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Consuming responsibly with the sustainable shopping basket

Dear Prof. Schrader, Ladies and Gentleman,

first, let me thank you for the opportunity to present the activities of the German Council for Sustainable Development in the field of sustainable consumption.

If sustainable development is to be more than a global formular, economic, social and ecological responsibility must be more firmly anchored as the basis of our actions than they have been to date. This applies equally to states, social institutions and companies in their respective fields of activity. It is all too easy for ordinary citizens to be left out of the picture. Counteracting this is the aim of the area of activity entitled "Sustainable economy and consumption" that the German Council for Sustainable Development covers in a working group.
Up to now the areas of sustainable consumption and corporate social responsibility (CSR) have been viewed in isolation. In its first edition of the "Sustainable Shopping Basket" in 2004, the Council for Sustainable Development attempted to get to the bottom of the question of obstacles to buying products with the established seals. The shopping basket of the German Federal Statistical Office comprises over 750 products and services. For a large proportion of them the Council found sustainable alternatives in the areas of food, living and household, textiles and clothing, mobility and traffic, tourism and travel, and financial services.

The initial point for the discussion was a very popular question of the 80s: about the ecological impact of consumption patterns in the developed countries. In the light of globalisation and worldwide economic growth our consumption habits are being put

to the test. The associated questions are, however, often awkward. Consumers are often confronted with difficulties. Mostly they lack sufficient information on products or services that offer a positive contribution to sustainability most readily.
The Council had the idea of making the rather inaccessible term “sustainability” easier to put into practice. The basis for this was the assumption that consumers who would like to consume responsibly and contribute to sustainability are insufficiently informed about whether a product meets sustainability requirements.

A practical phase, during which families tested the shopping guide and adapted their everyday consumption to sustainability criteria, provided some interesting results.

1. Three quarters of households indicated that they applied the recommendations from the sustainable shopping basket as consumers and enjoyed going shopping with it.

2. In actual application, the suggestions most often considered where those for
   - saving energy and water (85%)
   - purchasing regional products (79%)
   - avoiding products in disposable packaging (79%)
   - and buying products in season.

3. The respondents criticised the limited range of ecological and socially acceptable goods available and the poor quality of advice in many supermarkets. Only 23% of households said that the recommended products were readily available in the shops.

But it showed also: Implementing the recommendations for action requires a high degree of initiative, since in many cases consumers do not feel they have sufficient information from the producers and service providers. That means, the framework for sustainable consumption has to be further developed with the aim to strengthen sustainable consumption patterns.

This makes clear: Sustainable development demands far-reaching change on the part of policy-makers, business leaders and consumers. Up to now, however, hardly any serious will to implement sustainable consumption as a strategic issue on governmental level has been evident. The Council recommended, to promote

sustainable consumption as a topic in schools and as occupational training for commerce and the service sector. Good food and nutrition are part of a good life. Knowing this can make a special contribution to the society's well-being. The subject gains virulence from the impressive lack of knowledge about healthy eating in large sections of the population. The German Government currently sees itself required to conduct campaigns on both over-eating and malnutrition. But I´m convinced, that we have to tackle the root of the problem itself.

We had many discussions with experts from business, trade, science and politics on the question of corporate social responsibility. Again and again the query after the consumer as decision-maker was raised. Because they want to make good bargain, goods are produced low-cost. If they would be willing to pay a higher price for socially and ecologically responsible manufacturing, enterprises will change consequently – so far the easy equation of manufacturers and retailers.

To do so it is indispensable that politicians themselves set a good example and gear both services and public procurement to sustainability criteria. Public spending has a volume of around 360 billion euro, which is roughly 17 per cent of the gross domestic product. That´s what I call market power! So far, there is not yet a consciousness, let alone a monitoring of public procurement.

The Council for Sustainable Development suggested realising all possible CO_2 savings in areas such as public buildings. In this area investments can contribute to reducing energy consumption and to climate protection. Unfortunately, concerns about whether this will pay off prevail in public spending, too. The German Government is therefore called upon to carry out sustainability checks for individual areas as examples demonstrating the advantages of sustainable procurement. Specific proposals include paper, official cars and energy for heating buildings. Unfortunately as yet in none of these areas are goods/services assessed and procured according to sustainability aspects.

But there is hope: the German General Accounting Office criticised the lack of transparency in energy costs and savings in federal real estates. For us, it would be a welcome development if the proportion of products were systematically assessed in terms of sustainable procurement in the annual reports of the German Federal

Accounting Office. It has a great interest *per se* in making savings. Furthermore, the German Government could appoint a "sustainability officer" to combine and bundle the approaches within the German Government to sustainability in public procurement. In order to guarantee transparency, the German Government should also regularly draw up a social responsibility report, as many companies do already.

Recently the modernization of the German Public Procurement Regulation has been approved by the two chambers, Bundestag and Bundesrat. This surely will not be the end, but the starting point for a very vital discussion about the concretisation in every day life. I hope that public administration will soon be a role model for smart sustainable consumption. I´m convinced, that we need such archetypes to push the momentum towards mainstreaming sustainable consumption patterns. One thing is sure: the market shares are not yet sufficient to create a pull for sustainable products with added value.

The green party recently published a study with updated data of the German market:

1. Green electicity is en vogue and enjoys the considerable increase of +200%. But: that only means an increase in market share from 3 to 5% in 2007.
2. Compensation of air travel: still under 1% of all flights
3. Registrations of Toyota Prius +49% increase, but altogether only 0,2% market share of Hybrid cars in general.
4. Socially responsible investments: optimists estimate a market share between 2 and 3%.
5. Fairtrade products: 3 to 3,5%
6. Biocosmetics: 6% market share
7. The biggest increases have light efficient bulbs with a growth in 2007 of 200% to 15% market share.

Experts say that above a market penetration of 7% a product is a self-selling item. That´s still a long way for some products.

Sustainability can ultimately be a growth strategy for the economy. But the precondition is, that the principle has to be taken seriously and actually put into practice. In public awareness all over the world the economic slump is currently a big

subject. People are already spending less for example for food. Business and political leaders fear less consumption, because our economic growth depends on it. It would be good, if the aim to spend less money on better products would be discussed. If I have less money, it is more important to decide what is worth my money.

The Sustainability Council wants to fill this gap with the updated sustainable shopping basket released in November 2008. This new brochure provides deeper information and the reliable labels. The reader gets information about how to tell the different grades of shade in production and finds a set of criteria, forming the framework for his future consumption patterns. I´m sorry but still we have only released the brochure in German. In summer the new issue will also be translated in English.

Main messages of the sustainable shopping basket are:

- Sustainable consumption is already possible today and for everybody's purse.
- It saves money and is not solely something for well-off people.
- Simple rules give orientation in difficult decisions. Buying regional, seasonal products is one of those rules. I don´t have always to discuss all aspects of farming or transportation. But some kind of stubbornness can even be comfortable.
- Signs and labels exist in which consumers can trust – if they are given from stakeholders or if processes are proved by external audits.
- Conscious consumption means more quality of life. Profit can also mean time wealth and enjoyment.
- Modern lifestyles and sustainable consumption can be combined.

Credibility in the 80s meant to make no compromises. But this was not a popular way to widespread sustainable consumption. Nowadays credibility lies within failure, sustainability in the whole meaning has a new chance and can be mainstreamed. Therefore you can see: sustainability gains momentum right now, because other approaches show their overwhelming problems. In this situation politicians, business leaders and consumers have a duty to show their honest endeavours. Sustainability reporting for example can show the trustworthiness of entrepreneurial approaches towards sustainability. They are an important instrument to create transparency about

quantifiable goals and trade-offs. Honest reporting create credibility, trust in business activities and finally the required licence to operate.

But we will not stop there. The Council plans discussions with representatives from commerce, trade, science and politics on basic questions of sustainable consumption behaviour, with the aim to motivate every actor to do the best he can to contribute to sustainable lifestyles. Faithful to the motto “I will if you will”.

I strongly believe that sustainable business and consumption can be a strategy for reliable economic prosperity.

1. We will see an increasing trend towards reports from environmental and consumers’ associations or from the German consumers’ organisation Stiftung Warentest being used for publicising specific purchasing recommendations. In this way information reaches the general public and initiates a change in consumer behaviour.

2. In future corporate social responsibility will be a key strategic competitive factor for companies representing not only an opportunity to reduce their business risks and enhance their reputations. They are above all a stimulus for product and process innovations. Partnerships that germinate in stakeholder processes can provide the foundation for innovations that open up new markets.

Sustainable management can mean lasting success through the credible integration of both social and ecological aspects in economic necessities. For the population of an economic area, sustainable management can offer reliable life-support systems and guaranteed long-term prosperity for all sectors of the population.

Companies face the challenge of giving consideration to the different and in some cases opposing interests of their stakeholders. Those are customers, capital investors, employees, suppliers and non-governmental organisations. Consumer awareness and the growing interest in socially responsible investment (SRI) on the capital market are increasing the need to take up and communicate the demands for sustainability in a credible fashion.

We recommend making the contribution of companies to bear the challenges of the future more clearly visible. Competition should be encouraged between companies for the best sustainability solutions – not only in production but also in the retail sector.

This also means we want motivate companies towards this topic that have not yet introduced strategic approaches into their core business.

Large-scale implementation of sustainability issues in Germany brings advantages in terms of location and competition, because they

- provide incentives for innovation and saving resources
- underline the quality image of companies and brands
- lead to a better risk culture
- enhance companies' acceptance and reputation
- and can improve working and living conditions.

I think, sustainability is not only a licence to operate for companies, but also for politicians and parties. Those who avoid those questions are ultimately fleeing from the decisive questions of the future. And last but not least it is the policy-makers who have to provide the general conditions for sustainable management consumption and production.

The best mean of overcoming the economic crisis is to recreate confidence between companies, their employees, the consumer and broader public. Ethical consumption of individuals and institutions plus an orientation towards sustainability in production and retail is especially important in economically hard times. They open the prospect towards a new understanding of wealth. We need new partnerships between business, civil society and politics. Reliable growth is better than volatile growth. Now is the time to mainstream sustainability and to submit evidence, that the future lies within a sustainable economy. Less is more, less with more quality is more. The question will be, if we are trustworthy ourselves and if we can broaden the consumer´s movement. For this, I wish us all the best.