

## PRESS RELEASE

16/11/2004

### KENNEDY CHALLENGES BLAIR TO DELIVER BUSH AGREEMENT ON CLIMATE CHANGE

16/11/2004

Earlier this year, in a speech to the Green Alliance and others, I spoke of a concerted effort by the Liberal Democrats to push the environment up the political agenda and keep it there.

We did that in our campaign for the local and European elections. Then at our conference in September, we devoted a significant time to the environment.

But if we are to achieve a real shift in the way the environment is seen politically - if we are to move the environment from the margins of political discussion to its very heart - the forthcoming General Election is an ideal opportunity to step up and take the issue on.

Already, the Liberal Democrats are working on our 'green' manifesto and election messages which will feature prominently throughout our campaign.

The environment is central to the Liberal Democrat vision of a vibrant, thriving Britain. A Britain in which sustainable living is a reality so that we minimise the impact of the way we live on the world around us.

A Britain in which a green thread runs through government policy.

A Britain that champions the environment on the international stage and acts to preserve the environment for future generations; which stands up to the conspiracy theorists and those in denial over climate change.

A Britain that looks beyond the Kyoto treaty to the next stage of the battle to limit climate change.

A Britain that acts not at the expense of competitive business, but together with business to encourage environmental reform, to encourage the development of new products and processes and to put Britain at the forefront of the new green revolution.

This isn't about punitive action, but about showing how environmentally responsible action is not only economically viable, but ultimately economically sensible.

So in order to put the environment at the heart of government, we need to put the environment at the heart of the Treasury. Today I would like to set out how we would seek to achieve that.

But first I'd like to set out the scale of the task facing us.

#### THE TASK ABROAD

The key challenge that faces the international community is to stabilise the concentration of greenhouse gases at a level that minimises the disruption to our climate; to achieve this in a way that enables the ecosystems that sustain our planet to adapt and survive; and to achieve this while ensuring that economic development, particularly in poorer nations, continues and is sustainable.

For the record, I agree with the assessment of Sir David King, the Chief Scientist, that climate change is the most severe threat that we face today.

The scientific consensus is that a 2 degree rise in temperature relative to pre-industrial levels is about as much as the planet can take without consequences that would be catastrophic for human and all other life.

The United Nations Environment Programme is predicting that we will reach that level by the beginning of the next century.

So, even as the long awaited Kyoto treaty comes into force next year, it is already clear that this is just the start of the battle.

Don't get me wrong. The Kyoto treaty represents an international milestone for the environment. Hard fought and hard won. But our celebration should be subdued.

We must resist the temptation to breathe a huge sigh of relief and to sit back and wait for targets to be achieved. That would be a delusion. Even if Kyoto targets are met, and it is a big if, the effect is likely only to scratch the surface of the problem.

And while the world's biggest polluter, the United States, remains the only G8 nation outside the process, the change that could be achieved by Kyoto is likely to be undermined.

I know that the environmental community was unenthusiastic about the re-election of George Bush.

But the fact is that we can't just wait another four years for a new President before we engage the US administration on the environment.

We need action now. We need an acceptance of the science of climate change, and we need to move forward on the next stage.

But we must remember that this isn't about Republican vs. Democrat – under the Clinton Administration the Senate rejected the Kyoto treaty by 95 votes to 0.

And we must also recognise that the US does act on the environment.

It is working on the planned development of coal-based but zero-emission power plants specifically designed for use in coal-rich development countries

It is working on investment initiatives to develop hydrogen based technologies and cars. It has established 13 bilateral climate change partnership agreements with developing countries.

So The US does act, especially at the State level, and that shouldn't be ignored.

And neither should we fall into the trap of believing that those in the US administration who shout the loudest on this issue are ultimately successful in shaping US policy.

But the fact is that carbon emissions in the US have risen 14% since 1990.

And, when the rhetoric of those associated with the President is so vitriolic on the whole issue of climate change, it is also clear that there remains a long way to go in bringing the United States into the consensus.

Take Myron Ebell, who is close to the US administration. Last week he told the BBC that climate change science is based on "a long series of improbabilities" and called the UK's Chief Scientist "alarmist".

He also implied that the whole climate change debate was a European conspiracy to hobble American business. It was a pretty dispiriting 'listen'.

It would be disastrous if the President's new mandate allows such voices to further undermine international efforts to achieve real consensus

But there are some silver linings among the clouds.

One is that the Prime Minister has pledged that the focus of Britain's presidency of the G8 in 2005 will be to push forward action of the environment.

A couple of months ago, the Prime Minister set three tests for the success of British Presidency of the G8:

First, an agreement about the basic science on climate change and the threat it poses.

Second, agreement on a process to speed up the technology necessary to meet the threat.

Third, engage with other countries with growing energy needs - like China and India – about how they can meet those needs sustainably.

We will certainly be holding the Prime Minister to these pledges. But I would like to go further. I want him to focus specifically on bringing the United States into the consensus so that it becomes a part of the international solution.

The Prime Minister has acknowledged that “none of Britain's aims on climate change...can be met without US help.”

This is neither the time nor the place to go into our basic disagreements with the Prime Minister over his closeness to President Bush and its impact on our foreign policy, particularly in relation to Iraq and the Middle East.

But if this country is to get anything at all out of that relationship, then it strikes me that there is an opening here in relation to climate change.

The Prime Minister has six months before the next general election to spend the political capital he has amassed with the Bush administration over the war in Iraq.

It should be the prime goal of the British Prime Minister to secure public agreement from the White House that the science of climate change is real and the threat is real.

He must achieve agreement that the US will engage, not just as an observer, but as a participator, in the next round of climate change negotiations, known as the Conference of Parties in autumn 2005.

In moving beyond Kyoto, we believe the way forward is the adoption of contraction and convergence – a rather technical and obscure phrase unlikely to excite the electorate – but a concept that should appeal to the traditional British sense of fair play.

Contraction: reducing overall greenhouse gas emissions.

Convergence: sharing out equally emissions across the planet on a head, not a wealth count.

Without such an arrangement developing countries in particular will simply not sign up.

If Tony Blair is really serious in making his mark in these areas, the greatest single achievement for the UK's G8 presidency in combating climate change would be securing agreement among G8 nations, including the United States, that the way forward will be based on this principle of contraction and convergence.

Only such an agreement will engage developing nations, including China and India.

Only such an agreement will serve to focus energies on new technology to achieve contraction.

Only such an agreement, with the United States on board, would make the British G8 Presidency a success.

## THE TASK AT HOME

Here at home, Labour's record in government over the environment sets no helpful precedents.

In the 1997 manifesto, Tony Blair pledged to:

“Put concern for the environment at the heart of policy-making, so that it is not an add-on extra, but informs the whole of government.”

But the record is – to put it kindly – patchy.

Greenhouse emissions have fallen by about 7% in Britain since 1997. In itself that's obviously good, but it has come about through the move from coal to gas for the generation of electricity. That, of course, was a one-off gain. And our carbon emissions are now on the rise again.

The Government hopes by 2010 to reduce CO<sub>2</sub> emissions by 20% compared with 1990 levels.

But on current projections, this looks wholly unachievable.

And it should be a source of shame that the World Economic Forum ranks Britain 91st in the world when it comes to environmental sustainability, behind countries like Bangladesh.

If you look up other indicators, this – sadly – makes sense: Since 1997, total municipal waste is up by almost a fifth, and Britain languishes at the bottom of the European recycling league.

High level radioactive waste is up 9%.

Domestic energy consumption is up by nearly 7%.

Whereas Italy manages to get 20% of its energy from renewable sources, Britain manages less than 3%.

And what about transport?

Our public transport is in chaos – with delays on our railways doubling – while fares are the most expensive in Europe.

With rail and bus fares increasing since 1997 and the cost of motoring falling, it is no surprise at all that road traffic is up by 8%.

Worse still the Transport Minister has forecast traffic growth of up to 25% in England by 2010.

This is not sustainable development.

It is old fashioned, uncontrolled, unsustainable development.

So if Tony Blair intends to lead an international consensus on the environment, and I for one hope that this can be achieved, he cannot hide from his own dismal record.

## DELIVERING THE GREEN SHIFT

Let us be under no illusion about issues relating to the environment. I don't believe failure can be an option. The stakes are too high.

If only a tenth of the political energy, wealth and resources that have been expended in Iraq had been devoted to the environmental threat, imagine where we could be by now.

And let us be under no illusion about the damage from climate change here in the United Kingdom.

Figures release by the DTI have estimated that the cost of flooding, already running at £1bn a year, will increase by £30million a year – for the next 80 years!

The cost of environmental damage and inaction to the economy in 2004 was a massive £67 billion – over £1000 for every man, woman and child – the equivalent of 19 pence in the pound on income tax.

This is roughly the same as the entire annual budget of the NHS.

So, as I said earlier, it is crucial that the environment is put at the heart of the Treasury.

Government departments often operate on the principle of 'predict and provide'.

What will society require?

How much will it cost?

How can we raise the money?

But protecting and improving the environment requires a different approach.

Financial mechanisms have long been used to change behaviour. Indeed Monetary Policy Committee decisions on whether to raise or lower interest rates are based on how it will affect behaviour – cooling the housing market for instance – or boosting consumer demand.

We propose a similar concept for environmental taxation: summarised as encouraging 'goods' and discouraging 'bads'.

This Government has, however, been heavy handed in using environmental taxes as purely a revenue raising tool for the Treasury. That is not what we intend – not least because it undermines public trust.

A green thread should run through the whole of Government and via the tax system into people's lives.

What is required is a wholesale shift in the way environmental taxation is used.

The Liberal Democrats would use environmental taxation as it is supposed to be used.

We are not proposing higher overall taxes but using existing taxes to reward environmentally friendly behaviour.

But we are proposing to establish an Environmental Incentive Programme with the aim of ensuring that the polluter pays the full environmental costs of any polluting activities.

But pursued on a tax-neutral basis with revenue recycled into offsetting tax cuts.

And it should be the Treasury that leads, in consultation with business and consumer groups

The Environmental Incentive Programme should cover subjects such as energy, surface transport, air transport, land use and waste management, and also address public subsidies for unsustainable activities.

The revenue from these taxes will not disappear into a bottomless pit within the Treasury but will be fed back into lower taxes elsewhere.

This approach would include for instance:

Reforming Airport Passenger Duty into a new Aircraft Departure Duty paid by all aircraft, passenger and freight, regardless of the number of passengers, thereby giving incentives to maximise the use of each flight.

Giving incentives for more environmentally friendly road vehicles,

Reforming the current Landfill Tax into a broader waste disposal tax.

Redirecting Government subsidies that support environmentally damaging activities, for example through rewarding farmers for environmentally sustainable work.

My vision is of 'green growth' for Britain. A green economy is a dynamic economy.

I want British business to lead the world in environmental technologies and to be at the forefront of environmental business processes.

I want Britain to lead the world in improving the efficiency of cars, developing alternative fuels and making zero emission vehicles a reality.

In the long run this will enhance the competitiveness of British industry, not diminish it.

## CONCLUSION

Today I have addressed just two parts of the Environment debate.

Engaging internationally to set the planet on a more sustainable course.

And engaging domestically through the taxation system to set our country on a more sustainable course.

These are immediate priorities for action.

But of course the debate ranges much wider – biodiversity, oil dependency, water resources, harmful chemicals.

What we need in this country is to bring these issues into our mainstream political discourse.

The Prime Minister has talked of the “catastrophic consequences” of climate change.

But then his Environment Secretary describes the agreement to increase, yes, increase UK emissions allowances under the EU trading scheme as “good news for tackling climate change”.

There is a great difference between a decent speech once a year that makes all the right noises - and action while in Government to effect real environmental reform.

The Government should realise that you can't 'spin' the environment.

Bad news on the environment can't simply be managed.

And neither can the media escape its own responsibilities to give the environment due prominence. The media needs to tackle the politicians on how they would address climate change. This isn't just a story about men in white coats or well meaning lobby groups. It is a political issue and deserves to be treated as such.

The Liberal Democrats recognise the huge challenges that come with climate change and environmental sustainability.

But we also acknowledge that only action now will give us some hope of mitigating the effects of climate change that are already showing themselves.

And we recognise that the green thread needs to run through every aspect of Government, from taxation to transport, from agriculture to housing, from energy to entrepreneurship.

Our manifesto will reflect this.

My challenge to the other political parties is to match our commitment.

Because if the environment is ignored at the next General Election, our political process is devalued.

And those who will suffer most are those who can't vote at present – the next generations to whom we will be bequeathing a poisoned legacy

I am determined that we do all we can to stop that happening.