



## **Caribbean Institute of Sustainability**

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## **Caribbean Institute of Sustainability**

Non-Profit “Think and DO” Tank

- Training and Education
- Consulting
- Policy development
- Capacity building of NGOs and Community groups
- Green Business Incubation/ Corporate Sustainability

# Environmental Goals and Economic Goals: Environmental Regulation as a Tool for Sustainable Economic Growth in Trinidad and Tobago



1. Correlations between levels of environmental regulation and economic development exist.
2. Highly productive economies generally have advanced systems of environmental management and effective regulatory mechanisms. T&T does not.
3. Impact of current global trends in corporate sustainability.
4. Impact on development and economic diversification.

## Basic view of environmental regulation

- Seen as a means of restricting access to environmental resources and redirecting those resources to other sectors, such as:

Conservation

Preservation of Biodiversity

Carbon sequestration

Wilderness /Recreation

- Sole economic impact of regulation on economic growth is negative

- Countries with aggressive environmental policy regimes seem to be the most competitive and economically successful
- There is evidence to suggest that strict environmental regulation may speed economic growth, not detract from it

Environmental regulation can provide:

- Market incentives
- Technological signals
- Stimulation of innovation
- Harmonisation with policies and practices of other nations and multi national corporations



# **Where does Trinidad and Tobago rank in environmental protection?**

2012 Environmental Performance Index (EPI)  
and Pilot Trend Environmental Performance  
Index (Trend EPI)

Yale Center for Environmental Law and Policy & Center  
for International Earth Science Information Network,  
Columbia University

# 2012 Environmental Performance Index (EPI) Pilot Trend Environmental Performance (Trend EPI)

- Ranks 132 countries on 22 indicators in ten categories:
- Environmental Health
  - Water (effects on human health)
  - Air Pollution (effects on human health)
  - Air Pollution (ecosystem effects)
  - Water Resources (ecosystem effects)
- Biodiversity and Habitat
  - Forests
  - Fisheries
  - Agriculture
- Climate Change

Trend EPI ranks countries on the change in their environmental performance over the last decade

➤ Countries ranked low in both EPI and Trend EPI are in,

“worrisome situations, exposing persistent gaps in environmental governance and management over time.”

The Republic of Trinidad and Tobago received an EPI Rank of 96 and a Trend EPI Rank of 114, placing it in the bottom third of nations rated in both analyses.

Ranked 95 in EPI was Congo and at 97 was Macedonia.

The only other Caribbean nation in the bottom third of the EPI Rankings was Haiti, with an EPI Rank of 118, and a trend EPI Rank of 111

Trinidad and Tobago is one of only four nations in the top 60 in global per capita GDP which are in the bottom third of the EPI Rankings

<b>Country</b>	<b>GDP per capita rank</b>	<b>EPI Rank</b>	<b>Trend EPI Rank</b>
Qatar	1	101	121
Kuwait	10	126	131
Oman	53	110	80
Trinidad and Tobago	60	96	114

# EPI Top Ten Performers

- Switzerland
- Latvia
- Norway
- Luxembourg
- Costa Rica
- France
- Austria
- Italy
- United Kingdom
- Sweden

# The State of the Environment in T&T

State of the Environment Report 1999: The Legislative and Institutional Landscape for the Protection of the Environment in Trinidad and Tobago,"

Annual Report of the Environmental Management Authority (EMA)

**Summary of Deficiencies in the Legislative and Institutional  
Administration for the Protection of the Environment listed in Section  
3.0 - EMA State of the Environment Report 1999**

Legislative Management

1. Failure to Use Regulatory Powers
2. Antiquated and Outdated Regulations
3. Failure to Assent to Laws
4. Legal Language: Vagueness or Absence of Specific Standards

Institutions

1. Regulatory Weakness
2. Absence of Environmental Policy
3. Inadequate Vision for Environmental Protection
4. Limited Public Education Programme
5. Inadequate Resources
6. Multiple Agencies, Overlapping Jurisdiction and Inadequate Co-ordination
7. Lack of Punitive Sanctions
8. Delays in the Justice System

- Since 1999 some progress has been made but many regulations remain antiquated, weak, and poorly enforced
- Inter-agency coordination and communication is still a problem
- Public education on environmental protection is inadequate



# **Global Trends in Corporate Policies** **and Behaviours**

Ernst & Young report - "Leading corporate sustainability issues in the 2012 proxy season: Is your board prepared?"

Based on response to surveys by executives from 24 industry sectors

# Ernst & Young

- Investors and consumers are placing strong pressure on companies to consider environmental, social and economic performance, both in terms of the specific company and across the supply chain
- 66% of companies reported an increase in sustainability-related inquiries from investors in the past year
- 83% either already work directly with their suppliers on or are in the process of discussing with them how to measure their sustainability impacts

# Confederation of British Industry

CBI speaks for over 240,000 companies including many in the FTSE 100 and FTSE 350

- Environmental regulation doesn't have to be a burden for business.
- Framed correctly, environmental goals can help achieve economic goals, help start new companies and generate new jobs that enrich us all

# The Fortune 500

## 2010 Data

- 130 of the Fortune 500 have officers at the level of Vice President or higher that are focused on sustainability
- 49 have published sustainability reports
- 109 have published corporate social responsibility reports
- 299 maintain web pages devoted to sustainability
- 89 were found on the Dow Jones Sustainability Index
- These numbers increase weekly

## UN Global Compact - Accenture CEO Study 2012

- 93% of CEOs see sustainability as important to their company's future success
- 88% believe that they should be integrating sustainability through their supply chain
- Regarding developing nations and emerging markets, CEOs were, "acutely aware of the importance," of these markets and 65%, agreed that over the next five years their company would adopt new business models and practices in emerging markets."

- 60 percent of CEOs say they would welcome increased government intervention to drive sustainability
- “A regulatory environment that provides clear direction on sustainability and a cooperative environment for business,” - a crucial factor

Ford, Honda, Toyota, Mitsubishi, GM,  
Mercedes, BMW, Audi, Volkswagen, Hyundai,  
Nissan, Subaru, AEG, Siemens, TRW, Walmart,  
Home Depot, Starbucks, Wells Fargo, Unilever,  
Dow, Panasonic, FEDEX, Kimberly-Clark.....

Honeywell, United Technologies, Boeing,  
McDonalds, Nestle, Proctor and Gamble,  
McDonnell Douglas, US Department of  
Defence, Nike, Puma, Adidas, Microsoft,  
Adobe, Sony, General Electric.....

- Reduced environmental impact
- Innovation
- Competitiveness
- Marketing
- Employee productivity and retention
- Customer retention
- Regulatory compliance
- Risk and Litigation reduction
- OSH compliance

# Selected Recent Corporate Sustainability Initiatives

- Nick Clegg confirms companies listed on **the London Stock Exchange** will be required to report on their carbon emissions from next year
- **Phillips** calls on governments to switch on to LED opportunity
- Two-and-a-half-year study finds light-emitting diodes could lead to energy savings of 85 per cent from street lighting alone
- **McDonald's** serves up hot new eco-uniform
- **OfficeMax** brings reusable boxes to business customers
- **Ernst & Young** survey of 100 companies with revenues of \$1 Billion or more, Some 68 percent of respondents purchase electricity generated from renewable sources. Big names include **IKEA, Google, Toyota, Toshiba, Hertz, FedEx, AT&T, Audi , VW and PepsiCo.**
- Forcing new vehicles to meet proposed tighter emissions standards could create €9bn of new jobs and save €36bn in fuel costs by 2030, according to draft EU estimates
- The UN Global Compact's Rio+20 Corporate Sustainability Forum wrapped up with several more commitments including pledges from about 30 global insurance companies, **worth more than \$5 trillion in total assets**, to join a UN-backed process to promote a set of Principles for Sustainable Insurance.
- The world's largest steelmaker, **ArcelorMittal**, pledged to reduce its CO2 emissions by eight percent for every ton of steel produced by 2020, based on a 2007 baseline,
- **DuPont** committed **\$10 billion by 2020** to research and development, and plans to launch 4,000 new products by the end of 2020 to produce more food, enhance nutrition and improve farming sustainability worldwide.
- **GM** adds 100th landfill-free facility
- **AT&T** reduced the energy intensity of data carried on its network by 17 percent from 2010 to 2011
- **BMW, Frito-Lay, Nike, Starbucks** commit to support Electric Vehicle deployment
- **IBM** Supercomputer uses 40% less energy, set to save \$1.25m annually
- **Kimberly-Clark** to use 50% alternative wood fiber by 2025

June 20, 2012



## Environment and Economy in T&T

- Environmental regulation needs improvement
- The sustainability policies and supply chain requirements of the worlds largest and most profitable firms will preclude or at least hinder them from doing business in T&T under a weak regulatory framework
- Meaningful economic diversification will suffer

- Multi nationals are increasingly aware of triple bottom line – including their supply chain partners
- They are less likely to invest in T&T, therefore hindering T&T ability to attract direct foreign investment which will support needed economic diversification
- Enforcement is key
- Nike, Adidas, Puma



# Have not mentioned the other costs of poor environmental management

- Public Health
- Climate Change
- Depletion of Natural Capital
- Spiritual
- Tourism



## **This is where environment and business mesh**

Efficiency is the key. The relentless pursuit of efficiency solves the world's environmental problems and does so at a profit.

# Time to move beyond the myth of environment versus economy

Reform of environmental regulation and rigorous enforcement of those regulations must be achieved if the citizens of the Republic of Trinidad and Tobago are to enjoy the benefits of a healthy, and sustainably managed environment, while reaping the benefits of a strong and diverse economy.



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