



**British High
Commissioner
Rt Hon Helen Liddell**

*Sustainable Energy
Association (WA)
Breakfast: 'High stakes,
high returns in a low-
carbon economy'*

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Introduction

Ladies and gentlemen,

What do we gain by climbing out of the ditch of recession, only to be cut down by a stampede for a high-carbon economy?

That's the question I want to pose this morning.

The choices we face are sobering. Generations to come will describe them as historic.

On the one hand, we want prosperity. On the other, we know that unmitigated climate change threatens that prosperity more than any recession we have known.

Some people want to put livelihoods first, climate change second. At least for now, at least until the global economy gets back on its feet.

I say we can do both. We can move to a low-carbon economy and ride out the economic turbulence at the same time.

We need fortitude, we need leadership and we need collaboration as never before.

Strengthening globalisation

If I began by saying:

- That only a foolish optimist can deny the dark realities of the moment**
- That there must be strict supervision of banking investments**
- That there must be an end to speculation with other people's money**
- That the people have asked for discipline and direction under leadership**

...it may take you a while to realise I'm quoting a statesman who lived and died before most of us were born. President Roosevelt made his inauguration speech in the depths of the Great Depression.

In some ways, there are parallels for us. Roosevelt knew that unfettered markets had not only failed those who favoured it, but had failed millions more whether they favoured it or not. He knew, as we do today, that government could – and should – provide leadership.

But there are stark differences too. Not one word of Roosevelt's inauguration speech talked about (what we call today) globalisation. In those days,

‘beggar thy neighbour’ was a price worth paying for safeguarding your own.

In today’s economic turbulence, globalisation may be spreading the problem. But, more importantly, it’s at the heart of the solution.

Protectionism is a fool’s game.

I agree with the minister for trade, Simon Crean. Free trade is a stimulus. Domestic policies to boost growth are great; but when multiplied by world trade, they are greater still.

Tough times must not be allowed to roll out the red carpet for ‘de-globalisation’. Financial protectionism makes good headlines in sections of the press, but it makes bad policy.

Instead, tough times are the cue for nations to work together, to strengthen confidence, to boost trade, to innovate, to make our financial systems work in harmony.

Unless we get the framework right, the legitimacy of globalisation will be lost, public support for it will erode.

That’s why the London Summit is so important...

London Summit

Britain is proud to be hosting world leaders in April.

Advanced and emerging economies – including the G20 – will be represented.

There is no better time to:

- **Agree international standards for corporate governance and transparency**
- **Write a charter of principles for global regulation of the financial system**
- **Promote an early warning system for the global economy, monitoring capital flows, warning against imbalances**

We need a global system where:

- **The principles by which companies do business are the same regardless of where they are**
- **Where rewards reflect responsible enterprise**
- **Where investors can see risks in black and white**
- **Where banks don't fall into a spiral of de-leveraging, or favour domestic lending at the expense of foreign lending**
- **And where the IMF and the World Bank see problems coming and warn us, instead of just picking up the pieces when things go wrong**

Only a truly international response can be effective. Only globalisation holds the key to global recovery. Only cross-border collaboration will leave the shonks nowhere to do business.

And only a global response will mitigate climate change...

Copenhagen

That's why the second major event of 2009 is so important, the UN conference on climate change in Copenhagen.

An agreement on carbon emissions after 2012 is not an end in itself. It's a means to a more sustainable world:

- **More competitive energy markets**
- **More help for developing countries to make the switch to a low-carbon future**
- **More finance from carbon markets to help save forests**
- **And 'joined-up' emissions trading schemes, something the European Commission is keen to promote at Copenhagen, linking Europe's trading scheme with others around the world within a decade**

Copenhagen can be a global mobilisation of leadership. If countries like Britain and Australia lead by example, emerging economies are more likely to follow.

The more we ‘internationalise’ our low-carbon measures, the more confidence boardrooms will have, and the more certainty they will have to invest.

The shared commitments we make to cut emissions are the very things we need for jobs, security, productivity and growth – both in the short term and the long term.

Low-carbon opportunity

Even if protecting jobs is our only goal, there is no better way to create real, valuable long-term jobs.

Climate change is globalisation’s greatest opportunity for a new industrial revolution. Now is the time to accelerate the switch to a global low-carbon economy, to unleash investment in carbon markets.

The value of environmental industries world-wide is measured in trillions of dollars – innovation in renewable energy, waste management, pollution control and energy-efficient products.

So how is Britain helping business to seize opportunities?

We're investing in the best low-carbon innovation that money can buy, with scientists in our new Energy Technologies Institute finding even better solutions.

We're increasing the Renewables Obligation on energy suppliers so that even more comes from low-carbon sources. And we're setting ambitious goals for renewable energy – a 15% target by 2020.

We believe the UK's revenue from offshore wind alone may reach 4 billion dollars by 2020, half of it from exports. Marine renewable energy may account for another 2 billion.

It's no surprise that London became a global hub for carbon markets. Companies with innovative solutions to climate change joined London's Alternative Investment Market.

Investment is driving projects across Britain:

- From Orkney in the north to Cornwall in the south, designers are testing the latest wave energy projects**
- On the Severn Estuary, tidal power may bring as much as 5 per cent of Britain's electricity**

- **And nearby in Wales, we're showing why Britain has the highest offshore wind capacity in the world**

Some of you here today already know about these exciting projects. To find out more, there will be a trade mission to Britain in May, so please register your interest with my team or the chamber of commerce.

For UK Trade & Investment, galvanising carbon markets is the single most important thing we do. Every day, we match innovators and investors in Britain and Australia. We sense the opportunities and we want your business.

Britain is right behind Australia's new Global Carbon Capture and Storage Institute. In fact, we're a founder member and a British engineer is in charge. Carbon capture is one of the biggest opportunities arising from the challenge of climate change. Accelerating this technology is crucial.

Maybe you've heard the false choice being peddled by some, that we can either have government running the show, or the market, but not both. It is a false premise. An effective partnership means government having sensible frameworks and business pouncing on the opportunities that greater certainty provides.

Certainty and emissions trading

As an example, let's examine emissions trading.

I hear some people say emissions trading is stuck in the good times, that it's not a robust design for recession. I disagree.

What prosperity needs is investment. And to invest, in this and any other climate, we need certainty. Carbon trading gives us greater certainty.

Emissions trading is not about punishing industry. It's about reducing emissions where the cost of reduction is lowest.

Emissions trading brings with it clarity and transparency – the same qualities our financial system needs to survive.

That's why we in Britain are working with our partners to improve the European Emissions Trading Scheme. We want business to know they can invest with confidence, and to know their investments will reap the rewards down the line.

I fear the benefits of carbon trading are being trampled in the clamour for cheap, lazy headlines. We need to re-energise the message:

Carbon trading rewards action. The UK's Carbon Trust reckons proactive companies can increase their value by up to 80%, while the 'laggards' may lose up to 65% of their value in a carbon-constrained world.

Carbon trading will help cut energy bills, improve the energy mix and reduce our dependence on a handful of suppliers.

I commend the Carbon Disclosure Project. It gives companies a better feel for their carbon impact. Wal-Mart, for instance, now has an emissions strategy for its 60,000 suppliers. And just as important, investors in these companies can now identify carbon risks.

If the financial crisis has taught us anything, it's that we all need certainty. Carbon trading provides greater certainty. In good times, and in bad.

Qualities for economic recovery

In all this talk of recession and recovery, we sometimes lose sight of what made us wealthy in the first place.

When we talk about economics, it's not about numbers or institutions or governments... it's about people. It wasn't government that made us

prosperous; it was people. And guess what. When we get those frameworks right, it won't be government that will make us prosperous again; it will be people.

Take the United Kingdom. The qualities that gave us prosperity – openness, creativity, fairness, enterprise, flexibility – have not gone away.

It's worth reminding the doomsayers that:

- **Britain gets more inward investment for research & development than any other nation in Europe**
- **Over the years, we've picked up 23 Nobel prizes in life sciences**
- **One-in-four of the world's best selling medicines were developed in the UK**
- **Britain is a global hub for marine energy, aerospace, computer games, film & television...**

These creative minds haven't vanished; they will drive sustainable economic recovery when the right frameworks take shape.

Conclusion

As I come to my concluding remarks, let me go back to a line from Roosevelt's inauguration speech. "This is pre-eminently the time to speak the truth, the whole truth, frankly and boldly."

Seventy-six years later, we have sobered up to the challenges we face. They go beyond rebuilding the global economy. A high-carbon economic recovery is no recovery at all.

In the long run, the greater challenge is climate change. And economic recovery must not undermine efforts to tackle it.

Sustaining momentum towards a low-carbon economy is our goal. Prosperity lies therein, unprecedented misery without.

And the means? Embracing globalisation. Together we are stronger than the sum of the parts.

Right now, globalisation is a work in progress. It needs moulding, shaping...

If we shape it well, we will open up greater opportunities than we have ever known.

Thank you