

Combating global warming: realities, difficult questions and possible outcomes

By Simon Forster, 2 December 2007*

Few would still question the reality of global warming. Data released during the last year by the world's scientific community has established climate change mechanisms and trends that are beyond doubt. Due to the preoccupation with proving the existence of global warming, and more importantly mankind's contribution through the emission of greenhouse gases little discussion has been devoted to how best to deal with the problem of climate change. To date the focus has been on calls for major cuts in carbon emissions – something that has met with a mixed response from both industrialised and industrialising nations. This week the UN holds its Climate Change Conference in Bali intended to develop and agree upon a roadmap for a binding international treaty to replace the Kyoto Protocol in 2012. The UN's four pillars of action are emission reductions, adaptation to the consequences of climate change, technology development and finance. The last three initiatives are aimed mainly at assisting developing economies cope with reducing their own emissions as well as managing extreme climatic events such as floods, droughts and storms (including the loss of low lying land). With the exception of emission reductions of 30% of 1990 levels by 2020 and 80% of 1990 levels by 2050, calculated to keep global warming below 2° Celsius, few other detailed proposals have been mooted. It seems as if the UN is pinning its hopes on an inclusive political agreement that will lead to rapid reductions in emissions and a concomitant reduction in the rate of global warming sufficient to attenuate the timing and magnitude of the expected impacts.

But what if this strategy fails? What if world leaders are unable to place national short-term interests before the longer-term welfare of the planet? What if the efforts of European governments to reduce emissions prove futile in the face of continued fossil fuel burning by intransigent nations? What if global emission accounting is flawed or falsified? What if the emission reductions made by the world's economies prove ineffective against the accelerating release of carbon from melting permafrost and warming oceans? What if solar activity plays a greater role in current climate change than is thought – scientists have still not fully explained the mechanisms driving the periods of global warming and cooling during the last millennium. Does the UN have a Plan B?

To put it more bluntly, if we fail to cap global warming at 2° Celsius, will carbon-reducing investments have been a misallocation of resources, serving only to place the participating economies at a competitive disadvantage to less ethical economies? Absolutely not! Whilst such actions may fall short of stemming the rate of global warming, the inherent economic and environmental benefits of carbon reduction are incalculable. They include a reduced dependence upon imported and costly fossil fuels from unstable regions of the world, increased economic efficiency and reduced production costs, a cleaner and healthier environment, and an overall stronger and more competitive economy at a time when global markets are likely to experience worsening turmoil. Those economies that turn their back on reducing carbon emissions will be more vulnerable to the vagaries of global oil cartels as alternative independent sources become locked into long-term supply contracts. Who knows, perhaps such countries may also find themselves on the receiving end of global warming trade sanctions! Certainly, China is at risk of going from being an economic miracle to one very large global externality with all the consumer-choice ramifications

that that may entail. The policy decisions they make in the next five years will reveal the extent to which they have matured to become a responsible global player.

There are two notable features of an international agreement to reduce carbon emissions. The first is that it must be all-inclusive, or at least as far as the industrialised and industrialising nations are concerned. There can be no opt-outs. The second is that it is already very late in the day and to have any significant effect, a treaty must be agreed upon, signed and vigorously implemented without any delays. Given that global agreements on even the most innocuous issue can take decades to complete and are seldom implemented with vigour and uniformity, a certain amount of scepticism over an agreement on global warming is justified. But why is this the case when the stakes are so high? Long, hard negotiations are understandable with issues such as the removal of trade barriers, but when the fate of the planet and the welfare of future generations are concerned one would expect our leaders to abandon national interests and act quickly and decisively to halt the rate of warming.

Therein lies the first problem. Our democratically elected leaders are mandated to act in the best interests of the country they represent and usually within the timeframe of their respective terms in office. Re-election for them or their parties is a function of how well they execute this mandate. Global warming, on the other hand, requires leaders to shed the mantle of national interest, to look far beyond their own political lives and to act in the best interests of the future generations, especially those living in geographical regions that are likely to be worst affected by global warming. In short, they need to be transformed into global statesmen possessing vision, belief and commitment. Do such candidates exist among the current crop of national leaders? Or will our preoccupation with democracy undermine any hope of a timely and workable global agreement on climate change?

At this juncture the Kyoto Protocol needs to be placed in context. Although 170 nations signed up to the Protocol only 36 industrialised countries had to effect a 5% reduction in carbon emissions. That means that 134 nations plus the non-signatories were merely curious bystanders. So what were those leaders from the 36 industrialised nations hoping to achieve? At best they occupy the moral high ground, something that might have been used to systematically encourage other countries into action. However, when the United States rejected the Protocol they killed any hope of increased participation and probably weakened the resolve of some of the 36 participants. Although Kyoto provided a powerful model for global climate change agreements to come, it achieved little in terms of global warming rates – which continue to rise at an alarming rate. As such replacing Kyoto in 2012 is of little consequence – ideally it should be replaced sooner. Once again we have to ask, could the money spent on Kyoto-driven reductions have been better spent mitigating the impacts of global warming in low-lying or drought prone regions?

So, where do we go from here? Although the Bali discussions may witness a more accommodating stance from the United States, significant reductions in carbon emissions from this oil-addicted economy are still a long way off. There will also be considerable reluctance from emerging economies such as China and India to agree to anything that may threaten their economic growth rates. South Africa will be happy to agree to reductions provided someone else foots the bill, while Brazil will most probably play the biofuel card in the hope of gaining exemption from both emission reductions and deforestation curtailment. It is unclear to what emphasis, if any, will be placed during the Conference on the mitigation of global warming impacts. What assistance will be afforded those Pacific islanders faced with the loss of their home and country? Where will the Bangladeshi people go when their country is inundated

by the Indian Ocean? Will the West offer them a home? We have seen from previous donor conferences the readiness of the wealthy nations to promise aid and then balk when it comes time to deliver. Will this behaviour be repeated at Bali?

Bali must produce a timetable for successful treaty negotiations that will be concluded within two years. If the timetable is rigid, uncompromising and inclusive Bali will have been a resounding success. If it is vague, replete with in-principle platitudes, and offers too many opportunities for delay and opting-out then Houston, we have a problem!

Let's return to our primary concern – what if Bali and the subsequent two years of negotiations fail to bring about an inclusive treaty capable of capping global warming at 2° Celsius. Is there an alternative? Well possibly. Enter an unlikely White Knight – global industry!

If industry were to lead the attack on carbon emissions they would be adept at applying technology, innovation and investment where they are needed most. This would release governments to focus on domestic energy consumption and global warming impact mitigation. But what would motivate industry to play such a role? We have recently seen the international business community calling on governments to adopt a much tougher line on carbon emissions at the Bali Conference. Is this a genuine change of heart, given that the European motor industry has spent the last two years lobbying aggressively for major relaxations in carbon emission standards for new cars? Is business starting to take a long-term strategic view of market conditions? Perhaps they see tougher carbon emission standards in the West as the basis for protection of goods from polluting economies. Or has the spectre of an energy-driven recession in the west and increased poverty in emerging markets unsettled global conglomerates? Industry is quick to benefit from shifting consumer demand as global warming begins to impose changes on our lifestyles and behaviour patterns, but such short-term fillips cannot offset the bottom-line impact of a global reduction in disposable income. Whatever the motivation, this corporate epiphany presents an opportunity to make a real and significant impact on climate change throughout the globe. Moreover, this impact can be achieved quickly and without recourse to international treaties or government intervention of any kind. How can this be brought about?

Private sector investment and enterprise has been the most powerful force for social and economic change ever witnessed in the history of mankind. From the industrial revolution of 150 years ago to today's communication age and presumably to tomorrow's nano-technology and bioengineering developments, the private sector turns our lives upside down with ever-increasing speed and frequency. Furthermore, because we are theoretically at liberty to pick and choose what the private sector offers us, such changes are not viewed as an imposition but rather as *progress!* Imagine if international businesses could come together to agree to, and implement ambitious carbon reduction measures regardless of their geographical location and despite the respective negotiating positions of their political leaders. Now let's assume that as buyers of goods and services from smaller companies they place similar emission control requirements on their suppliers. This is where the real power of international business lies. It has the potential to start a global chain reaction of emission compliance among business that could far exceed the levels being contemplated by World leaders. Indeed, they would be capable of securing carbon emission reductions in countries that reject any notion of contributing to the battle against global warming. And this would all be achieved without bureaucracy, regulation or delay.

So where would this leave the UN and their two-year programme of tough negotiations with World leaders? The proactive and concerted efforts of large corporations would not undermine the UN's initiative. Indeed it would complement it and at the same time reduce the pressure to secure agreement on tough targets – something that could prolong treaty negotiations. But more importantly this level of unprecedented corporate philanthropy would afford governments the opportunity to focus resources on reducing individual and household emissions and mitigating the anticipated impacts of climate change. There may be a requirement for governments to establish protocols for reporting and auditing the carbon reducing activities of the private sector, the absence of which is a major cause of public scepticism and suspicion. Otherwise the politicians should sit back and allow the *invisible hand* to once again work its magic in its typically unobtrusive manner.

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