

## Climate Change Policy: Lessons from the European Experience

On March 25-26, 2010, the Rutgers Initiative for Climate and Social Policy, the Rutgers Center for European Studies, and other partners hosted 'Climate Change Policy: Lessons from the European Experience' at the Eagleton Institute of Politics in New Brunswick, New Jersey. This conference brought together specialists from the diplomatic, academic, and private sectors to discuss ongoing environmental initiatives in the European Union and its member states. The assembled European and American panelists also sought to address the following question: what lessons could U.S. policymakers and analysts draw from the environmental policies of Europe as the U.S. seeks to formulate its own clean, comprehensive energy strategy for the 21<sup>st</sup> century?

### **Keynote Address: Sir Allan Collins, Consul-General, British Consulate of New York**

*(to view a video podcast of this speech, please click here)*

The conference opened on the evening of March 25<sup>th</sup> with a keynote address by Sir Allan Collins, the consul-general of the [British Consulate](#) in New York and the Director-General of UK Trade & Investment in the United States. In his speech, Sir Alan stressed that while the “end game has to be a legally binding (international) climate agreement” to address climate change, individual states can and should take a number of measures domestically to reduce GHG emissions while still maintaining economic growth. While the implementation of climate mitigation and adaptation policies will incur some costs domestically, Sir Allan concurred with the [Stern Review](#) finding that inaction would result in much greater costs in the years and decades to come. Given these costs, “it is everyone’s business” to confront the challenge of climate change now, Sir Allan argued.

The consul-general highlighted a number of recent initiatives undertaken by the UK to mitigate GHG emissions, including participation in the EU [ETS](#) system, the creation of a UK [Carbon Emissions Target Reduction Target](#), efforts to harness tidal and wave energy, a [‘Warm Front’](#) program to assist low-income families with transitioning to clean energy usage, and the ongoing development of a low-carbon skill strategy for British workers. Sir Allan noted that these and other programs have allowed the UK to reduce carbon emissions by 16% since 1990 while maintaining strong economic growth and developing a substantial low- carbon market which

accounts for 7% of British GDP. There are “very good business reasons” for adopting GHG mitigation strategies, Sir Allan noted, and he concluded that U.S. policymakers therefore should not “despair” over the prospects for business cooperation with future efforts to craft climate change legislation in the U.S. In conclusion, Sir Allan noted that the United States should take a lesson from former president Richard Nixon, who once argued that when it comes to the balance between the economy and environmental quality, “the answer is not to abandon growth, but to redirect it.”

**Panel I: Climate Change and Energy Policy in Europe:**

*Panelists: Christian Egenhofer, Center for European Studies, Brussels, Belgium; Friedo Sieleman, Embassy of the Federal Republic of Germany, Washington, D.C.; Henriette Bersee, Royal Netherlands Embassy, Washington, D.C.*

The first panel on March 26 devoted its attention to climate and energy policy developments at the EU level in general, and within Germany and the Netherlands in particular. Christian Egenhofer, Senior Fellow and Head of the Energy and Climate Programme in the Center for European Studies in Brussels, argued that while the EU has adopted a wide variety of ambitious GHG reduction policies, its constituent member states have demonstrated varying levels of commitment to implementing these policies at the domestic level. Egenhofer argued that degree of responsiveness to climate concerns among EU member states was largely a function of the diverging GDP levels of core EU states like Germany and France on the one hand, and newer members in Eastern Europe on the other. Moving forward, Egenhofer suggested that the EU needs to emphasize policies that simultaneously prioritize the energy, climate, and competitiveness concerns of member states. Likewise, Egenhofer concluded, the EU needed to direct its attention towards challenges including developing effective enforcement mechanisms, managing structural shifts towards renewable economies, and maintaining public support for GHG mitigation efforts in EU member states.

At the domestic level, the case of Germany demonstrates that it is possible to foster economic growth in a highly industrialized state while still promoting low-carbon policies, argued Friedo Sielemann, the Counselor on Environment and Energy of the German Embassy in Washington. Sielemann contended that a prevailing German social consensus on the desirability of low-carbon growth, support from industry, a history of energy insecurity and the availability of existing renewable capabilities have helped to sustain support for the extensive array of pro-environmental policies adopted by the German government. As of 2008, wind power, hydropower, biogenic fuels and other renewable resources accounted for nearly 10% of German energy usage, according to Sielemann.

In contrast to EU member states like the United Kingdom and France, and contrary to the stated policies of the Obama Administration, however, Germany has elected to phase out the use of nuclear energy, despite its proclaimed benefit as a carbon-neutral energy source. Sielemann explained that the potential negative consequences of reliance on nuclear energy “has entered the German psyche”, partially due to the negative ecological impact in Germany of fallout from French reactors. In contrast to France, which has embraced nuclear energy as an alternative to coal, the German government largely sees its renewable sector as sufficiently developed to make recourse to nuclear power less attractive.

With 25% of its territory below sea level, the Netherlands has an especially strong incentive to promote domestic and international GHG emission reduction schemes, said Henriette Bersee, the Counselor on the Environment of the Royal Netherlands Embassy in Washington. In contrast to other panelists, Bersee explicitly framed global climate change as a clear national security issue for the low-lying Netherlands. In an effort “to keep our feet dry”, therefore, the Dutch government has adopted a three-part strategy aimed at promoting climate change adaptation and mitigation strategies alongside bilateral, EU, and multilateral level diplomatic initiatives to foster institutionalized and effective efforts to foster low-carbon economic development. At the domestic level, Bersee highlighted a number of Dutch initiatives, including

cap-and-trade market development, urban and transportation planning, voluntary agreements with industry, and other measures aimed at promoting low-carbon growth. Despite these efforts, Bersee concluded that it would be “very, very difficult” to reduce Dutch carbon emissions 30% by 2020 without sufficient investment resources and international cooperation in the climate change area.

During the Q&A session, audience members asked the panelists if the ‘hodge-podge’ of green policies adopted by various EU member states would create inefficiencies in the EU system as it attempts to foster low-carbon economic growth. Panelists conceded that such efficiency problems existed. Asked to explain the roots of these inefficiencies, panelists pointed to the voting structure of the EU, which requires unanimity for new tax measures but only qualified majorities for alternative measures like cap-and-trade systems. This hodge-podge of policies was necessary, panelists suggested, to attract sufficient support from EU member states with varying levels of concern over climate change and diverging levels of commitment to green growth.

Asked to address the issue of competitiveness, panelists noted that European businesses are “starting to feel some pain” as they endeavor to meet domestic and EU environmental standards while the U.S., China, and other competitors lag behind in terms of environmental protection in the absence of a binding, post-Kyoto international agreement on climate change. Panelists acknowledged that support from the business community in the EU could erode over time in the absence of binding international standards. The panelists concluded that greater communication between European and American economic sectors could go a long way towards fostering a greater appreciation for the economic merits of GHG mitigation practices among businesses in the U.S.

### **Panel II: The EU’s Emission Trading Scheme:**

Forthcoming.

### **Panel III: Climate Change and Transport in Europe**

*Panelists: John Pucher, Edward J. Bloustein School of Planning and Public Policy; Ralph Bühler, Virginia Tech; Olivier Pairault, Embassy of France, Washington, D.C.*

Noting that U.S. Secretary of Transportation Ray LaHood has called for a “[sea change](#)” in domestic transportation policy to address climate concerns, members of the third panel offered a thorough overview of European transportation sector innovations which offer the potential for significant carbon emission reductions in the U.S. Panelists highlighted urban planning schemes such as the proliferation of walking and cycling-only zones in European cities, efforts to encourage greater usage of public transportation, and the adoption of new EU-wide regulations to limit CO<sub>2</sub> emissions from automobiles. In these and other areas, panelists stressed the crucial importance of an overall public policy that consistently prioritizes sustainable transportation.

John Pucher of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University argued that U.S. public policy should be direct towards make cycling and walking “[irresistible](#)” for the American public. Pucher noted that in 2001, a full 40% of all trips taken in metropolitan areas in the U.S. were under two miles, suggesting that properly-targeted public policies could exploit a potentially high latent demand for urban infrastructure encouraging greater walking and cycling. There has been progress in the U.S. in this area in cities like New York, which has quadrupled its total bike lane mileage over the past fifteen years. Extensive bike lanes and pedestrian malls have become much more prevalent in Europe, however, and particularly so in the Netherlands, Denmark and Germany. These countries have successfully encouraged more walking and cycling over the past three decades with a basket of policies including public awareness campaigns, strict land-use policies, limitations on automobile speed limits in cities, restrictions on automobile parking areas, and so on. Perhaps most importantly, Pucher notes, these states have promoted more extensive use of low or zero-carbon transportation options without negatively impacting economic growth. This, Pucher concludes, speaks to the efficacy of carbon-reduction measures which do not require substantial investments in sophisticated new technology.

In his presentation on the public transportation sector in Germany, Ralph Bühler of Virginia Tech University argued that two decades of transportation, land use, and taxation policy have served to encourage greater use of public transportation in Germany. Notably, this expansion of service has coincided with declining passenger costs and decreased subsidies from the German government, in marked contrast to the experience of the U.S. public transportation sector in New Jersey and elsewhere. Bühler focused in particular on the public transportation sector in Freiburg, Germany, a metropolitan area so sensitive to environmental sustainability that some have labeled it as possibly being “[the greenest city in the world](#).” His presentation highlighted that over the past three decades, public ridership of transit services has doubled in the Freiburg area, which Bühler attributed to urban development patterns, regional coordination of services, timetables, financing, and tickets, and other factors. Increased ridership and greater efficiencies have led to declining costs and government subsidies, along with reduced automobile usage and overall per capita GHG emissions. The presentation acknowledged the significant differences between Germany and the U.S. in terms of spatial layout and the potential for dramatic increases in public transit usage. Bühler nonetheless concluded that carefully crafted public transportation policies hold the possibility of simultaneously reducing carbon emissions and the necessity of large government subsidies to maintain public transportation systems.

In the United States, there has been a longstanding debate between advocates of ‘command and control’ regulations and supporters of voluntary measures and/or market-based mechanisms for reducing carbon emissions. Oliver Pairault, the deputy counselor for climate change and ecology in the French Embassy in Washington, argued in his presentation that a decade’s worth of experience has taught the EU that voluntary agreements with car manufacturers alone are insufficient to achieve stated carbon emissions reduction goals. The EU has therefore responded with [Regulation \(EC\) No. 433/2009](#), which mandates average emissions of 130 grams per kilometer for 65% of all cars registered in the EU by 2012 and 100% of cars by 2015 (*for more information, click [here](#)*). Pairault describes this regulation as having the two-fold purpose of blocking protectionism between EU member states and reducing overall GHG emissions. Given

that the automotive sector was the only economic sector in the EU to experience emissions growth in 2005, Pairault defended the overall desirability of regulations. Nevertheless, he noted that the regulations are not “100% satisfying.” EU member states with varying levels of economic development and diverging economic priorities have maintained different domestic taxation schemes, thereby complicating the goal of forming a universal incentive structure for purchasing more fuel efficient cars across the EU.

During Q&A, audience members criticized regional transit systems such as the New Jersey Transit and the New York Metropolitan Transportation Authority for their failure to adopt practices similar to those seen in Europe. In particular, the Freiburg transit’s ability to simultaneously lower commuter costs and improve services impressed audience members. Panelists commented that one key difference in the U.S. is that the government distributes subsidies on the basis of population and not performance, thus giving transit systems less incentive to reform and improve services than in Germany and elsewhere.

Audience members also remembered that efforts to develop pedestrian malls in Trenton, Philadelphia and elsewhere in the 1970s along the lines of those seen in Copenhagen and Berlin “bombed miserably” in the U.S. Asked to speculate on why this might be the case, panelists and audience members suggested that these developments took place in periods otherwise marked by urban decay and suburban migrations, which decreased the desirability of spending time in the downtown areas where pedestrian malls existed. In contrast, pedestrian malls and bike lanes in Europe have been developed overtime in conjunction with broader urban development strategies.

Addressing the issue of EU expansion, panelists acknowledged some concern regarding the possibility of “conspicuous consumption” of gas-guzzlers in the post-communist states of Eastern Europe. Drawing parallels between conspicuous consumption in China and India with such behavior in Eastern Europe, panelists suggested that status-driven consumption could pose obstacles to efforts to craft enforceable and universally acceptable emissions regulations.

**Panel IV: U.S. Climate Change Policy: Pending Legislation and What the U.S. Might Learn from Europe:**

*Panelists: James Bradbury, World Resource Institute, Washington; Nathaniel Keohane, Environmental Defense Fund, New York; Thomas Brewer, Georgetown University; Arne Jungjohann, Heinrich Böll Foundation.*

The final panel of the day focused on a series of legislative proposals for addressing climate change currently being drafted in Congress. The previous day's coverage of the "[demise](#)" of any [potential national cap-and-trade system](#) reported in *The New York Times* framed many of the questions and discussion during the last panel. The panel concluded that while federal cap-and-trade proposals face significant obstacles in the U.S., various other initiatives suggest that the U.S. is poised to begin taking at least some meaningful action against climate change.

James Bradbury of the [World Resources Institute](#) in Washington, D.C. gave a [comprehensive overview](#) of the American Clean Energy and Securities Act of 2009 (or 'Waxman-Markey' Bill, [H.R. 2454](#)), which passed the U.S. House of Representatives on June 26, 2009. Waxman-Markey proposes a wide array of domestic provisions for limiting carbon emissions, including a U.S.-based cap-and-trade market along the lines of the EU [ETS](#). The bill also includes significant provisions relating to adaptation, technology transfers and forest protection in developing countries (*for another excellent summary of H.R. 2454, please click [here](#)*). Bradbury also reviewed other legislation currently in the works, such as the Kerry-Boxer [Clean Energy Jobs and American Power Act](#) (S. 1733), Senator Richard Lugar's (R-IN) [Practical Energy and Climate Plan](#) and the Kerry/Lieberman/Graham [Framework for Climate Action and Energy Independence](#) (*for a projection of carbon emissions reductions resulting from each bill, please click [here](#)*).

Bradbury's presentation also addressed the EPA's recent [Endangerment and Cause or Contribute Findings](#), which designated greenhouse gases as a threat to "the public health and

welfare of current and future generations” and concluded that “new motor vehicles and new motor vehicle engines contribute to the greenhouse gas pollution”. EPA undertook these findings following the Supreme Court’s ruling in [Massachusetts vs. EPA](#), 549 U.S. 497 (2007), that greenhouse gases are a pollutant subject to regulation under the Clean Air Act. The EPA’s findings have generated some degree of backlash in Congress in the form of recent legislation currently assigned to the Senate Committee on Environment and Public Works, according to Bradbury. He highlighted [Senate Joint Resolution 26](#), sponsored by Senator Lisa Murkowski (R-AK), which expresses disapproval over the EPA findings and asserts that they “shall have no force or effect.” Similarly, [Stationary Source Regulations Delay Act](#) (S. 3072), introduced by Senator John D. Rockefeller IV, would delay EPA regulation of GHG emissions from any “stationary source” for two years after the enactment of this legislation.

The remaining panelists offered their thoughts on what lessons the United States could draw from the EU’s recent experiences in the environmental realm. Nathaniel Keohane of the [Environmental Defense Fund](#) in New York argued that for any national cap-and-trade program to succeed, it would need to establish long time horizons, expand trading to cover the entire economy, use good data, and perhaps most importantly, not allow multiple jurisdictions to set their own caps, as has been the case in the EU. Georgetown University’s Thomas L. Brewer emphasized that the experience of the EU demonstrates that cap-and-trade does work, and that the U.S. would learn how to implement and regulate programs over time. Brewer noted that while unilateral border adjustments like carbon tariffs would be easier and perhaps more politically appealing to some extent, they would make international cooperation more difficult. Finally, Arne Jungohann of the [Heinrich Böll Foundation](#) argued that while the U.S. could tap its significant wind and solar resources to become a major player in developing clean energy technology, it has not done so. Given the absence of U.S. initiative, countries like China, Spain, and Germany are poised to become leaders and trend-setters in the clean technology sector.

## Conclusion:

The conference concluded on a mixed note regarding the future of U.S. efforts to reduce carbon emissions. Representatives of the [New Jersey Department of Environmental Protection](#), for example, noted that state and regional cap-and-trade programs like the [Regional Greenhouse Gas Initiative](#) and the [Western Climate Initiative](#) could serve as a model for future cap-and-trade efforts in the U.S. Already, efforts are underway in New Jersey and other states to take concrete steps to reduce carbon emissions. At the national level, however, many panelists concluded that while the potential exists for the U.S. to confront climate change along the lines adopted by the EU, significant political, institutional, and cultural obstacles remain.