

**By Mr. Kiyo Akasaka - Deputy Secretary-General**

Ms Morella, Mr. Johnson, Ladies and Gentlemen,

- ◇ Thank you for the introduction. On behalf of the OECD, I am happy to participate in the release of the second OECD Environmental Performance Review of the United States, focusing on its environmental achievements and challenges.
- ◇ Overall, its conclusions provide a balance sheet of the environmental accomplishments of the US. The report includes 51 recommendations for improved environmental performance and resource management.

**THE REVIEW OF THE UNITED STATES**

- ◇ This report is the second OECD Environmental Performance Review of the United States, and examines performance between 1996 and 2005, a period during which the United States experienced significant economic growth (30%).
- ◇ The review of trends, policies and countries' performance is a core function of the OECD. Other review programs exist in such fields as economics, energy, agriculture, and development assistance.
- ◇ The OECD Working Party on Environmental Performance has been conducting peer reviews of the environmental performance of OECD member countries since 1992. The OECD has already published reviews on all of its member countries. A second cycle of reviews started in 1999.
- ◇ The principal aim of the Environmental Performance Review program is to help member countries improve their individual and collective performances in environmental management and sustainable development.
- ◇ The US report examines the environmental results achieved, with respect to domestic and international commitments.

- ◇ It was the basis for a formal examination by OECD peers, at OECD Headquarters in Paris, where other member country representatives posed questions to the US delegation (led by the Honorable James Connaughton, Chairman of the White House Council of Environmental Quality), for a full day on 17 May 2005.
- ◇ It examines the environmental performance of the United States, as a whole, due to the combined efforts of government, civil society, industry, households and environmental NGOs.

## **ACHIEVEMENTS**

In this report we have identified a number of environmental achievements of the United States. In particular:

- ◇ Environmental management continues to be effective relying on laws and regulations, implemented through solid enforcement, compliance and funding mechanisms. It has been strengthened by the “managing for results” orientation introduced by the Government Performance and Results Act;
- ◇ Higher priority has been given to using more flexible instruments for implementing environmental policies (e.g. tradeable permits, ecosystem approach), as well as economic analysis (e.g. cost-benefit analysis);
- ◇ Environmental management continues to benefit from a strong scientific foundation, with government commitment to supporting research and development of new technologies (e.g. satellite-based environmental monitoring and surveillance), and risk management approaches. The products of the United States’ work in this domain are also beneficial to other countries;
- ◇ Concerning air pollution, emissions of major pollutants declined (CO, lead, NO<sub>x</sub>, SO<sub>2</sub>, VOCs) by between 13% and 19% depending on the pollutant, even as the US economy grew by 30%. This brought substantial net economic benefits. Although much is still to be done to consolidate these results and achieve other advances (e.g. concerning regional air pollution problems, existing power stations, hazardous air pollutants, energy efficiency), progress in the area of air pollution is a clear plus;
- ◇ Concerning international co-operation, the US has met most of its environmental policy objectives and commitments. Free trade agreements incorporate environmental

clauses, and co-operation with Canada and Mexico has progressed. Targets on ozone depleting substances were met. At the State and Local levels especially, some remarkable initiatives were taken to address climate change (e.g. states in the North-east and East).

## **CHALLENGES**

Nevertheless, the US economy still has relatively high pollution intensities (e.g. SO<sub>x</sub>, NO<sub>x</sub> and CO<sub>2</sub>, emissions per unit GDP reach 1.4 kg per 1 000 USD of GDP, 1.8 kg per 1 000 USD of GDP, 570 kg per 1 000 USD of GDP, that is respectively 4, 3 and 2 times higher figures than those of Germany, Japan and France), energy use intensity (0.22 tonnes of oil equivalent per 1 000 USD of GDP, twice the one of Italy) and water use intensity (1 730 m<sup>3</sup> per capita, i.e. twice the one of the OECD average). Looking to the future, the United States still must face a number of environmental challenges:

- ◇ Increasing the efficiency of environmental management, particularly through expanded use of market based instruments, and through more consistent implementation of the polluter pays principle and the user pays principle (e.g. for water and energy use). Review of government financial assistance (e.g. subsidies, preferential loans, tax incentives), and introduction of integrated pollution control permits for large stationary sources should also be given consideration;
- ◇ Concerning water management, there is considerable room to improve both effectiveness and efficiency, despite some good advances (e.g. in water supply and waste water infrastructure development). In particular, co-operation and co-ordination in setting federal water objectives and policies, improved flood prevention and management, full application of the polluter pays and user pays principles, increased use of economic instruments to address diffuse water pollution and development of basin-wide management are needed;
- ◇ Despite significant progress in nature protection, conserving biodiversity remains a serious concern in the United States. Major challenges include coastal and marine protection, invasive species management and wetland protection and restoration efforts. Finding solutions will require integration of fragmented efforts, more sustainable agricultural and forestry practices and ensuring that “co-operative conservation” approaches yield results;
- ◇ Concerning environmental health, with health expenditure at nearly 15% of GDP and a relatively high environmental burden of disease, economic studies have pointed out the

cost-effectiveness of environmental actions that prevent unnecessary health risks. The US has long been a leader in risk-management approaches, but to consolidate and rationalise its efforts, it would be useful for the US to develop and implement a national environmental health strategy. This would help improve co-ordination among federal agencies, and between federal and state agencies, and help reinforce efforts to address challenges such as children's environmental health, indoor air quality, contaminants in surface waters, and pesticide residues in the food supply;

- ◇ There is much room for further integration of environmental concerns into economic policy, particularly in the energy, transport and agriculture sectors; for instance, through market-based instruments;
- ◇ Concerning climate change, there is a need to strengthen US policy at the national level and to make it more efficient. Consideration should be given to rationalising and consolidating the scattered activities undertaken by federal, state and local levels and by industry; using market-based instruments (e.g. cap and trade, taxes); and demand-side management. Recent studies have suggested that improved energy efficiency could actually benefit the US economy, while also addressing energy security concerns. Strong US leadership within the global community is also needed.
- ◇ More broadly, there is potential for strengthening the United States' international environmental co-operation. On the regional level, this could include reinforced co-operation with Canada (e.g. Great Lakes management) and Mexico (e.g. border issues and waste management). There are also a number of environmental agreements still awaiting ratification (e.g. Rotterdam, Stockholm and Convention on Biological Diversity). Finally, your country's initiatives in promoting sustainable management of the world's oceans and living resources (e.g. regional fisheries management approaches) should be vigorously pursued.

## CONCLUSION

In conclusion, let me highlight three features of the OECD assessment of the United States's environmental performance:

- ◇ The United States has successfully consolidated and extended much of the environmental progress noted in the first review; particularly through results-oriented environmental management and international leadership in environmental science;
- ◇ To continue reaping economic benefits associated with further environmental progress, priority should be given to seeking efficiency gains. This can be done by using more efficient instruments to implement environmental policies. It can also be done, in the US and many other countries, by better integrating environmental concerns into economic policies (particularly transport, energy, and agriculture policies);
- ◇ The United States' historically proactive, wide ranging and effective approach to international environmental issues could be further expanded to the benefit of your country and the international community at large.

Ms Morella, Mr. Johnson, many thanks to you, and through you, to the many talented and committed officials and experts from your country who have contributed to this review.