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## **Promoting sustainable consumption and production**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

Launch of a Retail Forum

**Brussels, 3 March 2009**

Ladies and Gentlemen,

The great environmental challenge of our generation is climate change. And if we continue to emit greenhouse gases at current rates then it is certain that global warming will reach dangerous levels during the course of this century with catastrophic changes to our planet.

The other great global challenge is the loss of biodiversity and the magnitude of the problem is almost impossible to comprehend. Research was recently published showing that since 1970 some 25% of biodiversity on the planet had been lost. In other words human activity is eliminating about 1% of all other species each and every year.

Looking at climate change and biodiversity it is impossible to avoid the conclusion that we are still a long way from meeting our most basic environmental objectives. And it is important to understand that climate change and the loss of ecosystems are symptoms of a deeper underlying problem – which is the unsustainable way that we are using up the world's resources.

Our consumption and production patterns are driving not only climate change and biodiversity loss but also many other environmental problems - from growing mountains of waste, to fresh water shortages, and air pollution.

Consumer-driven Europe's "environmental footprint" is one of the biggest on the planet. If the rest of the world used resources at the same rate as we do, there would need to be more than two planet Earths to meet the demand.

If we are serious about getting to the heart of environmental problems then business as usual is simply not an option. We need to start putting in place the measures that can lead to a change in current behaviour. And as a starting point we have to take a fresh look at how we produce products and at how we use them.

What we consume can have a huge impact on the environment. For example, the food and drink sector – from farm to fork – represents some 23% of global resource use, and is responsible for 18% of greenhouse gas emissions.

At the same time, we already know that the best performing products are much better than average performers. For example, the single action of EU consumers switching to low energy light bulbs will save roughly the electricity consumption of Romania.

The recognition that a shift towards greener products can have a massive impact on the environment was the starting point for the Commission's Action Plan on Sustainable Production and Consumption. It included innovations such as minimum standards for the most environmentally harmful products as well as incentives to promote the greenest products. We proposed a revision of the EU eco-label and set out measures to encourage green public procurement.

Another central part of the SCP strategy was the commitment to develop a partnership with retailers. And this is the reason why we are here today.

We need to build a close relationship with retailers for the simple reason that they are the interface where the consumers actually come face to face with products. Retail outlets are the place where purchasing decisions are actually made. Retailers can play a unique role in the chain of consumption and production. And if retailers consistently address green issues then the benefits for the environment will be enormous.

Firstly, the retail sector itself has a very significant ecologic footprint with its buildings, its transport fleets, the refrigeration of goods, and the packaging it uses. Reducing this footprint is an obvious first step for the retail sector to look at.

Secondly, retailers are ideally situated to provide clearer information to consumers about the environmental performance of products. Surveys have repeatedly shown that shoppers are confused about competing environmental claims. If we can get rid of this confusion then demand for green goods is certain to increase.

Thirdly, and perhaps most promisingly, retailers can have a major impact on the environment through their own purchasing decisions. To give one example, several retailers have already given a commitment to only sell products made from legally harvested timber. This is an excellent initiative. The EU is one of the world's largest markets for imported timber. If the whole sector followed suit then there would be a substantial decrease in the pressure to log the world's remaining tropical forests.

Another example is the commitment made by some retailers to only sell fish that has been sustainably caught. If the retail sector can help generate and focus a demand for sustainable fish, then a great deal could be achieved. Credible and certified labels that help to ascertain the sustainability of a fishery can be an effective means to support the objective of protecting marine biodiversity. When species are confirmed to be heading for extinction I can personally see no reason why they should still be sold by responsible retailers. I expect that this is a question that the Forum will address.

If there are great potential advantages for the environment, let us be clear that there are also very tangible advantages for the retail sector in embracing the environmental agenda.

Most importantly, consumers are demanding greener products and meeting these expectations is profitable. In a recent EU wide survey 75% of citizens said that they wanted to buy greener products even if they were more expensive.

There are other important reasons why it pays retailers to go green.

One is that saving resources means saving money. If retailers cut energy use then they will also have lower fuel bills.

Another is that retailers depend on the trust of their customers. Managing their corporate image is essential and a reputation of caring for the environment can reassure customers and also bring improved relations with both shareholders and employees.

Finally, companies that are progressive on environmental issues will have a much better relationship with environmental regulators. The continued pressures on the environment mean that new regulations are certain to be needed - so developing this relationship would seem to be a very sensible investment.

In short, companies – including retailers - are going green because the economic arguments are winning out. And this is a very encouraging trend - because once CEOs and CFOs realise that it has a positive impact on their bottom line then it is a trend that is going to last.

The Forum we are launching today aims to harness the huge potential that retailers have to improve the quality of the environment.

First and foremost, it will allow a sharing of know-how and a benchmarking of best practices. For example, if one retailer has found a way to use low-emission refrigeration why shouldn't this become the industry standard? Here, I am particularly encouraged that the different commitments retailers have made have been set out in a transparent "matrix". This will allow them to be assessed by external stakeholders and will be essential to the credibility of the whole exercise.

I would also hope that looking at the best efforts of others will introduce an element of peer-pressure. I know that this is a highly competitive sector and I would like to see one part of this competition being a "race to the top" to deliver environmental results.

The Forum also provides a structured dialogue with regulators. It will allow the Commission to understand the reality faced by the people who are charged with implementing our rules. It will help us to understand where existing legislation needs to be improved and to identify areas where new regulation may be needed.

The Forum, will also allow policy makers to tap into the knowledge and expertise of the retail sector. Retailers can pilot a new idea – such as revised labelling - in a select number of stores and, using loyalty card data, have a detailed analysis of the impact in a matter of hours. They also have a much better idea of what consumers really want than public officials can hope to. Working together can help us to develop much more effective policies.

And although this is a Retail Forum, it is quite clear that it will only be successful if its work is fully transparent and if we have the active engagement of all other stakeholders: producers; consumer organisations and environmental NGOs. I can assure you that the Commission will ensure that all voices are taken into account when we have our discussions.

I would like to say a final word about the voluntary Code of Conduct that was called for by European Environment Ministers last December. There are several successful examples of sectoral codes of environmental conduct: the Equator Principles for the banking sector and the Responsible Care initiative taken by the chemicals industry. We are aware that there have been different views amongst retailers on this issue. However, the view of the Commission is that such a code does not need to be burdensome and has the potential to "lock in" a number of best practices but also to add credibility to the sectors commitment to support environmental objectives.

The Commission stands by to assist in any way possible. But at the end of the day, a code of conduct will only work with the active support of the industry itself. For this reason the question of how the code is developed remains a question for the retail sector to resolve itself.

Ladies and Gentlemen

The Retail Forum still has to have its first meeting. We will only know in a year's time if it has been able to achieve the results that we hope it can. But the potential of the retail sector to deliver real improvements for the environment is very clear. If we did not work to channel this potential then it would be a wasted opportunity.

We are only at the beginning of move towards sustainable consumption and production. But with the SCP Action Plan we have been making important first steps in the right direction. I therefore warmly welcome the Forum and wish it every success.

Thank you.