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Thank you very much for inviting me to speak to you this morning. As Ban Ki-moon said in Copenhagen on Sunday, climate change is the defining issue of the 21st century. And the theme of this morning's panel is at the very heart of that challenge.

In his introduction Henk has outlined very clearly the dilemma we face. It is a shared dilemma, no different in Europe than it is in India. Exactly the same in the United States as it is in China. As much a dilemma for energy producers as it is for energy users.

For our economies to recover and grow and to include within the realm of prosperity the four billion people who remain outside it, we must use more energy.

Much more energy. At least 50% more by 2030 according to the International Energy Agency.

If we use more energy in the way we use energy today, predominantly by burning fossil fuels, the climate will change. That change will be so large and so fast that it will compromise the very prosperity we are using the energy to achieve.

Dilemmas are uniquely difficult problems. They have horns. If you choose one horn, you risk being gored by the other.

If we choose to protect the climate we risk not delivering enough energy to maintain the prosperity on which social and political stability depends.

If we choose to burn the fossil fuels to meet our expanding energy needs then we risk collapsing that very same prosperity on which social and political stability depends.

Let me be very clear about this. We are certain about what a very rapidly changing climate will do to prosperity and security. The only uncertainties are about exactly how and when it will do it.

We humans do not like difficult choices. We try to avoid them wherever possible. The deceptive danger of a dilemma is that in avoiding choice you risk being gored by both of its horns.

In this case delivering neither energy security nor a stable climate.

Dilemmas can only be successfully dealt with by resolving them - by stepping out from between the horns. In this case it means finding the ways to deliver energy security and climate security together and avoiding a false choice between them.

The good news is that we know how to do this. The bad news is that we are not doing it.

It is now clear that to have any chance of avoiding dangerous climate change we must reduce our carbon emissions to 80% below 1990 levels by 2050. This is the goal set by both Europe's political leaders and by president Obama.

This is 80% of our **total** emissions, that is those from deforestation and agriculture as well as those from energy use. This essentially means building a carbon neutral global energy system by about the middle of the century.

A constant message from the businesses assembled in Copenhagen earlier this week was that the technologies we need to meet this challenge are already available or within reach: that making the transition to a low carbon economy was difficult but do-able.

But an equally constant message was that the public policies to ensure the rapid deployment of those technologies were lagging ever further behind.

Thus the business community is joining the scientific community in arguing that there is a growing gap between what we need to do on climate and energy security and what we are actually doing.

In other words, it's the politics that's the problem. In part, this is because we have framed the problem wrongly – taken the wrong approach if you like. We have framed the goal as reducing our carbon emissions while increasing energy use. This framing emphasises the pain and has locked us into a somewhat futile conversation about how best to allocate the pain.

We would do better to think more positively. Making a rapid transition to a low carbon economy emphasises the opportunities

for innovation and efficiency that improves productivity and competitiveness.

We are clearly better off if we can achieve the same level of economic growth while using less ever more expensive fossil fuel and also reducing the huge risks of economic disruption that will accompany climate change.

This positive framing aligns environmental success with economic success rather than opposing it. In any case, history clearly demonstrates that we humans are much better at taking opportunities than we are at avoiding risks.

The politics of opportunity seeking will always be more attractive than the politics of burden sharing.

The greatest drag on political action is the unresolved question of who should pay for the additional investment need to resolve the energy and climate security dilemma. And how should they pay.

These will be very large sums indeed, of the same order as that which has been required to bale out the bankers whose mispricing of the risk of recycling the extraordinary liquidity generated by the global financial imbalances has caused such huge distress.

It is worth bearing in mind that economies, no matter how badly damaged, recover eventually. Climate change is for ever.

In any case, as lord stern and now many others have made clear, these will be nothing like as large as the sums we will have to pay if we fail to find a successful resolution of the dilemma.

At issue is the relative weight of the additional cost that consumers, taxpayers and shareholders should bear. All will benefit, so all should pay. Just how much will vary from country to country as circumstances and political culture differ.

This thought feeds directly into growing debate about whether carbon trading or a carbon tax is to be preferred as a way of pricing carbon. There are strengths and weaknesses of both approaches.

Taxes are more transparent and have lower transaction costs but this is bought at a high price in terms of uncertainty of climate outcome. Trading gives you certainty of outcome but leaves many interests worried about the concomitant uncertainty of price.

The effort to reduce this uncertainty tends to produce a policy landscape whose incoherence rivals the Ptolemaic version of the solar system.

At times this debate can become more theological than analytic. Furthermore, it misses the key point.

Another of the constant themes to emerge in Copenhagen was the recognition that a carbon price, while absolutely essential, would not be enough alone to drive a technology transformation of the pace and scale required to step out from the horns of our dilemma.

Let me give a dramatic illustration of this pace and scale of the change needed to resolve our dilemma with just one example. The low carbon economy we need to have in place by the middle of the century will derive its energy services predominantly from carbon neutral electricity. Within forty years there will not be billions of people driving vehicles powered by internal combustion engines. So what will the oil companies be selling?

Both a tax and trading will produce revenues for governments. The heart of the politics of climate change and energy security is whether the first call on those revenues will be to support the technology transitions needed to achieve both together or whether they will be used to restore solely to restore the hole in the public finances made by the bankers.

So my answer to this sessions question is that if we succeed in preserving the prosperity and security of the eight billion people that will be alive in 2050 by successfully resolving the energy and climate security dilemma we will have moved beyond both Kyoto and OPEC.