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By John Browne

Toward cleaner fuels

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Climate change is an issue which raises fundamental questions about the relationship between companies and society, and between one generation and the next. It's also about cost. To some, especially in business, the costs of taking action could be huge and unsustainable and threaten growth. To others, the cost of doing nothing now is likely to be far greater given the risk of draconian action in the future if the evidence of climate change becomes overwhelming.

Our experience is that cost is not a factor. Five years ago BP accepted the precautionary logic. We accepted that the risks of climate change were serious and we accepted that action was justified even though scientific knowledge on the subject was incomplete. This represented a break with the consensus. But a break was inevitable. Large international companies simply cannot live in denial of mounting evidence gathered by hundreds of reputable scientists all over the world.

Today we can assert two things with the confidence born of practical involvement. Savings from reduced energy inputs and increased efficiency outweigh all the expenditures involved. And growth is not at risk from precautionary action.

In 1997 we knew that the immediate challenge could not be solved by a sudden transformation of the energy mix. Changes of that magnitude take generations. Instead we focused on hydrocarbons — oil and gas — because they are the fuels that will provide the bulk of existing and incremental energy supply for years to come.

We challenged our people and we set targets. The goal became to reduce our emissions of greenhouse gases by 10 per cent from a 1990 base line by 2010. Five years on we've delivered. Our carbon dioxide emissions have fallen to about 80 million tons a year — 10 million tons below the 1990 level. We've done this seven years ahead of schedule and we've done it at no net economic cost to the company.

What was the secret? The truth is that there was no single magic bullet. Instead the answer lay in a combination of efficiency, technology and better use of the energy we consume — plus putting targets on a performance basis and allowing people the space to deliver. Along the way we've learned a lot. We've learned how to measure emissions with more precision. We've learned how to trade these emissions. The quality of products we sell has improved with the introduction of cleaner fuels. Technology has helped enormously. So has the growing role of natural gas and the contribution of solar energy.

It's a good start. But it's no place to stop. What to do? We've decided to hold emissions from our operations at 10 per cent below 1990 levels through 2012. About half these improvements will come from greater energy efficiency and half from the use of market mechanisms, generating carbon credits. As before we expect to achieve the target at no net cost.

We won't be able to do this alone. To succeed we need the help of partners in the energy and automotive industries. We need help from the academic community. We need the support of governments, particularly in setting frameworks and offering incentives. But acting together we can reinvent the energy business. That is the challenge facing us all.

Lord Browne is group chief executive of BP. He contributed this comment to the International Herald Tribune.