Environmental Policy, Competitiveness and Green Growth: International and Irish Evidence

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L Burke - Opening Address

Good morning ladies and gentlemen. I am very pleased to be invited to present the opening address to today's workshop. I would like to thank Iulia and her colleagues at ESRI for this kind invitation and for putting together this very topical agenda. The EPA are pleased to be associated with the event and specifically with some of the papers presented through our Research Programme support. For the past few years the EPA has collaborated with the ESRI through funding policy focussed assessment dealing with the environment – economy – and society nexus. It is great to see that today's program flows from some of this collaborative work.

We will hear some interesting presentations from national and international experience about Environmental Policy, Competitiveness and Green Growth, leading to what I expect will be a very engaging roundtable discussion with a very impressive panel.

The EPA has a number of functions incl Regulation, Knowledge and as an Advocate for the Environment. Underpinning these is the generation of evidence that supports our assessments and the generation of insights: ultimately leading to the delivery of trusted and actionable knowledge. In these days of fake news, soundbites and dismissing science, it is critical that we continue to grow and develop our scientific evidence, that it is objective and can withstand challenge.

The EPA continues to improve upon and provide more timely evidence based environmental assessments, a key role of these is to help inform policy and decision making at national, regional and local levels. The evidence produced by the EPA is crucial in helping to find solutions to address Irelands climate change and other environmental challenges.

Irelands natural environment not only has an intrinsic value in its own right, it is also a key strategic asset for the country. It is core to healthy lives, our national competitiveness and to successful business. It provides many raw materials essential for businesses – clean water, minerals, energy, soils, clean air, biodiversity, etc.

A balanced and respectful – sustainable – co-existence with our environment is essential.

However, the evidence tells us that our current production and consumption systems and practices are not compatible with ensuring a safe, health and prosperous society and environment for us all to live in. Our existing models of economic growth based on unsustainable use of our land and our oceans, and on carbon intensive raw materials and energy, cannot endure. Clean water, clear air and the ecosystems services that they support and which support us are invaluable but often not valued, until they are absent. In the language of economists, it would be deemed a market failure: but because of our tendency to irrationally discount the future environment, we are slow to face up to the risks.

The first session this morning will discuss environmental policy and competitiveness, and this is an area that the EPA has been involved in for many

years- so we will be really interested to hear the experience and research in this area from Corrado and Stefano.

There had been a tendency in business to believe that 'going green' was expensive and could lead a business to be uncompetitive. So called 'early adopter' fears are understandable. However it is our experience – and that of the businesses we have worked with - through the EPA National Waste Prevention Programme, which is in fact a Resource Efficiency or Circular Economy Programme that 'going green' has been very positive. These programmes were focussed on the introduction of more efficient and sustainable production processes that also save the businesses money, across a range of sectors including agriculture and manufacturing. Of course, the EPA has also been engaged in the regulation of industry over the last 25 years where we have seen regulation drive innovation in emissions reduction, clean technologies, best available techniques, energy efficiency and overall continuous improvement methods.

The bigger challenge of course is to move to really recognising and including the true environmental costs of products, not only in manufacture, but disposal of products and their by-products and the wider impact on the environment whether that be greenhouse gas emissions or water and air quality. It is important here to also recognise that although we should encourage and support 'efficiency' in all that we do, the environment does not understand efficiency but only the total environmental burden that is placed on it- if we produce more and more, even more efficiently per item or per kg of product, the total environmental impact will increase.

And of course, there is a growing demand from consumers for transparent indicators of the environmental credentials of goods and services, and I can

foresee that Labelling schemes such as the European Eco-Labelling scheme, will increase in penetration over the coming decades.

Moving to our second session this morning on green investments and firm performance.

There has been much talk over the last number of years on green investment and businesses and companies promoting themselves as green and sustainable, driven by market demands in many cases, but it has often been difficult to see real hard evidence of that ‘greenness’ or consistency in measurement between businesses or countries.

There is a strong move throughout Europe towards supporting ‘green investment’, and in fact the ‘Green Deal’ aims to put sustainability and the wellbeing of citizens at the centre of economic policy, and sustainable development goals at the heart of the EU’s policy making and action.

As part of this there is a commitment to reduce "greenwashing", i.e. the practice of marketing products including financial products as "green" or "sustainable", when in fact they do not meet basic environmental standards. The Green Taxonomy agreement sets out six environmental objectives, and four requirements, that economic activities need to comply with in order to qualify as a green investment. This will create a common language that investors can use everywhere when investing in projects and economic activities that have a substantial positive impact on the climate and the environment. It is expected that this will help scale up private and public investments to finance the transition to a climate-neutral and green economy, redirecting capital to economic activities and projects that are truly sustainable.

And the scale of the investment required at both European and National Level is really significant.

With regard to Climate, according to DG Clima, at a European level the average annual investment required under the 1.5C scenario between 2021 and 2030 is €1,000 billion (excluding transport- €396 billion). An Ireland based estimate on this scenario would be €10 billion (excluding transport approx. €4 billion). Investment needs will be particularly large in the residential (energy efficiency) and the power sector (generation and grid). Project Ireland 2040 commits to investing €21.8 billion in achieving a transition to a low carbon and climate resilient economy. This includes the conversion of existing coal-fired power stations by 2025, investments in public transport, flood risk management, additional charging infrastructure and the establishment of the Climate Action Fund, comprising €500 million, with a strong focus on the transport sector. This investment will need to flow if the commitments in the Plan are to be achieved.

This investment will be supported by reforms to the public spending code as envisaged in the Climate Action Plan – i.e Government investments valuing carbon at an appropriate level so that the real cost of projects can be estimated.

On water, the EPA's Role is as the environmental Regulator of Irish Water and to report on drinking water and wastewater quality. With regard to wastewater, treatment at 21 of the 169 large urban areas in Ireland failed to meet EU Standards. These 21 areas produce over half of Irelands urban waste water. Sewage from the equivalent of 77,000 people in 36 towns and villages is released into the environment every day without treatment. On drinking water we have seen the issues of capacity and treatment at drinking water plants, the most recent

being the Leixlip treatment plant, serving over 600, 000 people. We need to achieve good disinfection that keeps water free from harmful bacteria, eliminate lead from pipes and put in place drinking water safety plans. This has a substantial cost - It has been estimated that €15 billion is required for water infrastructure which needs to be sourced.

Through European and National initiatives, it is clear that there is a policy acceleration towards greening economic activity and fostering green growth, which will profoundly influence production and consumption practices over the decade to come. The ideal goal of course, is to see 'green growth' not as something novel, but in fact to have it normalised as part of good business and public service practice.

I believe today's workshop programme will assist us through unfolding national and international green-growth practices, and in imagining how we might progress these policy ambitions. It is an enduring focus for the EPA to develop policy relevant research and analysis. And it is an enduring challenge to land this knowledge with the right policy makers and decision makers. These focused ESRI events are a very valuable contribution to that work, and I again thank Iulia and her colleagues and the invited speakers for putting this very timely and relevant agenda together.

Thank you.

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