



European Ideas Network
Policy Seminar
with



Energy Policy and Global Justice

Friday, 29 January 2010
Tiergartenstrasse 35, 10785, Berlin (Germany)

Summary

A. Discussion on: "Global Climate Policy: Justice and Burden Sharing"

After introduction by Hans-Gert Pottering (the day before), Jaime Mayor Oreja, Vice-President of the EPP Group and Michael Borchard, Director Policy Department 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. Discussion with the participants was then started.

I. We are facing 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, at least in the West; we have also made commitments we were unable to follow; we have lost credibility as far as "justice" was concerned both locally and at the international level;

concerning climate change, LDCs are going to be the victims: compensation from OCED countries, not aid, is needed.

- **We are facing a crisis of governance.** Copenhagen is more than a political defeat for the European nations. It is a dramatic blow to the likelihood of global governance; as far as climate policy is concerned the question is now: is global cooperation within the given time frame still possible? How are we going to make China, the biggest emitting country among emerging economies (40% of LDCs emissions 2004-2030), behave now as a responsible climate actor? If we continue to fail to reach a global agreement, we are likely to face huge cost of adaptation (Stern report) and the security consequences of climate change (climate refugees, destabilization).
- **We are facing a crisis affecting the core ideology of modernity.** The political idea of progress - defined as a policy of common interest based on evidence from the science - is being seriously challenged in public opinion: 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 being challenged by influential and sometimes violent lobby group. Innovation, that is so necessary to address climate change, is discouraged and delayed
- **A crisis of civilization is looming ahead;** namely civilizations die when the availability of soil, water, energy, and their environmental context are destroyed ; today access to soil, water, cheap energy as well as environmental stability are already under threat for a large number of peoples on the Earth.

II. 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 ;
- future generations interest is taken into account ;
- the "right to pollute" is computed per capita (since 1990) : every one is equal.

According to that system Germany and US would have almost today exhausted their right to pollute (and would have to buy rights to continue doing so) whereas China would have 26 years ahead before stopping emissions and India more than a century. Low carbon emitters can sell their rights to industrial countries.

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

- national milestone policies and adequate decarbonization road maps that would be binding ;
- emission trading at a global scale : high emitter countries will buy rights to very low emitter countries creating financial flows of 35 to 100 billion a year to LDCs ;
- climate partnerships ;
- 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, after which the discussion was opened to the floor.

Restarting Copenhagen :

- 1 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.
- 2 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:
 - Its unfairness (in terms of how the various burdens are distributed)
 - The problem with using voluntary commitments that are not linked to global targets
 - The impotence of nation-states to enforce ambitious national commitments
 - An inefficient incentive system
 - 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.
- 3 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:
 - Partially regulated markets for certification, covering persons (one equal certificate per human) and fuels
 - Globally permanent incentives (e.g. safety valve against skyrocketing prices; rewards for sale of excess certificates and for climate-friendly investments; and **ecological-social Marshall Plans**, where donors would be helped by the existence of transfer payments to developing countries; simpler

administration, which would be of benefit to countries with smaller or less efficient bureaucracies)

- No compulsion for States themselves to reduce emissions.

Outstanding questions

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

1. 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?

2. The demographic approach of incentivising curtailed population growth per country by issuing equal certificates per capita (for every person in the world) raised, first, an ethical question of what incentives states might have for intervening in private family planning.

Second, it raised a set of issues to do with the redistributive effects it would have on the international state system, not just economically by also politically. If certificates were awarded on the basis of where one was born, how would the politics of mobility be affected, if people moved, so to speak, with their carbon footprint but not with their certificate? For Europe, an integrated European Area could be established, but how would it affect attitudes towards asylum seekers? Could a climate strategy with this kind of certification operate without a policy towards (climate) refugees?

3. 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. Question: Would such a tax also require supervision of emitting plants and suppliers?