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12 October 1989

GLOBAL WARMING - FORESTRY

We should receive a minute for the weekend box from the ODA setting out a scheme which Britain could lead. Although the timing is tight, it would appear possible for the Prime Minister to make some specific statement at her UN speech on 8 November.

The present proposal was born at a dinner conversation between James Goldsmith and Alan Walters. I introduced them in order to test out Goldsmith's idea of linking third world debt retirement to forestry conservation. Walters was opposed to identifying any specific mechanism, such as debt retirement, but agreed with Goldsmith's fundamental tennet that tropical forests have a global economic value. It is therefore appropriate for developed countries to pay something for their maintenance. Both were sceptical of the value of many present aid programmes and would prefer to see the aid budget targetted on specific objectives such as this.

The only real lever we have over the tropical forests is that over 80% of them are in countries which require first world aid in some form. Why not aim at a percentage of aid to be environmentally dependent, starting with the Walters' mechanism for tropical forests? The ODA are nervous of the proposal because it goes against their philosophy of handing out money without strings attached. The Treasury will also be concerned that this must not become some open ended commitment for additional unquantifiable funding.


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A major strength of the Walters' proposal is that it recognises that there is an upper limit to the economic value of forest conservation based on the costs of other ways of fixing carbon. For example, increased fuel efficiency will reduce the amount of fossil fuels which are burnt thereby leaving unburnt carbon in the form of coal, oil or natural gas. The marginal cost of this extra efficiency defines an economic limit to the marginal value of an acre of rain forest. It is the recognition that this limit exists which makes the Walters' proposal an economically sensible market-related one. It does not espouse the views of the extreme greenists who believe that tropical forests, or indeed any form of non human life, must be preserved whatever the cost to mankind!

On the basis of GDP share, the UK might take the initiative for say 7% of rain forests. This could relate to a specific country or countries, possibly in Africa, where we have established links. The important thing is that we would announce the initiative before other countries and it would be with a time limit. There would therefore be extreme pressure on other developed countries to follow suit and establish their own rain forest initiatives. The Prime Minister would also steal a major political march by being first.



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