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Distinguished Ministers, Excellencies, ladies and gentlemen,

On behalf of Papua New Guinea and the other delegations of the Pacific Islands present today, let me extend my sincere gratitude to the people and Government of Austria for the warm hospitality and friendship.

Climate change is real and upon us!

Papua New Guinea and many of our Pacific Island neighbors are already suffering the dire consequences:

- bleached corals reefs are starving our fisheries;
- atoll-based communities are disappearing under the rising waves;
- mosquitoes are moving up mountain ridges and killing children; and
- In fact, my own village, we have moved for the fourth time in one generation in order escape flooding on one side and sea level rise on the other. This has destroyed our mangrove ecosystems and our very way of life.

And the destructive toll grows steadily! Why must our people pay this heavy price?

If the global community is to defeat this self-inflicted calamity, we must succeed in three key aspects:

1. a shared objective for stabilized greenhouse gas concentrations;
2. leadership by industrialized countries through significantly deeper emissions reduction targets; and
3. expanded mechanisms to assist developing countries with mitigation and adaptation.

I will cover these three important elements along with the critical issue of tropical deforestation and then close with my vision for Papua New Guinea!

Shared Vision

The Intergovernmental Panel on Climate Change (IPCC) has demonstrated that its Category I targets are affordable and achievable.

This means maintaining atmospheric carbon concentrations between 445 – 490 parts per million and temperature change of 2° – 2.4°Celsius. However, this is not enough!

For example, the IPCC states that this range would:

- bleach most corals;
- increase the risk of extinction for up to 30% of all species;
- decrease agricultural productivity at low altitudes;
- increase damage from floods and storms globally; and
- the sea-level rise could flood coastlines disrupting livelihoods for millions of the poor.

For the Pacific, this would be a catastrophe! While the peoples of the Pacific are few, the reach of the Pacific is indeed vast – reaching all of Asia and all of North and South America. Therein lies untapped and untold potential. As the deserts expand in Africa and the fisheries are depleted in the Mediterranean, we see that Europe and the Pacific will be increasingly dependent upon each for survival.

We cannot allow the voices of the mighty to drown out the voices of the most vulnerable! For those of us within the Pacific and other Small Island Developing States, sea-level rise carries the risk of our homes disappearing forever under the rising water. Can the will of the mighty be permitted to suffocate our fragile island societies into silence under the swelling sea?

So, we must not allow IPCC's Category I targets to lull us into complacency. Very real damage will be leveled against the most vulnerable in developing countries. We must defeat climate change in an equitable way. Therefore, beginning today, we must boldly set deeper targets that limit temperature rise to around 1.5°–2.0°Celsius and stabilize atmospheric carbon around 400–445 parts per million.

Leadership by Industrialized Countries

As we consider the role of 'rich' countries, we do indeed salute the leadership of the European Union by committing to emissions reduction targets 20% below 1990 levels by 2020 – with a possible increase to 30%. While truly laudable, given my previous comments on the IPCC, we believe more should be done! The EU target of 2°C is unacceptably high and the EU's 30% reduction target is unacceptably low!

However, we do agree that Europe must not shoulder the climate change burden alone! As the world's largest economy and the world's greatest historical emitter, we encourage the United States to reconsider her present doctrine of 'conditional responsibility.' We cannot continue to confuse mandatory cuts by the United States with voluntary actions by developing countries – these issues are mutually exclusive but equally valuable. Neither action can be contingent upon the other; however, both must surely occur!

ALL industrialized nations must demonstrate leadership through deep and mandatory emissions reduction targets! We are however encouraged by progress in the United States Senate related to the draft Boxer-Lieberman-Warner Climate Security Bill. This Bill needs much deeper emissions reduction targets, but it would surpass Europe and lead the world on the issue of deforestation if enacted.

Expanded Mechanisms for Developing Countries

Within this context, we must leverage deeper targets within ALL industrial countries to energize a system of positive incentives for developing countries, including technology and investment. This can catalyze environmentally sustainable economic growth while reducing poverty and transitioning to a clean economy.

For discussion purposes, let me propose six basic elements for a new mitigation mechanism to stand alongside an improved CDM:

1. **Commitments vs. Objectives:** Developing countries could have voluntary national emissions reduction 'objectives' within a system of increasing positive incentives.

2. **National BAU Reference Scenario:** A developing country would voluntarily negotiate a 'National Business-as-Usual Reference Scenario' for a particular 'engagement period'.
3. **Three-Tiered Objectives:** A developing country could then select a Voluntarily National Emissions Reduction 'Objective' that would carry an increasing rate of positive incentives based upon the aggressiveness of the 'objective':

Tier 1 – Business As Usual (BAU)

Tier 2 – Flat-Line Emissions Growth (FLEG)

Tier 3 – Reaching Carbon Neutrality (CN)

4. **Performance Enhancements:** A performance enhancement would be applied to offset the ever increasing marginal abatement costs. The deeper a developing country cut emissions, the greater the total positive incentive.
5. **Development Adjustment Factors:** We must fairly address common but differentiated responsibilities between developing countries. So, any reference scenarios should include a 'development adjustment factor' based on GDP per capita, emissions per capita, or a percentage of total global emissions.

Clearly, Papua New Guinea is not Brazil, nor is Sudan identical to China! Therefore, we must find a way for the more advanced developing countries to shoulder their fair share of the climate change burden.

6. **Performance Accountability:** Finally, we too must preserve the integrity of a global carbon accounting system. Therefore, developing countries could propose an internal approach to deal with any emissions increase.

In summary, you can see that the idea is to:

- encourage developing countries to reach toward deep voluntary emissions reductions; while
- increase positive incentives to compensate for increasing margin costs; and
- more fairly share responsibility between countries at differing developmental levels.

Clearly, the faster we mitigate, the less we must adapt. However, many Pacific Islands are already being forced to adapt. Therefore, we must increase adaptation funding immediately!

Reducing Emissions from Deforestation and Forest Degradation

Such an instrument would greatly assist our efforts to reduce emissions from deforestation and forest degradation. Emissions from tropical deforestation account for around 20% of global carbon emissions. Further, according to the IPCC, almost 30 GtCO₂ may be released into the atmosphere between 2008 and 2012.

We believe that international carbon markets hold the greatest promise to provide the necessary scale and long-term revenue streams! To be successful, we must integrate more industrialized countries, more sectors, and deeper emissions reduction targets.

On behalf of all countries with tropical rainforests, we ask that emissions targets extend at least an additional 10% deeper than what is otherwise agreed. This is necessary to justify our offer to reduce emissions from deforestation and forest degradation (REDD).

To be clear, we will not accept only revenues from auctioned allowance units to support REDD, as proposed by the European Commission. Full and fair market access is fundamental to the long term success of developing country participation.

What we are doing in Papua New Guinea

Such a mechanism could revolutionize PNG's climate objectives. While indeed PNG is a small developing country with very low emissions per capita, we believe leadership is also needed from a country like ours.

For this reason, I have established a new Office of Climate Change and Environmental Sustainability. This office will be charged with developing PNG's roadmap toward carbon neutrality!

We have learned that:

- leadership is required from the top;
- climate change must be mainstreamed across all of government; and
- specific objectives must drive the climate change process.

As Prime Minister, it is clear that climate change is not simply an environmental issue. For my government, that means a whole of government approach – Agriculture, Environment, Energy, Forestry, Foreign Affairs, Health, Lands, Mining, National Planning, Provincial Governments, Transportation, Treasury, etc.

To drive the process, I have asked the new Climate Change Office to prepare an analysis of the following economic and voluntary emissions reduction objectives:

By 2020: reduce emissions by 50% while growing GDP over 250%

By 2050: Achieve carbon neutrality while growing GDP over 1000%.

To meet these objectives, Papua New Guinea, must separate economic growth from carbon emissions! For this to occur, we must start by reforming our agriculture, energy, forestry, transportation sectors:

1. **Agriculture:** Obviously, we cannot compromise the food security for a growing nation, but we must be smarter about land management, rehabilitating degraded lands and increasing agricultural productivity.
2. **Energy:** We must pursue renewable energy sources in hydro, geothermal, bio-fuels, and solar to avoid being trapped by carbon emissions for many decades to come.
3. **Forestry:** As a global community, we must find new sustainable markets for the ecosystem services of our tropical forests, services such carbon sequestration, water shed protection, biodiversity, etc.
4. **Transportation:** we seek to significantly expand our ethanol capacity, while also ensuring that our forest areas remain fully intact.

Finally, Papua New Guinea cannot accomplish our ambitions alone. We have potential, but require technology and capital. Carbon neutrality can be realized, but it will require strong support from like-minded development partners.

Conclusion

I have been very impressed during my visit to Austria to see innovative methods that harness wind and river-systems to power economic growth. In fact, with regard to environmental issues, the EU has set the bar for the entire industrialized world!

For Papua New Guinea and all other developing countries, we will not succeed if environmental sustainability requires slowing economic growth. There is no political will to stand still, nor should there be! As developing countries, we are willing to contribute toward a common objective. But our per capita emissions and GDP must be taken into account as metrics for a system of increasing positive incentives.

Indeed, leadership is required on both sides of the economic divide. We are presently suffering from humanity's past follies, pointing fingers, and fumbling our children's future through our idle hands. Together, and only together, can we securely grasp the challenge before us and construct a sustainable future!

Thank you.