



**Robert Schuman Lecture, Eco-Innovation Summit
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**Statement by
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Excellencies,
Ladies and Gentlemen,

It is a great honour and immense privilege to present this year's Robert Schuman lecture to you. Given Mr. Schuman's outstanding contribution to Europe and, by implication, the European Union, it is certainly no surprise that he was chosen as the patron of this lecture series.

With a deep conviction that lasting peace was possible, he was instrumental both in the creation of the steel and coal community, as well as of NATO. Indeed, since the beginnings of Schuman's work, modern Europe has seen one of the longest periods of peace in its history. Step by step Schuman realised his dream, which must have seemed absurd at the time: the transformation of a largely antagonistic Europe to a peaceful Europe.

There are two important lessons to be learned in this context. First: bettering and transforming the world is often done most successfully with a step-by-step approach. And secondly: during the middle of the previous century, a battered Europe turned the need for peace into a clarion call for collective action to preserve and maintain peace.

Notwithstanding the fact that we are all profoundly grateful that peace has indeed prevailed, action to preserve and maintain peace arose only after the damage had been done. It was reactive - not preventative. This is something that we cannot afford with climate change.

These lessons are important for the response to climate change. For one, to secure our survival, we too need to work on realizing what many still see as an absurd dream: the full transformation of the global economy onto a low-emissions pathway. Realistically, this will occur on a step-by-step basis over a period of time. Ideally, this transformation needs to be driven by international policy.

There is a realization within the negotiations that a step-by-step approach, with one policy step building on the next, is the most fruitful way of moving forward. Despite its benefits, this policy-crafting approach is slow. It does not provide

business with the speedy policy clarity that you have been calling for. And it may be too slow to decisively drive the economic transformation that we so urgently need.

Yet unlike the European situation of the 1940s and 1950s, in the response to climate change, the step-by-step approach and preventative action can be mutually reinforcing. Governments need to craft climate policy and initiate action, but they cannot rise to the challenge alone or in isolation. Business has a role in influencing governments, but it also has a role in preventative action. And preventative action by business can itself have a significant influence on governments as well as on driving the global economic transformation.

Allow me to first provide you with an overview of where the negotiations stand before I move to areas where your input and action are needed.

Let me begin by updating you on the state of play.

As you know, we meet here at a time when the intergovernmental process is preparing to build on the Cancun Agreements on the one hand, and to tackle some very difficult political issues on the other.

The Cancun Agreements form the basis for the largest collective effort the world has ever seen to reduce emissions, in a mutually accountable way, with national plans anchored formally at international level under the banner of the UNFCCC. A key breakthrough in Cancun was that governments agreed to limit global average temperature increases to below 2 degrees Celsius. The agreements also compel developed countries to develop low-carbon development strategies, while developing countries are encouraged to do so.

The Cancun Agreements also comprise the most comprehensive package ever agreed by governments to help developing nations deal with climate change. Specifically, governments decided to begin to build an infrastructure that will support a broader, more ambitious climate change regime. The infrastructure includes the Green Climate Fund, the Technology Mechanism and the Adaptation Committee, all of which have the goal of supporting enhanced action on both mitigation and adaptation in developing countries.

These institutions have been in a design phase during this year and are well on track to be approved in Durban. I mention this because at least one of these institutions, the Technology Mechanism, will depend heavily for its success on private sector involvement.

The mechanism is set to become operational in 2012 and its overarching goal is to sharpen the focus, step up the pace, and expand the scope of environmentally-sound technology development and cooperation between the North and the South. Needless to say, active involvement in the mechanism could lead to new markets and new opportunities.

Governments are currently in the process of establishing how best to involve the private sector. But to make the mechanism a full success, it does of course have to

work for business. And so I urge you to be vocal about what it needs to include to address your needs.

The progress on the infrastructure-building that Cancun delivered is encouraging and an important step forward. But Cancun fell short of addressing the real political issues, and this needs to be done in Durban.

This concerns the open questions on the Kyoto Protocol and the emerging mitigation framework - a question of central importance to you.

Under the Kyoto Protocol, negotiations are beginning to work against the clock. With the end of the first commitment period almost in sight, and the critical need to ensure that pledges will be met, there is an urgent need to find a viable way forward in Durban.

Yet within the negotiations, there is still uncertainty on how the nature and status of emission reductions should be handled going forward.

Many Parties want targets for Annex I Parties to be inscribed in a new second commitment period under the Kyoto Protocol. Others have stated that they will not participate in a second commitment period of the Kyoto Protocol and would like to see mitigation commitments and actions formally anchored and monitored in a new mitigation framework under the Climate Change Convention.

A mitigation framework under the Convention is evolving, but needs more time to be sufficiently detailed in terms of legal status, transparency, monitoring and accountability before it can become operational.

Durban needs to address both further commitments of developed countries under the Kyoto Protocol and the evolution of the mitigation framework under the Convention, while ensuring the differentiated participation of developing countries.

The European Union has stated that they could consider a second commitment period if it is accompanied by a clear process to negotiate a global mitigation deal in the near future.

This political balance will be at the core of the Durban discussions.

In the context of the step-by-step approach to policy-making, where do the Durban challenges leave business?

The step-by-step approach to international climate policy will remain, which means that the slow pace of the negotiations will remain and you will have to wait a little longer for policy clarity.

At the same time, the economic/social transformation needed for a 2 degrees Celsius ceiling is nothing short of an industrial/energy revolution. It depends on a wide range of changeovers, from societal behavioural changes, to overriding national policies and investment redirections at levels never experienced before, going far beyond the current Kyoto Protocol.

The compounded result is that the scale of the task at hand exceeds the capacity of the political and economic mechanisms currently available to meet the task: the willingness of governments to move forward ambitiously is severely handicapped unless business provides the impetus - and that is where you come in.

You are part of progressive business, but you are not the majority. The global economic transformation that we need still needs to be lifted from being a somewhat absurd dream in many quarters.

Progressive business, most importantly, has the power to change consumer and supplier behaviour and turn it into a powerful vocal support that gives policy makers a clearer space in which to act. I am encouraged that many enlightened companies have embarked on this - and this is one excellent example of preventative action.

I fully understand that you could be more aggressive in your capital allocations if you had a stronger market signal from the policy providers. But today I stand before you with a clear request: help us break that vicious cycle. Help us convert it into a virtuous cycle that can power new growth, create jobs in new sectors, help alleviate poverty and stabilize the climate. This is the type of preventative action that the world needs.

Realising the below 2 degrees Celsius temperature goal does not mean that we will live in a world free of hydrocarbons. But as the low-carbon world is created step-by-step, their relative importance will dramatically shrink. The business success of tomorrow is born of the low carbon opportunities of today.

A climate-safe world is impossible without creative responses proportionate to the dangers of climate change. A low-carbon economy necessitates a multifaceted paradigm shift across a broad spectrum, from individual behaviour to company behaviour to national policies.

The transformation that we are talking about requires three components:

1. Capital availability, for example through climate bonds;
2. Execution capability;
3. And policy support. Yes, you could do more if you had the pull of ambitious policy.

However, given the slow pace of international policy, are you exploring to the utmost those opportunities that allow you to increase low carbon market share, thereby converting your activity in the market into a push for governments to take more ambitious decisions?

Are you in active conversations with your business partners in other countries in which you operate, encouraging them toward increasing sustainability? Are you demanding more national policy action? Are you exploring the possibility of innovative public-private partnerships? Are you collectively vocal enough to at least

balance, if not drown out, the corporate voices of those who see no benefit in rapid action?

Ladies and gentlemen, in climate change reactive action will be too little too late. Your leadership in preventative action is essential:

1. To push the envelope within your own business;
2. To bring around others in your business field to be ambitious; and
3. To create a virtuous cycle of push and pull between public and private sectors to pave the road toward sustainability and a low carbon future.

I urge you to ensure that the step-by-step approach of international policy-making, and the preventative action that you take are mutually reinforcing.

I thank you for what you have already done. I thank you for considering doing more.
