



EU eyes climate 'paradigm shift' on tax, growth and China

Published: 14 January 2011

EU climate leaders have been setting out their environmental agendas for tax, resource efficiency and competition from China in the year ahead, one month after the Cancún climate change summit.

Speaking at a Lisbon Council Eco-Innovation Summit on 13 January, EU Climate Action Commissioner Connie Hedegaard called for a European "paradigm shift" around taxation, so that "we tax more what we burn and less what we earn".

Resource efficiency is "a flagship of everything we do," she said, adding that countries which focused their taxes on energy, such as Sweden and Denmark, had not lost competitiveness.

"If we are talking about 20 years from now, everyone can see that we should tax resources more and labour less," she said.

In March, the Commission is expected to present its Energy Roadmap for 2050. It will focus on pathways for achieving the EU's ambitious target of an 80-95% reduction in greenhouse gas emissions below 1990 levels by 2050.

Significantly perhaps, the commissioner also called for a "future-oriented" discussion on the nature of growth, and a similar paradigm shift in the way it was measured.

"Growth in the 21st century cannot only be GDP growth," she said. "What about depletion of nature and raw materials? What about the consequences to health, air quality and clean water?" she questioned, warning that current methods of measuring growth were completely inadequate.

China's role in global green energy race

One underlying issue facing the Commission is the entry of China into the global green energy race. The country is expected to announce its own five-year energy plan at the Chinese National People's Congress, also in March.

Initiatives such as moves toward an Emissions Trading Scheme and a pricing mechanism for energy are expected. Until now, the EU has been ahead of the field in

the global carbon market, but now "our leadership is being challenged," Hedegaard warned.

Her sentiments were echoed by Artur Runge-Metzger, the EU's chief negotiator in Cancún, in a policy seminar at the Centre for European Policy Studies (CEPS) on 12 January.

He said that China saw "a real economic prize [in that] it could be associated with a more advanced position in international climate change than it was before".

In his view, the Chinese plan would be "the first real test" for the implementation of what was agreed in Cancún, the "starting point" for international climate policy, and "the next step" for the future.

"Our Chinese colleagues say: 'You will see the finger-prints of Cancún in that five-year plan. We will stick to our word. We are going to implement it.' And that's so damned important – also for the private sector, in order to get moving."

It was also time for the pledges of countries such as Mexico, Brazil, Japan, Russia and the US to be implemented, Runge-Metzger said.

Switching EU target to 30%?

Challenges in implementing promises made in Cancún – on transparency, technology transfers, deforestation, a climate fund and keeping global warming below two degrees - may well dominate the year's environmental agenda.

An EU debate on whether to extend the existing commitment to a reduction in greenhouse gas emissions from 20% to 30% is already well underway.

Commissioner Hedegaard stressed the need for continued action to keep within the two degrees' global warming objective. "The targets [agreed] at the table so far will only bring us 60% of the way," she said.

"Don't be mistaken. It is one of the very, very difficult challenges that we will face in the years to come."

In December, a UN climate change conference in Durban, South Africa, will attempt to hammer out a successor agreement to the Kyoto Protocol, which expires in 2012.