

June 4, 2007

Dinner Speech by Bjorn Stigson, President WBCSD

Ladies and Gentlemen, Friends,

Pleased and honored to be here tonight.

The World Business Council for Sustainable Development began in 1990 in the hold of an old boat in the Norwegian port of Bergen. I am delighted to see that the tradition of waterborne sustainability dialogues continues.

I was asked to be a business “counterpoint” to the majority of government representatives at this meeting.

WBCSD

I am speaking to you as President of the WBCSD, which is a coalition of 200 of the world’s leading corporations and their Executive Managements. Our members represent a value at the stock exchanges of USD 6 trillion and as such our members are a major economic force. Every day, they reach half the world’s population with a good or a service.

Context for SD

SD is at a “tipping point” today with public awareness growing and with increased pressure on governments to take actions. The key drivers for this development are in my view:

- Globalization
- China and India
- Energy & climate
- Water

These issues are interconnected in many ways, not the least because they need a functioning global governance to be resolved.

A key question then becomes: Do we have a global governance that can provide solutions to these SD challenges? Of all the questions/issues I thought that climate change might be topical.

Energy & Climate

Let me try to address this question through the lens of climate change.

Managing the climate challenge will depend on our ability as a global society to “get a few things right”. But today we live in an incoherent world; there are mismatches between parts of society, between governments, and between the nature of the challenge and the nature of the responses.

So, what do we need to succeed?

First, we need a common perception that we have a real problem that must be addressed with some sense of urgency. I think climate change like SD is at “a tipping point”, with a growing sense of urgency that we have a real problem. But I think it would be an exaggeration to say that this is a universally shared.

Second, we need a willingness from governments to actually do something about it. Their willingness will depend on how they judge public opinion in their home countries and to what extent this will impact on their ability to stay in power or be elected. Do governments feel that they really need to solve this problem to stay in power or get elected? My answer is no. Climate change was not a decisive election topic in France and it is so far scoring low in US polls on what the electorate believes the presidential election campaign 2008 should address. But, things continue to change.

Third, we need a feeling that there is an equitable sharing of the costs for solving the problem. In Rio 1992, this was phrased as “a common but differentiated responsibility” in the UN Framework Convention on Climate Change. Is there a feeling that there is an equitable sharing of the costs of climate change? The answer is a definite no.

Fourth, we need realistic options for solutions of the problem. This includes having technologies that can create a more resource-efficient economy like renewables or can eliminate the waste from resource use, such as carbon capture and storage. Do we have realistic options for solving the problem of climate change? We seem to, but more R&D is of course needed.

Fifth, we need the tools to implement the solutions. A key tool is functioning markets that take the price of carbon into consideration. But it also includes regulations of activities in society, efficiency standards for products and processes, taxes and fees that influence the prices of resources. Do we have the tools for solutions? I would say yes. We know what needs to be done and what can be implemented if the political will is there.

Sixth, we need funding of actions like technology development and deployment as well as restructuring of the societal infrastructure. Do we have the funding available? My answer is no. But it could be provided if it was a political priority.

Seventh, we need a willingness of the actors in society to change behavior to a more sustainable lifestyle. A key requirement for this is that actions are “profitable” within the prevailing economic paradigm. A condition for this to be the case is that there are realistic prices for the use of resources as well as costs for pollution, like a price of carbon. Are key actors in society willing to change behavior in a more sustainable direction? In my view: not unless they are forced to. But by creating the right market signals, things can change quickly.

Eighth, we need constructive cooperation between the key parts of society - governments, business and civil society. Do we have a functioning cooperation between governments, business and civil society to address climate change? My experiences from the global intergovernmental processes like the formal climate negotiations in the UNFCCC and the G8 Gleneagles Plan of Action are that we do not. Governments say that the climate problem cannot be solved without business. But when it comes to engaging with business in the intergovernmental settings, business is “a side event”. But I feel a growing willingness from politicians to find new ways to cooperate with business.

So, what does this all boil down to? Will the global society be able to negotiate a global framework for climate change to follow the present Kyoto Protocol when it expires 2012? Right now it is more likely that we will see a patchwork of national and regional regulations. But things change quickly. President Bush’s comments last Thursday could eventually create new momentum.

Different regulations in different countries will complicate optimization of corporate actions across country borders. We want a global framework.

The Role of Business

Business’ role in society is the efficient provision of goods and services that people want and we need to fulfill this in a way that minimizes resource use and pollution. We are doing this because it makes perfect business sense and because it will reduce costs and risks as well as secure our license to operate, innovate and grow in the future.

The private sector is the major source of capital, innovation and technology as well as of the investments that can transform the global energy system. We are making investment decisions that will impact the climate issue for 20, 30, 50 years or more into the future. We would like to do the right thing, but we need clarity on the policy framework within which we do our business.

WBCSD

Let me illustrate the thinking in Business by describing the WBCSD and our work.

Our mission is to

- Provide business leadership as a catalyst for change towards sustainable development
- Support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues

Our work is centered around four Focus Areas:

- Energy & Climate
- Development
- Ecosystems
- The Business Role

We have also projects that go very deep into a particular issue or the whole value chain of an industry sector. Examples are:

- Energy Efficiency in Buildings
- Sustainable Forest Products Industry
- Cement Sustainability Initiative
- Powering a Sustainable Future - Electricity Utilities
- Sustainable Mobility

All of our work is member led and member driven, chaired by member company top executives. This ascertains that views and recommendations are strongly anchored in real business practices.

To Conclude

Today governments are asking me: how far can you in business go on your own to address climate change in your normal course of business via product development, investments, etc? How can we in governments enhance and facilitate the actions by business?

We know that we need to put more resources into giving input to governments on the role of business to address sustainable development.

But then we also know that governments must fulfill their responsibilities of providing the basic framework conditions that encourage society to act in the right directions.

We are now celebrating the 20th anniversary of the publication of the Brundtland Report. I have been told that in the production of this your chairman, Mr Volker Hauff, played a vital role. The report contained a compelling chapter on energy

and climate. It was laying out what governments must do to avoid the worst aspects of climate change and it was arguing that if we begun promptly the necessary actions would cost little.

But, relative to the size of the challenge, little has been accomplished over the past 20 years.

And today we are as WBCSD concerned about the limited progress to create a sustainable world.

We cannot as businesses succeed in societies that fail and we therefore have a strong interest in contributing to healthy and thriving societies that will be good places for doing business.

No part of society can create a sustainable future on its own. We need a partnership between governments and business. We need to work together.

There is a proverb that says:
“If you do not change direction, you will end up where you are going”.

And I am afraid that we are presently heading for unsustainability rather than for a sustainable future.

The transition to a sustainable future will not be an easy one. There will be disruptions. And there will be winners and losers between countries, industry sectors and between companies.

There is today a clear growing realization that SD will be a major driving force for competitiveness and innovation.

The winners will be those that can position themselves to create business value from this change process.

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