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PRIME MINISTER

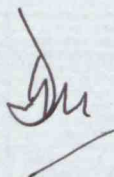
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GLOBAL CLIMATE

You saw nearly all these papers over the weekend. The only new ones are notes by George Guise (Flag H) and Greg Bourne (Flag I).

George's paper had a lot of meat but most of this is material for the seminar rather than for tomorrow's meeting, and I suggest you concentrate on its conclusions on pages 7 and 8. You should also see the extract from James Goldsmith's letter which is at Annex C to George's note.

Of the other papers, since time is short, you need do no more than skim through the Cabinet Office notes which are at the top of the folder.



DOMINIC MORRIS

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MR MORRIS

GLOBAL CLIMATE: PRIME MINISTER'S SEMINAR

For her global climate seminar on Wednesday 26 April, the Prime Minister may like to have a short note of the main ideas which emerged from this week's meeting of Ministers:

a. International institutions. We should vigorously support the use of existing institutions, particularly the United Nations Environment Programme (UNEP). We have already doubled our subscription to UNEP; we should press others to do the same. At the top political level there could be a role for the UN Security Council, as proposed by General Secretary Gorbachev.

b. An international convention. Scientific knowledge may not yet be sufficiently advanced to justify an "umbrella" Convention. But we should support empirical action in areas like deforestation.

c. Forestry and aid. A sharp increase in aid for forestry in the third world is already planned. But there is a strong case to do yet more, perhaps on a watching basis with other European countries, subject to consideration in the PES round. We should persuade multilateral agencies such as the World Bank to do more.

d. Forestry and debt. Sir James Goldsmith will be at the seminar, and will be able to expound his ideas on linking action on forestry and third world debt. They sound interesting. But it would not be right for taxpayers in the developed world to bear the cost of writing off debt owed to commercial banks.

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e. Research. As part of an internationally co-ordinated research effort, the UK should concentrate on the areas where we have real strengths. Subject to consideration of the costs, this might include the establishment of a new centre for climate modelling, support for the ERS-2 satellite, and full participation in the World Ocean Circulation Experiment (WOCE). But to accommodate these items we should identify other areas of lower priority where we are not in the lead internationally and could reduce our effort.

f. Energy. More research is needed especially on the efficiency of electricity generation. Electricity privatisation will lead to a freer market, and encourage fuel-efficiency. The non-fossil fuel levy will act as an incentive against carbon dioxide emissions, and there is scope for presenting it as an environmental levy. There is also a case for fuel prices which recognise environmental costs, but given the implications for competitiveness, this would have to be agreed internationally. Finally, developed countries might agree not to provide support for fossil-fuelled power stations in countries like China and India.

g. Methane from landfill. The use of methane to generate electricity would help to reduce the greenhouse effect. Obstacles (eg rating, VAT) should be removed as far as possible.

h. Transport. We should continue to back lean-burn technology for smaller cars. Even if our view does not prevail, other countries will clearly be seen to be responsible for rejecting an option which minimises carbon dioxide emissions.

i. Agriculture. The UK has a better record on domestic forestry and reducing emissions of greenhouse gases from farming than some other European countries (eg Holland,

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Denmark with greater use of slurry on fields). We should capitalise on this in international discussions.

*R.T.J.*

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