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OPINION

Making Headway Against Climate Change

Progress at the U.N. summit included big steps for carbon pricing.

By **BAN KI-MOON**

Sept. 25, 2014 7:43 p.m. ET

More than 100 world leaders gathered Tuesday at the United Nations in New York, along with over 800 leaders from business, finance and civil society, to confront the threat of climate change and to embrace the opportunities inherent in addressing it. The Climate Summit had two clear objectives: to reinvigorate the process that will lead to a meaningful universal climate agreement in Paris next year, and to catalyze significant action to cut emissions and reduce risk. The summit delivered.

First, climate change is now higher on the global political agenda than it has ever been. The summit succeeded in focusing the minds of decision makers whose influence will be essential in the run-up to climate negotiations in Lima this year and in Paris in 2015.

United Nations during the closing of the Climate Summit at the United Nations headquarters in New York, September 23, 2014. *REUTERS*

Second, we are seeing action. China declared that it would soon announce a date for peak emissions, and the European Union committed to reduce emissions to 40% below 1990 levels by 2030. Leaders from more than 40 countries, 30 cities and dozens of corporations will work to double the rate of global energy efficiency by 2030 through vehicle fuel efficiency, lighting, appliances, buildings

and district energy. The mayor of New York announced plans for the city to cut greenhouse-gas emissions by 80% by 2050.

Third—and in the long run perhaps most far-reaching—was the response by the finance and business communities. Individually, and as part of multi-stakeholder alliances, private-sector actors are entering the game from the sidelines. This is good news for climate action, sustainable green growth and global economic prospects.

Some of the biggest—and potentially transformational—announcements at the Climate Summit came from the private sector. A coalition of institutional investors has committed to decarbonize \$100 billion in institutional equity investments before the end of 2015, and to measure and disclose the carbon footprint of investments worth at least \$500 billion more.

Another new coalition of more than 160 institutions, local governments and major individual investors will divest \$50 billion from fossil fuels in the next three to five years and reinvest in clean energy. More than 20 global food companies will change their palm-oil sourcing to end deforestation. Leading oil, gas and petroleum producers at the summit committed to cut methane-gas emissions and gas flaring.

Polluting our way to prosperity has been the global development model for too long. It is plain that the environmental, social and economic costs are becoming too much to bear. Governments increasingly see it but are hampered by conflicting political demands. But the private sector, which can be more nimble and proactive, is responding faster.

Change is in the air, and the investment and business communities are helping to create those powerful winds. Awareness is growing that climate change is not just a burden but an opportunity. New energy technologies are becoming ever cheaper, making low-carbon growth ever more feasible and economically attractive, especially when one factors in the co-benefits such as cleaner air, better health, fewer weather disasters and vast opportunities for business expansion, job creation and economic growth.

The economic-growth model of the future has to be low-carbon. Governments have agreed that we must limit global temperature rise to less than two degrees Celsius. With carbon-dioxide emissions rising to record levels each year, the current trajectory has us reaching four degrees Celsius. To get on track, we need greenhouse-gas emissions to peak before 2020 and to reduce dramatically thereafter so that we attain climate neutrality in the second half of this century.

One powerful tool to achieve this is putting a price on carbon. Increasingly,

economists and policy experts are providing evidence that carbon pricing mechanisms, such as emissions-trading systems and carbon taxes, can invigorate economic growth and not impede it, as was commonly feared. Putting a price on carbon will provide markets with the policy signals needed to invest in climate solutions. That is why 73 national governments, 11 regional governments and more than 1,000 businesses and investors signaled support for carbon pricing at the summit. Together, these leaders represent 52% of global gross domestic product, 54% of global greenhouse-gas emissions and almost half of the world's population.

Governments and the private sector increasingly understand that fighting climate change need not impede economic growth and business success. Indeed, the competition to seize the opportunities can be a boon to citizens, businesses and economies around the world. I urge all finance, business and government leaders to take inspiration from the many bold new announcements at the Climate Summit. Climate change demands an urgent solution. We must scale up action and reach an agreement in Paris that matches the seriousness of the challenge.

Mr. Ban is secretary-general of the United Nations.

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