

Irish climate change policy – The Next Steps

Oisín Coghlan

Director, Friends of the Earth
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SLIDE ONE

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Most of you will recognise that I've borrowed the title of my speech from Fianna Fáil's recent General Election campaign slogan – The Next Steps. I wish I was in a position to use their slogan from the previous election – A lot done, more to do – but unfortunately it just doesn't apply when it comes to Irish climate change policy – it would have to be “Too little done, much more to do”.

The story of the Irish public policy responses to climate change is one of good news and bad news. The bad news is that our record so far is one of failure. The good news is that we have been warned in time to make a difference, the issue is on the public and political agenda like never before, and the ideas we need to protect and enhance our quality of life are there, ready and waiting. But the window of opportunity is closing; we have no more time to waste.

The science is clear: we have ten years to start bringing down global emissions if we are to stop climate change running out of control. The economics are clear: the Stern report concluded it is up to 20 times cheaper to prevent runaway climate change than it is to try cope with its consequences. All we need is the political will to act. And as Al Gore says, and as the outcome of the recent election here seems to indicate: political will is a renewable resource.

The next steps will need to be big and bold, given what has gone before if Ireland is going to make the leap to sustainability and do our fair share to prevent climate chaos.

The bad news first.

SLIDE TWO

The big picture

Ireland is the fifth most climate-polluting country per person in the OECD. If everyone on Earth polluted as profligately as the Irish we would need the resources of three planets to absorb it all. When the conference brochure was going to print earlier in the year my talk was given the title Climate Change – A global imperative. There can be no more global imperative than the imperative to live within the limits of our one planet.

SLIDE THREE

The Kyoto step

In the case of climate change the first step towards that is the Kyoto Protocol. Ireland's commitment under Kyoto is to limit the growth of our greenhouse gas

emissions (GHG) to 13% above 1990 levels in the 2008-2012 period. Ten years ago the ESRI predicted that if we continued with “business-as-usual” our emissions would be 28% above 1990 levels by 2010, which is used as a proxy for the five year average. Not surprisingly then, when the Government published the first National Climate Change Strategy (NCCS) in November 2000 Minister Dempsey said “business-as-usual is no longer an option for Ireland”. But business-as-usual is precisely what we have got so far. The latest EPA figures show our gross GHG emissions were 69.95 Mt in 2005, 25.4% above 1990 levels.

In April the outgoing Government published a revised NCCS to detail how Ireland will achieve compliance with Kyoto. But a detailed analysis of the figures, on screen now, shows that that plan is more of a three card trick than a new departure. When you do the math on the NCCS figures what is revealed is that, after the proposed measures are implemented, gross emissions would continue to creep up, averaging 70.33 Mt a year over the five years.

In the NCCS then, the strategy to achieve Kyoto compliance rests not on actually reducing our carbon emissions but on three pillars:

- Domestic Carbon Sinks which are projected to absorb just over 2 Mt annually,
- the Emissions Trading Scheme (ETS) through which Irish companies are expected to buy another 2 Mt annually, and
- the Flexible Mechanisms through which the state plans to buy just over 3.5 Mt tonnes a year.

This approach to compliance is permitted under Kyoto, but it would once again fail to put Ireland on the path to a low-carbon future and would leave us woefully unprepared for the scale of the challenge ahead. It also has a direct economic cost, as well the opportunity cost of choosing to be a late-adopter, as we are with wind, rather than being a first-mover.

At current prices for a permit to emit a tonne of carbon the taxpayer would face Kyoto costs, under the NCCS, of 360 million euro for the 2008-2012 period, considerably more than the 290 million so far allocated by the government to buy permits. You can be sure also that Irish companies, which will spend at least 200 million on ETS allowances, will try to pass as much of those costs as possible on the consumer. Citizens therefore are facing a Kyoto bill of between €500 and €600 million euro over the next 5 years, unless we take steps to actually cut our emissions.

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We are at a critical juncture then in Ireland’s response to the threat of runaway climate change.

- Kyoto kicks in four months time on 1 January 2008.
- The 30th Dáil just elected will oversee the whole five-year period of Ireland’s commitment under Kyoto and the international negotiations to agree new and much more challenging commitments to reduce our climate-changing pollution.

- The revised NCCS published in April is, at best, modified business as usual; at worst an exercise in fudge and dodge. It is tip-toeing and tinkering when we need transformation. It is not the next step we need.
- But the Programme for Government, agreed in June by FF and the GP, appears to represent A New Departure – **SLIDE FIVE**

SLIDE SIX

The Programme for Government includes commitments to

- A reduction of 3% per year on average in our greenhouse gas emissions.
- An annual carbon budget presented by the Minister for Finance
- A high-level commission on climate change
- An all party approach to climate change targets
- Social partnership status for environmental NGOs

It's a new departure because it's a commitment to actually reduce emissions (as opposed to slow the rate of increase) for the first time in the history of Irish climate change policy, because carbon budgeting is a robust framework to actually devise and implement the required cuts and because the promise of the all-party approach, a commission, and the invitation to environmental NGOs to join social partnership demonstrate an understanding that we will need to mobilize all sections of society if we are to rise to the challenge ahead.

SLIDE SEVEN

The commitment to 3% a year cuts

Friends of the Earth has been campaigning for the adoption of 3% a year cuts for some time now, and we welcome this significant commitment.

An average 3% annual cut over the next five years would signal a real shift towards a low-carbon economy. With the best estimate for emissions in 2007 coming in at around 70 Mt, an average 3% cut over the next 5 years would bring our emissions in 2012 down to around 60 Mt. More importantly, emissions over the whole five year period would be 320 Mt. We would still overshoot our Kyoto target, which is 315 Mt, but the new commitment compares with April's NCSS which implied our gross emissions for 2008-2012 would be over 350 Mt. So the new FF/GP Programme for Government represents a commitment to take an extra 30 Mt of emissions out of the economy, and more importantly out of the atmosphere, over the next five years compared to the position of the previous FF/PD government.

Given the Minister for Finance Brian Cowen and the Green Party's finance spokesperson Dan Boyle were in the room for the negotiations which lasted over a week we can only presume that they did the same math I've just done before they signed off on what was one of the Green Party's three "deal-makers".

The policy framework: an annual carbon budget

If the programme for government simply contained a headline commitment to reducing emissions by 3% a year you would be forgiven for wondering how serious

the new government was about delivering it. Just as significant then is the commitment to introduce an annual “carbon budget” to be presented to the Dáil by the Minister for Finance in tandem with the financial budget.

The fact that Brian Cowen has agreed to take responsibility for Ireland’s climate change policy and performance is hugely important. It also draws on emerging international best practice to put a senior minister at the centre of climate policy. Tying the carbon budget to the financial budget also ensures it is at the heart of the political year.

As the UK too prepares for carbon budgeting as part of their soon to be adopted Climate Change Law, Friends of the Earth in London commissioned research from Ecofys, an international consultancy, on how best to do a carbon budget – and much of what they recommend is easily transposed to this jurisdiction.

SLIDE EIGHT

Firstly a simple definition:

A **carbon budget** is a set amount of carbon that can be emitted in a given amount of time, either by the whole economy, or a pre-selected sub-population or set of activities.

So the first key point is that the carbon budget is a cap-setting and sectoral allocation exercise, not simply an aspirational list of proposed measures. Just as the fiscal budgeting process sets a financial envelope and within that distributes the budget among different government departments, the carbon budget must set a “pollution envelope” for the whole economy and within that allocate the budget among different sectors of the economy, giving responsibility for administering and delivering that budget to the relevant departmental minister. For those of you familiar with the ETS process the carbon budget is somewhat analogous to the NAP that the government sends to the EC.

Friends of the Earth has been campaigning for an *annual* budget to ensure the scrutiny and accountability of our climate performance become embedded in the political and media cycles with a suitably high profile. The new government has opted for this model. Ecofys however makes a persuasive case for the actual “pollution envelope” to be over a longer period to allow the flexibility to deal with the vicissitudes of the economic cycle and the need to allow all actors to plan with certainty . Given that the Government’s emissions target is expressed as an annual average for the five years of the 30th Dáil and that those five years coincide with the Kyoto commitment period and therefore with the existing NAP for Irish participants in the ETS it makes sense that the carbon budget that Brian Cowen announces in a few months time be for the five years 2008-2012.

SLIDE NINE

In that case, of course, we already know with a degree of certainty what the overall “pollution envelope” in that budget will be. Given current emissions levels and the

impact of the commitment to a 3% annual cut, Irish GHG emissions for 2008-2012 will be capped at 320 Mt.

For those of you interested in the various options and procedures for a carbon budget the Ecofys report on the UK is available on our website at www.foe.ie/documents, as is the full text of this speech and the accompanying slides.

Mobilizing public opinion

We must mobilize public opinion to support adequate action to prevent runaway climate change.

SLIDE TEN

So I welcome the commitments in the Programme for Government to a climate change commission, to an all-party approach and to an environmental pillar in social partnership.

Only if there is collective commitment across society will we be able to make the tough decisions in the short term that will guarantee our prosperity and sustainability for the long term. In the UK they have compared the mobilization required to the that required to counter a previous existential threat: the threat of Nazi invasion. In the US they talk of the galvanizing effect the Apollo Project to put a man on the moon had on research and development in the fields of science and technology. When Kennedy proclaimed in 1962 that man would walk on the moon before the decade was out, most scientists thought it wasn't feasible. Now, scientists tell us that we can and must stabilize global emissions within 10 years, and it is the politicians who mutter that it can't be done. The leap to sustainability is truly a giant leap for humanity, but it is a step essential to the survival of human civilization and, indeed, to our self-styled stewardship of the Earth.

The most powerful historical resonance for me, applicable as much to Ireland as to the US, is the Churchill quote from 1936, highlighted by Gore in *An Inconvenient Truth*:

SLIDE ELEVEN

“The Era of procrastination, of half-measures, of soothing and baffling expedients, of delays is coming to its close. In its place we are entering a period of consequences.”

The corollary, of course, is that any further passivity in the face of the threat of climate chaos amounts to appeasement.

The good news

The good news is that we still have time to rise to the challenge presented by the climate crisis. And like all crises it is an opportunity as well as a threat. *An economic opportunity*. Ireland is rich in the natural resources of the new low-carbon era: wind, wave, tide, biomass. Even solar has significant potential here. Investment and R&D will pay dividends for private entrepreneurs and public policy. More prosaically, cutting energy waste will save money in a time of rising fuel prices and declining oil

production. *A social opportunity.* Better planning, housing and public transport solutions bring multiple benefits. The consequent reduction in our car-dependency, which is among the highest in the world, not only reduces pollution and improves the quality of life for cash-rich, time-poor commuters. It also reduces inequality and promotes social inclusion in a society where a quarter of all households don't own a car. *A political opportunity.* The political leaders who show the vision to understand and respond to the crisis will be rewarded and remembered. As we remember those who struggled 100 years ago whether for female suffrage or national independence. As we remember Whitaker and Lemass for transforming the economic outlook 50 years ago. As we remember those who put aside political and sectoral interests to respond to Ireland's economic crisis 20 years ago.

Indeed the parallels with 1987 are striking. In 1987, after a decade of profligacy, procrastination and tinkering, Ireland's national debt stood at 125% of GNP. Today, our climate pollution stands at 125% of 1990 levels, the baseline for international comparison. In 1987 cross-party consensus and a new model of social partnership were constructed to take the tough decisions required to pull Ireland out of that crisis. Those decisions were not without costs, costs which could and should have been spread more fairly. But nobody now doubts the benefits of the transformation those policies brought about. Indeed, everyone now claims a share of the credit for the resulting prosperity. And our national debt today stands at just 28% of GNP.

Now though our reckless climate pollution is incurring a new national debt. Buying pollution permits overseas, the main plank of our planned response to Kyoto before the new Programme for Government, is a form of foreign borrowing. It merely puts off the day when we have to reduce our pollution at home. As China, India and the rest of the developing world grow their economies to lift their people out of poverty they will pollute more, until they are using their fair share of atmosphere's absorptive capacity. Then they will have no spare permits to sell to us and by then we will have to be polluting no more than our fair share.

Our politicians know this, indeed they have put a figure on it. At the EU summit in March they agreed Europe and other rich developed countries will have to cut our climate pollution by 60-90% by 2050. This is the reduction the EU reckons will be required to keep global warming to no more than 2C above pre-industrial temperatures. Two degrees of warming is what the EU believes is the threshold for dangerous climate change.

SLIDE TWELVE

Given these parameters Friends of the Earth commissioned Ecofys to develop an outline carbon budget for the EU between now and 2050. The full report has yet to be published but I can share with you today the figures as they relate to Ireland, and they bring home the scale of the challenge ahead. According to Ecofys an average cut in emissions of 3% between 2010 and 2020 is the minimum required in Ireland. Over the whole period from 2010 to 2050 the required reduction averages out at 5% a year.

By 2050 we will not be able to rely on trading. In a carbon constrained world where we have eradicated extreme poverty the average Indian, South African, and Brazilian and indeed the average Bangladeshi, Ethiopian and Haitian will be responsible for the

same level of GHG emissions as the average Japanese, American or Irish person. That figure can be no more than 2 tonnes per person per year in 2050 if we are to live within the environmental limits of our one planet. That means Ireland's carbon budget in 2050 will be around 8 or 9 Mt, down from 70 Mt today.

That kind of transformation cannot happen overnight, and it certainly cannot be done at the last minute.

[There are no quick-fixes or short-cuts to climate security. Like the treatment for many diseases the sooner we do something about it the easier it will be and the better our chances of success. The longer we leave it the more traumatic it will be and the more difficult it will be to stop climate change running out of control.]

The climate crisis and oil peak mean change is coming whether we welcome it or not. Our choice is what kind of change and whether we manage it ourselves by making the shift to sustainability in a planned step-by-step way, starting now, or whether we wait and let change happen to us by way of shocks, disruption and upheaval down the line.

SLIDE THIRTEEN

That's why Friends of the Earth is proposing a Climate Protection Act to give the various elements of our response to threat from climate change a legislative framework. By enshrining the long-term targets in law, mandating the annual carbon budget be presented to the Dáil alongside the existing fiscal budget you mainstream the struggle against climate change into the lifeblood of the political system. Governments come and go but we need to step up and sustain our efforts to cut emissions if Ireland is to do its fair share to prevent climate chaos.

[This approach is already emerging as international best practice. California has enshrined an 80% reduction by 2050 in law, with an interim target for 2020. Three similar bills are now being proposed in the US Senate, including one that is co-sponsored by John McCain and Barack Obama, leading Republican and Democratic contenders for the Presidency. Now, the UK Government has published a bill with 5-year targets and carbon budgets, while the Conservative and Liberal Democrat opposition support annual targets.]

SLIDE FOURTEEN

Today, climate and energy cast a shadow on public life in the same way unemployment and emigration did 20 years ago. We need a similar sea-change now to the one we engineered then. Then the "Tallaght strategy" and social partnership provided a framework for national recovery. Today a climate law can provide the framework for pollution reduction. It will give an impetus for private enterprise and public-policy innovation to respond to the challenges and grasp the opportunities on the pathway to a low-carbon future. And everyone will be able to claim their share of the credit for the resulting sustainability.