

COP26 carrying the hopes of the world: Laura Clarke

E ngā mana, e ngā reo, e ngā iwi, e rau rangatira mā, tēnā koutou katoa.

It's fair to say that 2020 has been a tumultuous year. There is such a rich menu of things to worry about, that it's sometimes hard to know where to start.

But I always like talking with businesses, innovators and investors: perhaps of all sectors you are, by necessity, the most forward looking: not dwelling on the problems, but looking ahead to trends, threats and opportunities, finding solutions, and charting the best way forward.

And I hope that over the last two days you been able to do just that. Discuss and share ideas on how to build the urgency and momentum needed for rapid and substantial decarbonisation, and to ensure we build back better.

My talk is on 'carrying the hopes of the world – COP26'.

Because although things look bleak, there is cause for hope. And there is an opportunity here.

And I would suggest that the opportunity for Governments, businesses, investors, innovators and private capital is to set ourselves on the greenest trajectory possible.

So I'm going to start bleak, and talk first of all about the challenges posed by COVID-19, and the risk it poses to our efforts to tackle climate change.

Then I will try to bring us round to the opportunities: to the UK's Presidency of COP, the big UN Climate Change conference happening in Glasgow in November next year, to the opportunity to Build Back Better, or Build Forward as Christiana Figueres put it, from COVID-19. And then to the implications for us all here today.

COVID-19

The impact of COVID-19 on lives and livelihoods around the world has been staggering. 50 million cases, 1.26 million deaths, no country left unscathed by the economic impact.

But the impacts are even more devastating in the developing world. The World Bank now assesses that COVID-19 could push between 88 and 115 million people into extreme poverty in 2020.

COVID-19 will lead to greater instability in some places, and in others will strengthen the strongman. It will strengthen those who cast issues such as human rights, freedom from surveillance, freedom of the media as optional

extras or 'nice to haves'.

And there must also be a risk that the urgent climate action that is needed falls into that same bracket of 'nice to have' 'non-essential', or that we can't afford it.

But we can't afford to think that way. Because COVID is the storm, but climate change is the weather. As humans we will come through this pandemic, but we only have one planet.

And that planet is in distress. The world is getting warmer, sea levels are rising, pollution is costing lives and biodiversity is collapsing. No country, business or individual will be left unscathed.

Build back better

So COVID-19 risks are distracting us from tackling climate change.

But there is an opportunity, too. This year has seen an unprecedented change: accelerating the ascendance of e-commerce over bricks and mortar retail, the rise of distance learning and e-health, the transformations of supply chains from being global and just-in-time to local and resilient.

COVID-19 shows us quite how fast we can change our behaviours as Governments, businesses and individuals when there's a compelling need to do so. And as Minister Shaw said yesterday, it has shown us how much we need to follow the science.

As Governments everywhere are planning for economic recovery, we have the opportunity to follow the science and build back better.

The choice is between making environmental sustainability and resilience the lens through which we plot our recovery, or locking-in a high carbon trajectory.

And as we borrow against our children's future, we need to ensure we have their interests at heart.

If we don't, we risk being on the wrong side of history as Governments, businesses parents.

57% of people voted for Labour and Green in this last election, up from 36% the election previously. Obviously there were many factors at play but climate and environmental issues clearly loomed large.

51% of students at Victoria University voted Green. Right now young people around the world are organising a virtual 'mock COP26', because of the need for urgency in tackling climate change.

These are future leaders, customers, consumers.

And they care about supply chains, about work conditions, about environmental impacts.

COP Presidency

And that brings me to the UK's Presidency of the 26th sitting of the United Nations Conference of Parties which will take place in Glasgow in November next year.

12 December marks five years on from signing the Paris Agreement, which was ratified in record time by countries determined to tackle climate change head on. Yet, the current 'emissions gap', or global emissions that aren't included in Nationally Determined Contributions or country-level emissions plans, is equivalent to the collective emissions of China, India, the US, EU and Russia.

We are delighted by recent announcements by China, Japan and the Republic of Korea on their net zero commitments, and pleased that President-elect Biden has said that the US will re-join the Paris Agreement.

And it is clear to all that there is still a lot to be done.

That is why, hosting in partnership with Italy, we will use our COP Presidency to push for greater ambition around the world:

- ambition to reduce emissions
- ambition to build resilience
- ambition to cooperate and support each other in a green recovery

To demonstrate that ambition we want countries to submit more ambitious country-level plans that include zero emissions targets, and to aim to do that as soon as possible, to keep global warming well below two degrees.

The UK will submit its own ambitious Nationally Determined Contribution, to complement our net zero commitment, well ahead of COP26, and we welcome the fact that New Zealand's NDC is being assessed by the Climate Change Commission in line with the 1.5 degree target.

But as well as NDCs, we want all countries to help speed up progress, in five key areas 'in the real world':

1. In clean energy, we need to embrace low-cost, zero-emissions technologies. We need to shift away from fossil fuels and invest in innovative, clean technologies.
2. In resilience, we need to help communities adapt to the worst effects of climate change, through resilient 'green' infrastructure and sustainable agriculture systems and supply chains.
3. In nature, we need to safeguard ecosystems and protect natural habitats. We can scale up nature-based solutions and green our supply chains. Nature can provide up to 30% of the required mitigation. New Zealand's Jobs for Nature package is a key example of this sort of activity.

4. In transport, we need to bring forward the date when zero-emissions vehicles will be not only cleaner than petrol and diesel but also cheaper. We know that New Zealand has one of the highest per capita road transport pollution levels, and the UK also struggles with road freight: this ought to be a low-hanging fruit for both of us.
5. The fifth area is finance which will underpin all these endeavours – investment that needs to be ‘future proofed’ – green and sustainable. It can’t all come down to the public sector either, we need to mobilise flows of private finance into clean sectors. It is not a lack of capital that is impeding our progress, but how we deploy it.

The other ‘real world’ push is the Race to Zero Coalition, which I would urge you to join. This initiative, which was launched in June, and which Professor Rockstrom spoke about yesterday, mobilises a coalition of leading net zero initiatives, representing 452 cities, 22 regions, 1,101 businesses, 45 of the biggest investors, and 549 universities.

These ‘real economy’ actors join 120 countries in the largest ever alliance committed to achieving net zero carbon emissions by 2050 at the latest. Collectively these actors now cover nearly 25% global CO2 emissions and over 50% GDP. And the coalition has a critical role to play in pushing for more ambition.

UK Leadership

Let me talk briefly about the UK and how we are driving a clean recovery at home and around the world.

1. We are investing the equivalent of over NZ\$ 5.5 billion into improving the energy efficiency of homes and public buildings.
2. We have committed almost NZ\$2 billion in the transition to electric vehicles.
3. We are putting over NZ\$1.2 billion towards protecting natural habitats.
4. We are investing NZ\$10 billion in bolstering our own resilience through flood and coastal defences.
5. We have committed to doubling our international climate finance contribution to NZ\$22 billion over the period 2021 to 2025, to support other countries in making the transition.
6. On Tuesday the UK issued the first ever Sovereign Green Bond to help finance projects that will support the transition to a green economy.
7. And the UK will become the first country in the world to make Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosures fully mandatory across the economy by 2025, going beyond the ‘comply or explain’ approach. We followed NZ’s lead on this, as James said yesterday. But we went further: bringing every company into the policy.

At the heart of all of this is how we value things. We need a conceptual shift in how we assess value.

We need to put climate change at the heart of all financial decisions, and we need to ascribe nature the value it deserves. Because the focus on the bottom line, the quick buck, the cheapest products doesn't work.

Consider the Amazon. The whole world depends on it, yet its value barely registers. Financial incentives that destroy forests outstrip incentives to protect them by 40:1. Although these are our world's lungs, they are worth more dead than alive.

So the UK is attempting to place a value on nature. Last year, HM Treasury led a [global review of the Economics of Biodiversity](#), which explored the sustainability of our engagements with Nature, and what we must do differently to enhance our collective wealth and well-being, and that of our descendants.

The New Zealand Government is also leading the way, with its well-being economics, and well-being budget measuring not just output and growth, but the impact on individuals' well-being and the environment. That is all about the conceptual shift of how we value things.

And it's great to see that New Zealand's sustainable finance road map includes a recommendation that the well-being framework is used to guide investment decisions.

It is fantastic that over 100 Chief Executives in New Zealand have made pledges on reporting and reducing emissions through the Climate Leaders Coalition. Their companies collectively represent 60% of NZ emissions across all sectors. And we welcome New Zealand's leadership on climate related financial disclosures and hope you can encourage further ambition on this front, both domestically and internationally.

Individual businesses in the UK and New Zealand, for example Unilever, BP, Westpac and Warehouse, are making this conceptual shift, factoring in carbon pricing, climate related risks, supply chains, reputation, customer preference.

And there are early mover advantages on all of these things. Far better to be an early mover than to miss the (electric) bus.

And as we negotiate the UK-NZ Free Trade Agreement – we've just completed Round Two – NZ and the UK have a shared ambition to be early movers on using trade policy to advance our environmental and sustainability goals, and support the shift to a green economy. Bringing together New Zealand's track record in innovating in trade policy, and the UK's scale and global reach, and setting the standard for the greenest ever FTA.

Conclusion

I love New Zealand dearly. The way you innovate, the way you bat above your average. The way we share values, ambition, humour.

But there is also a gap – if you'll forgive me for saying it, as a friend, and someone who has married one of your own – between ambition and reality.

You have Scandinavian ambitions in terms of quality of life and public services, but a US attitude to tax. The brand 100% Pure New Zealand lulled many into a false sense of security, when the environmental reality is far more challenging.

I remember PM Ardern, late last year, being asked what her vision was for New Zealand. She said: "I want us to be the country that we already think we are".

Businesses can close that gap, can turn ambition into reality. In the UK we have demonstrated it is possible to decouple emissions from economic growth – growing our economy by over two thirds, while reducing emissions by 40%. Some of that is government policy and investment, of course, but lots of it is thanks to business – leading, innovating, showing the way.

So my challenge to you, as you leave this conference and go back to the day job, is how you will show leadership.

- Can you commit to reach zero emissions in the 2040s or sooner?
- Can you commit to publish a plan for how to achieve your target?
- Can you commit to report progress?

Will you join the Race to Zero coalition? Nigel Topping, High Level Champion for COP26, has challenged us to get 1000 organisations in New Zealand signed up to Race to Zero. So far we have two. They're a good two – Auckland Council and Toitū envirocare – but we have further to go!

And what else can you do as businesses, innovators, leaders? Because it is no longer a question of whether we will decarbonise the economy but how fast we can do it.

Tēnā koutou, tēnā koutou, tēnā tatou katoa.