

Mercator Research Institute on
Global Commons and Climate Change gGmbH

Scientific policy advice for the German climate cabinet – the case of carbon pricing

Dr. Brigitte Knopf (MCC)

30. October 2019

Agenda

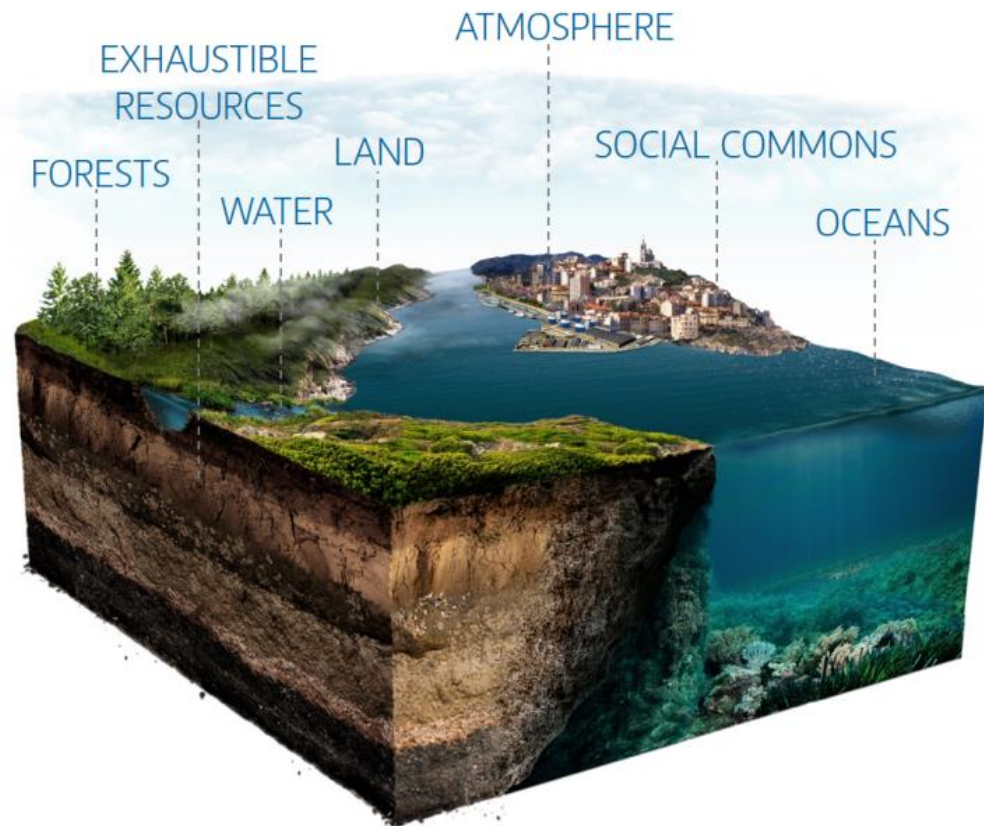
9.00 – 10.00	<p>Scientific policy advice for the German climate cabinet</p> <p>Brigitte Knopf</p>
10.00 – 11.00	<p>“Distributional implications of carbon pricing: The role of policy instruments and recycling schemes”</p> <p>Michael Jakob and Jan Christoph Steckel</p>
11.00 – 11.30	<p>Coffee Break</p>
11-30 – 12.30	<p>“Making carbon pricing effective: The role of social acceptance, financial markets, global trade, and international climate treaties”</p> <p>Michael Jakob and Jan Christoph Steckel</p>

Mercator Research Institute on Global Commons and Climate Change (MCC)

The challenge for the 21st Century:
Management of the Global Commons

**1) Avoiding the over-
use of the natural
commons**

**2) Overcoming the
under-provision of
public goods (social
commons)**



Mercator Research Institute on Global Commons and Climate Change (MCC)

- **MCC is a scientific think tank** that was founded in 2012 by PIK and Stiftung Mercator. We are about 50 people, mainly with a background in social sciences. Director is Prof. Ottmar Edenhofer
- We assess **strategies for the sustainable management of the natural and social commons**
- The MCC aims to **identify synergies and trade-offs between different policy objectives** in the context of climate change and sustainable development
- We analyze solution options to **inform the public debate and policy making.**



Powerful Fridays for Future movement - calling for a carbon tax

Greta Thunberg in Berlin together with Luisa Neubauer



Carbon Tax NOW!



SPIEGEL, Merkel and the German carbon pricing debate

„We recognize interesting new studies such as the one by Prof. Schmidt and Prof. Edenhofer, suggesting carbon pricing in non-ETS sectors. We will look at these options before adopting further regulations, and will take this expertise into account when taking our decision...“

Angela Merkel, 10.4.2019, Bundestag



November 2018

Fünf Etappen der CO₂-Steuer Konzept der Professoren Christoph Schmidt (RWI) und Ottmar Edenhofer (PIK)*



* RWI: Leibniz-Institut für Wirtschaftsforschung
PIK: Potsdam-Institut für Klimafolgenforschung

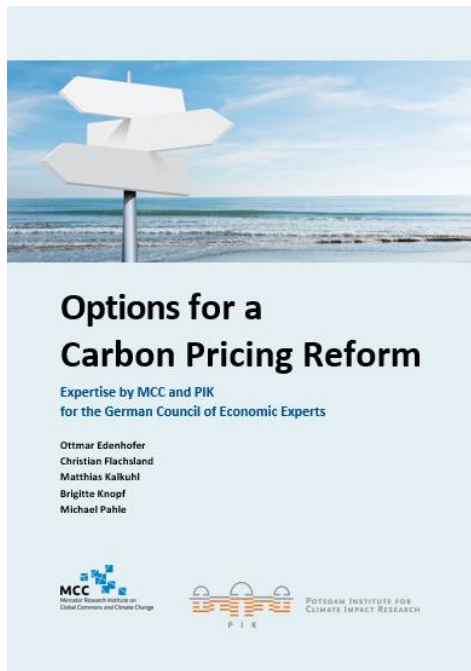
MCC's Stakeholder Dialogues

- Angela Merkel's visit at PIK
- Continuous dialogue with different ministries („MCC Dialogue Forum“)
- Many meetings with stakeholders and politicians



Our scientific input for the debate about carbon pricing

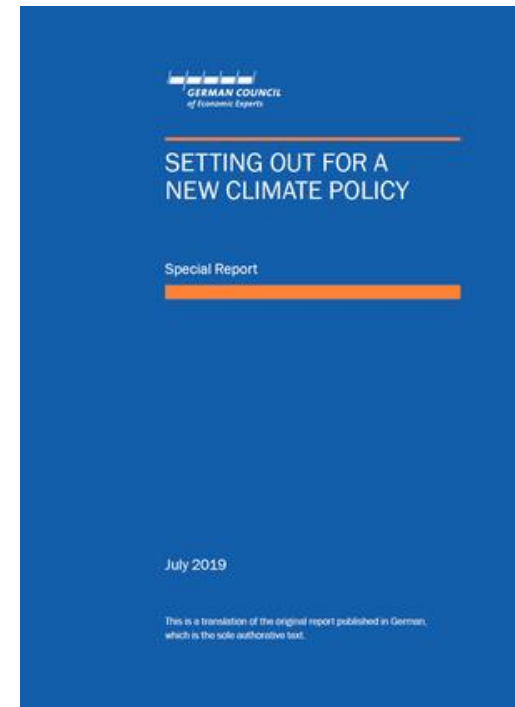
- Reports by the Council of Economic Experts and by MCC-PIK were presented in the Climate Cabinet (Juli 2019)



<https://bit.ly/32S8LBv>



Expertise has
“contributed
significantly to the
Special Report “

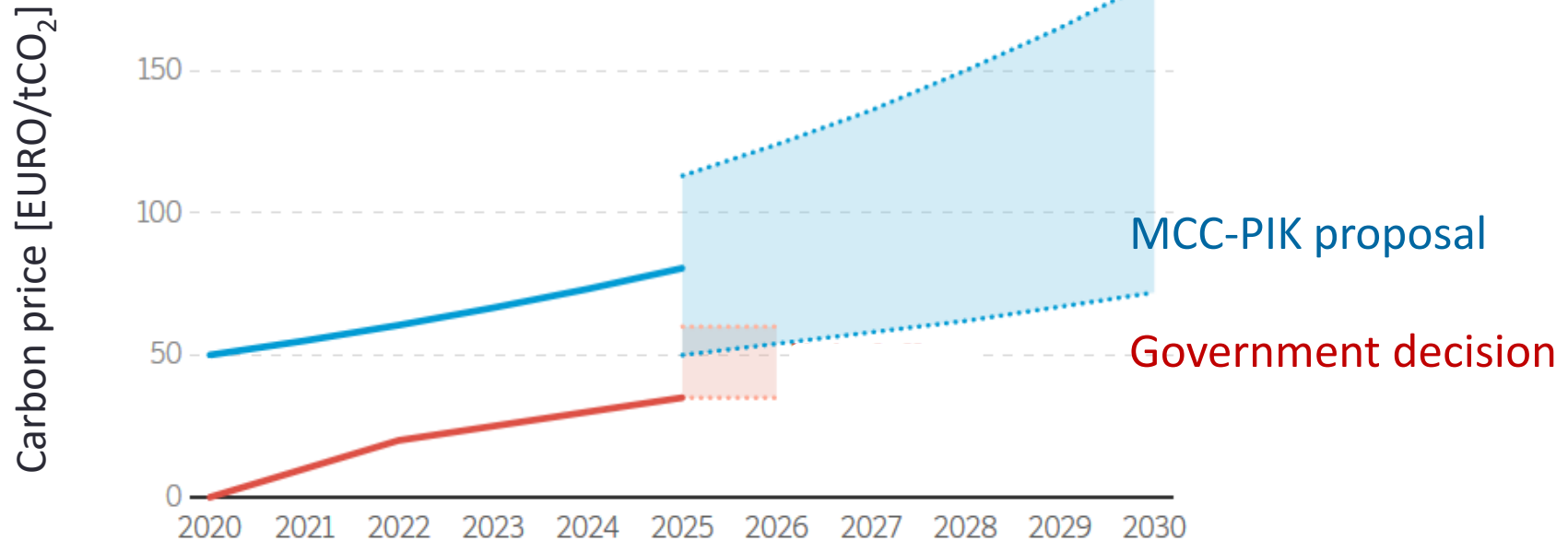


Options for introducing carbon pricing in the transport and heating sector



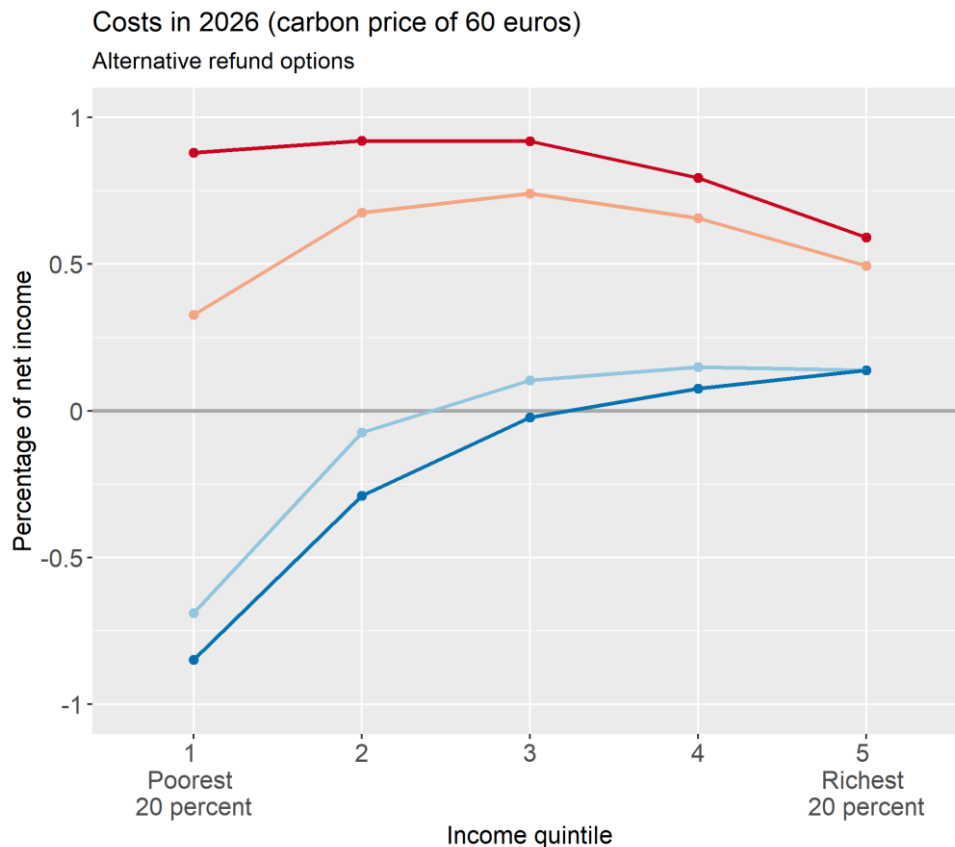
- 1** Expansion of regulation, funding programmes and voluntary commitments [regulation]
- 2** Carbon tax for transport and heating via energy tax rate adjustment [carbon tax]
 - a) Low supplementary tax
 - b) High significant tax
- 3** German emissions trading system for transport and heating [DE ETS]
 - a) Only in Germany
 - b) Linked to analogous ETS in other EU member states
- 4** EU ETS inclusion of transport and heating [EU ETS]
 - a) Unilateral inclusion only by Germany
 - b) Inclusion with a coalition of member states
 - c) Inclusion with all member states

Carbon pricing in the climate package: good architecture, but low level of ambition



*for the transport sector

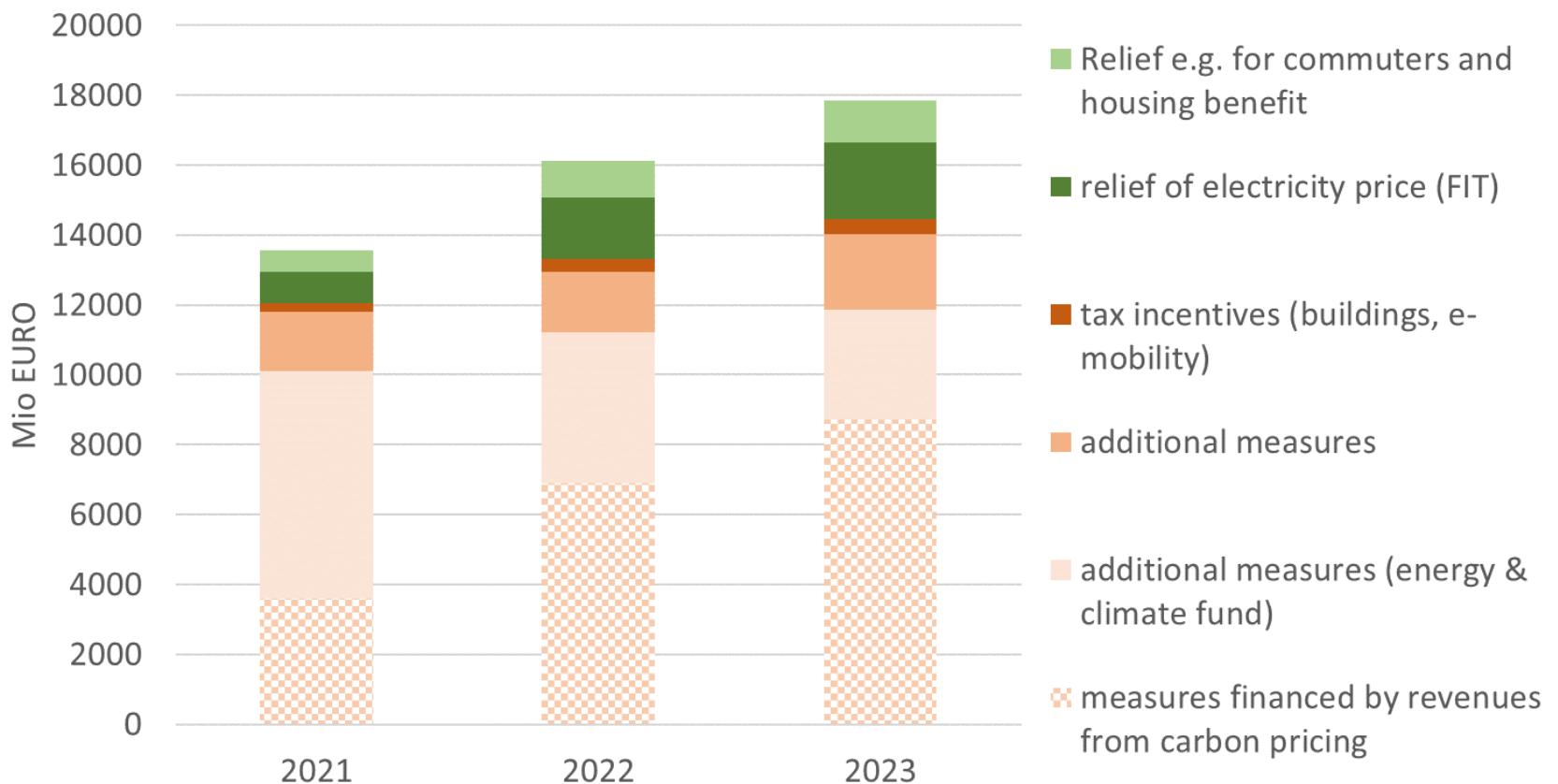
Distributional effect of the climate package: middle income households most affected



Carbon price Government decision FIT-levy -6ct Climate dividend

Household net income is equivalence-adjusted; based on EVS 2013

Revenues are used to finance measures (red) additional money for relief measures (green)



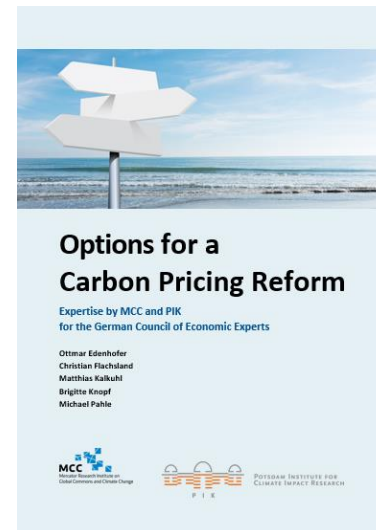
Summary

- Germany has now decided to start to put a price on carbon despite that not many people were in favour of a carbon price
- However, the price level is low and it does not reach far enough into the future. Social balance is not yet guaranteed
- Most important: continued dialogue with stakeholders and decision makers across all parties to stimulate a social learning process

Contact

- Policy Dialogue on Carbon Pricing:
<https://www.mcc-berlin.net/en/policy-dialogue/carbonprice.html>

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