

(10.00am 9 December 1997)

Statement by Egil Myklebust, Chief Executive of Norsk Hydro, Norway
On behalf of international business present in Kyoto

On behalf of international business, I welcome this opportunity to offer our input to these important negotiations.

Business and industry, in all their diversity, have a range of views on climate change. In that, we are no different from governments.

Yet all the business organizations represented here in Kyoto regard the issues at stake with great seriousness. We have taken part in climate change meetings since 1991, when governments first took up the issue. We know that business will continue to be part of the solution at Kyoto and beyond.

The challenge of climate change requires prudent, timely and global action over the long term.

Whatever agreements are reached here, business will be closely involved in making them work. Our role in meeting the demands of an expanding global economy is crucial in three respects: as generators of capital investments, as producers of goods and services, and as providers of employment.

More than that: business develops much of the technology essential to improved environmental performance. Thus, any agreement reached here must promote innovation in technology. It must also help business to make rational long-term decisions.

So industry has a key role to play after Kyoto. We invite governments to bear the following considerations in mind:

Governments must regard business as their partner. They should encourage the use of voluntary initiatives and negotiated agreements in order to limit greenhouse gas emissions. Voluntary initiatives do not exclude governments. On the contrary, they encourage real dialogue and partnership between government and industry. Many companies have already demonstrated the value of voluntary measures. They offer flexibility and encourage innovation. They achieve cost-effective solutions.

Substantial differences exist between national economies. National policies with global objectives should, therefore, reflect differences in economic and social structures. They should take account of competing social, environmental and economic priorities. Investment cycles of 20 years or more are required by many industries. Policies should therefore avoid costly and premature retirement of capital.

Energy is crucial for economic development. All forms of energy, existing and emerging, must be mobilized to meet projected growth in demand throughout the 21st century. Efforts should focus on minimizing their impact on the environment. We should encourage climate-friendly technology, particularly in developing countries.

The reduction of greenhouse gas emissions will depend on technology. Major capital investments are required, both for the development of technology and for its commercial dissemination. Governments should encourage and support these investments. At the same time, the dissemination of existing technologies in developing countries offers great potential for reducing emissions significantly. Consequently, technology partnerships should be encouraged as an integral part of foreign direct investment.

Foreign direct investments by the private sector are rising much faster than official development assistance. Private financial flows will stimulate technology cooperation. Initiatives such as emissions trading and joint implementation should also be developed. They offer possibilities for significant emissions abatement at reduced costs.

Our objective is to ensure that the activities of business and industry benefit the environment, the economy, and society as a whole. This is our commitment in Kyoto. Thank you for the opportunity to make this clear.