



Mercator Research Institute on
Global Commons and Climate Change gGmbH

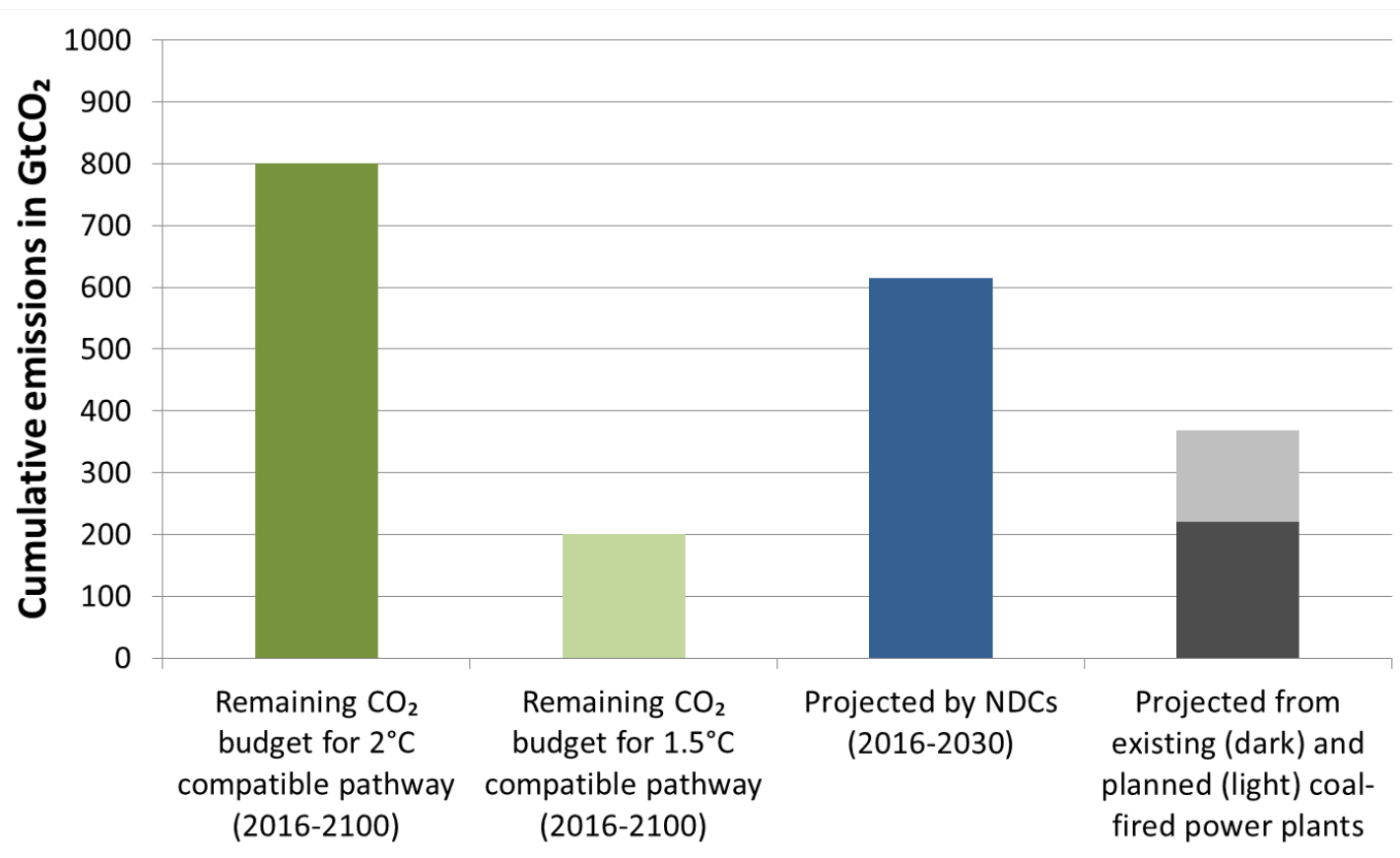
A G20 growth agenda: Carbon pricing for financing infrastructures

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Berlin, 15 March 2017

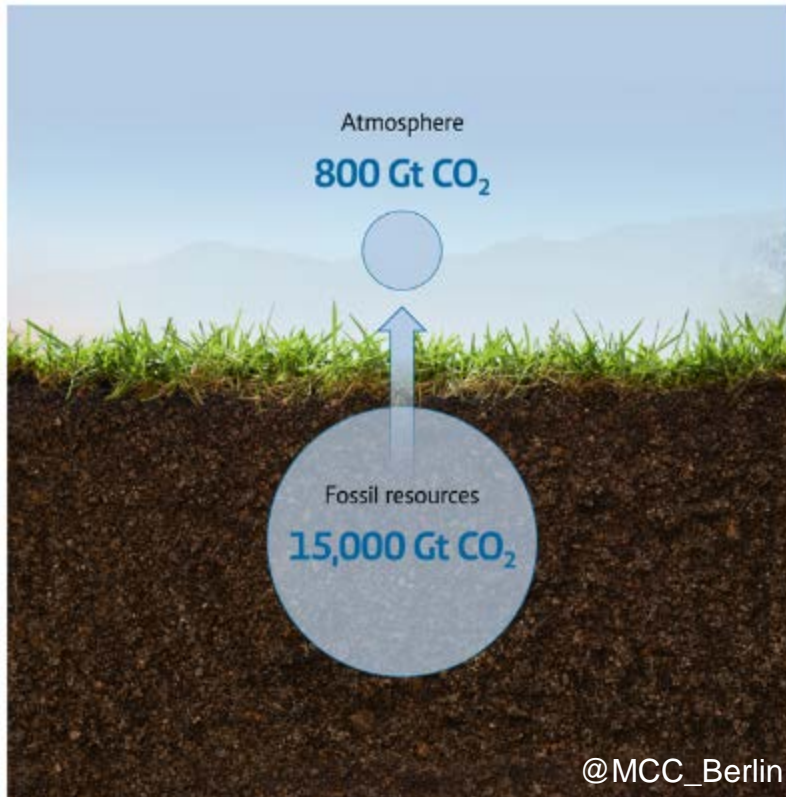
The 2°C budget does not leave any leeway

- Cheap and abundant coal is the driver of a „re-carbonisation“ of the energy system in some parts of the world



The challenges for the G20

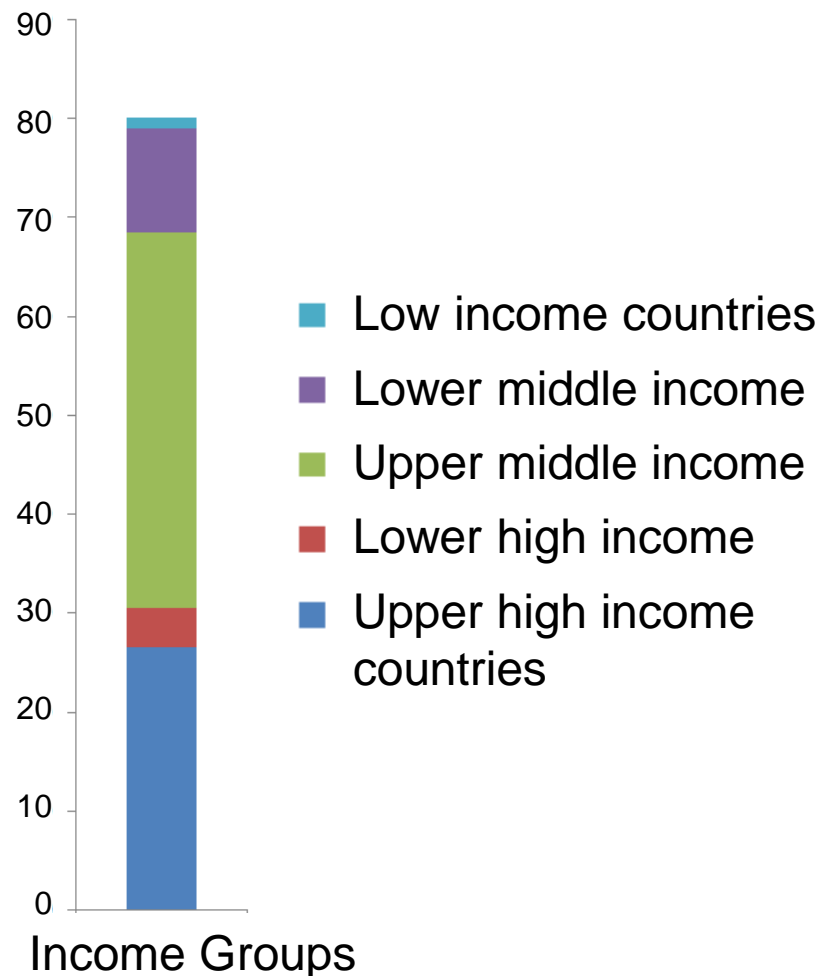
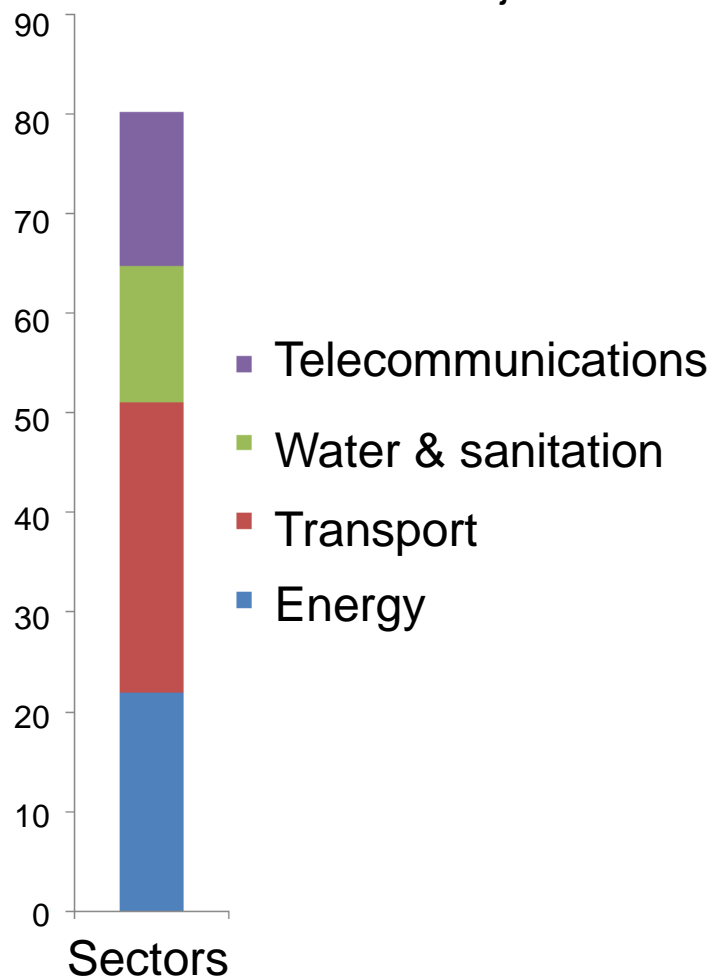
- Overuse of the global commons
- Underprovision of public infrastructure



Projected cumulative infrastructure demand

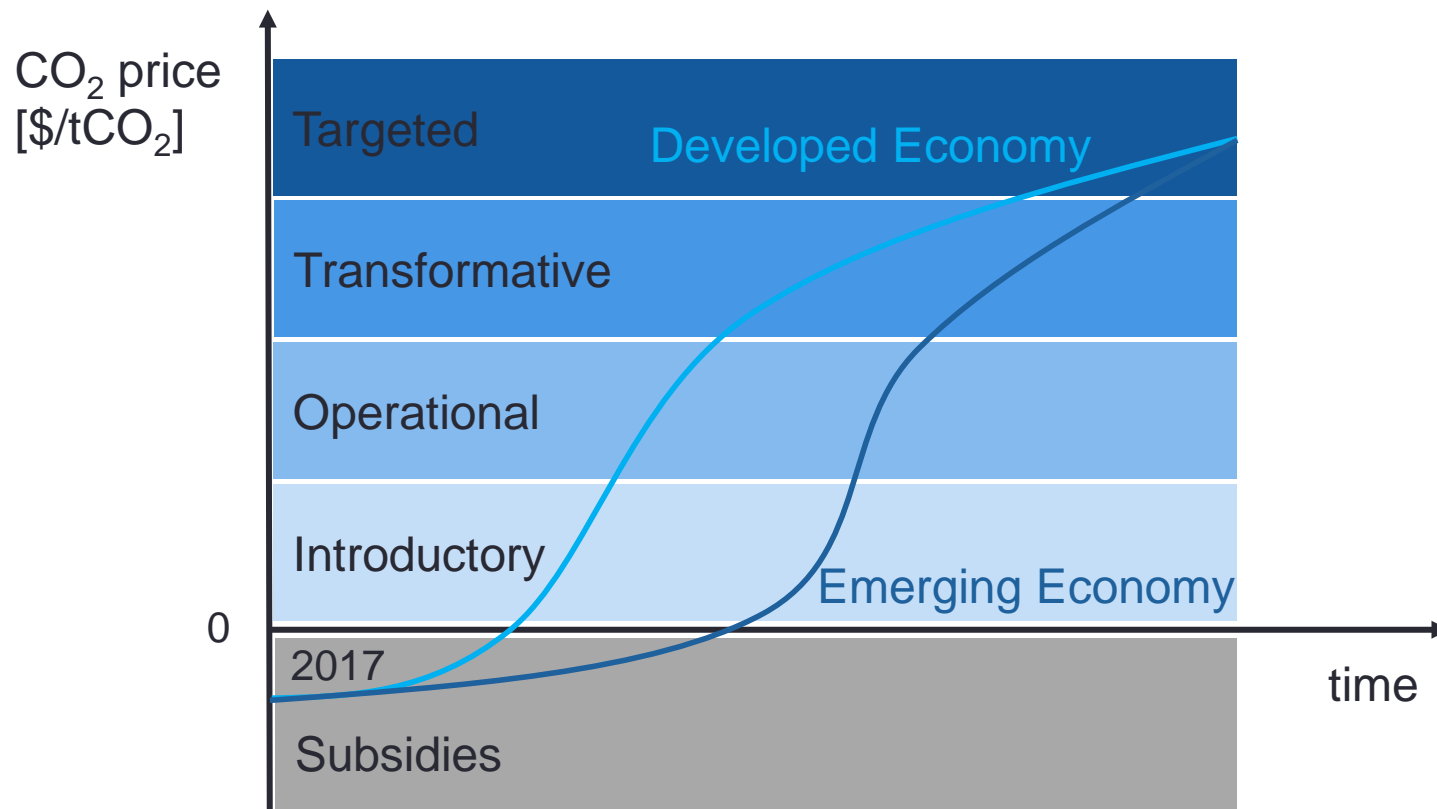
2014 US\$. trillions

Projected demand 2015-2030



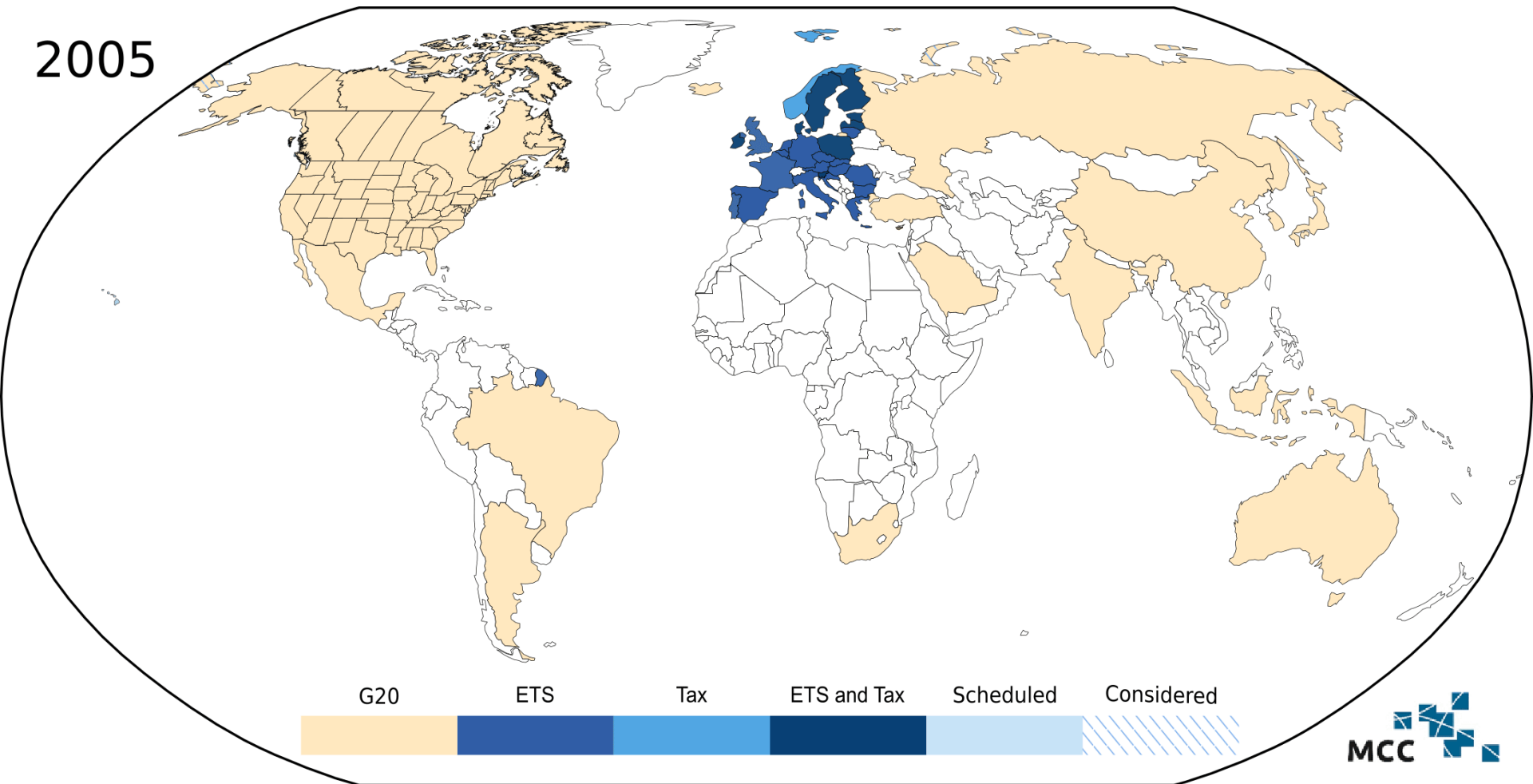
Carbon pricing along common but differentiated responsibilities

- Carbon pricing (with taxes or emission trading systems) is essential because of the oversupply of fossil fuels.

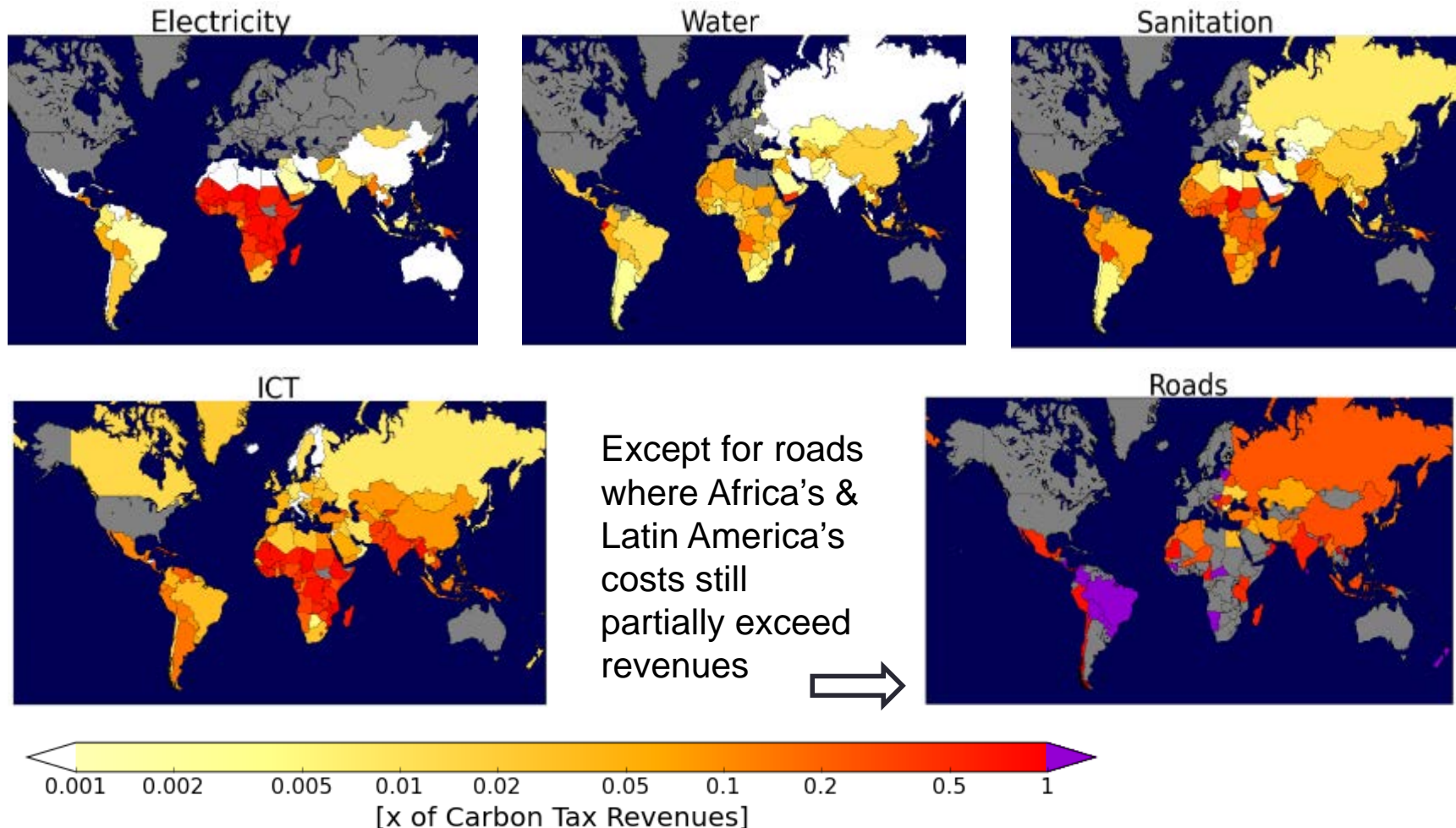


Carbon Pricing in G20 Countries

2005

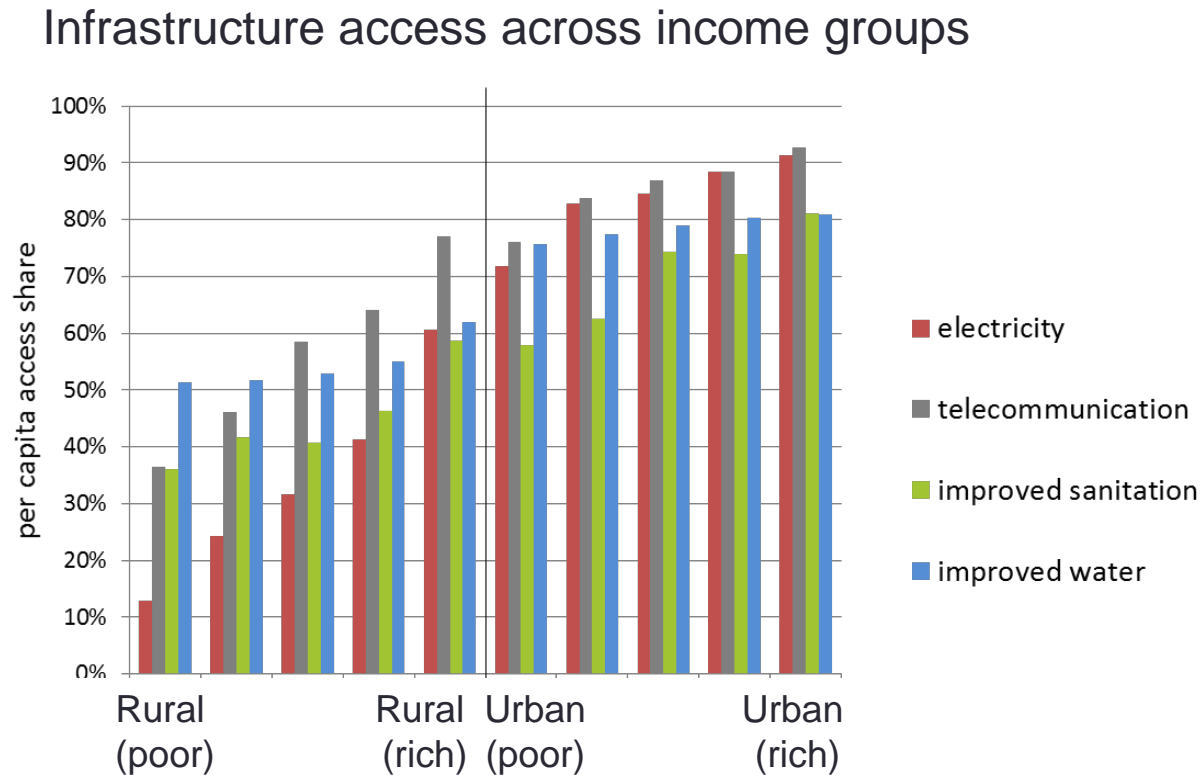


Carbon pricing revenues are sufficient to finance universal access to infrastructure



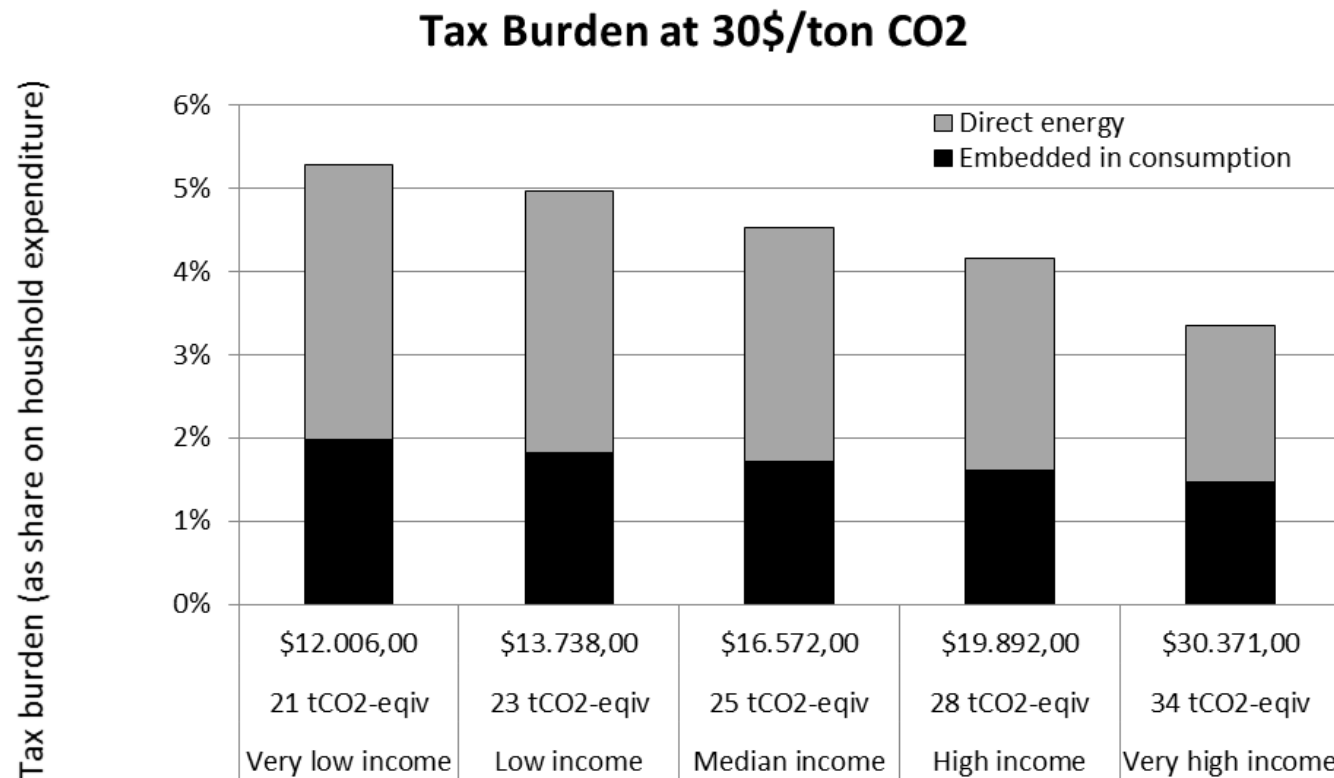
Carbon pricing and access to infrastructure — MCC

Example of Nigeria



- Expansion of infrastructure can be designed to benefit low-income earners
- Example Nigeria: low-income earners so far severely disadvantaged concerning access to infrastructure

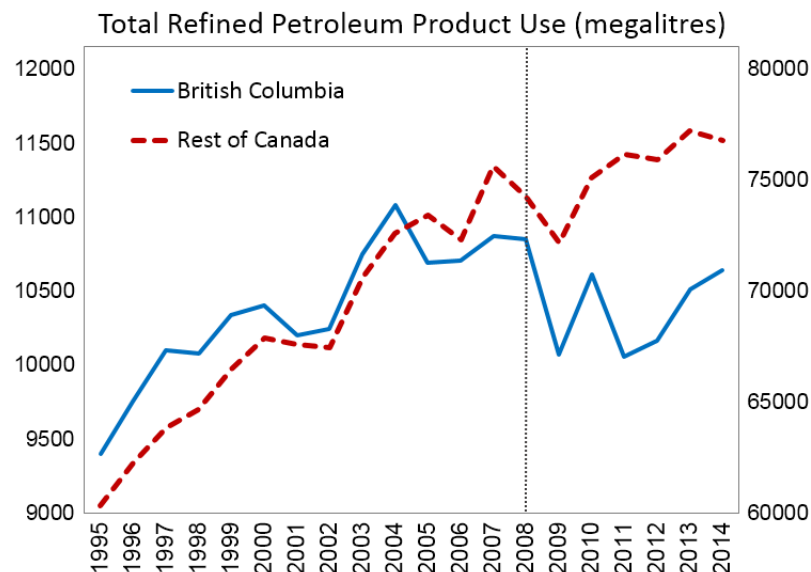
Carbon prices: direct distributional effects



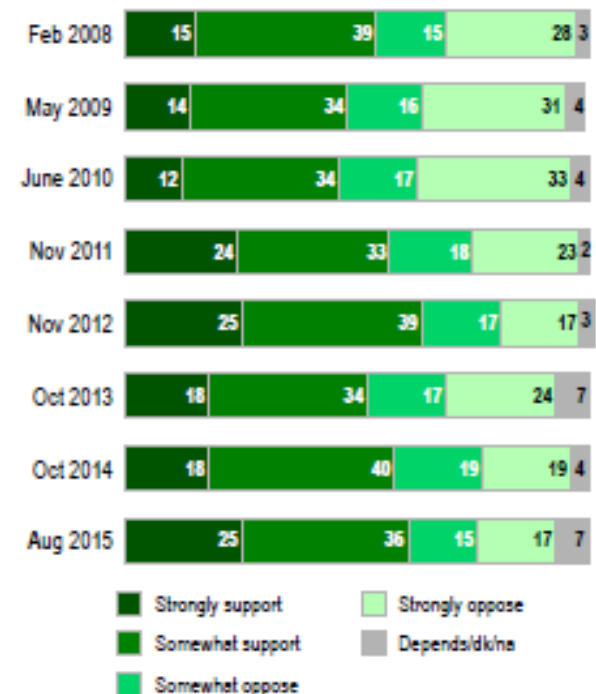
- Low-income earners have a higher percentage of CO₂-consumption
- Direct effect of carbon prices is regressive

Carbon pricing and tax reduction – Example of British Columbia

- Introduction of a carbon tax in 2008:
 - Significant decrease of CO₂-emissions
 - Continuous public support
- Use of revenues: reduction of corporation and income tax



Support for carbon tax in B.C.
British Columbia 2008 – 2015



G20 has to combine climate protection and carbon pricing with the SDG agenda

- Reorienting investment strategies to exploit the significant opportunities of low-carbon, climate-resilient infrastructure
- Transforming finance to be an enabler and driver of change
- Phasing out fossil fuel subsidies
- Price carbon broadly while increasing access to sustainable infrastructure to ensure a just transition towards a low-carbon economy

G20 has to combine climate protection and carbon pricing with the SDG agenda

