

# THE UNIVERSITY OF NEW SOUTH WALES



## Jack Beale Lecture on the Global Environment

### **Sustainable Consumption: What role for consumers? What role for producers?**

Ladies and gentlemen,

The timing and significance of this lecture is important. It is the International Year of Freshwater and the Honourable Jack Beale, Australia's first environment minister, after who this series is named, was at the centre of water research and policy in Australia in the 1970s. He commissioned the studies which collected resource data for 32 major river catchments in New South Wales.

Jack Beale showed us that today's research becomes tomorrow's practice and I am very pleased to be delivering this address at such an established and respected centre for research and teaching as the University of New South Wales.

Jack Beale attended the Water for Peace Conference in Washington in 1967, and the Stockholm Conference on the Human Environment, which was the birth of the United Nations Environment Programme almost exactly 31 years ago.

UNEP is headquartered in Nairobi, Kenya and there is no better place for an environment agency as the problems of environment are integrally linked to those of development.

Last year, world leaders met in Johannesburg for the World Summit on Sustainable Development. The purpose of the meeting was to review progress towards, and reaffirm global commitment to, the goals contained in Agenda 21—the blueprint for sustainable development agreed at the Earth Summit, in Rio de Janeiro in 1992.

In regard to water they committed to having integrated water resource management and water efficiency in place by 2005.

Among the most pressing issues identified at both summits is sustainable consumption. According to Agenda 21 the major cause of the deterioration of the global environment is unsustainable consumption and production, particularly in the industrialised countries.

Linked to the problem of consumption patterns in the developed world are the issues of inequality and poverty. Almost 1.3 billion people worldwide live on less than a dollar a day. The poorest 40 per cent of the world's people account for only 11 per cent of world consumption. The top 15 per cent, on the other hand, account for 56 per cent of consumption.

This is a recipe for disaster. The consequences of not dealing with this glaring inequality between rich and poor were spelled out earlier this year in an article for the UNEP magazine *Our Planet* by the United States Secretary of State, Colin Powell. Sustainable development, he said, is “a security imperative”. Poverty, environmental degradation and the despair that they breed are “destroyers of people, of societies, of nations.” They provide the ingredients for the destabilisation of countries, even entire regions.

As Prime Minister Tony Blair of Great Britain said in a speech in February this year “there will be no lasting peace whilst there is appalling injustice and poverty. There will be no genuine security if the planet is ravaged by climate change.”

Ladies and gentlemen,

Poverty is one of the most toxic elements in the environment.

We must be aware that only a fraction of the Foreign Direct Investment around the world, reaches the poorest countries, particularly those in Africa, and the promises made at the Rio Earth summit of increased Overseas Development Assistance have not materialised. Trade barriers prevent access to markets for many products from developing countries.

The poor of the world deserve the same aspirations of long life and prosperity enjoyed by the majority of people in the developed countries. The conundrum of sustainable development is how to provide them with what they need and what they want without exhausting the Earth’s resources. According to the Ecological Footprint Sustainability Measure, an independent measure based on UN statistics, if everybody on Earth were to live like an average person in a high-income country such as Australia, we would need an additional 2.6 planets to support us all.

When you consider that the world’s population has doubled to over 6 billion in the last half-century, and is currently growing by over 77 million a year, and that in the same period gross world product has expanded seven-fold, it is obvious that radical solutions need to be found—quickly—if we are not going to consume our planet’s resources and condemn even more people to lives of poverty and misery.

This issue is, of course, especially pressing here in the Asia-Pacific region. Two thirds of current population growth is in this region. Already there are more middle-income earners—earning over US \$7,000—in Asia and the Pacific than in Europe and North America combined. Yet, this relative prosperity—and consumer power—is enjoyed by only 26 per cent of the region’s population.

If car ownership in China, India and Indonesia reached the global average, 200 million vehicles would be added to the global fleet, twice the number of all cars in the USA today.

China’s economic policy is to quadruple its current GNP but they are very aware that they cannot achieve this using the model of consumption and production patterns found in developed countries.

It is not surprising then that Chinese Environment Minister Xie led the discussions at UNEP’s Governing Council in February, asking UNEP to play an active role in developing the 10-year framework for sustainable consumption and production called for at WSSD.

With us tonight are two professors from Tongji University in Shanghai with whom UNEP is working to create a new Institute for Environment and Sustainable Development, which we hope will provide leading teaching and research, linked with the best universities in Australia, like the UNSW, and around the world.

What, we must ask, will be the environmental cost of these people of the developing world achieving their legitimate aspirations? Indeed, the environmental cost could be so great as to create a bottleneck and make these aspirations unachievable.

Obviously, a solution needs to be found. The solution lies in the twin concepts of sustainable consumption and production.

The Plan of Implementation of the World Summit on Sustainable Development calls for “a 10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production patterns that will promote social and economic development within the carrying capacity of ecosystems.”

It calls for all countries to promote sustainable consumption and production patterns, with the developed countries taking the lead and with all countries benefiting from the process, taking into account the Rio principles, including that of common but differentiated responsibilities.

It says we must delink economic growth and environmental degradation.

To achieve this we need to utilise the tools of life-cycle analysis and national science-based indicators; adopt the polluter-pays principle; and develop awareness raising programmes particularly among youth.

It is significant that this lecture – the 3<sup>rd</sup> Jack Beale lecture – is being delivered as part of the Eco-Innovate 03 Forum, being attended by 120 young people, not just from Australia but around Asia and the Pacific, in a programme partnership involving Bayer, UNEP and UNSW.

In relation to sustainable consumption the WSSD Plan of Implementation also identifies the need for education, public and consumer information, advertising and other media, taking into account local, national and regional cultural values; adoption of effective, transparent, verifiable, non-misleading and non-discriminatory consumer information tools, that should not be used as disguised trade barriers; increased eco-efficiency, with capacity building, technology transfer and exchange of technology with developing countries and economies in transition; and establishment of appropriate regulatory, financial and legal frameworks.

It encourages measures such as corporate environmental and social responsibility and accountability, through initiatives such as ISO standards and the Global Reporting Initiative; public procurement to stimulate markets; and the internalisation of environmental costs and use of economic instruments.

It called for the development and dissemination of alternative energy technologies, with a greater share of the energy mix to renewables, improved efficiencies and cleaner fossil fuel technologies such as cleaner coal; better vehicle technologies and public transportation systems.

This is linked to climate change, which is not a prognosis for the future, but a reality now. We also have to be aware that in Africa people cannot wait for grid-based energy, they need appropriate technology now and this is a gender issue as women shoulder the burdens of work.

And we need to minimise waste and maximise re-use, recycling and environmentally friendly alternatives; put the highest priority on waste prevention; and soundly manage chemicals throughout their life-cycle.

The United Nations Environment Programme is working, in partnership with governments, other UN agencies, and private sector and civil society organisations, to establish this framework and ensure its success. This year, meetings in Latin America and the Asia-Pacific Region—in Yogyakarta, Indonesia—and a global meeting in Marrakech, Morocco, showed that governments all over the world are willing to implement sustainable consumption policies.

This a tremendously encouraging finding, for, as I shall explain, when we ask what role consumers and producers have to play in sustainable consumption, the role of government is key. The environment in which consumers make their choices—how their choices are influenced—will determine to large extent whether sustainable consumption can become a widespread reality.

Ladies and gentlemen

It is not enough just to address the production side, we must ask how to handle the consumer.

The consumer is king. How can we influence the king?

We have to identify the underlying driving forces of consumption—why people consume, what they consume, what their needs are—and use that knowledge to raise awareness throughout society, inspire governments to design incentives and infrastructure for sustainable consumption, and encourage businesses to design and offer better products.

Instead of preaching the environmental message, we can market it.

We need to understand and tap into psychology of “keeping up with the Joneses” but subvert it for beneficial environmental outcomes.

Surveys show that the potential, and the will, for sustainable consumption is there. Civil society, in particular, is already very active. Consumers worldwide—in developed, developing and transition countries—are increasingly interested in the ‘world behind the product’—how is it produced, where, and by whom.

Eco-labelling is very important and you have the work of the Australian Environmental Labelling Association and the Lifecycle Association. This is a vital topic – labelling must be transparent and non-discriminatory – and it something that is needed at a regional not just national level.

Ladies and gentlemen,

How can we influence choices? What is important in consumer decision making?

The answer lies in three concepts: price, quality and image.

These are three key points for action—in that order!

First: price. Sustainable alternatives should not be more expensive than polluting ones. In fact, they should be cheaper. Making sure that the market is giving the right signal is something that only governments and international governmental organisations can do. This includes modernising tax systems so that they reflect today's concerns, doing away with subsidies that promote unsustainable behaviour, and removing the obstacles for developing countries to enter export markets.

Clearly, only firm leadership from governments can achieve this. If the prices are right, the market—consumers and producers—will follow. If we want people—whether in the developed or developing world—to use solar water heating, or cleaner fuels, we have to make them not only affordable but competitive with conventional alternatives.

Importantly, price signals still leave consumers with the option to ignore them for specific goods. Working through pricing prevents governments from interfering too much in individual choices. The individual should not feel the pressure of a moralistic government commenting on all his or her choices.

Second: quality. For this we need business. Sustainable products should not be inferior. They should be high-quality products that fulfil consumers' needs and wishes, but not at the expense of the environment and other people: fuel-efficient cars, ozone-friendly fridges, sustainably harvested timber, and so-on.

Sustainable products should also not be difficult to find. For that we need the retailers. They have to be encouraged to promote sustainable products better. Marketing is part of quality.

UNEP is working with business in both these areas, through its 'Shopping for a Better World' project, and by promoting research and training in eco-design throughout the world.

Lastly: image: This is something that governments, business and civil society can all work on. Sustainable—or 'cleaner'—products are often sold using the environmental message. Preaching, triggering guilt, and placing the moral burden on the shoulder of the consumer can be effective. An example is the anti-fur campaign of the 1980s—though interestingly there seems to be a recent backlash and wearing fur seems to once again be 'cool'.

In the marketplace sustainable products have to compete with 'cool' products. Products that consumers immediately identify with, because they are linked to other factors: joy, fun, quality of life. Business, small and medium sized 'cleaner' producers, and also governments, should perhaps learn something from advertising world. We need to make sure that 'sustainable' is 'cool'.

One final point on image: as I already mentioned, behaviour is also influenced by the examples that governments themselves set. Do not underestimate consumers. We live in an increasingly transparent world. If consumers are asked to become more environment-friendly, and at the same time they see that their own government is only focusing on growth, new airports, savings in government spending, then the message will not be taken seriously. Of course governments must focus on growth and infrastructure, but at the same time they must do it differently, more efficiently, by taking care of the environmental and the social consequences of their development decisions.

Ladies and gentlemen,

These three key points—price, quality and image—lead us to a ‘to do’ list for governments, business and civil society.

This process is now gaining momentum across the globe in response to the 10-Year framework programme on sustainable consumption and production called for in the Plan of Implementation of the World Summit on Sustainable Development.

The list includes implementing green procurement policies, creating financial incentives for sustainable consumption, raising awareness, promoting better products, services and infrastructure, and supplying information tools, based upon solid scientific knowledge of a product’s life-cycle.

I am happy to say that, in a survey we conducted with Consumers International prior to the World Summit on Sustainable Development, Australia stands out as one of the countries with the most advanced implementation of sustainable consumption policies.

Numerous programmes have been established, such as household recycling programmes—the vast majority of urban areas in Australia are now covered by household recycling schemes—the Green Games Initiative, an energy consumption labelling scheme, a tax on leaded petrol, subsidies for the installation of solar hot water heaters, consumer education programmes, such as the booklet ‘Shop Smart: Buy Green’, and legislation on ozone-depleting substances.

These policies serve as excellent examples of what can be achieved given political will.

In Australia you also have people like Ian Kiernan, a winner of the UNEP Sasakawa Prize, who always amazes me with his amazing energy and ambition, and who has taken Clean Up Australia into a hugely successful Clean Up the World Campaign.

And people like Australia’s first Environment Minister Jack Beale who demonstrated the effectiveness of both science and policy.

The world needs sustainable growth. For that it needs sustainable consumption.

This is not a trivial issue. As I mentioned at the start of my address, sustainable development is imperative for global security.

We therefore need a sense of urgency if we are to achieve a peaceful, equitable future. Sustainable consumption is an essential ingredient in closing the gap between the rich and the poor. It is, if you like, an issue of consumer protection.

It means protecting consumers—the citizens of the world—against environmental and social disaster.

Creating what Kofi Annan has termed ‘responsible prosperity.’

I sincerely hope that we see progress in the years to come. We have the information and the means at our disposal. Now it is a matter of making real choices.

Thank you.

Tuesday July 15, 2003.