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Discours de Mme Ségolène ROYAL

Address by the Minister of Ecology Ségolène Royal

Investors Summit on Climate Risk

United Nations – New York

Good afternoon, dear friends,

I am delighted and honored to participate in this very important event. I would like to pay homage to the remarkable leadership of Ban Ki-moon, who was instrumental in the success of Paris thanks to his unwavering commitment going back many years.

For France as chair of COP21, this Investor Summit on Climate Risk is a galvanizing step.

The Paris agreement is a historic moment for the planet. It has given rise to huge hope. The question today is how to deliver after this momentum.

Just after the barbaric attacks that struck our country, we were extremely grateful to those leaders who immediately announced they would confirm their presence in Paris, especially president Obama, whose announcement undoubtedly led to that of many others.

I truly believe that if business and finance delivers, we will succeed in implementing the Paris agreement.

I sensed, during the 140 events I participated in at COP21, that something was happening.

I deeply believe that for the time in the history of business and finance, the interests of the business sector is perfectly aligned with the need to fight climate change.

Up until now, the economy and the environment were seen to be hostile to each other.

The time for reconciliation is now. For three reasons :

1. First, no country is immune to climate change.

This climate risk is an economic risk. It is the greatest challenge our economies face today.

For example,
twenty cities of more than 10 million people
are directly threatened by the rising oceans.

Another example:
climate migrations surpass migrations due to wars.

Climate change is the key security issue for our world today.
Yet, the business community needs stability,
which is another reason for getting involved.

2. Secondly we know that failure to act is costly and the more we wait, the more it will cost.

That means that the climate change risk
is the number one economic risk for the world.
This is yet another reason for the business sector to get on board.

3. Three, actually, we know that climate action is good for business.

Of course, acting on climate requires investment and financing,
but it is also by far the most profitable and most cost effective solution.
Many companies understand that perfectly well.

This is a major tipping point.

**Having made these observations, we now have two major problems to solve:
how to set a price for carbon
and how to handle the low cost of fossil fuels**

I. So first, we need to set a price for carbon.

I heard Ban Ki-moon this morning calling for setting a price on carbon.

I remember the Climate and Business Summit last May in Paris to prepare for CoP21. I heard for the first time private sector companies demanding a price for carbon, in order to strengthen their investment in the low carbon economy and renewable energy.

In Paris in July, more than 2,000 scientists from all over the world demonstrated with irrefutable evidence that climate change was a worsening reality and that there's no room for doubt. For the business sector that relies on certainty, here's a certainty.

At COP21, during the Focus Business Event, with Ban Ki-moon, John Kerry and over a hundred decision makers and investors, some of whom are with us today, we again called for carbon pricing, But as it is not possible to have a universal carbon price, the idea of a price window between a bottom price and a higher price was raised.

We know it is not easy for companies to integrate the long term climate cost, which is why we need a carbon price, to give companies the ability to manage the long term cost and give them an incentive to invest.

As France was hosting CoP21, we were dedicated to offering our solutions, which is one among many.

Last August the French Parliament adopted a law on energy transition for green growth, which I promoted.

- a. First of all, I introduced the concept of transparency into investor portfolios (article 173)

I decided that specific provisions on transparency should be included in the law.

Large investors will have to explain their carbon footprint.
the exposure of their assets,
the measurement of the greenhouse gas emissions associated with those assets,
and their contribution to limiting global warming and to the energy and ecological transition.

Many companies, some of which are present here, already do such reporting.
I call upon the entire investment community to undertake such reporting.

b. Secondly, I have also made some progress on carbon price.

France set the carbon price at 22 euros per tonne this year,
and it will reach 56 euros by 2020
and 100 euros by 2030.

This increase in taxation is offset
by lower taxes for products and revenues
that contribute to the energy transition.

This carbon price setting is in addition to what we are doing
with our carbon market at European level.

To meet our target of a 40% reduction in greenhouse gas emissions by 2030,
we are relying partly on ETS, the Emissions Trading System.

The challenge is to drive up the price per tonne of CO₂,
which is currently too low at 8 euros per tonne.

I noted with great interest that American corporations asked for a carbon price to be set
in their "Business for Innovative Climate and Energy Policy" statement, an initiative of
Ceres.

19 states and dozens of large companies are part of the carbon leadership coalition, put
together during CoP21.

Emissions of green bonds have met with initial success.

Sixty countries and regions are paying for CO₂
through taxes or carbon markets.

Many companies are working with their own carbon price.

California has formed a market with Quebec and Ontario is about to join in.

China is preparing to create a domestic carbon market next year.

And, before COP21, France announced
the end of State guarantees for export projects to build coal plants.
This decision also sends a clear signal to investors.

II. After the carbon price, the second challenge we need to deal with is the fall in oil prices.

Lower oil prices may be the bad news or the good news for a decarbonization policy.

The bad news is that it will encourage the increased use of fossil fuels, because they become less expensive for the consumer than alternative sources of energy. Therefore it may be a threat to the deployment of renewable energies.

But the good news is that it can increase the competitiveness of companies who can then invest their savings in the energy transition.

It makes searching for more oil and building new extraction fields less attractive.

With lower oil prices, we are at the perfect moment to introduce a carbon price! It will be more readily accepted.

So with falling oil prices, time is ripe for two strong measures to be put in place:

- Removing fossil fuel subsidies,
- And boosting technology transfer.

We cannot tell poor countries to relinquish fossil fuels if it costs them more than renewables.

This is why giving access to technology for renewables is so important.

After visiting more than a dozen countries in Africa in preparation for CoP21 last year, I realized that electrification is a major challenge for Africa.

A major initiative was launched at CoP21 for the electrification of Africa, in conjunction with the African Development Bank.

Such electrification can be done through the massive deployment of solar energy, which in turn is possible through technology transfer.

It is the main solution that will help stop migration and misery.

Many other coalitions, seventy in all, were launched in Paris: on resilience, forests, ocean, agriculture, renewable energy, etc.

Let me mention two of them:

- One aims at boosting research and development on low-carbon solutions.

“Mission innovation” is backed by 19 heads of State and government, including the US and French presidents.

It plans to double the budget allocated to public and private research on energy efficiency, low-carbon technologies and renewable energies over five years.

All countries will benefit. We must make it real, and it is in your best interest to be part of it.

- The second coalition is the promotion of solar energy.

I have just returned from India, where, with French President Hollande and India's Prime Minister Modi, we laid two days ago the first stone of the building which will house the International Solar Alliance.

This alliance is being set up to meet the need for over \$1,000 billion in investments in solar energy

between now and 2030.

The private sector is working closely with the Alliance through the Terrawatt initiative,

to define the regulatory conditions

required for massive deployment of competitive solar energy generation.

I have just learnt that in India the next solar project will cost less than a coal plant: 64 dollars for every megawatt hour.

It's in your best interest to be part of it.

So in conclusion, dear friends, let's all stay mobilised !

If you embrace change today, you will be the winners in the future.

Martin Luther King, whose day you commemorated two weeks ago, said some words which I quoted at CoP21.

He wasn't thinking about climate when he said it,

but I think it is perfectly fitting for climate justice and climate solidarity:

"We must learn to live together as brothers or we will perish together as fools."

Since COP21, we know that world solidarity, which unites us all like brothers and sisters, had the upper hand over indifference and cynicism.

We now need to prove it by our actions

and you can count on France,

which holds the CoP presidency until November.

We are here to listen to your needs in order to channel your investments to bring about a carbon free world.

Thank you very much.