



10 DOWNING STREET

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From the Private Secretary

13 January, 1989.

Dear Roger

## GLOBAL CLIMATE

The Prime Minister held a meeting at 11 a.m. on Thursday, 12 January, to discuss the Cabinet Office Notes of 22 December and 10 January about global climatic change. Those present were your Secretary of State, the Secretaries of State for Foreign and Commonwealth Affairs, for Trade and Industry, for Education and Science, for Transport and for Energy, the Minister of Agriculture, Fisheries and Food, the Paymaster General, the Minister for Housing, Environment and Countryside, Sir Robin Butler, Richard Wilson, John Fairclough, George Monger and Andrew Wells (Cabinet Office), and George Guise (Policy Unit).

Your Secretary of State said that the risk of global climatic change as a result of the increasing levels of various greenhouse gases in the atmosphere was one of the greatest environmental challenges facing the international community. Other countries were beginning to realise this and to develop proposals for action, and the Government needed to do likewise.

The different gases contributing to the greenhouse effect needed to be considered separately. The problem posed by chlorofluorocarbons (CFCs) was the subject of existing international initiatives. These had been taken because of the effect of CFCs on the ozone layer. But the same measures could also prevent CFCs from making a major contribution, perhaps as much as 25% of the total, to the greenhouse effect by the next century. It was therefore essential to press on with the Government's proposal to strengthen the existing international agreement to achieve an 85% cut in CFC emissions by 1999. Methane was another contributor to the greenhouse effect. In the UK waste disposed by landfill was a major source of methane which ought to be amenable to control. If methane from this source could be collected and burnt as a fuel, that would make a direct contribution to reducing atmospheric concentrations of this gas, and displace the burning of fossil fuels. But on a global scale agriculture was

believed to be the largest source of methane emissions. The scope for reducing these emissions was not yet clear, and further research was needed.

However, the largest and most intractable contribution to the greenhouse effect came from carbon dioxide, mainly from the burning of fossil fuels for electricity generation, direct heating and transport. It was therefore essential to consider policy on the use of different fuels in all of these areas. His own preference was for the use of market mechanisms to influence the fuel mix. If fuel prices reflected all the costs which they imposed, including environmental costs, then consumers could take sensible economic decisions. Another possibility which was under consideration in the United States of America was tradeable emission consents which would allow the market to identify those areas where cuts in emissions could be made at the lowest cost. Such approaches could encourage the wider use of nuclear power for electricity generation, underpinning the non-fossil fuel obligation on the privatised electricity industry. Greater energy efficiency also had a role to play, but again it should be achieved using pricing and market mechanisms rather than by Government grants or intervention. Finally, forests had a major role to play globally in absorbing carbon dioxide from the atmosphere, and it was important to find measures which would reverse the current trend towards deforestation. Forestry in the United Kingdom itself had only a small role to play, but it was important to ensure that our forestry policy gave the right signals so that we were seen to be making a contribution.

In discussion the following main points were made -

a. It was clear that coordinated international action would be required to tackle the problem of global climatic change. Action by the United Kingdom alone would not have any significant impact, and could put the country at a competitive disadvantage internationally. Any contribution to reducing emissions of greenhouse gases would be dwarfed by the increases implied by the plans of countries like China and India for their own economic development. It was therefore essential to seek solutions through international negotiations. These should be pursued within the existing fora, and particularly the Inter-governmental Panel on Climate Change (IPCC) which had been set up by the United Nations Environment Programme (UNEP) and the World Meteorological Organisation (WMO). It would be important to resist other initiatives and proposals which would have the effect of fragmenting international efforts. Further work would be needed on the options for mitigating the greenhouse effect to identify a coherent set of proposals on which the United Kingdom could support international action.

b. As far as energy was concerned, it was important to recognise that the United Kingdom was heavily

dependent on coal for electricity generation, reflecting past policy decisions. Changes in the mix of fuels could be made only in the long term, and it would be important to do this by international agreement if industry in the United Kingdom was not to be put at a competitive disadvantage. On the other hand there were positive developments, opened up by the forthcoming privatisation of the electricity industry. Privatisation would encourage a much freer market in electricity generation, and there was increasing interest in the use of cleaner and more efficient technologies for burning coal, the use of gas for electricity generation, in combined heat and power, and in some forms of renewable energy. The non-fossil fuel obligation on the privatised industry would help to ensure the continuation of a nuclear component, and research was being conducted into the development of smaller nuclear power stations.

c. There was also scope for greater improvement in energy efficiency. There had been some misguided criticism recently of the reduction in Government spending in this area. But this resulted from a shift from substantial spending on general publicity measures towards a much more targeted approach, particularly towards energy efficiency in industry, which was showing very good results. As far as domestic consumers were concerned, the privatisation legislation put a duty on the Area Electricity Boards to encourage efficiency, which would be a much more cost effective approach than large-scale Government spending on advertising. The one area where results had so far been disappointing was the public sector. There was a strong case for a concerted effort, backed by Ministers, to encourage energy efficiency in both central and local government.

d. Transport was responsible for about 20% of carbon dioxide emissions in the United Kingdom, mostly from the emissions of road vehicles. Energy efficiency in this sector had been increasing, but this had been more than offset by higher usage, a pattern which was likely to continue in the future. Some action was in hand to encourage further increases in efficiency, but it was important to see what more could be achieved. Changes in taxation were one possible approach. A freeze in vehicle excise duty accompanied by real increases in the taxation of fuel could help, as could increasing taxation of company cars. It might also be possible to use the tax system to encourage a move towards smaller engine capacities. There was also a major international dimension to the problem. It would be important to seek to persuade other members of the European Community and the United States of America that lean-burn technology provided a better way forward than the extension of three-way catalytic converters to all vehicles.

e. As far as agriculture was concerned, other

countries' contributions to methane emissions were larger than those of the United Kingdom, particularly those resulting from intensive livestock farming and the cultivation of rice. Further research was needed into agricultural sources of greenhouse gases, and options for tackling them. The country's flood defences needed to be updated, and it would be important to look at the possible implications of global warming for sea levels before decisions were taken. But it would be wrong to give the impression that the United Kingdom's main response to the risk of climatic change was to be adaptation rather than prevention.

f. Forestry had the potential to play a major role in combating the greenhouse effect. But the present global trend was towards deforestation on a vast scale. There was a strong case for redirecting the aid programmes of the developed countries to support measures designed to halt and reverse this trend. Some steps in this direction were already being taken by the Foreign and Commonwealth Office. Forestry in the United Kingdom would have only a very small role to play in the global context. Nevertheless it was important to ensure that domestic forestry policies gave the correct signals.

g. A considerable amount of expenditure and effort was being put into research related to global climatic change. But there was a need for better coordination and better identification of priorities within the programme. The papers drew attention to the fact that the United Kingdom was withholding support from a second European Earth Resources Satellite (ERS-2). The case for supporting this project should be reconsidered urgently.

The Prime Minister, summing up this part of the discussion, said that it was clear that the problem of global climatic change could be tackled only by a coordinated international effort. The Group agreed that the United Kingdom should support the existing initiative under the United Nations Environment Programme and the World Meteorological Organisation, including the Inter-governmental Panel on Climatic Change, and discourage alternative proposals which would fragment international effort. But further consideration was needed about how climatic change could be handled internationally in the medium term. The Secretary of State for Foreign and Commonwealth Affairs was invited to commission a paper on this subject, which would need to cover the implications of the development plans of countries like China and India, the options for arresting and if possible reversing the trend to deforestation globally, and the possible link with the problem of third world debt. The paper should consider whether there was a case for a new United Kingdom initiative on the global climate, perhaps related to the need for reafforestation, and if so what the timing should be. It would be important to ensure that any initiative made a real

contribution towards international agreement. It would be best to work within the framework of the United Nations.

The Group would also want to consider papers on the various domestic options for action to tackle the greenhouse effect. The aim would be to identify a coherent package of measures which the United Kingdom could support in international discussions. The Secretary of State for Energy should commission a paper on possible action by the energy industries. This should cover the implications of the non-fossil fuel obligation on the privatised electricity industry, and the contributions which might be made to reducing carbon dioxide emissions by the use of new technologies for burning coal, combined heat and power projects, the greater use of nuclear electricity generation, and the use of gas. As far as gas was concerned, there was a strong case for seeking a change in the European Community Directive which constrained the use of gas for electricity generation at present. The Secretary of State for Energy should consult with the Secretary of State for Foreign and Commonwealth Affairs on this issue. The paper should also cover the options for action on energy efficiency. There should be a concerted drive for greater energy efficiency in the public sector, and Ministers should give a strong political lead.

The Secretary of State for Transport should commission a paper on the options for restricting emissions of greenhouse gases from road vehicles. It should cover the advantages of lean-burn technology in comparison with three-way catalytic converters, and the international implications of action, both within the European Community and in relation to the United States of America.

The Minister of Agriculture, Fisheries and Food should commission a paper on options for action in relation to agricultural emissions of greenhouse gases, and in relation to forestry.

The Chief Scientific Adviser, Cabinet Office, should prepare a paper on United Kingdom research related to the global climate. This should cover the coordination of the research programme and the identification of priorities. The question of United Kingdom support for the proposed second European Earth Resources Satellite (ERS-2) should be reconsidered urgently, against the UK's other priorities within the European Space Agency's Programmes.

Summing up on the format of the Seminar proposed in the Cabinet Office note of 22 December, the Prime Minister said that it should be a Ministerial Seminar with a selection from the 30-40 foremost national experts on global climate change. Professor Lovelock and Sir George Porter should be added to the list of invitees suggested in Annex J to the Cabinet Office Note. The Group had agreed that the general structure for the seminar should be as proposed in the Cabinet Office Note of 10 January, subject to a number of points of detail. First, consideration should be given to an additional presentation from the British Antarctic

Survey. Second, a whole day should be set aside for the Seminar, with a concluding session after lunch. The Seminar should be held in No.12 Downing Street, with lunch in No.10. It might best take place at some time after the International Conference on CFCs which the Government was to host in March. That pointed to a date in May. Further consideration should be given to the public presentation of the Seminar. One option would be to publish the papers given by the various presenters, and also a record of the discussion. The Department of the Environment should take the lead on the detailed arrangements for the Seminar.

The Group would need to meet again before the Seminar to consider the work which had been commissioned at the present meeting. The Department of the Environment would be the lead department for the issue of the global climate. But the Cabinet Office should coordinate the further work which had been commissioned. Ministers were not yet in a position to decide about a new policy statement on the global climate. However, they noted that the Department of the Environment was preparing a number of documents for publication before the international conference in March, dealing with the whole range of environmental issues. These and any future publications on the global climate should form a coherent whole in terms of presentation.

I am copying this letter to the Private Secretaries of the Ministers at the meeting, and to the others present.

*John*

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