
International Business Green Economies Dialogues

Business Engagement in the Rio+20 Process

Keidanren Kaikan, Tokyo, 4 April 2012

Meeting Highlights

Keidanren hosted the Tokyo Green Dialogue on April 4. Over 80 delegates participated from governments, business and academia. This included 20 participants from foreign embassies in Japan, the majority from African nations who had a great interest in the topic, as well as from Brazil, China, Poland, USA and others.

The meeting emphasized pro-active business initiatives in the Rio+20 process as well as the role of Japan, in particular Japanese business, in contributing to sustainable development. There was a strong focus on technology, especially the need for innovation and global deployment, areas of leadership for Japan. Besides the role of technology in limiting environmental impacts, participants stressed the opportunity and need, based on recent experience, to enhance society's ability to prepare for and respond to natural disasters.

SETTING THE SCENE

- A view from Keidanren: Japanese business is committed to work towards a low-carbon society, among others through its voluntary action plan on the environment. Voluntary measures aimed at enhanced energy efficiency and efforts to reduce and eliminate waste based on the 3R's (reduce, reuse and recycle) play an important role. Achieving results requires innovation and effort to diffuse technologies broadly, especially to developing countries.
- A view from the Government of Japan: Japan's efforts to build a sustainable society are to a large extent based on innovative technology, policies to promote bilateral agreements on carbon offsets, and the opportunity and need to apply new thinking to promote greener urbanization. Partnerships between developed and developing countries will be essential to enhance more widespread adoption of greener approaches.

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- A view from Brazil's Ambassador to Japan: Since the 1992 Rio Conference, major changes have taken place: the growing significance of emerging nations in global affairs, the importance of their domestic markets, and the broader role that business must play in responding to challenges of sustainable development. While the international community reaffirms its commitment to sustainable development, poverty reduction remains a key priority in developing countries. The Rio+20 conference should establish concrete goals for sustainable development, especially concerning social dimensions and poverty eradication.

TOWARDS A LOW-CARBON SOCIETY

- The session highlighted trends and projections for human activities, such as demographics, economic growth and energy use, and their impacts on the environment as well as important changes and risks for land use, water availability, biodiversity and climate, among others. Business plays a key role in developing advanced technologies to minimize future emissions of carbon dioxide and other greenhouse gases.
- A number of challenges need to be addressed to stabilize greenhouse gas concentrations. Vast changes would be required in global energy systems, land use, technology and public policy. In this regard, innovative technologies play an important role to reduce societal costs. It was underlined that transformation could take a century or longer and that efforts after 2050 would be even greater than those before 2050. The required technology change is not likely to occur without significant forcing from public policy.
- Efforts to stabilize greenhouse gases will require massive investments in currently non-commercial technologies. Public policy will be essential to create enabling frameworks required for deployment. These include establishing essential legislation, regulations and permitting processes. Public-private partnerships will help to identify and overcome barriers.
- Businesses already play a major role in designing and deploying more efficient products, processes and systems, and investing in research and development to deliver more advanced systems of the future.
- Besides efforts to mitigate emissions, adaptation can aid in reducing future risks. Efforts that enhance resilience to future change can provide important benefits today by reducing damages from existing natural catastrophes such as storms and droughts.

GREEN GROWTH IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

- Fostering innovation, technology development and diffusion, efficient use of available resources as well as disaster risk reduction are key priorities for Japan to contribute to sustainable development. An overall enabling policy framework should foster innovation

and business opportunities in the areas of energy and resource efficiency to contribute to sustainable development and greener growth.

- However, green investments will not automatically lead to economic growth. Due consideration should therefore be given to economic efficiency of investments and the costs of different technologies, bearing in mind that some low-carbon technologies are still very costly. In light of this and in view of the slow pace of change in the energy system, increased attention should also be given to the consumption side. Barriers to economically efficient energy use need to be addressed, including market failures, institutional barriers as well as behavioral challenges and poor information.
- While energy efficiency is important, green growth requires resource efficiency and action in a wide range of areas to counter declining resource availability. Resource efficiency needs to be approached with a life-cycle mindset that includes the usage phase all the way to disposal. Supply chains need to be actively involved.
- Due attention must be given to providing analysis and evidence, skills capacity and an overall enabling policy framework as well as fostering collaboration and dialogue. Involving and educating the consumer is a key issue for resource efficiency as consumer insights drive product innovation. Behavioral change and broad-based public acceptance of green growth objectives are equally important.
- While it was widely recognized that innovation is a “must” for greening our economies, equal attention needs to be given to the diffusion of technology and know-how. The private sector is the main vehicle for this, through its day-to-day business activities of technology development, foreign direct investment and technology sales, underlining the importance of open markets and a pro-investment policy framework. At the same time, voluntary collaborative initiatives, such as WIPO Green, can play an important complimentary role by enhancing the spread of knowledge to developing countries and help connect critical partners. Technology diffusion is important not only for emerging and developing economies, but also small and medium-sized enterprises (SMEs).
- While the overall challenges are multi-dimensional and long-term, immediate and broad-based action is needed. Business is an important provider of solutions, but companies need to rethink the system in which they operate (accounting/reporting framework, regulatory, policy responses, etc.). The focus now needs to be on concrete action, sharing of best practice, pro-active bottom-up approaches and partnerships as well as dialogue and win-win opportunities for both developed and developing countries.

IMPLICATIONS FOR RIO+20

- The private sector can provide concrete solutions and is able to share practical examples with government on green growth challenges and opportunities. Low-carbon solutions and especially energy featured strongly in the discussions, but it is also clear that there are challenges in other sectors and fields, as well as local needs. The often under discussed role of consumers and the need to provide fact-based information and education should be underlined.

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- The OECD analysis of innovation and green growth shows that no single policy will in itself succeed. Unleashing innovation and entrepreneurship will require a holistic and comprehensive governmental approach and the provision of an overarching policy framework for Rio and beyond, considering sectors as well as technical and non-technical areas. Public investment into research should be technology-neutral.
 - Open markets and investment and trade will drive IPR and technology transfer as well as support open innovative collaborative approaches. Collaborative and solution-oriented PPPs should be promoted, as well as life cycle approaches from business and integrated policy thinking from government (e.g. water, energy). Technology transfer and developments should be addressed moving from the conceptual level to more manageable, workable agendas, such as sector-based bottom-up approaches.
 - It should also be considered whether the structure of the discussions at Rio+20 are the right way forward in terms of facilitating stakeholder input. Business not only needs to help define potential technological opportunities for a greener economy but also to help lead the way. Measuring, reflecting and communicating on the benefits and costs related to green growth will also be key. Furthermore, technological innovation, whilst important, is not the whole answer for greener growth, which needs to bring society and supply/value chains along.
 - Time is not only limited before Rio, but also from the standpoint of environmental and social challenges. We therefore need flexible solutions which are able to adjust with the future. There is no simple solution to the very complicated issue of green growth. Economic development, energy issues as well as human lifestyle and living conditions need to be addressed. The mission of business towards Rio is not to solve each and every issue under discussion, but to make the global economy greener through near-term efforts and long-term innovation. For Rio itself, expectations as to what can be achieved must be realistic, whilst the economic perspective must not be lost. We need progress, not perfection at Rio, and focus on taking pro-active concrete actions now.