



World Business Council for
Sustainable Development

Executive Member Update
February 2009

Dear Council Member,

Wherever I go, be it to Davos, Delhi or Beijing, I continue to be asked the question about whether the financial crisis and economic recession mean that society and business have lost focus on sustainable development (SD).

My conclusion is the opposite. The stimulus packages that are now being discussed and put in place in different parts of the world have triggered a debate about what all this money should be used for. How do we build a more resilient, sustainable society with lower energy and resource use? How do we create the green jobs that will be needed to deliver these solutions? And how do we create a societal infrastructure that will be more resilient to the challenges of climate change and impacts on water and food supply?

I think we are witnessing the beginning of the new industrial revolution, which I have earlier labeled, "CLEAN, LEAN, AND MEAN."

CLEAN because we know we cannot continue to pollute at the same rate as we have done in the past and maintain functioning eco systems, including climate.

LEAN because the growing population and the need to alleviate poverty will mean that we will be living in a resource constrained world. This will mean higher prices for important resources, both fuels like oil and gas, and food.

MEAN because it will be a transformational change which will create winners and losers.

The change going on in the automotive industry is an example of the changes that we are also going to see in other parts of the economic system. I have noted with interest the discussion going on in Sweden regarding its two car companies, Volvo and Saab, which are fighting for their survival. The Swedish government has declared that they are not willing to bail out the companies. However, they have stated that they want to protect the competence that these companies have in providing technical solutions that can be of high value for the electric and hybrid cars of tomorrow or for the need for the new gear boxes for wind turbines.

The transformation to a future, more sustainable, society will represent significant business opportunities. The amount of investment needed for new system solutions for energy, urban infrastructure, water, transport and food supply, to mention a few, will be dramatic.

Developing Countries

At the same time as we see recession in many OECD countries, there is continued growth in the developing world.

I learned from Chinese authorities this week that they expect an 8% GDP growth this year. And, during my visit to India earlier this month, I felt optimism and confidence



for the future. I got the same impression in January in Saudi Arabia as they are planning major investments to develop the country.

As these countries build up their societies and alleviate poverty, it is important that they avoid creating infrastructures that will lock us into high energy and pollution solutions that would be very difficult to break out of for a long period of time.

China has realized this and has taken steps already in the present 5-year plan to move aggressively forward on energy and resource efficiency. The preparations for the twelfth five-year plan, which is going to be valid from 2011, is looking at how to take further steps toward a more resource efficient and low carbon economy. It is important to recognize that China is doing this for domestic reasons to maintain a stable and efficient society. Chinese projections show the possibility to bend the curve on carbon emissions downward from 2030 onwards, based on domestic actions and policies. Should there be an international climate agreement, then the emission reductions could be further enhanced.

Climate Change

The future low carbon economy that is needed to address climate change represents a major business opportunity with enormous investments in new energy systems, transport solutions, energy efficient buildings and urban infrastructure. Actions to implement these solutions are being taken on a national or local level, not at the global level. Actions will be driven by concerns over energy security, cost efficiency in the economy and the need to create new green jobs.

This will happen whether we have a climate agreement in Copenhagen or not.

This does not mean that it is unimportant that we come to a climate agreement at the global level as soon as possible. Climate change is a global problem that will require a global response. The global community should agree on the long-term ambition level for emission reductions and the pathways to get there. They can also help build the global systems like a global carbon market that would support actions. They can also help in creating a level playing field for global trade and avoid new distorting impacts from uncoordinated efforts to reduce carbon emissions. Business should require that governments do these things and create more clarity and predictability for the investments that the business community has to make for the future.

However, business also needs to be clear on what we need from governments to support our role to deliver goods and services that can help take society toward a more resource efficient and low carbon future. How do we create market forces that will stimulate customers to buy low carbon products and services? This would probably require a carbon price and performance standards for products and appliances.

We have a lot of the technologies that are required for a low carbon economy and they should be deployed quickly. But, there is also a need for break-through technologies. And, for these we need new public/private partnerships where we put our resources together to develop the technologies that will be needed to bend the global emission curve downward from 2020 to 2030. Actions to develop these technologies must start now if they are going to be ready to deploy by then.

These technology development partnerships will require other actors than are currently present at the climate change negotiations which are primarily driven by environmental ministers.



WBCSD Strategy

In the WBCSD, we are reviewing our strategy to adapt our work program to the new realities I have outlined. We will present a new strategy 2020 at the Council Meeting in October in Washington DC. However, we also need to adapt in the short term to the changing landscape around us. The Business role as a provider of innovation, investments, job creation, implementation, and capacity is more than ever needed to create a sustainable world. It is important that we understand the window of opportunity that the economic recession has created to start building a more sustainable future based on resource efficient and low carbon technologies, and with efficient markets that will support the deployment of these technologies.

In Davos, someone said, "The future has not been cancelled. It has just been delayed." Let's make sure that when the future arrives, it is not business as usual, but that we have put the world on a new, more sustainable path.

With kind regards,

A handwritten signature in black ink, appearing to read "Björn Stigson".

Björn Stigson
President