



## The Future of Europe Summit III

November 27-28 in Andorra la Vella

### Economic Sustainability: New Opportunities for Europe

Sustainability: the new asset for global competitiveness?

The first session of the second day of the conference “**Sustainability: the new asset for global competitiveness**” focused on the need for policy makers and stakeholders to come together now, during the crisis, to embrace longer-term policies that will enhance growth, while avoiding handing on problems, especially environmental ones, to the next generation.

**Mark Spelman**, global head of strategy at Accenture, said that most boards at multi-national companies are not properly reflecting the global nature of the market and will have to adapt in future to better represent emerging markets.

There is a danger, he said, that governments are being distracted by the issue of financial liquidity provision at the moment and neglecting investment in sustainable technology.

“We are transferring the cost of addressing sustainability to our children because we have been trapped” by having to focus on the current financial crisis, he said.

As a starting position, Europe is well positioned to leverage new technology, boasting 7 of the world's 10 most competitive economies. “But can it retain that position? I think there are real concerns.”

He expressed fears that the UN summit on climate change in **Copenhagen** next year will negotiate a much weaker deal to follow up the Kyoto Protocol than would have been the case six months ago.

“We are at a very interesting stage in thinking about business models and there is the potential to see big changes,” said **Soumitra Dutta**, dean of external relations at INSEAD in France.

He noted that in recent decades, business models have not greatly changed even though the language of business discourse has, raising the question of whether the classic Western business models have delivered on two key elements – inequality and sustainability.

“Business over recent decades has perhaps failed,” he said. “Failed to share the new wealth that has been generated as widely as one would have hoped.”

The new generation of business students, is increasingly aware of sustainability and environmental issues, as reflected by the increasing number of MBAs seeking to enter the non-profit sector. Unfortunately, he added, most business schools have a “basic structural flaw” which makes it very difficult to address a cross-cutting issue like sustainability. The only solution is a “mindshift change,” whereby the business and education worlds genuinely embrace the concepts of corporate social responsibility, corporate governance and global citizenship.

“If business does not become a global citizen, we risk making the earth a much more dangerous place.”

**Klaus Hieronymi**, chairman of the environmental board of HP EMEA, noted that there was a danger of Europe falling behind the U.S. in investing in new environmental technology if the new U.S. administration of Barack Obama focuses its efforts on that sector.

“Europe should worry about leadership,” he said. “When the Americans focus on a topic, they land on the moon.”

Still, he said, HP has noted that companies are starting to focus on the massive cost savings that are possible through environment efficiency, although the same is not yet the case for individuals as the savings involved are much more modest.

He cited examples of the increased use of teleconferencing, which can save companies travel costs and CO2 emissions – and airlines that are using new programs to lower their bills by calculating climatic changes and differences in fuel prices in different cities.

He also called on Europe to invest in long term areas, like infrastructure as the Chinese are doing, rather than short term gimmicks to lift consumption, such as lowering VAT rates temporarily.

**Salvador Roca**, vice-chairman of Ros Roca Group in Spain, focused on the need for diversifying the energy mix now before longer-term solutions like hydrogen technology come to the market.

Countries like Andorra should be looking to take the best technology from other countries to supply their power. Ideally that might involve a mix of fossil fuels like natural gas and renewables, such as hydro power, wind and bio-diesel.

For the moment, the continuation of state subsidies is essential if a sustainable energy mix is to be encouraged, he said.

All of the panelists agreed that there is a danger of expectations being set too high on the incoming U.S. administration of Obama.

A follow up session, “**Innovation and creativity: where are Europe’s assets?**” looked at innovation as a means of driving sustainable economic growth in the age of increased competition.

**Simon Dewulf**, managing director of CREAX in Belgium, discussed the “sustainability of knowledge” and stressed how much knowledge is already available but has not yet been made available or transferred into multiple applications.

“The chance is that someone in the world already has the same problem as you,” he said. “You need to be able to bring the people together.”

“Knowledge wants to be free,” he added. “You can transfer it easily. Knowledge is dated but the application of knowledge is timeless.”

A major problem that is hampering the transfer of the ideas is the complexity of patent rules in different regions and the legal difficulty in accessing patents.

**Eva Garcia**, Member of Parliament, Andorra & Council of Europe, criticized the fact that knowledge has not been applied at the expense of profit. She cited the example of first generation bio-ethanol, which led to a spike in food prices and environmental demand.

**Pedro Gómez-Romero**, Nanoscience and Nanotechnology Research Centre, Spain, noted that taken as a whole, Europe is the world’s leading power in areas like sports and scientific research. But the EU is finding it hard to leverage those assets because of regulatory hurdles.

“Through bureaucracy we are driving creative people away from Europe,” he said. “Knowledge should be free and knowledge creators should be free.”

**Ziga Turk**, Minister for Growth of Slovenia, argued that creativity was being stifled in Europe. “Our schools are very successful in beating the creativity out of our students,” he said.

Turk called for the implementation of broader knowledge networks, better targeted research and development, and better use of human capital. He noted that often in Europe, the best research proposals are not in fact the ones that end up winning funding.

“Through IT networks, people have the possibility to be creative and have an open platform for innovation, so let’s allow patents to become more freely available and give small and medium enterprises access.”

In a session entitled “**What will the impact of the current crisis on corporate sustainability?**”, the focus was on whether the economic situation was a threat or offered opportunities for corporate sustainability.

**Mathieu Carenzo**, managing director, IESE Centre for Entrepreneurship, in Barcelona, said there were still opportunities for growth for companies at an early stage of development. “The problems lie at the second or third stage of a company’s development, when it becomes less easy to access funding.”

**Toby Heaps**, President and Editor of Corporate Knights magazine in Canada, said the key for sustainability had to be to look to the longer term. New sources of revenue to drive this could come from the public sector through the creation of new infrastructure.

This long-term perspective has always been taken by family businesses, the panel agreed. Other businesses and corporations would do well to emulate some of their practices.

“Family businesses think about performance over generations,” said **Frederic Vallaud**, director HEC Family Business. “They are used to thinking long-term, to dealing with different phases and cycles.

“They don’t have to pay dividends so they are also able to keep little seeds of wealth within the heart of their business, which can then be used when they face problems.”

Mr Heaps agreed. “This is a time when cash is king,” he said.

### **The Future of Europe Summit**

The Future of Europe Summit is a unique debate platform to discuss issues of most relevance to Europe’s economic and social future and find out how the continent could retain and further its leadership role. This exclusive event intends to generate a participative and lively debate with high added value and “outside the box” thinking.

A conclusions book containing the initiatives to help revitalize European economies and societies, as well as recommendations that have arisen from this prestigious gathering will be published and personally delivered to EU and G8-leaders.

### **The Summit Organizer: OIE ([www.oie.ad](http://www.oie.ad))**

The Bureau for Business Innovation (Oficina per a la Innovació Empresarial, OIE) reports to the Prime Minister of Andorra. Its objectives are:

- Offer incentives for the creation and the development of companies that will promote the emergence of new economic activities
- Develop the “Invest in Andorra program” and guide investors through the entire process of coming to Andorra

### **Press contacts:**

OIE  
Toni Pampliega  
Tel: +376 81 20 20 - Mob: +376 326 217  
Email: [toni.pampliega@govern.ad](mailto:toni.pampliega@govern.ad)

KREAB  
Strategic Communication  
Alix Dollfus - Mob: +33 6 78 96 89 00  
Anna Schoeffler - Mob: +33 6 66 25 58 60  
Tel : + 33 1 42 25 09 31 - Email: [europesummit@kreab.com](mailto:europesummit@kreab.com)