

Position paper

on the Commission working document

Consultation on the future “EU 2020” strategy

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econsense – Forum for Sustainable Development of German Business, is an association of leading, globally-active companies and business organisations with a strong presence in Germany who have a shared interest in shaping the future of sustainable economics and corporate social responsibility – through open dialogue with one another, policymakers and society.

The cross-sector initiative with 27 members was established in 2000 on the initiative of the Federation of German Industries (BDI). econsense co-operates with CSR Europe and the World Business Council for Sustainable Development (WBCSD).

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The aim of the econsense – Forum for Sustainable Development of German Business network is to work together with its member companies to fashion and to promote corporate sustainability. All members of econsense honour the principle of sustainable development and are interested in bringing this strategy forward at a national, European and global level.

A. Economic growth and sustainable development

Sustainability for us means that companies take into consideration economic, ecological and social objectives in a balanced way. A key point of every aspect of corporate sustainability is using resources prudently.

Sustainability is much more than a purely environmental issue, and cannot be reduced to ecological aspects alone. It is clear that the whole spectrum of economic and social development potential must be harnessed, and that sustainability is understood as an overriding concept for optimising all three target dimensions (social, environmental and economic).

The aims of sustainability are therefore an important factor in corporate and commercial thinking. The balanced implementation of these objectives can give rise to competitive advantages. **Sustainable development is therefore a strategy which boosts a company's own competitiveness, safeguards long-term corporate success, and helps raise environmental and social standards by the provision of innovative products and services.**

We are therefore all the more delighted that the Commission intends to link the issue of sustainable development more closely with the issue of economic growth as part of its EU 2020 strategy. econsense has already lobbied in the past to link the Lisbon strategy for growth and employment more closely with the European sustainability strategy. We therefore endorse the Commission's intention of incorporating this principle more strongly in its plans for a new EU 2020 strategy.

The European Council also endorses our efforts to integrate economic strategies for a more competitive Europe with its sustainability strategy, and to harmonise these strategies with one another. The European Council on 10 and 11 December 2009 stated in its conclusions that the success of a strategy for sustainable development would be strengthened "through clearer links to the future EU 2020 strategy [...]"¹.

¹ cf. EUCO 6/09, Conclusions of the European Council 10/11 December 2009, p. 8.

B. Sustainable development – the problem solving competence of industry

Business has a personal interest in improving its competitiveness through sustainable products, services and production processes. We therefore rely on intelligent regulatory frameworks and wish to work together in a constructive way with the Commission, the member countries and the European Parliament to elaborate a new integrated sustainability and economics policy for Europe. We therefore explicitly welcome the intention of the European Commission to work alongside industry to achieve economic growth, to expand the knowledge base, and to create future-proof jobs.

This is because we are of the opinion that today's global challenges, such as climate change, demographic change and resource efficiency, can only be successfully tackled with the help of all stakeholders – which naturally also means business companies.

The ability of industry to solve problems efficiently is of fundamental importance for every intelligent sustainability strategy as demonstrated by two examples:

1. Training and research, innovation and creativity

Ground-breaking innovations are primarily implemented by commercial enterprises. This is highlighted by the lead that European companies already have in forward-looking industrial sectors such as climate and environmental technologies, or efficient production processes. A crucial competitive factor here is having appropriate input from innovations along the whole value chain.

The “Technologies for Climate Protection Directory” (www.klimatech-atlas.de), compiled in a collaboration project between econsense and the BDI Climate Initiative, showcases some of the most interesting new climate and environmental technologies developed by European companies in recent years.

The approach by the Commission for strengthening science and research as platforms for sustainable economics is therefore in our point of view not only appropriate against the background of sustainable development, but also an extremely important factor for the further development of business and jobs overall in Europe. We share the opinion of the Commission that innovation is only possible with well trained employees and a good infrastructure.

Conclusions: Nurturing innovations requires an effective education infrastructure as well as innovation-friendly regulatory frameworks, and adequately financed state funding programmes for research. This enables businesses to generate the necessary innovations and to uphold their positions in a global competitive environment.

2. Employees and demographic change

One of the greatest challenges in the light of demographic change will be to maintain economic productivity and societal prosperity within a shrinking population. With regard to the intensive involvement of econsense with the issue of demographic change in Europe, please refer to our latest study, the “*Demographic Risk Atlas*“ (www.demographicchange.info/en_index.asp).

Counteracting demographic change will require much more effort to be invested than previously in training adequate numbers of qualified workers, and for companies to keep hold of these workers. This means that companies will not only have to invest in technologies, but also in employees.

The training and further education activities of companies will therefore play a crucial part in this context. For instance, extending the active working lives of older employees will make the concept of life-long learning ever more important. Another vital measure to help companies hold on to well qualified employees is the implementation of flexible working time models. These make it easier for older employees, and particularly for young mothers and fathers, to remain in employment instead of dropping out of the job market. Investments of this kind can minimise the threat of losses in productivity.

In this regard, long-term and sustainable human resource planning can safeguard the competitiveness of an enterprise and thus safeguard the jobs associated with the company now and in the future.

Conclusion: Politics and business have both recognised the key significance of demographic change. Companies require an optimal framework at a European and a national level to enable them to adjust more effectively in the future to the changes in the age structure of the population.

C. Essential frameworks to achieve sustainable development and economic growth

A stable framework and mutually co-ordinated regulatory measures – which also make adequate allowance for international competitiveness – are required to enable European companies to expand their leading positions in sustainable economics.

Hence in order to guarantee the long-term economic success of Europe, politics must ensure that the regulations it adopts support innovative business activities, and strengthen the industrial base of the European economy in a sustainable way. There is no doubt in this regard of the need for instance for clear European climate protection targets. However, solutions to tackle challenges such as climate change should not be specified “top-down” by policy makers, instead, we favour a “bottom-up” oriented dialogue with stakeholders to highlight the most cost-efficient and

socially acceptable options for action. The key elements of targeted regulation should include:

- Technology-openness and technology-acceptance,
- Specific state funding of products (e.g. renewable energies, energy-efficient products, etc.) over a clearly limited period of time
- The provision of a well developed infrastructure
- The maximum possible use of free market mechanisms,
- Avoiding competitive distortion and establishing a level playing field in inner-European and international markets.

Demands:

Therefore, to achieve economic growth on the basis of sustainable development we would like to propose that the Commission act in accordance with its own maxims and that it rigorously pursues the following points addressed in its working document in during the legislation formulation process:

- 1. Creating an integrated economic and sustainability policy**, “that promotes competitive market mechanisms and develops new sources of sustainable growth with an emphasis on innovation capacity, eco-innovation, new enabling technologies and skills”². In this context we also consider it to be essential that the international competitiveness of European industries is always kept in focus (level playing field). In this regard, the Commission should subject the European sustainability strategy to a critical review with the involvement of the stakeholders, and improve the co-ordination of the sustainability strategies pursued by individual member countries.
- 2. Further development of infrastructure**³ – in addition to investment in transport networks and the expansion of broad-band networks, this also includes increased education funding at a national and a European level, and the further development of an efficient and productive European research infrastructure.
- 3. Reducing bureaucracy**⁴ – as well as avoiding it right from the start in the legislation formulation process. This is because unnecessary bureaucratic costs tie up resources in the wrong areas. These resources can then no longer be used for the benefit of sustainable economics. We therefore think it is crucial to carry out a detailed bureaucracy cost analysis as part of the impact assessment.

2 cf. COM (2009) 647, Consultation on the future EU 2020 strategy, p.8.

3 cf. COM (2009) 647, Consultation on the future EU 2020 strategy, p.5ff.

4 cf. COM (2009) 647, Consultation on the future EU 2020 strategy, p.5.

Business is the motor for innovative, sustainable and environmentally-friendly products and services. Europe can therefore only realistically implement the target it has set itself of turning Europe into a globally competitive, more intelligent and greener economy if it works together with its stakeholders – a group in which commercial enterprises play a key role.

econsense looks forward to maintaining its dialogue with the Commission as discussions progress on the subject of European sustainability and economic strategy, and to actively support it in implementing this strategy.