



for a living planet®

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Brussels, 2 October 2008

Dear Head of Government/Head of State,

European Council Meeting 15-16 October 2008
EU Climate and Energy Package and UN Climate negotiations towards a Global Deal

The EU has long stated its aim to limit global warming to no more than 2°C above the pre-industrial average. If temperatures exceed this threshold, we face the prospect of an ice-free Arctic in summer months, possibly before the end of the current decade. Such warming would threaten up to one billion people with problems of water scarcity, and would place as many as 30% of all plant and animal species at a high risk of extinction. The cost of dealing with the consequences will be up to 20% of GDP.¹

WWF is concerned about the lack of urgency and absence of strong commitments in the Council discussions taking place so far on the EU Climate and Energy package. We were encouraged by the strong signals sent by Heads of State and Government in spring last year in line with the emerging science that shows that climate change is occurring sooner, and with greater impacts, than previously predicted. It would be deeply regrettable if the EU makes commitments and sets targets at the European Council level and then watches from the sidelines as these very targets are undermined when the enabling legislation is tabled.

The EU Climate and Energy package has the potential to put the EU at the forefront of technological innovation and the associated export potentials anticipated in the move towards a low-carbon economy. The UN has recently published a study predicting millions of new jobs can be created worldwide over the coming decades by the development of alternative energy technologies. The report said that "green jobs" depend particularly on a shift of subsidies from fossil fuels to renewables.² WWF's own study of existing research highlights the opportunity of creating 2.5 million jobs in the EU by 2020 through strong policies that encourage climate-friendly development.

An Organisation for Economic Cooperation and Development and International Energy Agency joint study has called on the EU to "...vigorously pursue the implementation of the proposed climate and energy package...to provide investors...with the appropriate certainty regarding mid-to long-term investment framework". A Eurobarometer poll published last month found that almost two thirds of European citizens want their leaders to combat climate change much more strongly, and identified governments as having the primary responsibility for addressing the problem.³

WWF is therefore urging you to demonstrate at the next European Council that the European Union is a leader in tackling climate change in actions as well as words. The actions we would like to see are attached as an annex. The challenges posed by climate change ultimately must be tackled by us all. Yet you must lead in addressing this challenge. It's time for Europe to lead.

Yours sincerely,

Tony Long,
Director WWF EPO

¹ Stern Review, Oct 2006

² <http://www.unep.org/Documents/Multilingual/Default.asp?DocumentID=545&ArticleID=5929&l=en>

³ http://ec.europa.eu/public_opinion/archives/eb_special_en.htm#300

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Annex

European leaders must ensure that negotiations make the progress the world urgently needs to deliver an ambitious post-2012 'Global Deal' on climate change in Copenhagen in 2009, including binding commitments adequate to address the enormity of the challenge climate change currently poses for humanity.

- The EU will only be able to fulfill its own part of a fair and equitable Global Deal if it commits, before the Copenhagen COP, to a **30% domestic reduction target** for 2020 from 1990 levels. We call on you to reconfirm your statement from the Spring European Council 2007 while strengthening it to reflect the need and urgency of immediate action.
- **The polluter must pay.** Any EU commitment must provide incentives to clean technology development and deployment with the financing coming from those polluting the most. We call on you to support the principle of full auctioning of emissions allowances. WWF's recent report on auctioning and electricity prices clearly demonstrates that electricity prices are not affected by auctioning levels, but rather by the degree of energy market liberalisation, as allowance prices get passed through to customers whether there is auctioning or not.⁴ **50% of the revenues should be invested in climate mitigation such as increased energy efficiency and deployment of renewables within Europe, including training for new employment opportunities.** Such opportunities would further benefit strongly from the indicative 20% energy efficiency target being made mandatory.
- Potential losses of competitiveness have often been put forward by industry to avoid or weaken environmental policy. In this case, a minority within European industry have made potential "carbon leakage" one of the dominating discussion points in this debate – totally ignoring the many benefits from strong climate action. This skewing of the debate is made yet more indefensible when we consider that those advocating this position represent such a small sector of the European corporate community. For example, in the UK those raising the concerns of "carbon leakage" account for approximately 1% of GDP, less than 0.5% of employment, and are exposed to only around 1% of ETS-linked cost increases. Comparable studies do not exist for all Member States, but German studies have shown similar findings, as well as indicating that energy-intensive industry products are often not traded intensively, thus rendering the risk of "leakage" negligible. **Competitive distortions should be addressed based on evidence and facts once the content of the Global Deal is known – not on scaremongering by a minority of self-interested European industry.**
- Another clear benefit from strong EU action on climate change, particularly in a world of high energy prices, is the **gain for security of energy supply.** Increased energy efficiency and renewables is the best route to EU energy independence as well as economising on the ever-increasing EU energy import bill. For only a 20% target and oil prices of 60US\$/barrel – we are at over 100\$US today - the Commission estimated 50 billion euro savings from reduced oil and gas imports in 2020.
- The EU must reach out to its allies in the G77 to forge a strong Global Deal. Adequate sources of finance must be generated in support of adaptation and mitigation, including reducing emissions from deforestation in developing countries. We ask you to **support the earmarking of half of all revenues from the auctioning of allowances under the ETS for climate adaptation and mitigation in developing countries.** Such financial support is likely to be a precondition for any global agreement. In view of the EU's historical responsibility for climate change, it is essential to commit to serious funding at the highest level of the EU.

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⁴ http://www.panda.org/about_wwf/where_we_work/europe/what_we_do/wwf_europe_environment/news/index.cfm?uNewsID=146041