



Partnerships for Tackling Climate Change

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Action against Climate Change

The last couple of years, the threats from global warming have dominated public and political debate. Action to prevent the most dramatic consequences is needed. I use every opportunity to stress this point, and I am happy that you allow me to address this subject here today.

Global emissions of Green House Gases are accelerating. If the current trend continues, the OECD predicts that they will increase by more than 50 per cent by 2050. 80 per cent of this increase will come in developing countries. This would lead to substantial global warming and generate extensive damages. Poor developing countries would be hit especially hard.

The solution needs to be part of our fight against poverty. A future climate regime must therefore combine economic growth in developing countries with low carbon economies. In the developed world, our emissions per capita have to be reduced to levels now found in countries like India: A huge challenge!

The start is good policies and I will first address that. Then I will discuss how to build support for action, including developing countries as active partners.

I POLICY MIX

1. The point of departure for global action against climate change could be to stabilise the atmospheric concentration of Green House Gases, at 450 ppm CO₂ equivalents. This requires - according to the OECD - that the emissions of green house gases peak in 2015, and after that are reduced by almost 40 per cent compared to 2000 by 2050.
2. I subscribe to such an ambitious goal, but it is demanding. A least cost strategy will be a key to success. This involves minimising as far as possible the costs of reducing current and future emissions, including making low-carbon technologies accessible at competitive and affordable prices. A price on carbon through emission taxes and cap-and-trade schemes is needed in order to stimulate change. Workable regional and global cap-and-trade schemes or markets are a must. Taxing the bad – emissions - is better than subsidizing the good - emission abatement.

3. Moreover, and beyond market-and price-based instruments, governments should take specific measures to encourage development of low-carbon technologies. My government has, in addition, taken specific measures to encourage the invention and development of such technologies - notably Carbon Capture and Storage - CCS.

II BUILDING SUPPORT FOR ACTION

4. As countries are implementing efforts to address climate change, proposals are increasing for so-called offsetting measures to address perceived competitive disadvantages. Such measures will not be conducive to progress in the fight against climate change.
5. Instead, financing arrangements can support international and domestic action against climate change. We will have to design incentives for developing countries to join in a global post-Kyoto agreement. Such incentives could include generous allocation of emission permits for developing countries within an overall tight global target. The possibility of allocating funds for adaptation against certain obligations on emission reductions should be explored.
6. The initial distribution of national quotas in a global post-Kyoto regime may become a means of transfers from richer countries to emerging economies and developing countries, and thus enable the latter to take on obligations.
7. In addition, auctioning of emission quotas is a possible source of revenue. The resulting revenue could then, through a fund, be used for adaptation, technology development and other specified purposes. Even a small percentage of auctioning would generate a large source of finance.
8. A way should also be found to involve the business sector in a constructive and forward looking manner based on sound business- and market principles. The private sector will certainly have to be a partner in the process, including the further development and strengthening of sound global markets for carbon.
9. Technological advances are also part of the solution as I already have alluded to. According to the IEA, CCS could reduce CO₂ emissions by 20 to 28 per cent by 2050. Norway introduced the first generation of this technology in the North Sea more than ten years ago. For years we have successfully stored CO₂ under the Sleipner gas field off the west coast of Norway. My government supports financially the establishing of pilot projects with the view to capturing and storing CO₂ from full-scale gas-fired power plants. Including Carbon Capture and Storage under the Clean Development Mechanism would provide incentives to deploy this important technology also in developing countries.
10. Building support regionally is also important. Norway has since January this year integrated its cap-and-trade system with EUs Emission Trading Scheme - ETS. A well functioning European market will contribute to workable global markets for carbon in the medium term.

11. Finally, domestic support must be sought. My government made a broad compromise with all the political opposition parties in the Parliament except one earlier this year. Action against climate change is a long haul which requires political courage and perseverance. The general public in Norway now knows that a strong majority in our Parliament will continue the policies agreed on in this broad climate compromise also in future Parliamentary periods.
12. Facing the challenges of climate change requires bold political leadership. We need to build a common understanding of how our present actions influence the quality of our future societies – for better or for worse. I appreciate that the topic is high on the agenda of the OECD.