

Thematic Plenary IV - Financing “Financing the response to climate change – investing in tomorrow”

Intervention by H.E. Dr.Valdis Zatlers, President of the Republic of Latvia

Mr Chairman,

Financing of mitigation of climate change today should not be seen merely as an expense. It is an investment for future generations. Mitigation of the effects of climate change is still affordable. If we act now, it will account for 1 per cent of global gross domestic product. Any delays will only increase the costs of climate change manifold.

Considering the high costs of policy inaction, there is an urgent need for continuity in international agreements. We have to set long-term binding targets for greenhouse gas emission reductions after the Kyoto Protocol will expire in 2012. This will provide governments and the business community alike with a strong signal to invest in low carbon technologies and other greenhouse gas reduction measures.

Greenhouse gas emission reductions should not be made at the expense of economic development, but should rather foster it. The financing of mitigation measures should aim for decoupling economic growth from greenhouse gas emissions. Only low carbon economic development will stay competitive in the future environment.

Attaching a price to greenhouse gas emissions with the help of emission trading schemes is of vital importance to encourage industry investments in low carbon technologies and to reduce overall costs of climate change mitigation. In this respect, considerable experience can be drawn from the European Union Emission Trading Scheme. To realize the full potential of market-based opportunities, the aim should be an extension to the global carbon market.

Latvia is in the process of establishing a climate change financial instrument that will serve as a green investment scheme to administer proceeds from international emissions trading. It aims to create an attractive environment for investments that promote use of renewable energy, stimulate energy efficiency and investments in low carbon technologies.

Thank you, Mr Chairman.