

The gains of going green

Pasquale Pistorio believes that protecting the environment can bring rewards for companies as well as the planet

This week's agreement on the Kyoto protocol on global warming is a vital step forward for the world. But the US, for now at least, is refusing to follow the protocol because it believes there is a contradiction between encouraging economic growth and protecting the environment from greenhouse gases. I am convinced this is not the case.

In contrast, I believe that the protection of the environment improves economic performance and boosts competitiveness. I am aware that I am relatively isolated in this view – especially in the industrial community – but I can substantiate it from the experience of my own company.

When we started a programme of sustainable development at STMicroelectronics more than six years ago, we believed that industrial processes that respect the environment – those requiring less energy and raw material – were intrinsically

more efficient. As a result, they were likely to generate additional profit for those companies that adopted them.

In 1995, we began to devote an average of 2 per cent of our annual capital investment – a total of more than \$3bn last year – to improving our environmental performance. We set about eliminating waste from manufacturing processes, according to precise and quantifiable goals. Six years on, we can draw firmly based conclusions about the effect on our consumption of energy and water.

Thanks to these measures, the planet has been spared the burden of another 100-megawatt power plant; the water we have saved could quench the thirst of 50m people for a year. We are using 28 per cent less electricity and 45 per cent less water than in 1994 for the same output. This translates, with a large increase in volume today, into a saving of \$50m last year alone.



PERSONAL VIEW

What is more, we have found that, on average, investment in energy conservation pays back within 2½ years. This proves the validity of the stance we have taken for years: ecology is free. Needless to say, we have drawn encouragement from this and have set ourselves an ambitious goal in the field of greenhouse gas emissions, particularly with respect to carbon dioxide.

Greenhouse gas emissions are probably the biggest environmental issue confronting the planet today. The present social and economic model – particularly in the developed world – is based on fossil fuels and the related carbon-dioxide emissions. This is not sustainable. We need to develop new ways drastically to reduce the consumption of oil, gas and coal. It is only in

this way that we can minimise the emission of greenhouse gases, which are now recognised as the main cause of climate change.

This is why we intend to turn STMicroelectronics into a “zero-equivalent carbon dioxide emission company” by 2010. We shall do so through continuous improvement of energy efficiency in our processes (5 per cent a year reduction of energy per unit of output) and increased use of alternative and renewable energy sources – and by compensating for our remaining carbon dioxide emissions by replanting about 35,000 hectares of land with trees. If we achieve these goals, we calculate that we shall save close to \$1bn on our energy costs between 1994 and 2010.

It seems clear to me that by acting in this way – and

through numerous similar initiatives – we can fulfil the unequivocal ethical duty we have towards future generations while making our products more competitive and our company strategically stronger in the world.

Furthermore, we shall benefit from an additional competitive advantage. We are well aware that our ability to compete and grow will increasingly depend on the best human resources and on our ability to attract young, committed talent. Such people will, no doubt, want to know they are working for a reliable and responsible company.

The extrapolation of these ideas convinces me that the nations that do not pledge protection of the environment – and particularly the control of the greenhouse gas emissions that are changing the climate of our planet – will leave their companies defenceless. They will lose out to enterprises in other countries that know how to confront and meet

the challenge of sustainable development.

A case in point is the car industry. If the US does not commit itself to comply with environmental standards in the same way as other countries, it may find itself in serious difficulty. There will be strong competition from Europe and Asia, where innovative solutions will be developed to limit fuel consumption and pollution.

Proceeding with the adoption of the Kyoto protocol is not only a moral duty but also an economically sound strategy. It should be done without waiting for all the countries that could participate to comply with the protocol. Kyoto should represent the first step – a small but important one – on the long journey towards a more just, and more habitable, world.

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