

Netherlands government and industry). Also, the expectation of increasingly stringent regulations and market requirements have both been drivers for Philips' VNRI and for its overall environmental approach. Their belief is that only companies that have sustainable philosophies will survive into the next century. The company policy is to take the long-term view and translate long term goals into short-term goals.

Results of the VNRI

As of December 1997, approximately 90 sites have become ISO 14001 certified. Energy efficiency has been improved by 16%. Results are still being gathered for packaging reduction, but four major divisions have achieved weight reductions of 8%-12%. Supplier requirements are voluntary but are having an effect due to overseas suppliers' desire to maintain market access. Eco-design has led to development of 15 green products that have been redesigned from an environmental point of view.

A new action program has been agreed upon for the next four years. Targets for water and waste reduction are a further 25% and 35% respectively. The eco-design part, which at present, is a qualitative target, has been changed to a more aggressive and quantitative target for all divisions to make it a competitive edge. Five major "ecologic" themes are identified for product improvement. The five areas are

- product weight
- energy consumption during use
- recyclability
- elimination or reduction of hazardous materials
- packaging of the product

Benefits are expected to be achieved in the areas of material usage (leading to more environmentally sound and less expensive products), and unique selling points and market share improvements.

Effects of VNRI on Trade and Investment

Philips' environmental initiatives have had an effect on exports and trade in several areas.

Competitiveness

Philips' current environmental initiatives on water, waste and energy reduction are estimated to save the company 600 million guilders per year. This is compared to a company turnover of 66 billion guilders per year (worldwide). The new environmental program is expected to add a further 200 million guilders in annual cost savings.

Both environmental performance and the integration of environment into business strategy are foci for companies in the industry. Philips believes that in the future, educated consumers will require sustainable products and that this will become a marketing issue. Thus there is a great deal of benchmarking occurring relative to product predecessors and to competitors' averages. Philips