

MCC

Mercator Research Institute on  
Global Commons and Climate Change gGmbH

# The future of global climate policy – Current trends, emerging instruments

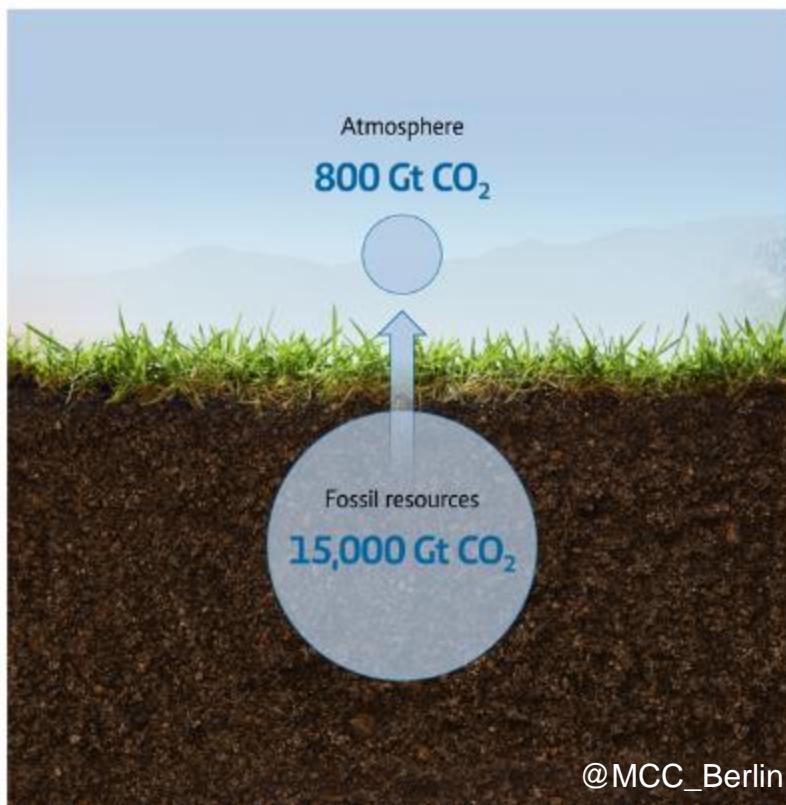
Prof. Dr. Ottmar Edenhofer

30 June 2017

Berlin

# A twofold global challenge

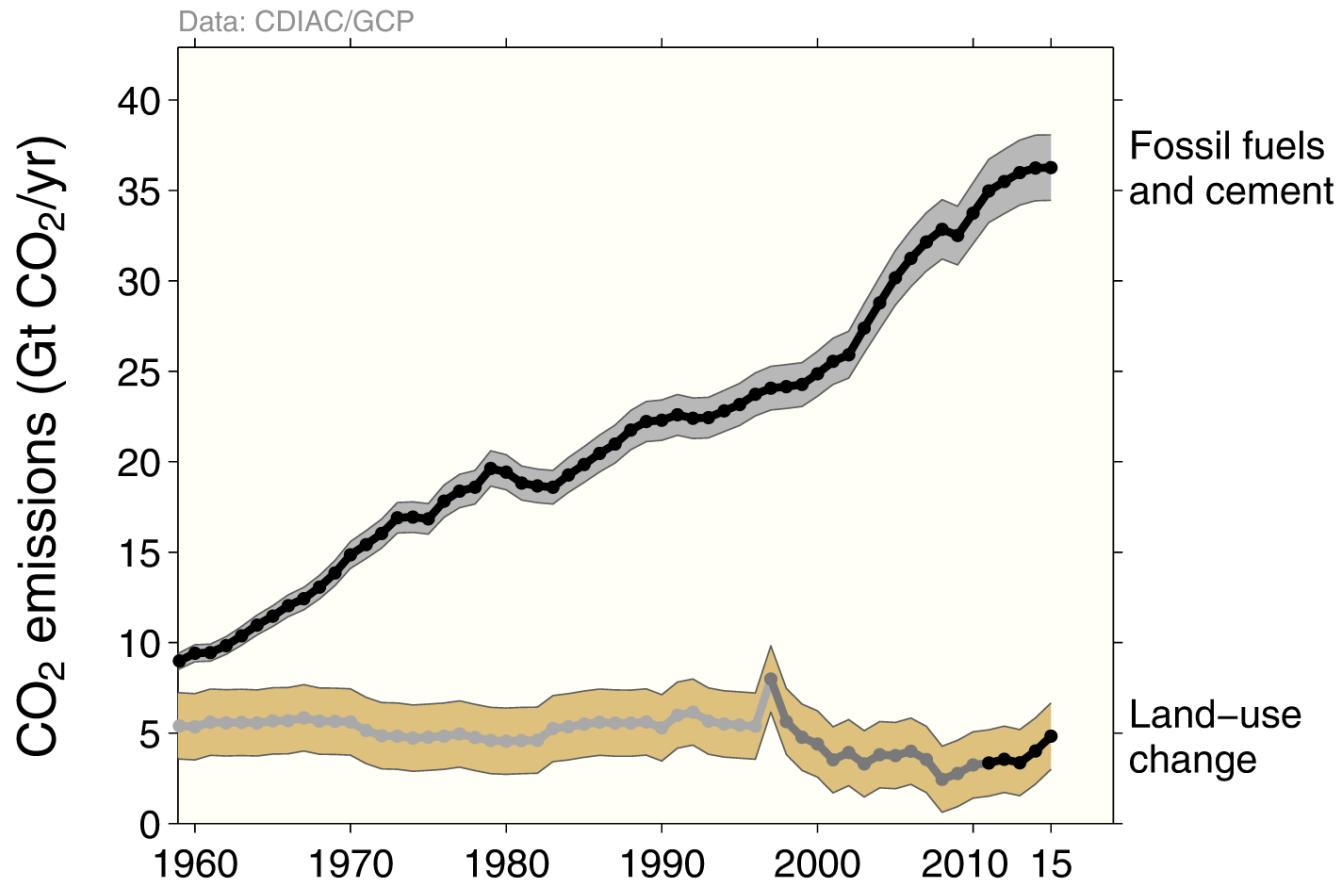
- Overuse of the global commons
- Underprovision of public infrastructure



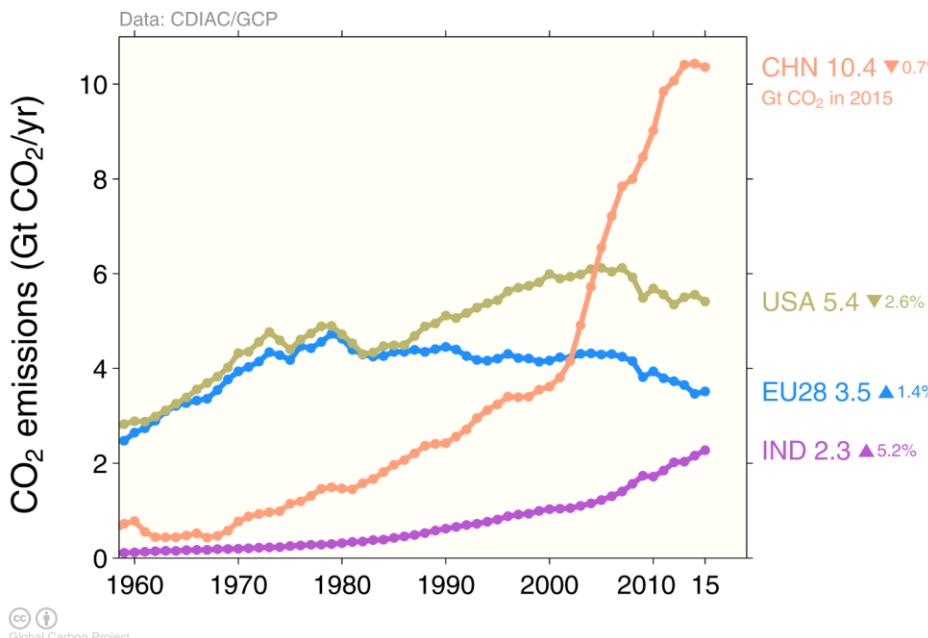
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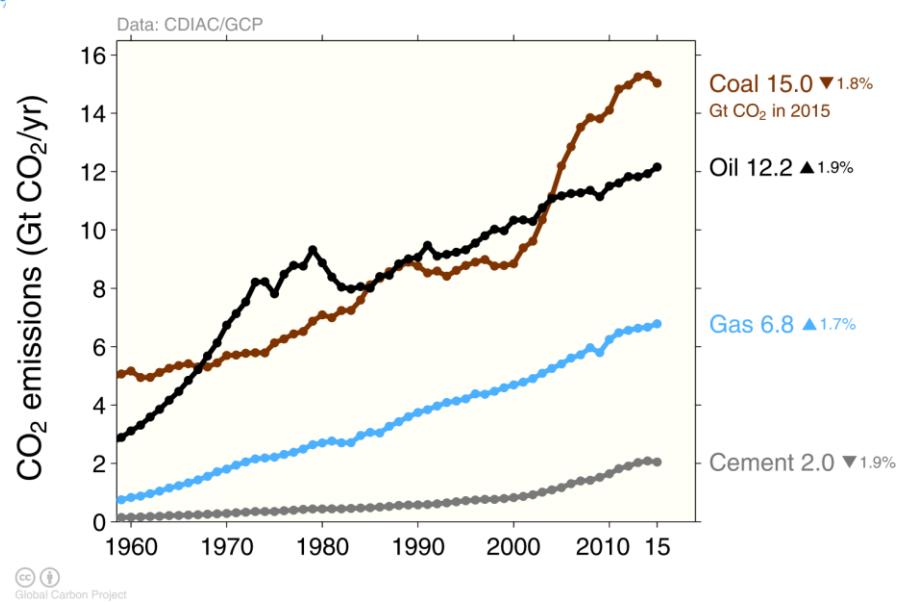
# Emissions are rising



# What about the renaissance of coal?

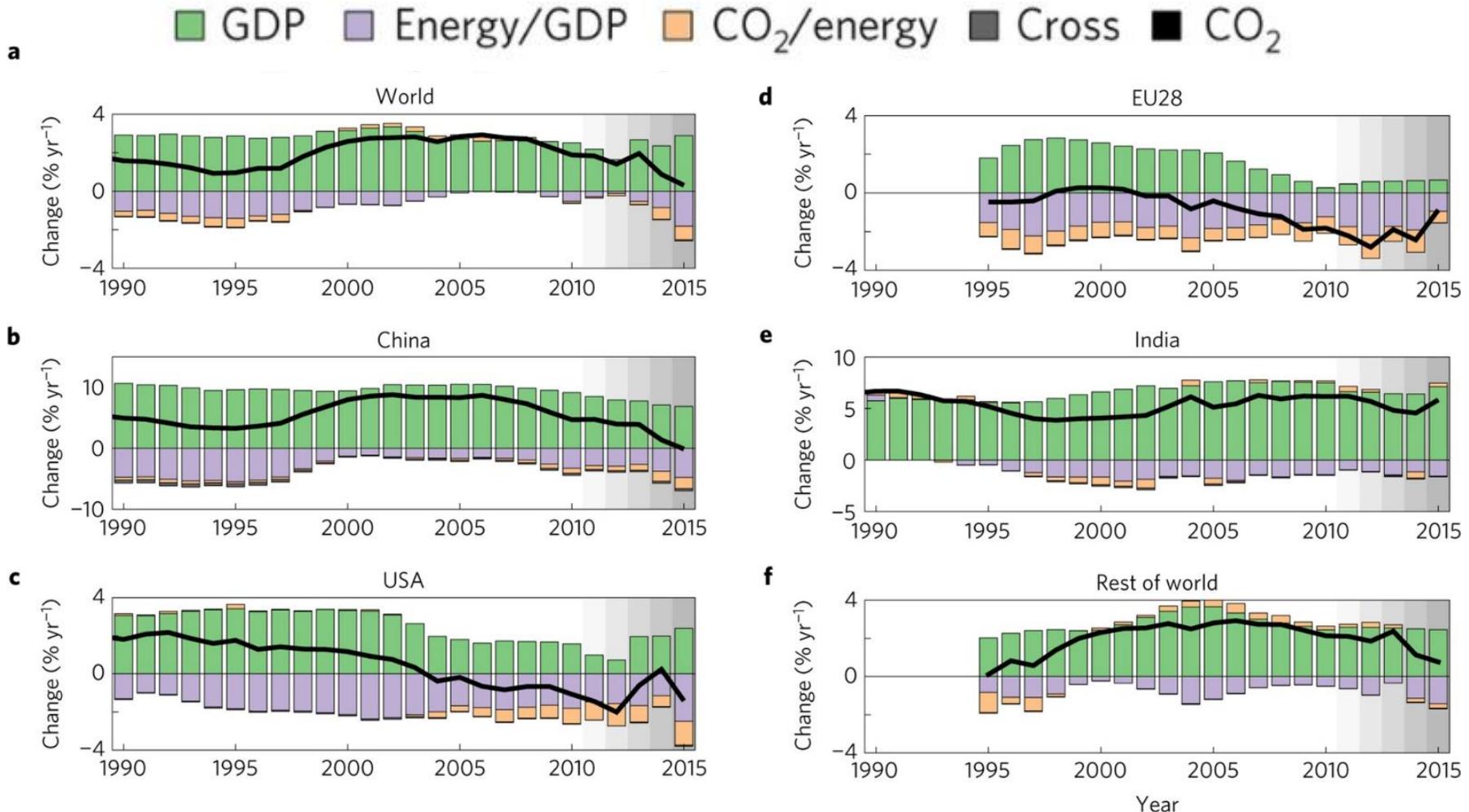


Global Carbon Project



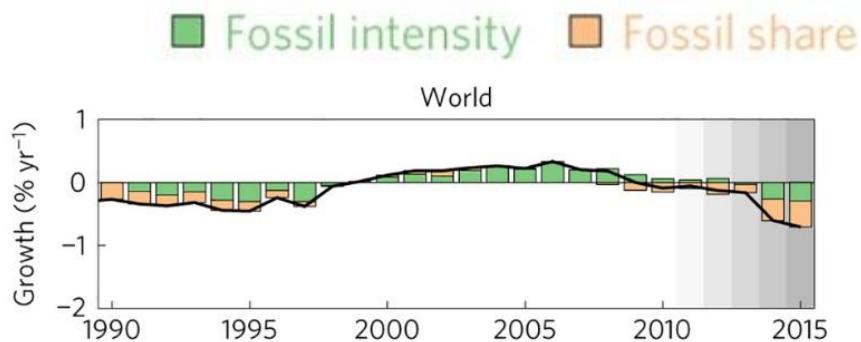
Global Carbon Project

# There is some progress, especially in China

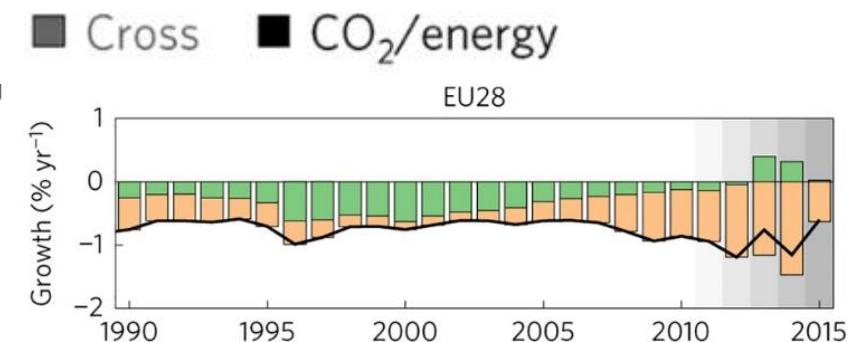


# Does the renaissance of coal come to a standstill?

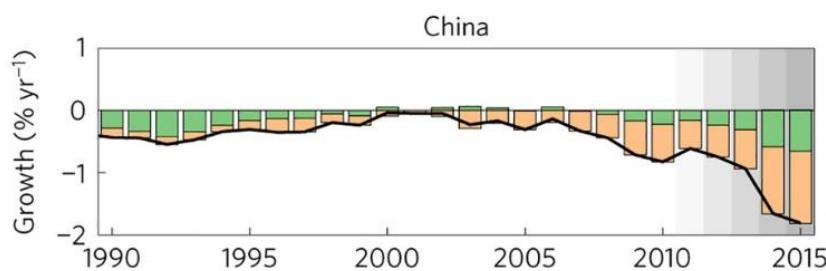
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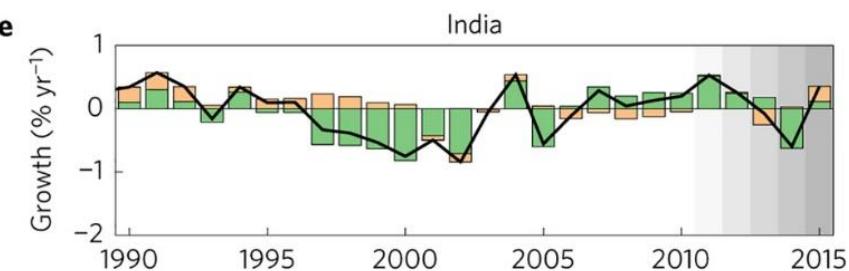
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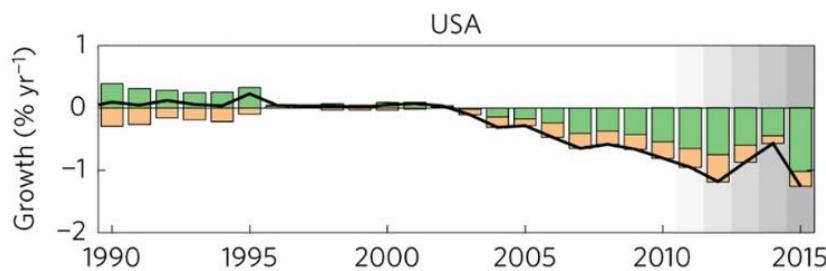
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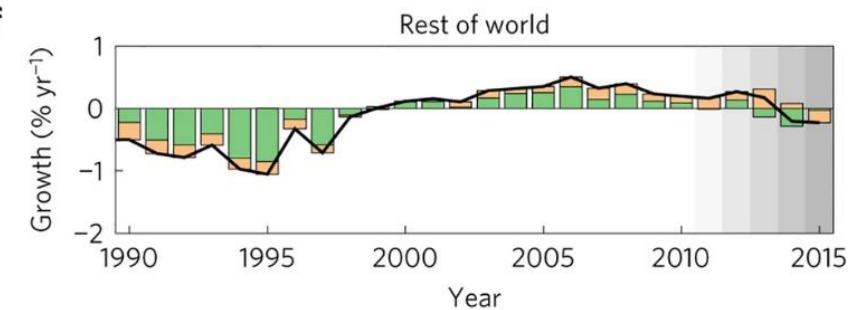
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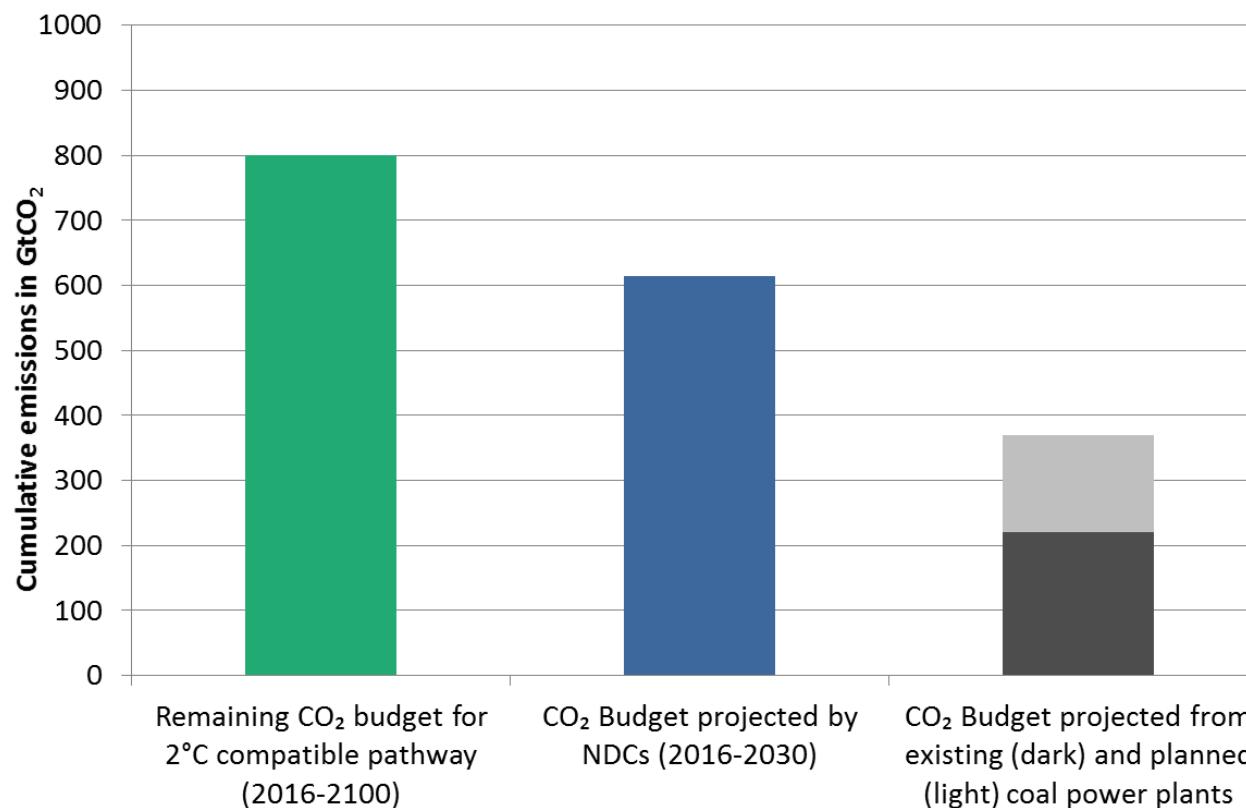


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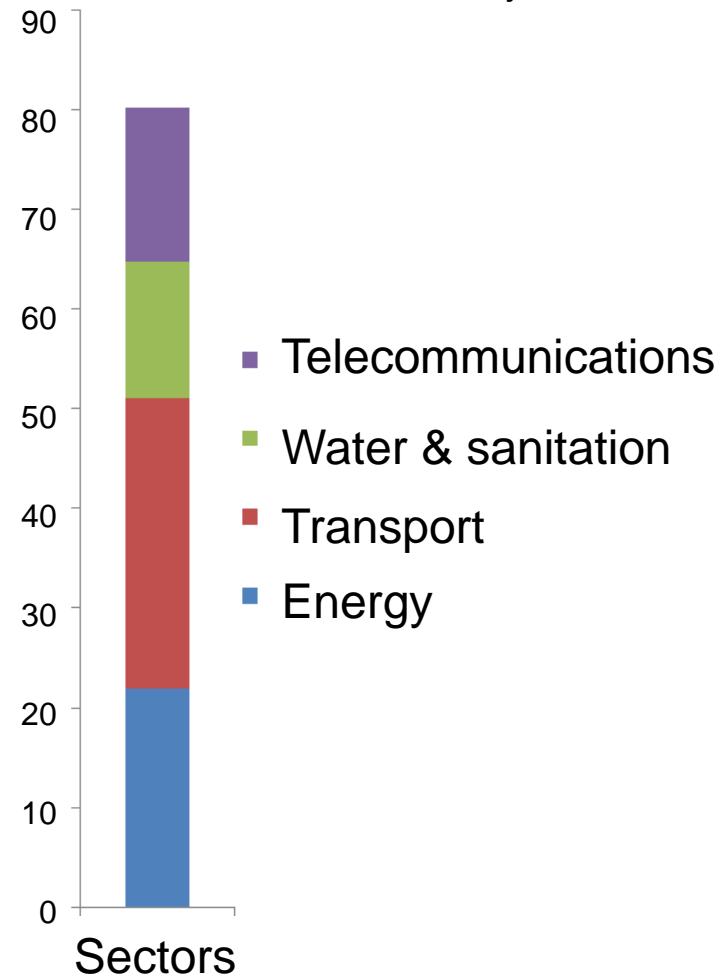
# The 2°C budget does not leave any leeway

- Cheap and abundant coal is the driver of a „re-carbonisation“ of the energy system in some parts of the world

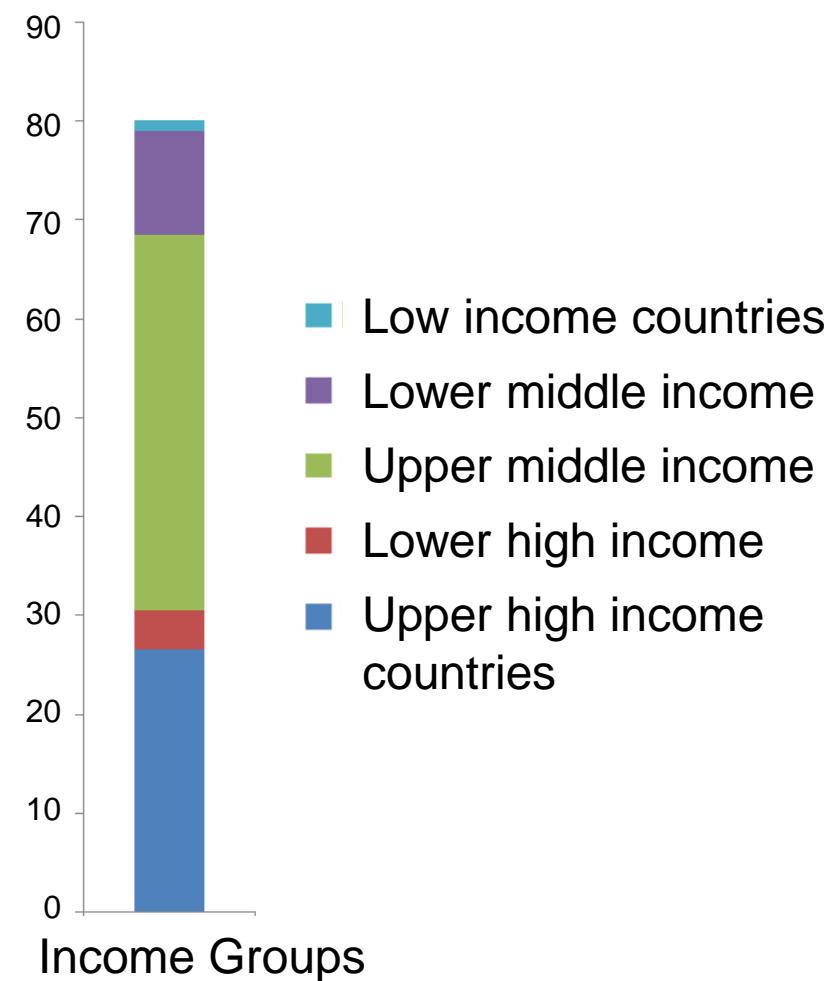


# Projected cumulative infrastructure demand

2014 US\$. trillions

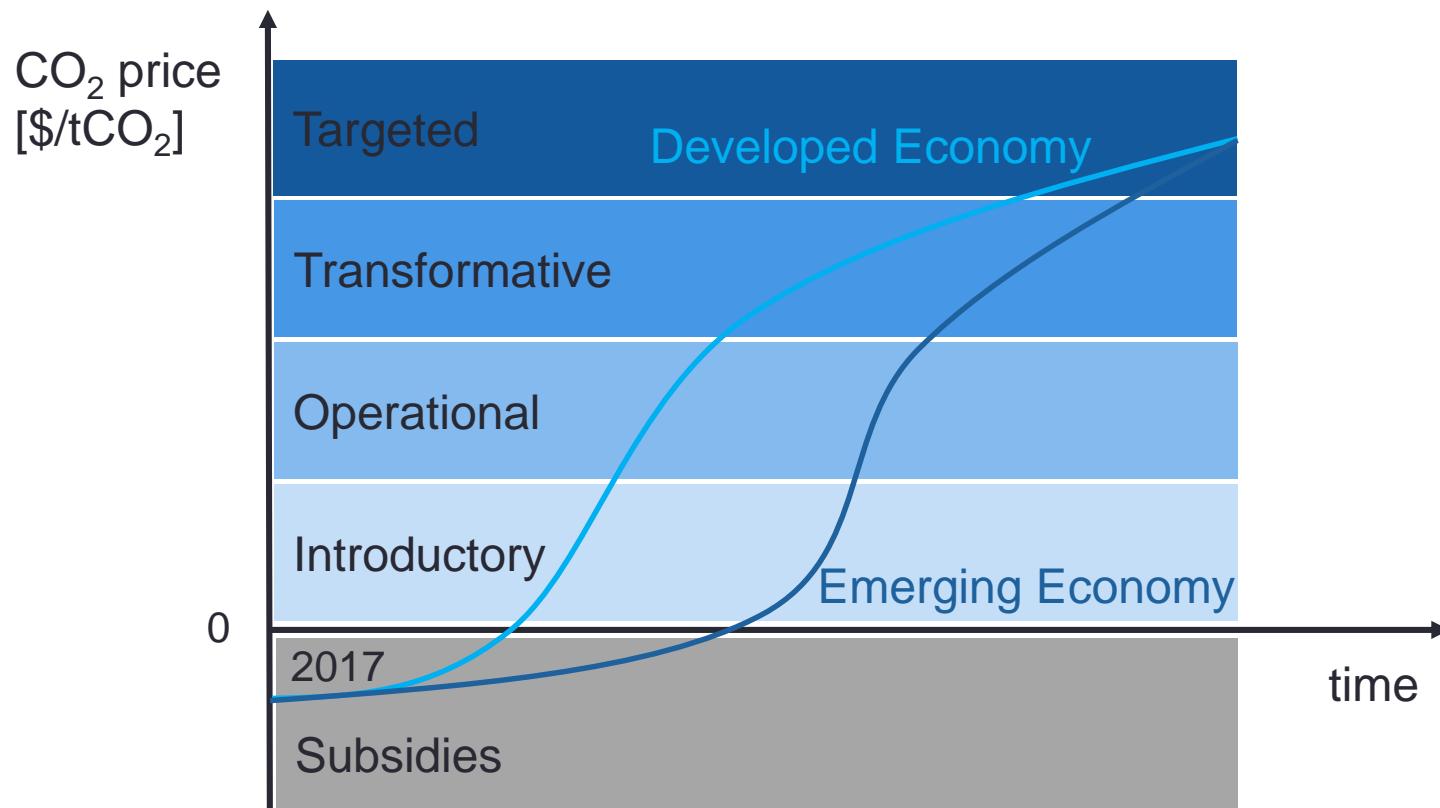


Projected demand 2015-2030



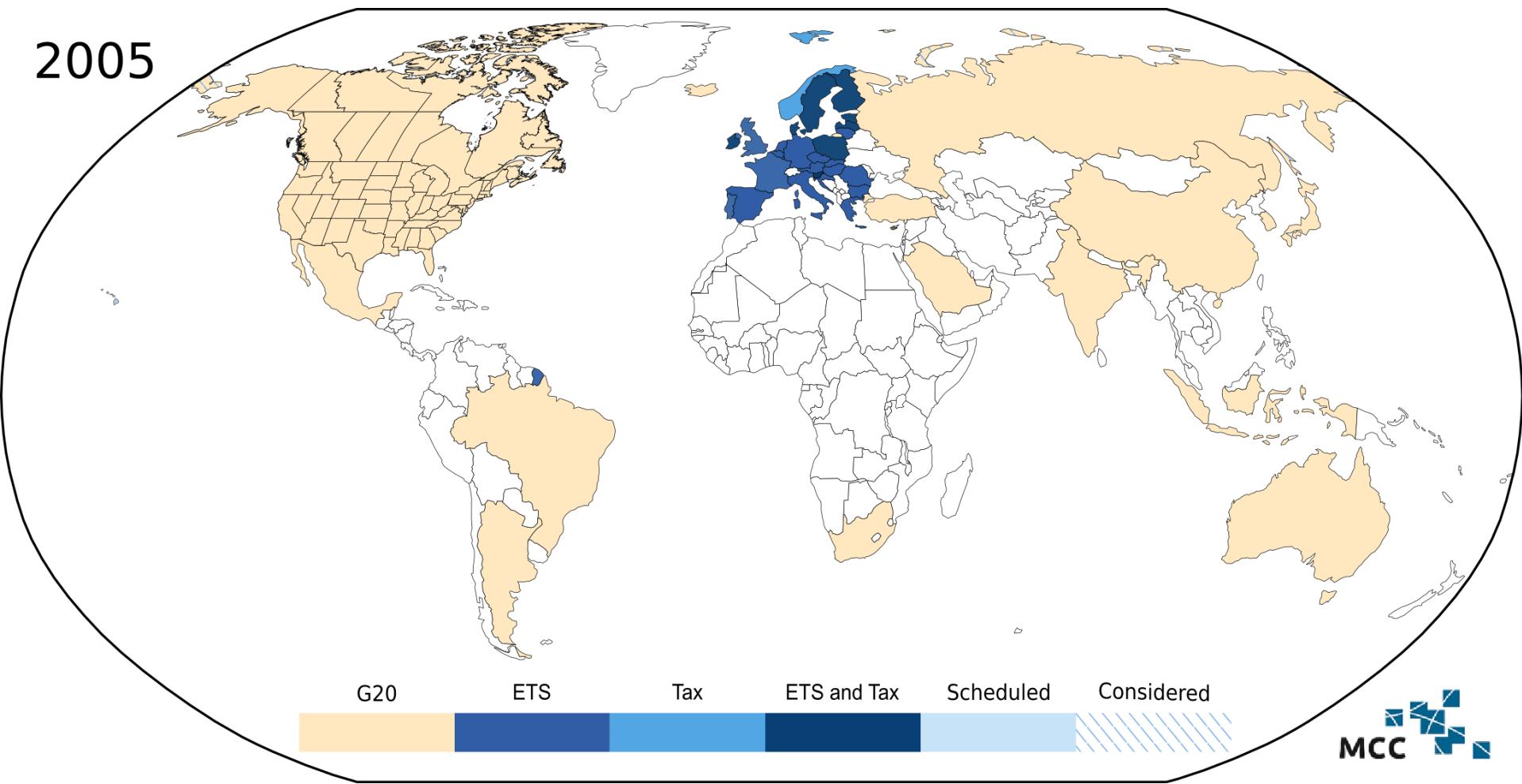
# Carbon pricing along common but differentiated responsibilities

- Carbon pricing (with taxes or emission trading systems) is essential because of the oversupply of fossil fuels.

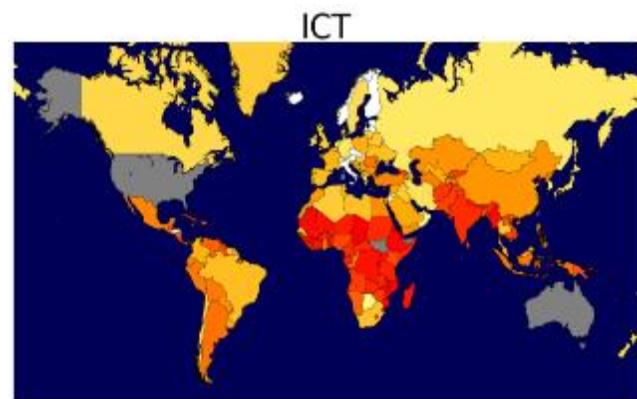
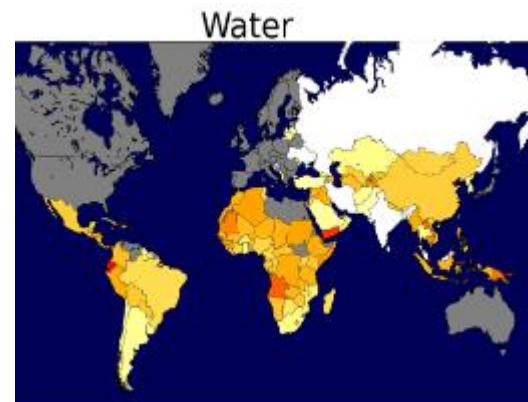
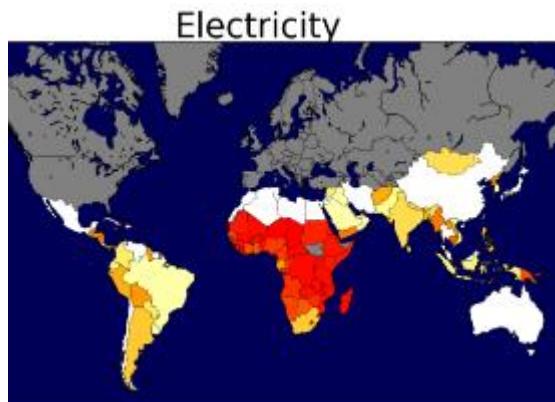


# Carbon Pricing in G20 Countries

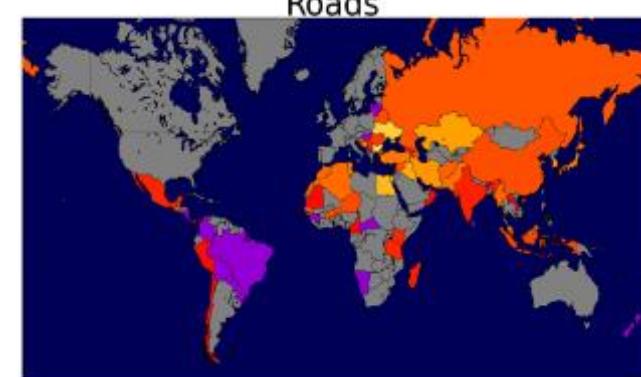
2005



# Carbon pricing revenues are sufficient to finance universal access to infrastructure



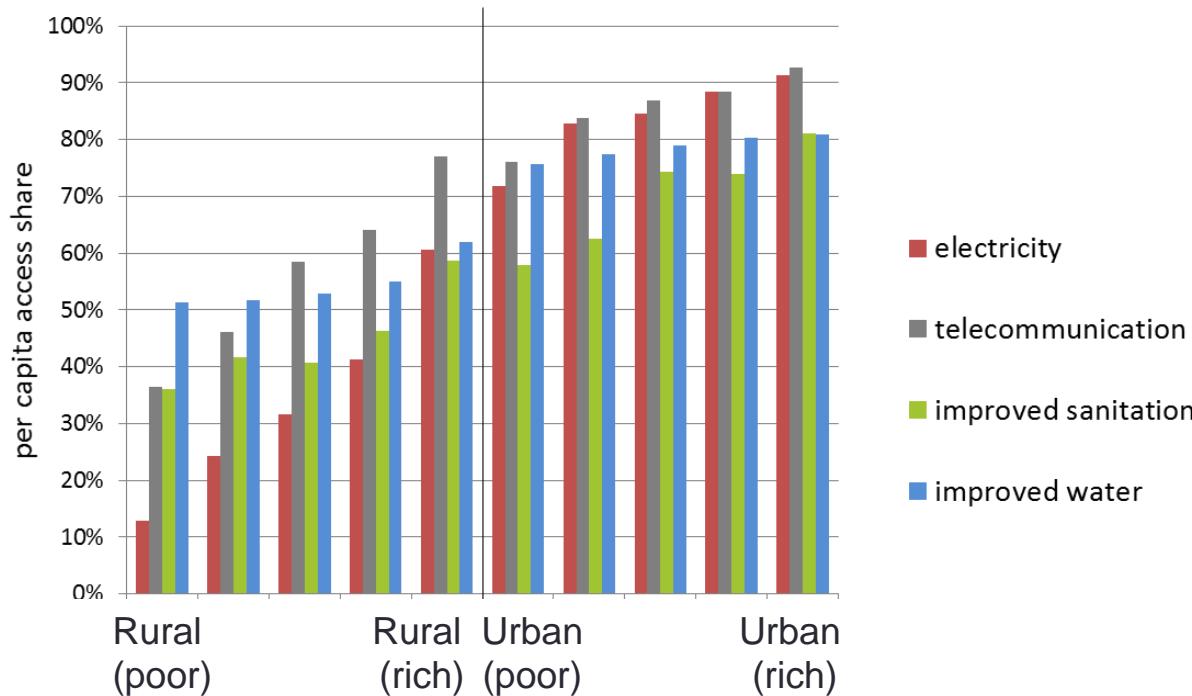
Except for roads  
where Africa's &  
Latin America's  
costs still  
partially exceed  
revenues



# Carbon pricing and access to infrastructure – MCC

## Example of Nigeria

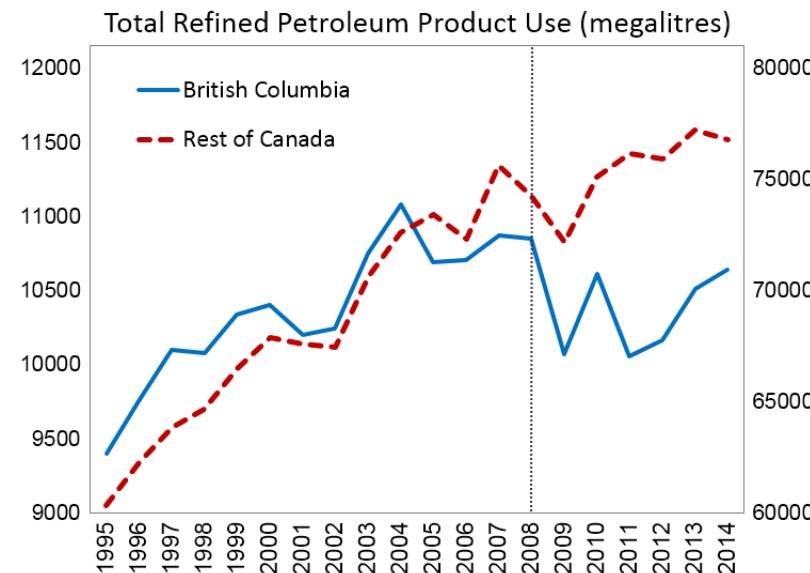
Infrastructure access across income groups



- Expansion of infrastructure can be designed to benefit low-income earners
- Example Nigeria: low-income earners so far severely disadvantaged concerning access to infrastructure

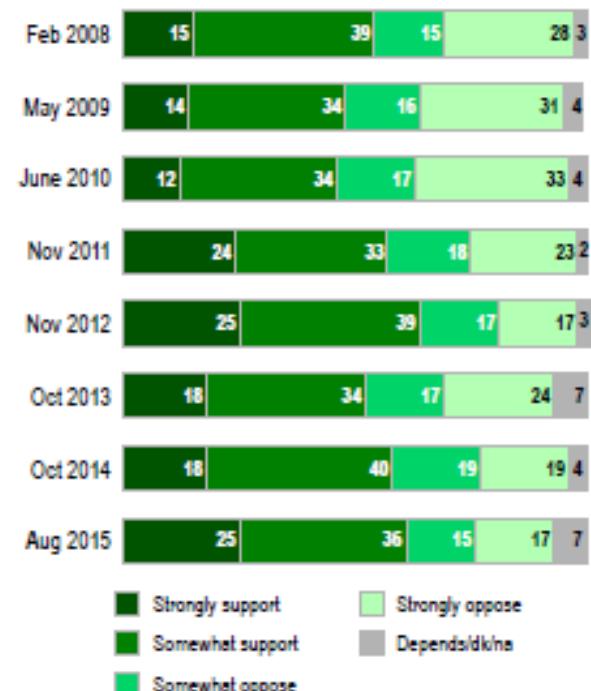
# Carbon pricing and tax reduction – Example of British Columbia

- Introduction of a carbon tax in 2008:
  - Significant decrease of CO<sub>2</sub>-emissions
  - Continuous public support
- Use of revenues: reduction of corporation and income tax



Support for carbon tax in B.C.

British Columbia 2008–2015



## The future of global climate policy: Combining climate protection and carbon pricing with the SDG agenda

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- Re-orienting investment strategies to exploit the significant opportunities of low-carbon, climate-resilient infrastructure
- Importance of Green Finance: Transforming finance to be an enabler and driver of change
- Phasing out fossil fuel subsidies
- Price carbon broadly while increasing access to sustainable infrastructure to ensure a just transition towards a low-carbon economy

# Climate policy in the era of Trump

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- Donald Trump acts against the market forces and many governors:
  - Coal in the U.S. cannot compete with gas
  - Call for carbon pricing by many U.S. companies, e.g. Exxon
  - „We are still in“ coalition in US including several Federal States
- It is in their own interest that China and Germany/EU continue with their efforts to combat climate change
- Possible areas for stronger cooperation:
  - Debate on Green Finance, currently led by China
  - Exchanging experiences about emissions trading
  - Sustainable infrastructure

# The future of global climate policy: Combining climate protection and carbon pricing with the SDG agenda

