



World Business Council for  
Sustainable Development

Executive Member Update  
August 2009

Dear Council Member,

Despite July and August being vacation months in many parts of the world, judging by the sheer volume of activity from mails, calls, and invitations for our input, activity levels on sustainable development are at an all-time high. For example, the number of invitations to a variety of business and sustainable development initiatives and conferences is staggering. This is yet another sign that sustainable development has passed a tipping point and many actors want to be part of defining and delivering solutions to the world's major sustainability challenges going forward.

Many of the global megatrends, as GE calls them, are connected:

- Energy
- Climate change
- Food
- Water
- Transportation
- Health care
- Care for ageing populations.

What they have in common is the need to address them as systems and not as piecemeal or sector-specific problems. The scale of transformation that the global society will have to achieve over the next decades will require optimized systems solutions.

This will require new partnerships, difficult political tradeoffs and cooperation between governments, business and civil society.

Looking at the political debate and actions (or lack thereof) in many leading countries one might feel somewhat overwhelmed about the possibilities to turn today's societal infrastructure into something that is radically more efficient and less polluting.

The fact that, for a long time, we underinvested in societal infrastructure in many countries, particularly in water, energy and transport infrastructure make the challenges even bigger. The result has been poor efficiency, extensive water leakages and as *The Economist* wrote recently about the UK: "How long till the lights go out?"

However, we have no choice but to succeed in creating a sustainable future; the alternatives don't look appealing to me.

#### Climate Change

The preparations for COP15 in Copenhagen in December are dominating the climate scene.

Progress in the UNFCCC negotiations is slow and the complimentary processes like the Major Economic Forum have not delivered much so far.

The deadlock between the industrialized countries and the emerging economies show signs of changing. China and India are sending signals that they are realizing that their roles as future leading economic and political powers demand participating responsibly to solutions for climate change.

The biggest challenge to progress at COP15 is the domestic US situation. The economic recession is casting a long shadow over the political debate. We can see the hardened positions on healthcare reform and different interests are preparing for a similar confrontation on climate change.



Information via Greenpeace on the plans being prepared by the US oil industry reminds me of the debates led by the Global Climate Coalition in the mid 90's.

### Energy Efficiency in Buildings (EEB)

The EEB project has finalized its report during the last months and is now available in printed form (and is translated into six major languages).

Sponsored by the co-chairs UTC and Lafarge, together with WBCSD, the Peterson Institute for International Economics (PIIE) in Washington was commissioned to write an independent paper on their conclusions for energy efficiency in buildings based on the EEB work. Their report is available on our website and will be launched at an event in Washington September 23.

Buildings consume 38% of all energy produced worldwide. If the energy consumed in manufacturing the steel, cement, aluminum and glass used in buildings is included, this number grows to more than 50%.

The PIIE concludes that it is possible to reduce emissions in the building sector with 50% below current levels by 2050 with present technologies and without compromising living standards. Reducing building sector emissions in line with global goals would come at an average economic cost of 25 USD per ton of CO<sub>2</sub>.

### Brazil and Forests

Last week I visited Brazil and participated in a number of discussions around their energy & climate situation.

Brazil is self sufficient on energy with 75% of electricity production coming from hydro, a massive biofuels program for transport plus own oil reserves.

However, it's challenge comes from forests and land use changes that represent 75% of it's GHG emissions. The role of emissions from forest practices will be an important issue in the future climate negotiations as forests represent some 20% of global GHG emissions. This goes under the acronym REDD, Reduced Emissions from Deforestation and Degradation,

Last week Indonesia, which has even higher GHG emissions than Brazil from forest and land use changes stated their preparedness to reduce emissions with 40% if international funding to protect forests and peatlands were made available.

The Forest Dialogue, co-chaired by WBCSD, will meet in September in Mato Grosso, Brazil, invited by the Governor to discuss future actions. This includes both major emitting countries and key funders including US, Germany and Norway.

### Water

Last week saw the annual World Water Week in Stockholm. WBCSD was, as has been the case for the past few years, the lead business contributor to the event. We had a stronger member presence than ever before, including our Water Working Group co-chairs Borealis and ITT.

Water is clearly going up the priority list for companies that see major potential risks coming from disruptions in water availability. Last March we launched a report "Water, Energy & Climate Change" to highlight the interconnection between these issues. Corporate water "foot printing" is also an expanding area of interest and we released with IUCN a new "e" publication "Water for Business" mapping 16 existing initiatives that are seeking to provide business guidance on their water management.

Food supply and sanitation are other water related issues which are highly politically loaded and connected to poverty alleviation. They are the priority for most developing countries and also received considerable air time during the week.



### Ecosystems

Ecosystems and biodiversity can also be expected to be high on the global agenda driven by the G8 Environment Ministers ongoing TEEB project (The Economics of Ecosystems and Biodiversity), with the involvement of a broad coalition of UN organizations and NGOs, including WBCSD. Here we are providing the business perspective via the Corporate Ecosystems Valuation Initiative (EVI) launched midyear.

Biodiversity featured prominently in the statement agreed by the G8 Environmental Ministers at their recent May meeting in Italy. There is a strong push by key European Governments (Germany, UK) for international action on biodiversity loss as a priority alongside climate change.

Next year there will be the COP10 of the Convention on Biological Diversity, taking place in Nagoya, Japan. The convention was agreed in Rio in 1992 alongside the Climate Convention. WBCSD is preparing for a major presence in cooperation with IUCN and the Japanese industry via our members and Nippon Keidanren.

### The Global Political Scene

Sustainability challenges have normally economic consequences. A growing part of international negotiations, whether on climate, biodiversity and other matters is about equity and burden sharing. The protection of the tropical rainforests as a global common asset is a good example.

Who has the right to what resources and who “pays” for the environmental damage caused up to now and in the future? We can only expect this discussion to become more heated.

Proposals are now being put forward to hold a new Sustainable Development Summit, Rio+20, in 2012. This could trigger a very challenging debate about the lack of progress in meeting the agreements from Rio and the Millennium Development Goals.

### Washington Council Meeting, October 13-14

In a few weeks we meet in Washington for our annual Council meeting including a session entitled “Candid Conversations” to which we have invited senior DC-based policy makers including individuals from the Administration and Congress.

The focus will be on how global business in general and WBCSD in particular handle the new phase of the sustainability journey.

While earlier phases focused on awareness and principles, this new era will need to be about implementation and action.

I am looking forward to seeing you there.

### Organization

The President’s Office in Geneva is being reorganized and Anne-Catherine Werner is back as my Executive Assistant. Philip Reuchlin, earlier with the Regional Network, is my Personal Assistant supporting me with my speaking engagements.

With kind regards,

Björn Stigson  
President