

## Energy and Climate - No Need for Conflict

By Carole Nakhle\*

**I**s it inevitable that two of the world's major wants – cheap and plentiful energy and a low carbon future, should be in head-on conflict?

Recent experience certainly suggests that the two ambitions can clash awkwardly unless very carefully handled. For example, the European Union and its member states have become increasingly determined to address climate change issues and to set, and hopefully, reach new and demanding targets for reducing carbon dioxide in the atmosphere. Very strong speeches have been made both by German Chancellor Angela Merkel in Berlin and by the British Prime Minister Tony Blair in favour of new carbon goals, well beyond the Kyoto benchmarks, and for higher percentages of renewable, low-carbon, energy sources as a percentage of total EU energy consumption.

But in formulating these new aims Europe's leaders have also encountered new controversies, both amongst the member states and between richer and poorer societies world-wide.

First, several member states, when faced with sweeping new pan-European proposals for limiting emissions, for raising the penalties for exceeding carbon limits and for sharply reducing fossil-fuel use, have hastened to point out their very different and varied local circumstances and energy needs.

The EU of 25 members today is not the smaller and more uniform EU of yesterday, with 15 members or less. Today, with the accession states of Central and Eastern Europe in the club per capita income disparities are far larger, in a ratio of 24 to 1 between rich Luxembourg and newcomer Bulgaria. What richer countries can absorb and are eager to commit to, in the way of carbon pricing and other moves to internalise previously external costs, will be far from the liking of poorer and less mature economies.

Furthermore, while the stronger and larger economies of Western Europe may be prepared, for the sake of curbing greenhouse gases, to shoulder the burden of more expensive energy from renewable sources, in some case with cost profiles well above current commercial levels, the same extra costs could be far more difficult to bear in the poorer member states.

These divergences of interest have duly been reflected in difficult negotiations in Brussels as officials have struggled to find a formula, which will combine tough sounding targets with enough flexibility to accommodate all 25 member states. The inevitable outcome has been a series of generalised policy aspirations rather than specific and detailed commitments. Outright conflict, of which the member states already have enough in other fields such as defence and foreign policy, have been avoided, but only at a cost.

The same treacherous diplomatic waters have had to be navigated when it comes to industrial and business interests, as well as governments. Leading EU industrialists have been outspoken in warning about the dangers to European competitiveness if extra energy costs are heaped on European home industries, in the name of carbon limitation, while the rest of the world escapes them – and duly undercuts European products.

This has led one French authority to go so far as to propose additional import penalties on goods originating in exporting countries outside the carbon pricing regime – a highly questionable idea which would, of course, hurt the poorest countries, seeking access to European markets, the hardest.

A more idealistic line of argument has been that if the EU sets a strong enough example, other countries round the world will follow and adopt similar carbon rationing and pricing systems, thus restoring a level playing field.

Needless to say, these are arguments which sound impressive in learned tracts but which carry little weight with businesses competing day to day in world markets. Here again, the 'solution' in Brussels has been to fall back on generalised statements and aims, combined with reassurances that nothing will be done to place hard-pressed European manufacturers, already struggling in face of ferocious Chinese and other Asian competition, at a further disadvantage.

But these debates within Europe are a microcosm of divisive issues being played out on the much larger world stage. The awkward difficulty has to be faced that the developing world inevitably sees the trade-off between energy needs now and climate threats in the future in quite different terms from the already industrialised community.

Climate change may pose a threat to poorer countries, especially to coastal communities, as much as to richer ones. But the immediate and overriding need is for cheap and plentiful energy to fuel economic growth. Until environmental and climate concerns can be decoupled from the demands of

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economic growth it is clear where the priority is going to lie – with the shorter term demands of survival and lifting living standards from pitiful levels rather than with much longer term, and still in some quarters disputed, climate effects.

If allowed to fester, these controversies and doubts could seriously impede constructive measures to secure a decarbonised future while at the same time increasing divisions and antagonisms within the EU.

Yet handled correctly, these potential conflicts could undoubtedly be avoided. Massive common ground awaits to be opened up between those who want, and desperately need secure energy sources for their development, and those who want a greener, cleaner and more efficient environment.

New energy technologies, new products and techniques for using energy far more efficiently and rapid innovation in cutting the cost of new energy sources such as plant-based oil, solar energy and much safer and cheaper nuclear power are all within reach and all take the world along the same road – to a future of cheaper and more secure energy and to a cleaner, lower-carbon environment. Far from being in conflict, the search for more, and more secure, energy and the search for climate security could be in alliance, forging a new and more compelling unity than either cause standing alone.

Meanwhile, and regrettably, the debate continues to be polarised – between those who want an absolute priority for carbon reduction and those who want energy security now, and between those countries which are higher up or lower down the development scale. It continues, too, between the different energy interests and lobbies, from conventional oil and gas supplies, through to biofuels, to wind and solar power and to nuclear power.

But it is nonetheless a largely unnecessary debate between false alternatives and false choices. There is no need at all for Europe's internal quarrels to be repeated on a wider global scale. On the contrary calm and careful understanding of the issues show that the transition to a more balanced energy mix and advance towards a decarbonised world lies along exactly the same route. In short, there is a way out of the labyrinth of contradictions and conflicting arguments. It should now be followed.

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### The Major Elements for a Global Climate Strategy Beyond 2012 *(continued from page 24)*

a global scale. This requires from governments clarity of purpose and objectives. And it also requires credible governance for the implementation of goals and detachment from short-term policy which can be reversed with a change of government.

#### **Guidelines for Future Negotiations**

Although sometimes it may seem that there is a lack of action from both developed and developing countries, the fact is that both are already implementing policies which help mitigate climate change and adapt to its consequences. What is needed now is to better communicate to those in developed countries, who think nothing is being done, the evidence that developing countries are doing many things, and vice versa. We need to show and tell.

And we also need to acknowledge the fact that energy security and dependence issues are conditioning the evolution of the climate agreements. Therefore, as already mentioned, both aspects have to be integrated in the future climate regime.

Basically, what is required is a more pragmatic approach for the post-Kyoto negotiation. How to bring the positive tone into the negotiations? The first idea is that we have to understand other parties' interests properly, in order to find an agreement. We must be sure that the elements of the agreement represent the interests of all parties. Another idea is that negotiations might have to move away from binding targets and look at efforts done. Also they may have to talk more specifically about solutions, and how all elements fit together.

And then we shall have to proceed with the delicate task of weaving together all these elements into a common agreement. Although this represents a change from previous experiences, the Forum agreed that this is an achievable task, and, therefore, its final message should be one of optimism.