Winning the battle against global climate change

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PURPOSE: the presentation of a Communication entitled ‘Winning the Battle Against Global Climate Change’.

CONTENT: With the entry into force of the Kyoto Protocol, international efforts to combat climate change enter a new phase. The EU has begun reducing its greenhouse gas emissions and now needs to develop its medium and long-term strategies for winning the battle against climate change, inside the EU and elsewhere in the international community. Several EU Member States have already announced or proposed national mid- and long-term climate targets.

This Communication responds to the request of the March 2004 European Council meeting for a cost benefit analysis which takes account both of environmental and competitiveness considerations, as preparation for a discussion on medium and longer term emission reduction strategies, including targets. On the basis of the analysis undertaken by the Commission, it recommends a number of elements which should be included in the EU’s future climate change strategies and proposes dialogue with key partners during 2005 in order to prepare the EU’s position for future international negotiations. It is accompanied by a working document setting out in greater detail the review of scientific evidence and the scenarios which have been analysed to underpin the information presented therein.

The main conclusions of the Communication are as follows:

Climate change is happening. Science tells us that we should be aiming to limit the future global average temperature increase to 2°C above pre-industrial levels in order to limit the damage. The 2°C target implies that policies are needed both to adapt to climate change and to mitigate climate change. Despite the implementation of already agreed policies, global emissions are likely to grow within the next two decades and global reductions of at least 15 % in emission by 2050 compared to 1990 levels would seem to be necessary, and will take significant effort.

Doing nothing is not a sensible option. The more action is postponed, the greater the risk of irreversible climate change, as options to stabilise greenhouse gas concentrations at lower levels are closed off. The science of climate change continues to develop and future evidence may show that change is taking place even faster than is apparent today. Therefore, a rational medium- and long-term climate policy should be based on a ‘keeping the door open’ strategy. Such a strategy would allow moving even to a lower than initially targeted concentration level in future, if new scientific knowledge points to the necessity to do so. Mitigation involves significant adjustments to our societies and economies, such as the restructuring of energy and transport systems. It is therefore imperative to use the most efficient and least-cost mix of adaptation and mitigation actions over time to meet our environmental objectives while maintaining our economic competitiveness. The future climate change strategy of the EU needs to include the following elements:

1) The broadening of participation:The EU will continue to play a leadership role in the multilateral approach to climate change, but wider participation on the basis of common but differentiated responsibilities is urgently required. Realistic progress towards the 2°C target is only within reach if more countries in the world take effective actions. In order to minimise negative economic impacts further policy efforts by the EU need to be accompanied by similar action of other major emitting nations. Moreover, policies to tackle climate change must be consistent with and contribute towards other important objectives (e.g. poverty reduction), accommodating the rather diverse conditions of current and future major emitters. The EU negotiating strategy should include an international process of negotiated

actions to reduce emissions, with the aim of involving and committing all large emitters. These actions could consist of specific projects or programmes to improve energy efficiency or to promote low-carbon technologies as well as more comprehensive policies, including targets.

2) The inclusion of more policy areas:The scope of international action must be widened to cover all greenhouse gases and sectors. In particular, the fast growing emissions from aviation and maritime transport should be included. A fresh look will have to be taken at how to halt deforestation of the world's forests. Addressing this problem as a specific issue in some regions is necessary as almost 20 % of global greenhouse gas emissions are currently emitted due to land use changes.

3) Enhanced innovation: The required transformation of energy and transport systems presents a major innovation challenge. Within the context of the Lisbon strategy, a technology policy employing an optimal mix of 'push' and 'pull' policy instruments should be developed to underpin the restructuring process. Placing an emphasis on cost-effective emission abatement would be essential. A portfolio of low emission technologies is already available and needs to be disseminated more widely. More research is needed to bring new technologies closer to the market.

4) The continued use of market based and flexible instruments: Successful structural elements of the Kyoto Protocol should be maintained in any new system post 2012. These include emissions trading, as introduced by the European Union, on the basis of emission limitations and project based mechanisms as building blocks to a truly international carbon market, the rules for monitoring and reporting on emissions, and a multi-lateral compliance regime.

While continuing to promote the concept of targets and timetables, the scope of international negotiations has to be broadened so as to concretely link climate change issues with research, development, deployment and diffusion of new technologies, improving energy efficiency and developing low-carbon sources of energy and development policy. This broadening of the scope for negotiation has to be understood as a way of creating incentives and motivation for more countries to participate in actions against climate change. Developing countries will make huge investments into their energy infrastructure over the coming decades. Public funds that are channelled by the World Bank, EIB, EBRD and other development banks need to be used to leverage developing countries' own savings towards climate-friendly investments, particularly in the energy sector. The potential of a global low-carbon energy programme and technology transfer and diffusion funds focusing on major emerging economies needs to be explored.

5) The inclusion of adaptation policies:More resources need to be allocated in the EU to adapt effectively to climate change. The adaptation efforts of the poorest and worst-affected countries should be financially supported.