

Policy Implications - A Finnish View

Dr Risto Penttila, Finnish Business and Policy Forum

Address to CEDA Climate Change Conference, Sydney, 15/11/2007

Thank you. It's great to be here, and I thank the organisers for inviting us all here. I left Finland four or five days ago, and it was dark and it was very cold, and I admit I was thinking to myself that I wouldn't mind a bit of global warming. Now the problem of course is that you can't turn the heat up and turn it down everywhere else, so I think we need to recognise that something ought to be done. I thought that I'd try and be very quick, and give you a few ideas about actually European approach to climate change, the EU approach is that perhaps more interesting than Finland, and then just give you a couple of interesting pieces of information regarding how Finland sees the issue.

Let's start with Europe and the European Union. It's quite clear that the sentiment in Europe is that Europe is ready to lead: this is our issue, this is our opportunity to play an important role at a global level. And the vision is there, the vision is shared and everyone seems to be more or less behind it. There are plenty of issues and things going on in Europe already, and since 2005 we've had an EU emissions trading scheme in operation – I'll come back to that. There is this for by 20 – or 2020, politicians like wrong numbers, and so the European Union has promised a 20 percent cut of emissions by 2020, and 20 percent renewables by the same year. Now here's the first sort of sticking point: some people argue they would be better just to have one target, not two, because they are sometimes confusing for policy makers. Car emissions commission is going to suggest that very low level of emissions by 2012, a level that is now reached only by some 8 percent of cars in Europe. So there seems to be a commitment and political will to go in this direction. Why? I think there's genuine concern over climate change. Second, this is not to be underestimated. The EU is looking for a new mission; consolidating peace, securing peace in Europe, that's no longer needed; bringing the former eastern European countries within the family of European Nations, that's done. What's next? Many people argue that this is what Europe is lacking, a mission, a vision, and this is perfect for us, and it's giving the European Union a chance to play a big international role, something it hasn't been able to do so far.

Europe can't do it alone. Only 40 percent of global CO2 emissions originate in Europe. Only half of those are actually incidentally part of the EU emissions trading scheme, so it's quite clear that cannot be done by Europe alone. Then Finland is a tiny – it was discussed the important of Australia, Finland is much much smaller still. So why should you care about Finland? I think the first point is that Finland tends to be a very simple minded country. When you're told to fix your school system, we do that, now we are the best according to OECD. We are told that you shouldn't be corrupt, we are not according to Transparency International, we're the least corrupt country. So I suppose when we are told to be clean, we will be clean in a matter of some years.

So I think that's the reason why everyone should take a moment to look at what Finland is doing. I think there are just a couple of notable aspects of Finnish climate policy that I would like to share with you. First, we are building new nuclear power, and this has changed the policy and a change of public sentiment. Ten years ago, people in Finland were against nuclear power. Now two things have brought about the change: one is the dependency on Russian energy; people actually feel that it's better to be dependent on nuclear power made in Finland than made in Russia, so that's the one concern that one can understand, but the other and bigger issue here is certainly climate change. So I think public, if you're thinking that you can't go nuclear because people are against it, it may change. In Sweden, the public opinion is changing as well.

The second point is we already have 25 percent of renewable energy when the EU target is 6.5 – EU average is 6.5. What it is actually that when burden sharing is done in the future, this is not going to help us at all, that we are being given by the European Union even more demanding targets, and we don't think that's quite fair. Combined heat and coal production is something that's been discussed in most European countries, perhaps also here, we've been doing it since the 1960s. Forest industry: in some parts of the world, deforestation is a huge problem. In Finland it's clearly – forest industry is part of the solution, not part of the problem. This means maximum use of biomass and taking good care of the forests, making sure they are healthy and they are harvested when the time is right. So I think these are a couple of issues that may have resonance else where as well.

Now my institute, the Finnish Business and Policy Forum, is publishing a report on corporations and climate change in a week's time, and we struggled for a long time as to how to tackle the issue, and finally we decided we'll give five biggest corporations a chance to tell us what they think and what they're doing. So we have a collection of five articles by believing businessmen in Finland, and this is just a way of bringing the business community voice to the table. And here are a couple of points that came out of that. It was committed to combat global warming, it's a very strong belief in technology, then everyone in principle supports the EU emissions trading scheme, but the way it's functioning doesn't get support from anyone really. It doesn't reward good behaviour. If you've been good in the past, that means that you're getting less quotas in the future. It quite clearly drives some industry out of Europe, bad for competitiveness, bad for climate. It's not transparent if you public figures once a year, it's not really a market functioning very efficiently and there's an argument that Europe is hurting from this.

Nevertheless, there's a commitment to develop this rather than to get rid of it. Everyone would prefer global rules and there's a critique of burden sharing. People think that to share burdens among nations is not very smart; you should burden share amongst industries. Now my final point actually has to do with the debate on war cabinet or not, and that is that if you think that the war on terror has been a success, then I think it's logical to ask for a war cabinet. If you run without that, then you should look for market mechanisms, price signals, the open society, that would be my suggestion.

End of transcript

Copyright: This transcription is copyright CEDA 2007

Disclaimer: This is a transcript of the speakers and discussion sessions at a CEDA event. Opinions and statements included in the transcript are solely those of the individual persons or participants at the event, and are not necessarily adopted or endorsed or verified as accurate by CEDA. The transcript may have been edited. CEDA does not warrant that this transcript is free of errors and omissions.

Terms of use: Any use of substantial excerpts from this transcript must acknowledge the speaker and CEDA as the source of the material.