Response to Policy Paper 34 « Clinton, Obama, McCain - Europe's Best Hope for Fighting Climate Change »

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I feel Stephen Boucher has taken on a difficult task because the future of the US policy on climate change is wide open. Even though all three candidates make their promises today, one cannot tell to what extent the eventual President will deliver. Nevertheless, it is worthwhile to have a closer look.

We all know from past experiences that, once the United States embark on tackling a problem –in this case emissions—this affects the international economy as a whole. We can already see in the US today, that all action taken by industry and the debates in scientific circles as well as the initiatives on ETS at the state level are far from being half-hearted. This is for instance evidenced by the venture capital market's keenness in looking for clean energy projects.

One can easily get trapped by all the numbers mentioned in the single programs. It is important to know these facts, but a guideline that sets them into perspective should be introduced. That is easily drawn for all proposals by referring to the IPCC recommendations and/or the 2°C goal.

In section 1.4. the paper mentions McCain as credible partner. However, he appears even more conservative than George W. Bush and I wonder how long he would uphold his promises. Talk is cheap as long as the incumbent is so strongly opposing to change track on climate policy. This helps McCain to shape his profile.

In section 1.5., the paper mentions that the proposals by the US candidates are more generous on CDM. This would contradict the debate the Democrats have on the competitiveness of industries and the opposition by Americans to spend any money (even if this will bring about emission reduction certificates for the home ETS) on investments that benefit China or other foreign countries.

On the 3rd section on Europe's possible attitude, the success for a new global climate deal is the most challenging task and this is mainly due to the timeline. This year, a new President-elect will not yet contribute to the UNFCCC meeting (with the COP14 in Poznan, Poland, taking place in December 2008). After inauguration, there is less than one year left for agreement. For the EU and its member states this is a task for which I do not see how it can be handled. Maybe given this inconsistency it is really a good idea to focus together with the United States on large emitting emerging economies (China, India and Brazil) and to find common understanding already with the incumbent government.

The major challenge for the EU is to feed into the United States' efforts to catch up on climate change–a process which has already started in 2007–and with the EU experience with specific climate related polices (ETS, energy programmes). However, the French presidency will be setting its own agenda, especially on how to approach emerging economies. I feel that France will be able to further establish the commitment on the EU climate and energy strategy, but when it comes to nailing down the details of implementation, French industry interests and the French energy mix will get in the way. I thus cannot see a continuation and balanced EU approach in this field before the Swedes take over the Presidency of the EU in the second half of 2009. Thus, the EU will for sure struggle internally on the delivery of climate action.

Furthermore, industry lobbying–as mentioned in section 3.2.–has already taken off. It is related to the determination of energy-intensive sectors that qualify for free allocation of certificates after 2013. The EU approach on this is difficult as it tries to strike a balance between the international negotiations (scheduled to be finalised at the end of 2009) and internal treatment of competitiveness and carbon leakage effects. The EU is willing to postpone investment security for its firms for the sake of international climate diplomacy. The price for this will be that industry tries to fill the vacuum that will persist until 2010. The United States instead will for sure establish the tools against competitiveness effects for industry they feel appropriate. According to the current pending Senate Bills, this would take the form of a unilateral border cost adjustment policy. And this would be implemented regardless of all the trouble it raises with emerging economies, and the trade and climate negotiations.

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