

Think Europe

U.S. CLIMATE POLICYMAKERS CAN LEARN MUCH

BY REINHARD BUETIKOFER



When it comes to capping CO₂ emissions and introducing emissions trading, the European experience can contribute to U.S. climate policy.

Over the last decade, the controversy over committing their countries to CO₂ emission caps has probably been the single most important difference between European political leaders and their U.S. counterparts with regard to climate policy. Whereas several U.S. administrations – with ample

superiority vis-a-vis the United States because of the American refusal to also opt for mandatory emission-reduction targets. If we take a closer look at the European climate policy, reality is not all that glamorous. The vast majority of EU member states are most probably going to miss their emission targets. The United Kingdom and Germany are two of the more successful among EU countries. However, it is only fair to point out that in the German case the breakdown of many dirty industries in the eastern part of the country in the '90s has contributed substantially to emission reductions that seem to allow the country to meet its target of minus 21 percent by 2012 compared with the year 1990.

This European self-criticism is by no means an argument for bidding emission caps good-bye. It is hard to imagine how the industrialized countries can foster a successful worldwide effort to mitigate climate change while refusing to accept and realize binding obligations. The countries of the industrialized world can only convince the developing world – and particularly the fast-growing BRIC countries: Brazil, Russia, India, China – to participate in a globally organized multilateral climate regime, if they themselves accept the responsibility for reducing their emissions reliably by 60 to 80 percent by the year 2050. At the same time, China and other countries must accept and realize targets for de-coupling their economic development from CO₂ emissions. To be sure, Europe is not interested in reviving the old Kyoto controversy. Why shouldn't we go for a common new approach in the post-Kyoto period that would include

whatever has been successful on either side of the Atlantic?

Whether indeed the EU will in the end be successful with capping emissions will depend mostly on two conditions. Will there be enough public pressure to earnestly tackle global warming? And, of course, will the EU use the right instruments to achieve the goals? Here the European emissions-trading system comes into play. The establishment of this scheme has to be considered as a major breakthrough in climate policy. Emissions trading, if done right, is the most cost-efficient and market friendly way of reducing emissions. Most Europeans who have been in contact with this trading system would, of course, readily concede that it has its flaws.

And right now a heavy political battle is being fought between the EU Commission and individual member countries including Germany over the specific rules for the second trading period. Will the emission rights be dished out so freely that the market would be prevented from really functioning? Will member countries be allowed to rig this market in favor of their national industries, for example, the coal industry? Will the option to auction off 10 percent of the emission right, which European legislation allows for, be used by member countries to augment the climate-positive impact?

Right now it remains to be seen, how all this will be sorted out. But in any case, the European emissions trading program should be seen by other countries as a valuable precedent. In the long run it would be desirable to widen it by including more and more countries. It would make a great goal for transatlantic cooperation on global warming, if both sides of the Atlantic would start thinking ahead toward a common emissions trading system. ☒



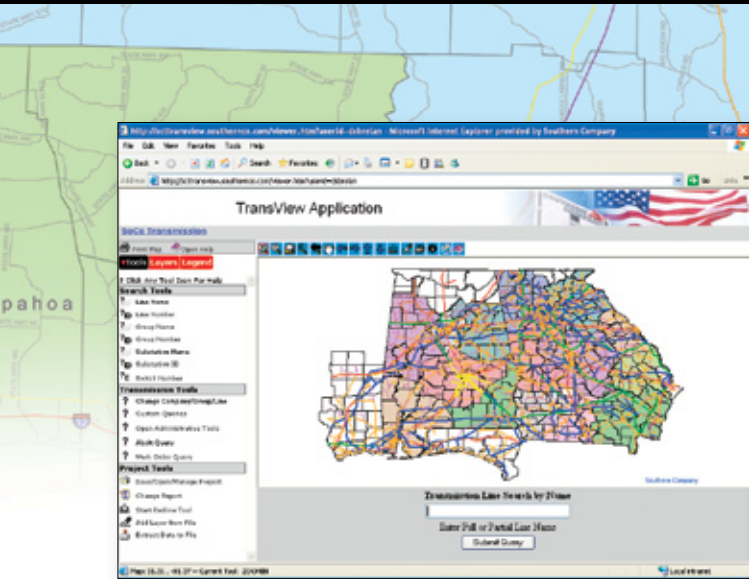
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support in both houses of Congress – have consistently opposed mandatory emission caps, the EU has chosen the opposite alternative. Under the framework of the Kyoto protocol, all EU member states have accepted individual caps.

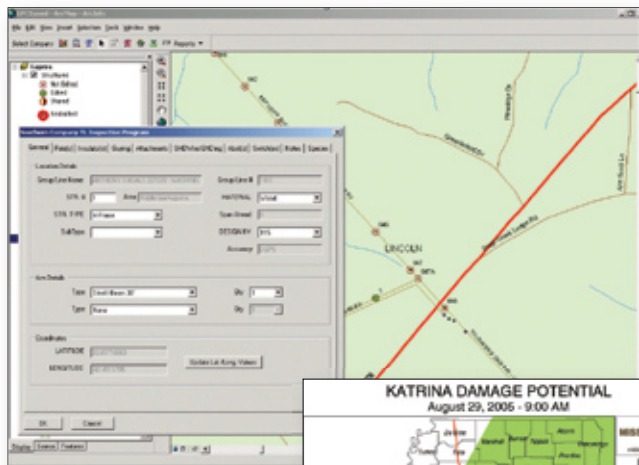
The willingness to realize the targets does not justify the profound European feeling of moral

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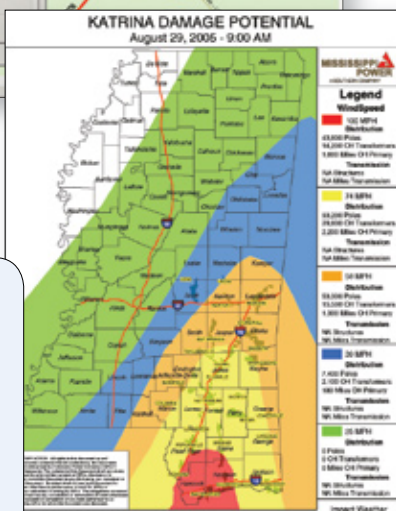
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