

European Energy and Industrial Policy after Copenhagen and the Crisis

- Sectoral Approaches -

by Maria da Graça Carvalho

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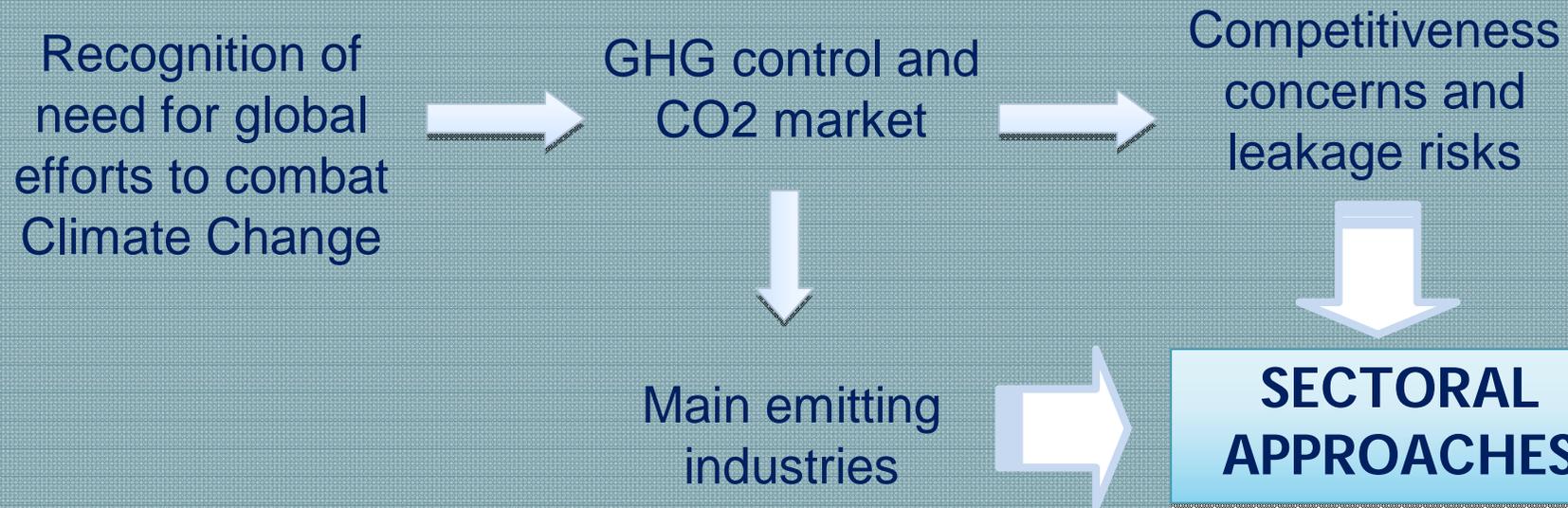
OBJECTIVE OF THE PRESENTATION

A) The overall objective is to strike a balance:

- Environment concerns
- Energy security
- Competitiveness

B) One solution = SECTORAL APPROACHES (SA)

MOTIVATIONS FOR A SECTORAL APPROACH



UNFCCC

Bali Action Plan: “co-operative sectoral approaches and sector-specific actions”

CONTENT OF THE PRESENTATION

- 1) Definition
- 2) Pros and cons of SA
- 3) Recent research and initiatives
- 4) Integration at international and EU level
- 5) Conclusions



SECTORAL APPROACH DEFINITION

Sectoral Approach (SA) typologies

- **Bottom-up sector-wide transnational approaches**, e.g., transnational industry-led approaches that aim to engage a sector on a broad international basis
 - **Bottom-up country commitments**, possibly combined with no-lose targets
 - **Top-down sectoral crediting**, as an incentive mechanism, e.g. sectoral Clean Development Mechanism

SECTORS: Energy-intensive industries, automotive industry, electricity, aviation, marine transport, etc.

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MAJOR BENEFITS

COMBATING CLIMATE CHANGE

Quicken the collective **response to climate change** and explore **alternative** pathways for countries not prepared to assume targets

LEVEL PLAYING FIELD

Alleviate **competitiveness concerns** in trade-exposed industries

**Sectoral Approach (SA)
has the potential to...**

EMERGING ECONOMIES

Provide an opportunity for **developing countries** to accelerate the adoption of **technology** and facilitate access to **financing**

TECHNOLOGY AND BEST PRACTICES

Enhance **technology innovation** and **best practices** diffusion in order to increase operational efficiency

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MAJOR CHALLENGES

1) Data definition and collection

- Effective MRV by a third party, avoiding time-consuming and potentially costly activities

2) Risk of anti-competitive behaviour

3) Incentives for developing countries

- Capacity-building and access to data and best practice

4) Administrative structure

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RECENT RESEARCH AND SA INITIATIVES

Research initiatives:

WRI

ISD

Ecofys and GtripleC

CEPS

Pew Center on Global CC

IDDRI

CCAP

IEA

OECD

European Commission

Initiatives in Industry Organisations:

Cement Sustainability Initiative | CSI



Initiatives beyond climate change policy:

-Montreal Protocol

- Directive EC 2037/2000 (HCFCs)

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SCENARIOS IN INTERNATIONAL NEGOTIATIONS

- 1) International agreement**
- 2) Second Commitment Period
for the Kyoto Protocol**
- 3) No agreement**

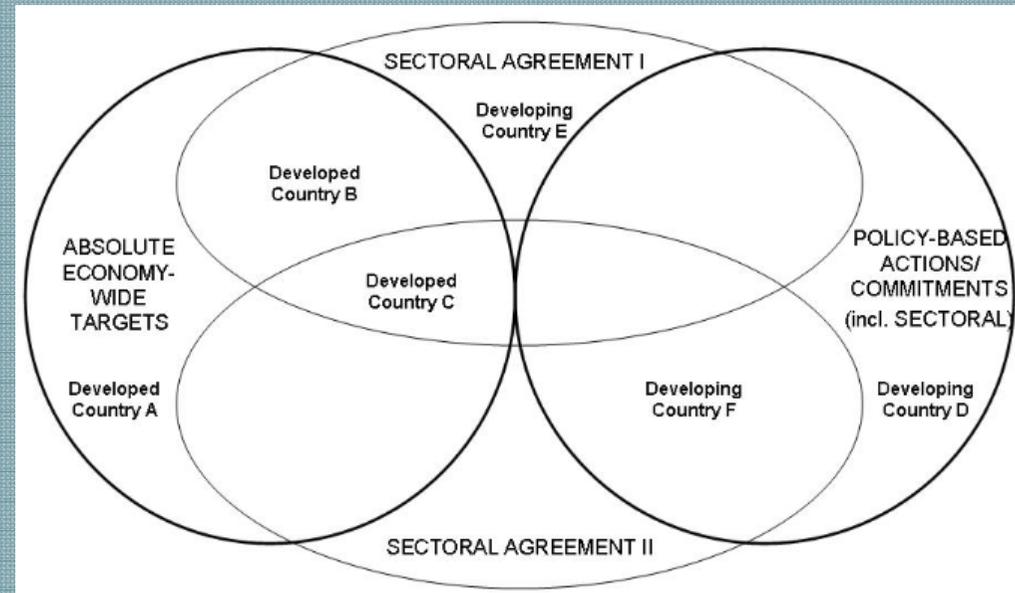
INTERNATIONAL AGREEMENT

SA IMPLEMENTATION UNDER THE UNFCCC

Commitment and pledges under different tracks, adopted as a package

“A flexible multi-track post-2012 Framework, including:

- Absolute **economy-wide targets**;
- **Policy-base actions/ commitments** (sectoral or economy-wide)
- **Sectoral agreements**”.



Source: Pew Center on Global Climate Change

Pew Center on Global Climate Change

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SECOND COMMITMENT PERIOD

LINKED WITH UNFCCC FOR REPORTING AND/OR TRADING

Top-down
sectoral crediting



A sectoral crediting mechanism could evolve from existing flexibility mechanisms under the Kyoto Protocol

Sector-wide
transnational approach



Developed countries: agreements as a supplement of country goals
Developing countries: agreements as (part of) their contribution to the global mitigation effort



NO AGREEMENT

INDUSTRY-LED INITIATIVES OUTSIDE THE UNFCCC

Bottom-up
country
commitments



Industry-led sectoral approaches remain bottom-up in performance benchmarking and may contribute to:

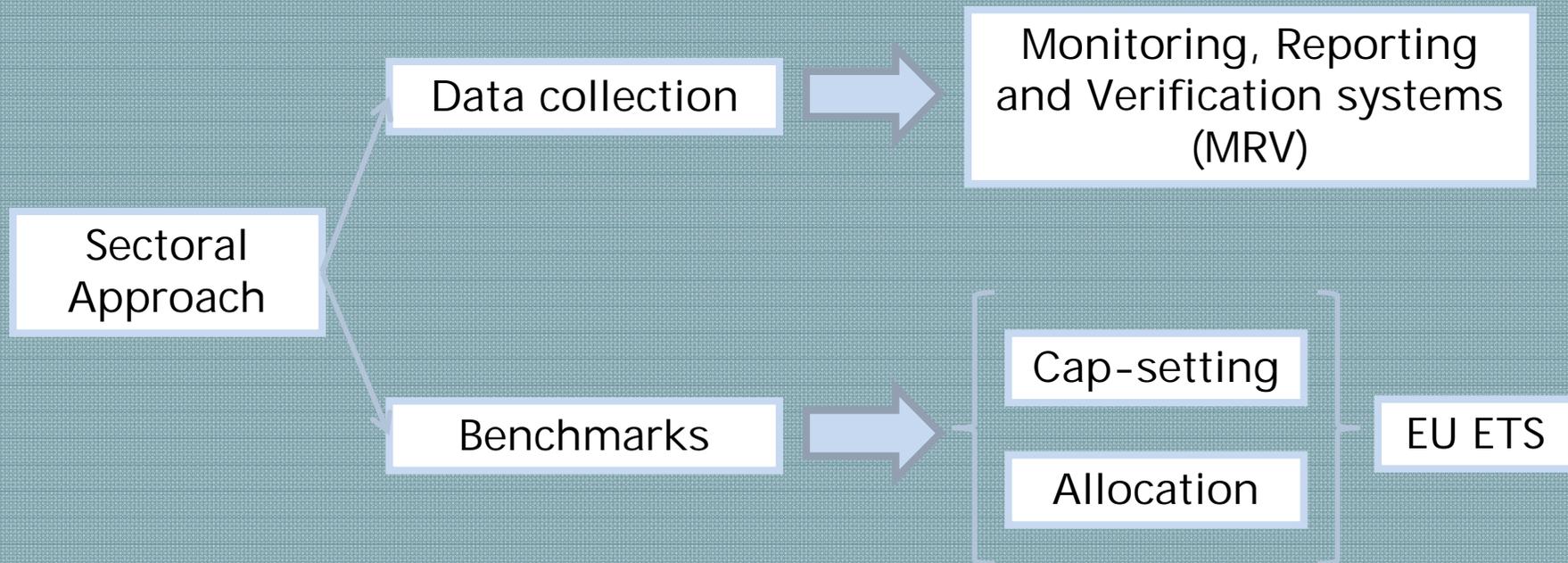
- Identify win-win mitigation options,
- Discover hitherto unknown abatement potentials in developed and emerging economies,
- Realize cost-effective solutions based on the sound knowledge of an industry.

Although the implementation is outside the UNFCCC, agreed efforts could be reported

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SA CONTRIBUTION TO EU POLICY



THE WAY FORWARD

- ❖ Action needs to be undertaken urgently.
- ❖ One way forward is to adopt the Sectoral Approach.
- ❖ Whether or not an international agreement on Climate Change is forthcoming, the Sectoral Approach is still highly valid and valuable.

