

Headline: Empower consumers through climate math

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Consumers now need a strong grip on climate economics as part of their daily routine. Who is responsible for carbon emissions and, more importantly, for decarbonization? It's human activity that is causing climate change. Time is not far when net zero carbon targets will also apply to individual consumers and not just to countries, companies, and businesses. It's consumer demand that supports businesses. Why should carbon targets remain at the investor or corporate level? Charity begins at home. Ultimately, consumers would need to be at the forefront.

A silent move is underway to feature nature prominently in our lifestyle decisions. Responsible individuals are becoming eager to reduce their carbon footprint. Apps are being developed to digitally measure an individual's daily carbon spend the same way apps track calories and steps. Developers are working on solutions based on science and industry averages to let consumers know how much carbon is linked to their activity routines.

A recent study found that one liter of a popular cola drink generates 346 grams of carbon emission, and a mega roll of toilet paper 771 grams. Select ESG (environmental, social, and governance)-responsible suppliers have started pasting net zero labels on products. Tracking such individual carbon scores will let card companies and governments determine carbon score charges and taxes.

Financial prudence sans climate math is becoming irrelevant. Abundant startup opportunities are opening up in the climate change technology arena, and developing Asia must grab these.

Several issues come into play. What will measure the temperature and carbon score of an activity? It needs to be arrived at with a particular level of global warming number measured in degrees centigrade. Which technology will measure carbon? It must be transparent, robust, and easy to understand. How will businesses ensure correct emission reporting by suppliers and customers? Which green accounting standard will businesses follow? In the US, industry participants have established a nonprofit standard setter, the Sustainability Accounting Standards Board, as a self-regulatory body. Multilaterals like the Basel-based Bank for International Settlements, the International Monetary Fund, and the Asian Development Bank can instill confidence by sharing easily understood methodology as well as the underlying science and math behind quality climate disclosure.

Decarbonization and net zero are new buzzwords. The days are not far when consumers will start seeing the importance of climate math and glance at daily spend statements for carbon scores. Only the wearer knows where the shoe pinches. "Shun greenwashing" must become the new mantra. The UK's competition authority has developed a "green claims code" to check if environmental claims are genuinely green. Climate litigation is on the rise globally. Per a UN report, over 1,550 climate litigation cases were filed in the last four years in 39 countries.

The commitment to decarbonize one's operations becomes more relevant than just passing the buck. Initially, there will be a tendency to favor carbon offsetting by identifying components hard to decarbonize. Who decides what is hard to decarbonize? Independent mechanisms are required to check decisions that favor carbon avoidance over carbon reduction.

The green transition will have cost implications. It could be messy and impact jobs and the poor and vulnerable. What should be the price of carbon? Policy actions need to depict equity and natural justice in that equation. There is a proposal to gradually increase the carbon price to \$75 a ton by 2030, with differentiated rates for developing economies (including India, the Philippines, etc.) against the current global average price of \$3 a ton, to create social safety nets for the poor and vulnerable. Some EU states have levied carbon taxes exceeding 25 euro a ton, to go up to 55 euro a ton by 2025. Yes, it's exorbitantly high, but will probably serve to encourage behavior change.

Climate math needs to figure in all school, college, and university curricula. It needs to be incorporated in every classroom and academic discipline. National policies need to prioritize climate-relevant curricula. Service providers have to indicate projected carbon scores in their client proposals. Voters worldwide have also started grappling with the concept of "climate elections," with Norway setting the trend. The public has started pushing politicians—that nature must take precedence over politics.

Our spending, savings, and investment aspirations need to be aligned with our climate aspirations. Our own paths to carbon neutrality and net zero must gain currency.

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Ajay Sagar is a former senior staff of Asian Development Bank Philippines. The views here are his own.

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