

review

NEWS FROM THE NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY

Amory Lovins Discusses Natural Capitalism as Part of NRTEE Millennium Program

"It's like the good old days. We're in Toronto, and the room is packed to hear Amory Lovins talk common sense," observed NRTEE Vice-Chair Elizabeth May after hearing Amory Lovins, an American energy pioneer, address a crowd of over 500 people in a public lecture entitled *Natural Capitalism and the Canadian Economy*.

The lecture, followed by a lively question and answer session, was the second event in the National Round Table's year-long millennium program. It took place in Toronto in November.

Natural Capitalism

Mr. Lovins, co-author of *Natural Capitalism: Creating the Next Industrial Revolution*, began the evening by inviting the participants to explore the creation of the next industrial revolution and its implications for Canadian society. He identified the emergence of "natural capitalism" as one of the great intellectual shifts that has occurred at the end of the 20th century along with the fall of communism, the apparent triumph of market capitalism, and the "beginning of the end of the war against our earth."

Natural capitalism recognizes the critical interdependency between the production and use of human-made capital and the maintenance and supply of natural capital. His lecture described "a future in which business and environ-



Left to right: Amory Lovins, Dr. Stuart Smith, Chair of the NRTEE and David McGuinty, Executive Director and CEO of the NRTEE. Speaking to a crowd of over 500 people in Toronto, Amory Lovins presented *Natural Capitalism and the Canadian Economy*, a new approach to building sustainability and stabilizing economies in the new millennium. The public lecture was the second event in the National Round Table's year-long Millennium program.

mental interests increasingly overlap, and in which businesses can better satisfy their customers' needs, increase profits, and help solve environmental problems all at the same time."¹

Natural Capitalism cont. on page 2

Protecting Human and Environmental Health in Public Policy Processes

A recent multistakeholder workshop hosted by the NRTEE on January 13-14, focused on improving health and environmental decision-making processes in Canada.

Participants took a close look at four environmental health and economic case studies. These studies focused on the decision-making processes rather than the outcomes of the particular situations depicted. The studies selected by the members of the NRTEE's Task Force on Health, Environment and the Economy, illustrated several aspects of cross-cutting process issues.

Case Studies

- **Lindane:** This case study examines the national and international regulatory processes for this pesticide and persistent organic pollutant. In particular, it examines the stakeholder issues associated with the negotiation of Canada's international position on the use of lindane, and the Canadian policy response to the United States ban on canola seed treated with lindane.

Health cont. on page 2

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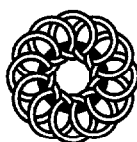


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Natural Capitalism cont. from page 1

Citing Herman Daly's observation that the environment contains, sustains and provisions the economy, Mr. Lovins emphasized the view that the economy is a wholly-owned subsidiary of the environment.

Principles

The first principle of natural capitalism is the understanding that the next industrial revolution must wring more work out of the energy, water, top-soil, and other resources that humanity borrows from the earth. The goal of this radical and profitable approach is to slow down resource depletion on one hand and pollution on the other, and to save money by not having to pay for either.

The second principle of natural capitalism is a rejection of the "tragic waste of people" that occurs when economies presume skills are scarce and nature is abundant. The solution, Lovins said, is to reorganize production processes according to biological principles, in a way that emphasizes closed loops and no waste. The next steps are to refocus the business model on actual commerce, rather than sales and acquisitions, and to reinvest profits in a way that renews the earth's natural capital.

From Product to Service

"Customer value should flow continually toward the complete elimination of every form of waste," stated Mr. Lovins. To emphasize this point, he used several examples of companies that have changed their product into a service, providing a better product while reducing waste.

One example used was that of a large carpet manufacturer. The company has reinvented itself as a supplier of interior finishing materials and services. Carpets are usually used for about 10 years before they are thrown out. Millions of tonnes of carpeting ends up in landfills each year, where it is expected to remain

for more than 10,000 years. Recognizing that 10–20% of a carpet surface receives 80–90% of the wear, the manufacturer began leasing modular carpet tiles, and offering a replacement service that eliminates the need to shut down operations while whole carpets are replaced. The idea was a great success, because, according to Lovins, "You never wanted to own the carpet in the first place. You wanted the service it provides." In the first four years, the company increased revenues by 105%, jobs by 73%, and profits by 236%.

Mr. Lovins is co-founder and co-CEO of the Rocky Mountain Institute, an independent, market-oriented, non-profit resource policy centre located in Old Snowmass, Colorado.

For more information on the public lecture in Toronto, please visit the NRTEE Website (www.nrtee-trnee.ca). ●

**"Companies
that need
environmental
regulations
will be out of
business"**

Health cont. from page 1

- **Sulphur in Gasoline Regulations:** This case study examines the panel process leading up to the formulation of these regulations. It pays particular attention to the debate surrounding the valuation models for assessing the impacts of reducing sulphur levels in gasoline.
- **MMT:** This case study looks at regulation of MMT, a fuel additive, and decisions around that regulation. It compares the risk assessment decisions taken by both the Canadian and the US governments, and examines the Canadian government's attempt to control the use of MMT.
- **Revalor-H:** This case study examines the approval of this beef growth promoter, as well as issues linked to the approval process in general. It also examines the dispute between the European Union and Canada over the use of the hormones as beef growth promoters.

Millennium Meetings — Sustaining Canada's Future

The NRTEE is scheduled to host a series of public events in Calgary, in conjunction with the NRTEE's February 3 meeting, that will focus on the preservation of nature. Amory Lovins is the keynote speaker at these events.

This will be the third event in a year-long NRTEE series exploring emerging sustainable development issues of top-most importance to Canada for the new millennium. The first millennium meeting was held in Halifax and examined health and the environment. The Toronto meeting on the environment, economy and jobs followed in November.

The fourth and final meeting will feature a workshop on urban liveability held in Montreal on May 3, 2000.

For more information, please contact Lisa Woodward, Research Associate at (613) 943-0399 or by

E-mail: woodwardl@nrtee-trnee.ca ●

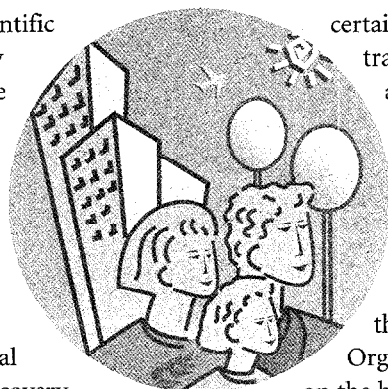
Issues Identified

- **Transparency:** Transparency, the disclosure of the decision-making process that leads to the formulation of a particular policy, is an important element in establishing and maintaining public and stakeholder trust. The case studies confirm what is already known, that public demand for greater disclosure and accountability has created support for increased transparency in government decision making.
- **Proprietary Information:** Confidentiality provisions are intended to protect business investments by guarding the disclosure of confidential or proprietary information. However, the case studies show that proprietary information provisions may present barriers to transparency and collaboration between stakeholders and government. Finding the middle ground between a company's right to protect its competitive advantage and the public's right to know can be difficult for government departments.

1 Further detail can be found at www.natcap.org

Health cont. from page 2

- **Access to Information and Decision Making:** The legislative environment that protects human and environmental health is complex. Ensuring the public and stakeholders get useful, understandable and timely information is a real challenge. Greater access to information can help broaden understanding of actions on environment and health issues, and may lessen resistance to implementation of a policy decision.
- **Scientific Capacity:** Scientific data is important to policy making. The ability to generate and manage scientific data that support policy development is a major issue that surfaced in all case studies. The importance of credible, relevant scientific research is universally acknowledged, yet the capacity to conduct and use scientific research is changing at all levels of government, in Canada and around the world. Resource constraints, organizational restructuring, cost-recovery and globalization are just a few of the influencing factors.
- **Linking the Policy and Scientific Processes:** Having sufficient, high-quality scientific information available in time to support a policy direction or decision represents an efficient linkage between scientists, managers who establish research priorities and policy makers. The links between scientific research and policy making are in evolution, as established information requirements for risk assessment and management processes expand to include new areas of consideration—ethics and economics, for example.
- **Shifting Research and Policy Priorities:** Technology advancement, global trade and shifting public concerns are underscoring the need for governments to maintain a constant vigil when it comes to health and



environment issues. Major cross-cutting and cross-disciplinary issues are also emerging. Directing resources to new priorities is a challenge within existing budgetary constraints; this is especially true of cross-cutting issues, which frequently require an integrated review of “the whole system” to adequately determine what changes are necessary.

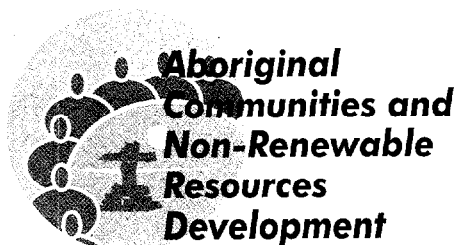
- **Technology and Trade Developments:** Globalization, international trade and competitiveness, and technology advancement are among the many forces influencing Canada’s policy and research priorities. Each case study underlined the importance of Canada’s policy decisions in relation to the viability of certain industry sectors, illustrating there are few health and environmental issues that do not include a major economic/trade dimension. As shown in the Revalor-H case study, international organizations such as the World Trade Organization are focusing on the harmonization of trade issues. Some fear this approach does not always reflect domestic interests or concerns.

State of the Debate Report

The participants of the workshop represented a diverse group of health, environmental and policy stakeholders, among them various federal departments (including Health Canada and Environment Canada), health and environmental organizations, industry representatives, associations, academia and NGOs.

A State of the Debate Report incorporating the discussions, findings and recommendations of the workshop will be published in the fall. For more information on the Health, Environment and the Economy program contact Carolyn Cahill, Policy Advisor at (613) 996-4501 or by E-mail: cahillc@nrtee-trnee.ca

Program Updates

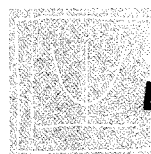


A NRTEE round table/workshop bringing together Aboriginal people, industry, government, environmental NGOs and academic representatives is scheduled for March 29–30, 2000 in Yellowknife, NWT.

The challenge for participants will be to come up with measures to help achieve the program’s central goal. What can be done to ensure that non-renewable resource development in Canada’s north over the next 10–25 years supports economically viable, self-sufficient Aboriginal communities? How can this goal be achieved while retaining social structures and culture, and without compromising the ecological integrity of the environment?

The round table/workshop agenda outlining the specific discussion topics will be available in mid-February.

Contact: Siobhan Arnott at (613) 943-0398 or by E-mail: arnotts@nrtee-trnee.ca



LEAD Canada

Cohort 8 is gearing up for their first international training session. The Associates will meet with more than 170 other LEAD Associates in Brazil from February 19–29, 2000. The theme is *Transition and Diversity: Challenges for Sustainability in a Globalized World*. The international session will deal with globalization and its impacts on society, culture, the environment, politics and economics at national and local levels.

The goal of LEAD is to foster a global network of future decision makers who have the knowledge and skills to develop

Program Updates cont. on page 4

Program Updates cont. from page 3

national and international policies emphasizing sustainable development. At these sessions, LEAD Associates have a unique opportunity to meet and work with professionals from other countries, and to consider the international dimensions of key sustainability issues.

For more information on LEAD Canada contact Donna Chiarelli, Training Officer, LEAD Canada at (613) 995-7519 or by E-mail: chiarellid@nrtee-trnee.ca ☉

Watch for us at Globe 2000 in Vancouver, B.C.

The NRTEE will be sponsoring a special session entitled, *An International Comparison of Progress Toward Development of Domestic Emissions Trading Programs for Greenhouse Gases*. The session will provide a current analysis of the various domestic emissions trading schemes either being implemented or under consideration, and will link these schemes to the international trading mechanism.

Date: Thursday, March 23, 2000

Time: 1:30 p.m. - 5:00 p.m. — Session Six & Seven

Location: Vancouver Convention and Exhibition Centre

Room: TBA

Look for us on the Web!
www.nrtee-trnee.ca

For more information on the NRTEE's Globe 2000 Session, contact Elizabeth Atkinson at (613) 943-0394 or by E-mail: atkinsone@nrtee-trnee.ca



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