

**A Statement on
Business Leadership and Reduction of CO2 Emissions**

A consensus as to the causes of global warming still eludes the international community of sovereign governments. The Kyoto Treaty to reduce CO2 emissions has come into effect but the United States of America is not a signatory and many leading American politicians and business leaders dispute the data that point to global warming as a fact and to human economic activity as its principal cause.

However, the consequences of global warming, should upward movement in temperatures come to pass, are not in dispute. Vast and largely negative changes to communities around the world would occur.

It is also true that CO2 emissions in any amount feed the ecological cycles that accelerate warming trends. While CO2 emissions may not be the principal cause of climate change, they no doubt contribute to any change in the direction of warming the atmosphere and of increasing CO2 absorption by oceans.

Recently, the Scripps Institution of Oceanography released conclusions about CO2 absorption by the oceans at the American Association for the Advancement of Science meeting in Washington, DC. Ninety percent of the energy from global warming has gone into the oceans, not the atmosphere, where temperature changes and reduced salinity of water will change ecosystems and the flow of ocean currents like the Gulf Stream.

Release of CO2 as a result of human economic activity is an opportunity for business leadership. Any cost-effective reductions in such emissions would be helpful to a more prosperous future for many people. The policy choices to achieve such reductions are, in the main, preventive regulation or market incentives. In turn, market incentive can be manipulated by governments or set by consumers. At present, the desire of global consumers to pay for the capital investment necessary for the improvement of technologies in order to reduce CO2 emissions is not palpable. Thus, current private market conditions are not leading the global economy towards reduction of CO2 emissions.

Nonetheless, the Caux Round Table Global Governing Board believes that private business has an important leadership role to play in shifting the odds against global warming.

Principle No. 6 of the Caux Round Table Principles for Business states that “A Business should protect and, where possible, improve the environment ...” And, Principle No. 2 holds that “Businesses should contribute to the economic and social development ... in the world community at large, through ... emphasis upon innovation in technology, production methods, marketing and communications.”

The Caux Round Table accordingly believes that businesses – large and small, local and global – should draw upon their conceptual resources to incorporate innovations tending towards reduction of CO2 emissions in their planning of new products, services, and technologies.

The introduction of innovative technologies, one by one and step by step, will – over time – change the interface of the global economy with the environment.

CO2 emissions were generated by past innovations in technology and can, in reverse order, be reduced by new innovations.

The obligation of business is not to await market demand with respect to the global environment, but prudently to anticipate it. The case for business to step up to a leadership role is compelling in our judgment.