Climate needs Global Solution

What is the issue?

- As climate change is a global problem, it needs a global solution.
- The recent Intergovernmental Panel on Climate Change report suggests that humans might have only a decade left to limit global warming.

What does the IPCC report suggests?

- The IPCC says total global emissions will need to fall by 45% from 2010 levels by 2030 and reach net zero by 2050.
- If these targets are not met, the global South are likely to be most negatively affected because of their low altitudes and pre-existing high temperatures.
- These global South are mostly tropical regions of the world, which are densely populated.
- Some impact of this was already felt during the Tamil Nadu water crisis this year (2019).

How the burden is to be shared?

- The global South has historically and even at present, contributed less to the problem but happens to be at the receiving end of the lifestyle choices made by the global North.
- Although time is running out, a genuine global consensus on the mitigation of this problem is missing.
- In the absence of a collective agreement, the environment is becoming the casualty.
- The bottom line is that **both the worlds need to contribute to avert this danger in their self-interest**.
- Also, the burden of adjustment can't be equal when the underlying relationship between the two worlds has been historically unequal.

What is the correct balance in terms of sharing this burden which can be just?

- A just approach would involve a global sharing of the responsibility among countries according to their respective shares in global emissions.
- Currently, the most accepted model of mitigating strategy has been the carbon trading process. However, it has its own limitations.

- Our proposal, a Just Energy Transition (JET) is premised on a sense of global justice in terms of climatic fallouts and the respective contributions of the countries.
- It will also help the resource-poor developing countries to make the energy transition without having to worry about the finances unduly.
- Instead, the current experiences of the developing countries point to the contrary.

How can this injustice be corrected?

- The first priority is to **fundamentally change the energy infrastructure**, which requires massive investments for the green energy programme across the world.
- Those on the top of the funnel, apart from funding their own energy transition, partially support the transition for the countries at the bottom
- This sharing of the burden of development should be done in a way which inverts this injustice funnel.
- For a successful energy transition to greener renewable sources, countries have to spend around 1.5% of their GDP.
- The global energy transition could be financed through a system of the global carbon tax.
- Since the total global carbon emissions are 36.1 billion metric tonnes of CO2, this amount to a global carbon tax of $46.1 per metric tonne.

Who subsidises whom and by how much?

- Those countries (payers) which emit more than the global per capita average pay for their own transition and also fund a part of the energy transition of those countries (beneficiary) who are below this average.
- So, those at the receiving end of climate injustice are duly compensated for even as the entire world transitions to greener earth as a result of this process of **carbon tax sharing**.
- The total amount of carbon compensation made by the payer nations comes to around $570 billion.
- The distribution of this amount across the payer countries is based on their **distance from the global average** (controlled for their population size).
- The distribution across the compensated countries is also based on **how lower their emissions are in comparison to the global average**.
- Once you add (subtract) the carbon compensation amount to (from) each of the countries, you get the effective carbon tax for them.
- The top payer countries in terms of absolute amounts of transfers are the **U.S. and China** as their emissions are higher than the global average.

- Despite being a payer country, the effective tax rate for China is lower than the possible universal tax rate of $46.1 per metric tonne.
- This is because their own energy transition and the global compensation they make, requires a tax rate only of $34.4 per metric tonne.
- So, in that sense, the burden of adjustment is only partially falling on their shoulder and only because they emit more than the global average.

Why this is a Robin Hood tax?

- In terms of 'compensated' countries, India comes at the top due to its population size and its distance from the global emissions' average.
- The other suspects are all countries from the global South, but this list springs a few surprises like France, Sweden, and Switzerland.
- This tells us that even high-income countries having low per capita emissions currently are beneficiaries of this globally-just policy.
- With China in the first list and some of the first world countries in the second, it's obvious what this policy wants to achieve.
- It wants all nations to climb down the emissions ladder without necessarily having to give up on their standard of living.
- So it may be said as a global green Robin Hood tax.

Source: The Hindu