Implementing Cap and Share

One of the great things about Cap and Share is that it can be introduced sector-by-sector, country-by-country, region-by-region and trading-bloc-by-trading-bloc until it becomes a global scheme. Europeans, for instance, don't have to wait for 2012 and a successor to Kyoto before piloting and establishing a Cap and Share scheme covering non-EU-ETS emissions.

A roadmap

A first step can be to control transport of non-EU-ETS emissions in one country like Ireland, or perhaps in a trading bloc like Ireland plus Northern Ireland.

Britain could introduce Cap and Share to ensure the legally binding 3% cut in carbon emissions that looks like being enshrined in the Climate Change Bill by 2008.

The European Union can use Cap and Share to control its escalating transport emissions. Joined to domestic heating fuels this could run parallel to the present EU ETS that covers some 47% of EU emissions taking the coverage up towards 100%. The EU Commission could do this as a new policy, merging the Cap and Share Scheme with the ETS into a full 100% cap and Share scheme after 2012.

Other Cap and Share schemes are possible all over the world in various combinations of sectors and territories.

The key point is to build schemes that have cooperation designed into them, unlike Kyoto and the present EU ETS, so that they can join up to form the global system of the future. This needs to be kept in mind in the discussions over the successor to Kyoto that will take place over the next 2 years.

Making equal shares work

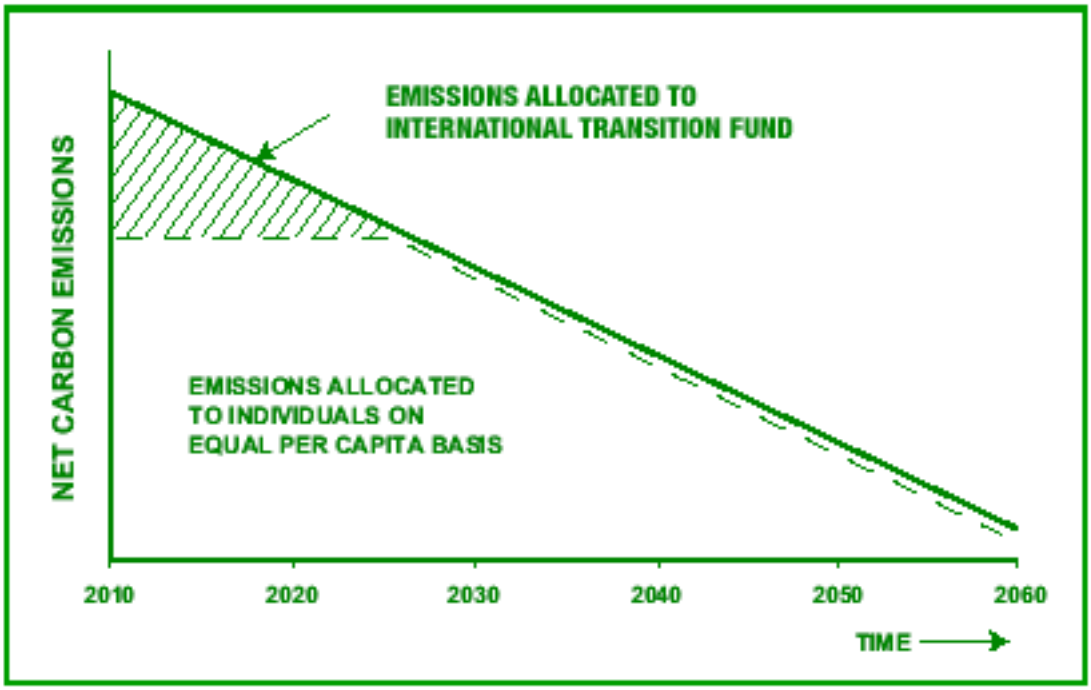
Cap and Share says that, rather than sharing the right to emit country-by-country, you share it amongst people and, as people, we all get an equal share.

The only objection to this approach is that people living in some parts of the world might need to use more energy to live at the same level as those elsewhere. Cap and Share therefore proposes that for the first, say, 20 years after the introduction of a global Cap and Share system, everyone should get the same allocation each year but at the rate appropriate for year 20. This is represented by the dotted horizontal line on the graph on the next page. The shaded area above the dotted line is the difference between the total amount of emissions permits available for any particular year and the amount distributed to individuals. These remaining permits would go into an "International Transition Fund" to be allocated to national governments according to an internationally-agreed, transparent set of criteria.

The allocation of the fund would not need to hold up the allocation of PAPs.

The national governments would sell their permits to raise funds for projects which enabled their countries to make the transition to lower fossil energy use. For example, countries might be allocated permits because they needed to improve the energy

efficiency of their buildings and transport systems, or to take precautions against the increasing storms, drought or rising sea levels brought about by climate change. Or they might qualify for them because they had a greater need than other countries to enable their industries to adopt new, low-energy technologies. Obviously, the size of the fund would fall each year until it ceased altogether in year 20. Thereafter, each individual's emissions allocation would fall annually, so that the total number of permits issued globally kept to the downward dotted line and the target concentration target was met.



How fossil fuel emissions could be shared

Under Cap and Share, the world's carbon dioxide emissions would be cut back annually, as represented by the sloping line. Each year, the entire emissions allocation would be shared equally among the world population except during the first, say, 20 years, when some of the allocation (represented by the hatched area) would be issued to governments to enable them to make their economies less reliant on fossil fuels.