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on a Roadmap for moving to a competitive low carbon economy in 2050

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A Roadmap for moving to a competitive low carbon economy in 2050

Foreword

The need to curb global warming emissions is greater than ever but the political will of some is sapped by the reluctance of others.

Although EU governments have repeatedly endorsed the scientific evidence, and have acknowledged that failure to take immediate steps to develop a low carbon economy will prove expensive at best and catastrophic at worst, too many demonstrate a reluctance to act decisively. The economic downturn has shaken confidence and diverted attention. Prospects of securing an ambitious international agreement on measures to combat climate change have receded (although more nations are making voluntary commitments to do so). The European Commission's 2050 Roadmap has not yet secured the support of the Council.

Decision-takers are beset by uncertainties and doubts. Emission reductions by the European Union alone cannot safeguard the world against dangerous climate change, but would our doing so have significant adverse consequences for the European economy, or would such effects be marginal? Could investment in the development of a low carbon economy actually be beneficial, creating new commercial opportunities? In the absence of a binding international agreement will industrialised countries take firm measures to reduce their emissions? Should the EU be demonstrating leadership rather than hesitation?

Can we achieve the goals if we restrict the use of some technologies? Do we exclude nuclear fission, or carbon capture and storage? Do we place restraints on shale gas or the import of biofuels? Can we afford to invest the amounts required in the development of low carbon technologies? Some Member States will have greater difficulty than others in achieving CO2 reductions so are the current burden sharing arrangements sufficient? Do we have to provide additional assistance, and if so who will pay?

The lack of commitment stems in part from the scepticism of some politicians towards global warming. Maybe the scientists have got it wrong?

Yet the growth in global CO2 emissions continues. The Mauna Loa Observatory in Hawaii recorded an annual peak of 394.16 ppm in May 2011, up from 373.78 a decade ago. It is now certain that the rise in global CO2 emissions will not be halted by 2015, or for many years after this date.

The science and the trends indicate that world average temperatures will raise by more than 2 deg Celsius; indeed this increase could occur during the lifetimes of many existing MEPs. The warming will continue after their demise. The UK's Hadley Centre estimates that average surface air temperatures across the world will increase by 3-5 degrees Celsius over the period to 2070-2100 unless action is taken urgently. Amongst other impacts temperatures of this order could very significantly reduce the agricultural output of a world that will by then be supporting 2 billion more people.

We are not sleep-walking towards disaster, we are progressing with our eyes wide open, fully conscious but distracted.

The Roadmap targets

The European Union has made an absolute and unilateral commitment only to reduce the 1990 level of CO2 emissions by 20% by 2020. However, it has adopted a number of policies that if implemented in full would reduce emissions by 40% by 2050.

The Council has acknowledged the inadequacy of this approach and accepted - in general terms - that emissions need to be reduced by 80-95% by 2050. Adoption of the Commission's Roadmap will commit the European Union to the principle of achieving this goal and will provide the justification for a raft of specific new policy proposals. Its importance should not be underestimated.

The Roadmap proposes as milestones a 40% reduction in domestic emissions by 2030 and a 60% one by 2040. The trajectory assumes that a 25% reduction will be achieved by 2020, and the Commission points out that the EU will be on track to achieve this so long as policies already agreed are implemented in full. As Member States are adrift of the energy efficiency objectives this will likely require the support of the Council and the Parliament for additional corrective measures.

The Roadmap is back loaded; it assumes that the pace of emission reductions will accelerate as years pass and technology develops. Too many of the major changes suggested are years off. For the period 1990-2020 the total CO2 reductions required would amount to just 25%, while in the following 30 years a further 55% would have to be achieved.

Change takes time but the Commission's proposals can be criticised as complacent and insular – albeit that they may reflect the difficulties of securing political agreement for a more radical approach. The assumption that all will be well so long as the 2050 target is reached ignores the fact that every tonne of CO2 emitted may be in the atmosphere for more than 100 years. CO2 volumes accumulate with every passing day and contribute towards the global warming process; significant reductions in their emission are needed urgently not just over the next 30-40 years.

The importance for Europe's economy

The challenge is to reduce CO2 emissions dramatically while maintaining and building a competitive economy. These two objectives must be realised together. The pace of development in other parts of the world is so rapid that Europe risks being left behind, trying to maintain old ways and old assets that are being superseded elsewhere. We need to move forward, making use of new thinking and exploiting new opportunities.

The Commission's impact assessment concludes that achievement of the Roadmap targets will result in a shift in employment patterns but one that overall will be neutral or positive. The potential economic benefits will be greatest if Member States make effective use of auction revenues and the EU successfully exploits its first mover advantage.

Realisation of this optimistic position risks being frustrated by the pessimism and short term outlook of some industry lobbyists. Too often they have been effective in raising fears about the consequences of policy change.

Governments and MEPs, for example, were told by car manufacturers in 2007-8 that measures to reduce CO2 emissions from new vehicles would increase their sale price and threaten the future of the industry. In fact the price of new cars has since fallen in real terms, while EU laws requiring greater fuel efficiency have secured some relief for drivers faced with much increased fuel prices. Enhanced environmental standards have not weakened the competitive position of EU car manufacturers.

Concerns about the threat to some energy-intensive sectors from carbon leakage are legitimate but have been much exaggerated. The industries concerned possess a surplus of freely allocated carbon allowances that will provide protection from the effects of carbon prices for years to come. The problems facing the European economy do not stem from carbon leakage.

If China maintains growth on the scale of the past year its CO2 emissions by 2030 will be equivalent to those of the rest of the world today. To avoid this China must rapidly expand its use of low carbon electricity production, as well as deploying CCS on a truly massive scale. Delay on the part of the EU in the widespread deployment of low carbon technologies will result in our importing equipment instead of making it ourselves. If we delay the current domination of Far East companies in solar power technology will be replicated many times over. The EU risks sacrificing all claims to technological leadership and the economic opportunities that accompany it.

As a priority the EU must provide guidance and clarification for industry, and particularly for the power sector. Investment decisions being made now will effect CO2 emissions in 2050. Power stations on the drawing board today may come into operation before 2020 and could still be in use three decades later. It is essential that we determine long term policy to enable industry to invest with confidence and without fear of being left with stranded assets. Adoption of the Roadmap will help to provide the clarity that investors demand.

There will be change, but there is nothing to fear but fear itself.

The consequences of Parliament's vote

This is a non-legislative matter yet Parliament's response may have enormous implications for future policy. Although the Rapporteur believes that the Commission's Roadmap is weak in respect of the domestic emission reductions required immediately, he recommends that Parliament should endorse it - together with the CO2 milestones it sets for 2030, 2040 and 2050.

Endorsement will imply recognition by MEPs that the European Union should be prepared to provide leadership on the issue of global warming. It will mean that, even in the absence of a binding international treaty of the kind that we seek, Parliament accepts that the EU should accept the role of first mover, and must take the steps necessary to build a low carbon

economy by 2050. It will signal that MEPs want the EU to embrace new technologies and new way of achieving our economic goals.

Endorsement will demonstrate Parliament's understanding that industry needs to be given the clearest possible indication of long term policy. It will indicate that MEPs appreciate that appropriate policy instruments must be put in place to guide investment decision, challenging them to accept that they must either support measures to tighten the Emissions Trading System and raise the carbon price or must sponsor alternative measures to stimulate the same low carbon investments.

We should be clear what failure to endorse the Roadmap will mean. There is no plan B. Rejection of milestones proposed in accord with the recommendations of the UN's Intergovernmental Panel on Climate Change will suggest that Parliament either does not believe that they can be achieved, or determines that the costs of achieving them will be too great (whatever the consequences for our descendants), or refuses to accept that there is a need to achieve them.

Such a decision would be a damning blow to all who recognise the threat that global warming poses to billions of people on our planet. It would seriously weaken the resolve of the Commission and those on the Council who want to ensure that the EU adopts policies essential to curbing climate change and maintaining its competitive position in the world. The political message it would send risks destroying the hopes of progress in international negotiations.

Our opportunity

In times of war things get done quickly. Money is found, bureaucracy is shredded, action gets taken.

Global warming does not have the immediacy of war, but it is a slow moving disaster that will have consequences just as far reaching. The world's response is similarly slow moving. It is not being given the priority it demands.

Parliamentary texts of this kind have a short political shelf life. There will be little value in MEPs providing general and superficial commentary. Instead we should use this opportunity to propose specific measures that the Commission should introduce if the 2050 target is to be realised. We should insist that the proposals necessary should be brought forward within the mandate of this Parliament. We should use this report to apply pressure in a positive way.

Note

Competence for this matter is shared with the ITRE Committee which has exclusive responsibility for renewable energy, energy efficiency, energy security, energy performance of buildings, energy labelling, assessment of consequences for the energy sector, smart grid, smart meters, research and innovation. The Rapporteur's report will reflect this division.