

When It Comes to Climate Change, the Important Thing Is Simply to Begin, Says Major Mining Executive

Climate change is a long-term problem that requires immediate and constructive stakeholder engagement, Preston Chiaro, chief executive of the Rio Tinto Energy Division, said in a speech at RFF in February.

Chiaro delivered the 2005 Hans Landsberg Memorial Lecture with remarks titled “Adapting to a Changing Climate.” Rio Tinto is the second-largest mining company in the world. The company considers itself a leader in sustainable development.

To illustrate his views on the climate change debate, Chiaro drew on a statement attributed to Alexander the Great about a major battle where his troops were completely outnumbered: “The obstacles may seem insurmountable. Our information is imperfect. We will probably make mistakes along the way. There is no assurance of success. The generals are offering conflicting advice. The most important thing is simply to begin.”

Chiaro said there are no quick solutions to our energy situation, citing an International Energy Agency report that forecasted world energy demand to rise 66 percent by 2030, with fossil fuels meeting 90 percent of that increase.

“Coal use has increased every year for centuries, and energy experts will tell you that, although its proportional contribution to world energy

demand may diminish, its actual use is likely to continue to increase for the foreseeable future,” Chiaro said.

There are a number of fundamental reasons for this, but the three most important are security of supply, availability, and affordability, Chiaro said. The world consumed about five billion tons of coal in 2004, and, of that total, the United States used about one billion tons. But China has overtaken the United States as the world’s coal giant, he said. In 2004 alone, China expanded coal production by nearly 250 million tons, bringing its total for last year to almost two billion tons.

“On a simplistic level you might say the answer to coal’s carbon dioxide emissions is simply to stop burning

the coal,” Chiaro said. But developing countries like China and India are justifiably seeking the same quality of life that we in the developed world enjoy, he said.

Right now, coal fuels 90 percent of China’s electricity demands and 70 percent of India’s, and for good reason, Chiaro said. Proven coal reserves are vast in these countries, so it is affordable. And there are no ready alternatives to this basic reality, he said.

“Real change will take 20 to 50 years,” Chiaro said, “not only because it will take that long for government policies to come to grips with the issue, but also because of the long capital cycles inherent in the energy industry. But I am certainly not advocating a go-slow approach.”

“It is critical to act now,” Chiaro said, “precisely because these developments will take time. Stabilizing concentrations of greenhouse gases in the atmosphere will require fundamental changes in the energy system worldwide.”

The Hans Landsberg Memorial Lecture is an annual event dedicated to the memory of Landsberg, a pioneer in energy and mineral economics who was a devoted member of the RFF staff for nearly 40 years. ■

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