

Framing 2009's Challenges

Good morning distinguished guests, ladies and gentlemen and welcome to this two-day dialogue between the Club of Rome and GLOBE.

I am delighted that GLOBE is hosting this event in the House of Commons. This is the first time we have held a joint meeting with the Club and I am confident it will lead to an extremely valuable set of recommendations to the G20.

I am particularly grateful that Yvo de Boer, Executive Secretary of the UN Framework Convention on Climate Change, was so willing to change his schedule to be with us this morning to deliver the keynote address. Yvo, as you know only too well, you have a very tough year ahead of you but we hope that GLOBE, and legislators more broadly, will play a key role in helping you to achieve an ambitious post-2012 framework. I would like to take this opportunity to wish you the best of luck for the coming year.

The reason I, and Eberhard from the Club, have invited you here today is that the leaders of the G20 will meet in London in April. Heads of government from the world's major economies will sit down with the new US President to consider further financial and economic reforms to the global system. Reforms intended to address an unprecedented crisis with truly global dimensions.

As President of GLOBE I believe that legislators are uniquely placed to play a critical role over the coming years to develop a political consensus around

how we will address the inter-connected challenges that lie beneath the global economic crisis. These challenges - of climate and energy security and ecosystems degradation - are all crises in their own right. However, if we seek to fix the economic crisis in isolation, without addressing these inter-related issues, the international community will ultimately fail. That is why, at the beginning of 2009 – an absolutely critical year - I wanted to bring leading international experts together, facilitated by the Club of Rome, with key legislators to begin to shape the kind of political responses that our respective leaders should be considering as we move forward.

From GLOBE's perspective this will be the beginning of a year during which we will convene senior legislators from all major political parties from the G20 countries in Rome in June and in Copenhagen in October. It is my belief that if this key group of legislators can reach political consensus, it will be very hard for our respective Prime Ministers and Presidents to ignore.

I believe that 2009 is of one of the most important years in human history. That's a strong statement but one I believe to be true.

In December this year, a meeting involving over 180 countries will take place in Copenhagen that will have far more implications for our future prosperity and security than any conflict, famine or financial crisis. Yet it is far from certain that the political will will be in place to secure a necessarily ambitious outcome.

Contrast this with the response to the global economic crisis.

The financial crisis that first broke in 2008 very quickly led to coordinated government action. Within a few months of the crisis breaking there was a Summit of leaders from the world's major economies and an agreement to coordinate the implementation of measures to stabilise the financial system and explore ways to reduce the risk of a similar situation happening in future. This undoubtedly helped to stop the global economy from catastrophic meltdown.

We need similar political will and action to deal with the climate crisis, energy crisis and ecosystems crisis if we are to succeed in creating the political conditions for success in Copenhagen.

There are stepping stones on the way – the EU Spring Council in March, where we very much hope EU leaders will agree to a financing package to support a post-2012 agreement; there is the Italian G8 Summit in July and, of course, the series of official UN negotiations between now and COP15.

However, I believe that there is one particular event that, although designed to address a different crisis, presents a real opportunity to make progress in creating the political conditions for success in Copenhagen. That event is the G20 leaders' Summit due to take place in London in April under the Chairmanship of the UK Prime Minister, Gordon Brown.

We know from the communiqué in November, that the G20 leaders will have 3 items on their agenda in April:

- A list of key issues for the containment of the current financial and economic crisis
- A set of issues for the prevention of future global financial crises, including reform of the international financial institutions, especially the IMF and World Bank; and
- a push toward the successful conclusion of the Doha Round of WTO negotiations

However, the communique from November also states that the G20 countries are committed to addressing other critical challenges such as energy security and climate change.

This is the hook. We have a moment in time when the world's major economies – together responsible for 90 per cent of world GDP, 80 per cent of world trade and two thirds of the global population – are committed to combined public spending of several trillion US dollars.

How this money is spent could well determine whether we are successful or not in Copenhagen.

In my view, an output of the G20 leaders meeting in London should be a commitment to build in climate, energy and ecosystems criteria to economic stimulus packages. Such criteria could include energy efficiency standards, promotion of renewable energy, new, smart electricity grids, improved freight and public transport networks and putting an economic price on natural capital.

Otherwise there is a danger that necessary efforts to avoid a global recession, conceived in haste, work against, rather than with, the fight to combat climate change and the depletion of our natural capital.

The scale of this public investment in the global economy represents a unique opportunity to make structural changes to our economy. Short-term green response measures such as retro-fitting public buildings for energy efficiency and building wind farms, are part of the solution but the real opportunity for the G20 in 2009 is to coordinate governmental action across the major economies to fundamentally change our economic model. We must move from a model that relies on insecure and carbon intensive energy sources and that does not properly value our natural capital to a model powered by secure and clean energy and which gives our natural environment, including standing forests, and other biodiverse habitats, a real economic value.

We should not squander this opportunity by focusing only on quick-fix solutions. We may not get such a political window for concerted government action again.

President Obama has pointed the way by proposing a US stimulus package that will deliver economic, energy and climate security objectives together. If just the EU and China stimulus packages are similarly well designed, more than 1.5 trillion US dollars will be spent in ways that really begin the transition to a low carbon economy.

Global Governance

It is significant that it was the G20 constellation of leaders that met and not the G8 in response to the economic crisis. This, to me, unquestionably reflects the changing power balance from the traditional major industrialised countries towards the emerging economies.

This recognition of the changing dynamic in global governance, with the emerging economies around the table with equal status, is a very welcome and, in my view, overdue development. And it is in contrast to the treatment of the emerging economies at recent G8 Summits. In recent years the so-called “+5” have been treated as optional add-ons, invited to parts of the Summit but not fully involved with the preparations or the policy content. The G20, with the industrialised countries and emerging economies sitting around one table with equal status must be better suited to tackle the global challenges of the 21st century, many of which require coordinated action and cannot be tackled by a small group of elite industrialised countries in isolation.

The emergence of the G20 as a model for global governance represents a fundamental challenge to the G8. In my view the G8 will cease to be relevant as an international grouping if the low ambition of previous summits is repeated at this year’s Italian Summit. To survive, the G8 will need to show genuine industrialised country leadership, particularly this year on climate change, as opposed to business as usual.

Conclusion

So, in conclusion, when the financial crisis broke, someone said to me “That’s The End of Saving the Planet”. I believe the opposite – it could be just the thing we need to galvanise government action and to make the structural changes to our economy that seemed so difficult when the debate was being led by Environment Ministers. Now, Heads of Government have a unique opportunity to redirect our economies and to establish an economic model that truly values our natural capital. I do not say this task will be easy. Indeed I believe that, in the current economic circumstances, the decisions will be harder, but they are more important than ever before. This means bold leadership from the G20 is required in 2009.

GLOBE is ready to play its part by developing the cross-party political consensus, politically testing policy proposals and pushing political leaders to be more ambitious. We will relay our conclusions to our leaders, take them into our Committee work in parliaments and ensure that we do all we can in this critical year to help create the conditions for success at the G20 in April, the G8 Summit in July and, of course, in Copenhagen in December.

Today’s dialogue with experts convened by the Club of Rome is the beginning of that process.

Thank you.

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