

United Nations Leadership Forum on Climate Change

Speech by Paolo Scaroni, Eni CEO

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Ladies and gentlemen,

The Climate Change Conference in Copenhagen is an opportunity the world should seize. We need a new, shared and comprehensive agreement to curb greenhouse gas emissions.

Given that fossil fuels will continue to be our main energy source for decades, the challenge is how to make use of these carbon intensive energy sources while reducing GHG emissions.

One thing that's clear is that low energy prices don't help. The low oil prices of the last century have promoted unacceptable energy consumption habits. They have pushed energy efficiency off the top of the global agenda. And they have derailed plans for the development of alternative energy sources.

If we really want things to change, we need to change the way we think about energy. Gone are the days when we could afford to think about oil as a cheap input to economic and social growth, discounting the impact on the environment and on generations to come.

Energy Efficiency and Research and Development on complementary energy sources are the two major tools we have to curb carbon emissions. They are sleeping giants that only stable and relatively high final prices of fossil fuels can awake.

The West, having guzzled energy in the past, should be the first to go on a diet. There are two things we could do starting now:

- The first is a small **carbon tax**. By attributing a stable cost to CO₂, a carbon tax immediately affects investment decisions. It would need to be accompanied by measures to off-set its effects on income distribution. Cap-and-trade-systems – complicated mechanisms which require many years of trial-and-error processes – could be integrated in time, with the aim of optimizing the effects of the carbon tax.
- The second tool could be a complementary "**mobile excise tax**" on end-use energy products derived from fossil fuels. Such a tax would be applied when product prices fall below the level that boosts R&D investment and energy efficiency. It would shelter environmental policies from energy-price volatility.

Industrial countries would of course be the first to adopt these measures. But they shouldn't be alone in the fight against climate change. Emerging countries should agree to implement these measures after a reasonable grace period.

The delay in adopting the system should be assessed on the basis of their relative level of economic development, to be determined with a shared index. A carbon tariff should also be part of the scheme, to be applied only if emerging countries failed to respect their delayed deadline.

Thank you for your attention.