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From the Private Secretary

6 June 1990

Dear Kate,

CLIMATE CHANGE: ENVIRONMENT COUNCIL DISCUSSION ON 7 JUNE

The Prime Minister has seen a copy of your Secretary of State's letter of 5 June to the Foreign Secretary setting out his objectives for the discussion at the European Council and attaching his speaking note.

The Prime Minister strongly agrees with your Secretary of State's objective that in the discussion nothing should be agreed which contradicts the UK's own declared position on targets for the CO₂ emissions. She also agrees that it is essential that the UK and the EC should not act alone and that the opportunity to bring influence to bear on others is maximised. She is particularly concerned that the UK should not be boxed into a position where it is forced to sign up with northern EC states to stabilise CO₂ emissions at 1990 levels by the year 2000, particularly if southern members were given a looser formula. She therefore agrees that the differences between countries should be stressed as well as the prohibitive economic costs for the UK of stabilising CO₂ emissions at 1990 levels before 2005. She considers that it would be useful to add the further argument, highlighted by the recent IPCC report and underlined by Dr. Houghton's recent letter to the Prime Minister, that given that the scientific position will not be clear until 2005, it would not be right to seek to stabilise emissions before that point. She has also commented that it should be stressed that for many countries the 1990 target will be higher emissions than ours because of the level at which they start. For example, for East Germany to stabilise at 1990 would mean an appalling level of emissions.

The speaking note attached to your Secretary of State's letter suggests that the Commission will be invited to make suggestions at a subsequent Council as to which measures for reducing CO₂ emissions might usefully be developed or co-ordinated at Community level and which might most appropriately be left to national action. The Prime Minister is concerned that the Commission should not be encouraged to take too active an involvement in how Member-States will achieve their targets; and she therefore suggests that the Commission should simply be invited "to make suggestions". As the Chancellor recently pointed out, it was proposed at MISC 141 that detailed policy

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options would need to be kept open as long as possible, and the Prime Minister is therefore concerned that the UK should avoid entering into commitments in the European Community which would mean that it would need in the immediate future to discuss internationally its detailed plans for achieving the CO₂ target.

I am copying this letter to the Private Secretaries to other members of MISC 141 and to Sonia Phippard (Cabinet Office).

Gavin Storch,

Carole

Caroline Slocock

Miss Kate Bush,
Department of the Environment.

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My ref:

Your ref:

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5 June 1990

The Rt Hon Douglas Hurd CBE, MP
Secretary of State for Foreign and
Commonwealth Affairs
Downing Street
London SW1A 2AL

Dear Foreign Secretary

CLIMATE CHANGE. ENVIRONMENT COUNCIL DISCUSSION ON 7 JUNE

I minuted the Prime Minister last week with the amendments which we proposed to table to the draft resolution on this matter which the Environment Council is to discuss on Thursday and Friday this week.

The amendments were duly tabled at COREPER on Wednesday, and our representative explained the reasons for them. There was however no further discussion at COREPER, and the amendments will simply lie on the table to be discussed at the Council itself on Thursday. We cannot tell yet therefore how well they will run. We are doing what we can with your people to lobby for our amendments with the Commission and other key players. But we shall not be certain in advance of the Council. or what other compromise texts may emerge in the course of the discussion.

As I see it however our objectives on the resolution are as follows:

- i) To ensure that nothing is agreed which contradicts the UK's own declared position of stabilisation of CO₂ emissions by the year 2005 as our objective;
- ii) to ensure that all Member States, including the Spanish, Portuguese, Greeks and Irish are committed to an appropriate and comparably demanding target, even if stabilisation at the year 2005 is not the right target for all;



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- iii) to steer the discussion beyond abstract target setting and posturing, so that at subsequent meetings we can begin to have more down to earth discussions of concrete measures (particularly in the energy and transport sectors) that will assist in limiting CO₂ emissions;
- iv) to ensure that Europe does not seek to act on its own, but rather to adopt a common position which will maximise the chances of bringing influence to bear on both other developed countries and on developing countries to play their part in what needs to be a global effort.

I attach a speaking note setting out the way in which I would propose to lay out the UK's position in the opening tour de table at the Council. In dealing with any drafting suggestions and amendments that come up during the discussion I propose to be guided by the objectives I have outlined above.

We are circulating more detailed briefing material at official level. If you or any colleagues have comments on the general approach or the speaking note I shall be glad if you will let me know by Wednesday 6 June.

I am copying to the Prime Minister and other members of MISC 141 and to Sir Robin Butler.

CEI Bush

PP CHRIS PATTEN
(Approved by the Secretary of State
and signed in his absence)

DRAFT SPEAKING NOTE FOR THE SECRETARY OF STATE

ENVIRONMENT COUNCIL 7/8 JUNE 1990

Since we discussed this issue last at our meeting in March, we have all had the chance to examine the report from Working Group I of the IPCC. This has provided us with an authoritative scientific basis for considering the potential dangers of climate change. In the light of their work, and the emerging results from Working Group II, there is now a clear need for the countries of the world to develop policies which will limit emissions of all the greenhouse gases in the years ahead. We shall also need to consider measures to adapt to those climate changes which appear to be inevitable.

I believe that the conclusions of the recent Bergen Conference were an important step towards this. All the Community Member States were at Bergen, and we joined the other countries in the ECE Region, in committing ourselves to establish national strategies or targets for limiting greenhouse gas emissions. These strategies will need to be based on detailed work on the effectiveness, efficiency and economy of various measures to limit emissions as they apply in individual countries. I am sure that Working Group III of IPCC, which is meeting this week in Geneva to finalise its report, will provide essential advice for us all to consider in working up our national strategies.

We have already recognised in previous Ministerial declarations on climate change the importance of stabilising CO₂ emissions. That recognition was the basis for the speech by my Prime Minister on 25 May, when she announced that, in the context of appropriate international action, the United Kingdom was ready to commit itself to achieve this stabilisation at present levels by the year 2005. This is equivalent to a reduction of up to 30% in our presently projected levels of CO₂ emissions in 2005.



This target is the result of a great deal of detailed work to assess the feasibility and costs of possible measures to limit CO₂ emissions in the United Kingdom. In particular we have examined the possibilities for generating electricity with less CO₂ production mainly by changing the fuel mix; for improving energy efficiency in all sectors; and for improving the fuel efficiency of cars.

The impact of such packages will however depend on the different starting positions of different countries. In the UK for example we have had to consider such factors as the potential increase in car ownership, which is still at a level below that of several other Member States; our capacity to make further improvements in energy efficiency, which has already improved at a faster rate than the Community average over the last decade; the rate of population increase which is expected to be higher in the United Kingdom than most Member States over the next 15 years; and the rate at which it is practicable to turn over the plant in our power generation industry.

There are, also of course substantial costs of limiting CO₂ emissions. These tend to be greater in the short term the more rapidly we seek to bring about such stabilisation. This reflects the greater amount of premature retirement of, for example, coal burning power stations and less energy efficient cars and heating appliances. Choices have to be made about the speed of the adjustment towards lower energy using economies that we wish to make.

The upshot of all this for the UK is that we now think we can develop feasible packages of measures for achieving stabilisation by 2005; but we cannot at present see any practical way of getting right back to 1990 levels before then at an acceptable cost to the economy.

Other Member States starting from different base positions are in some cases hopeful of achieving stabilisation by earlier dates. That is good news - but it is not a compelling reason for pressing other states with less favourable starting positions to make even greater efforts.



On the other hand there are some other Member States, with less fully developed economies, for whom similar packages of measures would not achieve stabilisation at 1990 levels at all since they have further to go in industrialisation, spread of car ownership etc. That seems reasonable to the UK; - but again it is not in our view a reason for exempting those States from making efforts to limit emissions to an appropriate level for them.

Our recommendation to the Council therefore is that we should not seek to force ourselves into the Procrustean bed of the same target year for stabilising emissions in each country of Europe. We shall not be able to agree on the same year for all twelve and will only advertise our disunity. But I believe we should be able to seek more substantial and significant agreement on the kind of specific measures needed in each Member country to limit or reduce CO₂ emissions. We shall all now need to be drawing up our national strategies or targets, and to ensure that they all at least consider the key elements identified at Bergen including measures to reduce total CO₂ emissions from power generation, to develop renewable sources of energy, to improve energy efficiency generally by energy labelling and other means and to improve the fuel efficiency of cars. I am sure that the Commission will wish to contribute to work in this area, and to make suggestions at a subsequent Council as to which elements might usefully be developed or co-ordinated at Community level, and which might most appropriately be left to national action. Their study should of course embrace existing Community regulations such as those I highlighted in my remarks at the March Council.

The Commission are also already looking at economic instruments that may be useful in developing policies on these matters, and we shall no doubt want to review their progress on this in due course.

We have to recognise that climate change is a truly global problem, not only because its effects would be felt globally, but because it is only global action which can prevent it. We in the Community produce some 15% of world CO₂ emissions significantly less than half of the share accounted for by the United States,

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Canada and Japan. And, even if we were to take no action at all, that proportion will inevitably decline in the future as developing countries increase their energy use and their emissions.

So action by the Community alone would be ineffective, inefficient and would merely worsen the competitiveness of the Community economy, in particular in relation to other major industrialised countries. We need to develop a position which will maximise our chance of encouraging other countries to start to implement measures to reduce carbon emissions similarly, and will avoid the Community's bearing an unfair share of the global response that is necessary to meet the problem of climate change. We need to influence both the other major developed countries and the developing countries. Seeking agreement on concrete measures in the key energy and transport areas seems to us to provide a better basis for establishing an international consensus than simply trying to force every country, whatever their circumstances to stabilise emissions at the same year, on which we shall probably not be able to secure general international agreement. We should let the target year for stabilisation or reduction for each country emerge from the application of the key measures rather than the other way round. We can then build up a more realistic assessment of what targets Europe as a whole will be able to achieve.

In this way, we can indeed ensure that the Community and the Member States play a full and responsible role in wider international negotiations. We should aim to put forward a framework for international agreement on limiting CO₂ emissions which all countries can feel recognises their interests. I am sure that the IPCC workshop we are hosting next week in London to discuss the ways of allocating emission targets will contribute a great deal to this.

We need to give a lead, and to give a concerted lead from the Community. I hope we can achieve this today, and that the UK's suggestion will contribute to this.



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