

CICERO-workshop July 1 1991

UNIVERSITY OF OSLO, Voksenåsen Hotell

A Comprehensive Approach to Climate Change Policy

Opening Address

Prime Minister Gro Harlem Brundtland

When we presented the report of The World Commission on Environment and Development IN 1987, our common conviction was the need for a new global agenda. Indeed, an agenda 2100 is now in process. Suggestions by sceptics that also this would be only another report which would gather dust in files and bookshelves, have proved false.

We called for and initiated a broad follow-up process. Regional follow-up conferences have been held in all regions. A broad negotiating process is under way, UNCED 92 the first real milestone.

Of course, we were all aware of the complexity of a transition towards sustainable development. The changes in global economic relations and in production and consumption patterns we called for are not only radical, They are indeed revolutionary. Negligence, opposition, indeed obstruction is to be expected. Patience on the move - that should be our guiding slogan. The rebuilding of our economic structure and guiding political principles requires radical change. It can only be achieved by millions of bigger and smaller battles. Tough decisions have to be made, on the basis of conviction and the long term interest of mankind.

Basically, what we try to achieve is a gradual end to the transfer of damage to the environment of later generations. Even today millions of people are suffering from environmental pollution. More than a billion already live in

deep poverty, often in areas of acute environmental degradation. With a "business as usual" scenario the living conditions of billions of people in the next century are at stake.

When we are talking about costs of the transition towards sustainability, we use a relative notion. The restructuring implies costs mainly if compared to the more or less free use of natural resources, including the atmosphere and the oceans. If these resources had been attributed a value and a price, today and in the future, a large number of environmental investments would be highly profitable.

The process towards UNCED 92 is now approaching the principal test to countries of the world: Is there a decisive intention to start paying the bills that we have been passing on to future generations? It is time that we start internalizing environmental costs, costs now not accounted for, and that we carry these costs on the basis of equity.

I am convinced that the industrial countries will have to take a major responsibility for the changes needed. We must supply new and additional resources to cover incremental costs of developing countries as they try to make their contribution to our global effort.

There is no grand design that could put everything nicely and quietly together on a new basis. We will have to move ahead, one step after the other, as we move the issues of environment and development from periphery to the central stage.

To work on the basis of axiomatic optimism is not naive, but realistic, given the situation of our planet and the prospects for our common future. Increased efforts are needed, from governments and political leaders, the academic community and business leaders throughout the world. We can

not afford to fail.

We need new thinking on the setting of global targets and on how to implement the commitments we need. It is the ambition of Norway to contribute constructively to international cooperation on development and environment. We have recently presented ideas and elements to a new generation of international agreements, particularly to the Intergovernmental Negotiation Committee on a Framework Convention (INC). I hope that you have had the opportunity to read the Norwegian non-papers. We would certainly appreciate your comments and suggestions for improvements.

I hope that this workshop, with the participation of distinguished scientists from Asia, America and Europe, will be able to produce new and useful inputs to the INC. We need a new generation of environmental agreements where we can achieve the added effect of cooperative strategies among countries based on flexibility with regard to measures concerning different sources and sinks.

The first generation of agreements, like the ECE-convention of transboundary pollution has proved very important in our region. Major reductions have been achieved, but without an optimal pay-off of the investments made. In the future we have to make sure that investments are made in a way that ensures the maximum effect.

We have to take account of the fact that climate changes call for restructuring of fundamental patterns of energy and production systems. The first generation of agreements addressed mainly the "end-pipe" of economic activity, and dealt with problems of a relatively low cost. Now we are moving into the very core of industrialism, its energy systems and structure of production. That is exactly why cost efficiency is of the utmost importance.

We are also striving for further improvements of measures concerning transboundary pollution. We are concerned with the following question: Norway already has reduced our relatively low SO₂ emission by more than 50 percent. Is it a wise use of money and technology to continue within our own borders when costs are increasing steeply? We know that the costs of equivalent reductions can be achieved by environmental investments in neighbouring countries - e.g. in countries of Eastern and Central Europe and at a much lower cost.

Our objective must be to reduce the overall burden on nature, regardless of borders. We could then achieve more substantial reductions. Indeed it has been calculated that improvements per investment unit may increase by a factor between five and ten if the money is invested in neighbouring countries. We have developed cooperative efforts with Poland and the USSR on this basis.

I would like to draw your attention to an important meeting to be held here in Oslo today, at the invitation of the governments of Poland and Norway. Poland's creditors will meet here to discuss a debt-for-nature swap proposed by Prime Minister Mr. Jan Krzysztof Bielecki to my government two months ago. As you may know, the recent Paris Club agreement provided a debt reduction of 50 % to Poland. In this new arrangement Poland will now allocate financial resources to environmental programmes in local currency equivalent to a further 10 percent reduction in its debts. This allocation will be in addition to regular and already established Polish environmental programmes.

The Polish government has been in consultation with us and has chosen to identify four key areas:

- a) transboundary SO₂ and NO_x pollution

- b) pollution of the Baltic Sea
- c) greenhouse gas emission
- d) biodiversity and nature conservation

It is our hope that this cooperative initiative by Poland and Norway may help the global community to see the connection between economic reforms, debt reductions and environmental improvement. If we are to reverse degradation of the environment, the international community will face major financial challenges. There is a considerable need for innovative thinking. We need to find the most cost-efficient solutions to our common environmental problems. We must give priority to those efforts which will give the greatest effect at the lowest cost.

Our hope is that this concept will also promote the development of a new generation of environmental agreements. Such measures will be more effective than equal or flat percentage reductions in each country. Arrangements must include ways for the more wealthy countries to contribute directly to environmental measures where they will get the greatest benefit from investments.

In the negotiations on a world climate convention, we need to establish a framework of flexible and cooperative efforts which would be mutually beneficial to all parties. Alliances on environment and development would be effective in speeding up the transition and cost efficiency. Thus, a global coordination of our efforts is productive and necessary.

And, I would like to add: It is necessary in order to avoid unacceptable distortions of trade and imbalances of competition. This issue is of particular importance when we seek a concerted action from developed countries. We can all imagine how free-rider attempts within, say OECD-countries, might prove to be obstacles to an agreement on common

commitments.

Therefore, commitments in the climate convention should be based on a common, but differentiated responsibility for industrial countries, common responsibility means a gradual, but fast, abolition of subsidies particularly to avoid the most pollutant energy sources, i.e. coal. Secondly, one must work towards standardization of environment taxes, e.g. carbon tax. To achieve cost efficiency as we move on, a system of tradable permits of net emission of greenhouse gases should be established.

At the first session of INC in January this year, The United States' delegation presented elements of a "comprehensive approach", including some of these options. From Norway we supported in principle a comprehensive approach, but we stressed the need for firm commitments in a strive to reach a global target. In this respect we are still waiting for the US to take a firm and ambitious stand. It is vital that we get a true global convention, with the active participation of developing countries. We also stressed that new and additional financial resources should be made available to cover incremental costs of developing countries. Climate policy measures should not obstruct development needs in curbing the growth of their greenhouse gas emissions.

We are convinced that a comprehensive approach is needed. We recognize that we will have to work step by step. Full coordination and a workable system of tradable permits may very well need to be developed over a period of time. We are eager to discuss with other governments and with scientists and experts alternative elements and strategies to be included in a new, improved and comprehensive approach.

The initiative by CICERO to organize this workshop is in line with the objective and task set out by our government as we proposed its

establishment in 1989. It is my hope that CICERO will be able to act as a core group of our national research efforts in support of international cooperation in the field. It was also our intention that CICERO should develop its programmes in connection with a network of scientific institutions throughout the world. As far as I can see from the participation and programme of this workshop, the Center is well under way to fulfill these intentions.

I hope, and believe, that you all - with the full use of your knowledge and insights - will enter into an openminded, practical and constructive discussion on the very complicated problems of climate change policy. In my opinion, inputs from this workshop could be important to the INC on its coming sessions. Certainly there is a difference between analysis and negotiation. But, there are still a number of issues on the agenda towards UNCED 92 that need to be qualified. I feel sure that suggestions for practical solutions that could help remove current obstacles will be received with an open mind in the delegations to INC.

I wish you all the best during your work in the three days ahead and I look forward to studying your report in due time.