

**SPEECH FOR THE PEW CENTER/RIIA CONFERENCE ON “INNOVATIVE
POLICY SOLUTIONS TO GLOBAL CLIMATE CHANGE”
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INTRODUCTION

I am particularly pleased to have this opportunity to talk about climate change in the US.

Politician’s perspective

I’ll be speaking from a politician’s perspective, dealing with the demands of reality, the wishes of the public and those vested interests which must adjust, domestically and internationally.

I also speak from a British Government which is a dedicated European, has a close friendship with the United States and a track record of positive links with developing countries.

The threat of climate change

To my mind climate change is one of the greatest threats facing the world today.

I’m not alone. When the annual conference of business leaders and politicians took place in Davos this year, the participants were asked to list the greatest threats facing the world business community. Climate change came top of the list.

I don’t think there can be any doubt now that climate change is taking place and will have serious impacts on all of us.

Last year Vice President Al Gore illustrated the temperature rises we can expect as a result of climate change.

We are already experiencing floods in Africa and China. Drought in the United States. Hurricanes in Central America. In the future climate change will mean more severe weather conditions, rising sea levels and devastating floods.

Globally, the greatest concentrations of people live in coastal zones. It is those people who are most threatened by rising sea levels.

It is a cruel irony that Millennium Island, which was the first place on earth to greet the dawn of the new century will be submerged by rising seas before the next century.

THE ENVIRONMENT: NO COUNTRY IS IMMUNE

In an era of globalisation, no country, however big, can remain immune. This was true of the threat to the ozone layer. It is true of climate change.

Scientists predict that here in America, climate change will mean more droughts in the central and eastern states, along with more flooding and cyclones along the coast, and escalating costs to cope with storms and rising sea levels. But the US will also be affected by the effects of climate change across the globe.

Climate change will hit you in the corn belt. It will also hit you in the money belt.

US business is not immune from upheaval elsewhere in the world - not only economic, but social and political – such as migration, disease, famine and possible “water wars”.

Water is the most important resource threatened by climate change. This is the ‘blue planet’ but only a tiny percentage of our water is usable. Climate change will bring flooding, but more importantly it will bring more water shortages.

You already have problems in the Western States where the coastal cities are having to look further and further afield for their water. We have similar problems in the South East of England.

If we do nothing about climate change we have to be ready for problems far more acute than these in much more volatile areas.

Change in the environmental movement

The challenge is immense. It can be tackled. But it means change – for governments, for business and for the general public.

The environmental movement itself has changed.

In the first phase, environmentalists were pioneering, whistleblowers and protestors.

The second phase saw governments reacting and beginning to implement some environmental measures.

The third phase will see the environment move into the mainstream, not simply cleaning up the mess, but a modern environmentalism, recognising that a smarter, leaner, cleaner economy will mean more, not less, prosperity.

In the past many environmentalists and businessmen both believed that environmental damage is the price we have to pay for economic progress.

Technology

To the old environmentalist, technology was the enemy.

History is now teaching us that technology can be the friend of the environment, not the enemy.

Someone has worked out that, though output per head in the USA rose 20-fold since 1900, the actual physical weight of the economy is the same.

Many of the drivers of growth, like e-commerce, are light on the environment compared with their predecessors.

Using new technology environmental productivity could increase as dramatically in this century as labour productivity increased during the last.

THE POLITICAL PROCESS

The world has started to face up to the challenge of climate change – first at Rio, then at Kyoto, where developed countries agreed for the first time to take on legally binding targets to cut emissions.

President Clinton and Vice-President Gore have shown real commitment. I also recognise that it was George Bush Senior who signed up to Rio.

So I reject those who suggest somehow the US has played an obstructive rather than constructive role.

These were ground-breaking achievements. But turning words into action has proved difficult. In most developed countries, emissions have continued to rise. We have to start reversing this trend.

Win-wins and business

I strongly believe that we can achieve a lot through **win-win** action. We can tackle climate change through **gain, not pain**.

Reducing emissions will also bring cleaner air, less traffic congestion and warmer homes. In Britain, business now recognises that reducing emissions will also make industry more efficient, bring new jobs and open new markets. Wasting energy is bad for business.

UK domestic action

Let me tell you about what we're doing in Britain.

The UK's Kyoto target as part of the European bubble is to reduce greenhouse gases by 12.5% below 1990 levels. Our new climate change programme, which I launched last month, will help us meet our Kyoto target by 2010, and indeed go beyond it.

Regardless of Kyoto, we believe we can take action which cuts greenhouse gases with gain, rather than pain.

All sectors of society will play their part:

- electricity suppliers will be obliged to produce 10 per cent of their energy from renewable sources;
- we will reduce transport emissions by:
 - promoting public transport,

- sending messages through vehicle and fuel taxes; and
- by signing a Europe – wide agreement with car makers to produce cars 25% cleaner than today's models.

BUSINESS

Two of the key measures in the UK programme are directed specifically at business.

Climate change levy

The first major new measure we are taking is the introduction of a new climate change levy – a tax on the business use of energy which has been negotiated in detail with industry.

The levy will be revenue-neutral with all the proceeds recycled back into business as a whole through lower welfare contributions and extra support for energy efficiency.

Taxing pollution, encouraging job creation and encouraging energy efficiency – a classic win-win scenario.

Domestic emissions trading

The second key measure is emissions trading. I must say that I was sceptical about emission trading at first.

It was Vice President Al Gore who persuaded me that trading could be utilised to align business interests with social interest. Harnessing enterprise to solve an environmental problem. He drew on the evidence of how, here in America, trading had successfully helped reduce sulphur dioxide emissions – and at a tenth of the anticipated cost.

In the UK we have been working closely with industry who are enthusiastic to implement the idea.

We are optimistic that we can set up an emissions trading market by Spring 2001.

Business opinion

In the United States, business opinion and business behaviour has been changing. Support for the Global Climate Coalition has been waning.

DuPont, Shell, BP Amoco, IBM, Motorola and Johnson & Johnson are all setting targets and taking major steps to reduce their emissions.

I think Bill Ford summed it up when he said that the next industrial revolution will be a 'green revolution' and that he'd like to turn the car "from the icon of 20th century manufacturing to the icon of 21st century clean and sustainable manufacturing".

Very importantly, Ford said: "A lot of this stuff isn't more costly – in many cases, it's less costly – it just requires thinking".

The Clinton administration has encouraged the search for solutions, including fuel cell technology. So I don't underestimate the positive change in attitude in the business community and the American public. I hope the politicians do not turn this positive progress into reverse.

Kyoto

I believe that by focussing on low-cost, win-win domestic action, coupled with appropriate use of the Kyoto mechanisms, it is still possible for the US, like other countries, to meet its Kyoto target. And remember, no Kyoto agreement, no Kyoto mechanisms.

Developing countries

I hear people insist on the unfairness of developing countries not taking action before developed countries act.

It's right that developing countries will in the future need to be part of the solution. It will require fresh thinking and new formulas to allow reasonable development. But the developed world is largely responsible for making the mess. We must take the lead in cleaning it up.

Many developing countries – including China and India – are already taking domestic action to limit their emissions. For example, India is one of the largest users of wind and solar energy in the world and China is building new wind power stations.

The United States has shown what can be achieved with President Clinton's ground-breaking agreement with India which said that energy and environment could be one of the most important areas of cooperation between the two countries.

One thing is sure. Action by the developed world will gain the confidence of developing countries. Excessive demands for early commitments will only guarantee failure.

COP 6

This will be a crucial year in the climate change process. It's over two years since the Kyoto Protocol was agreed. Next November in the Hague – at the conference known as COP6 - we have an opportunity to pave the way for Kyoto to enter into force at last.

There are three main groups of nations involved.

The first is the so called 'Umbrella' group, including the US, Canada, Japan, Russia, Australia and New Zealand.

The second is Europe, and the third is the G77 group of developing countries.

Everyone has a veto. But we will all be losers if anybody ends up using it. The imperative for all responsible politicians is to seek agreement. We've all got Congresses, Parliaments and Assemblies we have to report back to.

And that also means that no one – Europe, the US or anyone else - must jeopardise agreement by adopting unrealistic negotiating positions.

The EU has suggested that at least 50% of the effort needed to meet the target should be achieved at home. If this is not acceptable, then we need to hear from the Umbrella Group how to demonstrate that we are all making domestic effort to tackle climate change, instead of expecting everyone else to solve it for us. All the so-called “hot air” in Russia is not enough to dispel the need for domestic action, so why not start now?

Time is short. I hope we can make the Rio plus 10 conference a landmark event - not to re-write the vision of Rio but to rekindle the spirit of Rio.

It is true that the Kyoto Protocol could come into force without the US. But I reject any strategy which encourages or depends on this. Because in the long term the US has to be part of the solution, like the rest of us.

Finalising the Kyoto agreement is only the start of a process. Climate change is a global problem and will require a global solution. COP 6 will only be a first step before the rest of the world becomes involved.

CONCLUSION

This issue is bigger than any country, and to the politicians I say: the World is looking to you to show vision and leadership now.

As we have seen in the WTO talks in Seattle, we must prepare the ground in advance and not trust to eleventh hour agreements as the sun comes up over the horizon.

To the business community, my message is that business has much to fear from climate change and much to gain by tackling it. Continuous improvement is something you are used to. Let's embrace change and find the “win-win” solutions to tackle climate change, including a win for business.

The process began at Rio. It came of age at Kyoto. The next staging post is the Hague. Let's make sure we don't squander the opportunity. Future generations will never forgive us if we do.

[ca. 2050 words]