

ENVIRONMENTAL POLICY AND INTERNATIONAL COMPETITIVENESS

**CAN WE AFFORD A BETTER
ENVIRONMENT?**

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Facing the trade-off between economic growth and environmental pollution

- Raise economic prosperity
- Catch up with advanced economies
- Check and reverse serious environmental degradation
- Avoid the trap of the “grow first, clean up later” paradigm



Environmental policy (EP) and competitiveness:

- EP: not a major determinant of foreign trade and foreign direct investment flows
- Incentive effects of more stringent EP
- Multinationals: not attracted by lax environmental standards
- “Green consumerism”: Good environmental performance as a source of profits
- No global “race to the bottom”



The dual benefits of technological upgrading

- Productivity effects
- Reduced pollution intensity
- Cleaner technologies: an international growth market
- Private and social benefits of technological upgrading
- Investment in education, training and research



Environmental policy integration

- Establish an effective civil service
- Create effective mechanisms for cooperation and coordination between government departments
- Ensure involvement of all major stakeholders



The role of international organisations

- A growing international legal framework for environmental policy
- Transboundary and global pollution issues
- Diffusion of environmental policy innovations
- Information on environmentally sound technologies



Conclusions

- Competitiveness has also an environmental dimension
- Technological upgrading and innovations provide considerable opportunities for reducing environmental impacts of economic growth
- Policy design and effective environmental policy integration matter



Thank you for your attention!

