

Energy and Climate Change: Is the UK an Environmental Champion?

18 September 2008

Conference Report

The conference was opened by **Professor Stephen Haseler** of the Global Policy Institute. **Brendan Donnelly**, Director of the Federal Trust, then took over as chairman and thanked the European Commission Representation in London for making this conference possible through their generous support. The first speaker was Lord Giddens.

Lord Giddens began with the observation that climate change posed a new kind of risk which would require new solutions. Although it was a global problem the response to it at the national level was crucial and so far had been inadequate.

Lord Giddens listed three specific aspects which distinguished climate change from previous problems. Firstly, climate change was an abstract risk. It was a future risk with no clear enemy to fight, unlike for example the Cold War. He quoted Al Gore's remark that climate change required "wartime mobilisation without war". However, he also pointed towards what he called "Giddens's paradox", which described the situation that people facing a serious risk would only act on it once they were directly confronted with the visible consequences. But by then it might be too late to do anything about it. The second unique challenge in the climate change debate was that climate change was not an issue which could be put aside and dealt with later. This was due to the fact that any greenhouse gases emitted into the atmosphere were there to stay, and the longer the debate about a suitable response went on the more pollution was taking place, exacerbating the problem even further. The third problem which was specific to the climate change dilemma was that it gave ample opportunity for "freeriders" and therefore led to problems of collective action. In the international context

the efforts by the EU to show leadership in the climate change debate could make only a marginal difference to the global problem and yet lead to a competitive disadvantage of EU industries if there was no action by other major industrialised countries, such as the US or Canada.

Lord Giddens then lamented the absence of any "politics of climate change". In particular, national governments had not developed any long term thinking on climate change nor developed a medium term political strategy regarding it. There were still numerous questions which needed to be addressed by the political establishment: How to plan for the future, lacking the possibility to go back to planning as in the 1960s? How to develop a political consensus, since climate change was not an issue fitting into the left - right political divide? Instead politics of a "radical centre", supported by a majority of parties, were needed to address the problems of climate change and energy security. There seemed, in the view of Lord Giddens, to be no obvious solution on how climate change could be turned into a "front of the mind" issue for national electorates.

Turning to the UK, Lord Giddens argued that although the UK seemed likely to meet the Kyoto target, this was not due to its political strategy on climate change but to the legacy of Margaret Thatcher's anti-coal mining policies. Tony Blair only focussed on the climate change issue very late in his leadership, when he laid the foundations for the bills currently going through Parliament, the Climate Change Bill and the Energy Bill. The establishment of the climate change committee was a further element of this package. However, despite the progress made through the establishment



of the committee and the government bills, questions remained on how effectively these measures would be implemented.

In conclusion, Lord Giddens looked critically at the EU's attempts to show leadership in the climate change debate. He was sceptical about the success the EU would have in making its member states work effectively together, and voiced disappointment with the workings of the carbon trading scheme. He also pointed out that the problem of "freeriding" would also need to be confronted within the EU. Europe would need to address its relations with Russia in order to build a strategy for energy security and perhaps only high oil prices would keep climate change a "front of the mind" issue.

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The chairman then introduced the second speaker, **Mr Jürgen Salay** of the Climate and Energy Unit in Directorate-General Environment of the European Commission. In his introductory observations he pointed out that, since climate change was such a wide-reaching issue, it was important that any EU measures were well integrated into the national policies of member states and complemented by member state action. He also stressed that the EU needed to prove by 2020 that it could deliver on its objectives in order to maintain its credibility. At the same time energy security should be seen as an important driving factor for climate change policies in the light of Europe's dependency on Russia's oil reserves. It was also important to work towards making the carbon market fully international in order to make it function effectively.

Turning to the details of the climate and energy package proposed by the European Commission Mr Salay explained that this policy package should, on present plans, be agreed by EU member states by the end of 2008. Its four objectives for 2020 were: an independent commitment to reduce emissions of greenhouse gases by 20% (compared to the levels of 1990); to reduce greenhouse gas emissions by 30% (compared to the levels of 1990) in the context of international agreements; to increase the share of renewable energy used in final energy consumption to 20%; and to increase the share of biofuel used in transport to 10%. He then listed the four areas in which specific new directives were proposed as part of the climate and energy package: the revision of the EU Emissions Trading System (ETS); effort-sharing in non-ETS sectors; promotion of renewable energy; and carbon capture and storage.

Mr Salay stressed that at the heart of the package were the principles of cost-efficiency and fairness. Flexibility and the use of market-based instruments were to ensure cost-effectiveness, while a differentiation of the efforts of member states according to their GDP per capita would ensure a fair distribution of the burden. Although Mr Salay conceded that the proposals required a significant effort he maintained that the benefits would outweigh the costs. Discussing the benefits of the Commission's climate and energy package he pointed out that these measures would help avoid the long-term costs of climate change. They would also lead to innovation in the energy sector and give EU member states an advantage in the development of new low-carbon technologies. Furthermore, the proposals would mark progress towards energy security, making the EU less dependent on oil and gas imports, particularly from Russia. Better air quality through the reduction of pollution would lead to health benefits.

Mr Salay then went on to discuss the key political issues that were part of the package. They included the details of the auctioning mechanism, such as determining what quantity of emissions to trade and what to do with the revenue from the auction. Another important issue was the question of "carbon leakage" and the related issue of ensuring continued competitiveness for European industries.

He concluded by acknowledging the UK's role in climate policy, highlighting in particular the leadership the UK had shown at the international level, such as the G8 summit in Gleneagles. The UK was well on track to meet the Kyoto targets, but might well find it more difficult to meet its obligations post-2012. Since London was a global transaction centre for the carbon market the UK was well-placed to play a key role in emissions trading, in particular by encouraging the development of further market-based instruments.

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The final speaker was **Peter Luff**, Director of Action for a Global Climate Community. He believed that the British government, like many national governments, did not always match its real policies to its environmental rhetoric. Nevertheless there was a long and strong historical tradition for the British environmental movement, which produced internationally active organisations such as Friends of the Earth and Greenpeace, as well as committed individuals such as James Lovelock and the Prince of Wales.

He then turned to a review of key players in the formation of Britain's climate policy over the last decade. First he acknowledged the role of Crispin Tickell in convincing Margaret Thatcher of the climate change problem. This was crucial, since until then climate change was often seen as a "woolly liberal" issue: Mrs Thatcher's support ensured substantial cross-party co-operation on the issue. John Gummer, as environment secretary in the mid-1990s, made an early impact and played a key role in the UN Climate Change Convention. Michael Meacher was most radical in his time as environment minister, acting as a bridge between the government and NGOs, but was then swept out of office by the Iraq war. The key contribution by Margaret Beckett as environment secretary was to bring, or rather coerce, back to the negotiating table the US. This strategy of convincing the US and then bringing them on board was also used under Tony Blair's leadership at the G8 summit in Gleneagles. When David Miliband became Environment Secretary he made global warming a key issue, focussing in particular on carbon trading and aiming for mass mobilisation of public opinion. The current environment secretary Hilary Benn seemed committed to making the UK one of the leaders in emissions trading.

Mr Luff's overall assessment was that the UK was probably not quite an "environmental champion," but had made an important contribution in the fight against global warming. It still remained to be seen how committed Gordon Brown was to making an impact on the climate change agenda. Mr Luff questioned whether the British government would be ready for a fundamental discussion on the climate issue before environmental tipping points had been reached. He acknowledged the government's commitment to enter into a legally binding framework for reducing emissions, and the imminent launch of the Carbon Reduction Commitment scheme, which represented an effort to reduce emissions which went beyond the European Emissions Trading System. He was however critical of the way the government had rejected at European level the proposal to "hypothecate" the revenue generated through the auctioning of carbon credits for climate change related measures, in case this might be seen by voters as a new fiscal burden.

Mr Luff concluded with the suggestion that there might now be a real opportunity for Britain to rethink itself and its role in the EU. He observed that the EU needed a new sense of purpose, since the post-war consensus which had sustained European integration was clearly

weakening. The way forward was in his view a new partnership with the South, by binding the partners together in a joint commitment similar to the European Coal and Steel Community. Mr Luff conceded that countries such as India would currently be reluctant to agree to any burdens on their economies arising from emissions reduction, but pointed out that a fairer distribution based on per capita equity in emission reduction might be possible. He suggested that the project of such a global community could possibly be driven forward by an institutional link. He himself had been active in the organisation, Action for a Global Climate Community. There was much general interest in and sympathy towards the goals of this organisation, but political mobilisation for the attainment of these goals, for the reasons set out by Lord Giddens, was an uphill struggle.

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