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Media Call: New Africa Climate Plan and COP21 with President Jim Yong Kim

November 24, 2015

TWEET SHARE SHARE

World Bank Group President Jim Yong Kim; Rachel Kyte, Vice President and Special Envoy for Climate Change; and Makhtar Diop, Vice President of Africa Region
Embargoed Media Call
Washington, D.C., United States

Transcript

MR. DONNELLY: Thank you very much. And thank you, everyone, for joining the call. This call will be focusing on two issues: One is in advance to COP21 in Paris; and the second one is the release of the Africa Business Plan, which is a look at climate, how Africa can deal with climate issues moving forward. All the comments in the call are embargoed until 3:00 p.m. Eastern Standard Time today, as is the report. So, I will turn this over to President Jim Yong Kim of the World Bank. And I also have here with me Rachel Kyte, who is Vice President and Special Envoy for Climate Change at the World Bank; And Makhtar Diop, who is Vice President for the Africa Region. Dr. Kim will read a statement and then we'll take your questions. Thank you.

DR. KIM: Thank you very much, everyone, for joining the call. Today, I will talk about two issues: First, we'll look ahead to COP21 in Paris; and second, I'll comment on a report we're releasing today that gives Sub-Saharan Africa a business plan to prepare for climate change in the years ahead. As we go into this meeting, the world is full of heartache for the people of Paris, as well as for the people of Beirut, Ankara, Bamako, northeastern Nigeria, and many other communities that have suffered from senseless and random violence from extremists. In Paris, it will be a very sensitive time and security will be tight. I want to commend President Hollande and his government for moving ahead with the Conference of the Parties Summit. The attack on Paris will change this summit. Delegations will be smaller and we will not be marching through the streets as originally planned. But we will demonstrate our solidarity for the future of our planet. My strong belief is that the leaders of the world will come together in Paris and endorse an ambitious agreement to tackle climate change and preserve our planet for all of us, but especially for our children and grandchildren.

Just a few weeks after the horrific attacks, Paris will soon be known as the place where world leaders stood together on the right side of history.

Ahead of the Paris talks, more than 160 countries have submitted their national plans, the INDCs, the Intended Nationally Determined Contributions, that show trillions of dollars of potential demand for climate investments. The World Bank Group is stepping up now to help countries meet their immediate challenges and also to help countries deliver on their national plans. We pledged a one-third increase in direct funding for climate and overall could see an annual funding total of as much as $29 billion by 2020.

Climate change is a grave threat to all of us, undermining stability and peace by intensifying stress over water access, food insecurity, and vulnerability to storms and heat waves.

In addition, this year, we're also witnessing the current El Nino phenomenon, which forecasters say could be the most severe in a half-century. Already, coastal waters off Peru are 6 degrees Celsius warmer than normal, and forecasters say that will likely lead to more extreme weather from droughts, to flooding, to wildfires across the world.

Now, I want to say a few words about the Africa Business Climate Plan, which was prepared in consultation with African governments and, in many cases, builds on existing plans and programs. This business plan gives Africa a blueprint for climate action, starting on the day after a Paris agreement.

The World Bank's plan is designed to help the region adapt to the changing climate through a number of concrete actions relating to land, water, agriculture, and cities in Africa. It also calls for a major increase in renewable energy. Our report found that, without development that helps countries prepare for climate change, 43 million people, additional, in Sub-Saharan Africa, mostly in Ethiopia, Nigeria, Tanzania, Angola, and Uganda could fall into extreme poverty by 2030. This will be due to lower crop yields, higher food prices, and adverse health effects.

The report also finds that the current volume of climate finance flowing to Africa is not enough. Our Africa Business Plan aims to raise $16 billion a year in climate finance by 2020, of which $5.7 billion could come from IDA, our fund for the poorest countries. The rest could come from a variety of sources, including private sector, bilateral and multilateral sources, and dedicated climate finance resources such as the Climate Investment Fund and the Green Climate Fund.

I thank you for your attention and will now take your questions.

MR. DONNELLY: Okay, Operator, please ask reporters to line up questions.

OPERATOR: Our first question will come from the line of Mr. Andrew Mayeda of Bloomberg. Sir, your line now is open. You may proceed.

MR. MAYEDA: Hi, Mr. Kim. A question for you on the talks in Paris. So, how optimistic are you that, you know, a meaningful global target can be reached and what do you think are the major obstacles to that goal?

DR. KIM: Well, you know, we now have 130-plus heads of state who are coming to Paris, and this is even after the terrorist attacks. And so, I think that world leaders are coming with a sense of seriousness about reaching an agreement. You know, if you just look at the current INDCs, it looks like, with full funding, we'll reach something like 2.7 degrees, and it's a little bit higher than we would have liked, but my own sense is that there's a very strong sense of destiny in that everyone who comes to Paris will want to see an agreement.

Now, there are many issues that still have to be worked out. There are many sort of open parentheses where we have to fill in specific language. We believe that one of the obstacles in the past is less an obstacle than we had thought. We believe that there is a credible path toward reaching the $100 billion a year by 2020 that was promised in Copenhagen.

So, I don't think that the negotiations will be simply or easy, they never are. Any global action is always very difficult, but I remain optimistic, because in the G20 meetings and in talking with many, many leaders, I think there is now a much deeper appreciation, understanding of the importance of sending a powerful, ambitious message out of Paris.

MR. MAYEDA: And just as a follow-up, how credible should the world see the--any U.S. promises at this--at these meetings to be given the fact that the administration, you know, kind of has a limited shelf life at this point. Members of Congress have sent letters to the President stating that they will try and obstruct any agreement. How credible do you think U.S. pledges in this regard should be seen as?

DR. KIM: You know, we believe, first of all, that both President Obama and Secretary John Kerry have been absolutely committed advocates of dramatic and sustained action on climate change.

You know, we don't comment on individual domestic political discussions, but I'll tell you this: I believe that the U.S. is negotiating in good faith. I believe, as a citizen of the United States--I believe that the understanding of the importance of tackling climate change is very well understood by the majority of Americans. And I think that, as events like El Nino, this year's El Nino, comes to pass, as ever, I think the understanding of just how severe the problem is that we're facing and just how important a concerted global action will be in the future, I think more and more Americans will understand that, and I believe that they will communicate that to their elected representatives evermore as time goes on.

The science on this is absolutely indisputable, and anyone who is disputing the science around manmade climate change is not disputing the specific science, they're disputing science as a whole, because there are very few things in science--and I'm a medical doctor--for which there is 98 percent agreement. And I think that it's not a scientific debate; it's a political debate.

But moreover, I think that Americans are coming to realize that this is also a moral debate. It's about the kind of world we leave our children. And so, I believe that the U.S. will be on the right side of history going forward.

OPERATOR: Thank you. Our next question comes from the line of Megan Rowling from Reuters. Ma'am, now your line is open.

MS. ROWLING: Hello. Yeah, I'd like to ask, given that the Africa Climate Business Plan is very heavily focused on adaptation and clearly shows a desire to get more money flowing for adaptation in Africa, do you believe that there should be a commitment on increasing the amount of money going towards adaptation vis-à-vis mitigation in the Paris outcome? And if so, how do you think that should be expressed? And just one other small question: I think you mentioned $16 billion a year for the Africa Climate Business Plan, but my reading was 16 billion between 2016 and 2020. I'm just wondering if you can confirm that figure. Thanks.

DR. KIM: Let me clarify. I misread the text. It is $16 billion in the periods that you did mention. Yes, that's correct. And then, I'm going to ask Rachel to comment on the mix of mitigation and adaptation funding.

MS. KYTE: So, there are a number of proposals in the negotiations for financial targets. We don't comment on the negotiations, per se, but I think that we have two main points that we've been talking to, our shareholders and the countries in which we work about. One is that there needs to be a reasonably dramatic increase in the amount of investments going into resilience, between now and 2020. Obviously, the Paris negotiations are for the period 2020 on. And my colleague, Makhtar, will talk about that in a moment. And then, secondly, there are things we're committed to as a multilateral development bank, together with all the other multilateral development banks, that would boost resilience and adaptation funding.

So, each of us, when we made our commitments to increase climate finance last month in the meetings in Lima indicated that, as we did so, we would increase the amount of financing going into adaptation.

I think there's also one other thing which is that there is a great focus in Paris, and probably coming out of Paris, around the role of private financing and private sector co-financing into adaptation. This has been under-emphasized up to now, but the way in which the private sector will be mobilized and private financing will be mobilized around adaptation will be very important.

So, for very large companies that have assets at risk, we're starting to see them with a capital expenditure, et cetera, understanding the risk from if they don't respond to adaptation needs, but we're seeing more and more companies starting to think that through. Obviously, you've seen the announcements from the insurance industry, as well. But to Makhtar on the specifics of Africa.

MR. DIOP: Thank you very much.

And on adaptation, indeed, it is something that is essential for Africa, and already things are happening. So, let me just step back and look at Power Africa Initiative, for instance, for the U.S. The initiative is trying to mobilize the private sector to finance the effort of energy access in Africa. And as we are working with the U.S. companies, we are trying to bring them renewable energy and to have activities which allow them to invest heavily in renewable energy.

For instance, in the side area we are working on a project in Banda (Banda Gas to Power Project for Mauritania, Senegal and Mali), which aims at transforming gas to power. We are working on many hydro projects and have a huge potential on solar. We have, today, a potential of more than 1,000 gigawatts of solar in Africa, 15 gigawatts of geothermal, and 45 of hydro.

So, all these are areas in which the private sector is very interested. So, the $5.7 billion that we will be putting in IDA will have leveraging investment in renewable energy and smart agriculture.

DR. KIM: You know, the point here, though, is that I think the Africans are coming into this meeting, and I think they're thinking about the very clear justice issues that are very much present around climate change. And any African leader will tell you that they've had very little role in putting the carbon in the air that's currently in the air but that they suffer most from the impact of climate change: extreme weather events, the loss of arable land. Some 40 percent of the land that's currently growing maize in Africa won't be able to do so by 2030. Any time there is an extreme weather event, the amount of damage to countries, low-income countries in Africa, is much greater than to the high-income countries in Europe and elsewhere.

But it goes even further than that, the greatest harm is to the poorest 20 percent of even low-income countries. In other words, the poorest in poor countries are affected much more, many times more, than the more well-to-do in those countries from extreme weather events.

And so, this is an effort to put adaptation on the table as one way of addressing directly the justice issues that we have to tackle going into Paris.

Our hope is that African leaders and others from the lowest income countries will recognize that this is not just about mitigation. This is not just about taking carbon out of the air to preserve a future for the wealthy countries, but this is also about ensuring that the World Bank Group and others are alive to and are addressing directly the justice issues about the impact of current levels of the temperature rise on so many in Sub-Saharan Africa.

OPERATOR: Thank you.

The next question comes from the line of Ms. Lisa Friedman of ClimateWire.Ma'am, your line is open.

MS. FRIEDMAN: Hi. Thanks very much for doing this call. I have a question on coal development, and the World Bank, after a long struggle, was one of the first ever to impose restrictions and guidelines on coal, and we've seen a number of countries, and most recently the OECD, restrict coal, and we're starting to see a real backlash, the Environment Minister of India the other day in an interview called it unacceptable and to put restrictions on developing countries to grow.

And I'm wondering if one of you can talk about how that discussion is developing. Is there really yet enough assistance out there help countries like India and Africa to develop with clean energy if avenues to public money for coal is being cut off more and more?

Do you see this going in the right direction and what kind of--what are the biggest challenges here?

MS. KYTE: Lisa, it's Rachel.

MS. FRIEDMAN: Hi, thank you.

MS. KYTE: Look, I think two main things.

First of all, I think that there is a legitimate concern among countries that have very brown economies that the international community is going to be with them every step of the way as they transition to a greener energy mix and a greener future, and I think that's a legitimate concern.

I mean, once we leave Paris and we leave all this hot air and rhetoric and we have a strong agreement, then we have to work hand-in-hand as an international community to make the energy mix cleaner, to move the economy onto a lower carbon trajectory, and that's going to require really hard work and difficult policy choices in many, many economies, from West Virginia and Kentucky through to Northeastern India, through to Indonesia and Australia and many others in between.

So, I think that there's real seriousness around sitting down and working through how we help those countries that have been very dependent on coal become less dependent on coal. But that's not a debate that's face-to-face in those countries, and you will see in Paris very large announcements coming from India and other places around their total commitment to becoming leaders in cleaner technologies, as well as working through the transition to be more and more efficient in the use of any fossil fuels that are in their energy mix.

So, you know, I think that there's been some extraordinary developments in the coal industry over the past couple of years. There have been some extraordinary developments in the investment community as they look at the long-term risks associated with intense exposure to carbon. The most recently hinted at is the move by Alliance which I think is in the media this week.

So, we are seeing long-term investors taking a different view of how much carbon they want to have in their portfolio. So, I think that we have got all kinds of things happening, but the most important thing is that, after Paris, there will have to be a very serious conversation amongst entities and organizations and countries around engineering this transition to low-carbon growth.

And you know, we in the World Bank have been very, very clear for the last few years that we will be on the front end of helping countries manage that transition, and recognizing that some countries do have coal in their mix means that we will have to work with them carefully through that transition.

So, yeah, it's not a coal/no coal debate; it's about how quickly and how smoothly can we have an orderly transition to the low-carbon economies, and we'll be there across all of our clients to have that conversation.

DR. KIM: One other thing, Lisa. You know, if you just look at some of the development--you know, when I took this job three-and-a-half years ago, there was great excitement about price of solar energy going down to 15 cents a kilowatt hour and today we're talking about 5 or 6 cents a kilowatt hour.

And moreover, I think we just have to get much more serious about exploiting different kinds of renewable energy. For example, in the advanced economies in OECD countries, more than 90 percent of all exploitable hydroelectric power is already being exploited; whereas, in Sub-Saharan Africa it's less than 10 percent. We just have to find a path toward getting--you know, getting hydroelectric power going in Sub-Saharan Africa.

Also, you know, there's some very exciting developments. For example, the folks who put together the extraordinary geothermal system in Iceland are now working with--in Ethiopia in the Rift Valley and there is this strong sense that geothermal capacity will be there.

And also, I think you have to look seriously at Prime Minister Modi's commitment to solar. It's an enormous commitment to solar over time. They also happen to have enormous need for energy at the moment.

MR. DONNELLY: This is John Donnelly. Just two quick notes: One is that we'll send a transcript of this call to all participants afterwards--so, sometime later today. And secondly, after you ask your question, just please put your phone on mute. Thank you.

OPERATOR: Our next question comes from the line of Mr. Michael Igoe of Divest-Invest. Sir, your line now is open.

MR. IGOE: Hi, thanks very much and thank you all for holding this call.

Dr. Kim, you mentioned your optimism about a path towards reaching the $100 billion in financing for adaptation. And you also mentioned that the money that the World Bank is pointing towards here builds on existing programs in many cases.

So, I guess my question is, how does the World Bank define something as "climate adaptation funding"? How is that different from just "development funding"? Is there any risk that institutions, if not the World Bank then perhaps others might just sort of re-label funding that goes towards programs in, you know, rural development writ large and agriculture and things that are climate-related [audio distortion]?

MS. KYTE: This is Rachel Kyte.

So, we've worked very closely with other multilateral development banks, and with other bilateral financial institutions, including the bilaterals from Europe and some of the national development banks to work through exactly what we would count as adaptation, recognizing that there's real sensitivity around double counting and the use of funds.

And so, we have worked out a fairly strict methodology that we use in the World Bank Group and principles on adaptation finance which are agreed across the multilateral development banks. And we count the incremental amount on a project that would secure its--secure an adaptation impact.

So, if we're investing in a road, we wouldn’t just count the whole of the investment in the road as an adaptation project, unless that was warranted. We would count the incremental cost on the project of building it to perhaps a different specification or building it through a different route. That would secure its adaptation impact.

So, we're very clear about that. That meant training all of our staff and securing the understanding of all of our task team leaders. This has been a substantial effort by the operational staff of the World Bank Group over the past couple of years. And we all report those numbers in the same way.

But I just want to make one thing clear: That's development finance. So, if we're involving--if this is a project of IDA, then we can tell you what we've spent on adaptation from IDA. Of course, we also channel climate funds and climate finance into both mitigation and adaptation activities. So, for example, in the climate investment funds, when we manage projects under the PPCR, which is the adaptation fund, then we would count those monies as adaptation channeled through us, as well.

But we have fairly clear methodology that we've worked through and negotiated with others, and it's publicly available on our website.

MR. IGOE: Thank you. That's very helpful.

OPERATOR: Thank you. The next question comes from the line of Mr. David Biello, Scientific American. Sir, your line now is open.

MR. BIELLO: Thank you. From kind of paging through the report on the business case for Africa, I'm a little bit unclear on what the overall plan is. Is that idea that, similar to the rest of the world, some form of industrialization would take place enabled by this increased access to power? And if so, do you expect emissions to grow over time in Sub-Saharan Africa? Thanks.

JAMAL SAGHIR: Currently, the continent is--

MR. DONNELLY: Introduce yourself.

JAMAL SAGHIR: I'm Jamal Saghir, the Regional Advisor for the Africa Region at the World Bank. Currently, the continent is emitting around 3 percent of CO2. This is equivalent to what the airline business emits per year. As the economy growth will continue, there will be a huge need for power. Right now, 500 million people don't have access to any sort of power. This is around 20 percent of the population of Sub-Saharan Africa have access.

We expect, if you like, to achieve 100 percent. This would be a completely different way of looking at the energy business. And therefore, what we have looking here is to harness the potential of geothermal, solar, wind, and hydropower and gas. That's different way of doing business for the power sector.

Agriculture will be hit. Agriculture right now is about 40 percent GDP in average countries like Mali or Tanzania. We have to look at it from different perspective. If we have to look at seed that is more resilient, to add different varieties of seeds, and that's why research as well as practical solutions will have to be put on the ground, because agriculture is a huge provider of jobs in the continent. That's from the country perspective.

In addition, the early warning signals is essential. When Mozambique is hit by a flood, the signals start in the media. So, the early warning and the [unclear] system that you would like to put in place is really to give a chance to the people [unclear] and Malawi (unclear) to really to prepare and really put this kind of impact.

Finally, landscape management will be an important aspect, and this is relating to the coastal erosion which is affecting the West Africa coast in particular and some cities will be affected, especially the coastal cities. So, we will have to reverse the trend we do business so that we really fight the poverty issues.

DR. KIM: And let me just try to jump in here--this is Jim Kim. The point that we were trying to make--the bigger point that we were trying to make in this publication, is that we are 100 percent committed to rapid economic growth on the African continent. But we also believe that we can uncouple in a very significant way economic growth from the burning of fossil fuels, but in order to do so, we're going to have to move very quickly. I think Vice President Makhtar Diop gave you very good examples of how the investments we're making are helping to crowd in and increase the interest of private sector investment in more renewable energy sources.

And so, the message here has to be, one, we are completely committed to providing African countries the energy they need to grow economically.

Two, we are completely committed to making the investments in adaptation that will prevent them from the huge costs of the extreme weather events related to climate change, and that--and moreover, that all of these things will lead to an even brighter future for Africa. We are not saying to Africa, because other countries have put carbon in the air, you have to wait your turn for development. We want to accelerate the process of African development and this has everything to do with our two goals, which is to end extreme poverty and boost shared prosperity. If we don't have success in Sub-Saharan Africa, we will not have success in reaching our goals.

OPERATOR: Thank you. Next question comes from the line of Mr. Ed. King, Climate Home. Sir, your line now is open.

MR. KING: Thank you very much. Two questions, if I may. Does the World Bank have any long-term de-carbonization goals for investments? Could you offer any kind of sense of the sort of internal debate of that going on? And I also just wanted to get your views on the links between climate change and conflict. Prince Charles--I'm sure Rachel heard Prince Charles talk about that earlier this week, and particularly about the conflict in Syria, but does the World Bank have any views on why it's important to tackle climate change in the context of instability of certain regions of the world?

MS. KYTE: Ed, hi, it's Rachel. I look forward to seeing you next week. On your first question on de-carbonization, the Bank Group will be taking a climate action plan to its Board in 2016 following Paris. And I don't--at this point, there's a conversation going on inside the institution about how it will position itself and where it will prioritize its work and what this means, and I'm sure that conversation will be one that some of our shareholders will raise, but you'll have to wait until then to see more.

MR. DIOP: Regarding conflict, it's a very important point, actually, one of the limits that have slowed down African growth has been the repetition of conflict, and there is a great piece by Professor Ted Miguel from Berkeley, which shows really the strong correlation between the scarcity event and conflict. Whenever there is scarcity of water, whenever people are fighting around scarce resources, when there is no electricity, when there is erosion of soil, people are competing for these scarce resources. That is the main source of conflict in a lot of parts of Africa.

So, reducing the frequency of these events, increasing the ability to have green agriculture, smart agriculture, the ability to be able to reduce these shocks will be having definitely an impact on conflict.

And I think it's important that the global public good--because it is African--the world--this conflict that Africa has been facing, and this is exactly something that the COP21 will have to discuss, because beyond the well-being of the African populations we are talking about a global public good which is creating more peace and stability around the world.

DR. KIM: And this is Jim Kim. I just want to say that we at the World Bank Group are committed to tackling climate change in every form, including looking carefully at our investment portfolio. It's a process that we've begun over the last year, year-and-a-half. We're going to continue to do it. And you know, we will report to our Board very soon.

Let me just say this: You know, it's always difficult to point to one single cause of any given war or conflict. It's difficult to do that. On the other hand, we are quite certain, as Makhtar just said, that the impact of climate change, especially on Sub-Saharan Africa, will be to destabilize countries.

And so, the most important thing we want to put on the table with this Africa report is that, as we said, we are committed to growth, we are committed to adaptation, but we also want to stress the point that there is a tremendous sense of urgency that we all should share. These are not things that we can put off.

And just to give you a quick example, the early warning systems--and we're just beginning now to get them in place in Africa. In India, where we started maybe just a little bit earlier, there is a coastal area of India that, in 1999, suffered tens of thousands of deaths from a cyclone. And during, in 2013, with Cyclone Phailin, there were only 100 deaths, and it was because of the installation of an early warning system and people were able to move to high ground very quickly.

So, these are very inexpensive investments that, of course, all the developed countries already have. And with El Nino looming, probably the biggest impact will start in December, we feel a tremendous sense of urgency to move quickly in Sub-Saharan Africa and other low-income countries that have not yet benefitted.

So, we're committed as an institution, including looking at our investments, but we feel like the urgency to move in the poorest countries has to be made clear and has to be made clear in Paris.

OPERATOR: Thank you. We will have another question coming from the line of David Biello, Scientific American. Sir, your line now is open.

MR. BIELLO: Sorry, I muted myself. Thank you for taking the second question. I'm wondering what role carbon markets might play in in mobilizing finance going forward, in your view.

MS. KYTE: Hi. So, you know, obviously we've been working closely with many countries and states and provinces and, in fact, cities now, as well, as they think through how they want to best put a price on carbon. Many of them are choosing to develop market-based systems. And what we are seeing from our analysis of all of the existing schemes that are in place is that once there is a price on carbon, especially through a market-based mechanism, then the behavior of the private sector and the public procurement does shift. And so, we see efficiency increasing, we see R&D investment moving into greener growth and into greener and cleaner technologies and processes, and we do actually see emissions come down.

And I think this is one of the reasons why now, as we go into Paris, we see more and more countries in their INDCs indicating that they will put a price on carbon and most of them are indicating that they'll do that either through taxes and fees or through market-based mechanisms.

And obviously, now, there is a lot of thought being given to how all these different prices emerging from different market-based mechanisms, auctions and trading systems and then taxes and fees, how different countries will be able to link together. And so, this is some of the long-range work we've been doing with a number of other institutions and bodies around the world.

So, there is a shift in financing when one has a price on carbon, and the clear long-term signal that it sends into the economy, it does affect private investment behavior, as well as public procurement.

The way that we've thought about it and the way that we've advocated together with world leaders is that it is a necessary, if insufficient, step to be taking, if you're going to use macroeconomic and fiscal policy tools to really drive carbon out of your economy. And for that reason, we see the wider and wider--well, wider and wider political indication that more and more leaders are going to introduce carbon pricing in the near future.

DR. KIM: This is Jim Kim. And let me just say, first of all, I think we are in a very different position today than we were, let's say, a year-and-a-half ago. A year-and-a-half ago, going into the United Nations General Assembly, there had been no kind of global statement on the importance of carbon pricing. And under Rachel's leadership, there was a carbon-pricing statement that was signed by governments representing 52 percent of global GDP, and more than--well, many, many private sector companies--and since that time, the people who have signed that statement have grown even further.

I think there are lots of very significant things that have happened already. The announcement of President Xi here in the United States that they would go national with their carbon trading program--which we actually helped them work on. We even provided China a grant to develop their carbon-trading scheme. That is extremely significant. And so, anyone doing business in China has to start thinking about low-carbon solutions.

On the day that national trading scheme goes into place, Beijing will become the largest carbon market in the world. And we really strongly believe that this is what's needed. And we believe it so strongly that Christine Lagarde of the IMF and I have brought together a high-level panel on carbon pricing that will have its debut in Paris next week, and it includes Chancellor Angela Merkel of Germany, President François Hollande of France, President Peña Nieto of Mexico, Prime Minister Desalegn of Ethiopia and many other--including governors and others. ff

And it's very--it's a very, very important statement. We don't know exactly how the different systems are going to look, but as more countries--and China, which will soon become the largest economy in the world, their commitment to a carbon trading scheme for the entire country, I think, is going to have a very positive and, we hope, domino effect.

If everyone starts choosing the low-carbon path towards manufacturing because they have to think about the Chinese market, that will have a huge influence on the speed with which we get to the kind of rapidly growing, low-carbon future that we all want.

MR. DONNELLY: Thank you. This is John Donnelly again. We will now end our call. Again, one reminder: All comments today are embargoed until 3:00 p.m. Eastern Standard Time, and we will send a transcript up to you later in the day.

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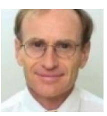

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Brian Richter

Aug 23, 2016

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