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Climate Change: from Words to Action

Hans Verolme, Director, Global Climate Change Programme, WWF, Switzerland
Check against delivery

Thank you, Lorents, for inviting me to speak at this year's OECD Forum and for giving WWF an opportunity to provide a distinguished audience with what I hope is a fresh perspective on the climate and energy challenge we jointly face. I will give you a sneak preview of some major new analysis we are releasing today that shows we *can keep* the climate safe.

My main message is: We can do it, it is affordable, but time is of the essence!

Climate change is everywhere ...

From our work all over the planet to protect the most beautiful places and our work to reduce the impact of our collective footprint WWF, with some 5 million members worldwide, knows this is not a fad that will fade, climate change is here to stay. Climate is also not merely an environmental problem it goes to the heart of our society's vision of the future. It poses foreign policy dilemma's, challenges to sustainable growth, to community development, to all sectors of our economy: energy, health, transport, manufacturing, agriculture.

The Challenge: Is to keep warming to below 2 degrees, else dangerous things will happen. The IPCC confirms this in its most recent Fourth Assessment Report:

Working group 1 - unequivocal people are responsible

Working group 2 - impacts and adaptation, cost of inaction - 30% of species risk extinction, up to 250 million in Africa affected especially freshwater, food production

Working group 3 - the technological challenge, we can do it, it is affordable, but requires real change.

And then there is the moral imperative, those least responsible are those most impacted (i.e. small islands and LDCs).

The Answer: *WWF Climate Solutions Vision* released today.

This is a complex issue, we need not just stop climate change, but do so in a way which avoids the traps of dangerous technologies (e.g. nuclear) or the destructive use of apparently benign "green" ones (such as unsustainable forms of hydropower). If we are thoughtless about how we pursue our goal of a safe climate, we could do lots of damage to other things we care about.

WWF's Climate Solutions Vision expands on Socolow & Pacala's work on wedges. We reviewed social and environmental benefits, and analyzed technological potential of a

carbon budget consistent with 400 ppm of CO₂, in sharp contrast to the disaster-prone 550 ppm scenarios prepared by others.

Our Vision also differs from other studies in that it considered wider environmental and social impacts of each technology and took into account the real-world technological development rates and constraints using a probabilistic model that assessed the likelihood of their success.

Our analysis clearly demonstrates that we can meet the world's energy needs *and* protect the climate, relying on environmentally and socially sustainable technologies that are commercially available today.

How: This is only possible if we move boldly, and move swiftly.

- decisions made in the **next 5 years** are key to success - any delay will make transition to low carbon future more difficult and expensive;
- the solutions lie in a robust **mix of technologies**, there are no silver bullets;
- some of what are commonly considered "green" technologies - hydro, biomass - can have devastating environmental and social consequences if not well managed.

Solutions mix

Efficiency - decoupling demand for energy services from production, accelerate further development and deployment of clean technologies.

Renewables - flexible fuels, storage and infrastructure (e.g. supergrid). Displace coal with gas and capture and store carbon (transitional). Stop forest loss and degradation.

So if we can do it, what is keeping us from doing so? How to change the course of this energy supertanker on a collision course with the lighthouse?

How to create the shift in investment required? Remember, the IPCC says it is affordable. The key is to shift the main body of investments. The incremental costs are marginal.

Business leaders all over the world tell me what is needed is a long, loud signal, a global political framework.

So we need to provide a secure global political framework - **A New Global Climate Deal**

From the UN FCCC discussions climate talks have spread to the G8 (+5), WB, APEC, even NATO and today the OECD. But for now these lack focus.

The Kyoto Protocol is a small but important first step. [Will it deliver? Yes.]

At present, the EU ETS is the basis for a global backbone of carbon market, assuming some of its growing pains are addressed. In that context, I want to underline the importance of the March Council energy package that sets a target of -30% by 2020.

That package is not limited to emissions trading but includes unbundling of energy services, distribution and generation, as well as sector specific policies and measures, target for EE and RE.

Here, I'd like to say a few words about **competitiveness**.

Contrary to what some may have told you this is *not* a race for the bottom. Competition is not about cheap labor but about knowledge and innovation. Which is not to say that this economic transformation will have no consequences at all, especially in energy-intensive industries. But let's be honest, the global economy is already paying a rising tax on carbon: the rising food prices in local markets, health care costs, infrastructure repairs, and insurance rates.

I am happy to report the role of business has changed with the changing climate - from critic to cheerleader. Davos was a turning point. But I follow the money (or carbon) not hot air: The financial sector is increasingly directing investment towards clean energy and EE.

Here we have to question the record of the International Financial Institutions, and the governments that 'govern' them. Careful review of the investments by IFIs in the energy sector show the portfolio of large infrastructure and fossil energy projects remains largely unaligned with the objectives I just outlined. This has to change, now.

Another fly in the ointment are the massive government subsidies to the fossil and nuclear industries that have tilted the playing field against EE and RE. But more importantly are drawing scarce resources away from much needed incentives in the deployment of new clean technology.

So what does a **new global climate deal** look like?

Firstly, there is an urgent need to launch formal negotiations in Bali this December that leads to a broadening and deepening of the Kyoto Protocol by 2009. This will provide security to the global carbon market and its expansion will stimulate investment and innovation.

Secondly, the USA and Australia need to return to the table. Their current opposition to market approaches for tackling the challenge is fading fast. The public is demanding action. Australia may well be the first election dominated by the issue.

Thirdly, several OECD members not currently affected by the Kyoto Protocol will have to take on their first absolute emission reduction targets starting in 2013. The science is clear and emissions pathways that keep us below 2 degrees of warming need to be aligned with the difficult discussion on graduation and the differentiation criteria that is needed under the KP. This in particular needs your political support.

Fourthly, emerging economies will need to be given clear incentives for making concrete contributions. These may take the form of so called no-lose targets, but other domestic measures like renewables and efficiency standards count too, and what about sectoral agreements covering energy intensive sectors like steel, aluminum, cement, and electricity coupled with market support for incremental costs?

I assume someone will ask me about China in the dialogue so I won't go into detail here.

Finally, a new global deal can only be concluded if it includes a strong adaptation policy and financing framework, creates the right incentives for countries to stop deforestation, and promotes technology cooperation beyond markets.

Other experts on this panel are better equipped than I am to speak to some of the realities of climate change and the responses being crafted in developing countries, in all their diversity, to this challenge.

Mr. Chair, in closing, I am optimistic if cautiously so, like anyone deeply involved in the political process that is intended to conclude a new global climate deal. While public concern is at record height and the political debate, if not the political will, is creating a media frenzy, real challenges remain.

Remember, time is of the essence!

Thank you for your attention. I look forward to what I expect to be a lively debate.