



World Business Council for
Sustainable Development

Executive Member Update
May 2009

Dear Council Member,

The world is in the middle of a paradigm shift with the “*Clean, Lean & Mean*” industrial revolution getting closer every day.

Suddenly, everybody is talking about the green, low carbon, resource efficient economy that is going to create new green jobs, help mitigate climate change and ease the impacts of a population that is growing, in numbers and wealth, in the developing countries.

The leaderships in the US, EU and China all want to become leaders in “*cleantech*” products and services. And, they are allocating more funding to develop and promote technologies that will achieve this.

What has happened?

Over the past months a few key developments have come together simultaneously:

- the financial crisis (triggered by a lack of understanding of systemic risks);
- the growing evidence that the climate problem is getting worse;
- the election of a new US Administration with a proactive view on climate actions;
- the strong political and public focus on what will happen at the COP15 in Copenhagen in December this year.

The result of this convergence? We now have unprecedented pressure on the global governance system that something must be done. To use the language of Malcolm Gladwell, we have passed the “tipping point”.

So, what will be done about it?

Right now, the most honest answer is: “We don’t know.”

I can outline different scenarios for COP15 and beyond. But, a global climate agreement at COP15 will probably define broad principles for actions, some kind of ambition levels for mid- (2020) and long-term (2050) emission reductions and an outline of tools needed for support and follow-up actions.

Stumbling blocks

However, there will be serious stumbling blocks that will need to be tackled during and post COP15.

These include:

- “The sharing of responsibility”
Whose carbon is it and who is responsible for which emissions?
The legacy of historic emissions versus future emissions



- Financial flows

The developing countries want first to get paid what they were promised in Rio 1992 at the Earth Summit when the UN Framework Convention on Climate Change (UNFCCC) was agreed. “If you protect the environment, we will pay you 0.7% of our GDP.” That never happened.

Second, they want to get financial support to reduce emissions going forward.

Third, the rich countries want to avoid deforestation of tropical forests. The forest-rich countries like Brazil, Congo and Indonesia want to get paid for not cutting down their forests.

Fourth, developing countries want help to adapt to the climate change that seems inevitable due to historic emissions. Adaptation funds are discussed to support this.

Overall, this amounts to considerable sums of money. The political atmosphere in recession-hit countries is not very sympathetic to these types of financial transfers.

- Technology transfer

The developing countries also want transfer of technologies to help them transform their economies and build energy efficient infrastructures.

There are proposals from China, among others, for technology transfer funds amounting to 1% of GDP in Annex 1 countries. The funds should pay for technology, including buying Intellectual Property Rights (IPR's).

There are also proposals for relaxation of the international IPR regime, similar to what happened with HIV/AIDS medicines.

- Trade and climate change

It is questionable if President Obama will be able to get a global climate agreement accepted by Congress without some kind of action at the border to create a level playing field, due to differences in carbon footprints. It won't be called “border tax adjustment,” but this is what it will amount to.

A climate agreement or lack of it can, therefore, easily trigger trade implications. Without a global climate deal, it seems also unlikely that the Doha Round of trade negotiations will succeed.

I am increasingly coming to the conclusion that globalization and open trade and free markets are hanging in the balance at this stage. The global business community that wants free trade, open markets, freedom of investments, a level playing field for competition needs probably to substantially strengthen its voice about the risks we are facing.

If we continue down the track, we are heading for the moment we not only risk doing too little, too late about climate change, but in the process, we also risk damaging the globalized open market place we have worked hard to establish.

US & China

To this mix of issues, we can add that a global climate deal is very much linked to the relations between the US & China.



President Obama needs an understanding with China for how to address climate change, and vice versa. Both countries are seeking to put in place extensive domestic plans to create low carbon economies driven by national security (energy security concerns and concerns for impacts on agriculture and food supply).

The good news is that there is an ongoing dialogue between the two countries. A US delegation led by Todd Stern, US Special Envoy for Climate Change, will be in Beijing on June 6 to continue the talks Secretary of State Hillary Clinton held earlier this year.

WBCSD

I have earlier stated that we will present a new Strategy 2020 in October for the WBCSD.

With the speed of change going on and the challenges we are facing for the global economy and business, I believe we will need some more time to conclude what the correct strategy should be for the next decade.

The 2010-2020 decade will be a defining period for the future of the planet. The actions that we take and the processes we put in place in this decade will determine whether we leave a sustainable future or not for our children and grandchildren.

Deciding on the role that WBCSD wants to play in this time period requires serious debate and consideration.

October Council Meeting

At our Executive Committee (ExCo) meeting last week, a key agenda item was the upcoming WBCSD October Council Meeting in Washington DC, which will happen at a very crucial moment in time. The ExCo and other US members are strongly engaged in our preparation of the event. We see this as a great opportunity to interact with the new US administration and to strengthen the WBCSD recognition and platform in the US. We need to seize the opportunity and live up to our motto, "Dedicated to making a difference".

I hope to meet most of you there to discuss "Our Common Future," as the Brundtland Report was called 22 years ago.

Staffing

The demand on the Secretariat staff is growing, especially in relation to the climate change agenda. To address this demand, we are seeking secondments/associates from you, as members, to support our work.

As many of you are adjusting your own staffing levels, I would imagine that there could be opportunities for you to put some competent people to work with us on the energy and climate agenda to address key issues of particular relevance to us all.

We would be very interested to hear from you regarding any opportunities that you might see.

With best regards,

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

Björn Stigson
President