



CLIMATE CHANGE DEMANDS CITY ACTION

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The timing of the second C40 Large Cities Climate Summit on 14 to 17 May 2007 in New York could not have been better. A week after the disappointing meeting of the UN Commission on Sustainable Development, city mayors from around the world were joined by business leaders showcasing how to 'walk the talk'. For several reasons, cities today find themselves in a unique position to add to national and supra-national agendas to battle climate change. First, they regard themselves as a central solution to the environmental crisis allowing to significantly reduce the ecological footprints per capita. Second, cities and particularly global cities very much stand for problematic aspects of current economic development and urbanised areas globally already emit 75% of all CO₂ emissions. Third, cities already include more than 50% of the world's population and urban territory serves as a proxy for the future distribution and location of human settlements. Fourth, cities are progressive environments and urban residents tend to be more open to individual behaviour change and cities are better equipped to implement and test new approaches. And fifth, cities – and more generally local governments – are closer to lives on the ground allowing for a better understanding of daily routines than state or national governments – critical for the implementation of change.

At the New York summit, examples for climate change action on the city level was manifold and most presentations by mayors emphasised the latest race amongst cities: The quest to become the greenest city on the planet. London, which under the leadership of deputy mayor Nicky Gavron has initiated the C40 network two years ago, clearly considers itself ahead of the game. London Mayor Ken Livingstone celebrated the city's congestion charge that successfully reduced car volumes by 80.000 vehicles in Central London not only as an effective mechanism to reduce carbon emission but also its wonderful side

effect of helping to become re-elected. Although significantly weaker on past action, the host city New York just published a long list of courageous plans for its near future. The new vision document, PlaNYC recognises Livingstone's success in London with a road user charge and proposes a daily fee of \$8 for motorists driving in Manhattan south of 86th Street. At a press conference, Mayor Bloomberg then openly enjoyed the encouraging words by President Bill Clinton acknowledging that the person able to successfully introduce the smoking ban to New York will succeed with pioneering other initially controversial policies. Berlin was amongst the few cities that was already able to claim noteworthy reductions of CO₂; 15% alone between 1990 and 2002. In fact, the only sector where CO₂ emissions were rising significantly according to Mayor Klaus Wowereit was the transport sector due to a dramatic increase in car use after Germany's re-unification when many East German's developed their love for the car. Reductions on the other hand come mainly from improvements in the industrial and housing sector. More than 300,000 buildings are part of the city's energy saving partnerships where private partners finance the changes needed for energy efficiency.

Participating cities also included less obvious candidates for the top ten of green city. Both the mayors of Los Angeles, Antonio R. Villaraigosa, and Mexico City, Marcelo Ebrard, did not seem to be discouraged by the massive environmental problems their cities are facing. Quite the contrary, they felt well positioned and motivated to confront the ecological disasters. The Indian capital Delhi already advertises itself as 'amongst the greenest of the world'. Chief Minister Sheila Dikshit spoke not only about how to preserve the city's large green cover of 327 sq km and the radical move that for every tree that is cut down at least ten more need to be planted but also about the world's largest fleet of green vehicles: over the last

years about 100,000 vehicles ranging from the city's buses to three-wheel taxis have been converted to natural gas. Bill White, Mayor of Houston, referred to his city as the largest of the most energy-consuming state within the biggest CO₂ polluting nation and made clear how important Houston's contribution to battling climate change could be. Unfortunately, the city's auspicious greening programme for residential buildings is ridiculed by the construction of an 18 lane highway – probably the largest worldwide. Mayor White further spoke in favour of mandated energy standards to ensure that consumers get energy efficiency without having to know the technological details. However, regulating land-use to push for energy efficient high density has proven extremely difficult in Houston and zoning for single family housing remains extremely powerful.

Developments in Toronto, the largest Canadian city, have been entirely different with the construction of single family homes having stalled. David Miller, the city's mayor, further introduced the largest renewable lake source cooling system of its kind servicing several buildings downtown during the summer months. The celebrated success of Bogota's Transmillenio, a bus rapid transit system moving more people per hour than most underground rail lines, is certainly another critical green innovation now implemented in cities all over the world. Nevertheless, Bogota is still in the top league of the most polluted cities in Latin America not least, according to Mayor Luis Eduardo Garzon because of Colombia's diesel fuel quality of 1200ppm sulphur compared to less than 50ppm typical of fuels in Europe. Encouraging are also developments in Seoul where a downtown highway has been taken down and replaced by opening the river flowing underneath. In the first three weeks of inauguration, more than 4 million people visited the new piece of public space. Mayor Oh Se-hoon also referred to the success of the weekly voluntary non-driving day at which more than 65% of drivers participate. Unused cars are tracked by smart cards and drivers profit from incentives not to drive by exempting them from congestion charge during other days of the week.

Overall, the list of climate change projects and policies presented by mayors from around the world was an encouraging signal. However, the changing attitude towards the environmental challenge could not have been better emphasised by the level of support

and active participation of the private sector. Green thinking is increasingly internalised in the business world and makes it seem normal when Siemens CEO Klaus Kleinfeld shares his concern of the extinction of 15 to 20% of global species with a temperature increase of 2%. According to him, climate change was by far the hottest topic at this year's World Economic Forum in Davos where Sir Nicholas Stern's calculations on the cost of climate change were constantly echoed: 'somewhere in the region of 5% to 20% of global GDP if we continue with current trends compared to 1% of global GDP investment needed to tackle the problem'. In New York, Climate Group CEO Steve Howard added to a better understanding of the 1% by comparing it to the 2.5% of global GDP currently spent on advertisement, the 2.1% expenditure for arms industries or the 3% invested in insurances globally.

But still, many of the attending corporations are as much part of the problem as they are of the solution. General Electric, Alcoa, Shell and Toyota, to name just a few, all presented themselves as serious partners in tackling climate change brushing aside the far reaching conflict of interest they are inherently exposed to when advocating for a greener world. Transport for example remains a mega-challenge. Shell's Ken Fisher pointed out that today about 40% of crude oil goes into transport accounting for 30% of all CO₂ emissions. By 2030, road transport fuel demand alone will grow by 40% and for Shell alternative fuels seem the best intermediate solution at hand to tackle the challenge. His company estimates that by 2015 between 7% and 15% of fuel consumption will be from alternative sources – mainly driven by mandate. But first generation bio fuel has its fallbacks. It does reduce CO₂ emissions by only 15% while requiring significant amounts of fertilisers and stressing food supply. Second generation bio fuels promise 85% more CO₂ efficiency but will continue to contribute to the 'food for fuel' conflict. On the consumption side, Toyota emphasises its efforts to increase fuel standards for its vehicle fleet. The car maker is further developing station car concepts for park and ride commutes, smaller vehicles with only one or two passengers and car sharing as a more efficient use of individual vehicles. The frequently mentioned 'addiction to cars' is re-interpreted to an 'addiction of personal and individual mobility'. The general contradictions between good will and real practice were also not absent

from the conference itself. Lacking natural light, the Grand Salon at Essex House requires artificial lighting and not a single light bulb was of modern energy saving standard. Water on each table was shipped in from Norway – both issues that were specifically addressed during the sessions.

A more consistent interest in battling climate change was evident for ‘green collar’ firms such as banks and insurances represented at the summit with Swiss Re, JP Morgan and Deutsche Bank. Roger Ferguson of SwissRe – the first insurance firm to become carbon neutral – re-emphasised the enormous cost burden of natural disasters. The damage for Hurricane Katrina alone was \$66 billion, the entire global storm cost in 2005 reached \$200 billion. Rapid urbanisation in many coastal areas as well as an economy relying on just-in-time production with high vulnerability levels to any interruptions, have further increased storm impacts. Beyond extreme weather conditions, gradual changes of climate are also problematic. Increasing risks for farming in India for example makes rural micro insurance – the insurance equivalent of micro finance – a necessity for farmers to survive. For cities, establishing the post of chief risk officers would ensure a new awareness about the urban challenges of climate change mitigation and adaptation and further serve as an interface with the private sector. Seth Waugh, CEO of Deutsche Bank Americas, emphasised the bank’s urban sustainability commitment not only with regards to the Urban Age programme, in partnership with the London School of Economics and Political Science helping to define a new understanding of the critical role of cities in affecting social, economic and environmental success during an era of rapid globalization, but also by leveraging their expertise in the global financial markets to help find sustainable, market-based solutions, rather than band-aids for the problems. His colleague Kevin Parker referred to the enormous opportunity of more renewable-prone decentralised energy supply by adopting the ‘last mile approach’ as successfully applied for IT technology. The required shift away from a carbon economy was further underlined by JP Morgan’s Blythe Masters. He regards carbon markets, such as the \$26 billion EU carbon trading scheme, as a critical opportunity.

The overall message for policy makers from the participating private corporations is clear: A consistent

response by the international community is critical. Three key elements are of particular importance. First, a globally recognized, long term monetary scheme for CO2 reduction. Second, uncompromised international participation including emerging markets. And third, a general priority for market based reduction mechanisms. Consequently, a carbon trade scheme seems the most efficient measure.

Regardless the general desire for international agreements tackling climate change, all participants at the New York C40 Large Cities Climate Summit emphasised that city administration are already key facilitator for any carbon policies. The announcement of a \$5 billion global Energy Efficiency Building Retrofit Program by the Clinton Climate Initiative (CCI) as part of the C40 Summit further demonstrated the far reaching public-private collaboration on the city level. This program brings together four of the world’s largest energy service companies, five of the world’s largest banks, and fifteen of the world’s largest cities in a landmark programme designed to reduce energy consumption in existing buildings. Cities further have the tools for the work on the ground; they understand how to run critical implementation instruments while developing long term visions. Both need to be activated to address the global environmental challenge and to send a strong signal about governments’ ability to make things happen.

To quote Bill Clinton: ‘Mayors are in the doing business’.

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