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Round Table on Sustainable Development

CHAIRMAN'S SUMMARY NOTE OF THE 23 SEPTEMBER 2004 MEETING OF THE ROUND TABLE ON SUSTAINABLE DEVELOPMENT

SUSTAINABLE MOBILITY

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The Fifteenth meeting of the Round Table on Sustainable Development at the OECD was held at the World Bank, Paris

Thursday 23 September 2004

The following is a short summary note, issued under the Chairman's responsibility of the discussion on 23 September. Please note, in keeping with Round Table procedures, a detailed note of the meeting will not be circulated

The meeting focussed on the issue of sustainable mobility, with particular reference to the road transport sector.

Scope and nature of public policy

- Discussion of the role of governments in encouraging the development of a more environmentally-friendly car sector raised the following points:-
  - Large-scale public investment in RD&D remains important. In many countries funding has been made available to the public transport sector, but as the private car remains at the heart of personal mobility, this sector should not be neglected. Public funding for development of e.g. hydrogen technologies was currently at a very low level in comparison with the ambitious nature of the objectives in this sector.
  - Governments themselves need to lead the way in terms of a 'clean' car procurement policy;
  - Measures, including fiscal policies to incite consumers to buy cleaner vehicles have an important role to play.

- It is important to base fiscal incentives on performance rather than on technology. Tax credit policies that do not favour particular technologies but vary according to the degree of emissions reductions are useful for encouraging a broad range of technology development. Such policies have been used successfully in Japan. Global performance standards would, however be difficult to agree upon, given political and cultural differences between countries.

- Policy coherence is of particular importance in this area. Analysis of current tax incentives that encourage CO_2 emissions, such as subsidies for new housing in remote areas or tax-breaks for those who commute in cars would be beneficial. It was proposed that compiling an inventory of subsidies that encourage increased CO_2 emissions would be of use.

- Although it has been shown that technical targets set at the political level are generally met by industry more rapidly than anticipated, and that competition is an important tool in the raising of industry standards, the legislator nevertheless needs to exercise caution in this area. Most European car companies are currently losing money and the view that increasing pressure could be placed on such companies until they crack technical problems is potentially damaging.

- It was acknowledged that a key step in addressing the issue of global climate change involves reduction of transport-related emissions. The uniformity and global reach of the car industry argues in favour of attempting to bring together government leaders of major car-producing countries and company chiefs for a discussion aimed at reaching an agreed way forward.

Role of private sector

- Car companies are currently making strategic choices in terms of investment in new technologies that would set the agenda for the coming years. It is therefore important that society articulates its choices now. More information could be provided to consumers in terms of the environmental benefits linked to different car technologies, although such benefits would not be accepted as compensation for poorer vehicle performance. It was noted that energy consumption rates have been shown not to be a major determinant of car choice and that technological solutions that

produced cars outside of the price range of the majority of the population did not represent sustainable solutions.

- A useful complement to the World Business Council for Sustainable Development (WBCSD) 'Mobility 2030' report would be a chapter on what policies, both for the private and public sectors, could achieve the goals identified in the report.

Developing countries

- Turning to specific issues relating to developing countries, solutions needed to comprise a coherent strategy for favouring economic growth. The majority of expected growth in car sales, energy use and CO_2 emissions over the next 50 years is expected to come from developing countries.

- Bio-fuel use is a particularly promising option for developing countries with a large agriculture sector. Co-operation with western governments on technology development is important in this area. However doubts were raised about the ability of bio-fuels to make a significant contribution globally given the potential for conflict with other land uses such as agriculture and the sheer logistical challenge of processing the quantities of biomass (whether crops or waste) that would be needed.

- Public transport has a central role to play in solving mobility issues in Asian cities. Were private car ownership to reach western levels in such cities, congestion and pollution problems would reach potentially unmanageable proportions. Work is necessary to identify different paths towards greater mobility for populations in developing countries which are not based predominantly on increasing private car ownership.

- Emissions curves presented in the WBCSD study over a timeframe to 2050 do not take into account possible 'disruptions' which could occur as a result of new public policies in countries such as China. The desire to foster a thriving domestic car industry and to limit energy imports could lead to technology-related decisions which could have a major impact on lowering current projections.

- It was proposed that evolutions in world energy markets will be the major driver in the development of motor vehicle technologies and choice of fuels. In countries such as China, if coal remains the major energy resource, coal may become an important fuel for transport (using coal-to-liquids technologies). In this case there will be a need to develop carbon capture and storage mechanisms.

- Potential exists for countries such as China to 'leapfrog' along the technology chain, but without improved urban planning, the benefits of such technological advances would be suboptimal.

- It was acknowledged that the airline sector had fewer options available to it than the car industry. Fuel cell technology is being incorporated, but for the main power processes, there currently exists no alternative to kerosene.