

DEBATE

Patrick NICOLET

I would like to open the floor to questions on the technical aspect of climate change, but also on what this young generation is expecting and how they would like to engage with you, as you showed in the case for Liang, in the call for diversity and finding a solution all together, which is part of the solution.

Tatsuo MASUDA

This is just a wonderful moment and I am very touched with your line of future leaders of the world. Congratulations on this panel. My name is Tatsuo Masuda and I am [inaudible] professor in Japan and Chairman of FairCourt Capital in London.

I need your advice please. I belonged to the Energy and Environment workshop and we had a long debate on how to narrow the generational gap on climate change perception. We came to the idea that next year at the UN Climate Summit in September 2020 we will respond to Greta Thunberg's challenge with some concrete measures. Do you think this is a great idea for our generation to do to bridge the gap with younger generations, or do you have second thoughts? Please give us advice on what to do.

Patrick NICOLET

OK, let us take maybe another question.

Dania KOLEILAT KHATIB

Thank you everyone for a great and very enlightening presentation. I just want to add something, because you all spoke technically, to give the subject a bit of a geopolitical perspective. The climate change has political implications. I am a specialist on Syria and of course there was corruption, oppression, you name it, but what led to the crisis was a drought that came to Syria that year. Of course, the government is inefficient, oppressive and does not care, which led to one million people in rural areas being driven below the poverty line and going to the cities and suburbs. That led to major discontent and this was the spark for the revolution. Also, a lot of fighting between groups in Iraq is on areas that have water. I want to say that climate change is not in our health in 50 years, it is also leading today to political instability, especially in areas like Syria and Iraq, which are the most arid areas after the basin of India. They have one year of drought every seven years and we do not have any efficient solution. I want to add something, but you spoke Jihane about water scarcity but there are solutions. For example, the Mekong River, where Laos, Vietnam and Cambodia have a rotating presidency where the government of the three countries discuss and source projects to better benefit from this water. Thank you.

Manu MALLIKARJUN

Hello, my name is Manu, I am from India. I have a question for Peter. It is a difficult one and I do not really know how to articulate it. I study international relations, so they are training me to think as a realist. My question is whether it would be better not to talk about the profit motive and seeing climate change or fighting it as an industry? The reason I ask this is again perhaps coming from a cynical point of view, is that I draw an analogy from what is happening around the world when people speak of war and they say, it is a business. One of the reasons we have constant, endless wars is the military industrial complex. I ask this question because would you say we have the risk that somewhere down the line there are interests that arise to almost sabotage the objective behind the scenes, because it is business?

Patrick NICOLET

Three sets of questions. One is on the generation and gender, one of geopolitics and one on finance. The good news is that there are six of you so that is two answers per question, pick your battle Let us start with you, Jihane.

Jihane AJITI

I am completely aligned with you. The world effects of climate changing are already there and we see them in Africa more than anywhere else. I referred to the deforestation, but there is also the desertification that is happening today, the Sahel is growing. It is actually leading the growers to move their herds down south and they move down south to the agricultural lands and actually there is a lot of trouble and tribal scuffling between the growers and the farmers. That is leading to extreme violence, especially in Nigeria for example, as well as north of Mali. As you said, we also have the problem of droughts, which is a problem we have had in the last years in Austral and East Africa. The effects were dramatic with the prices of crops increasing, people in extreme poverty who could not afford to feed themselves. To be able to have innovative solutions, like the one you referred to in the Mekong River it is necessary to have more geopolitical stability. To be able to do that the countries need to talk to each other and build alliances. This is actually very complicated operationally today. I hope that because of the urgency and the momentum at some points our heads of states will also realize that there is an emergency and that we need to talk to each other and find solutions because it is a problem that concerns everyone and at the end of the day, everyone will face it.

Patrick NICOLET

Thank you. James, maybe, to complement?

James STUEWE

To the first question in terms of what concrete measures we could bring forward, again I think we are all looking for that. I would just encourage you as you think about those concrete measures to think alternately about the issue of inequality. This is what I was trying to touch on mostly, that ultimately you need to think about how you can enable people to actually use those measures. It is one thing to have a good policy and it is one thing to have good tools, but if in the end people are not able to make use of those or internalize them because of other externalities, because of the concern for their safety or security in their work, they are just not going to get there. Those tools actually will not be used as efficiently as you hoped they would.

Peter BRUCE-CLARK

I had a rather direct question to me. I kind of wanted to touch on some of the generational conversation too and I wanted to use a very personal example. Trying to narrate what we do is so fascinating right now, particularly within venture capital and with old venture capitalists, convincing them that they should invest follow-on finance in our portfolio of companies. There are two different languages I find myself speaking. One is about my conviction about how we should consume less, do all of these different multi-prong approaches and I can focus on the impact slant of things. Interestingly, not all of mainstream venture capital cares about that, so to some degree I then have to go from talking to an entrepreneur who is very inspired about what they are doing and has so much conviction around that. Then I have to put on a very different hat and go talk to the Andersens of the world, the Founders Funds of the world, these different sorts of investment funds, though thankfully both those firms are forward-looking.

The other thing I wanted to touch upon was what motivates people. We are all motivated by quite human things, desire, drives, love, power, all of these conflicting and at the same time strangely compatible drives. What I notice is that some people are responding better to the narrative when I start talking about money because it is a better anchor for them psychologically and ideologically. I want to show people that they can have both. I just try to figure out who my audience might be to focus on what might motivate them and speak in a language that meets them where they are.

Patrick NICOLET

Thank you. A Russian view, Polina?

Polina VASILENKO

I would like to touch on the question about young and old people; old is fine, if I can say it like this. What I want to say that if you are talking about human extinction, it is not about old, young, woman, man, it does not matter, so we all should unite and fight it. I mean, why do we need a plastic bottle to fill-up our cups here? Why can we not fill-up our cups in advance and drink from the cafeteria? Why make a lot of waste? We are all different and there can be a different approach from government, but if you have some power in government and influence, if you have no influence and for 25 years you are pushing a law that does not work, go and plant trees. At least that will be a positive step for our planet, and you will something good. Or maybe the political sphere is not for you, so go and be an engineer and place PV models, build wind turbines. It does not matter what you do, it is just to find the best way you can be useful. This is what I think.

Patrick NICOLET

Xavier, on the question about how you mobilize across. You presented us with the governance, the national committee and then what about the generation gap or diversity?

Xavier PLOQUIN

I think this is a very interesting question because on the Citizen Convention I think that 25% of the people are retired, so you have to bridge the generation gap because otherwise there will be no decisions in the end. I think one of the most important things that the elderly can testify about is how life has improved over the course of their lives, because the carbon we have used, we have used it to improve our lives. We have used it to eat better, to have better health and more transportation and young people probably do not realise that. That is also probably the reason why they do not understand why the elderly are more attached to the way they live today because they have realized how they lived yesterday. I think that there has to be a discussion, as you said, about what we can abandon like plastic bottles and a huge car and a big house somewhere far from the city. Then there are the things that really matter. Unlike my neighbour, I am not entirely sure that technology can produce the entire solution and especially technology without regulation that could generate money out of the air.

Patrick NICOLET

Liang, do you make money out of the air?

Wu LIANG

We make a lot out of the polluted air. I also wanted to tackle the question of the generation gap. Participating in this conference I realized that I also have a personal generation gap. I am still a Chinese citizen so in my life I did not have the opportunity to vote for any political party and for a very long time I was not really interested in politics. That was up to the point where I realized that voting is not the only opportunity to create change, to create innovation. I think that is also where the younger generation sees their opportunity, that without a vote they can also participate in a dialogue to create change. From personal experience I can also say that in our company, for instance our CTO, he has worked for the automobile industry for over 30 years and at a certain point he came to the realization that this was not what he wanted to do for the rest of his life and what he wants to leave for the next generation. It was also his personal experience that drove him to our company, and this again makes it possible to learn from the older generation and learn from their experience of how you can create a sustainable future.

Patrick NICOLET

Thank you.

Sean CLEARY

First of all, I just want to say it was deeply inspiring and thank you all very much for what you contributed. Let me throw the policy challenge at you and we do plant trees, personally. Right now, there is roughly USD 5.9 trillion to USD 6.2 trillion, the numbers are not in for 2019, being paid as fossil fuel subsidies, today. If you want the figures you can get them on the IMF website. The problem is about 75% of those subsidies make energy provided by existing energy utilities affordable for people who cannot pay market prices for it; about 75% of that USD 5.9 trillion to USD 6.2 trillion. One problem: how do we shift that package of subsidies, which would make a real difference in terms of creating alternative technology solutions and potentially make some contribution towards changing behaviours, your point is very valid? How do we shift that into energy transitions that actually focus on deep decarbonization and increasing use of renewables?

Point two, right now we have about 2 000 gigawatts of coal-fired plants that are less than 12 years old. The capital cost involved in those particular investments today is gigantic and most of it is still attracting debt service obligations either from the countries or the utilities that put it up in the first place. How do we deal with that problem in the context of energy transitions? It is not that we do not need to deeply decarbonize and to shift vastly towards more responsible lifestyles and to the extent that we are going to rely on fuel for electricity and mobility, increasing use of renewables, it is how to do the transitions. That is the challenge. You are all making a contribution to it precisely because you are doing that, I am throwing out the bigger challenge to you. It is not because I expect answers now, these are really tough questions, but just because that is what we all collectively face if we actually want to get down somewhere close to that 1.5 degree level.

Patrick NICOLET

I think it shows how seriously you are taken given the size of the challenge. Thank you for the point. Let us see if there is another question and I will come back to this, because I think it calls for another thing: how do we carry this conversation forward with the talent we have? Like you, I do not think we will have the answer especially in two minutes and 47 seconds, but it is how we carry forward. The challenge for Song-Nim and myself is that yes, I think we have part of the team here and other young leaders we have brought into this and they could work on this and come up with propositions. Your last questions in particular have been discussed when we prepared this question, and unfortunately, we acknowledged it and we did not have a proper answer, but your two points are acknowledged. Another question? Please be kind, thank you. Another young leader who could contribute to the question.

Mathilde PAK

First of all, thank you so much for your presentations. It was very exciting and very inspiring. I am less skeptical than Xavier about technology, I have high hopes that it will help us move towards new business models that are more circular economy style or that it will help us live with the consequences of pollution. However, whenever I hear about all these fantastic innovations, it is still very localised or regional. My question is, what should be or could be the next steps to move from fantastic local innovations to something that is more widespread all around the world?

Jihane AJITI

I will try to share my thoughts for your question on the policy challenge. I think that it is almost impossible to solve the equation of one securing that the middle class population can still have access to transportation and then to the carbon taxes. We see with the example of France what happened when they took-off the carbon tax. At the same time, we also need to invest, so for me it is not a shift in the budget. I think we have to realise that we have to spend money and more money and more debts to be able to address that problem. I think that if it is more debt today it is going to be less investment tomorrow. It is going to be too late, so it is better to spend the money now and try to push that transition without harming the livelihood of the population. It is controversial but I think that debt is necessary in this case.

Patrick NICOLET

Thank you. We are at the end of the time. There are a couple of other questions, so you still have the opportunity to engage with our young leaders. I think on the last point we take up the challenge of building something and structure



something, maybe not before one year, but in preparation to be discussed with Thierry how he wants to handle it. Big challenges are thrown at our young leaders and I think we should say 'yes' to taking on the challenges.

Thierry DE MONTBRIAL

Always say yes!

Patrick NICOLET

And then get back and surprise you with the answers. Thank you for your participation.