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Transcript Q&A

Rio+20: Green Growth or Greenwash?

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Richard Black:

Now there should be a roving microphone somewhere, OK. So we are on the record, unusually for a Chatham House, but we are today, not Chatham House rules. If you would like to make a point or a comment please just put your hand up in the old fashioned way and the microphone will come round to you and I will ask you to identify yourself before you speak and if you want to address your comment or question to any one person then please do, if not I will ask the panellists to pick up.

So, who has got a point they would like to make or a question they would like to ask? Well, let me start, in that case. I wanted to come onto something you mentioned, John. You were saying that this new world order, or perhaps order is the wrong word, perhaps disorder is sort of emerging. And you say that it has the potential to do quite a lot of good but we should worry. Can you just amplify that for us a little bit? Why should we be worried by it?

John Elkington:

Well I think you think back to this country's industrial revolution, a series of entrepreneurs did some extraordinary things and amassed a good deal of wealth and influence in the process. We saw the same thing in the new economy period. That's not primarily my concern, but I think that when the private sector does things in its own interest, even its long-term interest, there needs to be democratic governance and to some degree control of all of that.

If we are increasingly operating in a globalised economic landscape, and the institutions of global governance are in a process of disarray and to some degree unravelling, then I think we have a systemic problem. And nature abhors vacuums, we all know, and therefore we'll see things populating that sort of vacuum space.

To be frank, and I know this is on the record, but if China ends up running the world or a consortium of different countries at that stage in their evolution, I worry. Because it took 100 years to have the United States pulped in a number of quite major engagements around the world, to the point where it got to Bretton Woods and so on. Does China have to go through the same sort of sequence?

Richard Black:

I think what some people would be worried about, more than for example China running the world, would be a situation in which companies appear to

be setting the rules. Companies say, 'Well we're willing to do X, but we're not willing to do Y,' and so they kind of agree on what they're prepared to do. And actually loads of people don't have a look... James, is that the vision that we're moving towards?

James Cameron:

Well, I'm very much with John about the moment we're in. I think there are some other aspects of it that are some classic Chatham House conversations to have. The first is that, and I promise I will get to the corporate bit. But the first one, the government level, what you saw in Rio and you will see in all multilateral negotiations for some time to come, is an assertion of power newly felt by the emerging economies.

And that comes out in a positive and negative way. So the negative way is, look, you have been lauding over us for a long time. You built these institutions without asking us. We will be either uncooperative. We won't play your game anymore, or we're going to start to redefine the rules around what our interests are. And by the way, we're not interested in writing a treaty down like a contract because you used to do things that way.

I'm making this crude for effect, but that is definitely happening. There's been a flexing of muscles, an assertion of both difference and reluctance to accept modes of negotiating, types of negotiating. That's all going on. But it's going on in a slightly immature way, because it hasn't been practised for very long. And it's coming from many of the larger developing countries, including the host, very visibly in Brazil.

The next thing is that there's no alternative model yet that isn't based around China. China doesn't really know yet what kind of international institutions it wants. It knows it wants to be a big player in it, but it's much more interested in its domestic harmony. It hasn't developed a worldview about how institutions should look differently from those that were created after the Second World War.

And the creators of those institutions have withdrawn. The United States has withdrawn. And we have lost authority. In these negotiating processes, you know this from broadcasting, you're looking for authoritative voice. But we've lost authoritative voice in multilateral negotiations.

Richard Black:

And that's partly because the Western countries have not actually taken the strides that they could have done 20 years ago when they were in the lead.

John Elkington:

Yes, and exhausted the problems in the first place.

James Cameron:

Absolutely. We've lost credibility on that front and also we're broke. We are deeply, deeply indebted. And a lot of our debt is owned by China and Brazil. And we have sovereign wealth funds from those places that built up their wealth through resources. We're having a conversation about resources and using them more efficiently.

So that explains an awful lot of what is not working in the multilateral system. It's going to take a long time to work through. We are going to have to have alternative models.

In the meantime, global corporations have acquired an enormous amount of power. And that power is often put to good use in problem-solving as a great managerial class. But those structures are not designed to deliver the public good. And you can't expect them, for all our corporate responsibility talk, you cannot expect a joint stock, limited liability company of the modern day to deliver you public goods.

So we are now in a phase where we're trying partnerships. We want the managerial skills. We want the technology. We want the finance of the private sector. And we want public goods delivered. But the early stages, they're slightly weak. Joint ventures aren't as strong as they could be, etc. But some of them are pretty good, like you mentioned what's happening with the World Business Council. Well that particular person, Peter Bakker, did an amazing job [inaudible] to create the World Food Programme, which is a joint enterprise.

Now, I think we've got to the stage now where that's not good enough. And we need to create public goods enterprises that are specifically designed to deliver public goods. It needs some work.

Richard Black:

I wonder, Sean, whether you've got any input into that, because you work with a lot of companies that, as James was suggesting, would often have an interest in going some of the way but not the rest of the way. What can be changed in order to entice companies, corporations to deliver these sort of public goods?

Sean Lockie:

Well I mean, they've all got shareholders. And every so often, there's a sustainability gaff which has a big impact on brand. Whether it's palm oil or whether it's not having FSC certified timber and new construction processes.

Richard Black:

On the social side as well, sweat shops and so on.

Sean Lockie:

Social side, absolutely. We can think of a couple of brands that had those sort of impacts. So that then opens up an impact area and then there's a hit on the brand and its valuation and so on. In many cases, there's a response to that. But it has damaged.

Richard Black:

But isn't relying on consumer power, it seems to me there are two issues with that. First of all, even in countries with an active civil society and so on, you're only talking about a proportion of consumers that actually worry about that sort of thing, worry about that kind of reputational stuff. And it may not be applicable to a majority of the world's citizens.

Sean Lockie:

It does get complicated when we had an assignment with Nokia, for example. And Swedish, Finnish background. Very high sustainability objectives. And what they wanted was a consistent approach across all their retail stores. And it was challenging in some parts of the world, because those sorts of systems didn't exist.

But they demanded it and required steps to be put in place from their sub-contractors that were providing bits of their supply chain in those parts of the world. So they did have, in that particular example, they did make a small amount of difference.

Richard Black:

We can probably all think of some other parts of the world where some supply chain initiatives haven't quite worked and haven't quite delivered.

Question 1:

I'm the Ambassador of Costa Rica to the UK. Given the system is broken, and so on, I would like to hear suggestions from you for countries that are part of the G77, but do not hold, you know if you want the antagonistic line, such as mine. In other words, countries that do have governments that are willing to engage and to do their bit. So how do we engage with the private sector? Given that we cannot do it necessarily at our governmental level.

Richard Black:

Right who would like to pick that up?

James Cameron:

Happy to do that I am sure. You have a very proud history in the environment and development field and you've done this through inter-governmental processes, through your own national legislation and through engaging the private sector. And you're one of the first countries to really truly appreciate the economic value of the maintenance of forest cover. And also, being an active and effective participant in the multilateral process, creating...and I worked closely with Costa Rica during the Kyoto Protocol negotiations and you were a fantastic aide to the small island states that I represented.

However, what it tells you is those elements haven't gone away. So you still do need a multilateral process. You have to persevere despite the fact that it is broken because you just have to, there's no other way around it. You still need to work on your national legislation. There's nothing better than doing something yourself to engender goodwill.

One of the obvious failures of our process for many years is the [inaudible] concept simply doesn't work with global climate change. If I do nothing and try and gain some competitive advantage in the short term, then everybody loses because the problem is too big for any individual nation. So I've got some hope in these two areas that I briefly mentioned. I think we can do an awful lot with information. I think open data is a particularly good concept for constructing the foundation of the kind of co-operation that is required to solve these complex public goods problems.

And it's not wishful thinking. It's absolutely real. If you build open data systems, you rapidly increase the learning. You speed up the innovation process. You enable others to contribute solutions that you didn't even know about. And we are going to have to run lots of experiments. And our inter-governmental process is not fast enough to run them.

So I think we can create open data platforms for the key information that would help you better manage your resources, but also better communicate the need for others to do the same to look after your interests. I'm putting hope in that.

And the other area I'm putting hope in, although it's really not there yet, is in our financial crisis, we can help redefine investment around resource productivity and resource efficiency. That's a multi-decade task. But you've heard from Sean some examples of what's happening already in the building sector. We're experiencing every day in our business that there are big opportunities for investment to flow that way. Unfortunately, that's another broken system. And needs also more perseverance.

John Elkington:

Just very quickly, I mean Richard you mentioned consumer pressure and I think that there are moments in history where consumers for a brief period had a quite remarkable effect. But I think we're sometimes looking in the wrong direction, because business often responds more strategically to customers, particularly on a business-to-business or government-to-business basis, than they do to consumers.

And if you think about what's happened recently to the government question in the United States there is something I'd never heard of until about a year ago, the General Services Administration. If you want to buy a roll of toilet paper or a tank or a space satellite or whatever, the GSA sort of handles that. And they've started putting in place some really quite stringent requirements.

Even zero based emission and waste targets for people who are in their system. That should not be underestimated over a number of years.

Second thing is just that I think governments have an immensely important role to play in affording the sort of transparency of what the domestically hosted companies are doing both nationally and internationally. One of the real problems that we have at the moment is I think we've got reasonable data on about 3,000 to 5,000 companies around the world, but there are over 65,000 or 70,000 of these sort of multinational trading companies around the world.

If you think about some of the BRICs, there are some really powerful business entities there we know bugger all about. That is going to be a really strategic disadvantage. How do we deal with that?

Richard Black:

Just on that point, I chaired a discussion in the run-up to Rio in which one of our ministers was on the panel. And the question came up from the audience, isn't part of your responsibility as a government to make sure that all British based companies perform ethically and sustainably overseas? And the answer was basically no. Which didn't satisfy a lot of the audience.

Question 2:

James in particular articulated a number of glass half empty points, a number of glass half full points. I wondered how those read across to what we can expect in Doha. Because it seems that the glass half full bits, the sort of private sector bits, are the bits that we're still struggling how to play those into the climate negotiations. Lots of ambition from the private sector to help and to contribute on the financing and so on. But we don't have a seat at the table. Whereas the glass half empty bits, which are the crucial bits in the current UNFCCC structure, make us worry, I guess, about the ambition that's being called for in the Durban platform. Sorry to be depressing.

Richard Black:

Implicit in Richard's question is also this idea that the Durban platform is heading towards another attempt at a global treaty in 2015. You suggested it isn't going to happen.

James Cameron:

Well I can't help but have latent optimism. It's part of my character. Why on Earth I chose climate change as a subject to work on, I don't know. I wish I'd never heard of it.

I'm putting some hope in the idea that if you persevere with that process, it evolves into something that is closer to the show and tell model that... It's not my word but I used it quite early on and I like it. I think we're in a period of 'messy-lateralism'. And the messy-lateralism has some useful characteristics, because it fits in a more dispersed, more chaotic, more multi-polar to use that other cliché about public policy at the international level, world that we're in.

I mentioned at the start that it took all that time for the WTO to emerge and the WTO came after many bilateral, pluri-lateral, regional agreements on trade. It's a hodge podge of overlapping obligation. But over time, a synthesis of the clear principles of liberalised trade. And people came to that institution and they said, 'This is what I've done.' And then they tried to extend the obligations and responsibilities alongside the entitlements with other parties bit by bit.

We're in that phase now where we have got, we have no, for example as you know very well, we have no global carbon regime. And we've caused enormous self-harm to the carbon pricing methods that we've got already. But nonetheless there are about 14 governments around the world who are putting in place carbon regimes. And they weren't told to do that by the Kyoto Protocol.

They were educated into that possibility by the process that created the Kyoto Protocol and they were shown the way, not least on what not to do, by the European Union and the institutional mechanisms for the clean development mechanism.

So there's been an educational process, but right now, we have bits and pieces of carbon pricing happening. I would just like to see that brought to the multilateral climate process as an example for others to follow. And that we don't need to depend upon the whole of the G77 to agree anything before we get something that will be effective at reducing tonnes of carbon right now, very quickly.

Richard Black:

Sean, perhaps I can ask you to pick up that point. Many of the initiatives that you've talked about are ones that could be shown within the multilateral process. How could that be done better, do you think?

Sean Lockie:

Well I think there's an interesting body of evidence coming out through, for example, CBI. And a number of their members writing up examples of where there was a strong business case action and what the sort of outcome was. And in the built environment sector, the work that the Green Business Council has done.

Just take the Olympics for example. Greenest Games ever was the objective. Some of the outcomes that came from that actually saved a lot of resources, but a lot of money as well. You'll all see the Velodrome and many of you probably won't know that it's got a cable knit roof. It's got an unusual way of slinging a roof across a building with cables rather than with steel beams.

That took 4,000 tonnes of steel out of the equation because they were applying a sustainability lens to the entire park. It took all that steel out but it also saved £2 million in the construction costs. The programme was faster. So it's those... I know it sounds kind of corny, but it's the lessons learned in those sorts of examples that are coming out of business that I see quite frequently that probably need to be fed up into that.

Richard Black:

It's probably worth just throwing in as an aside that the UN Climate Convention recently established this process called Momentum for Change where that's precisely what they're trying to do, is look at public-private initiatives and sort of showcase them.

Question 3:

Thank you. My question concerns business models, new business models. I mean, what I hear from people in business a lot is, okay, government needs to create the right incentives. We don't have the right structures and so on and so forth. I often think about the IT sector, where you can also think that there's hardly any government incentives. Companies worth millions,

sometimes billions of dollars that haven't really made any money yet and maybe never will, people taking risks.

You have places like Silicon Valley where there's an enormous amount of creative energy that is directed towards developing what maybe 20 years ago seemed like a pipe dream. But now it has become reality and you have companies like Apple or Facebook.

Why don't we have that for sustainable technologies? Where are those business leaders that create real new revolutionary business models?

John Elkington:

I'll have a first stab. It's a great question. A few months back, we had in London what we called a breakthrough capitalism forum. And we had a bunch of entrepreneurs and venture capitalists and people like that on the stage. And that question came up, and specifically Jeremy Leggett of Solarcentury who some of you will know said, 'Why don't we have the Googles and the Amazons or the EBays of the clean tech space?'

There are many different reasons. And one of them is if you think, I don't know whether any of you are reading Turing's Cathedral, a book about the digital economy and how it evolved. Highly recommended, but the Googles and the EBays and so on were built on sort of 50, 60 years worth of innovation. I think the clean tech, we're much earlier on in that sort of trajectory.

In addition to which, a lot of what clean tech companies are trying to do has to do with Sean's area, which is infrastructures, which are phenomenally expensive, very long-term timescales involved. Intense politics, particularly in cities which is where a lot of this investment is having to be made.

So to some degree in the clean tech space, you're beginning to see people going back and saying, 'Well what can we do which is much more IT influenced and online platform based rather than messing around with the infrastructural side of this?' And yet I think both of those are critical.

James Cameron:

We're going to need both and this is such a good question, it deserves a kind of research programme to figure out where the answers do lie. I'll give you some suggestions.

On the negative side, brute power is in the way. Energy systems are dominated by energy players that occupy the top end of the FTSE 100, have very close governmental connections. Institutional investor world is dependent on the dividend yields that come from them. And the entire global economy is hooked on their product. Look everywhere you like, top of the index, everywhere you like. And it's just brute power.

Richard Black:

And yet Apple has managed to thrive and carve out a niche for itself against all that sort of Microsoft, Intel...

James Cameron:

Not in the same way. Not against...

Richard Black:

Well often as commercial rivals.

James Cameron:

But you didn't have an incumbent vested interest saying, 'You're taking my territory. I'll kill you.'

Sean Lockie:

Well you had IBM, but it was different.

John Elkington:

But they went round the edge of it, which is perhaps a clue. They went around the edge of it.

James Cameron:

That's part of the explanation but it's not an adequate one. Even if you've never heard of climate change, you don't even care about climate change, there is a real need to build an economy around resource productivity, resource efficiency. And some of the metrics that are emerging from the early

experience in the built environment is very promising, so I feel that's going to go some way to dealing with the three billion new middle class that are expected.

But we have to create big businesses or big networks of businesses which is another possible model, in order to be able to distribute these technologies that will help us manage the resources of the planet over the next 20 or 30 years. And there is just no option. We have to do that and we have to do it really quite rapidly and we have to innovate very, very fast.

So we're going to have to get every ounce of experience we can lift from Silicon Valley, from these other technology developments. We're going to have to learn.

I'll give you two areas where I think we've got prospects, where we are some way off. The first is in material science. It's in constructing lightweight materials, particularly for transportation. But also for other parts of the economy where we've traditionally depended upon heavier materials like steel, which use a lot of energy. I think lightweight materials offer tremendous potential alongside other technologies that are emerging very fast and coming down in price, like solar PV.

So when you can combine lightweight construction with sprayed-on Photovoltaics, you're starting to get to the type of combination of technologies that we had in the industrial revolution when we combined the ability to make steam from coal with a better extraction of water and other resources. These combined technologies help us to innovate so we need that.

The other area in which I think we've got huge potential is in microbiology and in our phenomenal new understanding of genes and the ability to construct genes. And we're going to have to create artificial fuels; we're going to have to increase productivity in land and food. In that food, energy, water, nexus. There will be...companies will emerge and they won't depend upon government policy. There's a possibility for things to just push through a science and technology base into business.

Maybe one parting shot also on the business model side, as opposed to the technology side. The moment we can start letting go of selling goods in favour of selling services we'll make big efficiency savings. The automotive sector is a classic example for that. If we could start selling mobility services, effectively, rather than wasting assets that sit on your forecourt.

Question 4:

This is really in response to the last points that got raised, the thought that these technologies will emerge, that this space in the market will eventually be made. My initial thought is where is the buck in all this? If there's not a lot of capital and not a lot of gain to be made in these industries, they still won't happen.

To use the example that got made of the IT sector, there was a lot of speculative profit that got made on that and a lot of it went wrong in the dot com boom of the 90s, but there was still the expectation that these things were going to be instantly profitable, that these things were going to make massive amounts of money.

I don't feel that kind of expectation with green industry. Is that a factor in trying to formulate the green industry and the green marketplace? Particularly when it's open source and trade secrets aren't really an option.

Sean Lockie:

On the sort of technology front, there are so many mature technologies that we're not taking up. Every building that we do an energy audit on, we can say if there's a strong business case to take 60 percent of the energy out through efficient lighting, through proper commissioning, through new heating/cooling controls, etc. So I can nearly always guarantee that there's 60 % worth of waste in every building that we go into.

That is a huge prize with quite mature technologies that have been sort of... we're not talking about covering the entire building in new technologies that haven't been proven. There's no hydrogen in that equation, as well this is just really standard stuff.

So I think in the building sector, we're pushing at a very big opportunity. But there are barriers in the sense of timid landlords and what's being called circles of blame in getting that to occur.

Richard Black:

Just going back to the point about innovation, do you think there is a space, an opening for the sustainability equivalence of the Googles and the Apples and so on? Or is it really a lot more sort of boring? That it is about persuading people, actually that they'll save a few pounds, shillings and pence by doing something like saving energy.

Sean Lockie:

On the R&D front, there are the Apples and Google and they quickly get bought up by the majors, usually. But you know, in the everyday stuff, it is quite boring and it is quite everyday...we'll walk into a building and say, 'There's half a million pounds a year just sitting there on the carpet. Who wants it?' Very easy in that space.

Richard Black:

Good stuff. I'm just going to ask our panellists for just a sort of 30 second or so wrap up from each of them, but I just wanted to get some thoughts from you. Perhaps we could just have a show of hands. We've talked about glasses being full and empty and half full.

When you look at Rio and the outcomes from Rio, how many of you would say the glass is at least two thirds full? Oh dear.

How many of you would say it's less than a third full? Okay, a few.

And who would say it's between a third and two thirds full? In the middle. Quite a lot of 'don't knows' as well, I think.

Perhaps another show of hands. We've talked about the treaties and I'm curious to see whether you think we will ever see the like of a climate change convention, something stronger than a Kyoto Protocol. Whether we'll see the Durban platform actually turning into something massive. Whether we'll see a big global treatise on the sort of environmental side again.

Who thinks we will? Okay.

Who thinks we never will? Good on you. A few pessimists.

And who thinks we'll see one within 10 years? Crikey. Given the sort of timescales of climate science, that's quite a vote of no confidence.

All right, well let me just go along the three panellists, if I can. Perhaps I could start with you, Sean. Based on what you've seen today and some of that sampling of opinion, where do you think we should be going from here?

Sean Lockie:

Well I'm optimistic. I think there are new business models occurring which are maturing, which will see some of the more boring stuff. But big potential occurring in line with some of the more adventurous. You know, it's

encouraging to... we talked about IT and data centres. They consume a lot of energy. And where are Google thinking of putting their data centres? In the sea. So you'll get a load of free cooling from that.

So wherever I look, I see optimism in my view.

Richard Black:

James.

James Cameron:

Well I think we will get a different global regulatory system which will require several more years of frustration and failure in order to have the big reinvention. I happen to think that the United States of America will return, having discovered that it needs multilateralism really rather badly for all the reasons that John mentioned before, and fears that they've been allowed to have a sense of confidence that the system was built around them. It isn't going to be and they're going to need it to be built around something that they can contribute to.

So I think we will get a better form, a more diverse and dispersed form of multilateralism, but it will take us a few years. And I think in the meantime, we can build, thanks to phenomenal communication technology, we can build public goods enterprises that are designed expressly to deal with these complex public goods problems and they will be... they will extract the resources from out of the private sector, out of government, out of academia, out of research institutions, and will build specialist enterprises of the type that we did when we grew the global economy so massively around the joint stock limited liability company in the 17th century.

Richard Black:

John, you were there at the beginning of it all and stuck on, 40 years ago. Fitting that you should have the last word and then we go.

John Elkington:

Well I actually, strangely, given some of the things that I said, I'm quite optimistic. I was in Palo Alto about three weeks ago and I visited HP. They have a net zero energy data centre. Bubbling under, there are some really

interesting innovations going on. But they're one of the companies that are talking about not putting their data centres into the ocean, but putting them up into the Arctic to cool them off. I think they'll be moving those steadily northwards.

Richard Black:

Isn't that going to warm the Arctic?

John Elkington:

To the question in the front, I think we're very often looking in the wrong direction for the Googles and EBays and Amazons of this space. I think if you look at China, you've got Suntech power you're starting to see these entities popping up where we're not actually looking for them particularly. So let's look in the right place.

There are some really negative things going on at the same time. Just about five or six weeks ago somebody came into our office in London at Volans. His name is Peter Davidson, I've known him for a very long time. I trust him implicitly. He comes from the titanium dioxide industry, and he brought a length of hose into the office.

What this is for is to put 65,000 feet lengths of hose up into the stratosphere and start to spray titanium dioxide out there. The point that he's saying is that this is not what he wants to happen. But the very strong likelihood is that we're going to get, much faster than we imagined, to the point where we cross thresholds. Where the climate starts to go wobbly and people are going to panic. And they're going to start saying, 'What's Plan B or Plan F or whatever it is?' So I think we have to watch those people and work with them very carefully.

And this final point, James said that in a way, a lot of the stuff that's going to happen is not going to be particularly regulated and I agree. And I look at people like Craig Venter in the synthetic biology space and some part of me is immensely excited about all of that.

And then I think about what... some of you may have just seen in the papers in the last week the story of the African clawed toad. Originally exported around the world for human fertility tests. Brought with it a fungus. Went out into drainage systems. You look at the collapse of amphibian, including frog...

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just a tiny example of when we don't regulate, when we don't pay attention, what can go wrong.

So we need governance, we need policy, we need politics. That's your business, not mine.

Richard Black:

Thank you so much on behalf of Chatham House to our panellists.