



Bayerisches Staatsministerium für
Umwelt, Gesundheit and Verbraucherschutz

Speech

by

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Consumer Protection

"Changes in Environmental Legislation —
Regulatory Innovation"

Conference "Environmental Law in a Connected World"

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Es gilt das gesprochene Wort

Good morning Ladies and Gentlemen,
Dear State Secretary Hassett,
Thank you very much for your charming introduction
and for your invitation to this conference.
It is a great pleasure for me being here.

Quote H. Flippo:

"Germans are
worried"

Dear Ladies and Gentlemen,

*"Germans are worried about politics.
They are worried about the environment...
and about their image abroad.
They are even worried about
being worried".*

I am happy and
optimistic

These are the words of a brilliant expert on Germany,
the well-known US journalist Hyde Flippo.
I've got to contradict him there emphatically.
Not all Germans are of that opinion.
I am convinced that pessimism leads to stagnation
– while optimism changes the world, creating a better
one.

Ladies and Gentlemen,

Thanks to Or-
ganizers

I would like to extend my thanks to the organizers of this conference, the Government of the State of Wisconsin — first and foremost, Mr. Secretary Scott Hassett, and also your partners from the University of Wisconsin —, for your hospitality and for your invitation to this international conference:

"Environmental Law in a Connected World".

An honor to be
here to speak
and to listen

It is a great honor for me to be able to speak to you here today and to share my experience as state secretary and former Member of the European Parliament (EP).

I am pleased to be able to give you an overview of our Bavarian experience of "Changes in Environmental Legislation", so called regulatory innovation.

Memorandum of
Understanding

Our "Memorandum of Understanding" between Wisconsin and Bavaria has existed for more than six years now.

Since then, there have been many close contacts be-

tween our experts.

Environmental
Pact was an in-
fluence behind
the "Green Tier
Program"

I am pleased to learn that Senator Kedzie, Secretary Hassett, and their companions from business took home good impressions from their trip to Bavaria last autumn.

But I am even more pleased to learn that our "Environmental Pact of Bavaria" was allowed to be an influence behind your "Green Tier Program".

Applause from
EPA Counsel

That your new law met with applause from the regional EPA Counsel gives us great satisfaction too. We are convinced that the idea of having "more environmental protection through less bureaucracy" holds a promise for the future, and will contribute to a sustainable combination of ecology and economy.

Therefore in Bavaria, the aim of our government is

deregulation by reducing the number of regulations by at least a third.

Dear Ladies and Gentlemen,

Abundance of
current prob-
lems

Today, industrial societies are faced with an abundance of challenges and, ultimately, we will cope with these in a joint effort only:

These include enormous demographic revolutions but also, for instance, the connection between poverty and environmental damage in large parts of the world.

Damage through
climatic change

It appears that global climatic change is developing into the greatest challenge of our century in terms of environmental policy:

According to estimates by the insurance industry, the global amount of loss for the year 2003 is approxi-

mately 85 billion dollars, with 80% of this being climate-related!

Within 50 years, the experiment called climatic change might cost us up to 214 trillion dollars!

Cooperation indispensable

Phenomena such as "El Nino" (a climatic anomaly in the Pacific region) or hurricanes, which first devastate America and then, as deep-low windstorms, cause extensive damage in Europe, too, make this very clear to us:

No country and no region is able today to exist all by itself.

It is absolutely imperative to have an ever-closer cooperation — beyond the 'big pond' and even worldwide!

Hopes for "Kyoto Plus"

We will need to develop a global CO₂-reduction strategy that goes essentially beyond our previous objectives: a Kyoto Plus accord that will impose clear emission targets on the world community so that the

warming of the earth's atmosphere can be limited to a justifiable extent.

The EU initialized the trade with CO₂-emission-certificates – it started at January 1st 2005. There is a joint help desk of my house and the industry. It provides information and assists first of all SMEs.

It is also a goal to facilitate the implementation of JI (Joint Implementation) and CDM (Clean Development Mechanisms). Both of them are important instruments to reduce CO₂ in a global approach.

Partnerships in
climate protec-
tion

Bavaria, for instance, is, in line with the foregoing, about to initiate a partnership in climate protection together with its partner regions Austria, Québec, Shandong, and West Cape.

The objective of such networking is to efficiently develop and exchange, across borders, "good practice" in climate protection, as well as to launch joint projects.

My vision is a global cooperation over all continents,

including the US and China.

Ladies and Gentlemen:

New paths — for
Bavaria and
Wisconsin too

Bavaria and Wisconsin have identical, or closely related, ideas of environmental policy.

We both set the greatest store by sustainable protection of our essential natural resources, and pursue the same goal.

Good relations
with North
America —
same values

We are all the more optimistic when assessing the future of our excellent cooperation.

It serves as an example for the good relations between Europe and North America.

- We are rooted in the same foundations.

We share:

- a common history;
- the same fundamental beliefs; and
- the same values.

This includes

It follows from these beliefs that there is an urgent

changes in environmental legislation

need of regulatory innovation.

We want less bureaucracy, more voluntary commitment, and close cooperation between administration and business!

Danger of over-regulation — the REACH regulation

The dilemma of modern environmental policy has many faces: regulation needs to be created but will frequently degenerate into over-regulation.

Approximately 80% of German environmental legislation comes from Brussels, in the form of European regulation.

I would like to explain this to you by using the example of chemicals legislation in Europe.

That legislation will regulate 30,000 existing substances that were on the market prior to 1981 and the new substances as well — for 25 national states.

It regulates products manufactured within the EU — but it covers also imports.

That is why this is certainly a topic of international significance.

For that purpose, the EU Commission, in 2003, submitted a draft regulation on the **R**egistration, **E**valuation, and **A**uthorization of **C**hemicals — (the short-form title is: REACH).

It is expected that REACH will pass the EP next year.

In the meantime, the draft regulation has been hotly debated — not least in Bavaria as a location for the chemicals industry: policy-makers and business welcome the reform because we must eliminate know-ledge deficits for the protection of both the environment and consumers. In that process, the competitiveness of business must not be impaired. This is a gap that needs to be bridged.

Need for De-regulation

With its 1,200 pages and 147 articles of REACH draft text, the EU is by far overshooting the mark.

The bureaucratic expenditure required will not be practicable, particularly for small and medium-sized enterprises.

Initiative in

For that reason, we have tested in a pilot study the

Brussels new rules in practice. Together with the affected companies we assessed the impact on innovative products and published the results.

As regards chemicals law, we will not cease to work for deregulation as well as practicable and well-balanced implementation.

Fewer norms and less bureaucracy

For new regulation will in particular create more bureaucracy. In parallel, costs will rise and innovation will be impaired. In the environmental sector alone, Bavaria has since 2001 repealed about half of its internal administrative rules — more than 130 in total! It was a great achievement of our administration.

The FFH Directive

I would like to add another example. It illustrates the difficulties of the implementation of environmental directives. The Directive on the "Flora-Fauna-Habitat" is a protective program of the EU.

For European habitat patch connectivity, the Member States are called upon to declare, and report to the EU, a sizable amount of zones worthy of protection.

This is an important instrument for protecting the natural environment, which at the same time has major implications for our citizens.

Thousands of farmers concerned

In some administrative districts, this will affect a multitude of parties, mostly private land owners. Farmers are afraid of restrictions on future management.

A dialog process with 16,500 objections

For that reason, owners were included in the selection process by way of a dialog procedure.

More than 16,500 objections were raised and discussed, and we have been able to consider more than 6,000 with direct citizen participation.

This has set an example Europe-wide.

Dear Ladies and Gentlemen,

Regulatory law and its limiting factors

Today, our received policies based on regulatory law are increasingly coming up against limiting factors. Environmental protection has to avert current dangers, providing for the future is even more important!

Precaution rather than repair — e.g., IPP

Environmental protection must be more than just repair work: for the long term, we need to integrate it with products and work processes themselves. IPP is an example with a promising perspective. Such an optimization process requires commitment on the part of trade and industry.

Hearts and minds important

Beyond laws, the task is to put environmental protection and sustainable development, in the hearts and minds of the people: in consumer lifestyles just as in corporate philosophies.

Sustainable development in a spirit of partner-

Ultimately, sustainable development means shared responsibility, joint action by all involved, in cooperation in a spirit of partnership.

ship

Shared responsibility

Beyond the classical, regulation-oriented policies, we need new forms of responsibility shared between government, society, and business.

In this context, we rely on more own responsibility of all involved partners, and on a government that sees itself first of all as a moderator and coordinator.

Goals set by the Rio conference of 1992

Today's environmental policy follows the goals set by the United Nations conference of Rio in 1992:

it created objectives and instruments that have since determined environmental and development policies on a global basis.

It started by recognizing that the central environmental problems of the future will be a global challenge, - a global task.

A paradigm shift — the Agenda 21

In view of the limited scope of national legislation, new forms of international cooperation were being called.

The response consisted in a fundamental shift in paradigm — as laid down in the central document of

Rio: the Agenda 21.

Business has a key role

That Agenda has – inter alia - assigned a new, decisive role to private-sector business in international environmental policy — as an 'equal partner' in the efforts to achieve permanent, sustainable development.

The Bavarian Environmental Pact 1995

We in Bavaria have been implementing the initiatives proposed by the conference of Rio into concrete political action.

The "Bavarian Environmental Pact" — a voluntary agreement between Bavarian businesses and the Bavarian State Government – underlining this over the period of more than 10 years.

A quasi-contractual commitment — open to all

In 1995, the Environmental Pact for the first time constituted a quasi-contractual mutual commitment including all problem areas: waste management, energy, renewable materials, environmental man-

agement, deregulation — etc.

The Environmental Pact was open to all:

to industry, the crafts, and commerce.

An excellent fi-
nal balance

That first Pact was valid for 5 years.

Its final balance was excellent:

The agreed actions had been accomplished almost in full, and had in part exceeded expectations by far:

1,300 compa-
nies

- In that five-year period, more than 1,300 companies from all over Bavaria had participated in the Pact.

3,500 environ-
mental consulta-
tions

- More than 3,500 environmental consultations had been carried out for small and medium-sized companies.

More than 600
environmental
management
systems

- And more than 600 Bavarian companies had introduced environmental management systems.
There was no other region in Europe with more environmental management systems in place!

2nd Environ-
mental Pact

In December 2000, a second, improved Environ-
mental Pact was to follow:

"Sustainable Economy in the 21st Century".

Even when it was being launched, there were almost 1,000 participants.

And one year later, there were approximately 1,500.

Other pacts modeled on that of Bavaria	In the meantime, our example has inspired 10 other German states to conclude agreements that are quite similar.
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Dear Ladies and Gentlemen,

Wisconsin environmental law included	Your "Wisconsin Cooperative Environmental Agreement Law" and our "Bavarian Environmental Pact" resemble each other in objective and basic arrangement, and are similar especially as regards the principle of deregulation.
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Applause from Bavaria	We associate your Environmental Law particularly with the following five aspects:
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stewardship, science-based decision-making, innovation, federalism, compliance.

From a Bavarian point of view we can underline each and every one of these points.

Quantified Pact
Objectives

Our experiences in Bavaria have also been increasingly positive. Since the year 2000, we have been stipulating concrete objectives, projects, and implementation measures, quantifying our common goals as well.

- To put it in concrete terms, we in Bavaria pursue to further reduce our CO₂ emissions:
from the reference value of 90.4 million tons in the year 1997 to 80 million tons by the year 2010.
- We also intend to reduce ozone precursor substances (e.g., nitrogen dioxide) — by 60%.
- On the other hand, our energy productivity is to increase —by one third until the year 2010.
- To accomplish these goals, it is necessary that every second job in manufacturing will be located in a company that has an environmental management system.

ISO 14001 and
EMAS System

Voluntary environmental management systems, under the ISO 14001 international standard or the EU EMAS system, are indispensable mechanisms for today's businesses and fundamental part of future-oriented leadership.

Many advantages — improved image

The associated environmental audits will ensure transparency.

They will lower operations-related risks, create more legal certainty with the companies, and improve employee motivation.

Costs decrease — "Economy + Ecology"

Not least, they will help to streamline operations, have innovative effects on production, and save resources, energy, and costs.

Companies keeping their commitments

In our experience, companies certified under such systems honor their commitments — including their promises to improve their internal environmental protection.

Dear Ladies and Gentlemen,

Relief — "Incentives of Bavaria"

From the very beginning, we assured in the Environmental Pact that businesses assuming more own responsibility for environmental protection would be partly relieved of administrative controls and requirements: we intend to substitute official controls from outside by voluntary self-control by business.

Certainly, both forms of control must be equivalent in terms of objectives and effectiveness!

Under the name of "Incentives of Bavaria", this model has created much interest even beyond Bavaria's borders.

Charges reduced by 30%

Today, companies with environmental management systems in place are not only given relief from governmental inspections but also financially — with regard to the charges they have to pay:

Since September 2001, we have granted a 30-percent discount to EMAS-registered companies in respect of pollution-related administrative fees!

At present, we are examining further discounts in respect of waste-disposal charges and sewage fees.

Example: BMW

Up to the present date, approximately 400 companies each have decided in favor of certification under ISO 14001 or EMAS.

The best-known name among them is certainly BMW. In its sphere of responsibility, BMW calls for world-wide compliance with German environmental standards — and, demonstrably, this does not impair economic success!

Exporting Bavarian Technology

Dear Ladies and Gentlemen,

The Environmental Pact is also intended to help us meet our global responsibility.

One of its chapters, therefore, defines our objective, "to spread worldwide the idea of environmental protection and the high standard of environmental protection achieved in Bavaria, and to further increase exports of environmental technology and services by Bavarian entrepreneurs."

Scientific center

Therefore, we have agreed with the business com-

planned for community on concrete measures — up to and including the promise by the State Government to create a Scientific Center for Environmental Competence, as an international research and conference location.

The wheel turns full circle Thus, we come full circle again, turning to the global challenges we are all faced with in international politics today.

Promoting regulatory innovation It is my sincere desire, particularly on this occasion, to promote improved management standards and “regulatory innovation”.

Phase 2 of the Memorandum of Understanding with Wisconsin is now the obvious occasion for that purpose.

Exchange of experience + best practices In this context, it is particularly the exchange of experience and information about "best practices" that are to the fore on both sides of the Atlantic, in the area of industrial environmental protection and inte-

grated product policy.

SMEs + NGOs

We intend to promote small and medium-sized enterprises, and to improve constructive cooperation with NGOs as well.

Dear Ladies and Gentlemen,

Great names of
Bavaria in the
Environmental
Pact

Our Environmental Pact of Bavaria has now been in force for approximately 10 years — with a record of success that is markedly positive.

Meanwhile, it enjoys highly satisfactory acceptance, and has spread throughout the industrial branches.

Nearly all renowned major Bavarian companies are now among its participants — BMW, Audi, MAN, Wacker-Chemie, Bosch, Siemens, and many others.

In addition, there are hundreds of small and medium-sized enterprises with voluntary environmental commitments.

US firm
McDonalds ex-
emplary too

The readiness with which the business community commits itself is demonstrated not least by the US company McDonalds: an American tribute to

gourmets worldwide. In Bavaria, it has prepared environmental programs since 1987, providing an environmental department since 1991.

All of its Bavarian suppliers participate now actively in the Environmental Pact!

Packaging

Packaging recycling by the restaurants is around 90%, and 80% of the packaging itself consists of renewable raw materials.

Vehicle fleet and environmental campaigns

More than 120 of their trucks refuel using bio-diesel, with a large number of them running at low noise. Not least, McDonalds has become committed to many environmental campaigns.

Dear Ladies and Gentlemen,

A win-win situation

All the companies I have mentioned act economically!

They thus demonstrate to us that:

Our new path of cooperation between economy and ecology helps, in terms of a "win-win situation", both

the environment and business!

3rd Environ-
mental Pact —
an "Environ-
mental Pact,
Germany"?

At present, our Environmental Pact includes
approximately 4,800 participants
— and the number continues to rise.

We are extending the Pact this year for the third time,
with more than 4,000 participants registered for that
extension as well. Because of that success in Bava-
ria, we suggest that we have a national
"Environmental Pact of Germany".

Dear Ladies and Gentlemen,

Environmental
policy across all
borders

From the very beginning, we have made
environmental policies in Bavaria for the sake of the
environment, and never for ideological reasons.

Even at the time of the Cold War, we had successful
relations, in environmental policy, with, for instance,
Czechoslovakia and what was then East Germany.

Multilateral part-

Today, among nations that are close friends and in a

nerships — including Wisconsin

world that is increasingly becoming integrated, it should be possible even more to launch successful cooperation projects for our environment.

Thus, for instance, a closely-knit network of bilateral and multilateral working communities has grown over the years across many borders.

Bavaria participates in these networks and our partners in North America are Québec, California and especially Wisconsin.

New friends and partners for Bavaria

I firmly believe that today Bavaria is again going to win new friends and partners.

I have a vision:

We have to invest in technological platforms for environmental innovation and in more research and scientific evaluation.

We also need to invest in environmental education, in education for sustainable development.

The UN declared the next 10 years as a decade of “education for sustainable development”.

We should support this initiative.

I am now looking forward to your inspiration and ideas during this conference.

I hope to benefit from your experiences and findings in order to reach our future goals.

Thank you for your attention.

Speech
by
State Secretary Emilia Müller

Visit to Wisconsin
Dinner Speech

Madison, January 30, 2005

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