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EIN NEWSLETTER

Events of the Network

26 January 2010. EIN Breakfast Meeting. "EU/ China relations after the Lisbon Treaty"

23 February 2010. EIN Review Meeting
"Translating Research and Debate into Policy Making after the Lisbon Treaty"
"Discussing the Europe 2020 Strategy"
"The Crisis of the Euro : a political challenge"

EIN Research and Debates :

A. Discussion on: "Global Climate Policy : Justice and Burden Sharing" - Berlin, 28-29 January 2010

After introduction by Hans-Gert Pöttering (the day before), Jaime Mayor Oreja, Vice-Chairman of the EEP Group and Michael Borchard, Director Policy Departement KAS, the first discussion was organised around a presentation by Prof. Dirk Messner on the theme : "Global Climate Policy : Justice and Burden Sharing as Major Challenges". Reactions from three panellists followed : Professor Lutz Wicke, Prof. Viktor Vanberg, Prof. Dominique Lecourt.

It was argued that are facing much more than an economic crisis worldwide:

- We are facing a crisis of values and there is a strong need to recover a sense of justice and balance : we have all been leaving above our means ; we have lost credibility; concerning climate change, LDCs are going to be the main victims : compensation from OECD countries, not aid, is needed.

- We are facing a crisis of governance. Copenhagen is more than a political defeat. It is a dramatic blow to the likelyhood of global governance; as far as climate policy is concerned the question is now: is global cooperation within the given time frame still possible ? If we continue to fail to reach a global agreement on climate, we are likely to face huge costs of adaptation (see the Stern report) and the security consequences of climate change (climate refugees, destabilization). According to the World Bank Report 2009, access to soil, water, cheap energy as well as environmental stability- the very bases of any civilization - are already under threat for a large number of peoples.

- We are facing an intellectual crisis. The political idea of progress - defined as a policy of common interest based on evidence from the sciences

- is being seriously challenged. In France the *precautionary principle* has become a constitutional principle with many side effects; in other countries the same unformulated principle is freezing the debate on nuclear energy. People tend to forget cost/benefit analyses and focus on risk prevention. Scientific evidence is been challenged by influential and sometimes violent lobby groups. Innovation, that is so necessary to address climate change, is discouraged and delayed

A Global cap and trade system, based on estimated national carbon budgets since 1990, **appears to be one of the only system to address both the issue of fairness and efficiency**. Fairness is achieved because the polluter pays ; the "right to pollute" is computed per capita (since 1990) : every one is equal. According to that system Germany and US would have almost exhausted their right to pollute (and would have to buy rights to continue doing so) whereas China would have 26 years ahead before having to stop emissions and India more than a century.

According to the German WBGU there is still a small chance to reach a carbon peak in 2015-2020 with:

a) national milestone policies and adequate decarbonization road maps that would be binding;

b) emission trading at a global scale: high emittor countries will buy rights to very low emittor countries creating financial flows of 35 to 100 billion a year to LDCs around 2020;

c) climate partnerships;

d) supervision of a Global Climate Bank.

B. Discussion on "A fair and Climate-Efficient Global Emission Trading System"

The second discussion was organised around a 45-minute presentation by Prof. Lutz Wicke on the theme: 'After the Collapse of the EU's International Climate Policy Strategy: Restart Copenhagen – A Fair and Climate-Efficient Global Emission Trading System'. Reactions from three panellists (Parliamentary State Secretary Ursula Heinen-Esser, Dr Carsten Rolle and Dr Oliver Geden) followed.

It was argued that only a climate-friendly economic and regulatory infrastructure could only succeed if it was integrated at a global level. Any less integrated infrastructure would be vitiated by system-cheats and carbon leakages, which would make it impossible for front-runners to succeed and be profitable.

It was argued that Kyoto cannot provide such an infrastructure. It does not sufficiently note the interests of the rest of the world. At Copenhagen, the international climate policy strategy had comprehensively failed in that none of its major aims were accepted by major non-EU countries. Indeed, the collapse was inevitable given several construction defects in Kyoto, which include:

a) its unfairness (in terms of how the various burdens are distributed),

b) the problem with using voluntary commitments that are not linked to global targets;

c) the impotence of nation-states to enforce ambitious national commitments;

d) an inefficient incentive system. Kyoto also induced vicious circle: good climate-friendly behaviour by (say) the EU, which would reduce demand for and the price of fossil fuels, could be exploited by countries that could buy such fossil fuels at cheaper prices.

A detailed framework for incentives that have a good possibility for reaching unanimous agreement at UN level was proposed. It would correct Kyoto's defects and include:

- Regulated markets for emission certificates but without international detail emission-supervision
- 30 dollar "safety valve" for 1 ton of C02
- Globally permanent incentives (sale of excess certificates channelled to climate-friendly investments and fight against poverty; **ecological-social Marshall Plans**)
- No compulsion for States themselves to reduce emissions.

Apart from questions of detail, the discussion raised sets of issues which would require further discussion for answers to be elaborated:

It was suggested that European industry might accept an accelerated European approach to meet targets, as long as the necessary investment could be assured of profitability in the long-term. Additionally, industries could not be divided into a simple dichotomy of 'clean' and 'dirty', since many high-technology 'clean' industries depended on being clustered close to industries with a large carbon footprint. Therefore a clustering approach needed to be taken to industry.

Question: Is a clustering approach compatible with the 'sectoral' approach (targeting high-emitting industries, such as steel, at a global level), which has sometimes been advocated during previous EIN discussions?

It was suggested that the proposed framework carried several incentives, but where was 'the stick'? A **hypothecated carbon tax** was mooted – where the proceeds from a carbon tax would be reinvested to help countries of origin develop a climate-friendly regime.

Franck Debié, EIN Policy Director
Ranier Fsadni, Rapporteur EIN WG 3 "Energy and Environment"

On the EIN Website

Prof. Dirk Messner, "*Climate Policy - Justice and Burden Sharing as Major Challenges*"
Power Point Presentation for the EIN Berlin Meeting

Prof. LudZ Wicke, *"Restart Kopenhagen : towards a Fair and Climate-efficient Global Emission Trading System"*
Power Point Presentation for the EIN Berlin Meeting

Coming Research on Energy Policy

The EIN on Energy and Climate Policy,- panelists from Germany, France, Spain, the US... discuss the future of Energy and Climate Policy after the shortcomings of Copenhagen negociations. A selection of EIN seminars held in Madrid, Washington, Vienna and Berlin.

Franck Debié, EIN Policy Director