

Media Teleconference on Carbon Pricing with World Bank Group President Jim Yong Kim and Vice President and Special Envoy for Climate Change Rachel Kyte

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**World Bank Group President Jim Yong Kim and Vice President and Special Envoy for
Climate Change Rachel Kyte
Media Teleconference on Carbon Pricing
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Transcript

DR. KIM: The UN Secretary General's Climate Summit will take place here in New York tomorrow. More than 120 Heads of State and Government are expected to attend this historic event.

Today, ahead of the summit, I'm pleased to announce a powerful development that reveals the great commitment and impatience from governments and companies to move now to fight climate change – and not wait until it's too late.

Today we are announcing that 73 national and 11 regional governments and over one thousand companies and investors support putting a price on carbon. Together, these government supporters represent 52 percent of global GDP, 54 percent of global greenhouse gas emissions, and almost half the world's population.

The supporters include emitters like China, Russia and the European Union, and growing economies like Indonesia, Mexico, and South Africa.

Many already have carbon pricing in place or are preparing to implement it. Others, including the Philippines and many small island developing states support carbon pricing because they know that without such action, climate change will have devastating impacts on their populations and on their economies.

Companies such as LG Electronics, National Grid and Westpac have already integrated a “shadow” price on carbon into their business strategies to improve decision-making for the future. They know that this will help avoid risks and find opportunities that can increase energy and resource efficiency, reduce CO2 emissions, and give them a competitive edge.

The World Bank Group is working with clients, both countries and companies, to put in place effective policies that will price carbon as a necessary step on the path to low carbon growth.

I am proud to announce that to support the leadership of these countries and companies, the World Bank Group and the We Mean Business Coalition will be convening a “carbon pricing leadership coalition.”

This new leadership coalition will work to advance carbon pricing solutions after the summit ends tomorrow, and up to Paris in 2015. They will be sharing experience, research, and best practices and spurring action across their sectors, supply chains and with their neighbors and allies.

Up to now many people have said, “Well, carbon pricing is important but it’s difficult, it’s complicated, it’s not the only solution.” All these things are true, in part or in full, but today these countries and companies are sharing a preparedness to do what’s needed to speed the economic transition.

The science is clear, the economics compelling and the politics sometimes difficult. But today we see that the politics aren’t quite so difficult after all, and manageable, when there is leadership.

Thank you very much. We are open to your questions.

QUESTION: Hello Mr. Kim, thanks for doing this. I have two questions if I may, can you go a little bit more into detail on what the initiative you announced today means for the time going to Paris; what are you going to do, the specifics? The second question I have is if you put a price on carbon, definitely you get some kind of revenues, especially for governments,

and I am just wondering, do you have any proposal for what to do with these revenues? Would you be in favor of doing tax cuts in other areas if you raise carbon taxes?

DR. KIM: Let me introduce some perspectives on it, and then I'll ask our Vice President Rachel Kyte to get into some of the details. I think the most important thing is we have to really understand what a sea change this represents.

We've never had a statement like this on carbon pricing. We've certainly never had a statement where representatives of nearly half the world's population, more than half the world's GDP, have come together and said we are determined to make a path to a real price on carbon.

I think this is by far the most definitive and clear signal that we're moving in the right direction. So when we started talking to governments and companies about this, there was a lot of hesitation. Something happened over the last few months that got us to where we are today.

The most important thing to remember, given where we were a year ago, even six months ago, having this kind of statement makes a huge difference in efforts to get something done at COP21.

I just want people to understand how hesitant people were, and governments and businesses were, before this statement, and the importance and the sea change this represents. And for some of the details Rachel Kyte will now jump in.

RACHEL KYTE: So two things, on your first point, so we've got a number of governments who are already pricing carbon, either through taxes or through emissions trading systems or through other fiscal policies that reveal an effective price on carbon. We've got countries who want to see this progression, who know that they want to move in this direction, and are asking for help.

Secondly, inside this leadership coalition, we have a thousand companies from every corner of the earth, from all sectors of the economy, and what we want to do now with this group of self-selecting leaders; together with the We Mean Business coalition, is to start rolling up our sleeves and start working, government and business together, on how to bring carbon pricing forward in as many jurisdictions as possible, and to look at the many different ways in which that can be done.

We are agnostic, as the World Bank Group, about how that can be done – it can be done in many different ways, but we're not agnostic on that it should be done, and the earlier that it is done the greater the possibility of spurring investment in cleaner growth and in resilience and moving away from an exposure to carbon in the economy.

On your second point around taxes, I think that if you speak to a number of the businesses in the coalition then obviously tax rights are fundamental to their competitiveness. What they are seeking is fair treatment and predictable treatment in all the jurisdictions in which they work. And I think there is a conversation going on within the business community as well as within the economic community about whether or not we should be taxing what we burn rather than taxing what we earn, as the Europeans say.

What is the tax regime for a world where we want to drive carbon out of the economy? That is the conversation that has started already and pricing carbon becomes one of the effective first steps as we try to drive carbon out of our economic growth going forward.

QUESTION: And the World Bank does not have any position on that? What to do with the tax revenue?

RACHEL KYTE: No, the World Bank Group works with our clients hand-in-hand, looking at the structure of their economy, looking at the choices that they need to make, and looking at the way in which they want to grow going forward, so we don't have a once size fits all answer to that question. We are working with countries that want to introduce taxes, we're working with countries that want to introduce trading systems, and we're working with countries that want to use other fiscal policy measures and reduce harmful subsidies and other instruments of choice.

So the message from us is not that there's one way to do this, obviously we're in fiscal conversations with all of our clients. But the point today is that putting a price on carbon is an important first step, a necessary if insufficient step, towards driving carbon out of the economy.

QUESTION: Is it a matter of concern for you that the U.S. is not on the list? How do you think you can move forward without the full cooperation of the world's largest economic power?

DR. KIM: Thanks for the question Jeremy. So first of all, there are several states in the United States on the list, and many of course American companies on the list. And President Obama himself has made a very clear statement supporting carbon pricing. You know the complexities of getting a nation state like the United States to sign onto an agreement through the various legislative channels are frankly a little bit beyond me, but we know that despite the fact that as a country they haven't signed on, in so many other ways, American citizens, American states, and the president of the United States himself have been very positive about this statement.

QUESTION: If I can follow up, how do you explain that they didn't sign? How do you explain this reluctance?

DR. KIM: You know, I don't know Jeremy, but it's a good question that you should ask them directly.