



World Business Council for
Sustainable Development

Executive Member Update
January 2009

Dear Council Member,

2009 signals “change” in many areas:

- New political leadership in the US, EU and Japan and elections coming up in India and Germany
- Restructuring of the global financial system
- Rebalancing of the roles of governments versus markets
- Push for low carbon economies to combat climate change
- Efforts to create “green jobs” as sources of new employment
- A shift from G8 to G20 in global governance
- A new relation and potential cooperation between US and China

For this year, we will see a particular focus around some specific sustainable development (SD) issues:

- Climate change will remain a top priority due largely to the COP15 in Copenhagen in December;
- Water will grow in importance because of the connection between water, energy and food supply. Furthermore, the World Water Forum in Istanbul (March 09) will give increased prominence to this issue;
- The financial crisis will remain top of mind for many business leaders and our stakeholders;
- The struggle in many developing regions to alleviate poverty and provide basic services will continue as the economic recession will further slow down progress on the Millennium Development Goals (MDGs).

What about Business and SD?

In the short term, the financial crisis and the economic recession could reduce the SD efforts. But, the move toward a resource and carbon constrained world with a growing and increasingly urbanized population is inevitable. This will trigger many SD issues and will drive innovations, investments and business strategies. However, the change process will not be easy and there will be winners and losers between countries, sectors and companies.

A recent BCG Survey, “*Capturing the green advantage of consumer companies*” is finding the appeal of green products growing despite recession. This is particular true for products related to health and safety like food, skin care and children’s toys. 75% of the respondents to the survey state that they want information from companies on environmental impacts of products. They also indicate a willingness to pay a premium for green products, but, not more than 5-10% before demand will start to slip.

WBCSD and the SD landscape

WBCSD continues to be the leading business voice on SD. However, we can see more actors wanting to play a role, in particular, on climate change, as the importance of this topic grows.



We are increasingly being asked to take on advisory roles to different government initiatives like:

- Co-chair of a Task Force “Toward a low carbon economy in China”
- Member of a new committee requested by the US Congress and organized by the National Academy of Sciences called, “America’s Climate Choices”. I am the only non-US member of this 22 person committee. Chad Holliday is representing the US business community.
- Chair, appointed by the German government, of a peer review of the new German plan for SD approved in October
- Member of the IEA Executive Director’s Industry Advisory Group.

These appointments are good indicators of the recognition of the role WBCSD is playing as a focal point for business input into the SD debate and different initiatives.

Climate change

The COP14 in Poznan did not, as expected, advance the climate negotiations substantially. However, it reaffirmed the commitment to the Bali Action Plan and to the objective of reaching an agreement in December in Copenhagen. My judgment is that this will be more a conceptual agreement with specifics to be negotiated in 2010, as was the case in Kyoto in 1997.

We need to provide our input into the UN climate negotiation process during the next few months to influence the concepts for emission reductions that governments will consider.

A submission will be discussed by the ExCo at its meeting on February 2nd.

However, it is becoming increasingly clear that some issues, in particular technology development, do not fit well into the UNFCCC climate negotiations. The step up of climate related R&D like Carbon Capture & Storage will require a public-private partnership which would be best handled outside the UNFCCC process.

We are reviewing how to structure the WBCSD Copenhagen Roadmap for the next phase of our work up to mid of this year.

The world’s energy system will require massive investments in new generation capacity, transmission lines, smart solutions for energy efficiency, low carbon energy sources. The investment volume in the energy sector alone is expected to exceed 1 trillion USD/year up to 2050. This must represent a massive opportunity not only for energy companies, but also for other parts of business like the ICT (Information, Communication and Telecom) industry, the construction building materials and equipment industry, as buildings represent 40% of global energy consumption and the transport sector as the world looks for low carbon alternatives to the traditional land, air and sea transport systems.

Water

Water, Energy & Climate Change are inextricably linked. They are pieces of the same puzzle. The water working group is launching a new report discussing these linkages: “*Water, Energy & Climate Change – a contribution from the business community*”. Finding now solutions for water supply in a world of water scarcity is another major business opportunity.



Middle East

The involvement in the WBCSD by the business community in the Middle East has been weak up to now. We are actively working to change this, given the importance of this region for global stability and future energy supply. I have spent a week now in January in the region speaking at the World Future Energy Summit in Abu Dhabi and the Global Competitiveness Forum in Riyadh.

On January 22nd, we also launched a new UAE BCSD in cooperation with the Sharjah Chamber of Commerce and Industry. We are experiencing positive interest for SD and involvement in the WBCSD, both from governments and companies.

The Water, Energy & Climate Change linkage is strongly recognized in the region.

New members

We are delighted to welcome Deutsche Post World Net, DONG Energy, and Ernst & Young as new members.

Council Meeting 2009, Washington

Please note the date for this year's Council Meeting in your calendar. It is October 14th with the Council Dinner the night before.

I think this meeting will take place in a very appropriate location and point in time to take stock of how the new US Administration has been able to advance its agenda on many SD topics like Energy, Environment and Climate Change.

I am looking forward to meet you there,

With kind regards,

Björn Stigson
President