

European Energy and Industrial Policy after Copenhagen and the Crisis

– Sectoral Approaches –

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OBJECTIVE OF THE PRESENTATION

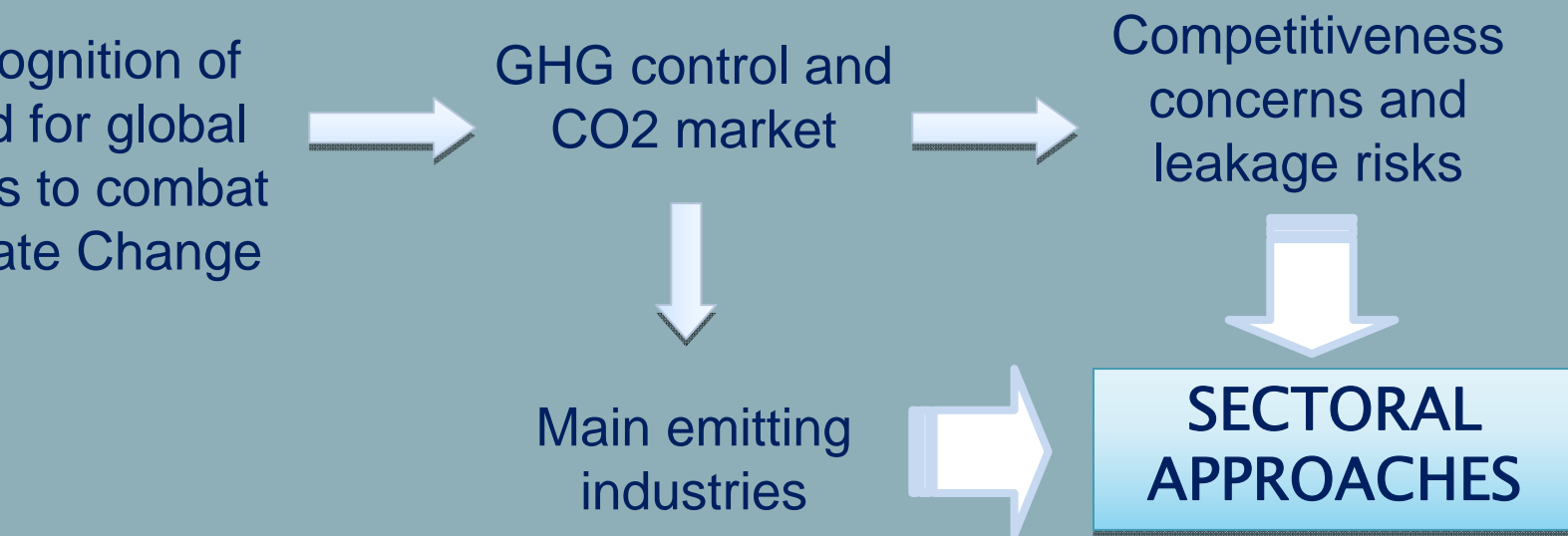
A) The overall objective is to strike a balance:

- Environment concerns
- Energy security
- Competitiveness

B) One solution = **SECTORAL APPROACHES (SA)**



MOTIVATIONS FOR A SECTORAL APPROACH



UNFCCC

Bali Action Plan: “co-operative sectoral approaches and sector-specific actions”

CONTENT OF THE PRESENTATION

- 1) Definition**
- 2) Pros and cons of SA**
- 3) Recent research and initiatives**
- 4) Integration at international and EU level**
- 5) Conclusions**

SECTORAL APPROACH DEFINITION

Sectoral Approach (SA) typologies

- Bottom-up sector-wide transnational approaches, e.g., transnational industry-led approaches that aim to engage a sector on a broad international basis
- Bottom-up country commitments, possibly combined with close targets
- Top-down sectoral crediting, as an incentive mechanism, e.g., sectoral Clean Development Mechanism

SECTORS: Energy-intensive industries, automotive industry, electricity, aviation, marine transport, etc.



MAJOR BENEFITS

COMBATING CLIMATE CHANGE

Quicken the collective **response to climate change** and explore **alternative** pathways for countries not prepared to assume targets

LEVEL PLAYING FIELD

Alleviate **competitiveness concerns** in trade-exposed industries

**Sectoral Approach (SA)
has the potential to...**

EMERGING ECONOMIES

Provide an opportunity for **developing countries** to accelerate the adoption of **technology** and facilitate access to **financing**

TECHNOLOGY AND BEST PRACTICES

Enhance **technology innovation** and **best practices** diffusion in order to increase operational efficiency

MAJOR CHALLENGES

Data definition and collection

Effective MRV by a third party, avoiding time-consuming and potentially costly activities

Risk of anti-competitive behaviour

Incentives for developing countries

Capacity-building and access to data and best practice

Administrative structure



RECENT RESEARCH AND SA INITIATIVES

Research initiatives:

WRI	IDDRI
ISD	CCAP
Ecofys and GtripleC	IEA
CEPS	OECD
Pew Center on Global CC	European Commission

Initiatives in Industry organisations:

Sustainability
Initiative | CSI



Initiatives beyond climate change policy:

- Montreal Protocol
- Directive EC 2037/2000 (HCFCs)

SCENARIOS IN INTERNATIONAL NEGOTIATIONS

- 1) International agreement**
- 2) Second Commitment Period
for the Kyoto Protocol**
- 3) No agreement**

INTERNATIONAL AGREEMENT

SA IMPLEMENTATION UNDER THE UNFCCC

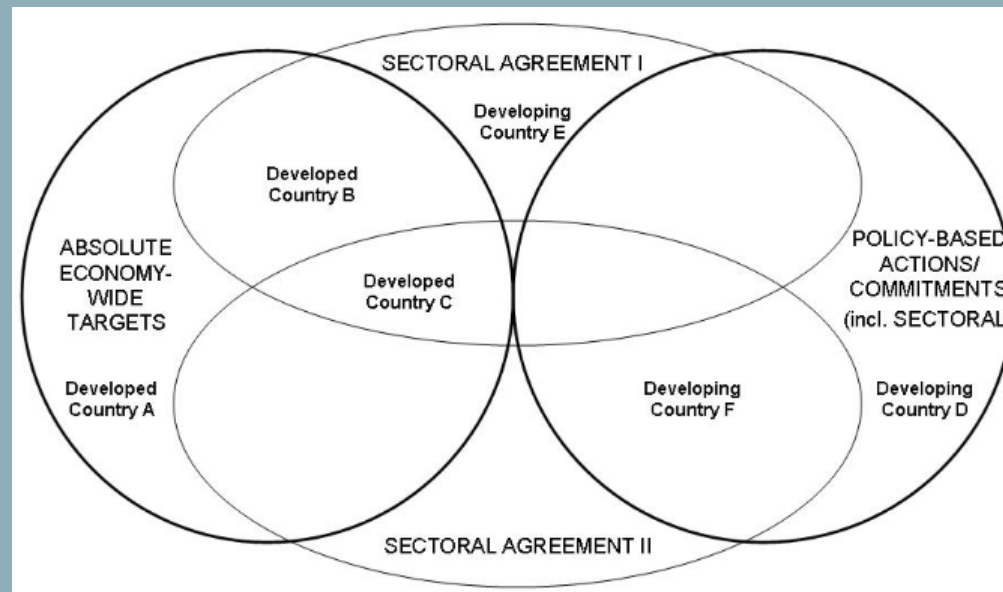
commitment and pledges under different tracks, adopted as a package

flexible multi-track post-2012 Framework, including:

absolute economy-wide targets;

policy-base actions/ commitments (sectoral or economy-wide)

sectoral agreements”.



Source: Pew Center on Global Climate Change

SECOND COMMITMENT PERIOD

LINKED WITH UNFCCC FOR REPORTING AND/OR TRADING

Top-down
sectoral crediting



A sectoral crediting mechanism could evolve from existing flexibility mechanisms under the Kyoto Protocol

Sector-wide
national approach



Developed countries: agreements as a supplement of country goals
Developing countries: agreements as (part of) their contribution to the global mitigation effort

NO AGREEMENT

INDUSTRY-LED INITIATIVES OUTSIDE THE UNFCCC

Bottom-up
country
commitments

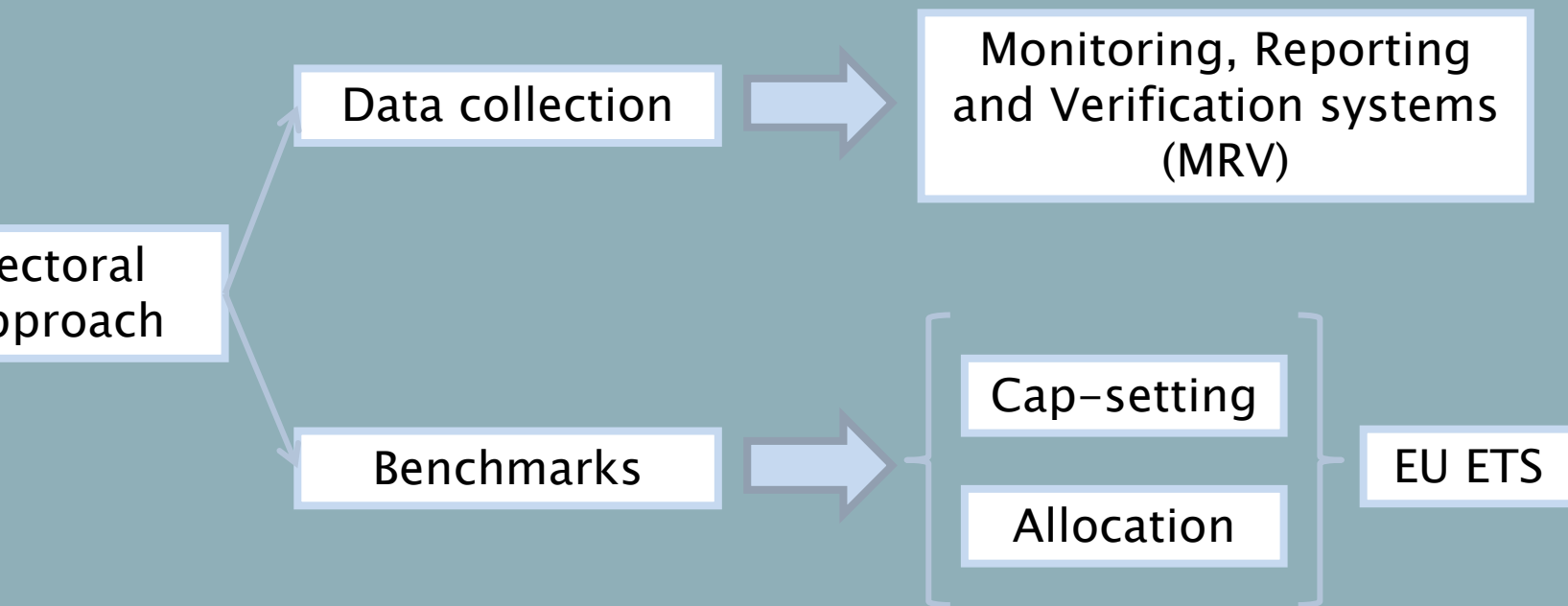


Industry-led sectoral approaches remain bottom-up in performance benchmarking and may contribute to:

- Identify win-win mitigation options,
- Discover hitherto unknown abatement potentials in developed and emerging economies,
- Realize cost-effective solutions based on the sound knowledge of an industry.

gh the implementation is outside the UNFCCC, agreed efforts could be reported

SA CONTRIBUTION TO EU POLICY



THE WAY FORWARD

Action needs to be undertaken urgently.

One way forward is to adopt the Sectoral Approach.

Whether or not an international agreement on Climate Change is forthcoming, the Sectoral Approach is still highly valid and valuable.