

## BIO-ENVIRONMENT AND BUSINESS ADAPTATION

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I would like to thank the President of the Biopolitics International Organisation, Dr. Agni Vlavianos-Arvanitis, for organizing this second conference on Business Strategy for the Bio-Environment in Athens. It will be a prime mover in sensitizing people in the various social classes and units of production to matters directly connected with the bio-environment.

The idea of protecting the bio-environment is not an invention of the industrially developed nations. The idea existed more than three thousand years ago, in Crete, Greece, where Minoans, because of their environmental consciousness, built the first plumbing and drainage installations in the palace of Knossos. If they have any feeling of responsibility toward their ancestors, businesses in modern Greece must adopt the belief that economic development and environmental protection are two common goals which contribute not only to the benefit of business but also to the national economy. The bio-environment and a healthy economy must represent unanimous choices.

But the problem of the environment is complex, as it involves moral, technological and legislative factors. On many occasions the source of the problem is blamed on the mentality of people, but on others, the productive technology itself is held responsible, because it creates undesirable side-effects. Finally, however, many attribute the problem to the lack of an appropriate legislative framework to control economic relations.

In reality the problem is caused by the simultaneous presence of all three factors, but it is encouraging that modern societies have to a great extent realized the nature of the problem, and have already put into operation procedures for confronting it. People's ways of thinking have changed fundamentally in recent years. It is nowadays widely understood that quality of life is not simply linked to the quantity of goods consumed. Prosperity is also dependent on the quality of the bio-environment in which people live, and should ensure sustainable development which will not destroy natural resources. This tendency is proved by the rapid expansion of the ecology movement, especially in the developed countries of the planet.

The role of national and international state bodies in dealing with the problem becomes essential and decisive, when it contributes to the formation of a new legislative framework within which decisions are taken. In this new legislative framework the market remains prominent. It is nevertheless complemented, by regulations to promote incentives for individual action, which reconcile the private with the common good. The gap between private and common good is the heart of the problem. These regulations, which take the form of green taxes, incentives for the use of environmentally friendly technology, guidelines for the environment and mutual agreements between states, are already making a recognizable appearance and will certainly multiply in the future.

Important changes have also taken place in production methods, so that, as far as possible, the environmental side-effects of production processes have been minimized. This adaptation of production processes is the result of two pressures, on the one hand, from aware consumers, and on the other, from national and international legislative changes. These aim at changing the rules by which the game of modern development is played.

A number of businesses that rapid adaptation to the new rules of the game will achieve important related advantages. To seek profit within the framework outlined by consumer preference and new legislation will lead to a new phase of competition. Here the final winners will be the environment, the people and, of course, all those businesses which realize the transformations that are taking place, in good time. The importance of the speed of adaptation by businesses to the new facts is decisive for their own viability. Data on 1991 environmental expenditure as a percentage of GNP shows that in Germany it was 1.7%, in Holland 1.4%, in the United States 1.3% and in Japan 1%. This is of particular interest to Greek industry, in an era when competition no longer knows national frontiers.

In the most sensitized countries the existence of businesses which already take advantage of these new demands compels the recognition that the race has already started. What is sought is the adoption of production methods which allow the supply of products produced by environmentally friendly processes. In this way new sectors are being created in industry and services, to provide the means which contribute to the production of "clean" products.

Experts agree that environmentally friendly techniques of production represent the market of the future, with assured two-digit growth rates. The global market is also developing dynamically. The OECD expects that global demand for environmental-protection products will develop in the decade of the 1990's from DM200 billion to DM300 billion. In Germany today there are 680,000 people working in environmentally protective industries, whereas the chemical industry, one-time leader of the German economy, employs 100,000 people fewer than before. It is believed that by the end of the decade 1,222,000 people will be employed, working for a clean environment. Ten years ago there were only

1,000 businesses in the ecology industry; today there are 4,000 businesses producing products exclusively for the protection of the environment.

Strict environmental policy can take its toll on places of employment because the additional expenditure pushes businesses which are operating at break-even point into bankruptcy. Despite this, however, the general outcome is in every case positive.

If Greek businesses do not realize early the message of the times, they will be in danger of being left outside. Countries which are unable to adapt to the new international requirements for the environment are threatened with marginalization from the internationally-developed markets. This will be because the products produced satisfy neither consumer preference, nor the specifications of countries, which are now determined by the new international regulations. Moreover, there is a fear that the countries which are left behind will attract the unwanted polluting processes of the rest. This is because they will not be able to respect their environment, and so, at the same time, will not be internationally competitive.

The crossroads lie ahead, and the choice is clear. The demand for clean products and for environmentally friendly production methods will continue to grow in the future. Greek industry is in a position to adapt quickly, to contribute to, and benefit from, the potential for change. It can take advantage, not only of its natural position in Europe, but also of the opportunity to take a leading role in the neighboring markets of the Balkans and the Middle East which will inevitably be affected by such developments.

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