



**TRANSATLANTIC CIVIL SOCIETY CONFERENCE ON
CLIMATE CHANGE
24 - 25 April 2008
Washington, DC**

SUMMARY OF DEBATE AND MAIN CONCLUSIONS

American and European stakeholders debate biofuels expansion and cap and trade systems for managing transport

Representatives of EU and USA civil society met in Washington on 24-25 April 2008 to review recent developments on climate change policy and in particular the actions needed in the transport sector. They discussed and reached a broad consensus on the following topics.

Representatives of civil society organisations from the EU and US gathered in Washington, DC, on 24-25 April 2008 to exchange views and experience on the development and implementation of policies to mitigate climate change on both sides of the Atlantic, and discuss common strategies and approaches to advancing those policies and further building public support for them. Participants represented a variety of environmental non-governmental organisations (NGOs), environmental advisory councils, academic and other research institutions and think tanks and trade unions from some 10 Member States of the European Union as well as the United States, working on different aspects of climate change and sustainable energy policies. Some representatives of public authorities at the Federal and State level in the US and at the local, national and EU level in Europe also attended the conference and contributed to the debate as keynote speakers and experts.

The conference was organised jointly by NRDC and IEEP as part of the Transatlantic Platform for Action on the Global Environment (T-PAGE), a project co-funded by the European Commission within the framework of a programme to promote transatlantic dialogues at the non-governmental level. It was held at a time when climate change issues feature high on the political agenda on both sides of the Atlantic, as the US Congress is debating several legislative proposals to introduce a federal cap and trade scheme for greenhouse gas (GHG) emissions, while the European Parliament and EU Council are considering a package of climate and energy legislation proposed in January by the European Commission. Political attention is also focused on the

multilateral negotiations on a post-2012 global climate change regime which were launched by the Bali Action Plan of the United Nations Framework Convention on Climate Change. The T-PAGE conference discussed domestic policies in the US and EU as a necessary contribution to those global efforts within the framework of the UN.

There is a growing consensus that in order to keep the level of greenhouse gases in the atmosphere within safe limits, GHG emissions will need to be reduced substantially in the years ahead. Developed countries must expect to collectively reduce their emissions by 20-30% by 2020 and by 80% by 2050.

At present, the EU Emissions Trading Scheme (ETS), which has been operational since 2005 and entered its second phase of operation on 1 January 2008, is the cornerstone of the EU's climate change mitigation policy. However, its effectiveness in curbing GHG emissions and its further development are currently the subject of considerable political debate in Europe, as the EU institutions are considering a set of legislative proposals to extend its scope and strengthen its provisions. At the same time, similar cap-and-trade systems are being developed by several State governments in the United States and legislation to introduce a nationwide cap-and-trade scheme is under consideration by the US Congress. A crucial vote is expected to take place in the US Senate in June. The T-PAGE conference considered the EU experience and discussed lessons that could be learnt in designing an effective cap-and-trade system in the US. European participants highlighted several problems that had arisen in the early stages of the EU ETS (such as inadequate baselines and over-allocation) and drew US participants' attention to the need to avoid replicating the same mistakes in establishing cap and trade policies in the United States.

A broad consensus was reached among US and EU civil society representatives on the following issues, based on two days of discussion and debate:

I. GHG emissions from the transport sector must be addressed as a priority in overall climate policy.

Participants agreed that cap-and-trade systems should not be viewed as a panacea and that a broader mix of policy tools would be required on both sides of the Atlantic to seriously address the challenge of climate change. In particular, the conference stressed the urgent need to reduce transport emissions, such as those from automobiles, trucks, shipping, and aircraft, which are not covered by existing cap-and-trade systems. Impacts from transport include not only greenhouse gas emissions but also other air pollutants, congestion, noise, and safety. Therefore an integrated approach to transport policy is needed so that greenhouse gas emissions mitigation policies do not inadvertently cause a rise in other impacts and should in fact be designed to address other transport impacts as far as possible.

Participants agreed that complementary and comprehensive strategies are needed to achieve the following objectives:

- Reduce the basic demand for travel with special attention towards public transport options and expanded transport modalities (especially new rail systems and advanced bus networks);
- Encourage travel by more sustainable modes of transport that are less carbon intensive and prioritise these modes in infrastructure investment plans;

- Accelerate the transition to vehicles not powered by fossil fuels;
- Increase the efficiency of vehicles that are still powered by fossil fuels, through technologies such as plug-in hybrid vehicles; and
- Reduce the carbon intensity of fuels, through measures such as low carbon fuel standards.

No single policy measure will achieve everything and policies are needed both on the transport supply and demand sides. Vehicle fuel efficiency standards will be needed in combination with price signals for consumers to encourage efficient purchasing and travel behaviour. Market-based instruments such as emissions trading systems or taxes can help set these price signals in the road transport sector, however transport economists generally recommend road charging schemes with prices dependent on time-of-day, location and vehicle replacing fixed transport charges. Many participants agreed that cap-and-trade is unlikely to have significant impact on transport emissions unless the price of emission allowances will reach much higher levels than expected in other sectors. Some participants highlighted that there is a price paradox for carbon allowances—a trading price high enough to force real technological change can be considered politically unacceptable, whereas a politically acceptable price may not be high enough to force real change. If an emissions trading scheme were implemented, many participants considered that either an upstream system or a personal trading scheme would be the best options. Freight transport should not be neglected, as emissions from this sector continue to grow.

In all modes, transport demand is relatively insensitive to prices, but in modes subject to strong competition economic incentives can be efficient: e.g. passenger car taxation differentiated according to fuel consumption or CO₂ emission, fuel taxation differentiation, carbon taxes, and kilometre charging in road pricing schemes. With all transport policies, good transparent consumer information is important to inform transport users of the options they have and the consequences of their choices.

In the longer term ambitious targets for transport greenhouse gas emissions reduction are needed. Governments need to invest now in advanced technologies, such as electric vehicles, advanced alternative fuels etc. More ambitious climate change mitigation policies will necessitate a change in transport demand by changing lifestyles, spatial planning, and consumption patterns. Transport policies need to be in the public long-term interest and effective and should be communicated as such to the public.

II. Biofuels

The debate throughout the conference on the topic of biofuels began with a recognition that US policy has mainly been driven by a combination of energy security and support to farmers, with little concern for climate change, whereas EU policy has mainly been driven by climate change and support to farmers, with less concern for energy security. Recent awareness of the seriousness of climate change as well as future oil supply problems offers an opportunity to move ahead on a common strategy that recognises the two concerns as equally important and mutually reinforcing, without disregarding equally significant concerns about food security and the overall sustainability of agricultural systems. Therefore, the following points demonstrate some of the key issues of debate among our participants.

- **It is essential that biofuels should be approached through a combination of perspectives which include climate change, efficiency, resource availability and scarcity, food security, and sustainability.**

Reducing the carbon intensity of fossil fuels is in principle desirable. But the present rush to biofuels is in danger of taking over too much land throughout the world for suboptimal fuel crops. This is causing pressures on land needed for food production and other important uses, additional stress on biodiversity, and locking production into biofuels crops that are not even the most effective use of biomass for mitigating climate change.

While participants agreed that we need to move beyond first generation and towards second generation biofuels, specifically from waste products (not food) and cellulosic materials, second generation biofuels are also not the silver bullet answer. There is no justification at this point in time to take the virtues of second generation biofuels for granted. A few concerns and drawbacks with these types of biofuels were highlighted, including high costs, availability of waste materials, potential GMO issues, the considerable lead time required for full commercialization, and the need to make them viable at large-scale production levels. However, it is important to distinguish between current biofuels and the next generation of biofuels: i.e. a moratorium on biofuels does not mean that research funds should be diverted away from a search for cellulosic and other advanced biofuels.

The need to approach biofuels from multiple perspectives led to much debate about whether we even should keep a future where combustion engines are in the transportation mix.

- **No more plants for first generation biofuels should be built in Europe and North America before the potential future impact on food prices has been clarified.**

Since so many conditions and assumptions behind the adoption of present biofuel targets have changed in the last couple of years (and virtually all in a negative direction) further investment in first generation biofuel plants should be kept on hold. A three or four years moratorium would not prohibit present medium term goals to be achieved if an in depth analysis delivers green light, but significant damage, economic or food scarcity for the world's poor, appears to be a too serious risk to be ignored.

- **Biofuels need to be compared to conventional fuels and other envisioned energy carriers for transportation (e.g. electricity, hydrogen) with respect to land use efficiency and greenhouse gas emissions on a full life-cycle basis, including emissions from the destruction of sinks, land-clearing, and refining. Similarly, there should be a focus on sustainability of global agricultural systems, rather than just on bioenergy crops.**

Participants agreed that generally expansion in biofuel production has been decided based on insufficient impact assessments. Also, the merits of improved fuel efficiency, particularly its economic impact through its modifying effect on oil price developments, have largely been ignored. Other alternative fuels, such as biogas,

compressed natural gas (CNG) or electricity have suffered from lack of strong political constituencies or lobbying even though they hold stronger promises than several farm based liquid biofuels and are without the impact on food prices.

- **Society must evaluate strategies based on their broad potential to support sustainable development including a full life cycle analysis of greenhouse gas emissions and net energy savings. This implies a need to critically evaluate biofuels initiatives adopted as agricultural policy with inadequate consideration of environmental and food impacts.**

For the next several decades at least, fossil fuel powered vehicles will inevitably retain a major share of the market so it is essential that all new vehicles achieve much improved efficiency standards as soon as possible. Regulatory standards should be tightened and resistance from vehicle manufacturers faced down. This would help avoid a bifurcated agricultural sector, which will not necessarily solve sustainability challenges, such as land use change, etc.

Sustainability criteria could be useful but will not automatically solve all problems about biofuel development. A broader strategic reassessment is required. It was generally agreed that such criteria could play a useful part in analysing and ranking the merits of different applications in relation to some features of different biofuel crops in different locations, e.g. their relative effectiveness in reducing carbon emissions (provided the frame of reference was drawn sufficiently wide). But there were some doubts whether any such criteria applied on a case-by-case basis could capture the broader impacts of large scale changes in land use that may arise from major expansion of biofuel production in the world (e.g. significant diversion of land use from food production to biofuels production). Meanwhile it would be unwise to continue to drive excessively rapid expansion of potentially unsustainable biofuel applications with over-ambitious quantitative targets and over-generous or distorting financial incentives.

The Washington meeting concluded that there ought to be a moratorium on the expansion of biofuels production in Europe and North America until the broader transport strategies have been established, and until there is greater certainty regarding the optimum use of biomass for climate change mitigation purposes that can be developed without damaging essential food production and conservation goals.

List of Participants

US

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