

Global CEOs back greenhouse gas cuts, carbon caps

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Australian actress Cate Blanchett seen at the climate change conference World Business Summit, Monday May 25, 2009, in Copenhagen, Denmark. The Actress was invited because of her involvement in the environmental Australian Conservation Foundation. (AP Photo/POLFOTO, Tariq Mikkell Khan)

(AP) -- A global summit of business leaders urged governments to order steep and mandatory cuts in greenhouse gases Tuesday, favoring a cap-and-trade system instead of a tax to set a market price for carbon waste.

The strong consensus among the 500 CEOs and other top business experts attending the World Business Summit on [Climate Change](#) added momentum to prospects of forging a new U.N. climate treaty in six months.

Leaders agreed at the end of the three-day conference on the need for

"immediate and substantial" emission cuts by 2020, based on the best science available, followed by cuts of "at least half of 1990 levels by 2050."

In a conference statement, they also called on governments to peg their decisions to limiting the global average rise in temperature to a maximum of 2 degrees Celsius.

"We believe that working to reduce emissions now is less costly than delaying our efforts. There is nothing to be gained through delay," the statement concluded. "The deepest reductions should initially be made by developed economies though global emissions reduction will require all nations to play a part."

They also said a new treaty must protect forests better because a big part of any carbon cuts required by 2020 will come from trees absorbing carbon.

The statement was delivered to Danish Prime Minister Lars Loekke Rasmussen and U.N. climate chief Yvo de Boer.

"Your words are sweet music in my ears," Loekke Rasmussen told participants. "Developed countries must lead the way by committing to reduce at least 80 percent by 2050."

He was referring to goals of cutting [greenhouse gas emissions](#) 80 percent from 1990 levels by 2050.

Energy prices will inevitably rise "to some extent," Loekke Rasmussen added. "We have to be honest. Changing the current economy into a green economy will involve challenges, but also possibilities."

Higher gas and other energy prices could be major factor at a time of a

[global financial crisis](#). But the strong consensus among 500 business leaders was that governments should use a cap-and-trade mechanism to set a market price on carbon, rather than imposing a tax.

The conference discussed ways to force consumers to pay for the true environmental costs of things by setting up a globally accepted carbon market - far larger than some that now exist. Its function would be to artificially limit emissions of carbon dioxide, methane and other major industrial gases that scientists say are contributing to rising sea levels, melting glaciers and severe droughts.

If governments agree to set new limits to make carbon dioxide a scarcer commodity, CEOs said, their companies can lead the way to a greener economy by getting permits that divvy up how much pollution they can emit or let them sell any unused portions.

"We're going to have to fundamentally redefine our business models in a low-carbon world," said James Rogers, chairman of U.S.-based electricity provider Duke Energy Corp. "Every business has to look inward and figure that out."

But Rogers advised that much of the "happy talk" that marked this conference will have to give way to hard negotiations on the exact measures that should be used to set a fair price on carbon.

Some business leaders called setting the price on carbon the "invisible hand" that would drive everything - referring to the phrase economists use to describe how free markets regulate themselves. Others joked that the last thing God might tell people is they got the price wrong on carbon.

If the price of carbon is high enough, others said, that will signal to business to make fast changes, though it is already happening faster even

than CEOs understand.

Behind the summit, the major concern was that a treaty must emerge from the United Nations-sponsored summit in Copenhagen in December to replace the 1997 Kyoto Protocol, whose mandatory cuts in greenhouse gases expire in 2012.

The next major round of U.N. climate talks toward a new treaty will begin just days from now in Bonn, Germany. A first draft containing general elements based on nations' submissions already has been prepared.

Yvo de Boer, the U.N.'s climate chief, said a key requirement to reducing greenhouse gases is "significant" and "stable" financing from rich industrialized nations to help developing countries pay for needed changes. But he said he has no doubt a new treaty will be agreed upon in December.

"It must be clear," he said. "No mumbling allowed in Copenhagen."

Environmentalists said the first draft meant serious negotiations had to begin.

"Now that we have it, there is no real excuse for countries to hide their positions anymore," said Swiss-based WWF's Kim Carstensen.

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