

MEDIUM TERM FOREIGN POLICY STRATEGY: **ENVIRONMENT**

SUMMARY

We need a step change in the global response to environmental degradation: all major environmental trends are worsening and nearing – or exceeding – natural limits. Economic pressures will quadruple in the next 30 years, requiring radical changes in resource use efficiency and environmental management to maintain ecological support systems.

We need to modernise and strengthen international environmental governance: The multilateral system that enabled globalisation to emerge and flourish brought in its wake new global environmental challenges of an order of magnitude and scope that were never foreseen in the original institutional design. Environmental governance at all levels currently lags behind economic development and public demands – there is a governance gap that can and should be filled.

The UK needs a **medium term strategy** containing a portfolio of approaches to improve governance and stimulate new solutions at the international, regional and national level including:

- **Evolution of a World Environmental Organisation:** The UK should adopt a medium term aim of building an ‘emergent WEO’ inside the UN system. This involves a series of achievable steps to strengthen existing institutions in a way that provides inclusive and dynamic leadership on international environmental problems.
- **The EU as the environmental leader within the international community:** Environmental issues are one of the areas where UK citizens strongly see the EU as a positive force. A Bush Presidency makes it vital that the EU ‘punches its weight’ at the international level by taking the lead in 3 important areas: supporting an ‘emergent WEO’; building new regional environmental partnerships; promoting policy coherence across trade, development and environmental policy.
- **The UK as an international innovator in resource efficiency and social market solutions:** In a globalised and fast changing world, governments have no monopoly on solutions to environmental governance. The UK should promote the ‘social’ market place as a key element of improving resource efficiency and global environmental governance

1. What is the problem?

Three important trends in international environmental issues have far-reaching political implications for the UK government and the world community:

- **Rising Environmental Damage:** Key international environmental trends are getting worse and are leading to long term threats to prosperity and security (increased poverty; public disorder; natural resource conflicts; environmental refugees)
- **Changing Public Attitudes:** Growing public and consumer concern about environmental quality both at home and overseas – coupled with a general impression in all countries that governments are not addressing these issues seriously
- **Damage to Global Institutions:** Growth in anti-globalisation movement directed at international institutions and ‘big business’

1.1 International environmental trends

Global environmental problems affect us all, both directly, for example through changes in the UK’s climate, and indirectly through increased displacement of peoples, political instability and conflict. **Global climate change** remains the most pressing issue of our time. Global emissions of CO₂ reached a new high of nearly 23 900 million tonnes in 1996. Industrialised countries are responsible for 84% of this increase – but the poorest in developing countries being most vulnerable to its impacts. Over half of refugees in 1999 were fleeing from natural disasters linked to climatic extremes, not human conflicts.

Diplomatically, disputes over climate change could dwarf existing trade problems with the US. As the worlds largest greenhouse polluter the US has not taken sufficient domestic action to meet its targets under the Kyoto Protocol. By 2012 the US could face concerted international sanctions for non-compliance under Kyoto

In developing countries, **desertification and freshwater degradation** will be the dominant issues of the 21st century. Desertification and drought affect more than 900 million people in 100 countries with the numbers expected to double to 1.8 billion by 2005. Today, more than one-third of the world’s population are living under water stressed conditions – with projections rising to two thirds by 2025. Rising water

conflicts are creating new tensions both within and between nations, especially in the Middle East and Central Asia.

Though these three issues are probably the most pressing of our time, at least five more also have global significance: loss of biodiversity; stratospheric ozone depletion; deforestation; marine resource degradation; and persistent organic pollutants.

Box 1: Some Key Facts¹

- Global emissions of CO₂ reached a new high of nearly 23 900 million tonnes in 1996 – this is the highest level for 20 million years. 84% of this increase has come from the industrialised world.
- Losses from natural disasters over the decade 1986-95 were eight times higher than in the 1960's. In 1998, an estimated 25 million 'environmental refugees' emerged as a result of weather-related disasters.
- If present consumption patterns continue, two out of every three persons on Earth will live in water stressed conditions by the year 2025
- More than two thirds of the world's fish stocks are being fished at or beyond sustainable levels. One in four mammal species and one in eight bird species are currently threatened with extinction.
- The ability of persistent organic pollutants to travel long distances has resulted in the presence of POPs all over the world, even in regions where they have never been used.
- The World Health Organisation estimates that poor environmental quality contributes to 25 per cent of all preventable ill-health in the world today
- Governments spend more than US\$ 700 billion per year subsidising environmentally unsound practices in the use of water, agriculture, energy and road transport

¹ Global Environmental Outlook 2000. UNEP; Protecting Our Planet: Securing Our Future

1.2 Public and consumer environmental values

Growing public and consumer concern about environmental quality both at home and overseas – is coupled with a general impression in all countries that governments are not addressing these issues seriously.

Box 2: What are people saying about the environment around the world²?

- Near consensus that protection of the environment is ultimately more important than economic growth.
- Worldwide, two-thirds of people say their government has done too little to address environmental issues in their country
- Over one in five consumers report either rewarding or punishing companies in the past year based on their perceived social performance³

Consumers both reward companies through paying significant environmental premiums (such as 40% mark-ups on organic products), and have effectively punished them for poor environmental performance and misleading claims – as shown by the recent Brent Spa; Shell in Nigeria; and GMO crises. In response, the corporate sector is investing vast sums to improve their environmental credentials; for example, BP is spending £100 million on re-branding itself '*Beyond Petroleum*'.

The recent fuel crisis shows that rising environmental concern –is not necessarily reflected in actual consumer behaviour - especially when other concerns such as equity are also present. The public do see fuel taxes as an important environmental instrument, but want them as part of a package of instruments that is seen as fair and gives incentives for people to switch to viable and available alternatives.

1.3 Damage to global institutions

The 1990's witnessed a series of flash-points in which international environmental concerns came into conflict with all the major inter-governmental economic institutions - WTO; OECD; World Bank; IMF; and G8. Culminating in a series of high profile demonstrations in Seattle, Washington DC, London and most recently, Prague. These

² Global Millennium Survey (2000) - the world's largest opinion poll (57,000 (?) adults in 60 countries).

³ Millennium Poll on Corporate Social Responsibility (1999), Environics International Ltd.

demonstrations attracted a broad spectrum of society from around the world – campaigning on a range of single issues. Environmental concerns have spear-headed many of these campaigns but we are now entering a new era. Single issue groups assisted by global communications are merging into a worldwide anti-globalisation movement, targeting international economic institutions and ‘corporate globalisation’ as their villains. More moderate voices are becoming marginalised as efforts to reform these institutions are seen to fail to deliver real change.

Achievements in economic integration have brought in their wake unforeseen pressures towards ‘internationalisation’ of environmental issues. Greater international environmental cooperation is needed to protect the global environmental commons and to re-balance the economic and environmental pillars of international policy. Rising pressure for greater international environmental collaboration has revealed a number of deep seated and structural weaknesses in the fabric of global environmental governance.

2. Weaknesses in international environmental governance

There is no lack of institutions for global environmental governance, but they have failed to prevent the worsening of the vast majority of environmental trends over the past thirty years. There are over 200 international environmental agreements (IEA’s) supported by cross-cutting agencies (UNEP, Global Environment Facility), overarching co-ordinating structures (Environment Management Group, Commission for Sustainable Development, ECOSOC) and the international legal framework (Environmental Chamber of the International Court of Justice). Environmental issues are also included to some extent into key economic institutions (World Bank, WTO and IMF), and official institutions are complemented by huge private sector initiatives (eg. codes of conduct, eco-labels, NGO activities). The question is why these bodies have been ineffective in achieving their stated objectives.

High-level environmental leadership is very weak. Good environmental governance produces joint benefits, but is often frustrated by minority interests – both nationally and internationally. Overcoming these blocks requires strong leadership to identify communal problems and pull together political coalitions to solve them. This role has been conspicuously lacking at the international level. Proposals to improve leadership have involved moving environmental debates up to the Security Council or GA, giving the Trusteeship Council the responsibility

for the global commons or strengthening the role of ECOSOC. Practically, a strengthened and enhanced UNEP – including making it a specialised agency – is probably the best way to improve international institutional leadership. **A high profile political leader will also be vital to make a strengthened UNEP work. However, there is also a need for greater leadership among countries to complement and support a more activist UN system.**

Current information about the global environment is very poor: there are scandalous gaps in our understanding and monitoring of fundamental environmental systems and habitats. This lack of information frustrates leadership, delays action and fuels unnecessary controversy over response measures. The current system suffers from both information gaps and duplication between UNEP and other UN and convention bodies. There is a need for a central location to identify, assess and prioritise problems and response options.

International Environmental Agreements are poorly coordinated and weakly enforced. The past decade witnessed an extraordinary evolution of a highly heterogeneous and decentralised environmental policy framework. There are now over 200 international environmental agreements (IEA's) – each negotiated separately – tailored to specific problems with different objectives, membership, funding and compliance mechanisms, institutional and reporting arrangements etc. Though decentralisation has had some benefits it has also led to coordination problems, failure to capture important environmental synergies and wasteful duplication of effort.

Progress in negotiating and ratifying agreements has not translated into effective implementation at the national level. Blame has often been levied on weak enforcement mechanisms with calls for tough WTO-style compliance and dispute mechanisms to punish free-riders. But countries seem reluctant to bring environmental disputes – even through existing institutions are available to provide strict legalistic remedies.

Part of the problem lies with the developmental nature of many non-compliance issues. Lack of resources, capacity, technology and skills are often the root causes of poor implementation in developing countries. **Poorer developing countries need carefully designed assistance to come into compliance rather than coercive measures which could make them poorer and would fail to benefit the environment.**

On the other hand there are many developed and rapidly industrialising countries who could take on stronger more binding commitments, if the political will and leadership was found.

Lack of environmental ‘mainstreaming’ in other policy areas.

Strengthening international environmental institutions is necessary but environmental considerations must also be integrated into other policy areas (tax, subsidies, planning, trade, development aid) in order to stimulate the economic and technological transformation needed to avoid irreversible breaching of environmental limits.

Failure to encourage and guide the emergence of social market solutions: In an increasingly globalised and fast changing world governments have no monopoly on solutions to environmental governance. The weakness of the international system has led to the emergence of “**public policy networks**” – groups of public and private actors working together to tackle specific issues. For example, the Forest Stewardship Council was founded when no inter-government agreement was forthcoming.

Though initially viewed with some suspicion, and as distraction from “real” policy making, these mechanisms are now seen as a positive development. Many of these policy networks use a range of social market mechanisms⁴ to bring information to consumer, corporate and investment markets and drive institutional, market and technological change through market pressures and public/private partnerships.

However, further progress is being hampered by the **proliferation of codes** – creating confusion for the public and a burden on business. Leading firms are also concerned about **free-riding** by competitors, and investors wish to have security that **environmental liabilities** will not emerge unexpectedly. Developing countries (and the USA!) fear labeling could be used as **covert protectionism** against their exports. International action is needed to encourage the growth of these systems, while ensuring they operate in a fair and transparent manner.

⁴ Social market mechanisms include environmental reporting; eco-labeling and supply chain management schemes.

3. What is the way forward?

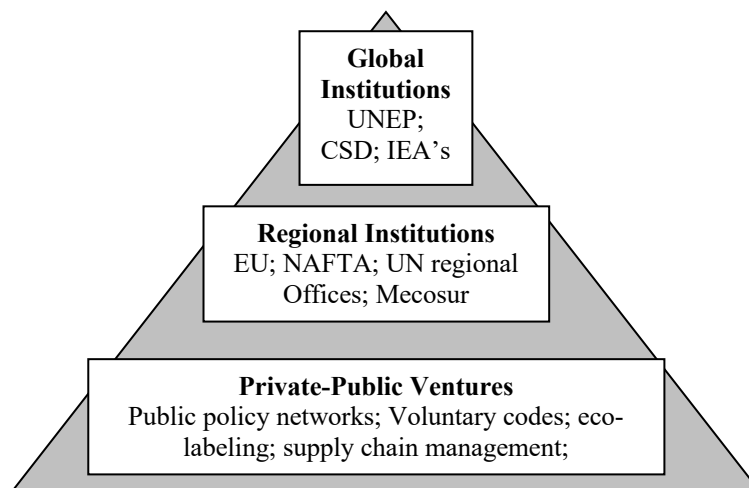
Urgent action is needed ..

The multilateral system established in the post war era to govern inter-governmental cooperation is currently under threat. Kofi Annan's Millennium address to the UN General Assembly acknowledged that the international institutional framework is antiquated and unable to cope with the demands of the twenty-first century. New global environmental challenges have emerged of an order of magnitude and scope that were never foreseen in the original institutional design.

We need to strengthen international environmental governance..

An effective environmental regime needs to tackle the systemic nature of environmental degradation – reaching out to all levels of international society to transform resource use; technology; investment; cultural norms; consumption patterns and antiquated institutions. This challenge of the 21st century cannot be achieved by government acting alone. It requires an **outward looking, cooperative strategy** that engages consumers; producers; NGO's and inter-governmental collaboration. We need a **'pyramid of action'** (Figure 1) that strengthens environmental governance via top down leadership from the inter-governmental system; and bottom up approaches that engage the participation of a broad range of actors.

Figure 1: Pyramid of Action



The way forward.. A package of measures of needed to achieve this transformation:

- **Evolution of a World Environmental Organisation:** The UK should adopt a medium-term aim of building an ‘emergent WEO’ inside the UN system. This will involve a series of incremental steps to strengthening existing institutions – focused on UNEP.
- **Promoting the EU as the progressive environmental force within the international community:** leading global efforts on environmental diplomacy within the UN and IEA’s; and building a leadership group of progressive countries taking on stronger environmental commitments through regional and bi-lateral partnerships.
- **The UK as an international innovator in resource efficiency and social market solutions:** UK firms, consultancies and NGO’s are at the cutting edge of social market innovations to promote resource efficiency and environmental management – such as eco-labeling; environmental and social reporting and green investment. The UK Government should work to accelerate developments in the ‘social’ market place by strengthening and consolidating government tools for supporting private sector initiatives.

4. Policy Proposals and Next Steps

4.1 Evolution of a World Environmental Organisation

4.1.1 Is a new WEO necessary?

Any push to strengthen international institutions will absorb energy and diplomatic capital. The benefits of a centralised WEO must be worth the effort of creating it, which could distract from other objectives. This has been the main reason for past scepticism over the merits of a WEO.

We believe the benefits of a **step change** in environmental governance are becoming clearer to all in the international community, and the next two years - leading to the Rio+10 conference in 2002 - presents a unique opportunity to make progress. Better governance would give a:

- **Response to globalisation:** there is a strong public feeling that the international system is becoming highly unbalanced, with economic co-operation superseding all other goals. Creation of a credible WEO would help answer these critics.
- **Flagship for improved environmental governance:** eight years after the Rio Earth Summit all major environmental trends are still worsening. Creating a WEO will not magically change this but will send a clear political signal about the need for change.
- **Removing structural barriers to the implementation of IEAs:** current failures are not just of political will, but reflect the structural problems of a system that has evolved in an ad hoc manner. Creating a WEO would help solve many of these problems.

4.1.2 What would an “evolutionary WEO” look like?

It is unrealistic to think that the full shift to a WEO inside the UN can be achieved at Rio+10 in 2002. However, there is strong support among environment ministers in many countries – both North and South – for some ambitious institutional strengthening based on existing institutions.

The series of achievable steps towards an “emergent” WEO include:

- (i) **Making UNEP a specialised UN agency funded by increased levels of assessed contributions** and ensuring it has a **high-level**

political leader. Strengthening the core tasks of leadership, scientific analysis, information gathering and assessment of priorities. Creating a **UN Environment Group** of relevant UN agencies chaired by UNEP to improve institutional coordination. Clustering IEA's into functional groups and eventually negotiating umbrella conventions under UNEP to improve policy coordination.

- (ii) Creating an **International Centre for the Settlement of Environmental Disputes (ICSIED)** inside UNEP – analogous to the World Bank's investment dispute body. This would act as a mediation, arbitration, compliance and problem-solving institution, and could be specified as a referral body in any environmental treaty.

Backed by streamlined procedures for using the **environmental chamber of the International Court of Justice (ICJ)** including stricter time limits, assistance for developing countries and encouraging countries to declare **compulsory ICJ jurisdiction** for bi-lateral environmental issues.

- (iii) **Strengthening and broadening the Global Environment Facility (GEF)** by significantly increasing its resources, broadening its mandate so it funds all IEAs and reflects developing country priorities more strongly. The GEF should eventually be brought under **UNEP control**.

- (iv) Giving **UNEP responsibility for co-ordinating Public Policy Networks**. UNEP should be the primary focal point for issue-based coalitions of business, governments and civil society tackling global environmental problems. Providing an annual forum for dialogue between all these groups and governments where they can discuss problems and solutions in an open and balanced manner.

The resulting organisation could then be consolidated and renamed as the World Environment Organisation – the sequencing will depend on tactical considerations.

The guiding ethos of this WEO would be one of informed, principled and powerful leadership to provoke and enable others to act. Identifying the environmental challenges that face all countries and defending the integrity of the global commons.

4.1.3 Existing Proposals and Opportunities for Change

The last five years have seen various proposals for creating a new World Environmental Organisation – supported by countries as diverse as Germany, South Africa, Brazil and Singapore. Most recently, President Chirac called for the creation of a new global environmental agency. The French Presidency has formed a small group to discuss proposals for an “emergent” WEO. The Presidency is aiming to agree broad conclusions at the **Environment Council** in December 2000, with a brief mention in the Nice Communiqué.

Global momentum is already building to address environmental institutional reform at the **Rio + 10 Summit in 2002**. Decisions by Heads of Government will be essential to overcome the weakness of environmental ministries in most countries, who are unable to drive diplomatic priorities or make new financial commitments.

[US responses to any proposal will depend on the election result. Gore will be positive, Bush negative or ambivalent. However, perhaps more important is the ability of the US to provide financial support and domestic policy changes, and this depends on the composition of Congress. This argues for a flexible strategy that does not require active US support for success, and where the EU plays a strong leadership role.]

The UK could have a pivotal role in this debate. Both in mobilising the EU behind any proposal for a WEO – in partnership with the Swedes - and influencing opinion in developing countries and the US. The Commonwealth will be a vital forum for this debate, and the Brisbane CHOGM in December 2001 is well placed to reach preliminary positions to feed into the Rio+10 Summit.

Next steps

- Develop a diplomatic strategy with key EU partners working towards Rio + 10 in 2002 as the first substantial step towards a WEO. Using the G8 and Commonwealth – especially CHOGM 2001 – to build broad global support.
- Initiate a “like-minded” group of influential world leaders who support a WEO; for example, South Africa, Nigeria, Brazil, India and the US [(if Gore).]
- Agree to substantial increase in Global Environment Facility funding in replenishment negotiations in 2001-2002

4.2 Promoting the European Union as the leading environmental force within the international community

Environmental issues are one of the areas where UK citizens strongly see the EU as a positive force. However, despite being the largest aid donor and most environmentally progressive block in the industrial world, the EU does not ‘punch its weight’ at the international level.

The EU has a vital role to play in providing progressive environmental leadership in the international community. The US environmental position remains reticent at best, and hostile and obstructive at worst. Whatever the attitude of the Executive, Congress will remain a drag on real US commitment – especially on finance. Developing countries are more positive about international environmental agreements. They suffer most from global environmental degradation and see environmental treaties as balanced and equitable. However, they remain disillusioned by falling aid levels and the failure to honour commitments made at Rio.

These positions have blocked progress at the UN and other negotiating fora. The EU is the only actor with the environmental credibility and political authority to revitalise the international environmental agenda. However, though the EU often performs well in environmental fora (though its negotiating effectiveness could improve) this has not been matched at a broader political level, or outside areas controlled by environment ministers. Achieving such leadership involves playing a pivotal role in supporting an ‘emergent WEO’; building regional partnerships on environmental issues; and promoting policy coherence in trade, development and the environment.

- **Playing a pivotal role in supporting an ‘emergent’ WEO:** an effective WEO is the keystone to global environmental governance. For practical and tactical reasons any initiative at the UN must be supported by action in the EU, and strong EU political and financial support to an emergent WEO.
- **Building stronger agreements with progressive countries and regions.** UN agreements tend to move at the pace of the slowest, there is a need to build a leadership group of countries to move to stronger commitments. Many rapidly industrialising countries (e.g South Africa, Argentina) would be interested in joining such a group, along with parts of the developed world.

The EU should negotiate **Sustainable Development Pacts** with key countries and/or regional organisations. These pacts would commit parties to stronger binding obligations than under existing IEAs, in return for greater technical and financial assistance from the EU. A priority would be EU regional trade partners such as the emerging Mediterranean Free Trade Zone (MFTZ)

These could particularly focus on ecosystems which are best protected at the regional, national or local level⁵. And take advantage of the closer alignment of values and priorities at the regional level.

Strengthening regional governance capacity requires investment in regional institutions. Building regional institutional capacity involves strengthening the regional pillars of UNEP and establishing trust funds to support **Regional Sustainable Development Centres**. In partnership with regional organisations they would be ‘centres of excellence’ for policy development – supporting sustainable development pacts and enabling developing countries to pool capacity, develop common approaches on sustainable development issues; and anticipate potential security threats. Improving developing country participation and building coherent cross-sectoral strategies will speed up progress towards greater international cooperation.

- **Promoting policy coherence in trade, development and environment.** The UK recognised the fragmentation of EU internal environmental policy by launching the Cardiff process for environmental integration. We must now ensure this process continues into the EU’s external role by developing an **external EU environmental strategy** in the General Affairs Council as an integral part of the EU Sustainable Development Strategy.

The external strategy would bring the diplomatic and financial resources of the EU together to: work to prevent security threats caused by environmental degradation; build strong environmental relations with key regional blocks; and bring coherence to EU trade and environmental policy⁶.

⁵ Key resources needing mainly regional management include fisheries, coastal ocean pollution, air pollution, freshwater management and much biodiversity

⁶ The need for a common foreign policy approach is exemplified by the current set of trade disputes with the USA – bananas, beef and hormones all have strong environmental dimensions. The prospect of a dispute over GMO’s, the Electronic Waste (WEEE) directive and cadmium batteries is strong.

An example of this would be to establish an **EU Sustainable Trade Centre**. Developing countries fear that eco-labeling and regulations are becoming a barrier to market access rather than a source of competitive advantage. An EU Sustainable Trade Centre – a partnership of the Commission, business and civil society – could act as a gateway for sustainably produced products into the Single Market. Facilitating contacts between producers and buyers, reducing conflicting requirements, combating “green protectionism” and providing assistance to poor producers.

Next Steps

The Swedish Presidency has made environment a key priority and they will be pushing agreement on both the EU Sustainable Development Strategy and of the “Cardiff Process”. This gives the UK an opportunity to give an environmental focus to external EU affairs.

- Immediately begin using the Cardiff Process to promote the integration of environmental issues in EU external affairs. Influence the Prodi Group to ensure the EU Sustainable Development Strategy has a strong external component.
- Work with the Swedish Presidency to deliver a major announcement on the EU’s external environmental role at Gothenburg in mid-2001. Including a commitment to build Sustainable Development Pacts linked to key environmental issues and EU bilateral trade relations and to create an EU Sustainable Trade Centre.
- Use EU Sustainable Development Strategy to intensify environmental reforms of EU development aid and refocus major financial support on environmental goals and Regional Sustainability Pacts.

4.3 The UK as an International Environmental Innovator

The UK also has a key individual role to play in promoting the strengthening on environmental governance. This will require strengthening of the HMGs capacity on international environmental issues, and can build on the leadership role of the UK private and non-governmental sectors in resource efficiency and social market solutions.

4.3.1 Building UK Capacity on International Environmental Issues

The UK is seen as talking a good name on international environmental issues, and is beginning to deliver at home on environmental quality, but often does not put its money or high-level influence where it's mouth is. A particular weakness of the UK is the lack of financial support provided for international environmental initiatives. Currently, the UK spends around £40 million annually directly on global environmental issues – roughly the cost of building one mile of motorway! This level of spending is proportionately less than most major European countries.

If the UK is to exert significant influence on international environmental issues we must invest in the international system and step up efforts to strengthen and modernise the machinery of Whitehall.

- **Building an international consensus for a WEO:** As well as working in the EU the UK should use all its diplomatic machinery to build consensus on a WEO in the run-up to Rio+10 in 2002. Especially working with the US and the Commonwealth.
- **Strengthening and modernising Whitehall:** If the UK is to promote this international agenda the machinery of government needs significant strengthening. This requires a clear strategic framework inside which decisions are taken and departments co-ordinate their efforts. Another White Paper is not needed – but a public strategy paper on the international environment would be very useful both practically and politically in advance of Rio+10.
- **Establish joint fund to tackle global environmental issues:** a joint fund managed by DETR/DTI/DFID/FCO should be established. Initially, the fund should be around £200-£300 million, but would rise as international co-operation increases. In the longer term the fund could be financed from **auctioning UK carbon permits**. An innovative way of connecting global problems with global solutions.

The joint fund would increase Whitehall capacity, help join up departmental working, and is needed to support bilateral and EU initiatives on Sustainability Pacts and the strengthening of UNEP and GEF replenishment as part of an evolving WEO.

4.3.2 UK as a leader in Resource Efficiency and Social Market Solutions

Mechanisms that allow social values to be expressed in the marketplace – the social market – are powerful tools, which can motivate changes of culture, investment, behaviour and technology governments usually cannot touch. These are the changes needed to ensure the rapid increases in resource efficiency which will allow growing prosperity without increasing pressures on the environment. However, it is becoming clear that to fulfil their full potential, governments will have to promote and enable these instruments through supportive legislation and action.

However, the UK lags behind other Northern European governments in introducing enabling measures. In contrast UK firms, consultancies and NGOs are at the forefront of developments. UK institutions – profit and non-profit - lead the world in environmental and social reporting. The UK has the highest level of third party auditing of company environmental reports in the G8, and a strong environmental investment sector – including a sustainability index for FTSE 500 companies.

Leading companies in both the developed and developing world are adopting such standards as a way to **increase competitiveness**, promote innovation and minimise risks to their corporate reputation.

To become a leader in this area the Government should:

- **Initiate five new public/private partnerships on key environmental issues by Rio+10:** It is not enough to stimulate resource efficiency at home, these technologies and skills must be transferred to developing countries. This can be done by initiating at least five new public/private partnerships in influential developing countries. Areas where UK companies have relevant expertise and market strength include: **freshwater provision, renewable energy, financial services, environmental services, mining and tourism.**
- **Enabling the Social Market Place:** markets thrive on accurate and comprehensive information, and government has a role to ensure consumers and investors can make informed and efficient decisions. This will encourage market development by lowering risks to environmental innovators. The UK needs a more structured approach to this area. Enforcing a stricter **green claims code** on environmental marketing, introducing a package of market incentives for new schemes, moving to **mandatory corporate environmental** reporting for larger businesses (common in many EU countries), and using **government procurement** to support green products adhering to **new**

government guidelines on labeling. A consolidated “tool box” of new and existing measures is needed to support public/partnerships and to raise the political visibility of UK efforts.

Next Steps:

- Agree a UK International Environmental Strategy paper by June 2001.
- Announce establishment of a cross-Whitehall fund of £200-300 million to tackle global environmental issues.
- Initiate 5 high level bilateral public private partnerships on environmental issues with strategic developing countries during 2001,
- Announce measures to support the Social Market Place – mainstreaming environmental and social reporting into UK corporate behaviour, improving consumer choice and consolidating and rationalising Government support mechanisms.

Road Map of Political Opportunities

Opportunity	Action	Date
Environment Council	EU medium term aims on environmental governance Discuss EU external profile Propose launch of EU Resource Efficiency Initiative	Dec 2000
Labour Manifesto	WEO objective EU environment role Support for social market place UK Environment Fund UK international environment strategy paper	2001
Gothenburg Summit	Announcement of EU external role on environmental issues	mid 2001
WTO Round	Clarify WTO/IEA relationship	2001 (?)
G8 Genoa	Begin G8 discussion on WEO Agree key environmental initiatives on renewable energy and resource use	July 2001
CHOGM Brisbane	Commonwealth discussions on WEO	Dec 2001
UK Rio Process	Put in place new environment fund Informal high level dialogues with US and Commonwealth countries	mid 2001
G8	Agree G8 resolution on WEO	mid 2002
Rio+10 Summit	Agree UN resolution on WEO	July/Sept 2002
GEF Conference	Agree reforms to increase funding and enlarge GEF mandate	Autumn 2002