

Intro Video: Unprecedented storms. New energy emerging. How do we meet the rising tides?

Announcer: [inaudible 00:00:30] Ms. Fiona Harvey.

Fiona H.: Thank you. I'm Fiona Harvey, and I've been writing about the environment since 2004, in which time a lot of environment has happened, not all of it good. However, what we're going to talk about this afternoon is how we can make things better. We've got an excellent lineup of panelists for you, coming from various roles in politics and finance and industry and in public service. And what we're going to hear is about how we can confront climate change in a world that I think we can all agree has grown increasingly polarized, and unfortunately it seems set to grow even more polarized. That's going to make dealing with climate change even more difficult than it has been, as if it wasn't already the world's most threatening problem, and the problem about which we really seem to have done very little in the last 20 years, despite increasing scientific warnings.

Fiona H.: So I'm going to introduce Sir Suma Chakrabarti, who is the President of the European Bank for Reconstruction and Development, an organization with which I'm sure you're all familiar. He's the sixth President, and he's now in his second four-year term. Before that, he had a career in the British Civil Service, working for the Treasury and various other departments. And he studied politics, philosophy, and economics at the University of Oxford, which is of course, the same degree that David Cameron did, but we won't hold that against him.

Fiona H.: Sir Suma, if you could tell us how we should confront climate in such a polarized world.

Suma C.: Well first of all, for me, this is the most important issue of our times, without a doubt. And it's great to have young people. Earlier, we heard from an 18-year-old how important it is for future generations too. We know already the problem is of a scale and of an urgency that we've never seen anything like this before. We know that from the IPCC reports. We know that with our own eyes, actually. This week's heat wave in Europe tells us this as well.

Suma C.: We also know that this sort of problem cannot be solved by just public finance alone. We do need to attract private sector financing into this area because the scale of financing that's required is simply not going to be met out of government budgets anymore. So we, at EBRD, we're a multi-lateral institution owned by 70 shareholders now, global shareholding. European Union has a majority in the bank. We are absolutely committed to this agenda. Since 2006, we've had a sustainable energy initiative, and already we have achieved huge things in this, but we have set ourselves even higher, harder targets, as we need to make more of a difference.

Suma C.: So currently, we have a target that by 2020, 40 percent of all of our investments ... 40 percent of every single investment will be in the green economy space. We've actually already achieved that ... Already, in 2017. So we need to up the game even more. We are setting up a new strategy, and I expect the target to go up. But we need to go beyond that. In EBRD, we are very much focused on the private sector, and 60 percent of that financing currently, in the green economy space, is direct with private sector clients, making them much more green in that way. That strategy, I think, has got to change, and go much higher. So we're going to have to, in the next strategy period, next five year period, take that to a much larger number. We haven't decided what it is, but it can't be the current 60 percent, I think, going forward.

Suma C.: The other thing we've got to do is ask ourselves internally whether all our policies and strategies are really up to the mark, in terms of green economy. I don't think they are. I think many of these strategies and policies were adapted some years ago and need complete refresh. So we've been working on that. We've redone our energy strategy, our transport strategy, our agribusiness strategy, all of them with an eye to Paris alignment, frankly. And that's been a really good action process for us as well.

Suma C.: But we also need to work much harder with the countries in which we work. We really need to help them have the right policies, the right regulations, the right standards, carbon pricing that is closer to the Stern-Stiglitz Curve, for example, and also in terms of building their capability to design projects, and make them finance-able. Because there are plenty of projects out there, but what private finances tell us in the green economy space particularly, is many of those projects are not structured properly in a way that any private financing can actually engage with.

Suma C.: So our job is to really help governments, private sector in developing countries, emerging markets, to design those projects in way that will be financeable. So it's a huge job ahead of us, but it's an exciting one. It's the right one. And it's the most important thing we can do in the years ahead.

Fiona H.: Thank you very much. When did the EBRD stop financing coal?

Suma C.: We have not financed coal now for ... Well, certainly my seven years, not one project.

Fiona H.: Okay. And what about other fossil fuels?

Suma C.: We still do some gas pipelines. That's absolutely true, because of energy security needs, but again, we apply very strong green technology to those projects.

Fiona H.: Okay. But how can you finance gas pipelines when we have a climate crisis?

Suma C.: Well, I think gas is still fundamentally important for the energy security of Europe, for example. I think without that, European economy would be in real trouble, but we have to take care about the amount of gas financing we do. And what we do also, at the same time, is push ahead on renewables. So we're financing a huge number of renewable projects around the world. And we designed the policies and regulations to make them actually financeable. Give you an example, we are the lead financier of the Benban Solar Park in upper Egypt. This will be the largest solar park in the whole of Africa. We took lead on that.

Fiona H.: Okay. Excellent. Do you foresee a time when you won't be financing any fossil fuels?

Suma C.: I think there will come a time, without a doubt. I think we are going to have to review this strategy on energy, which we've just ... We actually ruled out coal. I think the next time will be in about four or five years' time. We'll have to look at getting out of gas as well.

Fiona H.: One of the technologies that some people are suggesting will be needed is carbon capture and storage technology, and that of course is extremely expensive. Is that something that EBRD ...

Suma C.: Yeah. We're beginning to look at that actually. But you're right; the expense makes it extremely difficult to get private finance to do it. But there are ... There's advances in technology, so I'm told by my experts, which is making the price come down. So there will be ... It's a bit like the technology, for example, many companies wanted to invest in to make themselves greener, but it was just so expensive 10 years ago — or renewables, for example, a few years ago — that they wouldn't do it. But the technology changed, and it's become much more affordable, and we've been investing because of that.

Fiona H.: Thank you. And as for renewables, does the EBRD even need to keep investing in renewables? Because we keep hearing how the costs have come down massively.

Suma C.: Well hopefully not in the future, at some point. But still quite often, we're financing them because they're almost like the proof of concept. So what I'm struck by, often, when we look at our projects in a place like Kazakhstan, we're the first movers, in terms of the first solar project, the first wind project. I hope, because we can show that this works, and can actually make money as well as do good, that other financiers then will come in, or the government themselves can finance these things in the future.

Fiona H.: Okay.

Suma C.: That would be the holy grail, I think.

Fiona H.: Okay. Thank you very much. Thank you. I'd like to move on now. We've got Sigrid Kaag who's joining us today. She's the Minister for Foreign Trade and Development Cooperation in the Netherlands and before that, worked at the United Nations, among other things, helping to eliminate chemical weapons in Syria, and also working as Assistant Secretary General at UNDP, and is the Regional Director for UNICEF in the Middle East and Africa.

Fiona H.: Sigrid, if you could tell us, from your point of view in the Netherlands, what we should be doing?

Sigrid K.: Well, I think I'm aided and abetted by something that just came out as we speak. My colleague, the Minister of Economic Affairs but also Climate Action is presenting a Dutch Cabinet Agreement on our ambition by 2050 to be climate neutral. So we used to say in trade, I still do it, for every global challenge, there's a Dutch solution, but actually there is one already written, made up, tried to copy it, particularly colleagues from Europe. We've worked through this in a very inclusive process of one and a half years. It's been tough. We are politically speaking a coalition of conservatives. I represent a Progressive Liberal party, but also a party of ... Two parties of a Christian identity. But that said, we were united about the threat of climate change. Of course, in the Netherlands, five meters being below water, we will also disappear. But the urgency is for countries that are islands far away, the so called SIDS, Small Island States.

Sigrid K.: But that be as it may, we've seized it. We've combated in a way, politically speaking, democratically, all of the odds. There's issues on pricing. There was issues around playing field, concerns about citizens who can hardly make ends meet now because it was seen to be an expensive thing, a luxury, not necessity. I think we've shifted the dial on the necessity but also the opportunity. There is opportunity to invest, to focus RND not only through a novelty of approaches, but get the technology right, work the transition with the mitigating measures for those who cannot make ends meet, and work on the energy transition.

Sigrid K.: So we worked in the incentives. With my development hat, of course, I'm actively seized and investing in climate adaptation and mitigation in developing countries and middle income countries. But we try to work on a nexus. We see economic opportunities for those countries. We see necessity when it comes to the urgency of dealing with the impact and consequences of climate change now. Today. In many countries. I just returned from the Sahel, Burkina Faso, and Mali. You don't have to be a scientist, certainly not a climate scientist, to understand what is happening. The change of patterns.

Sigrid K.: From billions to trillions is the call. We connect sustainable development goals with Paris. It's not one of the other. They need to converge. We benchmark our investments. We benchmark our multilateral banks, also the World Bank. We ourselves want to phase out of fossil fuel investments and energy, and certainly we supported the bank, the World Bank, when they said no more. As a shareholder through IDA, we support that. We've issued a new financing

opportunity, a letter, a tender, for organizations but also companies to assist developing countries and communities to transition, to mitigate, and to work on climate adaptation.

Sigrid K.: We try to be consistent. We try to also build policy coherence. As my experience from working in the UN, member states have a nice talk. Me too, but it's so tough to bridge the gap between what a member state does at the World Bank, at the UN, bilaterally. So we need to make sure all eyes are on the ball of climate action, but also work on sustainable, inclusive development. It's not one or the other. It is both, and this is where the change and the work on progress towards stability lies. And on the cynics and populist voices that want to be climate deniers, our own stability and security will also be imperiled, but it's about dignity, emancipation, and if you only want to be a cynic, it's also about investing in your own interest, but as you can tell, my starting point is not that.

Fiona H.: Thank you. Thank you for that. Not so long ago, the development communities and the environmental climate change communities saw themselves as competing. NGOs in one saw their issues as most important, and they thought that the other was stealing their money, stealing their thunder. Have we managed to resolve that?

Sigrid K.: Well, I think more and more, sadly, because of what we see, what we witness, and certainly because of people being on the move and conflicts being triggered over the battle for scarce resources, I think the gap is narrowing. Ultimately it's an unhealthy one, and it's a false dichotomy. The impact of climate change, the conflicts that have resulted have caused us, I think, to all collectively rethink. But let's be assured that the battle over precious taxpayers' money, official development assistance will always have competing communities. I mean, I'm also being written to by people saying we need to do more on sexual rights and reproductive rights. We need to do more on gender. Choices have to be made, and as Suma said, we need to leverage much more from the private sector, which we do also through the IFC, International Finance Corporation. Ask the private sector independently to play a lead role by their investments and climate proof their investments and the drive around technology. This, for me, is also the big game changer.

Sigrid K.: Official development assistance can only be catalytic. And we should never have oversold the scale and the scope that tax payers' money can deliver. We can, however, lead the way on regulation, provide proof of concept through the development partners or governments with whom we work, and support them in finding different pathways. I think that's where the trick lies. It is, as GD17, after all as well. The Climate Accord Paris was adopted a few months after the SDGs. And hence, the storyline is the same, and the responsibility and accountability as well. But it's about private sector creating the change and building new types of economy. And I think the previous speaker that was on the ... Not on the panel, but on the screen, she spoke also about adaptation through our own patterns in consumption. It's also about production and

consumption. And this is, I think, where the hard choices will still have to be made by all of us, particularly probably in OECD settings.

Fiona H.: And is it more important, when you're looking at assistance to the developing world, should we be prioritizing ...

Sigrid K.: [crosstalk 00:15:24].

Fiona H.: Sorry. Should we be ... I'm neglecting the people behind me. Sorry. Should we be prioritizing investment that helps poor countries to reduce their emissions? Or should we prioritize adaptation in poor countries, and prioritize emissions reduction in rich countries?

Sigrid K.: Well, there's not one, sadly ... And I'm not trying to step away from it, but there's no one typology of a poor country or a rich country. It depends on obviously where their productivity lies but also what type of economy of the future they want to build. And this connects to the future of work, where technology can be a driver of change, and where it can help us offset. So we need a transition for many economies, and we need to help lift the least developed countries, certainly lift both their development profile, their economic profile, and with that, we have an opportunity to my mind, to leapfrog.

Sigrid K.: It's too easy to say they need to first go, but I will bow to the energy experts... they only can follow this linear pathway. I'm hopeful that technology will help us to go much faster, and therefore we need to really keep an eye to where the change lies. And as OECD countries, at the end of the day, you can't tell Niger to stop burning firewood, which they do, but their reduction at the moment has zero impact on our CO2 emissions. Let's call the spade the spade here.

Fiona H.: Also, we've ... There is an argument. We hear an argument a lot that poor countries need to keep investing in fossil fuels because there are so many people in poverty, and including energy poverty, in poor countries, that if they didn't have, for instance, coal-fired power stations, then they wouldn't be able to lift those people out of poverty. What do you think of that?

Sigrid K.: Well, I find that the toughest one, because on the one hand, one is not as a ... From a partnership perspective, it is not upon us to deny the choices by sovereign governments. That is pretty hard to fix. What you can do is to provide an investment portfolio with knowledge and connectivity to expertise that allows them to build the quickest pathway through a transition. But with that, we need to leverage the scale of financing that's required. And at the moment, we don't see that yet. That's why also in the margins of the Climate Conference that the Secretary General's hosting for all of us at the end of the day, as members of the UN, there's also a financing conference to get the SDGs and Paris basically financed. Because the financing gap is so significant, we will neither reach the SDGs. As a result, we will also not be in a position to achieve

many of the exigencies of Paris in a developed or developing country setting. So we need to keep our eye on the ball there.

Sigrid K.: It's a tough one. We want to phase out of all these types of investments. That would be my priority. We also have an industry, of course, behind us. There is the trade hat. So I have to balance the two from a principled, sensible perspective, and also deal with opportunities that our companies don't necessarily want to be missing. But the good thing is many, if not most, of our CEOs are very climate-oriented, and they're very sustainability-oriented, knowing it's good geo-economics, it's better for a shared prosperity model we want to build, and the opportunity for companies that are innovative and need to adapt themselves are significant. So they see it also as an economic opportunity, and I think this can take some of the fear-mongering out of the entire debate, that if you follow Paris, you cease to be economically [foreign language 00:19:00] so to speak, which is what's happening now. It's either do or die. Do Paris or ...

Sigrid K.: It's a false dichotomy, and I think we need to debunk that myth. And it's been done economically by the bank, by the IMF, by the OECD. And I think that's extremely important. Let's go back to facts and science, and apply the best of ... I think, of our right policies. And that requires some political courage.

Fiona H.: Thank you. Thank you very much. We're going to move across the Atlantic now. And we're going to here now from Mia Love, former representative of the fourth congressional district of Utah, and the first and only Republican black female ever to serve in the U.S. Congress, which is quite a distinction, but took far too long in coming, many of us would argue. But can you please tell us ... We live in a polarized world. Climate change is a problem that needs collective action. How do you get collective action in a polarized world?

Mia L.: Well, I am so excited to actually talk about this issue, because this is an area where ... It's among a lot of the first for me. I was the mayor of Saratoga Springs in Utah, on the city council, also, became a member of Congress, joined the Climate Solutions Caucus, much to Utah's surprise because our entire delegation is Republican, and I was the only one that was on the Climate Solutions Caucus, also the only Republican member in the Congressional Black Caucus. It wasn't always that way. And I want to talk a little bit about perspectives because I think that this is where we make the big change that we need to make when it comes to our climate.

Mia L.: I was approached by the Citizens' Climate Lobby, and they approached me in a way that was actually pretty ... It was more about the issues. They said, "Look. We just need to be able to walk in the door and talk to someone. I don't care if you're a Republican or a Democrat, but these are issues that are really important to us and we just need someone to listen." Automatically, I was disarmed. Automatically, I allowed the ... They came into the office, and they started talking about the issues that was important. Now, Utah, I don't know

how many people have actually been to Utah, but the beauty of the landscapes is absolutely marvelous. I'm a runner because of Utah. We have five national parks. The skiing industry is incredibly important to our economic viability and our growth. And so that obviously started to play into our concern for the climate. And understand that when I joined Climate Solutions Caucus, I had one role, and that one role alone was to get as many Republicans onto the Climate Solutions Caucus because we weren't going to make any changes unless we were able to bridge the gap.

Mia L.: So let me talk a little bit about perspectives because I think that this is really important. I have always said you can only paint what you know. And if you understand, if you go into that with that perspective, you can understand where other people are coming from. In other words, one of the things that I did after I lost the first congressional race was I took up painting. I had no idea that there was a difference between oil, water, and acrylic. I just took my husband to the store, and I said, "We're going to go and get some paint." And I just started to paint. And all of a sudden, it looked like Mount Timpanogos, which is one of the major mountains in the state of Utah that I see every day. And I was like, "Oh my gosh, I'm good at this. I can do it again." So I thought to myself, "I am going to paint an English countryside." Obviously, I'm not from England. And I started to paint, and guess what it looked like? Mount Timpanogos, somehow. And I couldn't understand why I could not change what I was painting, not until I exposed myself to all of the different types of pictures online, and started looking at things through a different lens.

Mia L.: So one of the things I think that we need to do as Republicans, first of all, is stop denying that climate change is happening. I mean, just get over it. Right? And on the other side, one of the things that we need to do as Democrats is to make sure we're not presenting false choices. I'm sorry, but you don't have to choose between your environment and energy production. You don't have to do that. It's not doom or gloom. You can actually have both. And so I really want to focus on that because I'll tell you right now. If we are ... By the way, we recruited 42 Republicans on the Climate Solutions Caucus. In this last election, we lost more than half of them. How are we going to change policy when the people that are on your side are being targeted?

Mia L.: So you have to make a choice sometimes, right? You're going to choose political power, or you're really going to choose who's going to be with you on those issues. So those are the things that I think, that I hope that we can get to discuss and talk about. If we're really interested in making a change in our environment, what are we willing to do for it?

Fiona H.: Thank you.

Mia L.: Thank you.

Fiona H.: Thank you for that inspiring talk. What happened, though? Why did climate change become so polarized in the U.S.? Why did it become seen as a left, right, Republicans, Democrat issue? Because it's a science issue.

Mia L.: Well, I think one of the issues that we have is that it's who's speaking to you. If you ... I always say leaders put themselves in uncomfortable positions and get themselves comfortable there. One of the things I wouldn't have understood is the different perspectives I got from being a member of the Congressional Black Caucus, really understanding people who live in a certain environment and the issues that they're facing. You have to try and do everything you can to see other perspectives. The issues in the environment in Florida, for instance, when you talk about the rising waters, it's different than Utah. Utah, we're talking about the ski environment and our inability to have snow or water. And so those are the issues that are different, and until you start opening your eyes and seeing different perspectives, all ... The only thing that you're hearing is what the political parties are telling you.

Mia L.: And in the conference, the GOP Conference, it's more about energy production. In the other conference, it's more about saving the environment. Somehow, we've got to bridge that gap. And until we're hearing the other voices in our heads, you're staying on one side of the aisle, and it's becoming more and more polarized. Again, if you don't have people like Carlos Curbelo from Florida, who was the Chairman of Climate Solutions Caucus on the Republican side, you don't have Jeff Denham or Ryan Costello, how are you going to be able to take that voice into your conference and gain more people to come along with you?

Fiona H.: And do you think that we need to find a different way of talking about climate change?

Mia L.: I do. I think one of the things that we have to do is, first of all, when you go and you approach people about climate change, you have to win them over with your ... And it's very difficult to do that when you come from a place of anger. Let's start talking about compassion. When people started talking about the environment, I started feeling that as a mother. I mean, we enjoy the beauty of the landscapes. I want my children to be able to enjoy that also. I want them to enjoy economic prosperity, but I want them to be able to breathe. I want them to be able to join ... To be able to love the quality of life that we have in the state of Utah.

Mia L.: And so you have to take all of those things into perspective. And so please, when you go and you speak to people about it, come from a place of, "Look, I just need you to listen. Here's what's happening. Here's what we need to do." You will not ... I listened to the policies, and I'm with you ... We will not be able to implement any policy unless we get people to actually vote on them.

Mia L.: And as we know ... One more thing I want to add. This work has to be done in the states in Congress because Congress is the one that implements laws. And

as we know, when you consolidate too much power to the administration, what can be done can also be undone by somebody. But when you implement law, it's a lot more difficult to undo the laws that were implemented by Congress.

Fiona H.: Okay. Thank you. And before I let you sit down, actually ...

Mia L.: Standing back up.

Fiona H.: There is one more thing that ... There's one more thing I need to ask because the President has taken a stance on climate change where he wants to remove the U.S. from the Paris Agreement. Can I ask when you think that President Trump is going to join the Climate Solutions Caucus?

Mia L.: When do I think he's ... Well, not unless his base forces him to do that. I can tell you right now that's one of the reasons why I brought up the consolidation of power. We've consolidated too much power to the White House, where Congress really has to take that back. I've always said that there ... Republicans have put themselves in two different categories in the United States. Either they are going to support the President at all cost, and whether he's in or out on any different issue, or they put themselves in the category and say, "You know what? I cannot have that person be the leader of my party. I'm going to leave the party." Where I actually am somewhere completely different. I'm a Republican. I'm pretty sure I've been a Republican longer than the President has. And my job is to make sure that I uphold him to the principles and the policies that I believe in. And if we have more people hold any administration accountable to the principles and the platforms that they believe in, we'd have a better ... That's democracy at its best.

Fiona H.: Okay. Thank you. Thank you very much for that. Peter, you've got a hard act to follow, I'm afraid.

Peter M.: [inaudible 00:29:22].

Fiona H.: I'm going to introduce you now. Peter Mather is the Group Regional President and Head of Country for the United Kingdom at BP. Peter's worked in BP in various roles, but now ... Well, things have changed quite a lot in the years that you've been at BP, and indeed in the oil industry. So can you explain us how you are going to solve the problem of climate change in the polarized world?

Peter M.: Thanks, Fiona. Yes, they have indeed changed. I've been around for an awful long time in the energy industry, longer than I'd care to remember, but during that time, I've seen an awful lot of changes, awful lot of challenges, but I think the challenge we're facing now is probably the most significant that I've seen in my career.

Peter M.: I just want to say thank you for arranging this. I think to devote a whole afternoon at GMF to the issue of climate change is really significant. I think we

said last year, we needed to be edgy and in-tune with current thinking. And I think we've certainly delivered that. And it's not always a comfortable conversation. When you come from my perspective, you come from a company like mine, it's not always a comfortable conversation, but I'm absolutely delighted ...

Fiona H.: Well, I hope not. [crosstalk 00:30:39]

Peter M.: Well, you said beforehand that you wouldn't give me an easy time. But the important thing is that we're in this conversation. I'll be relatively short, just with a couple of remarks, because I do think that we've got so many interesting views in the room. We need to bring that in.

Peter M.: Let me start with one statement, and this is what our chief economist in BP said a couple of weeks ago, when he presented what we call the BP Statistical Review of World Energy, which is looking at what happened last year in energy. We are on an unsustainable path. We are on an unsustainable path. What do I mean by that? Well, energy demand last year grew by roughly three percent. On the whole, that's a good thing. That means there's more prosperity in the world. People are able to be more mobile. They're able to heat and light their lives in a better way. But the downside of this is that global emissions also grew last year by nearly two percent. So yes, we're a little bit more energy efficient than we have been in that past, but we're still emitting more this year, or last year, than we did the year before.

Peter M.: So this is an unsustainable path. This is not a good thing. At BP, we call this the dual challenge. So how do we ensure the world has the energy to grow and to become more prosperous, but at the same time ensure that the planet is a place fit for our children, our grandchildren to live in. Now, these are big words. These are fine words. So what actually are we doing about it? Well, a company like mine can do a lot of things. We don't have the solution. Some people think that oh, well if BP did this, or the energy industry did that, it would all be okay. It's more complex than that, but there are things that we can do.

Peter M.: So number one, look after our own house. So we're spending a lot of time on reducing our own carbon footprint as a company. We're committing to reducing our carbon emissions. We're committing to, as we grow the company, not growing our carbon emissions. So becoming more energy efficient all the time. And we're also committing to ensure that the natural gas, which we are growing in our portfolio ... I'll come on to that, is not leaked, because natural gas is lower in terms of CO₂, but if you emit it through poor pipelines or something, it can actually have a worse effect. So that's really, really important that we get our act together on that.

Peter M.: Secondly, we need to improve the products that we're putting into the marketplace. So the first one actually is natural gas. When I first started working in the upstream part of BP, we had a portfolio of 12 percent natural gas

production, 88 percent oil. And that was ... Everybody thought that was fine. In fact, they didn't really want the 12 percent natural gas if I'm honest. We're now 50-50, heading towards 60-40 in favor of gas. Gas is half the emissions of coal. That's something we can do. Gas is a very obvious bedfellow partner for renewables. So we're also improving the quality of the fuels that we put in planes, that we put in cars, and indeed the ... We're lowering the carbon footprint of the plastic feedstocks that go into the plastics industry.

Peter M.: So there's a lot that we can do, plus providing offsetting opportunities for our customers. And then the third area is we're creating new businesses. So this is currently in two forms. We have some quite well established renewable energy businesses. We've been in bio-fuels business for a long time. We have a large wind business in the U.S., but we're now the largest ... Well, through our 43 percent shareholding in Lightsource BP, the largest solar developer in Europe.

Peter M.: Now these are all starts. We're going to grow this part of the company, but at the same time, we're also investing in startups, in ideas, in young people's ideas. We're investing in battery technology. We also own the largest charging ... Super fast charging company in the U.K. for electric vehicles. So we're doing our best. For many people, it's not enough. For many people, it's too slow. I suspect you'll see the pace of what we're doing increase, but it's not a race to renewables. It's a race to lower emissions. This is the key thing.

Peter M.: So let me just leave you with one last thing. I think the title of this session has the words confrontation and polarization in it. We need to de-polarize or un-polarize this debate. We actually all need to get around the table and work this out together. And we need to make sure that it doesn't end up in endless confrontation. I think we're all saying the same thing. We all have an idea. We all have a conviction that we need to get to a net zero carbon emissions world. The issue is around pace and the nature of how we get there. Thank you.

Fiona H.: Thank you. Thank you very much. Just a quick one on the technology side because I already asked about carbon capture and storage, and obviously that's a very, very expensive technology compared with renewables. Is that something that BP is investing in?

Peter M.: It is, indeed. The issue around carbon capture and storage is that the world hasn't yet managed to do a major project at scale. Now, I think we will do. In your country, Minister, there is a very, very exciting project that's taking form around the Port of Rotterdam. And in the U.K., there is a very, very interesting process going on with several projects coming forward. One of which is a clean gas project in Teesside, in the U.K., that we're very much part of. I think CCS or CCUS will happen, and I think it must happen. And it is an extremely efficient way, as the technologies improve, of actually taking large amounts of carbon dioxide out of the atmosphere at any one time. So to answer your question, it will happen, and we are absolutely keen to be part of that.

Fiona H.: Okay. Thank you. You also talked about time being crucial. And yes, it is. We know from the IPCC that we need to bring down emissions drastically in the next 12 years, otherwise it's ... Well, we're going to run out of time to keep warming to within only 1.5 degrees of pre-industrial levels. And we know from the IPCC also the terrible effects that that's likely to have. You're running out of time, aren't you? Don't you need to start saying to your shareholders, "Look. In 10 year's time, we will no longer have a business?"

Peter M.: Well, I think first of all, I'd rather say we're running out of time. I mean, there's a ... Because this is something that has to be worked between companies, governments, consumers, activists, NGOs. So this is an imperative on all of us, not just on BP. I don't know what the time scale is, Fiona. I'll be totally honest. I don't know what it is. All I know is that we have to get after this problem quickly. We have to do it deeply and broadly. We have to work together to do this, because it is so important that we can't just have little silos working on little bits. And I think governments have a massive role to play in that as well.

Fiona H.: Okay. On a slightly more personal note, how does it feel to be working for a company that gets such a bad press quite a lot of the time?

Peter M.: Can I say I am incredibly proud to work for BP? I am very, very proud, actually, to be a member of the energy industry. It is uncomfortable at times. Sometimes, you're made to feel like a bad person, but BP's a company of 70 thousand people. And they don't get up in the morning wanting to do bad things. They get up in the morning wanting to do the right thing. And they have children, and they have grandchildren, and they have brothers and sisters, and parents. So yeah. It is uncomfortable, but I ... We know that we're working really, really hard to try and help sort out this problem. So that's what keeps us going, I think.

Fiona H.: Okay. Thank you. Thank you very much. That was a very courteous answer. Thank you. That's lovely. I'd like to ask you. Well, I've had enough fun asking questions. It's time that you got a chance. We've got a question here. I'm terribly sorry, I've been ignoring you behind me. We've got a question here and question here as well. So if we could get microphones ... I'll come to you as well. If you could keep your question brief to the point. You don't have to ask a question. You can make a brief statement, as long as it's concise. Please.

Heather Grabbe: Thank you. Heather Grabbe, from the Open Society European Policy Institute here in Brussels. So there's a growing consensus that everybody believes more action, faster, more radical is needed, but how to sequence the kind of action, and how can we be sure that the burden of adjustment falls fairly? We've been hearing this afternoon a lot about how households will have to do it. Even the energy companies are saying, "Well, it's the households that need to take action," but if it's just the households who are paying, then we're going to get gilets jaunes all over the place, in the United States as well. So how can we show that the transition to low carbon and no carbon can be fair? What kind of political trust needs to be built up with citizens, that when they hear we're going

to tax what you burn, not tax what you earn, that they believe that the second half of that sentence will also happen?

Fiona H.: Thank you. That's a very important point. People are increasingly talking about the importance of a just transition, not just a transition. Thank you for that. I'm going to take a couple of questions at the same time, so ...

Speaker 9: Yeah, hi. [inaudible 00:40:52] from the European Committee of the Regions. You were talking about combining idealism with realism, and that's important. And companies like BP do provide jobs and help create growth. Now ensuring that that's sustainable, I think as we've heard from everyone, requires also governments to work with businesses and communities. So what kind of global coordination would you like to see that's not happening on legislation? So is there some legislature progress that we need to make, especially in the EU, as we go into a new legislative mandate? And what kind of coordination can we have with the U.S. on this? Thank you.

Fiona H.: Okay. Thank you very much. The EU and the U.S. there. We had another question here. Thank you.

Don C.: Yes. Hi. My name is Don Ceder. I'm a city councillor from Amsterdam. I have a question concerning the transition to gas. I know in Holland, congratulations on the Climate Accord. One of my parties, one of the coalition members. But we are making the transition off of gas, because we are seeing that that's a proper transition. While we're seeing in Europe and also with BP, there's a transition from oil to gas. While the narrative in Holland is gas isn't the right way to go. In Europe, we're seeing countries changing to gas. So my question to Minister Kaag is how do you see that? And do you also talk to the other Ministers concerning that, seeing that in the Netherlands, we have a different narrative to our people? And when it comes to BP and gas, gas inherently has a geopolitical aspect to it. So I was wondering if BP also looks into that because from a nano-perspective, and we all know where gas mostly comes from, is that the wise, the most wisest choice and investment to make?

Fiona H.: Okay. Thank you very much for that. Thank you. So we're being asked ... Well, you are being asked if the transition to gas is sufficient. And indeed, well, one of your slogans used to be beyond petroleum. Should it be beyond gas? I'll take that question first, and then I'll bring in the others on the other questions.

Peter M.: Okay. Well, I always felt it should have been petroleum and beyond, rather than beyond petroleum. But anyway ... I think the main issue around natural gas is that it is an obvious substitute for coal. It's half the emissions of coal. It is perfectly, chemically formed to provide a feedstock into the power generation sector in particular. And a lot of countries ... I think somebody mentioned earlier that there was a coal-fired power station being built every week in the developing world, for example. Well, that could be a gas-fired power station. And then you've got at least half the emissions accounted for.

Peter M.: And then of course if, as Fiona was pushing me, we get towards a world with CCS that you could see de-carbonized power. Indeed, we haven't really talked much about hydrogen, but there's a big discussion about the future of the hydrogen economy, and then natural gas could play a big role in that because it's obviously one carbon atom to four hydrogen. So I think yes, there is geopolitical risk in most energies, except if you just have obviously a solar panel or a wind farm right outside your front door. If you need to move molecules around, there is a geopolitical risk. But there is also a lot of natural gas around. And if you look at the United States now, literally over the last few years, there's been this incredible revolution for unconventional gas, which means the United States is now not only self sufficient in gas, and indeed oil, it's starting to export. And none of us saw that coming just because of technological advances. So you can do a lot with your indigenous resources as well.

Peter M.: Do you want me to talk about the other questions? Or should I leave it at that?

Fiona H.: Very briefly, if you'd like to.

Peter M.: I mean, I think ... Heather, it's about good regulation. It's about making sure that governments think through regulation. It's very tempting for governments to throw out things and to layer taxes upon taxes, but I think it's just so important that the regulation is fair, simple, efficient. And that links with the other question around global coordination. I forget who ... I think that came from over there. I mean, carbon pricing is the obvious one. The world still hasn't really got a global system for pricing carbon. It would be a lot easier for the world, for the planet, to make the right and the most efficient investment choices to lower the carbon footprint of the world if we had like-for-like carbon pricing. At the moment, we don't. Hopefully, we'll be able to, as we go forward, have ways of linking regional carbon price markets, carbon pricing markets, so that at least you could take price signals and transmit price signals from your own area. So I think that would be one example.

Fiona H.: Thank you. Thank you very much. And while we're on that subject of the EU and the U.S., I'd like to bring you in, Mia, on what kind of cooperation we can have.

Mia L.: Well, first of all, I think that the United States really has to clean its house, first of all. So one of the things that I think that was brought up is the energy independence. That was really important for the United States. We have done ... Made great strides in that area. And I think that allows us now to really focus on clean energy. And it's not just about the households, right? We need to make sure that everybody is at the table. And one of the things that I'm actually pretty proud of is the fact that some of these energy companies are saying, "What can we do? Here are the things ..." They're actually being part of the conversation.

Mia L.: I mean, at the end of the day, we still want people to be able to turn on their lights. We want people to be able to have jobs. I mean, 70 thousand people having jobs to feed their family is incredibly important. So that allows us to

move a little bit faster. The thing that slows us down the most is the fact that ... Those false choices, where people think well, if we are going to take care of the environment all of a sudden all of that production, energy production stops or slows down. And we have to get away from the fear-mongering. We have to get away from all of that and know that there are energy production companies that are coming in and saying, "Look. We have the answers to some of these things."

Mia L.: Also, we have to stop picking some of the winners and losers. I think in the past, one of the things that have happened in the United States is that the governments have focused on one area, and it stopped all of the innovation in other areas when it comes to clean energy and powering the United States. We have to allow innovation to continue to happen, so that we can get clean energy, we can take care of our environment, and still take care of both of the issues that we're talking about. Again, it's about the approach. It's about making sure that when we are approaching people that actually make the decisions on policies, that we're coming to the table with what we're for and what we can do together, instead of saying, "Hey. By the way, it's this or that." So ...

Fiona H.: Thank you. Thank you very much for that. And Sir Suma, I'll bring you in on this question of a just transition, because that's something that the EBRD presumably is trying to do.

Suma C.: Absolutely. And it's a really good question, Heather. I mean, I mentioned earlier the importance of getting the right policies, the regulations, and standards in each country that we work in. But it goes beyond that. Let me give you a practical example of where I think households gain and governments gain. It's around district heating, residential heating, public buildings heating. We work, in EBRD, in the most energy intensive region in the world, because of where the communist economies are run. But we have developed these products now whereby with some finance from governments, we can actually reduce the energy intensity in public buildings, in flats, and so in apartments. This has been rolled out across nearly all of our countries of operations. Huge savings for households. And of course, for governments, they can see also the political benefit as energy costs come down for each household.

Suma C.: So it's actually a win-win for them, if we can do that. But we would encourage all the other multilaterals to go down this route, because we can't do this alone. And we only cover 40 countries of operations, but it's something we've built as a technology.

Suma C.: Can I also try and answer the interesting question about gas as well, with another concrete example, and that's one of Kosovo. Kosovo basically has been ... Its energy industry is essentially a coal-fired plant. And it needs complete rehabilitation. So the Kosovars approached us, and the World Bank, to finance that. We said no. And economics didn't stack up anyway, but we were, in any way, moving away from that policy, as I said earlier. But we can't just stop there

and say, "Okay. We're going to deny you any alternatives. We're not going to help you with it," thinking through what the alternatives are. So we are now financing the first renewables projects in Kosovo, but also trying to get a spur pipeline from the Trans Adriatic Pipeline into Kosovo from Albania.

Suma C.: You've got to come up with solutions like this, otherwise you're just saying no, simply, and not offering any economic alternative for the Kosovars. And that's really important multi-lateral banks to think like that. I agree with Peter, by the way, on the global solutions at point. I think carbon pricing has to be the number one. We've all talked about it for a couple of decades now, but really, very little progress has been made. I would say ... I wouldn't make this a U.S. versus the rest of the world sort of issue at all, actually, because the U.S. isn't just a federal government. At state level, in many states, action is being taken, actually. Generally. So quite often, I'm talking about Paris Alignment with California. I haven't talked to Utah yet, but with many other states.

Mia L.: Utah's great.

Suma C.: [inaudible 00:50:56] obviously enjoy that conversation when it happens. But it really is ... It's important to think beyond Washington. We need to think about the states, I think. And much more than we do in Europe.

Fiona H.: Thank you. Thank you very much.

Mia L.: May I add ... One more thing I completely forgot to add is there is a conversation that's being had about carbon tax on the Republican side. The only thing that you can ... That actually will even allow people to think tax, because usually whenever a Republican hears increase tax, they're like ... They don't even want to hear anything else. One of the things at the conversations that I've been able to have with other members of the Republican Party is that maybe there's a balance between the EPA and some of the regulatory burdens versus the carbon tax. What we want to do is make sure that we align the incentives with the outcomes. So the bigger carbon footprint, the higher the tax, you get those incentives to come down. But the only way that they're willing to do that is if they have a conversation about how effective the EPA is. There are many times where people are fined, and that money doesn't back into the environment. Where is it being used? And so that's a conversation that also we have to have if we're willing to bridge that gap between both the parties.

Fiona H.: Yep. No, that's a very important point. Thank you very much for that. Sigrid.

Sigrid K.: Yes. Well, I think a lot has been said. To Heather's point, again, I mean, I hope when you can read the English translation of the Dutch New Climate Agreement, you will see there there's talk of subsidies, phasing out with an eye to those that are most exposed. Household is one part. Communities, cities, urban planning. Everything has to be climate proofed. We also look very significantly at the circular economy that is one way, also, of working in not only

in developing countries, but also of course, in countries such as the Netherlands. And that speaks to production modes. Not just consumption, but the production side. And there's a realm of economic dividends to be gained if you really push the circular economic agenda, which is a way also of achieving the SDGs.

Sigrid K.: To your point, I'm not quite sure if we understood each other correctly. You know we are phasing out of gas. As everybody knows, perhaps, we've earned a lot of money with gas, but a lot of people have broken homes, suffered due to earthquakes, the citizens of the area where gas was being exploited certainly have suffered all the setbacks. So there is a big plan to phase out. And I mentioned before that it's a devil's dilemma, in a way, when you speak to developing countries, which is where the transition ... The energy transition for developing countries is critical. We can't deny them. As I mentioned, their right to development and their autonomous, sovereign choices. At the same time, I believe we owe them quicker, better access to the technology to the new solutions, and where they can work towards alternative sources of energy. We ought to. We do a lot of work in wind at sea. But of course, not everybody has sufficient wind. But solar energy, other sources, and of course, hydrogen is being pioneered in [Honingen 00:53:54] and in other cities.

Sigrid K.: So when you look at the mobility agenda in all countries, same as the Netherlands, there is so many ... There are so many areas where we are pioneering, either collectively, or companies, or municipalities. This needs to be brought also to the platform, where countries and municipalities or citizens, even, can make informed choices. The least ... The most marginalized are the most affected. And this is where we need to keep a very sharp eye. It can be in our own societies, because every country has their own relative rich and poor, but particularly when you speak to least developed countries. Climate change and migration are the two toxic agenda items, and they are fundamentally connected, and we shouldn't be naïve about it. We owe the right principle policies on both issues. There's no Planet B. So we don't have much time. I think urgency is a euphemistic term. It's really time to act with all the choices and investments we can make. I think that's where leadership is required. Thank you.

Fiona H.: Thank you. Thank you very much. And on that note, actually ... That very important note, we will wrap up. Thank you very much to all of our panelists. That was a fascinating discussion. And as with all discussions of climate change, and indeed discussions of polarization raised as many questions that it answered, but the conversation does continue beyond this room. So I'm sure that you will all be taking part in that. Thank you very much to our panelists. Thank you to our lovely audience.

Mia L.: Thank you.

Fiona H.: Thank you. Thank you.

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