The Ministerial Conference on Global Environment and Energy in Transport MEET

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"Measures Against Climate Change Can't Wait Until Economies Begin to Grow Again"

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There may be a temptation to put measures to deal with climate change off until economies begin to grow again. This would be a mistake similar to one we have already made in the early 1990's. It will not be wise to make the same mistake again.

Transport Policy and Climate Change

Transport policy faces many objectives; the principal one is to provide access for people to jobs, education and social contacts and for goods to markets; it also needs to do so in a way that is clean, efficient and safe. These objectives have not been fully achieved anywhere and in some Countries there is still a very long way to go to meet any of them, even in a basic way. Achieving the right balance between different policy objectives and dealing with possible tradeoffs between them is a constant challenge. Remember that over a million people are killed on the roads around the world, congestion is endemic, and investment and infrastructure are woefully lacking in many places. Around the world, we have many different rules and market conditions. There is a continuing need to work on all these problems.

There is a lot of knowledge on traditional transport challenges like reducing congestion or air pollution, improving safety and managing investment. In all of these areas, we know, more or less, what to do. Moreover, there are Countries that have extensive experience to share on policies and measures that are known to work well. The problems in these areas are not always with the policies themselves but instead with the politics and practicalities of implementation in particular countries and circumstances.

Climate change is different, for two reasons. First, its impacts are potentially so catastrophic that the need for action is overwhelming. Status quo or business as usual is not an option. But secondly, climate change is different because we do not yet know what to do. In contrast to traditional transport challenges, we do not have a toolbox of policies and measures or technology to limit emissions to anywhere near the extent needed.

Moreover, the dynamics of the transport sector are such that emissions are likely to increase 50% by 2050, not decrease by the same amount, as is being proposed.

The fact is that, globally, economic development is highly correlated with transport levels. It is clear that economic development, the growth of trade and the provision of access to educational, social and work opportunities are all dependent on well functioning transport systems.

The challenge then is both to foster economic and social development, requiring a well-functioning transport system, while at the same time reducing emissions. This is undoubtedly the greatest challenge the sector has ever faced.

International Transport Forum Meeting in Leipzig

It is a long term challenge and there is no single solution, no magic bullet, no panacea. But we are making progress to understand the issues involved, to better quantify them and to begin to find ways to deal with them.

The International Transport Forum meeting in Leipzig last May was the first attempt on a wide geographic scale to discuss the problem for the transport system among transport Ministers, experts and Industry. The formal conclusions, the data, the results of the preparatory work and the research as well as the conclusions of the discussions are all available and have been distributed to you. They can also be found on our website http://internationaltransportforum.org/Topics/forum2008.html. We believe they make a contribution to reflection and to policy action in the area.

In the declaration adopted in Leipzig, Ministers of 50 Countries set out a framework for policy to mitigate CO2 emissions from transport. This framework provides a balanced and forward looking set of principles for making progress. It underlines the need for a strategic approach and for a combination of policy and technological measures. It contains a strong emphasis on reducing dependence on oil, and underlines the need for action in all modes of transport and at all levels of government.

It is gratifying that almost all of these ideas are taken up in the draft declaration from the present Conference. This shows a widening consensus on the framework for action in the sector. This is encouraging given the enormous differences in development between Countries and the wide variety of views that still exist.

But even with this positive assessment, the challenges ahead are formidable. They are of two broad kinds. The first type of challenge is to implement policies we agree on and which we know make a difference. The second challenge is to deepen our dialogue to find the right approaches in areas where we do not yet agree or which we have not yet fully understood.

Challenges Ahead (1): Implement known measures

As regards the first of these – the areas where we agree – the real aim now is to start turning the ideas we know to work, into concrete actions at national and international level.

These actions include the vehicle related actions that have been identified in our and others' work, that are cost effective and bring significant benefits (vehicle standards themselves, tyres, accessories, driving styles). They involve using the different instruments, like regulation, incentives and consumer information to encourage consumers to buy the most fuel efficient cars. We can reduce fuel consumption per mile or kilometre by up to 50% if we apply these instruments well.

The actions that work also include the measures that meet the aims of transport policy and also bring emissions reductions (co-benefits). These are very

important for several Countries here and include public transport investment and priority measures, managing car traffic growth directly through parking policy and traffic management but also through fiscal measures on ownership and use, and through land use measures.

These all make a difference, and can be implemented by everyone. They do not damage the benefits mobility provides (on the contrary, well-designed policies will increase the net benefits from transport) and can be afforded.

There may be a temptation to put measures to deal with climate change off until economies begin to grow again. This would be a mistake similar to one we have already made in the early 1990s. It will not be wise to make it again. The scientific evidence is broadly that the problem is likely to get worse, not better. We thus need to use the economic crisis as an opportunity. The stimulus and support packages that are being considered now for the car industry need to put the accent on fuel efficient and innovative vehicles. Infrastructure programmes need to take full account of sustainability criteria. While lip-service is being paid to these requirements, careful and continuing oversight of the actual implementation of stimulus programmes will be necessary.

In summary, there are many measures we can take to reduce emissions, cost effectively and quickly.

Challenges Ahead (2): Develop new approaches

The second broad set of challenges concerns those topics where we do not agree or where we have not yet developed clear answers. I will briefly discuss the five following issues: how to balance immediate action and longer run approaches, how to coordinate policy action affecting transport, how to reduce oil dependence, the need for adaptation and the need to stimulate inter-country learning.

First, we need to find the right balance between the urgent need to act and the need for global workable long term solutions. The global modal bodies, whether WP29 for vehicles or ICAO in aviation or IMO in shipping, obviously require substantial time to agree global binding solutions. Ministers in Leipzig asked that these bodies expedite their work. I am sure that that they will explain how their efforts have been intensified and their ambition increased. At the same time, we know there is not yet agreement globally and regions will want to move ahead. Here the challenge is that regional actions need to be flexible, non-distorting and non–discriminatory. Related, there are large differences in how different modes are treated and we need to discuss whether a more consistent approach across the modes would be better, for example in terms of cost-effectiveness. In any case, all modes need to respond.

Second, we in the transport sector need to make the issue a broader and more public one, not just one for Transport Ministries or indeed central governments. This probably holds for all sectors but is particularly true in transport, where many of the policy levers are in different Ministries. Cross-government action is needed and Transport Ministries need to be more proactive. In addition, support from lower

levels of Government and from citizens is essential. One potentially very positive development concerns cities. Cities have great opportunities to contribute to reducing emissions and there are now groupings of cities that are making significant progress. Citizens too need to be implicated and if we are to see behaviour change, the individual citizen has a crucial role.

Third, we need to correct an enormous strategic mistake that we have made. It is to remain so dependent on oil. 97% of our transport activities depend on oil, far more than any other sector. After the crises in the seventies, all other energy users reduced their dependence and diversified away from oil. Why has transport not diversified? The reasons include the fact that there was no viable alternative for aviation, shipping or trucking. For cars, severe competition in vehicle markets and consumer indifference or ignorance on fuel issues meant that companies were not ready or able to look to the longer term. There is no choice now. We need alternatives to oil and the internal combustion engine. The problem is not only, or maybe even not so much, that the technology needs to be developed, but also that it needs to be brought to the market on a large scale. Our understanding of vehicle markets' resistance to, or inertia for, such large scale take-up is quite poor. In this respect, there is a lot of optimism about electricity. Several Countries have recently announced programmes to develop electric or hybrid vehicles. But the problems are by no means solved. We need now to work intensively on batteries themselves, on the systems for recharging batteries, and on new ownership or rental or leasing models for cars and batteries. This is urgent, so that at least parts of the sector (for example, urban cars and vans) can reduce this strategic dependence on oil. And this research and experimentation can be done also in developing Countries. One specific issue on oil dependence is the price of transport fuel. Petrol and diesel is still subsidised in many Countries. There cannot any longer be a justification for that and fuel prices should, at the least, reflect the real cost.

Fourth, we need to start to think much more about dealing with the consequences of climate change for the sector. That is, we will need to adapt to climate change. For example, there is evidence already that our infrastructure design standards need to be re-examined to better deal with the consequence of climate change. So, adaptation needs also to go on the agenda.

Finally, we need to work together more to learn from each other and avoid errors. We need better data and better analysis. Very few Countries can say what measures cost and what benefits they bring. We need to showcase and exchange information on the good and bad things we do. There are new measures and initiatives that have worked. For example, in France, the bonus-malus scheme for new cars made a dramatic difference to purchases, as did the UK tax differentiation for business vehicles. The Japanese top runner fuel efficiency regulation for trucks is a world leader. Congestion pricing in London and reallocation of urban space in Paris have brought similar results in different ways. Eco driving programmes in the Netherlands and elsewhere have brought emissions down by up to 10%. Fuel tax increases and other measures in Germany have led to declines in emissions. China has begun to end fuel subsidies. On the other hand, some of our support for biofuels has been expensive without major benefits.

In conclusion, there are many actions that can be taken in all Countries to reduce or slow the growth of emissions. These measures are cost effective and do not restrict or reduce mobility. Implementation needs cross government cooperation and some political determination. But the challenge goes beyond this and to meet it we need new technologies and fuels and also new approaches to mobility. To develop these we need more intensive research, experimentation and development locally, nationally and internationally.

The International Transport Forum looks forward to continuing to facilitate the dialogue on climate change among Ministers, industry, research as our understanding of the technical and policy implications of the problem grows.