



Mark Edwards/Still Pictures

# *Environmental*

## **Contract**

**DAVID MILIBAND** calls for urgent action to combat the reality of climate change and outlines priorities for progress

**I**n the five months I have been in my present job, I have become increasingly aware that the facts surrounding climate change are more alarming – and the consequences more immediate – than most people realize. Many people see it as purely a long-term issue: the reality is, we are feeling the impacts now. Arctic sea ice has already thinned by about 40 per cent in the last 50 years. The ten warmest years on record have all occurred since 1990. We need to respond with urgent action both at the national and international level – including helping the most vulnerable to adapt to the impacts and making progress on reducing our emissions of greenhouse gases.

In the UK we recognize the threat and are taking action across the economy, in housing, transport, energy production, and with business. As a consequence of our policies, the UK is on course to reduce greenhouse gas emissions by 23-25 per cent by 2010 compared to the 1990 baseline. That is around double the size of our

Kyoto commitment – and it has been achieved while maintaining strong economic growth. We will continue to pursue an ambitious programme to take us further, in line with our self-imposed domestic target of reducing CO2 emissions by 60 per cent by 2050.

But we have to place domestic action in an international context. The UK only represents around 2 per cent of global greenhouse gas emissions and that percentage is falling. If we are to meet the UN Framework Convention on Climate Change's objective of stabilising greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, then we need a global response. Let us not lose sight of this objective. The longer we delay action, the greater the cost. We know from the International Energy Agency's figures that there will be around \$17 trillion of investment in energy infrastructure over the next 25 years. Channelling this into clean technology is absolutely key: if it is instead directed into dirty technology, it will lock us into further substantial increases in greenhouse gas emissions for many years to come.

### **Environmental consequences**

Our response needs to be urgent, and – crucially – informed by the most up-to-date science and economic and social analysis. The Stern Review on the Economics of Climate Change, commissioned by the UK's Prime Minister and the Chancellor of the Exchequer in July 2005, will provide significant insights on its economic, social and environmental consequences, and on the costs of action and inaction. These will be crucial for all parties to examine and take on board.

Climate change is increasingly being seen not just as an environmental issue but as one which cuts across our economic, development and foreign policy agendas. That is why the Prime Minister chose to place it on the agenda for heads of Governments at the G8 Summit last year. One outcome of the Summit was the Gleneagles Dialogue, which provides a more informal space to explore key challenges away from the negotiating room, complementing the work of the UNFCCC.

I believe that both the formal and informal processes need to focus on four priority areas:

**Adaptation** The need to adapt to unavoidable climate change is now a reality and adaptation issues are rightly a crucial area on which to make progress during the Nairobi meeting. In particular we need agreement on implementing the five year work programme on adaptation – to ensure the work to be carried out over the next four years on impacts, vulnerability and adaptation can proceed without delay – and on guidance on the operation of the Adaptation Fund.

Our primary goals must be to encourage the flow of funds into adaptation projects for the most vulnerable countries and ensuring that adaptation to climate change is mainstreamed into development policies. Assisting developing countries to adapt to the inevitable changes we are already experiencing is a fundamental responsibility of developed countries under the Convention.

### Technological solutions

**Future Technology** Kenya's Minister Kivutha Kibwana has rightly emphasized for Nairobi the future of the technology-transfer framework under the Convention, a hugely important issue for developing countries.

The International Energy Agency has been looking at low-carbon technologies, analyzing what technological solutions are feasible, driven by the desire to introduce low-carbon energy and adaptation measures that will stabilize our climate at a safe level in a practical timescale.

It found that existing low-carbon technologies can halve the growth of oil demand at a cost of under \$25 a tonne and return global carbon dioxide emissions to current levels by 2050. This shared understanding of the specific technology challenges and opportunities increases our ability to identify and agree priority areas for cooperation on practical activities.

**Strengthening Carbon Trading** One of the most effective ways of shifting investment towards low-carbon technologies is through creating meaningful carbon trading mechanisms, which will need the support of governments, society and individuals. We have made a good start in Europe with the EU Emissions Trading Scheme, but more needs to be done to strengthen the market – including incorporating aviation and surface transport, further cuts in carbon allowances and greater harmonization. Internationally, we are working closely with California, the Regional Greenhouse Gas Initiative

in the US Northeast states, and with other countries, to design trading schemes that can be linked.

The Clean Development Mechanism is already a key pillar of the international carbon market, potentially covering some 148 non-Annex I parties, and is linked to the EU and Japanese private markets. It is expected to deliver 1.2 billion tonnes of emission reductions to 2012. There are UK participants in 26 per cent of currently registered projects.

Much still needs to be done to realize the CDM's potential, not least in Africa. By building on its early success and looking at its partnership potential with other market mechanisms, we can seek to create a truly global carbon market, fit to deliver on the challenge and scale of action needed post-2012.

### Clean technology

But we still must do more. The World Bank and Regional Development Banks are developing a global Energy Investment Framework to accelerate public and private investment into energy for development (with a particular emphasis on access for the poor), low-carbon energy technologies and adaptation. Attracting this investment will require policy conditions that can mobilize international finance and domestic private sector investment.

**Long Term Goal** Finally, building consensus around a non-binding, aspirational long-term goal would provide greater clarity on overall direction as we move to a low-carbon global economy. It would enable all countries to take seriously the risks of getting locked into a high-carbon trajectory and, importantly, guide nations in setting their own national policies.

A long-term goal will also help drive innovation and investment in clean technology. Some investors are concerned about whether low-carbon solutions – which often take years to develop and bring to the market – will be rewarded.

I recognise that the developed world should take the lead internationally on climate change and that we have responsibilities to assist developing countries in their efforts to move to a path of low-carbon development while ensuring they become climate resilient. Inaction is simply unacceptable.

In the nineteenth and twentieth centuries, improved understanding of rights and responsibilities in the UK led to a social contract and improved social welfare for all. I believe that for the twenty-first century we need an environmental contract where citizens, business and nations work together towards a goal, with clear understanding of each others' rights and responsibilities. The UNFCCC is playing a crucial part in this discussion and Nairobi provides an opportunity for all countries to play their part and to meet the challenges we all face ■

*David Miliband is Secretary of State for the Environment, Food and Rural Affairs of the United Kingdom.*