

A large, light blue watermark of the FIA World Motor Sport Council logo is visible in the background. The logo is circular with 'FIA' on the left, 'WORLD MOTOR SPORT COUNCIL' at the top, and 'INDUSTRY' on the right. The word 'SMMT' is prominently displayed in the center.

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Society of Motor
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- Climate change is happening, CO₂ concentrations are increasing



- Climate change is a global issue
- The global market mechanism is not working – Stern Report



Global population is increasing

1850 1.6 billion

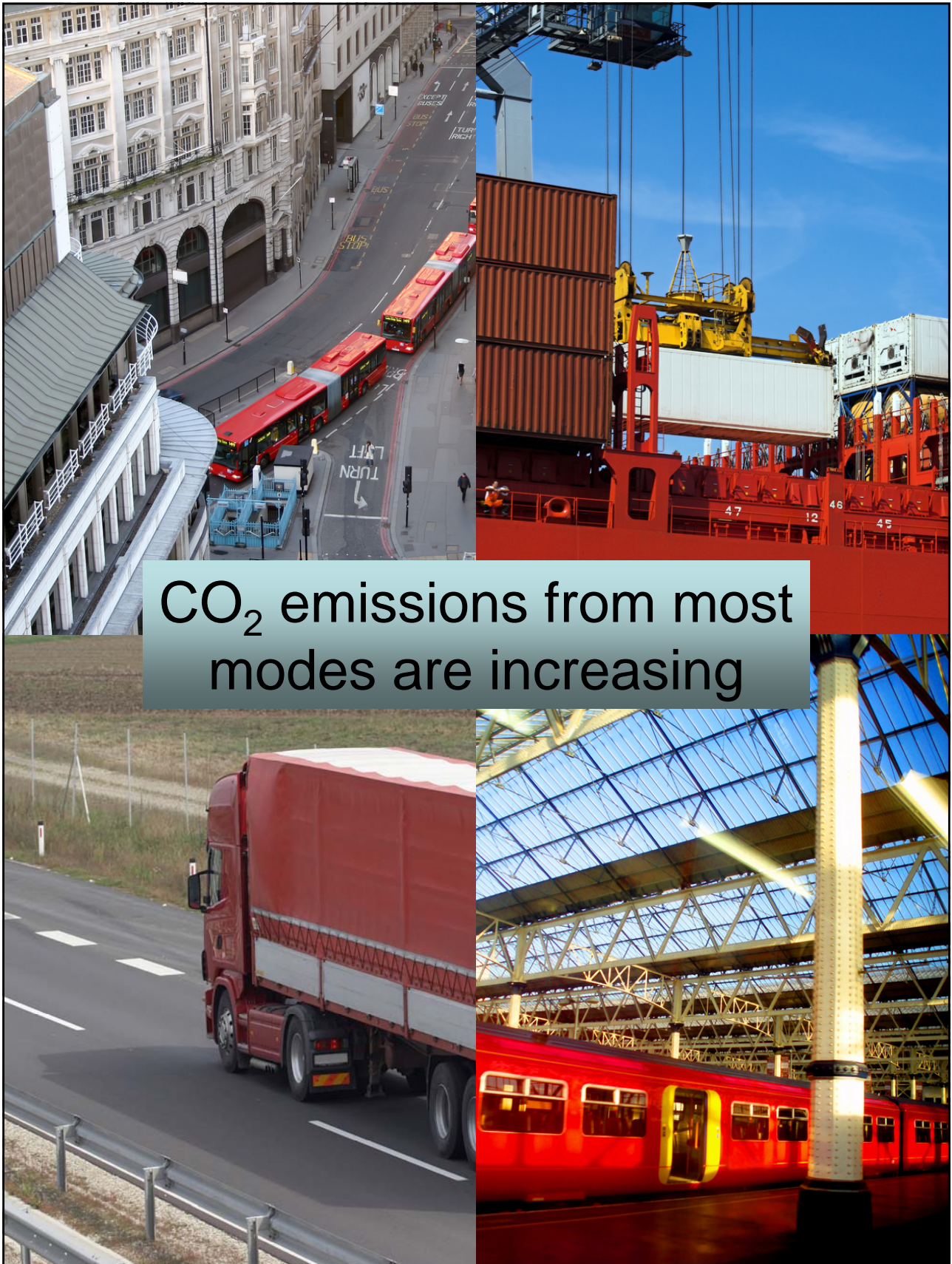
2005 6.0 billion

2150 10.0 billion



We are travelling further
and consuming more

This creates growth in
demand for all modes of
transport



CO₂ emissions from most modes are increasing



Mileage is up by 8.6 per cent

Number of cars is up by 16.5
per cent

In the CO₂ emissions from
cars in UK are down by 3.2
per cent (1997 to 2005)



Technology provides part
of the solution and part of
the answer, not THE
solution



UK Automotive

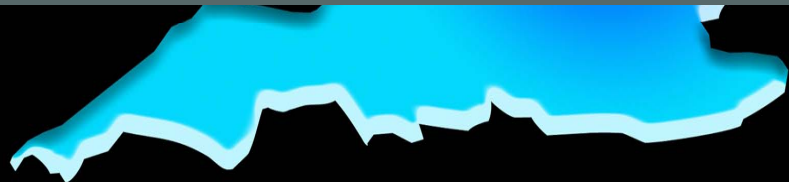
- Alive and well: 1.8m vehicles/year, the 4th biggest producer in EU
- Crucial to the UK economy. Manufacturing turnover £47 billion. Well over 10 per cent of the UK's total exports
- Supporting 850,000 jobs

UK automotive

Aston Martin, Bentley, Ford Transit, GM vans, Honda, Jaguar, Land Rover, LDV, Lotus, Nanjing, MINI, Morgan, Nissan, RR, Toyota, Vauxhall etc. (plus taxis, trucks, buses)

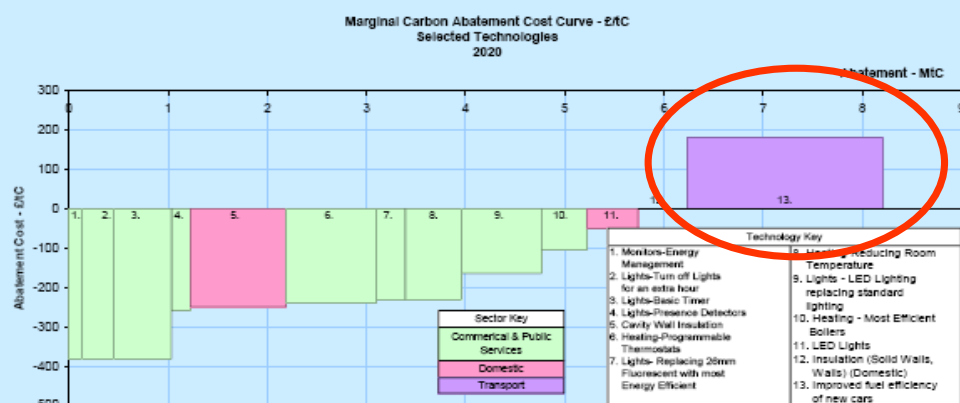
Engines: BMW, Ford (+ several listed above)

Significant R&D capability



Stern: abatement cost

Figure 9.2 Aggregate carbon abatement cost curve for the UK – annual carbon savings by 2020²⁸



Source: See notes



Effective

clear single aim: reduces CO₂
emissions

The background of the slide is a photograph of a car's body in an assembly plant. The car's frame is painted a light green color, while some structural components, like the rear cross-member, are painted red. The car is positioned on a conveyor system, and various mechanical parts and tools are visible in the background, suggesting an active manufacturing environment.

Efficient

costs minimized by considering all options

cost is less than social cost of carbon

practical and enforceable

Equitable

fair to all, don't favour one actor/sector over another

not distort EU market/competition or sales outside EU

affordable: for burdened actor & society, sustainable

A sample of carbon reduction options

	Effective - reduces CO2	Efficient	Equitable
Fuel duty	elasticity issues	yes	yes
New <u>car</u> CO2 regulation	no - does not manage use phase	Cost definition and equity issues	no - only covers cars
Carbon Trading	yes	depends on modus operandi	partially - may impact non transport sectors
Educational programmes	no - no guarantee of put into practice	yes	yes
Demand management	to be determined - London experience claims to	to be determined - London experience claims to	could have social implications
Alternative Fuels	yes - but percentage varies	no - cost are higher than fossil fuels	sustainability issues
Speed limit enforcement	yes	Partially cost implications	yes
Integrated Approach	ownership and effectiveness	yes	yes

Surface Transport Emissions Trading - mechanisms

	Oil companies	Drivers	Vehicle manufacturers
Effective	yes - covers all fuels sold	yes - if it includes commercial drivers	Partial - assumptions to be made on vehicle mileage
Efficient	yes - low costs and easy to implement	no - high cost of introduction - low trading volumes	Partial - modus operandi - other sector inclusion
Equitable	yes	yes	Partial - modus operandi - global manufacturing

Is trading as a instrument proposed by Stern another potential mechanism for a global solution to CO₂ reduction ?

YES

Is its carbon reduction potential for road transport better or worse than any other instrument ?

Better then some

Do we need another instrument in road transport carbon reduction strategy?

???

A large, light blue watermark of the FIMM Motor Industry logo is centered on the slide. The logo is circular with 'FIMM' in the center, 'MOTOR' at the top, and 'INDUSTRY' at the bottom.

Five last thoughts?

Multilateral

Liquid

Sectors and sub sectors

Double counting

Open and closed