



United Nations Climate Change Conference (COP 16)

High Level Session Plenary

**Statement by Angel Gurría,
Secretary-General
OECD**

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Heads of State and Government, Ministers, Excellencies,

Our message from Cancun should be loud and clear for the entire world to hear.

First, we cannot afford to delay action on climate change; the costs and consequences are simply too high. Countries must take ambitious unilateral action, while at the same time work towards an ambitious global agreement.

Second, we can afford the necessary action. A cost-effective approach to reducing emissions would cost just a fraction of a percentage point of GDP per year. Inaction is the most expensive and most devastating alternative.

The war against carbon emissions can be self-financing. But it starts by putting a price on carbon. If industrialised countries were to achieve the emissions reductions pledged in Copenhagen through auctioned tradable permits or carbon taxes, they could raise 1% of GDP, or USD 400 billion, by 2020. Even a fraction of this could help with the long-term financing goal.

Reducing and eliminating subsidies to the production or consumption of fossil fuels by both developed and developing countries could yield a comparable amount. Besides the obvious advantage in helping to consolidate national budgets, it would also allow to reallocate at least part of such resources to the most vulnerable, reduce emissions up to 10 % by 2050 and be a new source of “green” business and jobs.

A large part of the financing will need to come from the private sector. Companies are ready to invest in green strategies, because there is a “business case” to do so. But they need from governments the framework, the price of carbon, clear rules and the assurance that governments will stick to them.

Third, as important as raising the financing is ensuring that it is well tracked and that it is used effectively. The OECD has been tracking public financing for climate change for about a decade. In 2008, bilateral flows were estimated at US\$ 8.7 Billion. This tracking system can be an important input to the UNFCCC work to “MRV” climate financing.

Last but not least, Green and Growth go well together and can become a win-win outcome for advanced, emerging and developing countries. Through its Green Growth Strategy, the OECD will continue to provide evidence that it is possible to tackle climate change while having a competitive and growing economy.

Cancun should; Cancun must; Cancun can!