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This dinner comes at the end of a day of discussions revolving around the role, concerns and requirements for business faced with the global challenge of climate change, and just as IPCC and Al Gore are receiving the Nobel Peace Prize in the Oslo City Hall.

Climate change is the most pressing and disruptive challenge of our day, with potentially dramatic repercussions for the global economy, society and the environment. It triggers a perilous chain of uncertainties – along supply chains, in the financial markets, and for consumers.

We are facing a challenge that will affect all aspects of human activity for decades to come - our quality of life, our mobility, what we consume, and how we use our natural resources.

It will affect trade and investment decisions. It will reshape the competitive landscape.

There is no going back and there will be no business as usual. But I am convinced that the threat of climate change also means immense opportunities for business and industry.

Climate change exacerbates the serious challenges we have long been facing : poverty and natural disasters, armed conflict and global pandemics. There is no bigger threat to global prosperity and security, a threat that increases every day if we fail to act.

With these enormous implications, all sectors of society are called upon to become part of the solution. The stakes for you as business leaders are particularly high. Not only are the expectations of you high from all parts of global society,

almost as high as of Governments, but your continued success for your shareholders depends on an effective, open and integrated global economy.

Let us look at one key sector: Energy.

Almost two-thirds of the total emissions are energy related, one-fifth from land-use changes and forestation, and the remainder, about one-seventh from agriculture and waste management. To limit the temperature increase to about 2 degrees centigrade requires a reduction in global greenhouse emissions by at least 60%. So the climate problem cannot be solved without decarbonizing the energy sector. The question is how we can do this in a timely and equitable manner.

Energy efficiency must be at the top of any list for all countries. Although increased efficiency has long been recognized as the cheapest and cleanest source of energy, and despite the large opportunities for gains in this area, it has not been pursued by countries as aggressively as the increase of new supplies. The technical and economic potentials for improving energy efficiency are enormous. We

will have to increase the efficiency of buildings, appliances, automobiles and factories.

Unleashing the potential of renewable energy will increase both energy and climate security. Again it is a win-win proposal for all countries. Its benefits are well known. Much depends on the incentives, and on further cost reductions.

It is clear: We must make clean energy technologies more available, more efficient and more affordable. Reducing global emissions by 60 % will require a technology revolution comparable to those in the space and telecommunication sectors. But this is precisely what we can hope and expect.

The crucial question is whether we will realize our potential. You, the business community, will be a major agent for turning this momentous challenge into opportunity.

Business has time and again proven its ability to adapt to new circumstances and devise new solutions. As the world has become more interdependent, you have been at the forefront of making change happen. You have learned to

thrive on technological progress. As truly global players, deeply connected and globally integrated through your supply chains. You have long transcended national boundaries.

We look to you today as global leaders for know-how, technological competencies and societal reach, so crucial in addressing this challenge.

We also look to you as global citizens to rise above territorial, national or sectorial priorities. We need your energy and your commitment, as individuals and as leaders. Business can contribute in major ways - through technical innovation, through advocacy and transparency, and by making the right investment choices.

Business leaders everywhere have increasingly come to embrace the idea that power and responsibility cannot be separated. It is an encouraging sign that so many businesses are already actively engaged in the United Nations Global Compact or are members of the World Business Council for Sustainable Development. By doing so, you are showing leadership and willingness to contribute to

better environmental, social and governance performance. Without such leadership, neither business nor society will thrive.

But I do believe that the threat of climate change is far too important and dangerous to be an arena for voluntary action and good will.

I believe in the power of political decisions, and I believe that we need to change the market forces to accelerate the needed investments for change.

Through regulation and taxation, through political intervention in the markets, we have solved many of the most severe environmental problems that industrialization has created.

But experience also tells us: When we change the rules, we always face fierce opposition from those who make their profits based on status quo.

Let me illustrate by one example: Back in 1990, my government introduced a new CO₂-tax on the petroleum industry. There was an outcry around the world in oil-producing countries: in Norway, in Europe and in the Middle East. How could a government do such a thing, directed against its own most important industry?

Ever since, of course, the petroleum industry has prospered. But not only that. It has reduced its environmental footprint dramatically. And in the end, it also helped reduce costs. New solutions, and new technology was developed to reduce the tax burden.

Today, the climate effect of the production of one unit oil or gas in Norway is one third of the global average, and half of that of other North Sea states.

The CO₂-tax also led to the first ever off-shore carbon capture and storage project. The gas of the Sleipner field contains more CO₂ than the market accepts. To prepare the gas for sale, the CO₂ has to be removed, and the tax on

CO2 emissions makes it profitable to catch it and store it rather than releasing it into the atmosphere.

For ten years, one million tons a year has been stored in a geological formation, - called aquifer - on the Norwegian continental shelf.

So what is our next chapter? Norway is today developing the world's first gas fired power plant fitted with a full-scale carbon capture and storage system. The state and important energy companies are stakeholders in this cutting edge pioneer project. This has never been done before, not even been contemplated before.

Our vision is to develop technology which can clean coal and gas fired plants at a cost that makes it commercially attractive.

This will happen when we manage to reduce costs, to improve technologies so that the price of catching and

storing carbon will be lower than the price of releasing the CO₂ unchecked into the atmosphere.

So a price on carbon, consonant with the polluter pays principle that we adopted in Rio, is essential for CO₂ emission reductions.

Real change will come when the chief financial officer demands from the engineering division that emissions must come down, for financial reasons.

And this will only happen when governments develop systems which set a price on carbon. We have one in Europe. Many American states are developing similar schemes.

Cap and trade is the future. Governments can set a total upper limit for emissions. That is also the most effective way of knowing what that upper limit will be in the future.

Under such a system governments do not decide where the reductions should take place, only what the total limit should be. That is for the market and human creativity to work out.

What matters most is that we build confidence, encourage and stimulate each other, and make actions known.

It is based on this conviction that *Caring for Climate* has been created, the Platform shared by the Global Compact, the WBC and UNEP. By subscribing to it, on paper and in practice, you can demonstrate leadership and action. You can give recognition to the idea that it is in the best interest of business to play its part in increasing energy efficiency and reducing carbon emissions.

I know that some will still argue that the responsibility to tackle the climate challenge rests primarily with governments. *Caring for Climate* recognizes that. It is also an appeal to governments to develop effective frameworks to make markets work for the climate; to make the necessary public investments in research, development and technology transfer; and to ensure vigorous international cooperation to

stimulate private investment and provide support to countries that cannot tackle this challenge on their own.

For without decisive government action, the changes we need will not happen. And as we have gathered here in Bali, I call on you to exercise your full influence on government negotiators to ensure that this historic opportunity is not lost. Tell them that you do need a regulatory framework to be able to plan and invest for the future..

In September at the UN the largest-ever group of world leaders came together to discuss climate change. Eighty Heads of State and Governments were present. More than 150 countries represented. Joined by local governments, civil society and business leaders, demonstrating that everyone has a role to play. There was a clear call for a breakthrough on climate change here in Bali.

The Secretary General's event was not meant as an occasion for negotiations. But it did express the political will of the world leaders to tackle climate change through the most appropriate global venue, the United Nations.

Here in Bali we need to launch a robust negotiating process, with a clear agenda and timeline that will lead to a comprehensive post-2012 agreement on the global response to climate change. This is a major challenge to humanity, to present and future generations.

Despite all difficulties, uncertainties and challenges we are facing, I believe that the joint efforts of far-sighted political leaders and innovative entrepreneurs, conscious consumers and a vigilant civil society will deliver the robust response to climate change that is now so badly needed.