

Climate: Political will and strong partnerships are vital for action

Concluding Comments on the Economics of Climate Change

Wednesday 4 June 2008

Doris Leuthard, Minister of Economic Affairs, Switzerland

1. Great pleasure to be able to report to the OECD Ministerial Council Meeting on the climate change discussions at OECD Forum 2008.
2. Just before the Forum, the OECD conducted an on-line survey on what among the Forum issues is the most important challenge facing the world today. Some 70 per cent of respondents indicated that combating climate change is the most important. So, over this week at the OECD, we are right to be concentrating on climate change.
3. The Forum is a key event in terms of bringing together civil society personalities, business and labour leaders, government ministers and leaders of international organizations. What struck me was the determination of most people from these different groups to work together to tackle climate change. But while there was optimism about technology and even on the economics, there was a sense of pessimism about policymaking. Indeed, much of the blame for lack of progress was being laid at the feet of politicians. I had a clear sense of frustration on the side of civil society regarding the apparent difficulty that world leaders have in reaching agreements to tackle more seriously climate change. It is clear that we must mobilise political will and make international co-operation work better to tackle climate change – that includes cooperation among OECD and non-OECD countries and coordination among different international negotiation fora (UNFCCC, WTO and others). Building the enabling policy frameworks, for research and development, on market-based instruments to put a price on carbon, on encouraging new standards: this is also where we must focus our energy.
4. Yesterday, I had the pleasure of chairing a session on the issue of mobilising political will to tackle climate change. All the speakers -- H.S.H. Prince Albert II of Monaco; Angel Gurría, Secretary-General, OECD; Yvo de Boer, Executive Secretary, UNFCCC and Phil Goff, Minister of Trade, New Zealand – agreed that political leadership and mobilizing political will were the vital ingredient, “the DNA of international policymaking” as Secretary-General Gurría put it. Climate change is not someone else’s problem, it is our problem. The session on mobilising political will followed hot on the heels of another session emphasising the importance of partnerships, among government, the different players, and countries. There is much more that politicians could do to harness this widespread public eagerness to tackle climate change and to make those partnerships truly effective.

5. There is no single “silver bullet” that will solve climate change. Innovation, economic instruments, regulations, encouraging new low-carbon habits: they all count. But we clearly need strong inter-governmental agreements to reduce carbon emissions. All eyes in this regard are very much on Copenhagen 2009. We can encourage many simple steps to improve the efficiency of energy use too. And we need more education, not just of children, but adults.
6. Innovation is humanity’s great asset and hope, for as one Forum speaker said, innovation may even exceed our expectations! But we need to step up our policies to spur innovation and encourage the technological breakthroughs needed to move forward. The transition to a low-carbon economy also provides great opportunities for economic growth. Green technologies, from renewable energy to carbon capture, offer the possibility of new green jobs and industries for all. Here governments must do more to create an environment which is conducive to innovation and reform. That includes reversing our declining spend on R&D into renewable energy. Nuclear power can be part of the solution to climate change, but only part, and despite renewed interest in the technology, the Forum reminded me that public concerns remain about externalities such as waste disposal, accidents and proliferation.
7. I have just now participated in a session on climate change and finance. Many good points were made, but it seems clear that financing, though never easy particularly in today’s difficult climate, should not be a barrier on the road to building a low-carbon society. Indeed, it makes increasingly good business sense to undertake climate-friendly business practices. Global companies are investing in cleaning up their image and their act. Financial instruments exist to help them, and a number of financial indices, such as the FTSE4Good or NASDAQ Clean Edge US Index, now track the environmental and social performances of publicly traded companies. That’s the market in action. Policymakers must also take the baton and lead the way.
8. I would like to conclude by saying something we already know but which was very much in evidence yesterday, that the Forum and the Ministerial Council Meeting really do confirm the OECD’s key role not just in gathering data and helping us make sense of it all, but in bringing diverse players together on an action-oriented, policy-shaping, basis. At the Forum, people showed they are ready to take initiatives, but were adamant that the really major differences rely on leadership to make things happen. At the MCM, we meet in camera but our decisions will be in public view. We cannot afford to let these people’s expectations down. We must show that on climate change, we too mean business.