



IPU Parliamentary Meeting

**Remarks by OECD Secretary-General, Angel Gurría:
*Leading the world towards a green economy***

French Sénat

10:15-11:00am, 6 December 2015

Madame la Ministre,

Monsieur le Directeur Exécutif du Programme des Nations Unies pour l'Environnement,

Monsieur le Président de l'Union interparlementaire,

Mesdames et messieurs les parlementaires,

Mesdames et messieurs,

Je suis très heureux de participer aujourd'hui à cette séance de l'Union Interparlementaire **sur la croissance verte** à quelques jours de ce que nous espérons sera un accord historique sur le climat. On retrouve au cœur de cette COP21 le thème de la croissance verte en filigrane dans tous les débats. Car c'est justement là que l'avenir de notre planète se joue.

Options 1 (if the Minister is present) D'ailleurs, Madame la Ministre, vous avez fait un pas en avant considérable avec la loi promulguée cet été, en amont de la COP21, **sur la transition énergétique pour la croissance verte**. Cette loi fait le pari non seulement de faire de la France un exemple en matière de transition énergétique, mais aussi de redonner du pouvoir d'achat aux ménages et de créer des emplois à travers un nouveau modèle de croissance.

Option 2 (if the Minister is not present) La France a fait un pas en avant considérable avec la loi promulguée cet été, en amont de la COP21, **sur la transition énergétique pour la croissance verte**. Cette loi fait le pari non seulement de faire de la France un exemple en matière de transition énergétique, mais aussi de redonner du pouvoir d'achat aux ménages et de créer des emplois à travers un nouveau modèle de croissance.

C'est aussi le pari que fait l'OCDE sur l'avenir et nous avons commencé à travailler sur le sujet il y a de nombreuses années. Nous avons aujourd'hui les outils nécessaires pour s'assurer que les termes « croissance » et « verte » soient pleinement compatibles. Avec d'autres organisations, nous espérons avoir été assez convaincants pour que, lors de cette COP21, les pays s'engagent à suffisamment de réformes et que l'on puisse créer l'élan nécessaire pour limiter le réchauffement climatique à 2 degrés.

Le nécessaire pari de la croissance verte

At the OECD we are doing everything in our power to help governments drive growth and environmental sustainability. We have developed a Green Growth framework, embodied in our 2011 **Green Growth Strategy**, which links environmental and economic reform priorities. Policy objectives include: pricing environmental externalities; establishing active labour market policies to allow workers to move out of polluting sectors; and emphasising the role of innovation to address environmental problems while simultaneously delivering economic benefits.

We know that many countries have started to put a price on carbon and are providing incentives for efficient resource use. But we also know that **far greater efforts are needed to align economic and environmental priorities to achieve meaningful results.**

This is especially obvious in the case of **fossil fuel subsidies**. Governments in OECD and selected emerging economies spend up to USD 200 billion every year on subsidies and tax breaks for fossil fuels – around five times the amount governments spend on support for renewable energy, and twice the amount committed by developed countries to help developing countries achieve their climate goals!ⁱ

And there are many other examples, like the taxation of Coal. **Coal is still the least heavily taxed of all fossil fuels – if it is taxed at all.** Yet it is the most carbon-intensive fossil fuel and results in significant local pollution.ⁱⁱ It faces no import tariffs, while renewable energy technology often pays a 10 to 20% tax at the border.ⁱⁱⁱ This creates an unequal playing field for innovation in low-carbon alternatives.

Too many governments say they believe in a 2 degree world while pursuing policies that go in the opposite direction.

Rethinking our growth strategies

Aligning environmental and economic priorities amounts to a **fundamental rethink of the way we approach growth**. We're talking about a transition that will involve a systemic transformation of power generation, industry, transport, buildings and land-use – in short, of our entire economies. **This is a considerable challenge.**

But it is also an incredible opportunity; an opportunity to generate new innovation, new growth and new jobs. **We must seize this chance.**

Take the example of **innovation**. Our recent work shows that dynamic firms that seize new market opportunities and deploy new technologies may in fact **gain from more stringent environmental policies**, boosting short-run economic growth as they go.^{iv} That gives governments ground to question industry concerns about the impact of environmental policies on competitiveness.

To ensure that we are fully able to grasp the opportunities that green growth presents **we need to get the fundamentals right**. For the transition to a low-carbon economy, **part of this is about financing**.

We recently estimated **mobilised climate finance from developed countries to support developing countries** fight climate change at USD 61.8 billion in 2014. This is good progress towards the mobilisation of USD 100bn per year by 2020.^v But governments need to transform billions into trillions by effectively leveraging private sector finance, which is today, unfortunately, geared to the short-term.

Ladies and gentlemen,

Let me conclude by commending the IPU's commitment to effective parliamentary oversight of the new universal climate agreement we all hope will be forthcoming next week. **Legislators will need to stop in its tracks any sectoral initiative that undermines the agreement**. And there are still many contradictions in policies. Governments need to 'walk the green talk'.

Legislators can do something about this!

The INDCs put forward to date, do not yet add up to a maximum warming of 2°C. Continued efforts will be needed. These will need to be anchored in a positive vision of growth that is green, enhances resilience, helps finance actions by developing countries, creates ownership by and accountability of all stakeholders. This is what people are expecting, this is where legislators have a fundamental role to play. Remember, the carbon clock is ticking.

Thank you.

ⁱ The value of budgetary support and tax expenditures for fossil fuel consumption and production in OECD countries and key emerging economies stood at around USD 160 in 2014, ranging between that and USD 200 billion a year over the 2010-14 period (OECD Inventory of Support Measures for Fossil Fuels 2015). There are other subsidies, estimated by the IEA: price-driven subsidies for the consumption of fossil fuels or fossil-fuel-generated electricity, mainly in emerging and developing countries (IEA World Energy Outlook 2014).

ⁱⁱ Taxing Energy Use 2015.

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^{iv} Albrizio, S., T. Kozłuk and V. Zipperer (2014), "Empirical Evidence on the Effects of Environmental Policy Stringency on Productivity Growth", **OECD Economics Department Working Papers**, No. 1179, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/5jxrjnb36b40-en>

^v <http://www.oecd.org/env/cc/Climate-Finance-in-2013-14-and-the-USD-billion-goal.pdf>