



Media release

Basel, 22 March 2010

Bank Sarasin Sustainability Research: Country rating shows the importance of sustainability for quality of life

The availability of resources and the efficiency with which they are used are crucial determinants of a country's quality of life. By the same token, a shortage of resources can undermine living standards. The challenge facing individual countries is to improve the overall conditions in such a way to ensure that not just capital goods, but also natural and human resources are used more efficiently. The success with which the national economy manages its available resources can have a long-term impact on its credit standing and ultimately affect the attractiveness of sovereign bonds. In a new research publication, Bank Sarasin has updated its sustainability ratings for individual countries. The top performers are those countries with generous resources and a high level of efficiency. These include Sweden, Australia, Brazil, Japan, the Netherlands and Germany. Switzerland also scores well thanks to its above-average efficiency in the way it manages resources.

A nation's ability to meet future payment obligations – in other words its credit standing – is closely linked to its productive capacity in the long run. Bank Sarasin assesses government bonds with the help of sustainability ratings which allow investors to incorporate environmental and social criteria in their investment decisions. Compared with previous years, the latest sustainability study produced by Bank Sarasin, “The world in a dilemma between prosperity and resource protection”, introduces a different, innovative aspect into country ratings: for the first time, Bank Sarasin compares the sustainability of industrialised, newly industrialised and developing countries based on the same indicators. The research focuses on how individual countries manage their available resources.

Resource efficiency is a prerequisite for sustainable development

“To achieve sustainable development, we need to become far more efficient in the way we use resources. There are two aspects to efficiency: on the one hand, the deployment of resources to increase material wealth has to be scaled back, partly by using technologies that consume fewer resources. On the other hand, material wealth is not an end in itself, but should be seen as a means of improving the quality of life. Here, material factors such as life satisfaction, security and fairness are crucial. This presents a challenge in particular to national governments, whose efforts to create suitable overall conditions in the areas of economic and social policy, financial services, administration and social infrastructure (education, healthcare) help to lay the foundation for sustainable economic growth and a good quality of life.” – Dr. Eckhard Plinke, Head of Sustainability Research, Bank Sarasin & Co. Ltd.

Resource shortages can threaten living standards

Natural resources such as the non-renewable fossil fuels oil and coal, or the regenerative commodities of soil and water, provide the foundation for every type of commercial activity. By using capital goods and natural and human resources as efficiently as possible, a national economy produces goods and services that are intended to improve the quality of life. However, the planet's natural resources continue to be depleted by emerging and developing countries continuously striving to improve their quality of life, while the richer countries try to preserve their affluence. The dependency on fossil fuels and the over-exploitation of land as a resource are particularly worrying.

This latter aspect is especially problematic in the agricultural sector, which could meet its limits in the near future. Demographic shifts impose an additional burden on national economies: in developing countries, for example, the population explosion is fuelling demand for resources, while in the more mature economies the ageing population is jeopardising the social contract by which younger people in work subsidise its senior citizens.

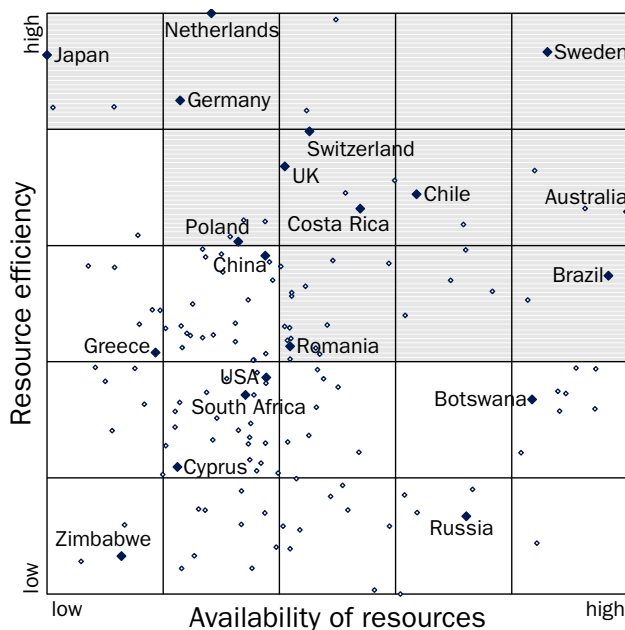
Systematic country rating: Sweden top

Adequate resources must be available for a national economy to grow, but in global terms a steady level of sustainable development can only be maintained in the long term by improving resource efficiency. When assessing whether sovereign bonds qualify for inclusion in its sustainable investments, Bank Sarasin compares these two aspects and positions the countries accordingly on the Sustainability Matrix. Two groups of countries perform well in the assessment: those rich in resources such as Australia and Brazil, and those which are low in resources but use them in a very efficient way. The latter group includes countries such as Japan, the Netherlands, Germany, and also Switzerland. Sweden actually does well by both measures. At the other end of the scale there are the inefficient countries with low resource availability (measured by consumption) – such as Greece, the US and many African and Asian countries – and countries with ample resources but poor efficiency in their consumption, especially Russia.

Switzerland: Further room for improving efficiency – innovative powers should help

Despite its low bio capacity, Switzerland only has a modest ecological deficit in its economic output because most of its electricity generation is carbon neutral. At the same time the country has plenty of physical assets and human and financial resources. The quality of life is very high in all sectors, but it is achieved with an equally high Ecological Footprint – taking imports into consideration as well. This means there is still room to improve the efficiency with which resources are used. There is a fair chance of this happening: Switzerland has very strong powers of innovation, and boasts the world’s third highest number of patents per head of population. The alpine nation also enjoys excellent economic, political and social conditions.

Overview: Sarasin’s Sustainability Matrix for countries



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Copies of the complete report “The world in a dilemma between prosperity and resource protection - Sustainability rating of sovereign bonds 2010” are available in German or English for a copyright fee of CHF 50 / EUR 35 (or free to clients and the press) from:

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