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14 April 1989

Dear Andrew

GLOBAL CLIMATE

I attach a minute from the Secretary of State for the Environment to the Prime Minister on Global Climate for the meeting on 19 April, as requested at the Prime Minister's meeting in January.

I am copying this letter to Dominic Morris at No 10, Stephen Wall (Foreign and Commonwealth Office), Neil Thornton (Trade and Industry) Katherine Orrell (Transport) Peter Swift (Education and Science) Shirley Staff (Agriculture), Peter Haslam (Energy), Myles Wicksteed (Overseas Development) and Rosie Chadwick (Paymaster General).

Yours

Kate Bush

KATE BUSH
Private Secretary



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PRIME MINISTER

GLOBAL CLIMATE

I have seen, with interest, the papers circulated by colleagues for the Ministerial meeting on 19 April. I offer below some comments on directions for further action in the light of our environmental policies generally.

By a series of initiatives founded on sound science and diplomacy we are gaining a position of leadership and authority in the environmental community. Climate change is a greater challenge than any we have so far faced, and the world will be watching closely what we make of it. This is not an argument for proposing measures contrary to our overall interests. But it does require us to stand ready with well-considered measures which so far as possible play to our strengths. We should certainly not postpone substantive discussion of these measures until the science firms up some years hence, by which time we should have done irretrievable damage to our credentials and possibly to our economy.

I therefore comment on particular issues before us as follows.

Climate Change Convention

I support the FCO proposal that we work positively within the Inter-Governmental Panel on Climate Change towards an umbrella climate convention. But before advocating this publicly we should settle what kind of measures we might require of its subsequent protocols. I address this issue in what follows.

Elements of International Consensus

The papers have shown clearly the heavy economic cost of reducing carbon emissions. It follows that it could be well worthwhile to reduce emissions of other greenhouse gases, which very much supports



our strategy on CFCs. There is scope for other analogous action. But we cannot realistically expect to achieve an international consensus without addressing carbon dioxide emissions directly.

Carbon Dioxide

The present wide uncertainties in the transport sector make it particularly difficult for us to seek a target rate of emissions. It is helpful that the central estimate for the non-transport sector is fairly constant to the end of the century, but I fear we should be easily trumped in international fora by a call for constant national emissions overall. But the Energy papers do suggest two complementary approaches.

1. Targets - whilst the total emissions seem uncertain, the forecasts are relatively robust on the improvement of the ratio CO₂ per unit GNP. We could possibly call for a 10% improvement in this "carbon efficiency" over the next decade irrespective of scenario. Both North America, the Eastern Bloc and Newly Industrialised Countries have worse ratios than ourselves and ought to deliver substantial improvements.

2. Technologies - we need to consider our position on specific energy technologies. We have already made considerable play of the greenhouse effect when defending nuclear energy. We shall be held to account for these arguments if we are again faced with proposals for a major new fossil fuel power station. However, the Department of Energy argues that market forces make this unlikely. If we were to propose a moratorium on conventional plant over, say, 300 MW, we would both support our position and flush out current ambiguities on nuclear and the greenhouse effect prevalent in both North America and parts of Europe.

It is disappointing that the Department of Transport have felt unable to advise on fuel efficiency targets for vehicles. I doubt if we can maintain vehicle emission reduction targets in Europe at



levels achievable by lean burn unless we can also block their exploitation by less efficient engine designs. Departments need to pursue ideas here further. But on the basis of the DTP paper we could still call for a 20% increase in vehicle efficiency by the end of the next decade.

Other Greenhouse Gases

By these I mean CFCs, methane, nitrous oxide and ozone. We have gained much international credit for our initiative on CFCs and we shall be hosting the 1990 meeting of the Montreal Protocol. We now have some hope that the concentrations of CFCs 11 and 12 will have peaked by the end of the next decade. So we could call for stabilising the warming effect of CFCs by 2000.

We can similarly draw on the UK's heavy investment in the control of NOx emissions and hydrocarbons from cars which promise to stabilise low level tropospheric ozone concentrations at their 1990 values even allowing for the substantial rise forecast in vehicle use. The Energy paper identifies the prospect of displacing 30 Mtce through the use of landfill methane. This fits well with my own Department's priorities to contain this hazard.

There is much that is unknown about the growth of these miscellaneous greenhouse gases and we could look to a convention to assist with information exchange and monitoring.

Research

I agree with the CSA on the importance of international research, where we should press for a strong commitment lest nations like the Japanese try to be free riders. In my view our most urgent need is an effective European centre or network that ensures full access to the US work and recruits strong support for the scientific consensus within Europe. But I agree too that we need firmly to establish our own efforts before we can propose such action. I intend that my



Department should form a Climate Effects Review Group to support the work of the UK delegation to the IPCC. The CSA proposals for co-ordinating UK climate change research to collective Ministerial control can also be presented as a strong national initiative.

Price Signals

Finally, I believe we should indicate early our support for market mechanisms in achieving our objectives. It is in my view much better to reflect the need to contain carbon dioxide emissions in the relative price of fuels than in burdensome regulations. I recognise that substantial further work would be needed to establish the likely consequence for fuel consumption and the economy generally of any relevant fiscal measures. I believe it would strengthen our hand to be seen ready to undertake this work.

Summary

On the basis of the papers presented, I suggest we have the makings of a plausible package:

Research: to accelerate our understanding of man-made climate change by 2000:

- i. formation of a UK Centre for Climate change and a call for greater European and world collaboration in research;
- ii. formation of a UK Climate Impact Review Group to assist the IPCC;
- iii. collective Ministerial review of the co-ordination of UK research;

In the meantime: aim to contain the rate of climate change by:



- iv. a call for a 10% improvement in "carbon efficiency" by the world economy;
- v. moratorium on new large traditional power plant;
- vi. a call for a 20% improvement in vehicle efficiency;
- vii. a stabilisation of the warming effect of CFCs;
- viii. a stabilisation of tropospheric ozone concentration;
- ix. increase recovery of methane as an energy source;
- x. work toward an international umbrella convention to further these ends.

In many respects of these actions parallel or exceed the conclusions of the 1988 Toronto Conference with the exception of prescriptive targets for national CO₂ emissions. We need to make it clear that we oppose this approach and favour one based much more closely on market principles.

Subject to the outcome of discussion, and of the Seminar on 26 April, we could move progressively toward deploying our case on these lines in the series of international meetings expected to address the subject over the period up to the 1990 Conference on Climatic Change.

CETS Bush

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14 April 1989

(Approved by the Secretary of State + signed in his absence)