

SESSION SUMMARY

■ **NEW SOURCES OF GROWTH: GREEN YOUR LIFE**

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Tuesday 24 May 2011

◆ **Keynote speech**

Moderator: **Simon Upton**, Director, Environment, OECD

Keynote: **Han Seung-soo**, Former Prime Minister, Korea; Chair of the Board of Directors, Global Green Growth Institute (GGGI)

Han Seung-soo raised the question “What constitutes a better life”, in a session that would produce strongly divided views on the possibility -- and even the wisdom -- of trying to raise global living standards to levels comparable with those enjoyed in countries like the United States. In the wake of industrialization, OECD countries flourished, but as every action has its consequences, one must now face the reality of environmental degradation, climate change, increased population, and wealth inequality, he said. “The world desperately needs a new growth paradigm that can promote economic development to better meet the needs of the impoverished while at the same time taking good care of climatic and environmental concerns” – in other words, green growth, Han Seung-soo said.

Green growth implies a conceptual shift. Climate change and energy issues should not be seen as challenges, but rather as opportunities. Han Seung-soo used Korea as an example of a country that has decided to guide its economic path away from a fossil fuel quantitative economy to a qualitative one with an emphasis on clean energy and technology. Doing so means applying concrete policies that internalise “climate change as a variable to the economic equation”.

In 2009 Korea adopted a Five-Year Green Growth Plan, committing 2% of GDP to green growth projects and aimed at achieving a low-carbon society. Coming from a country where poverty was once endemic, Mr. Han said that green growth could reconcile developed and developing countries. But it would be a move away from labour-intensive quantity toward quality-oriented growth. OECD countries, he noted, may now be in the midst of another revolution.

◆ Panel 1: Lessons from Successful Green Growth Reform

Panelists: **Tim Groser**, Minister of Trade, New Zealand
James P. Leape, Director-General, WWF International
Chandran Nair, Founder and CEO, Global Institute For Tomorrow (GIFT)

Discussant: **Thomas Koenen**, Managing Director, Department of Climate and Sustainable Development, Bundesverband der Deutschen Industrie (BDI), Germany

Keynote: **Jeremy Rifkin**, Founder and President, Foundation on Economic Trends, United States

Simon Upton opened the panel with a short introduction of the OECD's new report, *Towards Green Growth*, the result of a two-year effort to determine the best ways in which to "green" the economy. Mr. Upton hastened to correct certain ideas about "green growth". First, it was not just about climate or the carbon cycle. Second, economies must take into account the role of "natural assets" which underpin all economies, but which are absent from traditional economic calculations. Third, the value and scarcity of these assets need to be reflected in prices and innovation has to be encouraged, and fourth, finance and economy ministers must be involved and progress towards green growth be measured.

The floor was then given to **Tim Groser**, New Zealand's Minister of Trade, who emphasised that in the context of international co-operation, it was important not to get bogged down in "top-down" or "bottom-up approaches". Mr. Groser brought up carbon emissions from agricultural production, a critical issue in his country. "If you think of the emissions that come out of every car on the planet, every truck, every plane, every boat...the emissions from agriculture are about the same". With population growth predicted to rise dramatically, we will have to grow more food while keeping emissions at bay, he said. Through the Global Research Alliance on Agricultural Emissions, which he described as "green growth on steroids", Mr. Groser noted that international co-operation was "going astonishingly well" and that there was a "real potential for growth" in agricultural reform. His second point was the international co-operation focused on "the low-hanging fruit" of reforms to fossil fuel subsidies. But putting a price on carbon before removing incentives to use carbon resulted in policy incoherence. Nevertheless, he believed that discussions were moving in the right direction.

The second panelist, **James Leape**, Director-General of WWF International, said it was vital to recognize the urgency of the situation -- "we are currently using the planet's resources at a rate 50% faster than they can be replenished so we have already vastly exceeded the capacity of earth to support us." Over the next 30 to 40 years, he said, the world would have to shift to renewable energy. This was possible, but only with action from finance ministers and heads of state. Mr. Leape cited Lafarge, the world's largest cement producer, as an example of a company working actively to reduce its emissions, and the Consumer Goods Forum, a group of major companies committed to achieving zero net deforestation by 2020. Such achievements can help boost the political will of finance ministers to move towards greener policies, he said.

Chandran Nair, CEO of the Global Institute for Tomorrow, professed his hatred of the term "green", which he said trivialized a very serious situation. The world was "in massive denial" he argued, if it believed that five billion Asians could live like Americans in future. If it succumbed to this illusion and followed such a path, it would only widen the chasm in Asian societies. Believing that business would promote sustainability was equally misguided, since "at the centre of the notion of sustainability is the idea of 'less'. Companies don't do less. They do more." There is no alternative but to accept that there are limits and constraints on what we can do. Countries such as India and China need strong government because they need rules. The view that all countries could attain to an American lifestyle was "a pipe dream". A better life may indeed be possible, but not in its present form. In short, we must change the way we live.

The discussant **Thomas Koenen** also qualified the notion of “green”. One must be wary of dividing up industry into different sectors to qualify what is green, he said. He gave as an example an offshore windmill, which requires 350 tonnes of steel – a traditional existing industry – to build.

◆ **Panel 2: Stimulating Change in Business Practice and Consumer Behaviour**

Panelists: **Simon Brooks**, Vice President, European Investment Bank (EIB)
Marie-Louise Knuppert, Confederal Secretary, Danish Confederation of Trade Unions (LO-DK)
Björn Stigson, President, World Business Council for Sustainable Development (WBCSD)

The panel opened with an inspiring and visionary speech by keynote speaker, **Jeremy Rifkin**, Founder and President of the Foundation on Economic trends. First, he pointed out that we had reached the peak of globalisation with the current growth pattern; we were in an “endgame scenario” and were in need of a new economic vision.

Second, he noted that historically, every revolution in the energy regime was matched by a revolution in communication. He gave as an example how steam was harnessed to run printing presses. A third industrial revolution would be founded on the alignment of the energy and information systems, he said.

Referring to the lateral and distributive nature of the Internet, he said we could see a similar pattern with renewable energy such as solar or wind power. “We have got enough renewable distributed energy till kingdom come. How do we harness it?” he asked. He envisioned a new energy model, citing that endorsed by the EU parliament in 2007, characterised by five pillars. First, more renewable energy, mandated to provide 20% of energy in the EU by 2020. Second, there are 191 million buildings in Europe, all of which could potentially be converted into green mini-power plants. Third, energy storage -- the EU has invested eight billion euros in hydrogen storage. Fourth, using the power grid like the Internet to share energy, and fifth, electric vehicles. These pillars, he said, are the “living central nervous system for a completely new economic paradigm”.

Simon Brooks, Vice-President of the EIB (the world’s biggest lender for renewable energies) pointed out the need for sustained, coherent government policies to realise these goals. Reliance on price signals was not enough. Mr. Brooks stressed the importance of focusing on what works, and what works, he said, is a system of regulation and price incentives that allows these projects to make a profit. He said that we should not be seduced by the idea that people will simply adopt new sources and patterns of growth because they think it is the right thing to do; they must be persuaded of the benefit. “The key thing is, if you want to make it happen fast, you have to make it worthwhile for the people you are expecting to undertake it.”

Björn Stigson, President of the World Business Council for Sustainable Development, shared Mr. Brooks’ view that price-based policies are not sufficient to move towards sustainable growth. Although consumers demonstrate a desire to “do the right thing”, they are often confused by the flood of information. Companies could help by clarifying this information so that consumers could make better choices. “We can’t create a sustainable world on our own.... We need new types of partnership, between civil society and business community,” he said.

He presented a striking figure: on average, the length which a share in a company is held is only four months. Companies justifiably ask themselves “Who am I really working for? ... Who am I really accountable to?” If this could be redressed, and companies focused more on long-term investment, sustainable development would be more likely. Some firms, such as Unilever, have already stopped issuing quarterly reports, he noted.

Marie-Louise Knuppert, Confederal Secretary at the Danish Confederation of Trade Unions, felt that the direct involvement of workers was the most effective way to shepherd business practice down a greener route. She gave as an example a worker in a Danish company, who wondered why the pizza oven should be turned on at 7:00 am although no pizzas were served until noon. That casual remark saved the company four hours of energy use on one stove.

Bringing the session to a close, Mr. Upton asked the panellists what they felt was the greatest barrier to this revolution in communication and energy. Mr. Rifkin, who saw this parallel as a model for future energy use was, in spite of his enthusiasm, far from certain that such a model would be achieved. Too much policy, he said, was a “laundry list” of projects. The weakness lay in the “lack of narrative”. He said that one must reach out to young people. Ms. Knuppert agreed. The political changes in Egypt and Tunisia showed what could happen when one “took the ball and ran with it.”

Mr. Rifkin ended by saying “We need to communicate that this is the way forward, a more responsible and sustainable growth is needed to heal the planet for future generations.” And we must do so, he said “because we have no plan B.”

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