



World Business Council for
Sustainable Development

Executive Member Update

May 2010

Dear Council Member,

QUO VADIS ?

Today there are two interconnected issues evolving simultaneously. The first is a strong, post-COP 15 frustration with the inability of governments to address the climate challenge through some kind of international agreement. The other issue is the recognition of the Green Race in China, the USA and the European Union by countries as well as by companies.

Governments in the traditionally strong OECD countries are today more or less bankrupt in more ways than one. Firstly, they are cash strapped. Secondly, they have lost a substantial part of their citizens' confidence. In one election or referendum after another, sitting governments are defeated and a mix of new political leaders is appearing often without a decisive majority. And, thirdly, they have promised a future that they have no real chance of delivering – the pension and health care systems are only two prime examples. In contrast, it is interesting to observe that some of the leading emerging economies are in quite a different situation with China “leading the pack” in the Green Race towards a resource-efficient future.

What are the consequences of these societal disruptions? In my view, governments today need us, business, at least as much, if not more than we need them. On economic growth, job creation, combating climate change, funding support for developing countries, etc., governments need business involvement. So, let us no longer “beg” governments to listen to our views. If they want our support, let them come to us with proposals, and we will consider these in a constructive spirit.

The Wheel of Fortune Has Turned

As the leading global business voice on sustainable development, we have for the last 15 years been trying to bring business perspectives to governments on how to achieve a sustainable future. I think it is fair to say that we have had mixed success in being heard, especially by developing country governments. Reflecting on this, I have come to the conclusion that “the wheel of fortune has turned”.

In my view, global business is now in the driver's seat. Surveys of consumer attitudes confirm this. However, let's not fall into the trap of hubris – the ancient Greeks taught us a few lessons about this. And modern Greeks also have lessons to share with the rest of the world, most importantly, don't spend money you don't have. This has been a golden rule of business for a very long time. However, governments do not have balance sheets – they run their countries on a cash flow basis with limited differentiating between operating expenses and investments. There is no recognition of “shareholders equity” in government accounting – a dollar spent is a dollar spent – and if there is no cash in the coffers, you borrow against future cash flow of tax income. If we managed our companies in this way, we would also get into trouble.



10 Green Giants That Could Change the World

Recently, I came across a posting on CBS news with this headline (*attached*). The author claimed that the future belongs to established, big global companies that can muster the resources needed to revamp the physical infrastructure of the modern world. I noted with much interest that the No. 1 Green Giant listed is the Communist Party of the People's Republic of China. The rest are familiar corporate names – mostly WBCSD members.

So, what's the message? China is run like a corporation with a long-term business development plan and a differentiation between investments and operating expenses. In my role as an advisor to the State Council (the Cabinet) for the last 10 years, I have experienced this. Our Council Meeting in November in Shanghai will be very timely to connect with the No. 1 Green Giant and some of the other nine.

ExCo Meeting June 2

On June 2, we had the second ExCo meeting of 2010. Key items on the agenda were the Strategy 2020 and the Business Plan 2011-13. They will both be presented for approval to the ExCo Council Meeting in Shanghai November 1-2. However, we have received requests from the membership for further interactions in the preparations of these plans. We are considering how to manage this.

Water

Water is a key priority for business as it is one of the principal ecosystem services that all businesses impact and depend on. WBCSD has been active on water issues for over 12 years, during which we have succeeded in bringing water higher up the business agenda. Today, water initiatives are developing and progressing rapidly. A new initiative is launched this month to address the critical water/energy interface and recognise that we will need to consider the significant water use implications of many lower carbon energy sources. To maintain and enhance our leadership position in this area, the WBCSD is upgrading its water project by restructuring its governance model and hiring a full-time Director who will start on September 1st.

WBCSD New Key Staff

In June we welcome a new Communications Director, Peter Paul van de Wijs, who has come to us from Dow Chemical.

Also in June, the new Director of Administration & Finance, Greg Davies, is joining us from Alcoa, succeeding Eric Derobert who is retiring.

Our colleague in Geneva, Caroline Twigg, will be moving to New Delhi with her husband who is a British diplomat. We will retain her services as head of a new WBCSD representative office located on the premises of the Confederation of Indian Industry (CII).

New Members

We are delighted to welcome Sika Group, SOLVAY and UPS as new members of the WBCSD.

Best regards,

A handwritten signature in black ink, appearing to read 'Bjorn Stigson'.

Bjorn Stigson
President

Encl.