



Critical Agenda: Global climate change regulation without borders

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As Angela Merkel said in 2014 in Sydney, 'climate change knows no borders'. In other words, climate change is a global phenomenon that transcends any land or sea border.

Nevertheless, in order to keep up with accelerated global targets, and developing technologies, as well as changing demands and socio-political dynamics in their own territories, governments worldwide have been forced to introduce their own rules. The result is a patchwork of widely different and often unaligned or misaligned policy goals and regulations.

While we are only now building a thorough understanding of the negative impacts of climate change, we haven't begun to fully capture

the job creation, economic growth and prosperity potential of climate mitigation measures. In order to be able to fully reap those benefits, actors in the market place need not just to be given obligations, but also have a chance of meeting them. That is only fully possible if we adopt climate change rules that 'know no borders'. There is a pressing need for worldwide rules based on the same fundamental principles as regards both incentives and penalties. This requires a comparative assessment as well as the humility to recognise when others have adopted better rules than one's own.

Energy transition will require extraordinary amounts of private capital. Aligned energy regulations

enable investors to better deploy capital and permit new market entrants to make informed commercial decisions.

For example, alignment on the definition of renewable hydrogen or harmonised rules that establish what types of equipment qualify as emissions lowering technologies and solutions will help create global markets that facilitate necessary investment.

Finally, consumers may benefit from products which, regardless of their country of origin, adhere to recognised worldwide fundamental standards.

Our paper will identify areas in which a comparative assessment could be conducted for the purpose of aligning and harmonising regulation, such as the following:

1. Cap and trade programmes:

By setting a cap on total greenhouse gas emissions and issuing permits that may be traded, market participants are forced to reduce emissions or pay the price for emitting. However, there is a disparate set of regional cap and trade programs worldwide with no rules connecting such programs. Similarly, no global entity currently surveys and certifies voluntary carbon

offsetting measures. A global, geographically-linked cap and trade program, with a connected global offsetting programme, can draw on the key benefits of existing operating cap and trade and offsetting programmes.

2. Product regulation:

As mentioned above, different countries / territories have developed a variety of regulations with respect to products and by-products in the energy sector. The development

of global standards and practices would facilitate the development of markets, unlocking investment and enhancing the achievement of climate control targets.

3. Greenwashing:

While the EU is introducing firm rules punishing false statements about the environmental benefits of products, aligned global rules in this new area will enable the world to jointly combat a new type of crime.