

ERSCP2008 – Extended abstract (for presentation)

TOPIC II – Sustainable supply chain management

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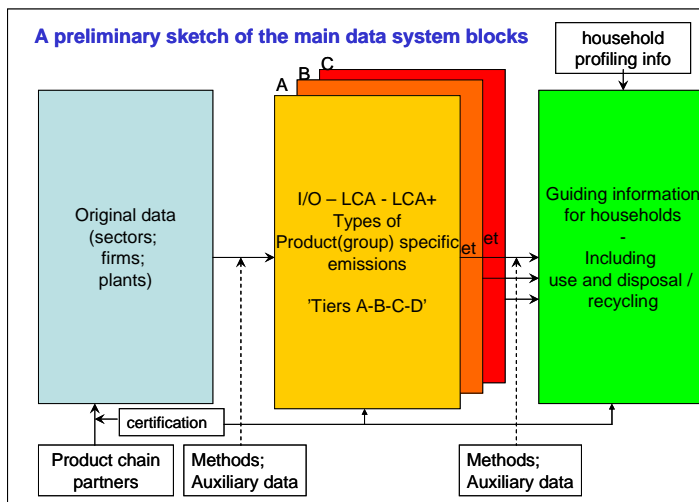
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Title:

Putting the Consumer in the Emission Reduction Driving Seat – Linking Carbon Footprints, Personal Emission Monitoring, and Bonus Card Systems

Even though sustainable consumption had already gained a reasonable degree of attention since the late nineties, the impending extension of climate policy areas and the expected tightening of greenhouse gas emission targets seem to trigger now a broader interest in the potentials of sustainable consumption.

Next to abolishment of distortional subsidies and fiscal arrangements, new instruments are needed that incite and guide consumers to buy products and services with less embodied and direct emissions and incite suppliers to make their product range much less emission intensive. The room for this kind of approaches is increasing as the share of the world population enjoying appreciable levels of wealth is increasing and in turn this raises the average willingness to pay for a clean environment. This does not ensure however that this mechanism, also referred to as the Environmental Kuznets Curve, suffices, since quality effects can be offset by volume effects (see Roca, 2003, for an overview).



In this contribution will be investigated what could be done beyond product labelling, minimum standards, and voluntary donations aimed at the promotion of sustainability. More in particular we need options that can address a large array of consumers over a wide scope of consumption items and consumption functions. First attempts in this fashion are emission offset services and green credit cards, but these services have their limits and appear often to be flawed. The contribution outlines the potential and challenges of a bonus system for households, which promotes sustainable purchases, while employing reliable carbon footprints and enabling households to monitor their performance and get advice (see also figure 1).

Figure 1 An outline of the system from a data flow point of view

The contribution first introduces the rationale behind the approach. After an intermezzo about the abounding supply of emission compensation and reduction services for households, the main focus will be on some of the challenges and their possible solutions, such as:

- to design a wide scoped carbon footprint data system, which enables reliable carbon footprints, but does not cost too much and allows for updating
- to design a bonus system and a customer interface which appeals to a wide scope of customers, but is also truly effective in guiding purchase decisions towards a less emission intensive direction.

The pursuit of greenhouse gas emission reduction, notably in the foreseeable climate policy architecture, is both a private and a public interest. This implies that the design and implementation of the instrument preferably encompasses both the public and private sector. The pros and cons of private sector, public sector and mixed solutions will be reviewed. The contribution finishes with an outline of next steps in the system development in the project CLIMATE BONUS (<http://extranet.vatt.fi/climatebonus/>).

References:

Roca, J. (2003), Do individual preferences explain the Environmental Kuznets curve?, *Ecological Economics*, Vol. 45, pp.3-10.

United Nations Environmental Programme UNEP (2002), *Cleaner Production and Consumption – Global status 2002*, UNEP/DTIE, Paris.