

GENERAL COMMENTS (ITALY)

LANGDON HALL PAPER

- Common knowledge and public awareness have evolved considerably since Kyoto. A whole political generation is being renewed, and there is widespread persuasion that leadership in global affairs should be sought across a much broader geographical area than previously was the custom. At the same time, the original Kyoto timeframe is fast approaching its conclusion. Even from the point of view of its critics, Kyoto should not be regarded as a wasted experiment; its contribution to the global debate has been enormous, resulting in a much more consolidated view on what's needed and a much better perception of what is actually possible to implement. There is now both the actual need, the perception of need, and the possibility to look beyond.
- Turning to the paper itself, the first paragraph provides a number of workable hypothesis centered on parameters and building blocks; I am still to be persuaded however of the need for yet another high-level commission. Among others, the IPCC, the Stern Report, the innumerable literature gushing forth on the subject would seem to make it redundant. On the other hand, there are venues and instruments that we could use better, and listen to more often. One is indeed the IEA, as the first two bullets under para-2 rightly point out. We must be aware, however, that the IEA is severely constrained not by its mandate but by its finances: presently, the Agency reviews energy policies of member countries every three-four years, and the parent organization, the OECD, reviews environmental policies of member countries on an even longer timeframe. The potential is there for building up on this experience, and open it to non-members on a voluntary basis: but not with existing finances. Any task to be attributed to either organization needs to be supplemented by a financial commitment. But the potential is there.
- Ensuring an adequate compliance throughout the globe is a daunting task, especially as we refuse to incentivate it by adopting trade-distorting measures of the kind that are sometimes invoked. But trade measures are not necessary: countries committed to the "Package" could envisage applying environmental benchmarks to products sold on their markets, resulting in higher/lower sales tax being levied on them, regardless of origin. This could be a potent factor in breaking the "green=uneconomic" equation, and inducing broader compliance all round: it would make little sense for manufacturers, even in non-participating countries, to have separate production lines for domestic and export markets.
- As point 3 suggests, indeed the link between bio-fuels and farming incentives should be explored further and be better defined. It could be coupled with similar support for other

forms of environmentally beneficial agriculture (woodlands and wetlands preservation, etc.), and might include appropriate provisions to incentivate developing countries' participation to the common effort. In the case of Europe, scrapping the traditional concept of "security of food supply" (the founding principle of the CAP) in favour of "security of energy supply" is worth a try, and WTO trade negotiations should leave room for a convergence from all sides: increased world demand for agricultural products is in the interest of all agro-exporting countries, and might lighten the Doha negotiations on this subject.

- The scope for technological advancement remains huge, but we just can't wait for the silver bullet. The reason there may be now political support for more energetic action is a new sense of urgency; the answer cannot just be "wait for the next discovery". Robust development such as is taking place in areas of the world requires even more robust investment now across the whole energy chain, and it should neither be postponed, nor made according to a "business as usual" formula. For the past several years, pioneer work has come out of the IEA in the form of an "alternative scenario", detailed in their World Energy Outlook yearly publication, showing how public policies can combine with private sector leadership to offer a cheaper, more environmental, less resource-wasting way of meeting demand. One key concept in the IEA approach is that there is a vast toolbox of proven policies and known technologies to choose from, and within the scope of an equivalent effort the mix of policies, technologies, and energy sources can be decided by governments with relatively great latitude.
- The issue of technology access can be a thorny one, and should be addressed taking into account the developing countries' needs, including IPR implications, if we mean for them to effectively contribute to the mitigation process.
- Benchmarking is normally applied to sectoral policies, and as a consequence only the experts see its results; it should be noted however that under the impulsion of the OECD and other organizations an attempt is being made world wide at establishing a benchmarking process that would be applicable to the combined effect of all significant government actions. In effect, this initiative (already implemented experimentally in Australia) would somewhat relegate GDP to a back seat, in favor of a more comprehensive array of indicators, notably including social and environmental indicators, possibly describing more accurately the overall performance of public policy making. If this initiative takes hold, its consequences could be quite substantial, linking directly for the first time government action to measurable results in, among others, the environmental area.
- In conclusion, benchmarking, monitoring, measuring and promoting energy efficiency and energy conservation, furthering and sharing technological advancement, can be tasked to international fora such as the IEA; WTO should certify trade-neutral policies and instruments; adaptation and mitigation would require however an interdisciplinary approach. The OECD is

well equipped, again, for benchmarking and peer-reviewing: less so for policy making unless a strong political signal defines the extent of the Member Countries' commitment.

- While many global processes are long and slow, in democracies on the other hand the political cycle is short, perhaps too short to allow for really long term issues to be pursued through the initial, painful phase of imposing obligations for the sake of distant benefits. Most often, leaders come and go before long term policies are seen by the public to pay off. One way to circumvent this shortcoming is to enter into international compacts, whose obligations may help stabilize national commitments; even then, public momentum must be seized when it appears to coalesce. This may be such a time, in a way that Kyoto perhaps wasn't yet. If so, we still must not squander this opportunity and submit to a strict timing. A clear timeframe (5 years? That would bring us into line with Kyoto) must be agreed for the purpose of drafting policies and benchmarks, and for an initial peer review of participating countries' implementation efforts.

Declaratory Introduction

(additions are italic)

White Oak may reach consensus on one or more of the following preambular statements:

1. Ensuring clean approaches to energy is *vital to our planet. It is vital for sustaining the growth of our economies, but it is increasingly perceived as vital for our own survival.* Such an important global goal and such a process will have a significant impact on the development agenda.
2. We believe there are new ways of reaching decisions on international coordinated action, *drawing on leadership resources from the broadest basis achievable, even if that requires re-orienting the work of existing international fora.*
3. Focusing on the overall net effect of national programs rather than setting strict goals will produce more flexible and sustainable strategies, *leading to measurable commitments from participating countries.*
4. Innovation and technology diffusion is critical to provide a sustainable strategy for long-term reduction of emissions and better sources of energy. *Pursuing newer technological breakthroughs is obviously necessary, but ongoing research should not stand in the way of immediate action. Timeframe is narrow; existing technologies offer partial results, none resolute in itself, but impressively powerful if coordinated with appropriate energy-efficiency policies. Investment in energy is ever more urgent, and initial investment decisions need and can be made on the basis of off-the-shelf technologies.*
5. Achieving a balance between industrialization and protecting the environment is imperative.

6. Attention to cost is essential for politically sustainable options. *The economics of clean energy should be known better, including the comparative effects of measures relying on consumers and/or taxpayers. On the other hand, clean energy production and clean energy use do not have to be inherently more expensive than conventional. If the world commits to clean energy, early starters may well gain, and not lose, competitive advantage*
7. *The cheapest, cleanest and most secure energy is the one that is saved. The political cost of energy-saving policies is not higher than that of other policies yielding comparable results.*
8. A long-term approach is difficult but necessary, monitoring and reviewing will allow for progress and adjustments. *Transparency in trade of different energy commodities is of paramount importance, as are peer reviews of the type carried out by the IEA of the OECD. These should be carried out more frequently, should be extended to non-members on a voluntary basis, and should increasingly focus on clean-energy aspects of national policies*
9. ~~[Focusing on the overall net effect of national programs rather than setting strict goals will produce more flexible and sustainable strategies.]~~
10. ~~We believe there are new ways of reaching decisions on international coordinated action, drawing on leadership resources from the broadest basis achievable, even if that requires re-orienting existing international fora.~~
11. *Non-participation of certain key players may be regrettable, but should never be used as an excuse for doing nothing by those who can contribute earlier in the process. Peer pressure, negotiation and market-friendly measures can be put to work in order to broaden consensus, without recourse to trade distorting measures.*
12. *Within a 5 years timeframe, with the coordinated participation of the appropriate existing international venues, policies and benchmarks can be agreed, and an initial peer review of participating countries' implementation efforts should take place.*