



**International Green Business Dinner
London, 10 October 2011**

**Address by Christiana Figueres, Executive Secretary
United Nations Framework Convention on Climate Change**

Mr. Bentley, Deputy Director-General, CBI,
Excellencies,
Ladies and gentlemen,

Good evening. It is a great pleasure to be here at the Museum of London. The rich history of this great city, with all its ups and downs, is nothing short of impressive.

What is particularly outstanding in the context of tonight is how one of Britain's most prominent inventions shaped the world we live in today. In 1776, Matthew Boulton said "*I sell here, Sir, what all the world desires to have - power*". He was, of course, referring to his and James Watt's improved steam engine, without which the industrial revolution could not have happened. We all know that the upshot of this was a new infrastructure that met the needs of that time and concurrent new ways of deploying both public and private finance to establish that new infrastructure for centuries to come .

Today, the world still needs power and will grow in power demand. But the world also knows that the fossil fuel-based infrastructure might meet some people's short-term needs, but it no longer meets our collective long-term needs in a safe manner. We need a fundamental change that is at least as great in magnitude as the change that the improved steam engine brought with it, but at a much faster pace. We need, and are poised for, a new industrial and energy revolution.

And so it is a great pleasure to address a group of business leaders that has embarked on the road towards this. Mr. Bentley has given an impressive overview of how you see things, and what you need from the intergovernmental negotiations to move forward. No doubt, you are curious to hear where the negotiations are - and, if you permit me, to tell you what we need from you to move forward.

Let me begin by updating you on the state of play.

I just arrived from Panama, and am pleased to inform you that governments had productive discussions as they prepare for Durban, where they will build on the Cancun Agreements on the one hand, and tackle some very difficult political issues that were left unheeded in Cancun, on the other.

In Cancun, governments decided to begin to build an infrastructure that will support a broader, more ambitious climate change regime. The infrastructure includes the Green Climate Fund, the Technology Mechanism and the Adaptation Committee, all of which have

the goal of supporting enhanced action on both mitigation and adaptation in developing countries.

These institutions have been in a design phase during this year and are well on track to be approved in Durban. While the role of the private sector in all three institutions is still being discussed, the good news is that it IS being discussed and that the awareness of its role is on the rise. Needless to say, once these instruments become operational they will not only support climate action in developing countries, but in so doing, they will open new markets and new opportunities.

The progress on the infrastructure-building that Cancun delivered is encouraging and an important step forward. But Cancun fell short of addressing the real political issues, and this needs to be done in Durban.

Of course this concerns the open questions on the Kyoto Protocol and the emerging mitigation framework.

Under the Kyoto Protocol, negotiations are beginning to work against the clock. With the end of the first commitment period almost in sight, and the critical need to ensure that pledges will be met, there is an urgent need to find a viable way forward in Durban.

Yet within the negotiations, there is still uncertainty on how the nature and status of emission reductions should be handled going forward.

Many Parties want targets for Annex I Parties to be inscribed in a new second commitment period under the Kyoto Protocol. Others have stated that they will not participate in a second commitment period of the Kyoto Protocol and would like to see mitigation commitments and actions formally anchored and monitored in a new mitigation framework under the Climate Change Convention. The European Union has opened the possibility of a second commitment period if others embark on comparable efforts.

Durban needs to address *both* further commitments of developed countries under the Kyoto Protocol *and* the evolution of the mitigation framework under the Convention, while ensuring the differentiated participation of developing countries. Realistically, and out of necessity, this may need to involve interim arrangements. Which arrangements? We don't know yet. According to what rules? We don't know yet. Interim for how long? We don't know yet.

I would be highly surprised if this gives you deep insight and clarity on the international policy construction. And to top it off, I have more bad news - the pace of the intergovernmental negotiations is slow.

The pace is slow for three main reasons:

- 1) The deep North -South divide over historical responsibility still has more weight than the forward looking approach of respective capabilities.
- 2) All big players are still under severe financial constraints and face complicated

domestic political constraints, including upcoming election processes, prior to which their political manoeuvrability is severely limited.

- 3) Perhaps most importantly, the economic/social transformation needed for a 2 degrees Celsius ceiling is nothing short of an industrial/energy revolution. It depends on a wide range of changeovers, from societal behavioural changes, to overriding national policies and investment redirections at levels never experienced before, going way beyond the current Kyoto Protocol.

The compounded result is that the scale of the task at hand exceeds the capacity of the political and economic mechanisms currently available to meet the task. Furthermore, the willingness of governments to move forward ambitiously is severely handicapped unless business provides the impetus...

...and that is where you come in.

Business has the power to change consumer and supplier behaviour and turn it into a powerful vocal support that gives policy makers a clearer space in which to act. I am encouraged that many enlightened companies, present company included, have embarked on this.

I fully understand that you could be more aggressive in your capital allocations if you had a stronger market signal from the policy providers. But today I stand before you with a clear request: help us break that vicious cycle. Help us convert it into a virtuous cycle that can power new growth, create jobs in new sectors, help alleviate poverty and stabilize the climate.

Admittedly, in the absence of a clear solid international framework, this represents a risk for business, but I pose that it is a manageable risk. It is manageable based on simple math: Today, a 7 billion global population produces a global GDP of approximately USD 60 trillion and an annual emission rate of 30 billion tons CO₂e. Current projections suggest a population of 7-10 billion and a GGDP of USD 120-200 trillion by 2030.

Climate science (yes, I confess that I believe in science) tells us that we need to reduce our annual global carbon emission level to 20 billion tons by 2030. That means that each ton of CO₂ emitted by 2030 will have to produce up to 5 times as much economic value added as it does today.

Let us not be so naive as to think that we will live in a world free of hydrocarbons; in fact, even with climate action, the use of fossil fuels will grow, but in a low carbon future their relative importance will dramatically shrink. The business success of tomorrow is born of the low carbon opportunities of today.

A low carbon economy necessitates a multifaceted paradigm shift across a broad spectrum, from individual behaviour to national policies. But let me assure you that the shift will not be a clean straight line. We are barely putting in the foundations of the new economy, we are constructing it, and all construction sites are messy.

The way that I see it, the transformation we are talking about requires three components:

1. Capital availability;
2. Execution capability;
3. And policy support. Yes, you could do more if you had the **pull** of ambitious policy.

However, given the slow pace of international policy, may I be so bold as to ask you:

- Are you exploring to the utmost those opportunities that allow you to increase low carbon market share, thereby converting your activity in the market into a **push** for governments to take more ambitious decisions?
- Are you in active conversations with your business partners in other countries in which you operate, encouraging them toward increasing sustainability?
- Are you demanding more national policy action?
- Are you exploring the possibility of innovative public-private partnerships?
- Are you collectively vocal enough to at least balance, if not drown out, the corporate voices of those who see no benefit in rapid action?

The challenge may sound difficult or even impossible, but I trust I am speaking to a group of leaders for whom, in the context of the future of this planet, impossible is not a fact, it is an attitude, limited only by your sense of ingenuity.

Just over the last 24 hours I have heard of two visionary examples: The Climate Bonds Initiative in the financial sector, and the internal pricing of carbon in a major energy company in order to support new technologies. In a still imperfect, disjointed policy world these initiatives and others are showing what can be done to accelerate the transformation.

Ladies and gentlemen, your leadership is essential:

1. To push the envelope within your own business;
2. To bring around others in your business field to be ambitious; and
3. To create a virtuous cycle of push and pull between public and private sectors to pave the road toward sustainability and a low carbon future.

In that context, I would like to issue you an invitation. On the occasion of the next climate change conference in Durban, the climate change secretariat is planning to showcase a limited number of visionary public-private partnerships that have been formed to attain concrete action on reducing emissions or increasing resilience to climate change in developing countries.

We are starting with PPPs that are either located in Africa, or have direct beneficial impact on the urban poor worldwide. On the basis of this we will launch a fully fledged programme for the next COP and beyond. If you are involved in any such partnership, I invite you to let me know.

Ladies and gentlemen, what was true for businesses during the industrial revolution holds true for businesses today: if the infrastructure and energy system no longer meet the needs of the day, and much less of the future, it doesn't make sense to continue to build in the old ways, to continue to invest in assets that will soon be stranded.

There is no doubt that environmentally sound technologies need to spark a green revolution facilitated by new ways of deploying finance. There is no doubt that you have a key role to play in this revolution.

I thank you for what you have already done. I thank you for considering doing more.

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