



**Australian Jurisdictional Meeting on Climate Change
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**Presentation by
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I'd first like to thank the Premier for his very kind invitation to join you for this conversation today. Since I work at the global level and not at domestic level, it is very unusual for me to have the privilege of peeking underneath the domestic kimono, and I consider it both an honour and a privilege to be here today. Thank you, Lord Mayor, for having me in this beautiful city.

Let me start by sharing with you the conceptual structure of the agreement that we will be adopting in Paris. I will share with you a couple of characteristics that all countries have actually already agreed to or where consensus is emerging.

Countries have agreed that this is not going to be a one-off effort. The agreement is going to be a long-term framework of cooperation to ensure that we stay under the 2 degrees Celsius maximum limit for temperature rise.

It is also being seen as the GPS or the course charted towards deep decarbonisation of the global economy over time. In addition, the agreement is seen as facilitative and enabling, not punitive but inviting co-operation to maximise everybody's efforts.

It will certainly be supportive of developing countries, because it is the developing countries that are being asked to do the greatest effort – to continue their growth and development but with a very different carbon footprint than that that has been followed by all industrialised countries. So it will definitely be supportive of developing countries and, above all, it will be protective of growth and development nationally and globally.

What is there not to like about that? That sounds to me like a wonderful set of principles and values. In that context, where are we with the Intended Nationally Determined

Contributions (INDCs)? I am referring to the contribution that every country – every country, not just industrialised countries, but every country – is going to say: “OK, in this progressive pathway to decarbonisation, this is the piece that I can do now because I have economic, technological, financial and political visibility over what I can do now.” We have received 37 INDCs.

Quick overview of the contributions so far: All the countries in the European Union cutting emissions at least 40% by 2030.

The US is doubling what it had previously put in. They have chosen 2025 as their target date and they say they are going to reduce anywhere between 26 to 28%. They will do their best to get to 28, and they’re confident that they will be able to get to the 28% cut.

Russia is going to cut 70 to 75% over their 1990 levels.

Mexico – a very interesting country because it is both OECD and a developing country, so a mixture there of economies – has a very impressive offer to shave off 25% of its greenhouse gases. Mexico is a fossil fuel consumer and exporter and will seek 25% cuts from its “business as usual” unconditionally and then further to that if certain conditions are met.

We have not had the official INDC yet from China, but we do know that China will be coming in over the next few months with also a very impressive effort there to peak coal in 2020. Peaking coal! I mean, honestly, if anybody had asked me just two or three years ago, “Are we soon going to see the peaking of coal in China?” I would have said, “I don’t think so.”

But China will peak coal in 2020 and will peak its entire family of greenhouse gases by 2030. So you can see movement forward on the part of both industrialised countries and developing countries, everybody truly making their best effort.

I hear that Australia will be sending us its numbers in July, and we certainly look forward to that.

What we currently have is 34% of countries worldwide with 19% of global CO₂ emissions currently under what you could call carbon management plans. Another way to look at it is to see them frankly as national development plans actually, because they

constitute the kind of projects and measures that are going to attract quite a bit of investment, on the part either of domestic or international capital.

So that's a very different view, with a very positive tone. I cannot emphasize enough the level of enthusiasm, of commitment and of optimism that there is around the world, that climate change is no longer seen as this huge burden but rather, increasingly, as the major opportunity that we have.

In fact, I have heard it called the mega development project of this century, because of job creation, because of the stability that will come. So while climate is still recognised as one of the major threats to economic stability, it is also increasingly understood, on the other side of the coin, as the major economic opportunity we have in the twenty-first century.

To move now to cities, city-states, regions, provinces – the Climate Change secretariat that I head has opened up an on-line portal called the Nazca Portal. You might want to check it out. It's spelt n-a-z-c-a, and is named after the beautiful Nazca Lines in Peru, because it was launched in Lima, the Peruvian capital, last year.

Since then we have uploaded more and more data that is coming in from cities, from states, provinces, territories, everything apart from federal governments. We are uploading emission reduction targets both mid-term and long-term which cities are submitting – currently we already have 400 – from around the world, and from 71 states, provinces and territories.

This is more proof of enthusiasm and optimism. Why? Because sub-national governments, which are even closer to citizens than federal governments, are recognizing the huge positive impacts of acting on climate.

They are understanding the energy security benefits. They are understanding – and already feeling – the job creation benefits. They are already receiving the investments that climate action brings.

It is a sea change from where we were five, six and certainly ten years ago. It's a very, very different global mood. Even just six years ago we had a very negative mood on climate, and we have absolutely turned that around. We are now celebrating a very positive mood which will be evident in Paris at the end of this year.

Let's now look at the real world and what this agreement is and what all the work of cities, territories and states is in the context of a changing reality. Let me point to just three different ways in which the reality that we knew only a few decades ago is remarkably different today.

First, it used to be that growth in GDP was necessarily linked to growth in GHGs. If you look at the history of the last 150 years, certainly since the Industrial Revolution, you see that those two curves have gone up side by side, and that was our reality.

That is no longer the case. I'll add a couple of data points here.

Over the past five years, OECD countries have achieved an average of 7% GDP growth and have decreased their GHG emissions by 4%. So as a whole, they have already decoupled GDP and GHG growth.

If you ask me the purpose of the Climate Convention in one sentence, it is to decouple GDP growth from GHGs. We have to continue to prosper, we have to continue our economic growth, but we have to delink that growth from greenhouse gases. That curve needs to bend down.

China last year went up 7% in its GDP and down 1% in its greenhouse gases, so already it is beginning to delink. Mexico has already decoupled, so it's not just industrialised countries but the emerging countries as well that are already getting to the point of decoupling those two curves. That's absolutely fantastic.

Now last year, and one year does not a trajectory make so we have to wait and see, at the world level it was the first time in the history of the International Energy Agency's 40-year data collection that the entire global economy went up and greenhouse gases stayed flat.

The entire global economy – that is amazing. Certainly there are many developing countries that continue to increase their greenhouse gases, but we seem to have reached at least the first year of decoupling and hopefully that will become a trend. It's a significantly changed reality.

My second point about changing realities is that it used to be true that renewable energy was not competitive with fossil fuels. Well, my friends, that is no longer the case. In

fact, both in energy generation and in storage we are outstripping projections at a remarkable pace, and in installation and job creation as well.

Last year we had the highest ever investment in renewable energies – \$270 billion US dollars – and more investment in renewables than any other kind of energy. That is a trend that is beginning to peek over the horizon. There is no doubt that the next 20 years are going to see a dramatic growth in renewable energy – certainly distributed energy and, thanks to new storage capacity, also on grid systems.

So that's a second very changed reality. And the third is that it used to be the case that there was a growth in demand for fossil fuels that was both constant and predictable. That myth has also been punctured, and that is perhaps of even more consequence than the first two changing realities.

OECD countries have already flattened out demand for fossil fuels and are on a decline. The US is increasingly self-sufficient, and we know that previously we had seen that the shift in demand was coming from the emerging countries. Well, the news is that even the emerging countries are beginning to decrease their demand for fossil fuels, because they understand that the economic growth depends on stability.

So I have already given you the data point: China has capped its coal and its greenhouse gas emissions. Let me just explain the logic here for us developing countries, of which I count myself a member. Here is the reality that is becoming more and more part of decision-making. Climate change is affecting the physical infrastructure of every single country, but in particular and with most pain and most economic impact in developing countries.

Developing countries understand that their economic growth depends on stabilising that threat, that if we do not arrest the growth in greenhouse gases their growth is going to be stunted by physics because of the physical impact that they all have felt already and that we know is going to continue.

Yet they also understand that, given climate change, their demand for fossil fuels should decrease, and that the demand for fossil fuels goes hand-in-hand with their growth. So the moment that their growth gets stunted, their demand for fossil fuel decreases.

That is not a scenario that developing countries would wish to enter. They have such huge populations coming down the pike over the next 20 to 30 to 50 years that they are gravitating more and more towards the policy side of the equation.

So they are facing basically two options here. Their future will either be stunted by physics or mitigated by policy, and that is why countries like China, like Mexico, are already taking very courageous and very aggressive steps to forward-looking policies that contribute to solutions. They understand that they cannot control this alone and need to contribute to the global effort because it's in their own interests.

So, frankly, what China and Mexico are doing and everybody else behind them, it's not because they want to save the planet, it's because they understand that their new policies are what will protect their economic growth and their development into the near- and long-term future.

That does not mean that we are going to eliminate fossil fuels overnight. But it does point to new realities and to new market conditions that Australia should be aware of. And it points to the wisdom of a balanced approach, a progressive engagement that allows for an orderly transition of capital, of skilled labour, certainly of policies, thus a very orderly transition into the twenty-first century with progressive steps whose purpose must be to protect the economy in the middle- and the long-term.

From an outsider's perspective, it does seem that Australia is on the one hand the driest continent on the planet, hence incredibly vulnerable to ever more droughts, fires, etc., etc., but it is also the sunniest and the windiest continent on the planet, hence there are huge opportunities here, right? So it would seem to us that there are at least four issues that could be pursued at Australia's level.

Certainly, decarbonising electricity in particular seems to us to make a lot of sense, because of the very expensive transportation and distribution costs here. You can put those generation plants much closer to where their electricity will be used. You have zero-cost fuel and you can take advantage of the natural asset turnover that you're going to have anyway.

I have been told that almost all electricity generation assets are going to be retired by 2050. You can take advantage of that process and accelerate it because the plants will have run their useful life quite soon. There is a huge opportunity in decarbonising electricity at no increased cost in Australia.

Energy efficiency? You've done a fantastic job. Can you do more? I would say probably yes, but you know more about that than I. The same thing goes for carbon farming, for forestry, for all of these issues on which you have already taken some steps, but where there still remain some possibilities to move further.

Now let me say the very difficult thing that I do have to say. There is frankly no space in the future energy mix for any new coal, and certainly not for any unmitigated coal. There is just no space. Science has dictated there is no space for unmitigated coal, and there is no space for any new coal.

Science has dictated that 75% of fossil fuel reserves must stay underground if we are to stay under 2 degrees Celsius. There is a huge opportunity in Australia for carbon capture and storage, or CCS. And it is a very interesting opportunity for economic diversification with all of the new technologies that can be available to you because of your vast resources.

Let me turn now to states and territories and pick up on what the Premier mentioned this morning. Absolutely I think of states and territories and even cities as the planetary incubators. There is an amazing amount of innovation that is currently underway on the part of cities, territories, states, provinces.

The Premier mentioned the Compact of States and Regions. Their members cover 300 million people around the world, and 11% of global GDP is covered by the Compact. It is the first and currently the only global account of greenhouse gas management on the part of sub-nationals, and the first assessment of how everybody is doing at that level will be made public at COP 21.

I underline the Premier's invitation to those of you who are interested in joining that space, because it is a very interesting space for exchange of best practices. In particular, you want to learn from each other is what doesn't work. That is probably the most important lesson that any of us can learn, and there is a lot to be learned there, both what doesn't work and what is working for sub-nationals.

Finally, let me leave you with my most important message this morning. In Australia, as in every other country, states and territories have a fundamental technical and economical imperative and a huge advantage, but more than anything, you have an opportunity and a

responsibility to build a bridge to the federal government and work in co-ordination with the federal government to attain the best vertical policy integration possible.

That means you work with each other across states and territories and understand each other's perspectives, because each of you is unique. Each of you has a unique natural base. Each of you has unique opportunities. But to understand that diversity and then be able to bring it together to maximize your opportunities – both as states and territories and as a nation – that is what Australia needs. That collaboration, no matter who is sitting in the lodge, is absolutely fundamental for your benefit, for Australia's benefit and for the planet's benefit.

It does nobody any good – here or in any other country – to insert climate change into a divisive conversation, in partisan politics. We have to move beyond partisan politics.

This is not about an electoral discussion, and I know that many elections have been won and lost in Australia, and I respect that. But the way forward, my friends, is to move this out of partisan politics.

We need to come to the point where this is not a partisan issue, but a human issue. The point where we all understand it is our responsibility to protect the resources we have and use the exciting new technologies. Above all it is our common responsibility, no matter what our political party, to ensure the stability and growth of our economies, at the national level, certainly at the state and territory level, and also at the global level.

The well-being, stability and the prosperity of future generations is not something that should be up for debate. It is something we should all rally around. I think if you ask our children and grandchildren, they would tell you this is not about partisan politics, this is about the most important and sacred thing that we have: our legacy to future generations.

Thank you.

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