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INTERNATIONAL



**Concerted Strategies to meet the Environmental and Economic  
Challenges of the 21<sup>st</sup> Century, National Bank of Austria, Vienna,  
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*Here follows a joint statement by the Club of Rome Co-Presidents Dr Eberhard von Koerber and  
Dr Ashok Khosla and the President of The Global Legislators Organisation (GLOBE)  
Rt Hon Elliot Morley MP*

The world is facing dangerous climate change and is consuming natural resources at an unsustainable rate. We are entering a **natural credit crunch**, the losses from which have the potential to dwarf those of the financial crisis. As the world focuses on economic recovery, **we must not waste the opportunity** by failing to take into account the other global challenges – aggravated poverty and social instability, climate change, energy security, ecosystems decline on land and in our oceans. **We can and must tackle them all together.**

The single most important necessity is to **create a real economic value for our natural capital**. According to “The Economics of Ecosystems and Biodiversity” (TEEB) report, in forestry alone, we are losing natural capital worth between 2-5 trillion of USD **every year** – this equates to the equivalent of double the losses incurred in the current financial crisis.

Over the next few months, the focus of fiscal stimulus packages will be critical. As financial flows return to the global economy, they must be channeled in ways that recognise not just our immediate economic objectives but also our climate, development, environmental and energy objectives to create a new and sustainable economic model. Currently, only a fraction (in most G20 countries between 1-10%\*) of the agreed USD 4 trillion stimulus packages are linked to the development of a low carbon future. Business as usual will completely fail to address the linked threats of aggravated poverty and social instability, climate change, energy security and ecosystems decline on land and in our oceans. There is a real need for the G20 to live up to their commitment to a genuine ‘green recovery’.

Therefore we urge G20 leaders:

- **To develop new measurements for growth that place a real economic value on our natural capital, including carbon, water, forests, biodiversity and our marine environment.** *This will ensure that the real costs of environmental degradation are reflected in economic decision-making.*

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- **To lead the restructuring of the financial system to promote low carbon (including CO2 reductions of 25-40% by 2020 and 80% by 2050), sustainable growth and equitable world development.** *A reformed financial system should be designed to meet four major goals: to stabilize and support the global economy; to stimulate and support the restructuring of economies and societies onto a low carbon, environmentally-sustainable path; to stimulate the flows of essential investment required to accelerate the progress of developing countries; and to assist developing countries adapt to the impacts of climate change.*
- **To develop global institutions that are fit for purpose.** *Significant reform of existing institutions is urgently needed that reflect greater equity amongst countries and operate from a code of conduct that should ingrain new measurements for growth accounting for natural capital.*
- **Recognise there must be a shift to sustainable production and consumption.**
- **To recognise that meeting the needs of an additional 2.3 billion people on this planet by 2050 would pose immense challenges to the future of humanity and the global environment and increase support** for the eradication of poverty and wide education, particularly of women, which can influence the rate of population growth.
- **To take into account development, climate change, energy security and ecosystems objectives in designing economic stimulus packages.** *If, by COP15 of the UNFCCC meeting in Copenhagen, leaders are explicitly seeking a ‘green’ route out of the slowdown, there will be much more confidence about making the commitments we need to secure an ambitious and effective post-2012 climate framework agreement. Alignment in the major economies would act as a multiplier, accelerating the move to a sustainable and low carbon economy and ensuring that the benefits are greater and are more widely distributed.*

In conclusion, we believe that moving to a sustainable and low carbon economy is the best way to tackle the five key challenges we face – aggravated poverty and social instability, climate change, energy security, ecosystems decline on land and in our oceans. We urge leaders to share in the vision of a new economic model that values our natural capital and places a price on pollution as the foundation for a more energy secure and prosperous future.

\* *Figures based upon the published analysis of New Energy Finance*