GLOBAL COAL TRANSITION AND CLEANTECH INVESTMENT INITIATIVE

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FOUR KEY ELEMENTS OF THE GLOBAL STRATEGY:

1) Phase out burning coal worldwide by 2030

2) Establish a fixed global price on all coal exports

3) Raise funds to finance the transition to non-coal energy sources

4) Support private investment in a sustainable economic transition, particularly in developing countries

The post-Copenhagen outlook for an international treaty under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC) appears to be quite bleak. This is mainly because the original 1992 Rio/1997 Kyoto approach is no longer working. National governments negotiating a new treaty are in conflict over both of the two key elements of Kyoto: 1) mandatory greenhouse gas emission reduction targets by country, to be implemented primarily through cap-and-trade regulatory systems; and 2) direct transfer of resources from developed country governments to developing country governments.

A viable alternative or supplement is to focus on a more unconventional strategy from the perspective of global diplomacy, but one that can be more effective both politically in terms of gaining support, and more importantly, economically and environmentally, in terms of actually preserving a global climate that supports healthy and prosperous lives for people and communities everywhere, as well as for other animals, plants, and living organisms throughout the world.

The two key elements of this new approach are: 1) completely and permanently phasing out all burning of coal worldwide by 2030, with an internationally agreed upon 20-year schedule for progressively phasing out all coal burning; 2) promoting $100 billion annually to be invested in energy and resource efficiency, renewable energy production, and clean/green technology infrastructure and companies in developing countries. These investments mainly will be made by the global private sector, with the support of financing, regulations, and other policies and programs from national governments and international agencies.

The best diplomatic framework for the coal phase-out and global investment strategy probably consists of bilateral negotiations between the US and China. Once the US and China reach agreement, then negotiations can be extended to major coal-exporting countries, and later to the UNFCCC.

The progressive coal phase-out will be financially enhanced by establishing a global fixed price on all coal exports by every nation. No country will have a competitive advantage over any other country in terms of price competition. The global fixed coal market export price will deliberately be set at a level that includes measurable transition costs, higher than current market prices. Coal companies will sell their product internationally, collect the revenues and profits, and then pay a portion of the premium as a coal transition tax to their national government. National governments will disburse some portion of these funds to the UN and the World Bank.

The global fixed market price on coal exports will rise over time, and the national government tax will be scaled up accordingly. National governments can use such funds to subsidize an economic transition for the coal industry (including research and development on alternative economic and environmental uses for coal), for the electric utilities industry, for the shipping industry, and for coal workers and communities, as well as utilizing funds to invest in promoting and developing renewable energy, clean technologies, and sustainable infrastructure.

The UN and the World Bank will use their portion of the coal export funds to subsidize the economic transition for developing countries whose economies depend on coal imports, enabling them to generate alternative power sources and increase their overall resource efficiency, technological innovation, and sustainable economic competitiveness.

The reason that the global fixed price on all coal exports will serve as an effective policy tool is it will provide a market-based economic incentive for countries that have large coal reserves to discourage domestic coal consumption and encourage coal exports in order to raise domestic incomes, increase domestic jobs, expand public revenues to be reinvested in stimulating resource efficiency, and improve their nation's global balance of payments and trade. Similarly, countries that do not possess large coal reserves but who depend on importing coal for cheap energy will now have a strong incentive to minimize coal imports and develop alternative power sources. This one vital market incentive will strongly support a more rapid and relatively smoother transition to the post-coal era.

In a sense the phasing out of coal-burning, as a communications campaign, can be compared to the campaigns in many countries to discourage smoking cigarettes and other tobacco products for public health reasons ("thank you for not burning coal"). For example, the State of Maryland utilized the funds received from the settlement of the tobacco company lawsuit to enable the state's tobacco farmers to voluntarily either sell their farms at a favorable market price, or to accept payments in exchange for switching to the cultivation of alternative crops or converting their farmland to alternative land uses. From the perspective of global diplomacy, phasing out the burning of coal can also be compared with treaties and other international agreements to reduce nuclear weapons.