



Mercator Research Institute on
Global Commons and Climate Change gGmbH

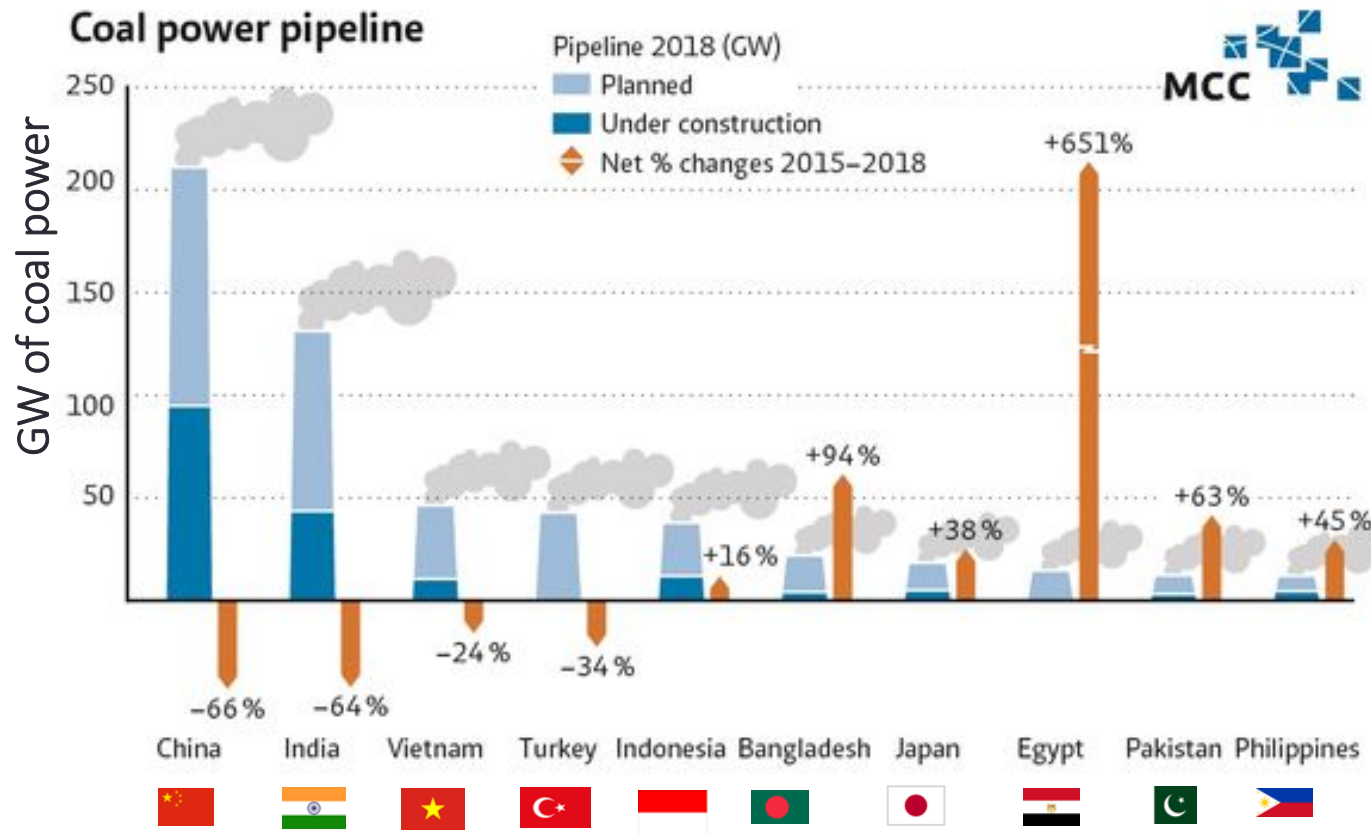
Policy options for Paris: Success factors for implementation

Dr. Brigitte Knopf (MCC)

Side Event „Emerging Science of 1.5°C: Mitigation
Pathways to Paris”, German Pavilion, COP24, Katowice
10 December 2018

Emissions are on the rise – Coal is the biggest problem

Many countries still invest heavily in coal; building all coal-fired plants that are currently in the pipeline would put the 1.5°C target out of reach.

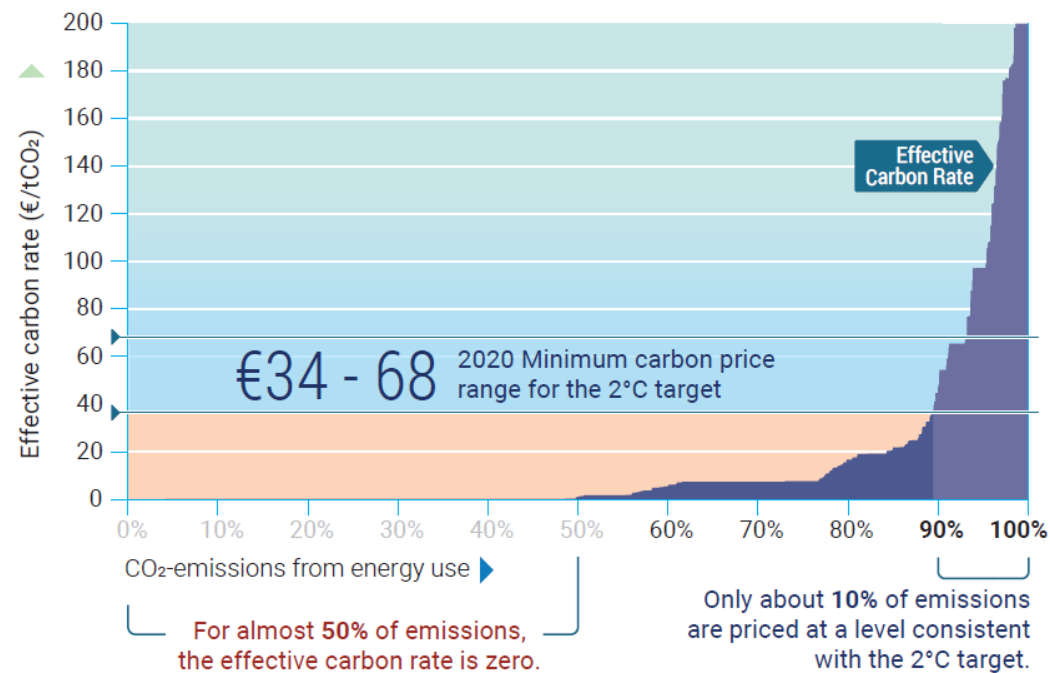


The role of fiscal policy

- A green fiscal policy reform should become a **core element** of climate policy to achieve the Paris Agreement targets.
- It involves:
 - **specific incentives** (e.g., carbon pricing) and
 - **synergetic alignment** of overall fiscal policy with climate goals (e.g., removing fossil fuel support).

Specific incentives: carbon pricing – The policy gap is still huge

- **34-68 €/tCO₂ needed** by 2020 to reach 2°C
- **50% of the emissions from fossil fuels are not priced at all**
- **Only 10 percent of global emissions from fossil fuels are priced at a level consistent with limiting global warming to 2°C.**



Synergetic alignment

- Fossil fuel subsidies: 0.5% of global GDP
 - phase-out could reduce emissions by up to 10%
- Tax treatment of commuting, company cars, freight, aviation and maritime transport.
- Tax treatment of low-carbon technology choices (cost structure, risk profile).
- Screen tax systems and remove misalignments

From obstacles to synergies – Making fiscal reforms politically viable



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03.12.2018 - 14:40 UHR HOME POLITIK BREITLAND SONDERSTEUER AUF BENZIN UND HEIZÖL, UM KLIMAZIELE ZU ERREICHEN

LITER SPRIT BALD 2 EURO?

SPD-Ministerin plant Sondersteuer auf Benzin und Heizöl

Sicherheit w hmu d

Da droht der nächste Steuer-Hammer bei Benzin und Heizöl!

From obstacles to synergies – Making fiscal reforms politically viable



**Ensure equitable distribution
of costs:**
Support households and firms



**Alleviate effect of
unilateral policies:**
Tackle carbon leakage



Foster public support:
Political and behavioral enablers to
higher energy prices or taxes



Use revenues appropriately

From obstacles to synergies – Making fiscal reforms politically viable



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Support households and firms



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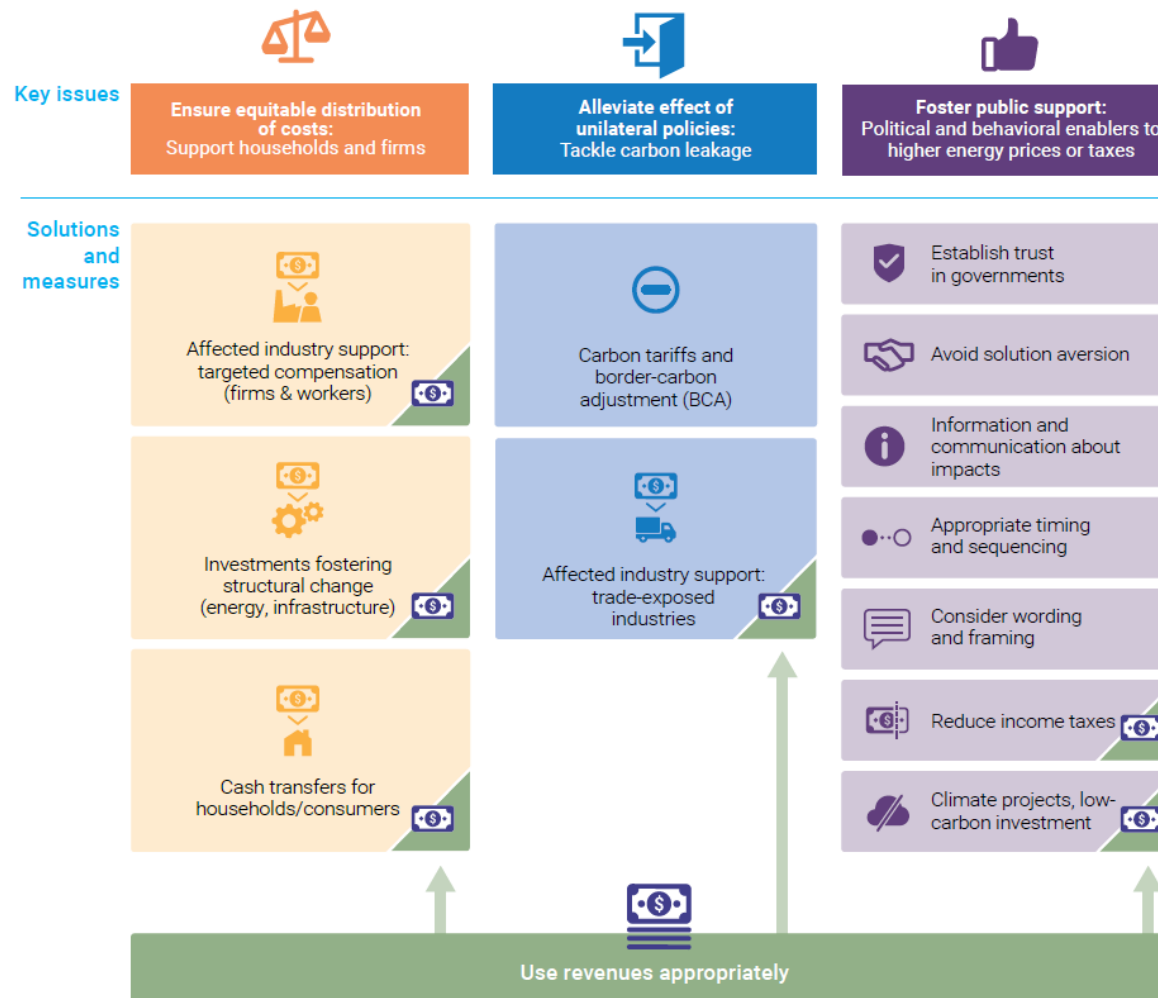
Foster public support:
Political and behavioral enablers to
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- Successful reforms in countries involved:
 - Productive and inclusive use of revenues from carbon pricing
 - Flanking measures (e.g. for energy-intensive firms)
 - Communication & measures to establish trust



Use revenues appropriately

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MCC was founded jointly by Stiftung Mercator and
the Potsdam Institute for Climate Impact Research