EPOC Work
Promoting Sustainable Consumption
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Discussion questions

1. How can governments increase the effectiveness of their policies and instruments for promoting sustainable consumption?

2. What is the government role in monitoring sustainability claims by firms and other groups?

3. Which areas of analysis would be most useful to include in a possible OECD horizontal program on sustainable consumption?
Promoting *sustainable consumption* (SC) is a key element for achieving sustainable development (SD)

SD is about understanding the links between the economic, environmental and social dimensions (the three pillars), otherwise: how to achieve economic growth taking into account social and environmental aspects

So, a SC approach is not about limiting or reducing consumption but rather changing unsustainable household consumption patterns by understanding better consumer or household behavior, to identify the appropriate role of governments in promoting sustainable consumption by choosing and implementing different policy instruments.
Q1: How can governments increase the effectiveness of their policies and instruments for promoting sustainable consumption?

Since 1994 OECD has been working on issues related to SC. On the basis of the accumulated experience, EPOC is working on a two years project on “Environmental Policy Household Consumption” that:

✔ Aims at better understanding household behavior and response to measures implemented => improve environmental policy design
  - 5 key policy areas: energy use, waste generation and recycling, transport choices, organic food consumption and water use

✔ Widens the scope of analysis
  - Understanding households’ response to a broad range of policy instruments: e.g. taxes, direct regulation, labels
  - Understanding differences in responses across households according to individual characteristics: e.g. income, rural/urban, education

✔ Formulates policy recommendations
  - Review of studies available (Ph1-completed) + OECD Household Survey (Ph2)
  - Comparative analysis across countries and across environmental policy areas
Main outcomes: Phase 1 -- Review of studies available

1. Personal transport choice affected by:
   - *Policies* - Taxes, congestion charges, vehicle use restriction, public transport
   - *Other* - income, age, gender, family size, area of residence

2. Household waste management

3. Household residential energy

4. Household organic food consumption

5. Household water consumption
Preliminary implications of the phase 1 for policy design

(Presented in a workshop at OECD, June 2006)

✓ Guiding the choice of alternative policy instruments and complementarities
  - Unit-based pricing and recycling programs
  - Energy tax and energy efficiency labels

✓ Increasing the effect of information-based instruments
  - Education, values => target information campaigns (e.g. promotion of recycling by appealing to personal motives; organic food and health aspects)

✓ Targeting grants and other incentives
  - Income => targeted grants, preferential loans (e.g. for home insulation)
  - Landlord/tenant => targeted incentives for improving energy efficiency

✓ Addressing social concerns
  - Reduce the burden on targeted households (e.g. low-income)
  - General adjustment of local taxes, else adjustments to the charging scheme
OECD Survey: Phase 2 – Implementation of an international household survey

- **Countries involved**: 10 member countries representing different OECD regions: Australia, Canada, Czech Republic, France, Italy, Korea, Mexico, the Netherlands, Norway and Sweden.

- **Methodology**: Internet panel-based survey (Lightspeed Research); 1000 respondents for each participating country.

- **Questionnaire design**: draft OECD questionnaire developed jointly (OECD directorates, research teams, advisory committee)

- **Pre-tests**: in five countries: Canada, Italy, Korea, Sweden and the United Kingdom (March-May 2007)

- **Timing**: Survey simultaneously implemented in all participating countries (fall 2007) + data analysis and presentation of policy recommendations at international workshop (2008)
Q2: What is the government role in monitoring sustainability claims by firms and other groups?

- Because of information asymmetries
  - protecting and, in a way, “representing” consumer interests!!
  - proposing incentives to create the conditions for a dynamic trade off between consumers, firms and other stakeholders (beneficial in terms of eco-innovation!)

- Because there are out there more and more voluntary labels to promote SC by influencing consumer behavior and choices by labeling products on the basis of “ethics, social, biodiversity” causes; or eco-labels widely used
  - This proliferation of labels can lead to confusion and mislead the consumer
  - Governments have to increase consumer information, education and awareness to promote SC
Q3: Which areas of analysis would be most useful to include in a possible OECD horizontal program on SC?

Three questions for a question?!

- Where are the gaps in the ongoing work on SC?
- What can we do?
- Who should do it?

The contributions from the panelists and participants, and the debate here today, should guide us in identifying the modalities and areas of analysis to be chosen.