

Business & Climate Change: Dissension in the Ranks

The business community plays a central role in the fight against climate change. Companies have both a responsibility and a business imperative to take significant steps to cut their own emissions in line with keeping global warming well below 2°C. They can create and disseminate technologies to reduce greenhouse-gas emissions, such as renewable energy systems, and energy-efficient appliances. They also must secure their own markets and supply chains by helping communities adapt and build resilience to its impacts. But most importantly, the business community must play a leading role in supporting an ambitious government response to tackle global warming. After all, only public policy can tackle the challenge of avoiding catastrophic climate change at the necessary scale. Governments rely on the private sector to turn vision into reality through innovation and investment. The private sector can also expand the political space in which governments dare to take bold decisions, not only through its actions but also through its lobbying on policy positions.

State of play

There have been two business voices in the climate change debate – one calling for ambitious and urgent action and the other for obfuscation and delay. On one side are major business associations, such as the U.S. Chamber of Commerce, that have used their considerable lobbying clout to fight against climate change policies. The U.S. Chamber recently convened an international conference at which oil company ExxonMobil and other major industry players voiced opposition to climate change action.

But increasingly, influential corporate coalitions have emerged calling for ambitious climate policy action at the national and global levels:

BICEP: Business for Innovative Climate & Energy Policy is a U.S. based coalition of 16 leading consumer-facing companies such as Nike, Levi Strauss, Timberland, Gap, Starbucks, eBay, and Sun Microsystems. BICEP is advocating for far-reaching U.S. climate legislation that makes significant investments in international adaptation and aligns with the scientific consensus on emissions reductions. On the global deal, BICEP states: “[We] believe that the United States must re-engage and provide strong leadership in the international climate negotiation process. It is crucial that a new legally-binding global agreement is agreed upon by the time of the international climate talks in Copenhagen in 2009 – and that the United States is part of this agreement.” For more information, please see <http://www.ceres.org/bicep>

The Corporate Leaders’ Group on Climate Change: Created by the Prince of Wales and based at the University of Cambridge, the group organized the Copenhagen Communiqué, a detailed policy statement signed by over 600 major global companies such as Coca-Cola, Nestle, and Procter & Gamble. The Communiqué calls for: “an ambitious, robust, and equitable global deal on climate change that responds credibly to the scale and urgency of the crises facing the world today. The one thing we do not have is time. Delay is not an option.” For more information, please see <http://copenhagencommuniqué.com/>

USCAP: The U.S. Climate Action Partnership (USCAP) is a U.S.-based coalition of approximately 30 major companies – many from major emitting industries such as GE, Dupont, Duke Energy, and Shell – and six environmental organizations advocating for comprehensive climate change legislation and a strong global deal. For more information, please see <http://www.us-cap.org/>

Critical juncture

Dissension in the ranks of the business community over climate policy action has been on vivid display in the United States recently. Major companies such as Apple, Nike (a BICEP member), and Exelon (a USCAP member) have withdrawn from the U.S. Chamber of Commerce or its board over its head-in-the-sand opposition to government actions to tackle global warming. What is needed most from the business community at this critical juncture is a unified voice calling for a fair, ambitious, and binding global deal that averts climate catastrophe and accelerates the transition to a low-carbon global economy. If unity cannot be achieved, then progressive companies and coalitions that see the need for and the advantages of moving toward a low-carbon future should not allow backward-looking companies and coalitions to give the impression that business is against a strong deal.

Case Study: National Grid

National Grid is an international electricity and gas company and one of the largest investor-owned energy companies in the world. It has an annual turnover of £15.6 billion. Last year National Grid increased its target for reducing emissions from 60% to 80% of 1990 levels by 2050. It has already cut its emissions by around 30%. In April this year, it became the first high-profile company to tie carbon budgets to executive pay. It also began applying a shadow carbon price to all its investment decisions from plant construction to fleet and building management. It is focusing on energy efficiency projects such as smart grids, smart metering and the connection of renewable generation. The company is keen to see how its pipeline expertise could be deployed in the field of carbon, capture and storage (CCS) - it has said that some of its natural gas pipelines in Scotland could be available for re-use for CCS from 2013.

National Grid is calling for government, industry and consumers to work together to meet emissions targets. "You simply can't operate as an international business and not take climate change seriously," says Karen Jordan, manager of National Grid's UK climate change policy. "You can choose to be in the driving seat or to be a passenger. We've chosen to drive for change. As leaders in the energy industry, we're bringing our expertise to the table to work together with government, regulators and industry to create a clear way forward," Jordan says.

"We are investing billions of dollars in the UK and the US so we have to make the right choices to deliver on our obligations and achieve our ambition. There will be areas where we get an immediate pay-back - for instance, in energy efficiency projects - while some investment will bring longer term benefits".

National Grid's chief executive Steve Holliday says that minimizing the company's environmental impact while delivering safe, secure and economic energy supply "isn't an option, it's a must. The two must be tackled together."

Case Study: Starbucks

Climate change threatens to disrupt the supply chains that are crucial to global businesses. Starbucks is one company making the business case for adaptation and resilience-building efforts in developing countries. As quoted in the *New York Times*, "Climate change represents a direct business risk to our supply chain. You can't just grow coffee in Iowa", said Jim Hanna, director of environmental impact at Starbucks, noting that changing weather patterns threaten coffee production in several parts of the world. "Moral arguments aside, it makes absolute economic sense to mitigate your own issues."

To cite one example, the company sources Fair Trade coffee from the Kilimanjaro Native Co-operative Union (KNCU), which is experiencing the effects of climate change first-hand. Rising temperatures and unpredictable rainfall are hitting coffee-bean yields, as irrigation ditches and water taps run dry. Farmers' incomes are suffering and their health is affected, too; malaria is spreading up the mountain to areas that it never reached before.

Motivated by concern that the quality and quantity of its coffee supply would suffer as a result of climate change, Starbucks joined the Business for Innovative Climate and Energy Policy (BICEP) coalition. As part of BICEP, Starbucks is lobbying the US government on climate policy, including a call for substantial financing to help developing countries prepare for and adapt to climate impacts to protect local communities and global supply chains alike.

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