

Presentation by Jorgen Henningsen, 6 November 2009
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There are three main issues I would like to talk about: the level of ambition of current climate and energy policy; the role of the EU in international negotiations; and the EU ETS.

The ‘ambitious’ nature of current EU energy and climate policy

The overall emissions reduction targets for 2020, in the CARE package [20 per cent]: was widely launched, and widely accepted, as ‘*the ambitious climate policy*’ and as a guiding principle for Copenhagen. However, few people have actually examined the fine print and the numbers involved.

With regard to the 20% target for the reduction of greenhouse gases by 2020: be aware that this is relevant to the 1990 level. What has happened between 1990 and 2009 is important – particularly that the EU has gone through enlargement and has gained new Member States (the ‘EU-12’). With the exception of Slovenia, the current levels of emissions of all EU-12 countries are below those of 1990. In the EU-27, i.e. the EU as a whole, there has been a reduction of 9.3% since 1990, but the EU-15 (the previous Member States) is only down 8%. Therefore, the reductions from the EU-12 constitute a relatively ‘free’ contribution to the EU’s total reductions. To further be pedantic, another 3% was gained on account of the German unification – but it was a fall or a drop, not a ‘reduction’ per se.

So already by 2007, we have achieved a reduction of 9%. In addition, we currently find ourselves in an economic recession, which will lead to another fall in emissions (though one cannot blame the Commission for this). So say we’ve achieved 12%. Therefore, what is still needed before 2020 is actually less than the ‘20 20 20’ we’re hearing so much about – there is only 8% to go and this can be dealt with by the Clean Development Mechanism (CDM) etc.

This is basically what the CARE package says, yet it has been dressed up to be challenging, ambitious goals.

So, it is extremely important that MEPs know there is more to do than the 20 20 20 targets. By 2050, the EU has already stated that reductions should be between 80-90%. Taking the lower range, an 80% reduction, over the next 40 years, that is 2% each year, or 20% each decade. If we work on the basis of the 20 20 20 targets we are only promising a 8% reduction this decade, this is insufficient. It is also unfair to ask future generations to reduce, so perhaps we should try for an ‘exponential decline’; reducing as much as possible immediately. In reality we should be looking for a 30-35% reduction in domestic emissions by 2020, we are currently nowhere near this.

If over these next 5 parliamentary years we do nothing, then we will have problems. Moreover, it is important to note that the US and China are equally good at doing their numbers and they will understand what the EU 20% target really means.

On the upcoming UNFCCC negotiations in Copenhagen, COP15

The likelihood of having something significantly powerful for agreement in Copenhagen is unlikely. There are messages emerging from Barcelona today (the final day of the official preparation for Copenhagen) that it is considered a legally binding agreement at COP15 will no longer be possible. Instead people are stating that it will lead to something 'politically binding'. This term of 'politically binding' appears quite meaningless, essentially a declaration of intent, nothing more.

However, people are still assuming a subsequent legally binding agreement will appear.

Some of you may think that the main challenge for Copenhagen is that discussions in the US mean that Obama will come to the summit with no clear mandate, due to the slow progress of the Climate Change Bill. That it is just a question of bad timing and that once this challenge is overcome we will be free to pursue negotiations. It is not just a question of timing. Where there to be a subsequent legal agreement it would need to be ratified by the US Senate. In the Senate it is all a question of numbers, it takes a simple majority of 51 votes to pass a law and 60 to prevent a filibuster (additional time which can be perpetual) – it is already looking difficult to secure the 60 votes needed for the climate bill to pass. For the ratification of an international agreement, however, 67 Senators must support the case. The deliver 67 votes to ratify an international agreement emerging from Copenhagen -I don't believe this is possible.

So this leads me to believe that it's not a question of losing time since Bali, or not having enough time before Copenhagen; it's merely unlikely that in the next 5 years we'll see a sufficient international agreement to achieve the emissions reductions and stabilisation required.

So..... We need a different type of international agreement. This is where the European Parliament comes in – it may have to be a lot more ambitious than it anticipated.

If you want a way out – you need to go back to the climate convention ie the text of the UNFCCC agreed in Rio. Article 4.2, to which all signatories to the UNFCCC are committed, states that developed countries should pursue policies that respect the global climate. There is, therefore, an existing commitment to respect the natural limits of the climate. The next step may have to be to go back to this and rather than agreeing grand commitments on emission reduction be more pragmatic and agree approaches in specific areas. I believe we can get further internationally by pursuing this approach.

On the EU ETS

Policy makers should not change the goal posts as time goes on.

I myself was involved in the first draft of the original Directive on the EU ETS, and I was very supportive of the idea. But I believe that one should avoid 'falling too much in love with your children'! That is to say, the ETS is not achieving cost effective reductions in carbon emissions.

Why is this? Because the carbon price has been too low. Because in the first round it was left to the Member States MS to decide. The present situation is not much better, as Member States have been too generous. We are currently in a recession, and I am actually surprised that prices haven't fallen

further than they already have; I wouldn't be surprised to see a further fall. Companies need a level of predictability for the carbon market to function properly. That the recession has damaged the market can not be blamed upon anyone but it is a factor.

The Clean Development Mechanism (CDM) is a 'poison' for the ETS. It should not be the trade of annual allowances but the actual reductions being made that justify 'success'. Up until now it has been a 'conditional fiasco' and nothing delivered by the system can be called a success; it is therefore worrying that people are copying it the system internationally.

There is much work still to be done over the next five years on climate and energy policy.