

ELF EXPERT FORUM ON EU CLIMATE POLICIES

Stockholm, 23 March 2018

In his welcome speech, **Mattias Goldmann** (CEO, Fores) affirmed that in the realm of climate change and environmental issues, we face a huge communication problem. Indeed, climate change is very poorly communicated: usually, its communication focuses on numbers that people cannot really understand. To many people, numbers do not mean anything. He affirmed that there is an incumbent need of reframing the climate change discourse to make science understandable as well as to communicate what science means in practical terms. He also stated that the best way to talk about climate change or other environmental issues is not to talk about climate change itself – rather, to talk about those day-to-day elements that have knock on effects.

Taavi Roivas affirmed that the only successful format for fighting climate change is the EU and International ones. Since the EU has already achieved remarkably results, it is now time to talk about what the EU should do in the next decades. He stated that, with the change in the US administration, the EU must be even more focused on the climate-related issues and that this policy is very important within the ALDE Family as well as for the Manifesto Committee. He highlighted the importance of listening experts for putting together a good Manifesto as well as the relevance of small and simple ideas for small and simple changes that can, however, make a big difference. He stressed that climate change should be addressed in an enjoyable and daily matter.

Panel 1: Technical Talk: Climate Change in the 21st Century: Numbers and Figures

This session aimed at giving background information to the latest science on climate change and discussing the second draft of the IPCC's special report on the 1.5-degree goal, revealing the link between climate and security matters, and highlight financial implications of climate change.

Martin Hedberg (Swedish Weather and Climate Centre (SWC)) agreed with Mattias Goldmann: climate change usually seems a very academic and complex subject. He also stressed the need to find a better way to communicate it than dry charts or reports filled with numbers and figures. He added that there is another problem when it comes to climate change: certain things cannot be communicated because they are still uncertain but then, when they are “certain” and communicate to the public, it is too late for it to concretely do something (e.g. increase of sea level). Regarding carbon emissions, he stated that they increase each year and that people wrongly think that if you stabilise these emissions, climate will stabilise too. Moreover, he said that emission of CO₂ must decrease with 10% per year to avoid the full consumption of carbon. He suggested to policymakers to read the ‘*Summary for policymakers*’ of the [IPCC Report](#).

Filip Jonsson ((PhD, Professor), Department of Space, Earth and Environment, Energy Technology, Chalmers University of Technology) reported that there are 3 options to move towards zero CO₂ emissions by 2050 to limit temperature's increase below 2:

1. Use less energy. It is a good and easy option for politicians: it simply requires proposing *efficiency measures* (e.g. technological developments and change in people's life style). However, he stated that the EU politicians have failed in doing so.
2. Shift fuel – that means increasing the use of renewable energy (especially solar energy), nuclear as well as shifting coal to gas. The EU politicians have been more successful here.
3. Capture (and store) CO₂ from large point of sources (power plants, industry, hydrogen), from fossil fuels or by carbon sequestration (LUC: land use change and forestation). He said that this is the only way forward if we want to achieve '*negative emissions*' which will allow to keep the temperature below 1.5.

He added that many countries have increased the usage of fossil fuels between 2004-2015 and that fossil fuel strategies thus need to be put into place as soon as possible. He concluded with a summary of the presentation:

- To limit warming to 2C, there is no need of technical limitations. However, technical limitations might be needed to limit warming to 1.5C.
- The cost to mitigate emissions is small in relation to the entire economy.
- The biggest challenge is to finance large upfront investment.

During the Q&A, it also emerged that the most pressing issue is that of fossil fuel. The EU politicians need firstly to deal with that.

Panel 2: Policy talks: Background on Policy Initiatives and Decisions

The purpose of this talk is to present the EU's actions to the Paris Agreement to now – specifically, the EU Clean Energy Package, the EU Emission Trading Scheme and the Energy and Security relation – as well as to provide an update on the ongoing UN processes.

The moderator asked which implications of the US withdrawal from the Paris Agreement for the EU will be and if the EU can achieve a substantial competitive advantage in this field.

Tone Bjørndal (Former Climate Change Programme Manager and Secretary General of IFLRY) said that the US have change their engagement with the negotiations, but they are still around the table. Moreover, the withdrawal process will be very long (US will withdraw only in 2020) – for the moment, they are still there. She is also worried that the EU will do too little too late, despite its potential to fight climate change.

Hanna Stenegren (The Swedish Centre Party) affirmed that the US and EU mindset are completely different, and that the EU need to change its mindset if it wants to take the lead in fighting against climate change. Indeed, while the US are always excited about taking things forward, the EU wants mainly to regulate this policy area for not losing control. There could be business opportunities for Europe to take but the mindset would need to change to ensure a positive framework for business so that they can take advantage of these and not be immediately overregulated and prevented from taking full advantage. The

EU and its Member States need to establish a framework where states and countries and region come together, and they will support a project that fight climate change. Reducing climate change is a work that governments together has to do.

Mathias Fridahl ((PhD), *Climate policy analyst, Fores, and lecturer at the Centre for Climate Science and Policy Research, Linköping University*) agreed with what was said and added that the withdrawal from the Paris agreement is mainly a symbolic gesture to his voters: indeed, if Trump wanted to leave he could have left the convention which would have taken one year leaving the Paris Agreement by default – instead he is leaving over three years.

The moderator further asked whether the EU has a good Climate policy or not.

Mathias Fridahl said that the EU lacks innovation which is, instead needed to reach the 2030 targets. If we want to stand any chance of reaching the goal to keep temperature growth below the 1.5 degree target we must seriously up our game. He argued that Horizon 2020 can be used to apply for research funding but it cannot be sufficient: the EU should work with many different instruments in parallel. He highlighted that in certain sector, as solar energy, the EU is going in the right direction. However, on the global scale, there is a long way to walk to go in the right direction.

Hanna Stenegren affirmed that the EU is making steps towards. The ETS revision is a great example. However, the EU still must improve on many areas. She suggested to start from the liberal family: we have a good opportunity of talking with a great number of ALDE PMs that should push for more ambitious targets proposing market-based solutions.

Tone Bjørndal said that the EU has the money, the responsibility and the technology to set an effective climate policy for the next decades. The EU is going in the right direction, but it is going too slow and it must work on educating people: education is indeed an important vehicle to push change. She also stressed that there has been an important change in the public opinion: in the past, people thought that technology will make the change not their lifestyles; now, it is the contrary: people start to realize the impact they have.

As for the relationship between energy security and climate change, **Tone Bjørndal** affirmed that EU politicians should focus on how to reduce emissions but also think of what we can do to reduce risk. **Hanna Stenegren** said that there is the need of a better definition of energy security. **Mathias Fridahl**, instead, stated that the EU should promote convergence between climate policies and energy security.

Panel 3: The Role of the Financial System in Meeting Climate Challenges Ahead

The financial sector has a key role in the ongoing climate transition: it can indeed be a driving force for a sustainable world. This panel aims at identifying a vision for a financial system that effectively supports sustainable finance tools and mitigate climate change, highlight the key policy drivers of sustainable finance, and discuss the role of green bonds and pension funds.

The moderator asked how the financial sector can help to deliver on the EU's environmental policy goals and the Paris Agreement.

Esko Kivisaari (*Deputy Managing Director at Finance Finland and Member of the EU High-Level Expert Group on Sustainable Finance*) said that finance is mainly a driver: changes must be somewhere else because the financial sector alone cannot change the current situation. He encouraged policymakers to create technological incentives and to use a combination of tools for stopping bad practices. He also highlighted the fact that the EC Action Plan doesn't really set long term financial goals because the World is going faster: long term goals are important but green solutions need shorter term goals.

Björn Bergstrand (*Kommuninvest*) stated that the financial sector is moving in the right direction since the international and EU institutions have set good fundamental pillar for making the financial sector driving climate change. However, he stated that the EU financial sector is moving too slow. He added that the EU underestimate the role of Asia (and especially, of China) in creating a sustainable world (China counted 40% of green bonds issued last year – it is the biggest market)

Gunella Hahn (*The Church of Sweden*) argued that the problem lies in the fact that there are not so many 'green' products to invest in and, in addition, a fear of trying new things. She argued that there should be a joint effort to force companies to disclose information regarding the externalities so that companies with higher risks will be taxed more. In this regard, however, **Esko Kivisaari** replied that, despite he likes the idea, he thinks that it would not be enough since it is still hard to include externality in the disclosure of information. They finally agreed to suggest the respect of the SDGs to solve the 'externalities issue'.

The moderator asked to **Esko Kivisaari** to talk a bit about the **EC Action Plan** (released to the public on 7 March 2018 and based on the High-Level Expert Group Report released on the 31 January 2018). He said that the Action Plan's main news is the concrete timetable for moving forward and a taxonomy that identifies what are the areas and the priorities in each area that need an active financial sector. He also reported that there is no consensus on the definition of green bonds but a recommendation of creating the EU definition of green bond explaining which qualities these bonds must have.

All the speakers agreed that the EU has the solutions in its own end. It needs to transform the theoretical solutions into practice.

Panel 4: Role of Businesses and Citizens: Corporate and Private Responsibility

The scope of this panel is to discuss the role that business and citizens have had in fighting climate change up to now, their responsibility in doing so, and the environmental impact of the shift to circular economy in the private sector.

Mattias Goldman, *CEO Fores* opened the floor reporting that the opinion pool today shows good trends in terms of climate change awareness: most people wish to fly less or accept higher prices to flying and climate is always a priority of youth voters.

The moderator asked how travel emissions and travel can be reduced without compromising freedom and the positive side of travelling.

Mattias Goldmann answered that liberal policies should never limit the potential to travel or close ourselves off. However, if liberals believe movement is good, then they must be the toughest on the fuel side. First, transport must be more sustainable – especially the aviation sector: electric aviation should be pursued. Second, not needed transport should be reduced (if people work from home one day per week, there will immediately be 20% reduction in emissions).

Fredrick Federley MEP (ALDE Party Vice President) highlighted that clearly people will travel more, not less, in the future and that the EU should promote innovative solutions. Digitalization and sharing solutions are a huge potential for fighting climate change without hampering the freedom of movement. He further stressed that politicians should rather focus on finding more innovative solutions rather than focusing too much on regulating things that already work (as sharing economy). Politicians often tend to get involved with something popular and they risk restricting it with legislation. When something works, politicians must stay away from it.

Emma Lindberg (*Folksamgruppen*) said that the circular economy is an interesting scenario for people and that politicians should remember to always involve the financial sector which is the blood of innovative solutions – despite it has obviously to work with other measures too.

Pär Larshans (*Chief Sustainability Corporate Responsibility & Public Affairs Officer, Ragn-Sells*) affirmed that people need to become smarter and more conscious consumers and that policymakers' key role is to make people more circular in their consumer thinking.

The moderator asked what are the incentives to make people more aware of their impact on climate change and what are the best practices nowadays.

Emma Lindberg proposed the introduction of a carbon tax, knowing, however that it would not solve everything. Another idea is the ban of diesel car.

Mattias Goldmann said that sometimes bans work but he stressed the need of understanding consumers' behaviours before introducing bans or bonus systems to be able to propose right economic incentive (Dutch example: incentives for isolated houses but not used). He added that giving information about the products to the consumers is needed.

Lastly, the moderator, asked what they want to see liberal advocating for in this realm.

Mattias Goldmann would like to see liberal advocating for something as the British Climate Act that allows to set a climate budget every year.

Fredrick Federley, MEP instead, would like to see liberal advocating for proper hydrogen strategy and research funding behind it. He also advocated for a Report on how to deal with the increase movement of people and Climate change at the EU level.

Janine O’Keeffe (*Klimatriksdagen*) would like to see liberal advocating for carbon spending on project proposals at all levels.

Taavi Roivas concluded saying that the take away of the day is that the EU need to better communicate how important climate change is.