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Have UK carbon laws failed to see outsourcing loophole?

Environmentalists see red over green law's offshoring flaw...

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By Mark Kobayashi-Hillary, [27 July 2010 16:47](#)

COMMENT *Few would quarrel with the aims of legislation designed to cut carbon emissions but the law is pointless if it can be sidestepped by outsourcing, says Mark Kobayashi-Hillary.*

Almost two years ago, the Climate Change Act 2008 received Royal Assent, imposing a statutory duty on the government to "ensure that the net UK carbon account for the year 2050 is at least 80 per cent lower than the 1990 baseline".

This ambitious target still looms over the British economy, even after a change of government and a financial meltdown that was just building up a head of steam when the law was drafted. The act will affect how every company does business with the UK over the coming years, and other countries have acted in a similar way.

EC carbon targets

The European Commission has set legally binding carbon targets including a 20 per cent reduction in greenhouse gas, an increase in the share of renewable energy by 20 per cent and the same amount of improvement in energy efficiency, all by 2012.

So Europe - including the UK - has placed its cards on the table and openly supports carbon reduction by making it mandatory for organisations. There is no choice. But how does that affect IT services and [the outsourcing industry](#)?

It's all about how companies are going to reduce carbon use, because all large organisations will be forced to measure consumption, so they can commit to reducing carbon in a measured way.

This obligation is part of the Carbon Reduction Commitment Energy Efficiency Scheme, or CRCEES, which used to be just the Carbon Reduction Commitment or CRC. It's mandatory and although focused on carbon emissions, it is also aimed at generally improving energy efficiency.

Sumir Karayi, CEO of energy efficiency technology firm 1E, told me recently that the CRC is vital for the UK to play its part in reducing the impact on the environment. "Businesses are often apathetic about the greater good but they do understand that they have to comply with the law. CRC just gives us everything all in one go. Some companies want to do the right thing anyway. But with the CRC, it's now the law," he said.

Auditing carbon to give a baseline for comparison

In 2010, large organisations have to audit their carbon use for CRCEES, so that the measurement

in 2011 has a baseline for comparison. Many companies turn to their outsourcing suppliers to help with green initiatives, and now the CRCEES scheme is underway, the belief that outsourcing might be the answer is likely to strengthen.



How green is your datacentre? Pictured here is [Telecity's Condorcet datacentre](#) - designed to be as energy-efficient as possible
(Photo credit: Telecity)

Datacentres are a classic example. If you have a power-hungry, dirty datacentre then why not go to a supplier with a better track record at running environmentally friendly IT? This approach is a legitimate form of improving your carbon emission, with many suppliers providing green technology as part of their standard service offering.

But there is a fly in the ointment. If the supplier is a fairly large organisation, they may also be expected to conform to the CRCEES requirements.

So a company that outsources a dirty datacentre to a large supplier may reduce its own carbon footprint, but at the expense of handing it on to the supplier, which then has to figure out quickly how to make it more energy-efficient.

Offshore datacentres to China

Of course, you could just [offshore the datacentre to China](#). If the service is going to leave the EU then the carbon use drops off the measures for the end-user firm and won't be transferred to the outsourcing supplier either - it just vanishes.

As Karayi emphasised, we need the legislation. Companies won't automatically go green unless there is money to be made or saved.

But if the legislation doesn't take into account the complex international nature of the outsourced supply chain then isn't it just a little bit useless?

[Mark Kobayashi-Hillary](#) is the author of *Who Moved my Job?* and *Global Services*. He lectures at London South Bank University.

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