



Green growth and water

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Moderator: **Philippe Escande**, Columnist, *Les Echos*, France

Loïc Fauchon, Chairman, World Water Council

John J. Harris, Chairman and Chief Executive Officer, Nestlé Waters

Marie-Louise Knuppert, Confederal Secretary, Danish Confederation of Trade Unions

Lifeng Li, Director, Director of the Global Freshwater Programme, WWF International

Lorents Lorentsen, Director, Environment, OECD

Françoise Maurel, Head of Economy Department, Ministry of Ecology, France

Human beings consume only 1% of the water available on earth, and if water resources were shared equally among countries, every individual could consume 15,000 litres of water per day.

Moderator Philippe Escande used this point to open what is a key discussion at a time when OECD is itself launching a green growth strategy. The reality, though, is that over a billion people have no access to drinking water, and two billion people have no access to sanitation, Mr Escande reminded the audience. And in the midst of the economic crisis, too few policy makers are paying much attention to water, or to green investments, in general, despite the benefits. This panel asks if the green growth agenda will change this.

Lorents Lorentsen agreed that water was not scarce, but, rather, that it was mismanaged. Water sources are unclean, pipelines are riddled with leaks, and lack of pricing encourages waste. The most obvious steps towards greener growth and efficient water use would be through the application of “green taxes”, increased recycling and improved technology. “Technology and innovation are the way out”, he said, but much more needs to be done.

Changing behaviour is a big step in the right direction; but most people, he said, forget the information they hear in 14 days and revert to old habits. Regulation works better. In Australia, he said, droughts over the last eight to nine years made using water wisely a priority. Through market-based instruments, the government succeeded in cutting consumption by 50% without harming productivity. Mr Lorentsen lamented the fact that many governments put no price on water, a situation that positively encourages waste, especially in the agricultural sector, which accounts for 70% of freshwater consumption. He added that regulation and pricing remain the most effective means to achieve change.

Not all countries have ignored the importance of green growth in their stimulus packages. **Loïc Fauchon** quoted an article from *Le Monde* that praised Korea for devoting 80% of

its stimulus package to greener growth, in comparison to 35% in China and 10% in the United States. But governments must make the decision to follow greener paths. He praised the efforts of authorities in Fez, Morocco, for saving \$60 million thanks to better monitoring of water delivery, and the ambitious measure launched in California to reduce water consumption by 20% to 30% this year. Thus, solutions to the issue are to be found in new technologies, precise monitoring of resources and a change in behaviour. None of these solutions, however, should come at the expense of the world's poorest nations, where the top priorities are—and should remain—development, growth and health.

John J.Harris described Nestlé's efforts to limit water consumption and pollution. The company aims to develop a "dry factory" and has already reduced industrial use of water in its factories by 30% between 2004 and 2008. Nestlé also conducts studies to anticipate resource management over the long term. Responding to a question about plastic and packaging, Mr Harris noted that while all of Nestlé's bottles were recyclable, the company had more to do in this area.

Lifeng Li argued that water should not be regarded as just a commodity. It is not only an environmental issue, but a social and economic one as well, he said. Water is "everyone's business". He noted that few people realise that 60% of the water in the UK is imported (through industrial use and as an ingredient in various products). The industrial use of water can be intense, as it is in producing textiles. Mr Li noted that it takes 3,000 litres of water to produce a single shirt. What companies need to do, he said, is to look all along their supply chain to determine how much water is used. Mr Li introduced the idea of the "water footprint" in order to set global benchmarks for companies and countries. Finally, he called on governments to play a greater role in water management through legislative tools and better coordination.

Water is "everyone's business", and so is employment. In a financial crisis, people are more preoccupied with keeping their jobs than ensuring a greener future. But one need not preclude the other. **Marie-Louise Knuppert** said "green growth is good for employment." In light of the crisis, people need to be more aware of the immense potential of an environmentally friendly industrial sector. In Denmark, for example, employment in eco-industries rose by 21% last year, whereas it dropped by 16% in the secondary sector as a whole. She also made the case for low-margin innovation in the eco-industry, citing plastic solar cells that are being developed in Denmark and could be produced on a mass scale in developing countries. She also emphasised the need for government action to encourage green growth in the water sector and beyond.

Francoise Maurel focused on the French "Grenelle de l'environnement" project launched in 2007. The project allows all stakeholders in French society, not only politicians, to define economic and environmental objectives. By 2020, €400 billion, drawn from both public and private sources, will be invested in green initiatives, such as organic farming and repairing water distribution networks, and research will get extra financial support.

OECD's **Brendan Gillespie** asked the panel why governments did not include more environment-related measures in their fiscal stimulus packages. He said that soaring deficits could lead to a decrease in green investments in developing countries. All the members of the panel agreed with his comment. Ms Maurel said that those investments will see positive returns in the long-run. Mr Lorentsen stressed that governments remain reluctant to invest in water and sanitation because returns on those investments are difficult to assess. The benefits of better water management are largely unknown. The trouble is that policymakers look for investment returns in the wrong places, according to Mr Lorentsen. Returns from a clean water facility, for example, show up as a drop in the number of people suffering waterborne illnesses. Thorough cost-benefit analyses could persuade policymakers to include water in current fiscal stimulus packages.

Mr Escande closed the debate with a quote from the American poet Emily Dickinson, who wrote "Water, is taught by thirst".

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