

NEWS RELEASE

OECD Statement to COP4 Mr. Thorvald Moe, Deputy Secretary General Buenos Aires, 11 November 1998

Madame Chair, Your Excellencies, Ladies and Gentlemen,

It is my great pleasure to address the fourth Conference of the Parties on behalf of the OECD. The OECD—as the lead agency and in co-operation with its affiliates the International Energy Agency, the Nuclear Energy Agency, the European Conference of Ministers of Transport, and the OECD Development Centre—has embarked upon a broad, three year effort to advance progress toward sustainable development. Climate change is at the heart of the challenge. This work responds to a request from Ministers, which came earlier this year.

Some initial results are already available and I will describe them. Results are being presented throughout this session and more information is available at the OECD stand.

Achieving the Kyoto targets calls for a mix of cost-efficient domestic policies, the encouragement of innovation and diffusion of technology, effective implementation of international mechanisms, and the establishment of a compliance system.

Domestic responses will need to integrate policies to ensure that decisions to produce, consume and invest take climate goals into account. As OECD countries are actively developing new policies to achieve Kyoto targets, the OECD will assess developments and facilitate discussion on good practice. In addition, as part of its core activities, the OECD carries out regular reviews of Member country performance. In coming annual reviews of overall economic policy performance, the OECD will examine how well countries integrate climate change and other sustainable development objectives with economic policy. These reviews will actively involve Ministries of Finance and Economy.

On technology innovation and diffusion, government policies can play an important role, but governments are not the main actor. The OECD, the IEA and the NEA assist governments on how to design environmental and industrial policies to achieve technology innovation. The IEA and the OECD also support the Climate Technology Initiative which aims to accelerate the use of best-available, cost-effective technology to address climate change. More generally, the OECD will continue to encourage governments to maintain open, competitive markets in which technology and innovation diffuse rapidly.

Cost-effective implementation of the Protocol should take into account differences in abatement costs

across countries. OECD analyses, as well as others, indicate that there are large economic gains from co-ordinating economic solutions, such as emission trading. Significantly cutting the costs of achieving Kyoto targets will allow us to achieve greater emission reductions over the longer term. Agreement on a framework for implementation is critical to allow timely achievement of the potential of the mechanisms. OECD work in this area is a priority.

Another priority for the international community is the design of effective monitoring, reporting, review and other compliance mechanisms. Because they are legally binding, Kyoto targets require a shift in emphasis in current compliance system to account for national performance in an accurate and transparent way. Early action can prepare the ground for rapid implementation of the Protocol and avoid a radical transition later. OECD will continue to clarify options to strengthen compliance.

OECD is building partnerships with business and other key actors and with developing countries for a sustainable future. Assisting developing countries to meet development needs is an important first step. OECD's development co-operation work recognises developing countries lead role in setting out their own priorities, building on local commitment, ownership and participation. OECD is also working with developing countries to jointly examine policies to cope with climate change that can produce benefits for the economy as well as the environment.

Madame chairperson, sustainable development and climate change policy are at the top of the OECD agenda for the coming years. OECD work will continue to emphasise domestic policy performance and assessment of options to further implement the Protocol and the Convention. In addition, future contributions will focus on the development and use of models to explore the economic aspects of climate change. The OECD will also begin to explore ways of moving beyond Kyoto, including consideration of incentives for the participation of developing countries. The inter-disciplinary nature of the Organisation makes it possible to advance coherent policy recommendations across relevant sectors and to help ensure that climate change objectives are present in national economic policies. Through policy dialogue and objective analyses, the OECD seeks to work with all interested nations and stakeholders. We hope in this way to advance international action to respond to the threat of global climate change and to advance the transition to sustainable development.