



SERVICES

TRADE & INVESTMENT

ABOUT US

NEWS

PRESS RELEASES

BACKGROUND NOTES

FOREIGN POLICY NEWS

SPEECHES

MAGAZINES

UK MEDIA

SPECIAL FEATURE

THE UK & INDIA

GO

QUICK SEARCH



NEWS

BACKGROUND NOTES



- > September 2007
- > August 2007
- > July 2007
- > June 2007
- > May 2007
- > April 2007

TOWARDS A LOW CARBON GLOBAL ECONOMY - SPEECH BY MARGARET BECKETT (06/06/07)

Following is text of speech by British Foreign Minister Margaret Beckett at the UK Trade & Investment conference on Carbon Abatement Technologies in London yesterday.

"The title of this conference is 'Towards a low carbon global economy'. Just two years ago such a title would probably have ended with a question mark. At best it might have come in the form of an aspiration. Today it reflects an inevitable reality.

But even if we have answered the question as to 'where we are going', global policymakers - and in that I include business people just as much as politicians - must still grapple with the question as to 'how will we get there'. How can we engage and lead the transition to a low-carbon world economy? How do we make sure that as an individual, a company or indeed a nation we navigate the risks inherent in such an enormous shift in the global economy? And, perhaps most relevant to this conference, how do we make the most of the commercial benefits that are on offer?

First can I say a little about what I believe has caused this shift in the way the world thinks about climate change. It is useful to do so because in understanding that, it becomes clear that this is not a temporary spike in interest which will fall off next year or the year after. This has become a pivotal political priority that will only grow in importance.

Climate change used to be something that was primarily of interest to environment ministers. Other branches of government didn't seem to think of it as their issue. Ever since the G8 Summit in Gleneagles it has been something that Heads of Government have been talking about. And today it is something that not just foreign ministers, but defence ministers, finance ministers and trade ministers discuss regularly and in depth.

They do so because they have realised that climate change is much more than an environmental issue: and that taking action is not a luxury when other priorities have been met but an imperative that underpins every single one of those priorities.

In addition to the increasing global evidence on the ground of climate change, there have been two key events that have brought about that change in approach and understanding. Nick Stern's review at the end of last year had a crucial role in convincing developed and developing countries alike that, while the costs of taking action on climate change were manageable, the economic consequences of inaction were little short of catastrophic.

And then earlier this year, we used the UK Presidency of the Security Council to table a debate there on the security implications of climate change.

Just last week a leading member of the a US Congressional delegation visiting London said that by us taking that action alone we had had a major impact on the way that the US administration and the US Congress viewed this issue.

When I was in Japan just a couple of weeks ago, at every single meeting I had it began with the Japanese thanking me for highlighting on the highest possible stage the security imperative for tackling climate change.

This growing sense of urgency - of the unacceptable political, economic and social implications of an unstable climate - is being reflected in decisions on the ground.

In one meeting I had recently with the Chinese Prime Minister and others senior leaders, I was impressed by the commitment they showed to China meeting its energy efficiency targets - amongst the most challenging in the world. They know and accept that it will entail a radical restructuring of their economy.

The European Union took a series of decisions at the Spring Council that will see us build the world first economy that is low-carbon, energy efficient - and competitive. Again, that wasn't tinkering around the edges. The goal is to have taken virtually all the carbon emissions out of the power sector in all 27 member states by 2020.

And the US is moving too. California - a single state with the sixth largest economy in the world - has set itself tough energy efficiency and tough emissions targets. They are being joined by states and cities across the country - and by a growing coalition of major US corporations. It is no longer a question of whether the US will take action at national level, it is a question of when.

The momentum is building and it is building in the same direction. The world is on a trajectory towards a low or zero-carbon global energy sector - by which I mean electricity generation, transport, heating and lighting - with a projected timescale of the next 40 years.

By any calculation that will be a massive task. The nearest - perhaps only - comparison would be to the great industrial revolution of two centuries ago. But the difference this time around is that we want to - indeed we must - plan this new industrial revolution in advance; we have to come up with a design to make this global transition to low-carbon together.

The next 18 months will be key. Later this week, at the G8 summit in Heiligendamm we want to give political momentum to the effort to build a framework that will take us beyond 2012, when the first period of the Kyoto Protocol expires. But whatever happens in Germany, I am clear that we are entering a period of intense negotiations on the detailed steps that will drive and guide this new industrial revolution.

I can't tell you what the exact content of those negotiations will be. No-one can. But I can tell you what they will feel like. I've been involved in climate negotiations for six out of the last seven years- every one of them has been difficult, fraught and protracted. The ones ahead will be no different. But they will be even more pivotal to the global response on climate change: they will be the dividing line between our success and our failure - with all the consequences that can bring.

Business needs to be inside that process, not outside. First because if we are to get the right blend of incentives, regulations and investment then business has to be involved profoundly in the planning at every step of the way.

Second because a shift in the global economy of the scale and speed necessary carries real and direct risks for the private sector. There is the possibility of price shocks as carbon gets more expensive; the possibility of event shocks - look at the effect of Hurricane Katrina on industries as diverse as insurance and tourism; and the possibility of policy shocks as regulations change, incentives are adjusted, and notions of corporate accountability re-set.

The chances of business managing those risks are greatly diminished if business is not an active player in getting the fine detail of the global transition right. Not to put too fine a point on it, you will pay the penalty if governments get it wrong. So you need to be telling us how we can help you best to prepare for the risks of moving to low carbon, how we can strengthen your competitiveness, how we can help you to become more resilient and less dependent on fossil fuels.

Now there is, of course, a school of thought still that might say that we shouldn't bother with all of this: that trying to do anything on a global scale is simply too idealistic, too impractical - and that we would make more of a difference if we lowered our level of ambition. A version of that argument appeared in the Financial Times last Tuesday written by Larry Summers - ex-US Treasury Secretary, now at Harvard.

At one level, his is a comforting hypothesis - no need to take tough decisions, no need to push the boundaries, stick to what we have done before. Global agreements are simply too difficult. Let's forget about them.

I'll be completely blunt. If you believe that climate change will be tackled by anything less than global agreements then you are kidding yourself. This is a global problem for a globalised economic and political system and it needs a global solution.

That means that as businesses you have a choice. Accept the economic devastation of an unstable climate. Or engage in the process of forming those global agreements and make them work for you. An investment in the multilateral approach, in other words, is an investment in reducing your own business risks.

In talking a good deal about 'risk', I certainly don't want to leave the impression that the move to a low-carbon economy is a sacrifice agenda: the lesser of two evils. This is something business should be excited about not wary of.

When I was in Japan, I shared the stage with the Chairman of Toyota. He said that his company, ten years on from designing their first hybrid model, still cannot keep up with the level of demand. In the next decade their business projection was that Toyota would be shifting one million hybrid units a year - in other words, a US\$20 billion market. That will be bad news for other car manufactures who have not made the same investments over the years. The debate over auto-emissions - in Europe, North America, Japan and China - is intensifying. I expect growing pressure for emissions standards across the industry equivalent to those set by today's hybrids.

And Toyota is just one company operating in just one sector. The world market for environmental goods and services is set to grow by 30 per cent in the next three years to well over a billion US dollars. And the International Energy Agency has said that the total investment in the energy sector to 2030 will reach US\$20 trillion.

Think about what that will mean for every business in this room, for every business in Britain. By 2050 cars won't have traditional internal combustion engines. Power stations should not be giving off carbon emissions. We won't produce inefficient light-bulbs or heaters. Each one of the billions of appliances sold around the world every year will have to be far more energy efficient.

The good news is that we in the UK are ideally placed to take advantage of the business opportunity that represents. In fact, that was very much the message I heard when I met the CBI recently - and I look forward to their report due out in July on climate and business.

Because we have set ourselves exacting emissions targets in the past, because we have been an early adopter of environmental legislation, because we have pioneered effective carbon trading schemes - although I know there is an argument now about whether they are effective enough - the UK has the expertise and the experience to take a big share in this new global market. If you are looking for new sectors and new industries that will keep the UK competitive in the 21st century's global economy, then here you have one: we can and must become the world-leader in low-carbon goods and services.

That doesn't just mean selling the technology itself though there is plenty we can do here: not least in the area picked up on in this conference, carbon abatement technologies. It also the expert services and advice we can provide to other countries as they make their own transition to low-carbon. And, of course, the City of London's position as the hub of the global carbon credit market is itself vital.

And in all these areas, you can draw on and rely upon the help of UK Trade and Investment. As an organisation it has concentrated more of its support and resources on the key sectors of energy, power and environmental technologies.

My message today then is stark, perhaps, but very simple. The world is moving to low-carbon. That is no longer a matter of debate, it is a matter of fact. Business has everything to gain from engaging in that process - and even more to lose if you do not. Lend government your expertise, share with us your concerns, tell us how we can support you. We are here, we are ready and we are listening."