

ing to environmental growth (not environmental decline)

Economic Action Plan: Addressing gaps in environmental considerations

Wales Environment Link (WEL) considers the Economic Action Plan (EAP) to not fully consider the natural environment which is essential if Welsh Government is to deliver on Wellbeing of Future Generations Act and the Environment Act (see paper submitted to Cabinet Secretary in Annex 1).

The recent announcement by Cabinet Secretary that the Welsh Government will do all it can to discourage businesses in Wales from using non-ethical palm oil in their products and manufacturing processes (03/12/2018: Annex 2) is very much welcomed by WEL. This not only is potentially a considerable step forward in the environment being given more consideration in EAP, it can also mean Welsh Government is showing leadership on this issue.

The detail of this commitment will determine whether the intention has maximised the impact of this opportunity.

The areas in the paper provide some discussion points to help explore the impact of Welsh Government commitment.

Definition of sustainable palm oil

The term Welsh Government uses is unethical palm oil. This is not a commonly used term. The UK Government and industries it is working with uses credibly certified sustainable palm oil and many NGOs working in this field, including WWF also use this term.

We note that the Welsh Government mentions in its statement environmental issues such as deforestation and habitat degradation which suggests the definition is covering the issues considered in the standard term.

QUESTIONS FOR MINISTER

- To show considerable leadership in this work we would encourage Welsh Government to consider broadening their commitment to include other products which lead to deforestation. This would then not only include palm oil but also expand to other products such as soy for animal feed.
- Can the Welsh Government therefore either outline in more detail the environmental aspects within its commitment and / or work with WWF and other relevant stakeholders to ensure its commitment is in line with current best practice in this area?

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on palm oil was made in 2012 and reads: *The United Kingdom is working towards achieving 100% sourcing of credibly certified sustainable palm oil by the end of 2015*¹

The original commitment was until 2015 but was not met and so was extended and is on-going. The most recent progress ² show however that considerable progress has been made by UK industry with 78% using sustainable palm oil.

QUESTIONS FOR MINISTER

- Has Welsh Government analysed whether industries in Wales are part of this UK government programme?
- Also, how will the commitment within the EAP support this programme and lead to further action in Wales? For example, is the requirement in EAP voluntary like the UK programme?

Wider environmental impacts within EAP

Consideration of products which lead to deforestation in other countries is a serious environmental issue but there are also other impacts to consider. At the last meeting, we discussed examples of businesses in Wales which are taking these into account through their business activities, both supply chains and resource use, moving beyond emission reduction requirements that already exist within Economic Contract.

Business in the Community (BITC) works closely with a number of business who are embracing good environmental practice. We hope that BITC can work with Welsh Government staff to supply some case studies which can be used encourage similar steps by businesses within the contract and add to the Ministers narrative on this issue.

Some examples of businesses collated to date supplied as an attachment.

Internal Guidance on the Economic Contract

We would value an update from the Minister on how their internal guidance on the meeting environmental expectations in the Economic Contract has progressed. We would also value information on how it is dealing with the matters raised above in regard to palm oil.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/256254/pb13833-palm-oil-statement-1012.pdf

² <https://www.gov.uk/government/publications/uk-statement-on-sustainable-palm-oil-final-progress-report>



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Some suggestions on measuring impact were made in the previous paper submitted for the last meeting. It is appended to this document for ease of use.

We would also expect that there would be monitoring of any impacts estimated by integrated impact assessments, or the methods detailed in the appendix. **Can the Minister confirm what plans are in place for this?**

In addition to delivering an effective integrated impact assessment, which deals with environmental impacts, we are interested in how individual recipients of the economic contract will be expected to report on meeting the commitments they make in regard to carbon emissions reduction or on palm oil use? **Can the Minister provide an update please?**

Opportunity for Brand Wales – Environmental Growth creating a sustainable future

By expanding the requirement and support to business to include full environmental impacts, this would demonstrate a commitment to a business sector in Wales which is supported to be sustainable in the fullest sense. This would contribute to a nation which is supporting restoration of nature and place Wales as an international leader. With the New First Minister's commitment to environmental growth now is the right time to embrace this agenda and develop an economy which is fit for the future and contributes to a sustainable Wales. This could support Brand Wales where we are viewed as a country where innovative and sustainable business wants to come and join our sustainability vision.



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Annex 1

Paper from October meeting with Cabinet Secretary:

Businesses in Wales: contributing to environmental growth not environmental decline.

Challenge and opportunity for the Welsh economy and businesses

NRW's first State of Natural Resources Report (SONaRR) has concluded that no ecosystem in Wales has all the attributes of resilience. This is a matter of enormous concern to Wales Environment Link [WEL] given that we are already seeing the impact of the degradation on Wales's wellbeing. Unless we act now to halt and reverse the decline of nature the resources and services it provides will be seriously inhibited if at all available.

Currently, the destruction and fragmentation of habitats, over-exploitation of natural resources limiting their ability to restore and provide services and increasing pollution, are key problems which must be addressed to restore ecosystem resilience.

Our economy's health largely depends on these natural systems and resources. With their breakdown and depletion our economic productivity will also suffer. We therefore need our economic development model to consider these environmental limits and use these resources sustainably so they are available for future generations.

For Wales to build a sustainable economy for future generations, businesses need to play a part in contributing to environmental growth rather than decline. To enable sustainable businesses and economic development Welsh Government has a key role in this strategic leadership and investment.

Economic Action Plan: Environmental impacts gaps

Wales Environment Link welcomes Prosperity for All's objective to drive sustainable growth and combat climate change. It includes not just tackling climate change but also recognises the economy needs to work in a way which supports and sustains the natural environment.

However, this consideration of the natural environment does not translate fully into the Economic Action Plan. For instance,

- The outline of the challenges and opportunities that Wales faces do not mention natural resource depletion, increasing competition for scarce resources, or biodiversity loss and the huge impact this will have on the future economy of Wales and businesses.

transition as an external factor we have to respond to. While climate change is a major environmental impact we need to manage, it is not the only one. The natural environment degradation is considerably wider so we also need to tackle these drivers.

- It focuses on resource efficiency as part of developing the circular economy, which we welcome, but does not look at the impact on natural resources in the fullest sense. Even with resource efficiency, the rate of growth and consumption via a business-as-usual approach can easily outweigh any environmental gains from efficiency. Again, Prosperity for All recognises this with commitment to reducing the environmental impacts of production and consumption; however, this does not appear to be translated into the Economic Action Plan.

These gaps in the Plan's reference to environmental impacts makes it hard to have confidence that the WFG Act Goal One proportionate use of resources, Goal Two resilient ecosystems, and Goal 7, our global responsibility are fully maximised by the Plan. Also, that a full assessment of how the Plan contributes to Section 6 under Part 1 of the Environment (Wales) Act 2016 has taken place.

A measurements system for natural resource use, both locally and globally is a recommended approach to dealing with natural resource overuse³.

Through the National Indicators for Wales we have some resource use measures including the Ecological Footprint and Carbon Footprint. These give a measure of overall use of carbon, materials or total resources of all goods consumed in Wales, even when manufactured elsewhere.

Measures of impact on natural resources are available which could be considered in Wales. For example, UK Natural Capital accounts are undertaken by ONS⁴.

In order to assess whether natural resources are being protected for future generations, Welsh Government could develop new tools and approaches for assessing the economic risks associated with natural capital depletion. For example:

- Conducting natural capital stress tests which look at the economic impact (on different sectors of the economy) of future scenarios relating to natural capital depletion trends, thus better assessing the risks and informing policy to manage those risks.
- Natural capital accounting puts a value on the non-commercial benefits delivered by natural resources, highlighting what is lost if those resources are depleted. Examples available include the valuation of the Welsh Government forest estate for air filtration, carbon sequestration and tourism benefits as well

³ <https://friendsoftheearth.uk/sites/default/files/downloads/overconsumption.pdf>

⁴

<https://www.ons.gov.uk/economy/environmentalaccounts/methodologies/principlesofnaturalcapitalaccounting>

tree reports completed for Wrexham, Bridgend and
evaluations of pollutant filtration, water infiltration and
carbon sequestration benefits of urban trees.

WEL requests that Welsh Government provide detail of these assessments if it has taken place and if not, that Welsh Government undertake more detailed assessment of its economy's resilience and sustainability from an environmental services and resources perspective.

Economic Contract gaps

The perceived gaps in the Plan are reflected in the Economic Contract. WEL welcomes the headline commitment that the Welsh Government's new Economic Contract [the Contract] will require business to have proposals to become carbon-light or free. Climate change is recognised by Goal Two as a variable that will affect healthy functioning ecosystems. However as explained above, limiting action to carbon reduction is insufficient to create a healthy ecosystem and sustainable management of our natural resources.

Prosperity for All says as part of new contract, businesses will receive support to reduce their environmental impact. However, the contract only requires emissions reduction.

WEL therefore considers it essential that that Goal Two and part of Goal One is more fully reflected in the new Contract by calling on businesses to consider reduction of their full environmental impact and take action to reduce it.

The Economic Contract delivering for the environment

Steps could be taken to enable the Contract to maximise its contribution to sustainable management of natural resources and resilient ecosystems. WEL suggests that in addition the current need to reduce carbon emissions, Welsh Government develop a series of performance areas for business which reduce impact on the environment and support enhancement of ecosystems.

There are tools for businesses in this area which the Welsh Government could explore, for instance:

- Natural Capital Coalition has a protocol⁵
- “ UK Business Council for Sustainable Development⁶ has developed a method for Assessing Ecosystems Services, measuring both value to people and benefits to biodiversity and aims to provide Net Positive targets for Natural Capital.

⁵ <https://naturalcapitalcoalition.org/natural-capital-protocol/>

⁶ <https://ukbcd.co.uk/>

and support to business to include full environmental impact this would demonstrate a commitment to a business sector in Wales which is supported to be sustainable in the fullest sense and contribute to a nation which is about environmental growth rather than decline. This could support ~~Brand Wales~~ we are viewed as a country where innovative and sustainable business want to come and join our sustainability vision.

Questions for the Cabinet Secretary

1. What analysis was undertaken to assess how the Plan, in its current form, maximised its contribution to the Well-being of Future Generations Goal One, Two and Seven & Environment Acts and can this be shared with stakeholders?
2. Can the Cabinet Secretary provide an update on route map of a more resource efficient economy especially the work on reducing the environmental impacts of production and consumption relating to our economy?
3. Will the Cabinet Secretary agree to further development of the Plan and the Contract to maximise its contribution to tackling environmental degradation and building an economy in a way which is sustainable and supports addressing decline of the natural environment?

ANNEX 2

Welsh Government: Welsh Government to help end use of unethical palm oil



Welsh Government - Press Releases

03/12/2018

The Welsh Government will do all it can to discourage businesses in Wales from using non-ethical palm oil in their products and manufacturing processes.

This is the message from Economy Secretary Ken Skates who has said he wants to follow the lead of Greenpeace and food retailer Iceland, by taking a stance against the use of non-ethical palm oil, an ingredient which is

us for the damage and destruction it causes to
ment.

The Economy Secretary wants companies operating in Wales to move away from using non-ethical palm oil which has been widely linked to issues including deforestation, habitat degradation, **climate change**, animal cruelty and indigenous rights abuse.

To progress this, changes will be made to the Welsh Government's Economic Contract . a key component of the Economic Action Plan . which requires businesses seeking Welsh Government support to enter into an agreement with the Welsh Government that is specifically designed to drive responsible business behaviours.

Ken Skates said:

"The devastation and destruction caused by the use of non-ethical palm oil is high on the news agenda at the moment and I would like to pay tribute to the supermarket Iceland, Greenpeace and others for their work in raising the profile of this important issue.

"The campaign against the use of non-ethical palm oil is very much in line with the ethos of my Economic Action Plan which has driving sustainable growth and encouraging responsible business behaviours at its very core.

"It is now nearly a year since I launched the Economic Action Plan and I have been really encouraged by the positive response it has received from the business community. Indeed, as a result of the Action Plan we now have 100 Economic Contracts in place with companies across Wales who are seeking our support.

"The Economic Contract is an obvious vehicle through which we can influence business behaviour and encourage responsible action. With that in mind I want to use the Economic Contract to encourage and assist companies to move away from the use of non-ethical palm oil to help reduce the use of this damaging and destructive product.

The Welsh Government is also considering how it can reduce the use of unethical palm oil in food and drink produced in Wales.

Cabinet Secretary for Energy, Planning and Rural Affairs, Lesley Griffiths, said:

"The impact of the unsustainably produced palm oil is increasingly becoming part of the public's consciousness. The government and Food and Drink Industry Wales Board are committed to promoting sustainability. We want to encourage the food and drink industry to use sustainably sourced palm oil and this will feature in our joint consultation in spring 2019 on a successor food and drink action plan."



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