

E-news update 28 February 2008

## CONTENT

### CLIMATE

- 1.1. Britain, climate change leaders
- 1.2. AP Interview: UN's de Boer says investors tackling global warming while governments spar
- 1.3. EU exporting climate pollution to emerging economies
- 1.4. Greece seen facing bleak climate future
- 1.5. UK's Brown calls for EU carbon bank
- 1.6. Britain's climate bill target to be reviewed by year end
- 1.7. Brazil Hosts Climate Change Forum
- 1.8. Adaptation 'key to climate deal'
- 1.9. IEA calls US on its policy

### ENERGY POLICY

- 2.1. EU ready to cut energy-intensive industries some slack from climate change package

### PUBLICATIONS

- 3.1. Views regarding the work program for issues under the Bali Action Plan

### CONFERENCES

- 4.1. NEW GHG EMISSION TRADING SCHEME IN THE EU. CAN IT DELIVER WHAT IT PROMISES?
- 4.2. European Patent Forum 2008, 6/7 May 2008, Ljubljana, Slovenia
- 4.3. IEA: Meeting Energy Efficiency Goals: Enhancing Compliance, Monitoring and Evaluation

## CLIMATE

### 1.1. Britain, climate change leaders

22 February 2008, TimesOnline

Hesitation today in putting reductions into effect will have serious consequences tomorrow. Climate change is the greatest market failure the world has seen. It requires large-scale and international action. By providing a strong policy framework to overcome this failure, governments can harness the tremendous power of markets to find effective, efficient, equitable and international responses to the challenge. For markets and entrepreneurship to work, that framework must be credible and predictable, but allow flexibility too.

The Climate Change Bill, currently in debate in the House of Lords, provides a huge opportunity to demonstrate the UK's commitment. Targets must be consistent with the scale of the problem - that means at least 80 per cent reductions by 2050 for the UK (relative to 1990); and they must promote efficiency and internationalism - that means openness to buying emissions reductions from poor countries.

Reversing the trend to higher global temperatures, more extreme and variable local weather patterns, increasing costs of natural disasters and potentially enormous population movements requires an urgent worldwide shift towards a low-carbon economy. Sound policy and international collaboration can deliver strong and clean growth for all at reasonable cost. Weak or delayed action will eventually choke off growth and is a far more costly option.

A global policy must satisfy three principles if it is to find international support: it must lead to cuts in CO<sub>2</sub> emissions on the scale required; it must be implemented in the most cost-effective way; and it must be equitable, to take account of the double inequity - it is poor countries that are hit earliest and hardest and rich countries that have greater responsibility for past emissions. At the same time, with the welcome rapid growth of some parts of the developing world it is crucial that they participate if the "deep cuts" in emissions agreed in Bali last December are to be achieved.

The Bill will make the UK the first country in the world to have a legally binding long-term framework to cut CO<sub>2</sub> emissions and adapt to climate change. The Bill proposes a 2050 target of at least 60 per cent reduction in CO<sub>2</sub> emissions compared with 1990 levels, and a 2020 target of between 26 per cent and 32 per cent reduction in CO<sub>2</sub> emissions against the same baseline. Five-yearly carbon emissions budgets will become the milestones on the way to the targets, and the first budget period begins this year.

Lord Turner of Ecchinswell has been appointed to chair the Committee on Climate Change, which will advise the Government on the 2050 target and the carbon budgets. He has a deep understanding both of the challenge and of how the private sector is central to any response.

The establishment of the committee is a radical institutional innovation. It will help us all to meet the UK's emissions targets by holding the Government to account. Significantly, one of the first jobs of the committee will be to report, as requested by the Prime Minister, on whether the 2050 target should be tightened up to 80 per cent. At Heiligendamm, the G8 agreed that the world must reduce global emissions by 50 per cent by 2050 in order to control the risks of severe climate change to acceptable levels.

But we should go farther. The UK, and other rich countries, should commit themselves to a target of at least 80 per cent. With a world reduction of 50 per cent that would bring us down to the world average only in 2050: we will remain above that between now and then. Given the historical responsibility of big countries for a large majority of the current stock of gases, that is surely the

minimum cut that equity demands. Clarity and predictability require that the decision be taken quickly.

In addition to being effective and equitable, we must also be efficient through pressing down on costs. By putting an appropriate price on carbon, people will be faced with the full social cost of their actions. A common global price would be most efficient because emissions reductions will then take place wherever they are cheapest. It is possible to put a price on carbon, explicitly through tax or trading, or implicitly through regulation. A system of carbon trading, however, has three important advantages. First, quotas control the level of emissions directly; secondly, trading for countries who want to exceed those quotes encourages better sharing of costs across the world; and thirdly, they provide incentives for developing countries to participate.

Price volatility is sometimes argued as a problem with quotas and trading. However, price volatility can be reduced by clarity of policy, firm decisions on quotas and broader and deeper markets. Thus there is a powerful case for a large element of carbon trading in the policy package in rich countries. Alongside rich countries setting their own strict targets on emissions, carbon prices at appropriate levels can be maintained that will give incentives both for reduction at home and purchase abroad.

The Climate Change Bill embodies elements of the three principles of effectiveness, efficiency and equity. If the 80 per cent target is adopted by the Government, as I believe it must, the UK will have made a legally binding commitment to emissions reductions that show an effective global policy response to climate change.

If, further, there is a clear understanding that some of this can be met by trade, we would not only help to keep down costs but also foster real incentives for developing countries to participate in the search for low-carbon growth while continuing their fight against poverty.

Lord Stern of Brentford is IG Patel Professor of Economics & Government at the London School of Economics and led the review on the economics of climate change published last year.

Link:

[http://www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article3412545.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article3412545.ece)

## **1.2. AP Interview: UN's de Boer says investors tackling global warming while governments spar**

21 February 2008, Herald Tribune

MONTE CARLO, Monaco: Private companies will soon be investing more than governments in cutting the production of greenhouse gases, the U.N.'s top climate change official said Thursday.

Yvo de Boer said business efforts were good but also not enough — and that only a binding international agreement on cutting carbon emissions will make private sector efforts financially viable.

"Business is really beginning to take climate change into account," de Boer, executive secretary of the U.N. Framework Convention for Climate Change, told The Associated Press. "There's a momentum building in the finance community."

He was speaking on the sidelines of a U.N. Environment Program forum in Monaco, the biggest meeting of environment ministers since international talks in Bali, Indonesia, in December produced agreement to adopt a plan by 2009 on collective worldwide efforts to reduce global warming. French nuclear manufacturing giant Areva announced Thursday that it went "carbon neutral" in 2007, joining the list of companies that say they have or plan to do so. An increasing number of multinational corporations are reporting their carbon footprint in their annual reports — and seeking to reduce it to please shareholders.

Going "carbon neutral" generally means taking steps to compensate for the greenhouse gases that companies or individuals emit in doing business or in their daily lives. Such measures can involve funding projects that aim to reduce emissions elsewhere in the world of the gases blamed for climate warming, for example by giving money to plant trees, build hydroelectric dams, or provide cooking stoves that use less fuel.

Towns and even countries are also trying to compensate for their emissions. Costa Rica says it wants to be carbon neutral by 2020, and China's sustainable cities program is aiming to do something similar on a municipal level.

De Boer predicted that private investment would soon outpace government investment in combating global warming. Already, he noted that the world's carbon markets generated US\$60 billion (€40 billion) last year, compared to about US\$80 billion (€55 billion) in official development aid for climate change.

Most of that private investment is going into carbon emissions trading deals. Rich nations that signed on to the 1997 Kyoto Protocol were given a limit for permitted carbon emissions. Companies in these countries can earn credit toward their quotas by paying to clean up the environment in poorer nations.

It took several years for the emissions trading scheme to catch on on a large scale, amid skepticism about global warming and fears that "green" investments weren't profitable.

But de Boer said companies are increasingly signing on as consensus has grown about the causes and dangers of global warming and as they brace for tougher government emissions rules expected post-2012.

Some of the private investment is in renewable energies such as wind and solar power — and nuclear energy, which has many activists wary.

The Bali talks were aimed at launching negotiations to replace the relatively modest emissions cuts laid out in the Kyoto Protocol, which expires in 2012. The final agreement from Bali has no specific emissions reductions targets, at the U.S. delegation's insistence.

Many countries are looking to the next U.S. president to mobilize American government efforts against climate change after years of resistance by U.S. President George W. Bush.

De Boer noted that leading presidential candidates John McCain, Barack Obama and Hillary Rodham Clinton all support government limits on emissions.

The challenge, he said, will be coming up with an international plan that will pass the U.S. Senate, where many are reluctant to endorse anything that does not require developing nations such as China to cut emissions, too.

The current U.S. administration's position caused tensions at the Monaco conference. The U.S. delegation insisted that the conclusions reached this week be merely "welcomed" instead of formally "adopted" — a position ridiculed by several European and African ministers present.

Link: <http://www.iht.com/articles/ap/2008/02/21/europe/EU-FIN-Monaco-Green-Finance.php>

### **1.3. EU exporting climate pollution to emerging economies**

20 February 2008, WWF

Brussels, Belgium – Europeans are responsible for greenhouse gas emissions produced not only in Europe but in other rapidly industrialising countries because of their consumption and trade patterns.

This occurs through imports of goods manufactured with carbon-intensive technologies in other areas of the world to satisfy European consumer demands, according to a new WWF report.

"It is vital that Europe shows real leadership by reducing its own domestic emissions by 30 per cent from 1990 levels by 2020. But it must also work with other countries such as China to make sure that the wider climate impacts of European consumption are addressed under a new international agreement on climate change," says Toby Quantrill, Head of International Governance at WWF-UK. The report, "EU consumption, global pollution", shows that CO2 emissions due to European consumption in 2001 were about 500 million tonnes higher than emissions physically produced in Europe. This is more than Italy's domestic emissions that same year.

Countries most impacted by European carbon imbalance are China, South-Africa and Russia. In total, China emits 22 per cent more CO2 than the emissions due to its consumption. For South Africa the amount raises to 63 per cent. Similarly, almost 10 per cent of Russian emissions are related to consumption in the EU.

The situation reflects the fact that the European economy mainly exports services and high-value goods while importing energy-intensive raw materials such as oil or steel. Imported goods also tend to cause far more emissions because production in some countries requires higher amount of energy.

WWF says that European climate commitments should be reflected in all European policies, including trade. European trade needs to stimulate innovation and clean technologies in emerging economies and, at the same time, eliminate barriers to climate-friendly goods entering the European market.

Link:

[http://www.panda.org/about\\_wwf/where\\_we\\_work/europe/what\\_we\\_do/epo/index.cfm?uNewsID=125140](http://www.panda.org/about_wwf/where_we_work/europe/what_we_do/epo/index.cfm?uNewsID=125140)

#### **1.4. Greece seen facing bleak climate future**

22 February 2008, Reuters

ATHENS (Reuters) - Greece will face droughts, higher temperatures and sea levels, and desertification that will damage agriculture and tourism because of climate change, EU Environment Commissioner Stavros Dimas said on Friday.

"The problem of parched land and drought will intensify and desertification will speed up (in Greece)," Dimas said in a speech. "Areas in seaside towns like Thessaloniki and Messolongi, will most likely find themselves under water."

Dimas said the average annual temperature around the Mediterranean had increased by 1 degree Celsius compared with a 0.74 degree rise globally. He did not say to which period this rise was compared.

Greece's average rainfall in the past few years has fallen by about 30 percent since the mid 1970s. The month of January in 2007 was the driest in half a century while last June was the hottest June on record, scientists have said.

Dimas said climate change is also affecting the flora and fauna of the country with migrating birds flying further north, citing a recent British study. Non-native viruses and diseases have also appeared. The number of Greek forest fires will increase releasing even more carbon monoxide into the atmosphere, he said.

"This will have consequences to our health. Tourism will receive a blow," Dimas said.

The European Union's executive adopted plans last month to cut greenhouse gas emissions, seeking to push the world into tough climate action.

"Greece must meet its Kyoto (environmental) protocol targets diligently," Dimas said, adding the country must boost alternative energy production, increase investment in energy-saving measures and include climate change measures in every policy.

"Climate change is a global problem in need of a global solution," Dimas said.

Link: <http://uk.reuters.com/article/environmentNews/idUKL2231604220080222>

### **1.5. UK's Brown calls for EU carbon bank**

21 February 2008, Reuters

BRUSSELS (Reuters) - British Prime Minister Gordon Brown called on Thursday for the creation of an independent European carbon bank to improve the functioning of the EU's Emissions Trading Scheme and help combat global warming.

He also urged international agreement among wealthy states on a World Bank fund to finance investments to help poor countries make the transition to a low-carbon economy.

On a visit to Brussels in which he contrasted his support for the European Union with the skepticism of the opposition Conservative party, Brown said the EU must lead the world in fighting climate change.

But his key new suggestion was to take the power to allocate permits to emit carbon dioxide, the greenhouse gas blamed most for global warming, out of the hands of the executive European Commission and give it to an independent body.

"We favor the creation of an independent European carbon market bank to set caps on carbon permits and establish how the carbon market should operate in the future," Brown told a news conference with Commission President Jose Manuel Barroso.

Such a move would strengthen the EU's Emissions Trading Scheme (ETS) and "promote the longer-term transparency and predictability that the market needs," he said.

A European Commission source said Barroso had told Brown privately that other member states were unlikely to support the idea.

The source recalled that Brown had proposed in the past an independent European competition authority to take key merger control, antitrust and state aid policing powers away from the Commission, but the idea had found no wider support.

A British official said an independent carbon bank would remove the risk that decisions on carbon permit allocations were influenced by short-term political pressures.

A European carbon bank would establish principles and ways to integrate the ETS into a wider global carbon market expected to emerge as countries such as Australia and New Zealand and eventually the United States move to trade emissions.

An independent bank would have the technical and financial expertise to drive scarcity in the market and sustain prices so businesses were more aware of the cost, the official said.

The carbon price collapsed in 2005 after it emerged that EU member states had issued too many emissions permits to their industries and utilities had made windfall profits by passing on to consumers the cost of permits they received for free.

The Commission proposed a reform of the system last month under which it will set the limits for emissions by industrial sectors covered by the ETS, and most permits will be auctioned.

Link:

<http://www.reuters.com/article/environmentNews/idUSBURU00633120080221?feedType=RSS&feedName=environmentNews&pageNumber=1&virtualBrandChannel=0>

### **1.6. Britain's climate bill target to be reviewed by year end**

18 February 2008, Reuters

Britain's goal of cutting emissions of climate warming carbon dioxide by 60 percent by 2050 will be reviewed by the end of the year and may be raised, Environment Secretary Hilary Benn said on Monday.

The goal is at the heart of the Climate Change Bill currently going through parliament which is expected to become law within three months.

"The scientific evidence has moved rapidly, and as part of a new global climate deal, developed countries may have to cut their emissions by as much as 80 per cent by 2050. That's why we announced a review of the UK target last year," Benn said.

"This review will now be a statutory duty, and I've asked the committee to provide their advice on both the 2050 target and on the first three carbon budgets by December 1 this year," he added.

The bill sets up an independent committee to monitor progress towards achieving the 2050 target, the interim goal of cutting emissions by 26-32 percent by 2020 and the rolling carbon budgets.

The government has been under relentless pressure both to raise the core target and to set annual reduction targets rather than the more vague rolling five-year carbon budgets.

Proposing several amendments to the bill as it heads through the parliamentary process, Benn said the rolling budgets would remain but there would also be indicative annual ranges within them to make monitoring more meaningful.

"We welcome the government's announcement that it is going to set annual target ranges for cutting emissions in the new Climate Change Law," said Friends of the Earth. "The findings of this review have brought us one step closer to a stronger and more effective climate law."

The bill allows Britain to buy carbon emission credits abroad to help towards meeting its national reduction targets, an allowance critics see as a fundamental weakness.

It also contains provisions to allow the introduction of new carbon trading schemes to help create the carbon price the government says is vital to drive increased energy efficiency and technical innovation.

Another provision of the bill will force the government to regularly assess the impact of climate change on Britain and report to parliament.

Link:

<http://www.reuters.com/article/environmentNews/idUSL1818529620080219?pageNumber=1&virtualBrandChannel=0>

### **1.7. Brazil Hosts Climate Change Forum**

21 February 2008, Associated Press

BRASILIA, Brazil — Encouraged that all major U.S. presidential candidates vow to protect the environment, lawmakers from industrialized nations and big emerging economies met Wednesday to craft solutions to global warming and rising deforestation.

Scores of legislators and officials from China to Cameroon were considering approval of a document demanding "ambitious absolute emission reductions for developed countries" to fight climate change.

Proposals in the draft document included a global carbon market in which nations would be able to trade and sell credits, sharp increases in funding for developing countries to reduce emissions and even a worldwide ban on incandescent light bulbs.

The document did not explicitly name the United States — the only major industrial nation to reject the relatively modest cuts of the 1997 Kyoto Protocol, which expires in 2012.

But most nations hope Washington will agree to deep and mandatory reductions in greenhouse emissions by a 2009 U.N. climate conference in Copenhagen, Denmark.

The delegates applauded when U.S. Rep. Edward Markey said the leading Republican and Democratic candidates — Sens. John McCain, Hillary Rodham Clinton and Barack Obama — are arguing among themselves about who will do most to help the environment.

No matter who wins, "the United States will have a president committed to a mandatory carbon cap-and-trade program and to reaching an international agreement in Copenhagen in December of 2009," said Markey, a Democrat from Massachusetts.

The 100 legislators at the two-day forum, organized by Global Legislators Organization for a Balanced Environment, hope to build consensus on how to attack global warming, then take the ideas home to try to gather broader support.

They include legislators from the Group of Eight industrial nations — Britain, Canada, France, Germany, Japan, Italy, Russia and the United States — as well as fast-growing countries like China, Brazil, India, South Africa and Mexico.

The draft document said an agreement on global warming "should support and encourage equitable contributions from developing economies" to reduce greenhouse gases, but it stopped short of the prickly issue of making those cuts mandatory for poorer nations.

Nations like China and Brazil are rapidly approaching the ranks of developed countries, but have argued they shouldn't be forced to make cuts as deep as nations that have contributed to global warming for many years.

"The challenge for us ... is to push the boundaries of the possible," said Elliot Morley, a British member of parliament and the president of the Globe organization.

The draft, which will be approved, rejected or modified on Thursday, also called for global timber licensing to stop illegal logging in tropical forests.

Morley said that negotiators must find a way "to create a value for standing forest that discourages illegal deforestation." In places like Brazil, he said, deforestation could cause wild climate swings that would hurt its important agricultural industry and spark waves of migration to large metropolitan areas.

But Cameroon's minister of forestry, Elvis Ngolle Ngolle, said many remote forested areas are home to people who have cut down trees as a way of life for generations and have little hope of finding other ways to make a living.

For those communities, "deforestation is a way of life," he said. "How do you deal with these problems when that's the reality, the way of life?"

The point was also driven home in Brazil, where about 2,000 people burned tires, blocked roads and attacked federal agents who were raiding sawmills to crack down on illegal Amazon logging on Tuesday.

Brazil's Environmental Protection Agency said it would continue its enforcement despite the setback in the Amazonian town of Tailandia.

Link: [http://ap.google.com/article/ALeqM5g1JSga\\_CNGr6cpuIGcVrNxOuOBOAD8UUBVO80](http://ap.google.com/article/ALeqM5g1JSga_CNGr6cpuIGcVrNxOuOBOAD8UUBVO80)

### **1.8. Adaptation 'key to climate deal'**

20 February 2008, BBC News

The UK's former top diplomat has called for a massive increase in the amount of money available to help developing countries to adapt to climate change.

Lord Jay was speaking in Brazil, ahead of a two-day meeting of lawmakers from 13 key countries.

The Global Legislators' Organisation for a Balanced Environment conference will discuss the shape of a long-term deal to tackle global warming.

The discussions will not determine policy but they may influence it.

The aim is to show what kind of future agreement would have enough support to be politically viable.

The Globe meeting brings together 100 leading politicians from the group of eight richest economies (G8) and five key developing countries: Brazil, China, India, Mexico and South Africa.

On the table is a document drawn up by the former head of the UK Foreign Office, Lord Jay, sketching out the key principles of a global deal on climate change which the world's leaders have pledged to negotiate by 2009, the timetable agreed at December's UN climate meeting in Bali.

Closing the gap

Speaking ahead of the Brasilia meeting, Lord Jay told the BBC News website that a vital step to encourage stronger commitments from developing countries was to tackle seriously the question of adaptation to climate change.

"There needs to be a very substantial increase in the amount of money which the industrialised world and organisations like the World Bank make available to the developing world, to enable them to adapt to the changes that climate change not only will bring about, but is already bringing about," he said.

"At the moment, the money available is in tens of millions of dollars a year, and the amount of money which according to the UN is needed is probably in the tens of billions of dollars over the years to come.

"So there is a very, very big gap to be filled, and that is a real challenge for the industrial world.

"I cannot see that there will be agreement on a meaningful emissions-reduction framework in 2009 unless as part of that there is a commitment by the industrial world to increase substantially the funds available to help developing countries to adapt to climate change."

Among the methods being considered at this meeting for helping to bridge that gap is a levy on the aviation industry, which is currently left out of the international climate change targets because its emissions cannot be attributed to individual countries.

Other proposals being discussed at the Brasilia forum are new measures to tackle illegal logging, and a global strategy on the use of biofuels.

Link: <http://news.bbc.co.uk/2/hi/science/nature/7255316.stm>

### **1.9. IEA calls US on its policy**

19 February, Legalbrief Environmental

The International Energy Agency called on the US to do more to curb energy use and fight global warming, saying pricing was the best way to curb demand.

According to a report in Business Report, the report, called 'Energy Policies of IEA Countries – US 2007 Review,' said that to address the multiple challenges that US energy policy was facing, the price mechanism was the most important tool. The current US policy for low energy prices 'is leading to forecasts of demand that are unsustainable, and creates significant security and environmental risks not just for the US, but also for the rest of the world,' the Paris-based agency warned. It said the transport sector was key to achieving the country's energy security and sustainability.

Link: <http://www.legalbrief.co.za/article.php?story=20080219091909304>

## **ENERGY POLICY**

### **2.1. EU ready to cut energy-intensive industries some slack from climate change package**

21 February 2008, Herald Tribune

BRUSSELS - The European Commission, bowing to industry concerns, said Thursday it was ready to exempt Europe's steel, chemical and power sectors from having to compensate for the environmental damage they cause — at least for a while.

The EU was keen to see a global deal to reduce greenhouse gas emissions and, until a deal was in place, the EU would hold back on plans to force more companies to pay to pollute from 2013, European Commission President Jose Manuel Barroso told European business leaders.

Last month, the EU executive said it would demand that major polluters buy all the carbon permits they need, which would raise the cost of manufacturing by charging them up to €50 billion (US\$74 billion) a year and likely hike electricity prices by 10-15 percent.

Until now, companies get most of their carbon permits for free — and they say extra costs will make it harder for them to compete against rivals in countries that are less active in curbing climate change such as the U.S., China and India.

Barroso's comments aimed to soothe those worries.

"Ultimately, the best solution is an international (emissions trading) agreement," he said.

"But in the absence of an international agreement, we should be ready to look at interim solutions for energy intensive industries. For example, receiving their (emission trading) allowances free of charge, or requiring importers to obtain allowances alongside European competitors."

Barroso added, "This is the most we can do for our energy-intensive industries."

The EU's carbon cap-and-trade program aims to cut overall releases by giving a financial incentive for companies to cut back on carbon because they can sell the permits they do not use. If they need to run plants for longer or fail to turn to cleaner technology, they need to buy more permits.

The EU insists that the costs of climate change are far outweighed by the damage a warmer climate will cause. Reducing energy use and turning to renewable energy sources could also slim down Europe's huge bill for oil and natural gas imports.

Barroso was rewarded for his address with a round of warm applause from hundreds of European business leaders attending a two-day conference devoted to climate change.

The key goals of the EU energy package are to cut the EU's greenhouse emissions by at least 20 percent and raise use of renewable energies to 20 percent of overall energy use by 2020. The emissions cut will reach 30 percent if a global climate change accord is reached.

C. Boyden Gray, the U.S. ambassador to the European Union, urged Europeans to consider delaying their targets to 2030, from 2020. If 2020 remains a target "the emphasis will be on sectorial agreements, given the time pressure," rather than on globally negotiated climate change norms.

"The technology that is going to be developed between 2020 and 2030 is going to be huge," he said and will allow for an international approach.

Link: <http://www.iht.com/articles/ap/2008/02/21/business/EU-FIN-EU-Climate-Change.php>

## **PUBLICATIONS**

### **3.1. Views regarding the work program for issues under the Bali Action Plan**

