

Pre-conference of SEEPS 2021

Challenges to reaching carbon neutrality in the EU

Potential lessons for East Asian countries

Hector Pollitt

hp@camecon.com

Twitter: @HectorPollitt

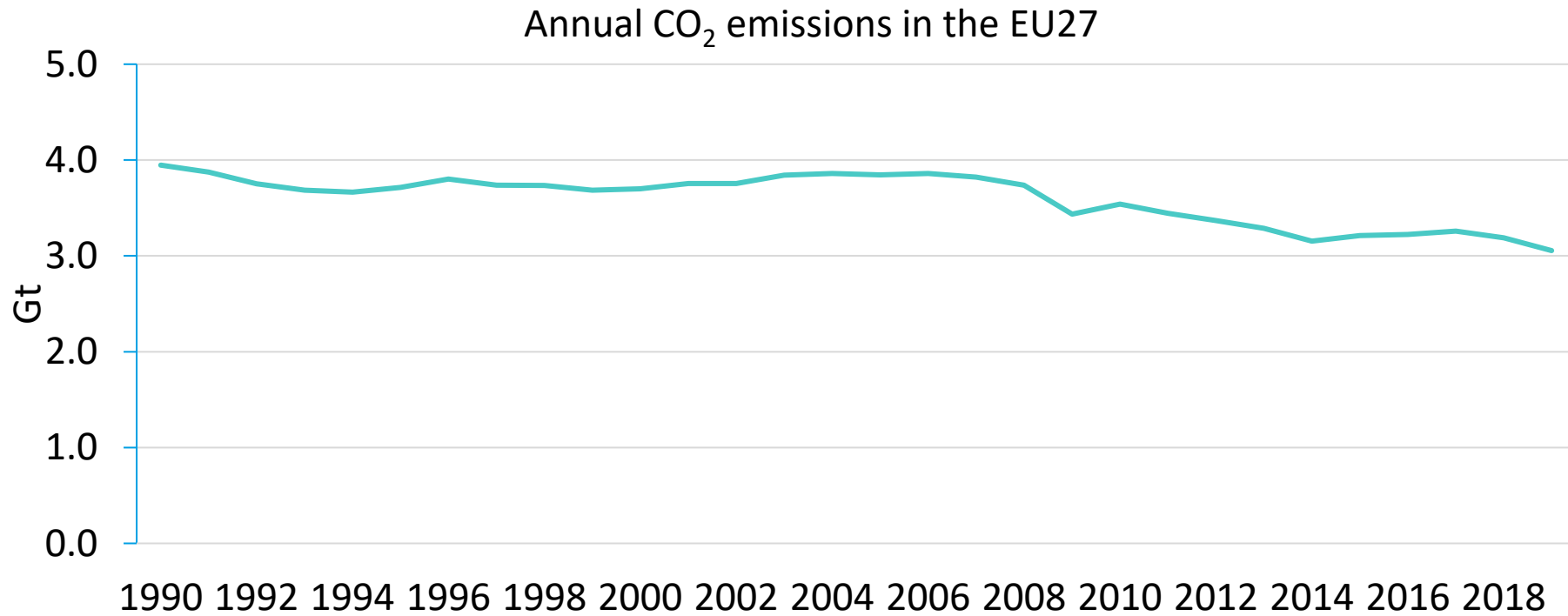
24/09/2021



Overview

- Where is the EU now?
- Where does the EU want to go?
- What could East Asian countries learn?

Emissions in the EU have been falling slowly



Source: EEA

Is this enough to get to carbon neutrality?

- No – the trends driving emission reduction are favourable, but not strong enough:
 - renewable uptake will accelerate
 - Electric Vehicles will start to grab market share
 - populations will start to decline modestly
 - energy efficiency will continue to improve incrementally

But the EU does aim to get to 'net-zero' emissions

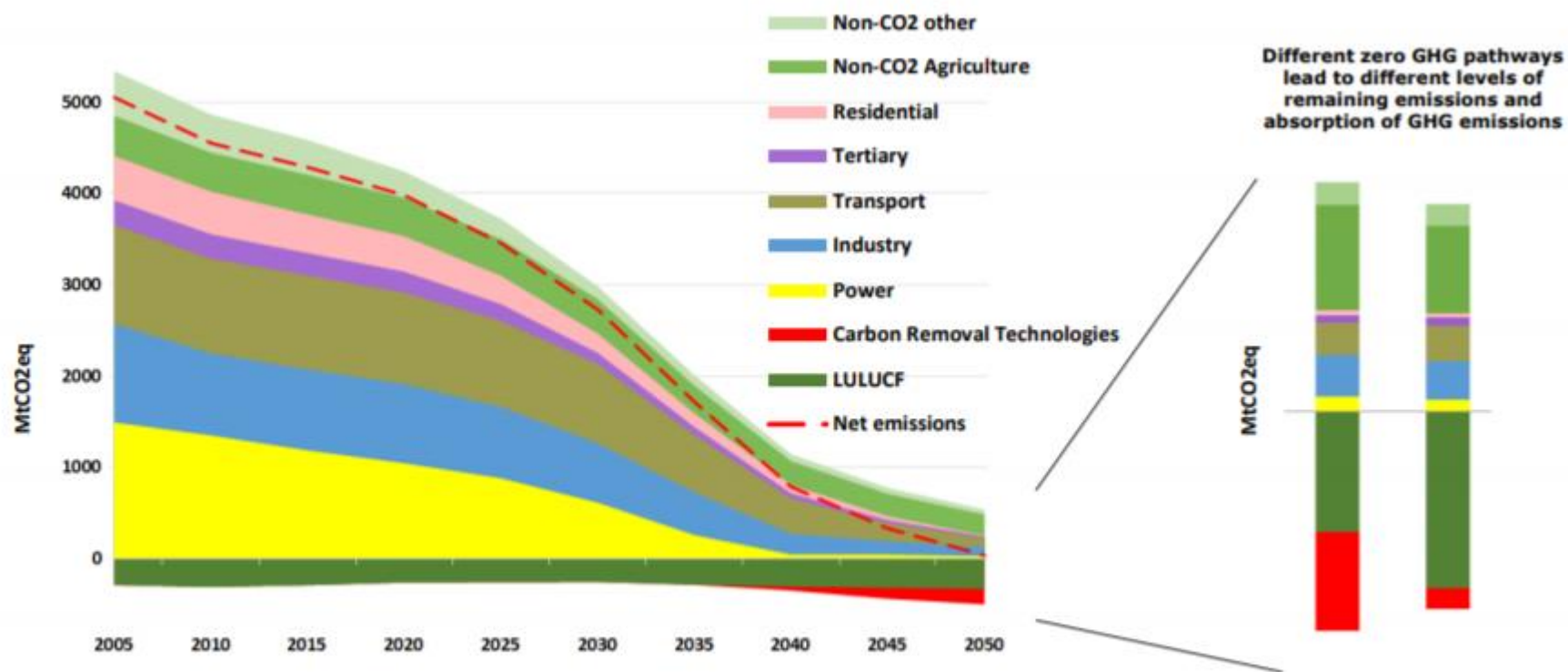


Figure 6. GHG emissions trajectory in a 1.5°C scenario⁸

Source: European Commission's 'Long-Term Strategy'

This could benefit the EU's economy

 **Miguel Arias Cañete** ✓
@MAC_europa

A [#ClimateNeutralEU](#) will increase Europe's GDP by 2% by 2050. Today, Europe pays €266bn a year in energy imports. In a [#ClimateNeutralEU](#), energy imports will fall by over 70%. The money we save (€ 2-3 trillion up to 2050) could be invested in modernizing our economy instead.

[Превод на твита](#)

 **FT Brussels** ✓ @ftbrussels · 28.11.2018 г.
Cutting carbon emissions to zero will cost billions, says EU on.ft.com/2RlwoN2

9:07 пр.об. · 28.11.2018 г. · [Twitter for iPhone](#)

- Results quoted from Cambridge Econometrics' E3ME macroeconomic model, as used in the official assessment of the Long-Term Strategy

Are there policies to back the targets?

Pricing

- Stronger Emissions Trading System including in aviation
- Extending Emissions Trading to maritime, road transport, and buildings
- Updated Energy taxation Directive
- New Carbon Border Adjustment Mechanism

Targets

- Updated Effort Sharing Regulation
- Updated Land Use Land Use Change and Forestry Regulation
- Updated Renewable Energy Directive
- Updated Energy Efficiency Directive

Rules

- Stricter CO₂ performance for cars & vans
- New infrastructure for alternative fuels
- ReFuelEU: More sustainable aviation fuels
- FuelEU: Cleaner maritime fuels

Support measures

- Using revenues and regulations to promote innovation, build solidarity and mitigate impacts for the vulnerable, notably through the new **Social Climate Fund and enhanced Modernisation and Innovation Funds.**

- Yes!
- This figure is taken from the EU's 'Fit-for-55' package, which aims to reduce GHG emissions by 55% in 2030 compared to 1990 levels

What could East Asian countries learn?

- Cooperation between countries is important:
 - by implementing policies at European level, competitiveness effects have been reduced
 - but there are still important questions left to countries
- All sectors need to be covered:
 - net-zero means all sectors must get very close to zero emissions
- A mix of regulation and price-based measures is necessary:
 - this depends on how well developed technologies are
 - the EU has always used regulation to help energy efficiency and newer technologies (in the past renewables, now electric vehicles)
 - the ETS is more important for technologies that are market-ready

Pre-conference of SEEPS 2021

Challenges to reaching carbon neutrality in the EU

Potential lessons for East Asian countries

Hector Pollitt

hp@camecon.com

Twitter: @HectorPollitt

24/09/2021

