

## **Major U.N. Report: *Failure to Price Nature's Value Undermines the Economy***

### **Study has important implications for Canada, says Sustainable Prosperity think tank**

Ottawa, October 19, 2010 – The largest-ever global study on The Economics of Ecosystems and Biodiversity (TEEB) is being released today in Nagoya, Japan, at the Convention on Biodiversity's 10<sup>th</sup> Conference of the Parties. The study, *Mainstreaming the Economics of Nature*, was led by a top international banker (Pavan Sukhdev) and sponsored by the U.N. and a host of countries. It finds that nature provides trillions of dollars in 'free', life-supporting services to us each year, and that failing to count the value of those services is having major effects on the environment and the economy – including in Canada.

The study makes clear the enormous economic importance of the world's natural assets – such as forests, freshwater, soil, wildlife and wetlands – as well as the social and economic costs of their loss. It also offers solutions: demonstrating how economic tools (such as eco-taxes, greening GDP, or biodiversity 'offsets') can harness market forces to better conserve and manage our natural capital endowment, which is rapidly diminishing.

"Nature is the most valuable asset we have – worth more than all human economic activity – yet we are squandering this priceless resource," said Professor Stewart Elgie, Chair of Sustainable Prosperity, a green economy think tank based at University of Ottawa. "Because we get nature's services for free, we tend to use them wastefully – much like a tenant who doesn't pay for electricity leaves the lights on."

The highlights of the TEEB study include:

- Reducing forest loss by half would generate \$3.7 trillion worth of greenhouse gas reductions
- Depletion of natural capital will cost an estimated 7% of global GDP by 2050 (TEEB interim report)
- The largest 3,000 companies cause \$2.2 trillion in uncounted environmental costs: ½ of their profits
- The rural poor are particularly hard hit by loss of natural capital (it affects 47-89% of their income)

This global study has important lessons for Canada. "Canada is blessed with one of the richest natural endowments of any country on Earth, yet we have not been very good stewards to date," said Professor Elgie. A recent OECD report ranked Canada 29<sup>th</sup> of 33 countries in creating economic incentives to reduce pollution and conserve nature. "This report is a wake-up call for Canada," said Elgie, "we need to develop our own action plans – at the national and provincial levels – to value our wildlife and nature, and create economic incentives to conserve them. If we undervalue the life-supporting services that nature provides, we mortgage our future."

*Mainstreaming the Economics of Nature* proposes that economic instruments can be used to provide the right incentives: to reward ecosystem conservation, promote development of cleaner technologies, and foster sustainable resource management. Canada already has some experience with such approaches, which will be surveyed in the forthcoming Sustainable



Prosperity report, *Advancing the Economics of Ecosystems and Biodiversity in Canada*.

Highlights include:

- Canada's northern **boreal forest** provides ecosystem services worth **\$191 billion/year: 14 times** more than the value of all oil, minerals and timbers extracted there each year.
- Southern **Ontario's Greenbelt** provides ecosystem services worth **\$2.6 billion/year**.
- Using economic incentives, **Ducks Unlimited** and its partners have conserved or restored **more than 6 million** acres of wetland habitat in Canada.

Sustainable Prosperity hosted Pavan Sukhdev, a banker who leads the TEEB study and the UN's Green Economy Initiative, for a speaking tour to Ottawa, Montreal and Toronto in May 2010.

To view the UN TEEB Report, please visit [sustainableprosperity.ca](http://sustainableprosperity.ca).

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*Sustainable Prosperity is a national research and policy network, based at the University of Ottawa. SP focuses on market-based approaches to build a stronger, greener economy. It brings together business, policy and academic leaders to help innovative ideas inform policy development.*

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