foster investor confidence and enhance private investments. BIAC encourages the OECD to continue work on how to design an investment policy framework which is also supportive of greener growth and to explore new models, such as public-private partnerships between governments, research institutions and investors.

- **Work with the market:** Market-based mechanisms, when utilized effectively, provide the economic incentives and consistency the private sector needs to make investments in new technologies, equipment, and research. We encourage the OECD to further analyze the effectiveness of climate policy instruments, including explicit/implicit carbon pricing schemes as well as the effects of nations pursuing different approaches and systems. We caution against the introduction of regulatory measures that would lead to distortions in electricity markets.

- **Improve transparency:** The 5-year review cycle of countries’ contributions to emissions reductions is an important element, and will allow countries’ commitments to be updated, reflecting both ambition and realities. We encourage the OECD to help build solid measures of progress by continuing work on indicators that are well-balanced and forward-looking to help measure progress on NDCs over time and help establish internationally accepted and rigorous systems for measuring, reporting and verification of greenhouse gas emissions.

- **Address adaptation and resilience:** Countries’ success with adaptation will depend on action by the private sector in responding to climate change impacts and risks. Additionally, private sector responses may provide lessons and examples of innovative approaches of interest to the public sector, both in terms of long-term planning and emergency preparedness and response. Policy makers should catalyze and support business contributions to climate change adaptation for more resilient economies.

For further information, please check:

- [BIAC key actions for OECD post COP-21 agenda](http://www.bk-group.org/media/66254/BIAC%20key%20actions%20for%20OECD%20post%20COP-21%20agenda.pdf)

¹ [mission-innovation.net](http://www.mission-innovation.net/)
Ensuring efficient use of natural resources is a priority for governments, business and society at large. At the same time, improving resource efficiency can offer concrete business opportunities and is key to a sustainable and secure supply of raw materials.

- **Collaborative approaches**: Moving towards a more circular system and facilitating the development of new business models requires leadership commitment, but also a collaborative approach. Policy-makers, business, and relevant stakeholders must work together in order to promote sustainable solutions, bearing in mind that challenges and opportunities vary from sector to sector.

- **Policy coherence**: The effects of existing legislation and policy initiatives should be analyzed with a view to avoid inconsistencies and to make them mutually supportive. Legislative barriers that hinder circular economy business models should be identified and removed. A successful strategy for resource efficiency should bring the different stages along the value chain into coherence, reconciling different environmental and economic considerations. Policies should be increasingly aligned with resource efficiency objectives in diverse areas like innovation, investment, trade, education and skills development.

- **Balanced policy approaches**: In view of the complexity of the circular economy, which involves a wide range of materials and different levels of action, well-balanced and measured approaches are required so that industry remains globally competitive and can drive resource efficiency and environmental protection forward through its products. There are no one-size-fits–all solutions, and innovative approaches have to be adapted for different value chains.

- **Encourage life-cycle approaches**: Governments should take into account the full life-cycle of products when creating new regulations to effectively calculate and address the actual impact of each stage of a product’s life. There is a need for integrated policy approaches that work across a range of resource stocks and materials and recognize the full life-cycle impacts as well as the important role of value chains, which can lead to greater innovation.

- **Innovation in support of the circular economy**: Research, development and innovation programs should put sufficient emphasis on fostering resource efficiency across sectors. Due attention should be paid to the potential of transformative technologies, such as nanotechnology, biofuels from waste, etc. In addition, digitalization provides great opportunities for the circular economy, not only by optimizing business processes, but also for new business models (e.g. sharing economy).

- **Reduce, re-use, recycle, and heat recovery**: Alongside efficient use of primary raw materials in production, ‘reduce, re-use, and recycle’ as well as heat recovery from waste in the form of materials or energy are important pillars of a circular economy. It is therefore essential for business to have a well-functioning market for secondary raw materials to ensure access to the
right quantity of high-quality secondary raw materials. Further efficiency gains should be explored, and market economy principles should apply in all stages of the waste management chain. It is important to have a clear understanding of the definitions of secondary raw materials and waste.

- **Addressing barriers to a circular economy**: Policy makers should identify and address specific challenges to a circular economy, such as export restrictions on secondary raw materials, lack of public investment in waste collection, recovery and recycling infrastructures, barriers to trade in environmental goods and services and secondary raw materials, recycling of increasingly complex products, etc. The integration of resource efficiency considerations in global value chains should be supported.

- **Addressing consumption**: Consumers have an important role to play in the circular economy and can set signals for innovation, research and development, underlining the importance of fact-based education on the efficient use of resources. The concept of circular economy should therefore be included in curricula of education systems. Public procurement can play an important role in creating opportunities and demand for circular economy business models.

- **Monitoring**: Reliable indicators as well as accurate and internationally comparable data are essential to understand the development of circular patterns and measure international trade flows of primary and secondary materials, resource use by different sectors and parts of society, quality and size of resource stocks, as well as progress in resource efficiency. Information gaps should be addressed. The fact that the methodology for domestic materials consumption does not fully reflect countries' environmental footprint outside of their country should be taken into account.

- **International cooperation**: Business supports internationally coordinated efforts to improve economic analysis of resource efficiency. As raw materials and product flows are increasingly global, cooperation at the national and local levels should go hand in hand with fostering dialogue at the international level. The fact that some economies have managed to decouple resource use from GDP growth underlines the importance of sharing good practice, improving economic analysis of resource efficiency, and fostering dialogue to address the challenges posed by rising demands.