



## Consumption based emissions reporting

### **SUBMISSION BY THE PACKAGING FEDERATION TO THE HOUSE OF COMMONS' ENERGY AND CLIMATE CHANGE COMMITTEE INQUIRY INTO CONSUMPTION BASED EMISSIONS REPORTING**

The following submission is made by Dick Searle (Chief Executive) on behalf of The Packaging Federation, a not-for-profit organisation representing the UK Packaging Manufacturing Industry. As a manufacturing sector, our Industry comprises some 3% of UK manufacturing with approximately 85,000 employees and a turnover in excess of £11 Billion.

#### **EXECUTIVE SUMMARY**

- We believe that the current use of “production based emissions reporting” is creating an entirely false view of the true impact of UK consumption of goods and services. If the twin challenges of Global Warming and Resource Efficiency are to be robustly addressed, it will require dramatic changes across the behaviour of the whole of society not just that of business. However, current policies are directed to require business to reduce their impacts and measurements of production based emissions comprehensively fail to capture the true worldwide impacts of servicing UK demand for goods and services.
- Carbon demand is created initially by consumer demand for goods and services – and industry does not have an infinite capacity to compensate for this but there appears to be little political recognition of this. Despite claims to the contrary, the global carbon footprint of UK (consumer) demand has actually increased by some **30%** in the period from 1990 - 2006 and it is only a substantial shift in the manufacturing of goods away from the UK (carbon leakage) that has enabled the claim that the UK's “local” carbon footprint (based on “production reporting”) has actually reduced. Any policy that expects industry to reduce UK industrial carbon impact whilst the global impact of consumer carbon demand is ignored can only lead to a further and substantial erosion of the UK's manufacturing base.
- There is a clear lack of (political) leadership for consumers on issues of the environment and resource efficiency and there is an overwhelming need for a policy that bases consumer “education” on sound science and information. Failure to address this will lead to a continued mismatch between the nature of consumer demand and the industrial strategy that seeks to fulfil it. It is absolutely essential that policies directed at the achievement of real progress on climate change and resource use goals are based **only** on sound scientific assessment and consumption based emissions reporting is an essential tool in achieving accurate assessment of the nation's true impacts on the global environment.

## DETAILED SUBMISSION

1) We believe that the current use of “production based emissions reporting” is creating an entirely false view of the true impact of UK consumption of goods and services. If the twin challenges of Global Warming and Resource Efficiency are to be robustly addressed, it will require dramatic changes across the behaviour of the whole of society not just that of business. However, current policies are directed to require business to reduce their impacts and measurements of production based emissions comprehensively fail to capture the true worldwide impacts of servicing UK demand for goods and services. In essence we believe that there are two alternative scenarios as Governments and societies at large seek to address the challenges of the future.

- a) A scenario where there is full engagement with society (consumers) at large about the way in which we live and consume resources, if reductions in greenhouse gas (ghg) emissions of 80+% by 2050 are to be accomplished. Any such scenario would describe a very different world which will clearly require “seismic changes” in demand profiles and the ways in which this demand is satisfied. It would also require frank and honest exchanges between consumers and government on such changes and the reasoning and science behind them. Clearly, such a scenario would be politically unpopular and would require a high degree of international co-ordination but it would leave UK business far less vulnerable to the unilateral nature of current UK “carbon policy” and would have a much greater chance of delivering the actions needed to meet ghg and resource efficiency targets. This science based approach to addressing the dual challenges of climate change and resource use will require **relevant** measurement of the impacts of the way in which society impacts the environment and this can only be achieved by the full and honest reporting of the UK and Global impacts associated with UK consumption of goods and services.
  
- b) The second scenario is much closer to current thinking which appears to lack any significant level of positive or scientifically based engagement with consumers. In essence, consumers are expected to continue to behave within current patterns whilst **UK** business is expected to compensate for the carbon, environmental and resource efficiency impacts of such behaviour. Whilst this has the apparent advantage of avoiding unpopularity with consumers (voters), it is extremely unlikely to reduce impacts to targeted levels whilst, at the same time, putting UK business at a very substantial disadvantage to its international competitors. Continuation of the current practice of production based consumption will lead to a false sense of security and progress and will make it increasingly difficult to convince consumers that any change in consumer behaviour and consumption patterns are relevant or necessary.

2) Successive Governments have laid great emphasis on the role that the UK should play in reducing ghg emissions and providing leadership to the wider world. Apart from the huge dangers that this poses to the competitiveness and continued existence of UK based manufacturing, such a policy is deeply flawed if it continues to ignore the impact of UK consumer demand on **global** ghg emissions. Carbon demand is created initially by consumer demand for goods and services – and industry does not have an infinite capacity to compensate for this. And yet, there appears to be little political recognition of this. Despite claims to the contrary, the global carbon footprint of UK (consumer) demand has actually increased by some **30%** in the period from 1990 - 2006 (Policy Exchange Report: Carbon Omissions – attached as Appendix 1) and it is only a substantial shift in the manufacturing of goods away from the UK (so called “carbon leakage”) that has enabled the claim that the UK’s “local” carbon footprint has actually reduced. Any policy that expects industry to reduce UK industrial carbon impact whilst the impact of consumer carbon demand is ignored can only lead to a further and substantial erosion of the UK’s manufacturing base. As a matter of urgency, a parallel roadmap for consumer demand/behaviour (a “Green Consumer Roadmap”) needs to be prepared. Whilst there appears to be little political will to do this, it is absolutely inevitable that it will be necessary sooner rather than later if UK and global targets are to be met – and failure to do so now will lead to policies for UK business that could be highly inappropriate and damaging in the future. Such a “Roadmap” will need to take account of the true global impact of UK demand – measured on a consumption basis.

3) Much of UK manufacturing industry, and certainly a significant proportion of our own industry, is owned by companies based outside the UK. The acid test for future policy will be whether or not it describes an industrial scenario that is likely to encourage investment into UK based businesses. In our experience, there is a growing trend to avoid investing in UK based business – primarily as a result of grave concerns over the impacts of Government Policies on energy taxation, carbon pricing and a perceived obsession with being the leader in de-carbonising its industrial economy (at a time when its international competitors are not following its lead). Any policy that fails to recognise and address these current perceptions will fail the “acid test” and inward investment will continue to fall with all the attendant impacts on policies which expect the private sector to compensate for loss of employment in the public sector.

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October 2011