



*European Economic and Social Committee*

**NAT/SDO/391**  
**Climate Change**  
**International Negotiations**

Brussels, 17 September 2008

**OPINION**

of the

European Economic and Social Committee

on

**Climate Change International Negotiations**

(Own-initiative Opinion of the Sustainable Development Observatory)

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On 16-17 January 2008 the European Economic and Social Committee, acting under Article 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

*Climate Change International Negotiations.*

The Section for Agriculture, Rural Development and the Environment (The Sustainable Development Observatory), which was responsible for preparing the Committee's work on the subject, adopted its opinion on 2 September 2008. The rapporteur was Mr Osborn.

At its 447th plenary session, held on 17 and 18 September 2008 (meeting of 17 September), the European Economic and Social Committee adopted the following opinion by 130 votes to three with three abstentions.

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**1. Summary and Recommendations**

- 1.1 Climate change is one of the major challenges facing the world in the 21<sup>st</sup> century. To avoid catastrophic change total global emissions of greenhouse gases need to be substantially reduced, and those of the developed countries will need to be reduced by 60-80% of 1990 levels by mid century.
- 1.2 The international negotiations on climate change launched in Bali in December 2007 are crucial, since they will have a decisive influence on the scale of action to be taken globally up to 2020. It is vital that these negotiations should be carried to a successful conclusion in Copenhagen in 2009.
- 1.3 The EU has committed itself to a binding target of reducing greenhouse gas emissions by 20% from 1990 levels by 2020, and has put on the negotiating table an offer to increase this to a 30% reduction below 1990 levels if other countries will make comparable commitments. Subsequently the Commission has launched proposals in the energy package of 23 January 2008 setting out proposals as to how the 20/30% reduction target can be achieved.
- 1.4 The Committee strongly supports the initiative that the EU has taken in the negotiations and particularly its unilateral commitment to 20% target reductions for 2020 to get the negotiations moving.
- 1.5 We believe however that the climate change challenge is so serious that every effort should be made to go further. The EU should be aiming at the 30 % reduction conditionally offered for

2020 and in the negotiations we should be seeking to secure comparable commitments from other developed countries, with significant commitments also from the emerging economies whose emissions are rising rapidly.

- 1.6 In order to maximise its influence on the negotiations the EU needs to be able to demonstrate its credibility by delivering what it commits to. A package of measures to deliver the 20% target reduction should be firmly in place by the end of 2008.
- 1.7 We consider that in order to achieve the 30% reduction target for 2020 which we believe should be the true goal, a further set of measures at European and national level are likely to be needed. We urge that steps be put in hand as soon as possible to create a second tranche of measures that could deliver the 30% reduction.
- 1.8 We look forward to the forthcoming proposals from the Commission on adaptation to climate change, and recommend that this should be complemented by national adaptation strategies for each of the member states.
- 1.9 We recommend the development of new initiatives to support capacity building and technology transfer in the field of climate change mitigation and adaptation.
- 1.10 Responding adequately to climate change will require major changes in the world economy and in flows of investment. We recommend further analysis of the scale of resources required and the appropriate machinery public and private needed to handle these flows. We suggest that the scale of effort and leadership required is comparable to that involved in the creation of the Marshall plan for reconstruction in Europe after World War II. On this occasion the EU should be a major initiator of the plan needed.
- 1.11 Specifically funds will be needed to assist mitigation and adaptation measures in developing countries. Expansion of the CDM mechanism is one source of funds but the criteria and implementation need to be tightened up. Europe could provide some of the extra resources needed from the proceeds of auctioning of carbon trading permits.
- 1.12 Action is needed by public bodies of all kinds at all levels, and by consumers and the public at large.
- 1.13 The EU itself has a crucial part to play in guiding and orchestrating this great transformation. We urge all the EU Institutions to play their full part in delivering the EU climate goal. The Committee will do everything it can to help mobilise civil society support in this great joint enterprise.
- 1.14 The parameters of the global deal to be constructed in the international negotiations over the next eighteen months need to be established as soon as possible so that political effort can then be focused on communicating the challenge and building support, trust and commitment from all parts of society throughout the world for the major changes that need to be made.

This is not a deal that can be made behind closed doors – all parts of society need to be involved. The abatement measures must be proven realistic, economically and socially sound and feasible in the suggested time frame.

## 2. Background

- 2.1 Climate change is one of the major challenges facing the world in the 21st century. The 4th Assessment Report (4th AR) of the Intergovernmental Panel on Climate Change (IPCC) published in 2007 documented the changes that have already taken place as a result of the huge increase in man-made greenhouse gas emissions during the last two centuries, and projected alarming further changes unless urgent action is taken to limit global emissions in the next few years. The IPCC have advised that the global goal should be to keep average global temperatures to no more than 2°C above pre-industrial levels if catastrophic impacts are to be avoided. To achieve this goal, global emissions of greenhouse gases will need to be substantially reduced, and those of the developed countries will need to be reduced to 60-80% of 1990 levels by mid century.
- 2.2 The international community has been endeavouring to agree collective action to limit emissions of greenhouse gases for the past 20 years. The Framework Convention on Climate Change was agreed at Rio in 1992, and was subsequently strengthened by the Kyoto protocol of 1997 which committed signatory countries to specific efforts to reduce emissions by 2012. It is generally recognised, however, that these agreements and actions are only a beginning and that much more vigorous and comprehensive action will be needed in the years ahead to achieve the mid-century goal. The international negotiations on climate change launched in Bali in December 2007 are therefore crucial, since they will have a decisive influence on the scale of action to be taken globally up to 2020. It is vital that these negotiations should be carried to a successful conclusion in Copenhagen in 2009.
- 2.3 **Targets for 2020.** The Bali Roadmap makes reference to a section of the IPCC's 4th AR which demonstrates that by 2020 emissions reductions for developed countries in the range of 25-40% below 1990 levels will be needed if the long-term goal of limiting global warming to 2 degrees above pre-industrial levels is to be achieved.
- 2.4 Clearly the developed countries will be the ones which should be making large absolute reductions in their emissions, since they have been and remain the largest per capita contributors to climate change. Europe needs to play its part. The USA needs to be brought back into the international strategy and to make real commitments to reductions. Russia will also need to contribute by accepting a more realistic target than in the Kyoto round.
- 2.5 The EU is playing a major part in those negotiations. The Council has adopted a long term vision of cutting emissions by developed countries by 60 to 80% by 2050. As an interim measure towards this long term goal the EU has committed itself to a binding target of reducing greenhouse gas emissions by 20% from 1990 levels by 2020, and has put on the

negotiating table an offer to increase this to a 30% reduction below 1990 levels if other countries will make comparable commitments. Subsequently the Commission has launched proposals in the energy package of 23 January 2008 setting out proposals as to how the 20/30% reduction target can be achieved.

- 2.6 It is also becoming important that developing countries make serious commitments of their own to help limit climate change. The major emerging economies of China, India, Brazil and a few others are already or are fast becoming significant emitters of greenhouse gases themselves, and it will be important that they manage their economies in ways that restricts the rate of growth of their emissions significantly below what it would be in a business as usual model.
- 2.7 The essence of the global deal that negotiators are aiming for is for developed countries to commit to challenging targets and measures for reducing their own emissions, and to offer financial and technological support to developing countries in return for commitments on their part to manage their growth and development in ways that will limit the growth of their greenhouse gas emissions as far as possible.

### 3. **General Comments**

- 3.1 For its part the EESC has been following from the outset both the general progress of the negotiations and the package of measures proposed by the Commission to enable the EU to fulfil its own commitments. To follow the negotiations at first hand the Committee sent small delegations on behalf of European civil society as part of the EU delegations to the Bali Conference of the Parties to the Convention and to the subsequent intersessional Bonn meeting. The EESC is also using its contacts with civil society organisations and groupings in other leading countries to explore further the positions they are taking, and the part that civil society can play in promoting agreement and implementation.
- 3.2 The Committee is reviewing the separate elements in the Commission's climate and energy package in a number of separate opinions which are summarised and cross-referenced in this general opinion. In this own initiative overview opinion the Committee is now reviewing the progress and prospects of the negotiations in general, and the part that Europe is playing. Following adoption of the opinion the Committee intends to organise side-events at the negotiation meetings planned to take place in Poznan in December 2008 and in Copenhagen in December 2009 to help civil society respond to and relate to the ongoing negotiations.
- 3.3 The Roadmap for the negotiations agreed at Bali identified four main building blocks for the negotiations:
- commitments to national targets and measures to limit greenhouse gas emissions up to 2020 and contribute to mitigation of climate change;
  - measures to manage adaptation to unavoidable climate change;

- measures to support transfer of technology and capacity\*building for mitigating and adapting to climate change;
- establishing appropriate financial arrangements to support mitigation and adaptation measures, technology transfer etc.

3.4 We are structuring the comments in our opinion around these four building blocks.

4. **Enhanced mitigation of climate change by limiting or reducing emissions (Building Block 1)**

4.1 **Targets.** The Committee agrees with the IPCC assessment that reductions of emissions by developed countries in the range 25-40% from 1990 levels is an appropriate level of ambition for the targets to be established for 2020. Achieving bigger reductions than that by 2020 would probably now be impracticable.

4.2 The Committee strongly supports the leading position that the EU has taken in the negotiations. We applaud the initiative shown by the EU in committing itself unilaterally to 20% target reductions for 2020 to get the negotiations moving. But we think that the gravity of the climate change challenge is such that every effort should be made to achieve the 30% reduction conditionally offered for 2020 and to aim in the negotiations to secure comparable commitments from other developed countries, with significant commitments also from the emerging economies whose emissions are rising rapidly.

4.3 If the negotiations only result in a 20% commitment from the EU, with comparably modest commitments from other countries, that will in our view be a serious failure.

4.4 **Implementation.** For the EU the measures proposed by the Commission in its climate and energy package represent a very positive and constructive implementation plan to enable Europe to meet its 20% reduction commitments for 2020. The Committee has prepared separate opinions on each of the elements of this plan. In summary we support all elements of the plan subject to the following comments:

- We support the proposed reforms and extension of the emission trading scheme. The tightening of the cap and wider use of auctioning of allowances is welcome as it is in line with the polluter-pays-principle, avoids windfall profits, incentivises and funds low carbon installations and products and fosters innovation. Given the scale of transformational investment needed both in Europe and in developing countries we urge however that at least 50% of revenues from allowance auctioning should be mandated to support climate change mitigation and adaptation measures rather than the 20% proposed by the Commission<sup>1</sup>. We also welcome the decision of the Council and the European Parliament to include aviation into ETS from 2012 on.

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<sup>1</sup> See EESC Opinion CESE 1201/2008 adopted on 9 July 2008.

- We support the thrust of the burden sharing proposals for the non traded sectors and urge the institutions not to erode the overall target in their detailed discussions about the basis for sharing the targets in this sector<sup>2</sup>.
- We strongly support the move towards a rapid progress on renewables. To achieve 20% renewables by 2020 would be a good first step towards increasing their use to much higher levels by 2050<sup>3</sup>.
- We regret that the crucial issue of energy efficiency, where the 20% increase target by 2020 is not obligatory, seems to be given less prominence than it deserves, as clearly shown by the report of the Commission on the National Energy Efficiency Plans. The majority of Member States have not set up their national plans on time, the plans vary in their quality, and some of them clearly lack ambition even though major energy efficiency gains can often be achieved at comparatively small initial investment cost and with very short payback periods<sup>4</sup>.
- While we welcome the legislative framework for carbon capture and storage (CCS) proposed by the Commission, we are also anxious that funding for the envisaged demonstration projects is being made available only at an insufficient rate and that progress towards application on an industrial scale will be too slow, although it will be critically important if some countries are obliged to rely substantially on coal and other fossil fuel sources of power for many years to come<sup>5</sup>.

4.5 The European Union has pinned a lot of faith and political capital on making its emissions cap and trading system a main means of securing the emissions reductions that will be needed. The EU ETS has already become the world's biggest emissions trading system and is set to grow further after 2012. Initially the system had only limited impact on European emissions because generous initial caps and allocations led to a very low carbon price. As the caps become tighter the carbon price has risen and coupled with other factors driving up the price of fossil fuels there is likely to be more impact on European power production and other industries.

4.6 In general we believe that the strengthening of the carbon trading system will have a positive effect on European business and employment by encouraging the rapid development of more energy-efficient low carbon processes and products that will be the market leaders of the

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<sup>2</sup> See EESC Opinion CESE 1202/2008 adopted on 9 July 2008.

<sup>3</sup> See EESC Opinion 1511/08 adopted on 17 September 2008.

<sup>4</sup> See EESC Opinion 1513/08 adopted on 17 September 2008.

<sup>5</sup> See EESC Opinion CESE 1203/2008 adopted on 9 July 2008.

future. This will not only create employment, but also reduce our dependency on imports and thus increase our energy security.

- 4.7 While the EU has been the first in this field it must now be a key objective to encourage the development of trading systems in the USA and other countries and to link all the systems in a common global carbon market. The development of a truly global carbon market could play a major part in securing carbon emission reductions throughout the world in the most efficient and cost-effective way. We strongly support the ICAP (International Carbon Action Partnership) initiative that seeks to enable the various trading systems emerging in different parts of the world to evolve harmoniously towards a single global market. As an international carbon market develops within a system of worldwide caps on emissions the risk that a Europe-alone trading system might damage Europe's competitive position should be reduced.
- 4.8 International sectoral agreements setting out more detailed plans and strategies for securing progressive reductions in emissions from the main sectors concerned, and from their products might also be useful. But this should be seen only as a way of supporting the implementation of firm internationally agreed national targets, not as an alternative to binding national targets, since the history of the past 20 years shows that voluntary sectoral agreements in this field by themselves produce too little, too late, and are impossible to enforce effectively.
- 4.9 On the transport side we reassert our view that a long term sustainability strategy for transport needs to start from a fundamental reassessment of the drivers of demand for transport and of how the policies on physical planning, infrastructure and public transport could over time suppress the remorseless growth in demand for transport and eventually even reduce it. Planning should not proceed on the basis that the growth of traffic is inevitable and that the only possible limitation on emissions from the transport sector lies in technical improvements to fuel and engine design - important though those are.
- 4.10 On the technical measures, we believe that tough targets for reducing emissions from cars should not only be set in a short term (120g CO<sub>2</sub> per km by 2012/2015), but also for the medium term so as to reduce emissions substantially further by 2020<sup>6</sup>. At the same time extra support should be given for the development and early introduction of carbon-free vehicles with electric or hydrogen propulsion.
- 4.11 We are less sanguine than the Commission about the potential for achieving the 10% target for biofuels for transport. In view of the problems linked with the production of most biofuels concerning their GHG emission reduction potential, and the environmental and social impact of their production, stricter sustainability criteria than those proposed by the Commission will have to be put in place so as to ensure that biofuels are only introduced where they do have a genuine and significant impact in reducing net carbon emissions, and do not impose unacceptable pressures on agricultural land and food production. Moreover, economic

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<sup>6</sup> See EESC EESC Opinion 1500/08 adopted on 17 September 2008.

considerations currently point clearly into the direction that the use of biomass to produce electricity or heat is (at least now and for the near future) much more efficient than the use in form of biofuels.

- 4.12 **Further measures to achieve the 30% target.** If the package can be adopted by the end of 2008 with implementation beginning promptly in 2009 we believe that it will provide good assurance that the EU should achieve its 20% reduction target by 2020.
- 4.13 We doubt however whether it would be possible to achieve the 30% reduction target for 2020 simply by tightening up the ambitions of the separate elements of the package and increasing the use of CDM credits as the Commission has at present suggested. We believe that in order to achieve this more ambitious target a more comprehensive and wider range of measures is likely to be needed both at European and at Member State level.
- 4.14 At European level we suggest that the following further elements should be among those to be considered for a second package:
- more action through regulation and standard-setting to promote energy efficiency in all main sectors and products;
  - further measures to accelerate the development and introduction of renewable energies;
  - more support for the development of electric or hydrogen propelled vehicles;
  - an extension of the carbon trading system to include emissions from shipping (we doubt whether ongoing discussions in the International Maritime Organisation are capable of delivering sufficient action sufficiently quickly);
  - more collective efforts to adopt tighter national targets for reductions under the effort-sharing agreement.
- 4.15 At Member State level in order to achieve tighter individual targets under the burden-sharing agreement, the Committee believes that Member States and their political leaders need to do much more to bring the general public, business, trade unions and other civil society organisations into partnership and participation in the common effort.
- Citizens need to be encouraged and incentivised to play their part through such means as improving the efficiency of their homes and using greener forms of energy for lighting and heating, purchasing more energy efficient goods and services, and reducing the carbon impact of their regular travelling and their holidays. In our view there is already a growing proportion of the public and of civil society organisations who would be ready and willing to take action if only they could be given a strong and effective political lead as to what is expected of them, along with appropriate incentives for action.
  - Many local and regional government bodies have already shown vision and courageous political leadership on this issue. They need to be encouraged and incentivised to go further.

- Businesses similarly need to be incentivised to make further progress. They need to be urged and incentivised to continuously improve the energy efficiency of their operations and to obtain their energy from low carbon sources. Regulation should be used more systematically and vigorously to drive up the energy performance of all types of products and services. The construction industry needs to be mandated to achieve much higher energy efficiency both in the construction process and in the performance of buildings in use.
- Trade unions have an important part to play as well. Many of their members are in the front line in delivering energy efficiency improvements and disseminating practical information and their potential contribution needs to be recognised and encouraged. Trade unions also need to be fully engaged with the process of transforming industry and the economy onto a path of lower carbon intensity. Properly managed the new forms of production should provide just as many employment opportunities as the older carbon intensive modes of production, while maintaining good working conditions.

4.16 In order to enhance the EU's credibility at the international level, it is of the utmost importance that every single Member State should make every effort in order to ensure that not only the overall Kyoto target for the EU-15 "bubble" will be met, but also that the individual Kyoto targets for 2012 will be reached. The latest Commission Progress Report towards achieving the Kyoto objectives<sup>7</sup> states that only three of the EU-15 Member States were on track to meeting their targets with current domestic policies, and that 8 are only projected to reach their targets "when the effect of the Kyoto mechanisms, carbon sinks and additional domestic policies and measures, that are already being discussed, are accounted for". For three Member States, reaching their Kyoto target appears to be impossible. Moreover, the large use of credits from the Kyoto flexible mechanism, especially CDM, shows that the much needed transformation towards a low carbon society has much further to go in many Member States.

## 5. **Adaptation to climate change (Building Block 2)**

5.1 Even if successful action is taken to reduce global emissions in the future, global warming is expected to increase further over the next decades because of the emissions that have already taken place. In response to the Commission's Green Paper on Adaptation to Climate Change, the Committee has already adopted an opinion<sup>8</sup>. In summary the Committee believes that the EU needs to establish an over-arching strategy for managing adaptation to climate change within the EU, within which more detailed national adaptation plans should be drawn up by each Member State. Greatly increased priority should also be given to adaptation in research

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<sup>7</sup> COM(2007) 757 final.

<sup>8</sup> OJ C 120, 16.5.2008, p. 38.

and analysis, in budgets and investment programmes and in other measures. We hope that in the White Paper on adaptation, foreseen for autumn 2008, the Commission will propose detailed measures to make progress on this subject.

5.2 Outside the EU there are many parts of the developing world which are already severely affected and will be even more in the future but which have fewer resources to deal with the impacts. It must therefore be a high priority for the EU and other OECD countries to increase financial and other assistance to the especially vulnerable parts of the world to help them cope with climate change. Climate change considerations must be mainstreamed into all development policies.

5.3 There will also need to be major efforts to support the sustainable management of forests in the developing world and to restrain the commercial pressures that are continuing to drive large-scale deforestation in many parts of the world's climate systems. The EESC is preparing a separate opinion on climate change and forestry.

## 6. **Action on technology development and transfer (Building Block 3)**

6.1 To succeed in the transition to a lower carbon economy the world will need to achieve a new industrial revolution. There will need to be a major shift to cleaner forms of energy production, new technology to capture emissions of carbon and other greenhouse gases, and a continuous push to switch products and consumption patterns to more efficient and less energy intensive patterns. This will require big increases in relevant research programmes by public and private sectors, and major investment programmes to re-equip industry and transform products and services. Many of the necessary technologies are already in existence, but their application needs to be much more widespread than it is now.

6.2 Within the UE this will require radical shifts in the spending programmes of the EU and governments to support the appropriate research, development and investment. It will also require fiscal and other incentives to businesses and others to make the necessary investments.

6.3 There will be a need to identify the kinds of technology and services which will best assist the emerging economies and developing countries to manage their continuing development in the most sustainable and least carbon intensive way, and to support its transfer to those economies on appropriate terms. Where new technologies are identified that may be particularly useful for developing countries in adapting to climate change or in mitigating the carbon impact of their future development ways should be established for assisting their rapid and widespread introduction on affordable terms. It should be noted that the emerging economies are themselves the originators or developers of some of the new technologies that will be needed. Technology transfer should not be regarded solely as a one way street running from North to South, but as a matter of facilitating the rapid dissemination of the key technologies around the world wherever they may originate.

- 6.4 The Committee urges the EU to explore urgently with its partners how the most up-to-date and carbon-efficient technology can be made readily available to the developing world on affordable terms, including in particular technology in the power sector, the energy-intensive industries, the transport sector, and, as the technology becomes available, carbon sequestration. Countries that are likely to remain heavily dependent on coal for power generation will need help to enable them to use the latest clean coal technology and to introduce carbon capture technology as soon as it is available.
- 6.5 Such technology transfer assistance should enable the developing countries concerned to manage their development on a lower carbon trajectory than would otherwise occur, and might reasonably be made conditional to some extent on appropriate commitments by the developing countries concerned to undertake other measures themselves to limit the potential growth in their emissions.
- 6.6 In parallel to the climate negotiations, EU and US should undertake a new initiative to achieve trade liberalisation in climate-friendly goods and services in the WTO framework. This initiative should be designed in such a way that developed countries, developing countries and emerging economies alike could draw net advantages from such a liberalisation, for example by fostering the (further) development of environmental technologies and services in the developing countries.
7. **Scaling up of finance and investment to support mitigation and adaptation (Building Block 4)**
- 7.1 Developing countries will need help on a large scale from the developed world to enable them to play their part in meeting the climate change challenge without compromising their development goals. It will be particularly important to ensure that the future path of development in the developing world has as low carbon intensity as possible, and does not reproduce the path of excessive reliance on carbon-intensive production that marked (and marred) development in the North.
- 7.2 The developing countries that are worst affected by climate change and which have least resources of their own to handle adaptation will also need additional help. They will need enhanced programmes for coastal defences, flood prevention, drought alleviation, replanning of agriculture, new public health needs and other matters.
- 7.3 The Committee welcomes the recognition at Bali by all countries that new and additional resources and investment channels and mechanisms will be needed to handle this transfer. However, with some honourable exceptions the developed world does not have a good track record in delivering on past promises to provide additional resources for sustainable development objectives. On this occasion it is vital for the whole world that genuinely additional resources should be mobilised and committed.

- 7.4 The Committee has noted estimates from the UNFCCC and others indicating that resources of some hundreds of billions of dollars annually may be needed from the public and private sectors combined when the programmes are fully geared up. They recommend that in any case urgent steps should be taken by the UNFCCC, the Commission and/or OECD and the International Financial Institutions to quantify the needs more precisely and to secure the necessary pledges and commitments so that adequate funding can be achieved and the programmes undertaken can make a decisive impact on the global problem of climate change. Proceeds from the auctioning of allocations under future phases of the carbon trading scheme could be one source of new funds but are unlikely to be sufficient by themselves for all that needs to be done.
- 7.5 CDM has had some success in channelling new resources to support appropriate investments in non-Annex I countries. But the distribution of projects has been skewed heavily towards China and other emerging economies, and there have been serious doubts about the additionality and quality of many of the projects. It is vital that the criteria for acceptance of projects should be implemented and monitored effectively if the mechanism is to play its proper part of securing that genuine carbon reductions are achieved in the most efficient way possible.
- 7.6 The Committee recommends that the EU and others concerned should explore urgently how the defects of the scheme can be eliminated in the next period, and the whole programme geared up. In the future, CDM should give priority to projects which make significant contributions not only to reduce emissions, but also to foster the transformation to low-carbon economies. In particular in emerging economies, it does not seem useful to continue financing straightforward energy-efficiency projects ("low-hanging fruits") which would be done by the country anyway. For these countries, "sectoral CDMs" – possibly combined with no-lose targets<sup>9</sup> – could be a viable option.
- 7.7 Private sector investment on a massive scale in less carbon intensive production will be crucial in all parts of the world. The measures undertaken by the EU and national governments should particularly aim to incentivise the private sector to make such investments.
- 7.8 The costs and investments needed will run into trillions of dollars over the next 50 years. These are large sums. Such investments are however already becoming necessary as global supplies of fossil fuels become more constrained and prices rise. Quite apart from climate change it is thus becoming increasingly important from an economic perspective to diversify away from fossil fuels and to use remaining resources more efficiently. Security considerations also point in the same direction, since both scarcity of fossil fuels and climate

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<sup>9</sup> No-lose targets: A pledge to reduce emissions by a certain amount; with no penalty if the target is not met, but the possibility to sell credits if reductions exceed the pledge.

changes already occurring are potent sources of instability and conflict in many parts of the world.

- 7.9 From this perspective the need to respond promptly to the threat of climate change does not represent an additional burden on the global economy but simply an additional powerful reason for proceeding rapidly with the economic and industrial transformation which is in any case needed. When the price of oil stood at \$60 a barrel, the Stern review estimated that the cost of measures needed over the next 50 years to deal with climate change might amount to 1% of global GDP. With the price of oil now well over \$100 a barrel investment in renewables and efficiency measures of all kinds are already looking much more attractive in business terms. By the same token the net additional costs of measures to deal with climate change are likely to be much less, and in some applications could even become negative indicating that effective action on climate change will actually represent a net benefit to the global economy over the years ahead.
- 7.10 Responding appropriately to the climate challenge should not therefore be regarded as a vast, depressing and burdensome obligation that will hold back economic growth, but rather as an opportunity to be at the forefront of the next economic and industrial revolution. The EU has been at the forefront of the policy debate on climate change. But it still needs to do more to convert that forward policy stance into an equally active and vigorous business environment that will stimulate our businesses and our societies to make the necessary investments to become global leaders and competitive winners in the low carbon economy of the future.
- 7.11 Some commentators have spoken of the need for a new Marshall plan, and we commend this parallel as giving a measure of the scale of the challenge and the effort that will be needed. We need a Marshall scale vision of how the countries of the world can unite together in face of a common global danger, with the strongest and wealthiest countries both showing the way forward themselves and helping others as generously as they can.
- 7.12 Action is needed by national and public bodies of all kinds at all levels, by business of all kinds and by consumers and the public at large.

## 8. **Conclusions**

- 8.1 Climate change is already happening and is already having severe impacts around the world. These problems are expected to get worse in the next few years as greenhouse gas concentrations increase and temperatures rise more rapidly. The world needs urgent action to set and implement demanding goals for reduction of emissions by 2020, leading to deeper reductions in the years that follow. The earlier the reductions can be made the more good they will do in slowing the rate of temperature increase.
- 8.2 Developed countries have much higher per capita emissions than the rest of the world and need to stiffen up their ambitions and actions for reducing them. Europe needs to ensure that it delivers its existing commitments for 2012 and then to commit to a 30% reduction by 2020

– the higher end of its range. To be credible in these ambitions it needs a further package of sound and realistic measures to ensure that it can deliver these targets, and to be planning now for the further reductions that will be needed beyond 2020.

- 8.3 Developing countries need to be engaged as well, and particular effort needs to be devoted to ensure that the most energy-intensive sectors in the emerging economies are equipped with the most energy efficient and least carbon-intensive forms of production. They will need major, focused help from the developed world.
- 8.4 The parameters of the global deal to be constructed in the international negotiations over the next eighteen months need to be established as soon as possible so that political effort can then be focused on communicating the challenge and building support, trust and commitment from all parts of society throughout the world for the major changes that need to be made. This is not a deal that can be made behind closed doors – all parts of society need to be involved. The abatement measures must be proven realistic, economically and socially sound and feasible in the suggested time frame.
- 8.5 The global transformation required is comparable in scale to the industrial revolution of the last two centuries which harnessed the energy locked up in fossil fuels to achieve massive increases in the productive capacity and output of human society. The world now needs a second industrial revolution to substitute other forms of energy for fossil fuels, and to maximise energy efficiency so as to enable us to achieve comparable levels of output and growth without burdening the atmosphere with unsustainable levels of greenhouse gas emissions. Major investment is needed; appropriate and focused changes in regulation, taxes and other economic instruments will have to be made; there will have to be significant changes in economic behaviour and individual lifestyles. Everyone needs to understand the challenge and be engaged in the changes needed.

Brussels, 17 September 2008.

The President  
of the  
European Economic and Social Committee

The Secretary-General  
of the  
European Economic and Social Committee

Dimitris Dimitriadis

Patrick Venturini