Conclusions of the

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Summary

Policies and initiatives directed to sustainable development have meandered the past decades between governmental, legal top down financial incentives and bottom up governance based cooperation, with more recent emphasis on the latter. However both categories of policies are conditional for societal change. With respect to the top down regulations, it cannot be expected that top down policies like the coming Copenhagen protocol will be ratified by all (groups of) countries. This will imply global scale regulation between those who signed and those who did not. To this end the world trade system should be redirected to the only and full account of the external costs of the global environment. Such an organisation for sustainable trade should reflect the global commons, rather than the post war economic power relations.

Nowadays sustainability problems are the shadow side of the Modernisation period of the last 200 years. Initiated in the West, the final multiplication of population and consumption per capita resulted in world wide pressures on local and global environments. The current manifold crisis is to be seen as an inter linkage between the vulnerable climate, decreasing biodiversity, depleting resources, unfounded financing and our short term oriented economic system.

These pressures and risks have been acknowledged for long, since at least four decades. Within the modernistic frame of thought, nation governments (both in developed and in developing countries) originally addressed these with establishing a regulative system, relying on legal and financial incentives. After the first two decades this road proved to be partially effective. The approach was weak in creating commitment of those who were held responsible and in utilizing and applying the available tacit knowledge and creativity of relevant stakeholders. Corresponding to the more recent trend to post-modernistic governance, developing sustainability strategies has shifted from top down *incentives* to a more decentralized and bottom up *cooperative route*. The question has recently strongly gained relevance, now we can be at a hinge point of history, in times economic system failure and changing geo-political relations. In this world wide ISDR2009 Conference we can assess these developments: what do current practices of implementing sustainability initiatives and strategies teach us about the speed and rate of adoption: are they substantially contributing to the global challenge and what factors do determine their success?

1 Developing *cooperative* approaches with leading market and civil society stakeholders that were willing to go beyond legal requirements and accounting for their shared responsibility (CSR, voluntary agreements, partnerships, certification etc.): Herein these problems are preferably solved by decentralized and privatized initiatives, rather than by regulative governmental

actions, to overcome the social dilemma, i.e. the condition to take action only if 'the others' are doing as well. Government regulations shifted to governance approaches, in which state, market and the civil society have been expected to find optimum solutions by mutual interactions. Herein, stakeholder participation is a central theme.
Many papers in the symposium present mainly positive examples from all over the world of such governance oriented activities and policies. Apart from finding new and pragmatic solutions, this governance approach fosters sustainability directed attitudes and enforces sustainability values and norms in all stakeholder categories. This has resulted in a gradual shift towards sustainable business, which, also in times of crisis, proofs to be more profitable, creates jobs and increases country's competitiveness. At least 6 different studies in 4 developed countries support this conclusion (papers nrs.780 Ortas (Spain); 810 Dilling (Can); 905 Belu (Swe); 788 Walz (D); 848 Wydra (D); 1047 Bleiswitz (D)).

On the other hand, the total net gains on environmental and social issues, often are rather small, as the interaction of stakeholders may either tend to end in middle of the road compromises or may be restricted to numerous 'small scale but perfect' show case practices. Yet here, possibilities of substantial up scaling may be at hand. For example, application of the Global Reporting Initiative's standards has been rapid and world wide and now tends to be accelerated as various national governments are taking this originally voluntary code into their legislations.

2 Applying general top down market *incentives*, as magic hand of the markets, enabling wide scale and efficient implementation of sustainability strategies (emission trading, eco-taxes etc.).
In western societies, substantial environmental improvements have been achieved by market based incentives. An early example was the rapid introduction of the 3-way converter in cars. In general, more substantial effects are expected to be generated by stronger financial incentives, in combination with the market mechanism. Also on the global market, progress for sustainability is expected from market based instruments, like carbon offset markets (CDM), emission trading and certification. However, various papers illustrate that these instruments have serious weaknesses (papers nrs: 982 Datta (UK); 962 Gunawansa (Singapore); 1017 McCarthy (Australia)). Offset markets do not reach the poorest people. Nevertheless market based mechanisms are seen as relevant for environmental services such the preservation of the tropical forests. Such mechanisms might dovetail the ecological service benefits with the welfare needs for the poor.
Several papers stress the conditional role of poverty alleviation and the subsequent relevance of micro-credits to spark the economic process.

The lesson learned is that neither the modernistic top down, *incentive* policies, nor the post-modernistic bottom-up *cooperative* approaches in itself will be effective. The first lacks the support, and attitude and value system change that the second generates, and the second lacks the incentives to go further than small scale frontrunner applications.

The most extensive market based mechanism is the Carbon Emission Trading System (ETS) as part of the Framework Convention on Climate Change. Herein, C-emission permits are traded against market prices that reflect the gradual lowering of emissions caps. The ETS still covers only limited parts of the global community. Based on one of the conference papers, it is expected that extension of the ETS to more nations will stabilize both the prices of emission permits and the prices of fossil fuels (paper nr.: 911 Sittler (UAE)). Nevertheless, one of the major issues in the upcoming Copenhagen conference is the fact that not all countries are likely to join the protocol at this stage. The general question is how a Copenhagen protocol can be effective is such a divided world where (groups of) countries will sign and others won't.
The only way to overcome the subsequent partitioning into 'Copenhagen' and 'non-Copenhagen' countries is to create an *externalities related import tariff & transfer system*, to compensate for the CO_2-emissions emitted during the production process.
Revenues should be returned to the producing country, aiming to enable implementation of clean technologies. This environmentally oriented tariff & transfer-system would replace all earlier and outdated tariff-structures. As a next step after Kyoto, this could hold developing countries to balance

economic growth with climate change prevention. Developing countries are expected to sign the Copenhagen protocol under much less stringent conditions then the developed countries and moreover produce less energy intensive products. Such a system can also be applied to other sustainability issue then climate change. It can be applied in supporting up scaling of the many small scale *cooperative* efforts and it can be linked to global sustainable commodity certification schemes with tariff variations.

The key question is of course to what extend the *non Annex I developing countries* would accept such an externalities tariff & transfer system under the direction of the western dominated financial and trade institutions, like the World Bank, IMF and WTO. In these institutions, which reflect the power relations of decades ago, developing countries and upcoming economies are under represented. Moreover the current concept of globalisation is criticised. Some conference papers give fresh views on the socio-economic system failures and suggest systematic changes needed (1026, 1018). Opposition by developing countries could be strongly reduced, as an externalities *related import tariff & transfer system* would be in their interest and it would connect to a growing acknowledgement of responsibility in the North for their external footprint.

This leads to the conclusion that the Copenhagen climate conference, and more general the sustainable development process, will depend on the restructuring of these global institutions, so that they represent nowadays economical relations. This implies that the World Trade Organisation has to be converted to a **Sustainable Trade & Trust Organisation**. This institutional structure with respect to trade, tariffs and transfer of knowledge should be fully and only directed to the accommodation of the external costs of the global environment.