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STIMULATING GREEN RECOVERY

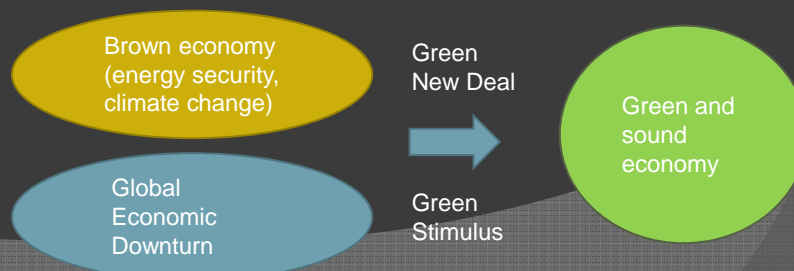
Outline

- Green stimulus and green new deal
- Current implementation
- International coordination: Global green new deal: Asian Green New Deal
- Issues and challenges
- The way forward
- Questions

Green Stimulus and Green New Deal

Strategic Solutions for Short- and Long-term Issues

- **Green Stimulus:** Needs for stimulating economy for a short term (e.g., job creation)
- **Green New Deal:** Long term structural change to seed a significant greening of the global economy.



Green Stimulus

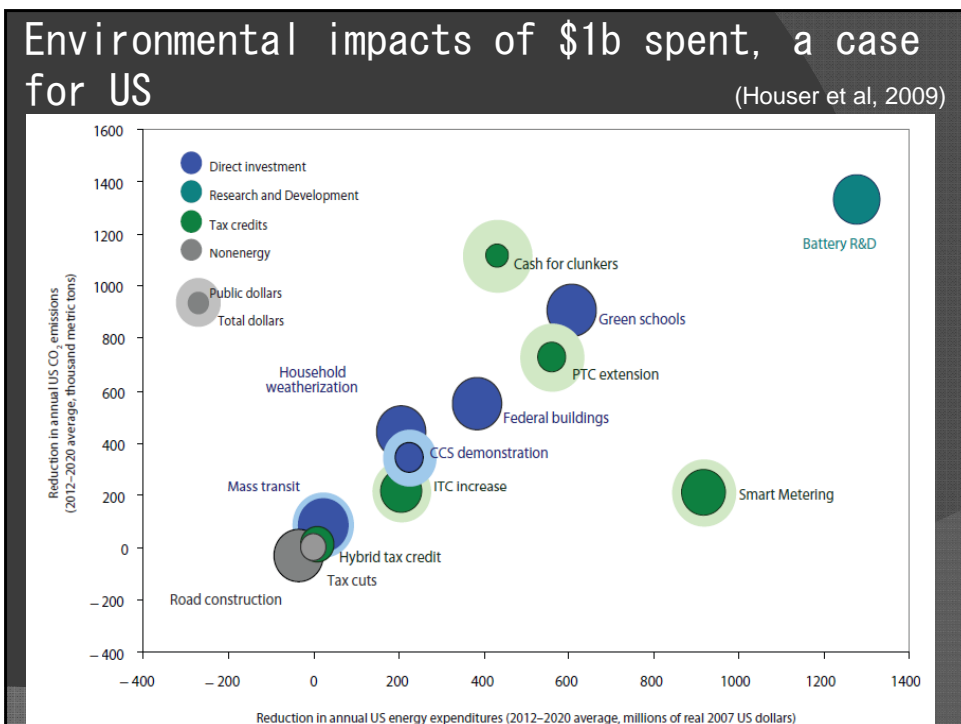
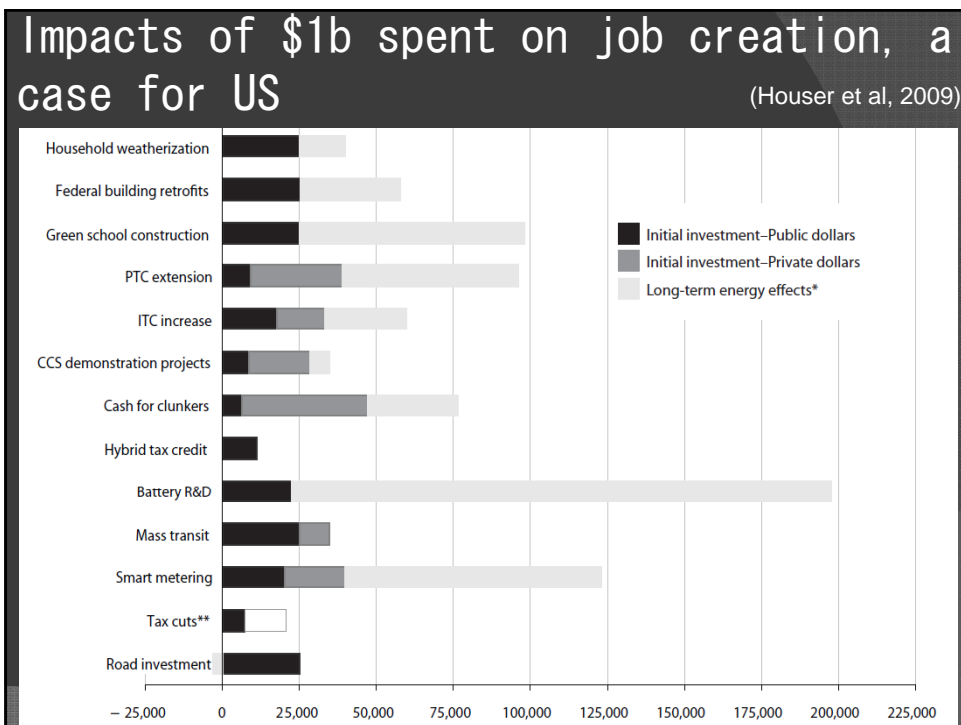
- ⦿ Well-planned green stimulus can create jobs and stimulate economy at the same time achieving energy cost saving.
- ⦿ However, green stimulus only have limited impacts on reducing GHG emissions by itself.
- ⦿ It should be considered as complements to more comprehensive climate and energy policy.
- ⦿ It can place a foundation, and build confidence in the UNFCCC negotiation towards Copenhagen.

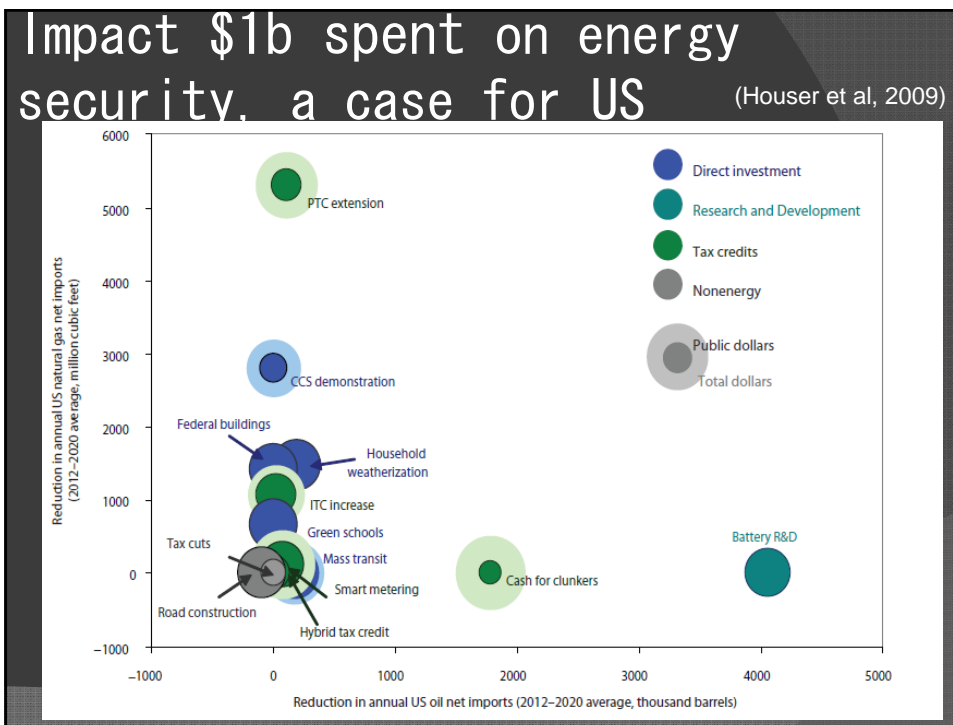
Source: WRI

Identifying Core Elements of Green New Deal (GND)

- ⦿ Public infrastructures for transportation (e.g., public transport, electric vehicle), electricity transmission (e.g., smart grid), recycling markets.
- ⦿ Technology leapfrogging to enhance green technology (transport, renewable, heating and cooling), efficiency (building, water efficiency, and steel industry), service sector.
- ⦿ Greening economy through information and communication.
- ⦿ Change individual and institutional behavior through prices and markets.
- ⦿ Provide green jobs for renewable, energy efficiency, transportation, recycling/scrap-based manufacturing.
- ⦿ Investments for human resources in green sector.

Source: Worldwatch Institute





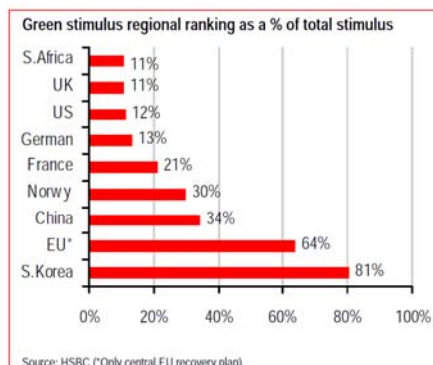
Current Implementation

Green Stimulus in the World

- More than 20 governments issued emergency economic stimulus packages.
- More than \$470 billion (15% of total stimulus) has been allocated as green proposes
- Key beneficiaries are rail transportation, water infrastructure, grid expansion, improved building efficiency.
- Asia (China, South Korea, and Japan) leads the world stimulus expenditure with the share of 20% of the total.

Source: HSBC, May 2009

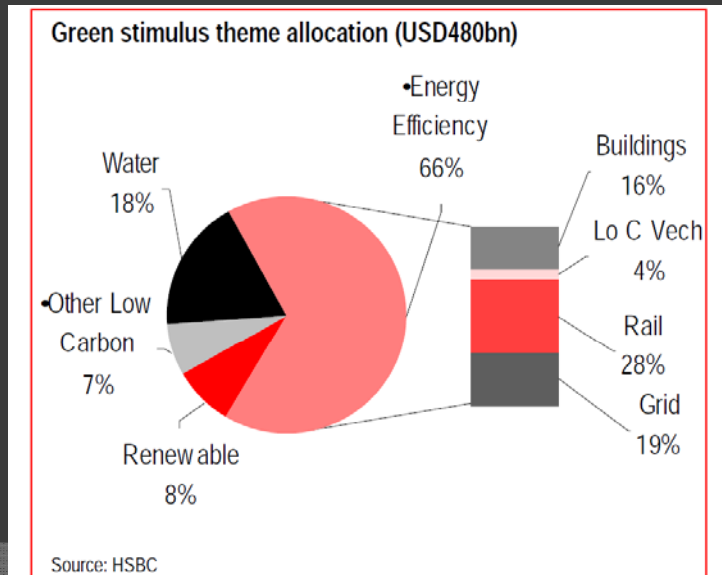
Asia Leads the World in Green Stimulus



Source: HSBC

Allocation of Global Green Stimulus in the World

Source: HSBC



International coordination
 Global green new deal:
 Asian Green New Deal

Global Benefits of GND

- ◉ Investments by one country in an emerging low-carbon technology reduce the cost of that technology for everyone.
- ◉ Efficiency investments that reduce energy demand in one country impact energy prices around the world.
- ◉ The cumulative effects of green recovery programs on national emissions will shape international climate negotiations and the type of commitments that are made as part of a multilateral climate agreement.

Source: WRI

UNEP: Global Green New Deal

- ◉ Financial support to developing countries in the order of \$1 trillion as financial supports for the current economic crisis.
- ◉ National stimulus packages to revive and green national economies, not only for developed but also in developing countries. This should target at poor and vulnerable group, contributing on UN millennium goals.
- ◉ International policy coordination, generating strong developmental impacts in developing countries. These should support existing development initiatives first, avoid unfair competition, and allow easy phase-out after the crisis or smooth transition to national owned projects for longer term issues.

Source: UNEP

Asian Green New Deal

- Concerted efforts for the economic turmoil in Asia provide an opportunity for cooperation toward low carbon societies.
- Increasing economic integration in Asia create a win-win opportunity to direct development toward “full-fledged low-carbon societies”.
- New administration of Japan will put more emphasis on fostering “East Asian Community”. Climate change issue is a good opportunity to enhance cooperation?

Issues and Challenges

- Comprehensive assessments of stimulus are necessary as green parts of stimulus could be cancelled by other parts of stimulus.
- Establishments of regulatory frameworks in addition to fiscal measures are necessary to keep the effects.
- As the recession is ending, the global economy may be getting back to the “blown economy”.
- How shall we differentiate short-term stimulus that needs wise exit strategies, and long-term green new deal that needs permanent installments?
- Most stimulus packages are intended inward. How effectively can developmental needs of developing countries be supported?

The Way Forward

- The share of green components of stimulus needs to be as high as possible to accelerate structural changes in targeted areas.
- To create a long term structural change after green stimulus, regulatory measures such as carbon markets and tax need to be established.
- Asia-wide coordination (Asian Green New Deal) is effective for climate change issues as a co-benefit of Asian development agenda (e.g., economic integration).
- COP15 in Copenhagen provides an opportunity to coordinate further strengthen green new deal, and install some of the ideas into the post 2012 climate regime.

Questions to the presenters

- *What impacts do stimulus packages have on GHG emissions?*
- *To what extent do they contribute to low-carbon economies?*
- *To what extent are such effects sustainable?*

Thank you for your attention!

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