ROBERT BOSCH STIFTUNG

10 YEARS eco logic

Strategic Workshop:

Transatlantic Environmental Relations

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Background Briefing for Participants

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1 Preface

'A Rich Fabric.' This phrase does and indeed should characterize the dense web of relationships among individuals, institutions and the governments in and of the US and Germany, and their states. The same is true to varying degrees of the links between the US and other European countries and the EU as a whole. The fabric is made up of many different threads where much is common or shared between America and Europe, and where there are also many things to disagree about. Conflicts tend to be more accentuated than agreements – politicians and media thrive on differences and often feed conflict. Common interests, cooperation and mutual benefits, however, nurture the relationships and maintain the fabric as a whole. They produce the context for conflicts to be managed and resolved, just as they also provide a backdrop where disagreements persist and cannot be settled satisfactorily.

Through the prism of politics, relations across the Atlantic tend to be reduced to a narrow selection of issues and focused on just a few elements: too much attention is paid to the arguments, positions and moves of just a few actors. It is a reflex to concentrate on central actors, such as the federal governments or the European Commission, and items on the agenda of "high politics" like foreign and homeland security or current conflicts over trade matters. The US, Germany and the EU agree on many goals but disagree, quite loudly at present, about the ways and means to attain shared objectives, such as fighting terrorism, and have at times markedly divergent priorities, such as on climate change.

This reflex, the resulting smaller set of actors perceived to be relevant and important, and the narrowed agenda of topics in the limelight, weaken the fabric. At times, those among us who are interested in strong and productive transatlantic relations forget to look at the broader agora, at the marketplace of ideas and protagonists, at the whole agenda and its strands of argument, at the ongoing debates and co-operations among those involved as well as those who want to become involved.

That is the background to this paper and the workshop at the Robert Bosch Foundation's office in Berlin on 15 December 2005. The Robert Bosch Foundation and Ecologic are committed to maintaining good relations between Germany and the US and share a concern for the integrity and stability of natural ecosystems as the basis for human existence, social development, and economic activities. Our purpose is to take stock of issues and challenges – more than of forums, actors and their positions – and to see where more emphasis and fresh thinking is needed. We want to develop ideas and stimulate action on the basis of this paper by David Campbell, currently a Bosch Fellow with Ecologic, and others, mapping the issue areas and showing us options.

Looking at the most important 'high-politics issues' we note that only one, climate change, is directly relevant to environmentally sustainable development. 'Security' has become such an important aspect of the debate that it is now used as a selling tool for other issues that were able to stand on their own in the past. Hybrids such as 'energy security', 'food security' or 'water security' are the result of a new dynamic in the debate.

At the same time, there is a perhaps surprisingly broad but partly quite technical range of topics also of interest to practitioners and decision-makers, from brown-field redevelopment and urban green spaces to environmentally-motivated product-related regulation. Energy security eventually comes down to practical issues of, for example, the role of intermittent renewable energies, energy efficiency and demand management in reshaping our existing energy systems. Discussions and possible alignment in global strategies and foreign relations find their complement in the mutual

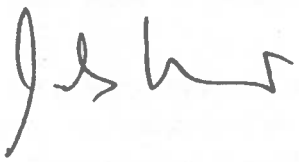
learning inculcated through the exchange of experiences with domestic policies and measures, including technology and economics on the ground.

How can we bridge the gap between the high-politics, where the political energy is found, and the solution-oriented work on the ground, where the benefits are measurable? How can we bridge the distance between negotiation and decision-making at the centers of power with the practical work in businesses, local authorities, states and others? These are some of the questions that need addressing.

There will always be misunderstandings and disagreements about values, goals and objectives, and perhaps even more about priorities, ways and means, and action to be taken. However, it is also worth recalling the key drivers for cooperation and stronger transatlantic environmental relations:

- The US, Germany and the EU have to act on the basis of a shared responsibility for global or common challenges, which leads to coordination and cooperation in international forums;
- On both continents we find similar or identical concerns for common or ubiquitous domestic challenges, where learning about the success (or failure) of policies and measures in other countries can avoid mistakes and help increase the effectiveness of action;
- The US, and indeed the NAFTA area with Mexico and Canada, are linked to Europe by international trade, direct and indirect investment, and competition among the resident businesses. Cooperation in this area can remove unnecessary obstacles to trade and unfair distortions in competition, resulting in higher efficiency of the international economy;
- The authorities in the US and the EU are engaged in regulatory cooperation, thus raising the efficiency of government action and avoiding unnecessary duplication of work for themselves and businesses, and industries cooperate in areas such as standardization in the interest of improving the overall efficiency of business activities;
- Many groups outside government, in the various associations of civil society or non-governmental organizations in the US and Europe, have shared visions of challenges or even dangers, motivating them to similar initiatives in their political activism, or share a vision of the 'desired future', inspiring their advocacy. These congruent visions lead to much cross-pollination across the Atlantic;
- In industry and the scientific community, we find a shared curiosity for scientific challenges or technical solutions, and a great deal of intellectual exchange among researchers and technology experts.

This list is certainly not complete, but it may help us to define issues and approaches for strengthening environmental relations between the US, the EU and Germany, and to set priorities, whether jointly or separately. I look forward to the discussions and hope for subsequent action.



R. Andreas Kraemer

Director, Ecologic

2 Background

There is growing consensus that the world is facing an unprecedented array of complex, transboundary environmental challenges. Presently, however, environmental issues garner relatively little attention when transatlantic themes are debated. At some point in the future, however, transatlantic environmental issues will once again rise in prominence. To prepare for and foster this change, it is important for those interested in transatlantic issues to understand and promote good environmental policies.

Ecologic, with support from the Robert Bosch Foundation, hopes to stimulate an ongoing, multi-disciplinary dialogue aimed at identifying common interests and at promoting environmental issues. To this end, an array of environmental and transatlantic professionals have been invited to participant in a strategic workshop on transatlantic environmental relations. Workshop participants will:

- Identify pressing environmental issues requiring transatlantic cooperation,
- Discuss ways to inject the identified issues in the overarching transatlantic debate, and
- Develop appropriate projects and partnership opportunities, and steps for further action.

Ecologic will document the proceedings and distribute a report summarizing findings and conclusions to all participants.

3 Suggested Topics for Discussion

To help frame the workshop discussion, this section briefly describes a variety of environmental topics important to the transatlantic relationship. This background material is designed to foster a productive exchange, getting us beyond a discussion of basics and providing a starting point for eliciting the insights, ideas and initiatives of the participants.

3.1 Energy security

Despite a variety of research initiatives, model projects and financial incentives, modern society continues to depend on fossil fuels to meet the vast majority of its energy needs. Many analysts and policy makers believe that American and European national security hinges on a steady supply of affordable oil and petroleum. Fossil fuel-dependant nations are expected to take actions to safeguard a reliable stream of fossil fuels, to invest in R&D to identify alternative sources of energy, and to pursue greater energy efficiency through innovation. technology and innovation. To the extent that renewable energy reduces dependence on fossil fuels, policies and projects promoting renewable energy can bolster security interests. Key policy questions include:

- What can America and Germany do to meet their security interests in a way that promotes environmentally sound energy policies on a global scale?
- How can research and development in new energy sources be promoted?

3.2 Renewable energy

One way to reduce dependence on fossil fuels is to promote renewable energy sources. There are a multitude of renewable projects active in the US and Europe. In Europe, Germany has taken the

lead on developing wind power with Schleswig-Holstein setting particularly ambitious goals.[1] Other states like Bavaria and Saxony are showing the way forward in Biomass and Photovoltaik. In the past years, there seems to be an increasing interest in several American states to increase the share of renewables in their energy supply. Key policy questions include:

- What are the economics of renewables, taking into account the quantity, type and duration of financial assistance given to fossil fuel energies?
- What are the pros and cons of the different technologies?
- How can America and Germany benefit from exchanges?

Fuel cells and hydrogen-powered cars also hold the promise of reducing, if not eliminating, greenhouse gas emissions. Germany's auto manufacturers have programs devoted to seeking ways to reduce the environmental footprint of vehicular transport. Key policy questions include:

- What are the true economics of fuel-cell powered vehicles and hydrogen-powered vehicles?
- What level of investment would be required to install the infrastructure necessary to support a national system of hydrogen power?
- Is proper account being taken of the "cost", in terms of dollars and greenhouse emissions, associated with hybrid engines and hydrogen generation?

3.3 Food security

Sustained climate change may have severe effects on food supplies in both developed and developing countries. The need for international famine relief could increase in frequency and scale. However, certain side-effects of "modern agriculture" – monoculture, pesticide-driven yields, irrigation, genetically modified organisms – may potentially handicap our ability to respond to pervasive climactic change. Key policy questions include:

- What are the implications of climate change on food security?
- What can transatlantic partners do to secure their food supplies?
- What kind of agricultural production methods are best suited to cope with pervasive climate change?

3.4 Water

Increasing populations, industrial activity and agricultural operations are placing ever greater strain on global freshwater resources, water treatment systems and the watersheds that provide key environmental services for humans and critical habitat for a great variety of wildlife. Water shortages can affect local, regional or national populations, with relations between bordering jurisdictions becoming tense when rivers run low. Sensing a growing potential global crisis, the

[1] In 1998 the government set a target of meeting 20-25% of its energy needs with renewables (primarily wind power) by 2010. http://www.theclimategroup.org/index.php?pid=712. Presently, the state sources more than 1,800MW of its power from wind. http://www.theclimategroup.org/index.php?pid=712.

United Nations (UN) declared 2003 "International Year of Freshwater";[2] later, the UN General Assembly declared 2005-2015 "International Decade for Action: Water for Life".[3] Key policy questions include:

> What action must transatlantic partners take to conserve their water resources and work together to share technology, treatment system designs and conservation programs?
>
> How can law, economics and technological advances foster sound water management?
>
> How can transatlantic partners collaborate to facilitate achievement of the water-related objectives of the UN Millennium Development Goals?[4]

3.5 Wellbeing of the oceans

The world's oceans do not fall under the jurisdiction of any single country, making it particularly difficult to protect this shared environmental resource from pollution and overharvesting. Moreover, while the international community has signed a number of agreements designed to protect the wellbeing of the oceans, available data suggests these efforts are insufficient. As the world's largest economies, North America and the EU are natural candidates for leading efforts to ensure the future health of the planet's international waters. Key policy questions include:

> What can transatlantic partners do to protect the integrity of the world's maritime assets?
>
> Should aquaculture be promoted or subjected to additional limitations?
>
> Should certain fishable species receive greater protection than others?

3.6 Regulatory policies, standards and technology

US and European regulatory policies, methods and tools differ significantly across many environmental issues. Transatlantic and global environmental conditions could benefit from a greater level of communication and exchange. Similarly, America and Europe could take a shared lead in promoting cutting-edge standards, cleaner technologies, and rigorous environmental standards. Key policy questions include:

> What benefits could flow from a comparative transatlantic analysis of regulatory approaches regarding various environmental issues?
>
> Which "best in class" regulatory approaches and environmental standards could provide a common platform for advancing joint aims with regard to sustainable development?
>
> How can foundations, corporations, governmental agencies and regional authorities promote transatlantic knowledge-sharing among policy makers, environmentalists, and businesspeople?
>
> How can standards, technology and knowledge promote environmentally protective standards?

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[2] http://www.un.org/events/water/.

[3] http://www.un.org/waterforlifedecade/.

[4] http://www.un.org/millenniumgoals/.

3.7 Greening industry

North American and European industries are being challenged by the growing global competitiveness of other nations and regions. One approach to strengthen American and European firms' competitive positions is through fostering the development and adoption of environmentally friendly technologies and products, which require significant technological expertise and capital financing. Key policy questions include:

Which industries should be examined?

Which best practices are shared, which could be adopted?

3.8 Corporate social responsibility

Corporate social responsibility (CSR) has become a buzzword in business circles worldwide. Despite the proven value of CSR policies, some critique weak implementation of strategies and fear some CSR programs are superficial. To address these concerns, a number of national and international initiatives have been launched to foster further advancement of CSR. America and Germany take a fundamentally different approach to CSR, reflecting the different structures of the business communities in both countries. German CSR initiatives are generally pro-CSR and reveal a strong tendency toward voluntary agreements. US businesses, by contrast, are more skeptical. US action is driven more by the engagement of individual companies rather than by concerted actions, as in Germany.

To what extent can analysis and comparison of underlying patterns and mechanisms contribute to a better understanding of CSR opportunities and challenges?

Can transatlantic exchange on best practices and perceived risks provide a more robust concept of CSR at the international level?

3.9 Trade in sustainably produced goods

A growing number of products, especially forest goods, are being certified under sustainable harvest programs.[5] While the quality, transparency, reliability and scope of the programs vary, the initiatives represent a step forward in curbing the production of products derived from scarce or non-renewable raw materials under environmentally deleterious conditions. North America and Western Europe could show the way forward by agreeing to circumscribe trade activity to certified products, by designing, implementing, overseeing and certifying additional programs, by encouraging developing nations to adopt such programs, and by encouraging or requiring domestic companies to participate in such programs. Key policy questions include:

Which programs are most environmentally beneficial and how can these programs be replicated for other products and in other geographic areas?

How can transatlantic partners encourage greater trade in products certified under rigorous sustainable harvest programs?

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[5] http://www.fscus.org/; http://www.pefc.org/internet/html/; http://www.sustainableharvest.org/whoweare.cfm; http://www.treefarmsystem.org/.

3.10 Subnational partnerships

While many environmental problems are of a global nature and are characterized by cross-border impacts, a great deal of the implementation and practice of environmental protection aimed at addressing global problems takes place by subnational actors. Institutions at the local, regional and state levels are not only key to effectively dealing with local environmental problems and global environmental challenges, but also play a crucial role in the formation of environmental policies at the federal level. Interestingly, state and local governments on both sides of the Atlantic are increasingly cooperating in this area, by sharing innovative policies and practices.[6] In addition to governmental authorities, a growing number of American grassroots organizations are identifying innovative ways to combat environmental degradation. Groups like Energy Action,[7] Clean Air - Cool Planet,[8] and the National Association of Environmental Law Societies (NAELS),[9] are leading the way to climate neutrality by working with universities to curb greenhouse gas emissions, lobbying states to enact ambitious emissions policies, and partnering with corporations to effect reductions. Key policy questions include:

How can partnership-based knowledge exchange be promoted?

How can be the impact of such partnerships be increased?

How can the challenges facing such partnerships be overcome? How can American and German institutions – academic, governmental, nonprofits, companies – tap into the energy and idealism of college and graduate students to promote environmental issues among younger people? How can grassroots movements learn from each other?

3.11 Intellectual property rights

Current controversies, such as those over genetically modified organisms or patents on genetic resources, highlight differences in positions about intellectual property rights (IPRs). If aggravated, these conflicts, caused in part by the number of different international IPR regimes, may deny or delay the benefits that can result from new understandings and uses of genetic resources. If the conflicts are moderated and resolved, however, the resulting common views and values could unleash enormous benefits. Recent moves to align patent laws between the US, the European Union and other countries underscore that both legal doctrine and its administration are important. Transatlantic dialogue can build common understandings of issues and positions and align views on risks and opportunities. Whereas the US tends to favor case-by-case regulation, claiming that complex regulations impede research and economic activity, the EU favors a more equitable policy regarding commercial activities based on genetic resources. Key policy questions include:

How can Germany and America reconcile views?

Is scientific progress compatible with commercial interests?

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[6] See: Knigge, Markus (2005) Transatlantic Environmental Co-operation at the Sub-National Level. Berlin: Ecologic. http://www.ecologic.de/download/verschiedenes/2005/transatlantic_cooperation_subnational.pdf

[7] http://www.energyaction.net/main/.

[8] http://www.cleanair-coolplanet.org/.

[9] http://www.naels.org. Dave Campbell served as NAELS National Co-Chair from 2003-2005.

3.12 Other transatlantic topics

There are other areas relevant to the transatlantic partnership that may be suitable for discussion within the context of environmental issues. This section suggests how these areas might be examined from an environmental perspective.

3.12.1 Democracy promotion

How do the policies (domestic and international) and practices of the governments of the US and Western Europe promote the goals of social-environmental justice, at home and abroad? To what extent do the foreign policies of nations like the US and Germany affect the environmental condition of developing and third-world nations, such as by negotiating trade agreements which enable or accelerate deforestation of the rain forest, place local watersheds under pressure due to industrial development. or influence the local agrarian and agricultural practices of local populations? Are there other areas in addition to transparency and participation, in which democracy promotion and environmental policies are mutually supportive?

3.12.2 Immigration

To what extent do local environmental conditions in developing and third-world countries affect migration/immigration patterns, especially with regard to immigration to the United States and Western Europe? What would happen to immigration patterns if the United States and Western Europe sought to bolster the environmental conditions in developing countries? Would immigration flows decrease? If so, would that entail a "savings" from the perspective of the rich countries, in terms of money saved on social insurance costs, etc.?

3.12.3 Economic competitiveness

How can Europe and the United States best respond to the globalization of the world in terms of standards (labor, environmental, safety, and quality) and fair competition? How can the US and Western Europe balance the requisites of economic success with ecological and environmental principles and objectives? Within the context of sustainable development and environmentally-oriented goals, how can the US and Western Europe channel the forces of globalization to not only foster trade, but also the development of sound legal principles, political systems, a robust environment ethic and "clean" business practices? How can it be demonstrated that environmentally responsible business processes, industrial design, investment strategies, and end products are conducive to financial success?

4 Selected Readings on Transatlantic Environmental Relations

There is a vast literature on transatlantic relations and international global issues. Below is a selection of texts which may be of interest to the workshop participants:

Buck, Matthias; Alexander Carius, Kelly Kollmann (Eds.) (2002) International Environmental Policymaking: Transatlantic Cooperation and the World Summit on Sustainable Development; Munich: ökom.

Faure, Michael G. and Norman J. Vig (Eds.) (2004) Green Giants? Environmental Policies of the United States and the European Union; Boston: MIT Press.

Knigge, Markus (2005) Transatlantic Environmental Cooperation at the Subnational Level; Berlin: Ecologic.

Knigge, Markus & Camilla Bausch (forthcoming) Climate Change Policy at the U.S. Subnational Level – Evidence and Implications; Berlin: Ecologic.

Medearis, Dale and Swett, Brian (2003) International Best Practice and Innovation: Strategically Harvesting Environmental Lessons from Abroad; Berlin: Ecologic.

Northrop, Michael (2003) Cutting Greenhouse Gas Emissions is Possible and Even Profitable, Berlin: Ecologic.

Schreurs, Miranda A. (2002) Environmental Politics in Japan, Germany, and the United States; Cambridge: Cambridge University Press.

Speth, James Gustave (2004) Red Sky at Morning: America and the Crisis of the Global Environment; New Haven: Yale University Press, 2004.

Winson, Harrington; Richard D. Morgenstern and Thomas Sterner (Eds.) (2004) Choosing Environmental Policy: Comparing Instruments and Outcomes in the United States and Europe; Washington, DC: Resources for the Future.