



CIGS Symposium

"Climate Realism and European climate policy"

(Summary of Q&A, Part 2)

Date: October 1, 2018

Venue: Shin-Maruru Building Conference Square, Room 901

Taishi Sugiyama, Senior Research Fellow, CIGS: CO₂ is very difficult to reduce in reality. Not enough progress is being made, whether in Europe or globally. In my view, it is because the cost is high. Renewables are costly. In Germany, subsidies were introduced to mitigate this but it pushed up electricity rates. In Japan, feed-in tariffs were introduced and the same effect was seen.

We need affordable technology. There are many successful examples, such as resolving pollution from car exhausts using three-way catalyst technology or air pollution from power plants using desulfurization units. It is difficult to tackle CO₂ at the national level, but it may be possible at the sector-level, such as through shale gas, LED lighting, etc. In the future, we can expect technological advances to continue. Digitization is particularly promising, and is increasing productivity, facilitating remote working, and so on.

Governments can support the research and development of new technologies. They can also create enabling environments for developing, testing, and introducing new technologies. Institutional reform is also needed to catch up with rapid technological advances.

Questioner 1: It seems the EU's ambitious climate change policy is at a turning point. What will happen next? What is the EU's intention?

Benny Peiser, Director, Global Warming Policy Foundation (GWPF): The EU has realized that many of its original assumptions simply have not come true. They are therefore reassessing the situation. It is clear that the EU is no longer treating climate policy as a top priority. The EU has many more internal problems now and they have overtaken climate change. It has also realized that many of its climate-change-related Policies have not worked out. They have resulted in rising energy prices and Economic knock-on effects such as the inability to build any power plants in Europe without government support.

In addition, we are seeing division within the EU. There is no longer a Policy consensus. Politically, we see splits between the center-right parties on the one hand, and the center-left, greens and so forth on the other. Geographically as well, the Eastern European countries are increasingly concerned about dependence on Russian energy resulting from the phasing out of conventional and nuclear energy.

Sumiko Takeuchi, Principal Researcher, the International Environment and Economy Institute: Even within Europe, Germany, which has been the leading force in climate change policy, is now changing its attitude and such signals are being emitted from Europe. Climate policy is now just an afterthought. I just comment that maintaining cost and industrial competitiveness is a greater priority for Europe.

Questioner 2: Contrary to the points made by the speakers, my impression is that Germany is still eager to expand renewable energy. Secondly, what is the position of populist parties in Europe on renewable energy and what is their influence?

Peiser: The German government is quite adamant that it does not want to accelerate or increase its CO2 targets. Germany used to be pushing the green agenda but now it is trying to hold it back. It has cut a lot of the subsidies for renewable energies. Without subsidies, the wind and solar Investments are collapsing because they are no longer lucrative. The German energy minister has also stated that Germany no long wants to be at the forefront International drive for renewable energy policy. It would rather be at the same level as the rest of Europe or, even better, the rest of the world.

With regard to populist parties, the CDU has always looked at the Green Party as taking away some of its voters and as a potential coalition partner. A lot of the policies were influenced by the new Green Party. Today, such parties are losing out to the populist right-wing parties such as the AFD, so the CDU is shifting its policies towards these new populist parties. However, that is not the case in every European country as UKIP is almost a spent force after Brexit. Still, in Scandinavian countries, in Italy, in Eastern Europe and so on, these parties are becoming more influential and are represented in the European Parliament so they do have a growing influence on mainstream parties.

Questioner 3: What do you think of Article 3 of the United Nations Framework Convention on Climate Change and the precautionary principle it includes? Secondly, with regard to electric vehicles (EVs), from a business perspective, people would like to link these vehicles directly to the power grid. What do you think of this?

Peiser: That is a deep philosophical question. I am not a fan of the precautionary principle. I think it is inherently contradictory. The most precautionary thing to do is to do nothing. Also, measures taken today to mitigate a perceived risk can actually turn out to be the opposite.

Takeuchi: If we predict the future of the automobile industry from the viewpoint of measures against global warming, I think that it will make a wrong prediction. That being said, if we increase renewables massively we need to think about how we will consume all the electricity produced. We need to see battery technology spread widely around the world. EVs could serve as a means of storage. Still, EVs have to be more convenient, easier-to-use, and their benefits need to be understood more broadly by the general public.

Questioner 4: With regard to nuclear energy, obviously there are particular circumstances in Japan. This also considerably influenced policy in Europe, particularly Germany, although not the UK. I am surprised there has not been more discussion. There tends to be an assumption that many new technologies have moved on but that nuclear power has just stayed still. In fact, there have been tremendous advances. I am surprised there has not been more discussion of the clearly beneficial role of nuclear energy in relation to climate change.

Takeuchi: Nuclear power cannot be discussed only within the context of energy policy. It depends on the determination of the national government. The question is, we can of course decide to lose nuclear power but can we afford to do that? Politicians seem to have given up on nuclear power. It has become so difficult to promote nuclear power in Japan. Politicians seem to think you have to choose either nuclear power or renewables. They do not understand that we need both.

We have only argued that the significance of nuclear power generation simply as supplies "cheap electricity". Cost of nuclear power generation is rising due to an increase in safety measures cost and fund procurement cost. It is necessary to discuss what the significance of nuclear power technology is. Can nuclear power provide cost reduction, or energy self-sufficiency? Of course, there are also many issues pertaining to nuclear power. That is why we must discuss it but that is not happening in Japan.

Peiser: In Europe, there is this kind of schizophrenic attitude of the environmental movement toward nuclear energy. Nuclear energy is being phased out in many countries and nuclear power plants are often replaced with conventional power plants. Such a radical anti-nuclear policy simply does not add up if you want to decarbonize and 'save the planet'. Of course, the situation here in Japan is very completely different because of the accident in Fukushima, whereas in a country like Germany, the threat of tsunamis is basically non-existent.

With that being said, the main problem is not this anti-nuclear campaigning. It is the economics of nuclear energy. A lot of nuclear power plants are either no longer running economically or they are running over budget. Almost all governments nowadays have to guarantee major subsidies for any nuclear power plant to even be built. The big challenge for the nuclear industry is to develop new prototypes that are much more economic and perhaps also safer. The long-term future is clearly in nuclear energy much more so than renewable energy.

Questioner 5: What is the extent of technological innovation for ships? Internal combustion remains the mainstay, but perhaps the fuel source can be shifted to synthetic fuel or other renewable energy sources. Hydrogen could also be a new source of energy. What is the state of progress in Europe?

Also, the speakers mentioned that renewable energy is on the decline in Europe, but my impression is different. Could you clarify?

Peiser: The shipping industry, just like the aviation industry, is basically facing a policy where it has to pay for carbon offsets. It will likely be taxed globally by carbon offsets or carbon taxes. This will not lead to any significant decline in global CO2 emissions but will lead to a lot of money raised, which will then be distributed to all sorts of beneficiaries. In terms of technology, there will surely be solutions in the long-term. In the short-term, I do not see any significant breakthrough.

As for the stance of Europe towards renewable energy, let me reassure you, Europe is no longer leading or even wanting to lead this. It is really just lip service. If you look at the facts on the ground and what Europe is actually doing in terms of its energy and CO2 policy, you will see a significant slowdown in the whole renewable agenda and a drastic decline of green energy investment. A lot of renewable energy companies are closing or shrinking their investment in Europe and moving to other parts of the world where there are still lucrative subsidies. They no longer feel comfortable in Europe.