

Media Release

24 May 2019

**Global Climate Strike for Future:  
The ‘Risk Society and Policy Research Center’ Highlights  
the Five Gaps and Demands for Taiwan’s Governance of Climate  
Change**

Over the last few months, several global climate strikes and climate resistance events, such as Extinction Rebellion, have been held across the globe, and Taiwan has also participated in these strikes. On 15 March 2019, Taiwan’s students at all levels launched spontaneous climate advocacy events across Taiwan, in conjunction with the ‘[Global Climate Strike for Future](#)’ that took place in over 2,000 cities worldwide, and which was joined by an estimated 1.5 million students globally. On 24 May 2019, Taiwan’s environmental groups and students will once again join hands to launch a strike for climate action, as part of the 2<sup>nd</sup> Global Climate Strike For Future, where a march will be held and a petition will be submitted, to call on all Taiwanese to confront the climate crisis facing our world today, and to implement concrete policies to address the climate change issue.

Although Taiwan’s legislature has passed several bills and introduced several regulations in response to climate change, due to ineffective governance and the inaction of businesses, these policies have seen limited success. Our center, the [Risk Society and Policy Research Center \(RSPRC\)](#), believes that Taiwan’s government and businesses need to take seriously the climate advocacy campaigns that are spreading rapidly across the globe, and to hear the demands of these environmental and student groups, so as to develop appropriate policies to address the gaps in governance in Taiwan that have arose due to the long-term neglect of the impact of climate change, of which we highlight the five we believe are most important.

**First Gap in Governance: Taiwan’s climate change policy has not been mainstreamed.**

**Demand: The government should conduct extensive public consultations in the development and implementation of Taiwan’s climate change policy.**

There has been a lack of coordination between Taiwan’s climate change policies with the other policy sectors, such as with the industry, energy, environment, land and water resource sectors. For example, under the Greenhouse Gas Reduction and

Management Act (GHG Act) promulgated on 1 July 2015, greenhouse gas emissions have to be reduced by 50% below 2005 levels by 2050, and to achieve this target, the annual electricity demand should not grow by more than 0.67%. However, under Taiwan's current energy policy, demand will still grow by 1.8% every year.

The root cause as to why the GHG Act has been ineffective is because of the lack of multi-stakeholder public consultation, which should have engaged citizen groups as well, so that they could have played a role in supporting the implementation of the policy. Under the current GHG Act, the interim targets set for Phase 1 (from 2016 to 2020) aim to reduce emissions by 2% below 2005 levels by 2020, and by 10% in Phase 2 (2021 to 2025). However, our center believes that for this upcoming second phase, more public hearings should be conducted to achieve the target, and this time round, the government should take into account the concerns that the Taiwanese have on climate change issues, while holding simultaneous citizen consensus conferences to do so, so that the policies developed are done on the back of citizens who are socially aware of the issue. In this way, the Ministry of Economic Affairs would be able to propose specific and substantive policies and regulations which would then be targeted at addressing the needs of the citizens while achieving the goals of the climate change policies.

**Second Gap in Governance: The ineffectiveness of industrial restructuring.  
Demand: The government should establish a just transition framework for the energy-intensive industries.**

The manufacturing sector is the largest emitter of greenhouse gases in Taiwan. Research by RSPRC shows that the top ten companies with the largest emissions in Taiwan produced 108 million metric tons of emissions in 2016, accounting for 37% of the total emissions, the bulk of which came from the petrochemical industry, followed by the steel and cement industries. However, according to the scores released Carbon Disclosure Project (CDP) in 2018, these ten companies perform poorly in their climate performance, of which most of them do not have ambitious, practical and long-term climate goals, and have only set short-term goals up until 2020. In addition, in terms of climate governance, these companies have also not proposed effective policy tools to transform their energy-intensive industries.

The heavy industry and the transportation sector have generally been considered the sectors which face the most difficulty in their ability to reduce emissions. British Energy Transitions Commission said in their 'Mission Possible' report released last year, that other than improving energy efficiency, the introduction of a circular economy,

and the adoption of decarbonization technologies, such as using electrification, biomass, carbon capture and hydrogen as a heat source, would help the world achieve net-zero CO<sub>2</sub> emissions by 2050. However, in order to achieve these strategies, Taiwan's government would need to adopt policy tools such as carbon pricing, as well as use energy and material efficiency to drive industrial restructuring. In addition, it is also necessary to involve industries in policymaking, such as by developing a net-zero carbon pathway with the trade associations, as well as in forming cross-industry alliances to increase demand for zero carbon products. Also, public and private financial investors should also include in their investment risk assessment the ability of heavy industries to effectively implement carbon reduction measures.

Taiwan's climate change policies for energy-intensive industries are currently focused on using regulations and counselling to try to improve the energy efficiency of these industries, but this ignores the role that the circular economy can play in carbon reduction, and the concerns that the Taiwanese have in terms of industrial restructuring, in that the energy-intensive industries have already exceeded their environmental capacity. Therefore, in developing Taiwan's carbon reduction policy, the relevant ministries should formally respond to the public's concerns about industrial restructuring, and should no longer tolerate the unrestrained growth of the energy-intensive industries. Taiwan's climate change policy should therefore adopt the position of "just transition", where the industrial transformation strategy should also counsel workers in these industries to undergo re-education and re-training, while also looking into labor rights and climate justice.

**Third Gap in Governance: The difficulty in the internalization of external costs.  
Demand: The government should accelerate the introduction of an emissions trading system and energy tax to drive system transformation.**

Several countries have begun introducing policy instruments, such as carbon pricing mechanisms which include energy tax and emissions trading systems, to manage the negative impacts of greenhouse gas emissions, in order to internalize the external costs of carbon-intensive industries, and to reflect the true cost of operations.

However, Taiwan has been slow in the implementation of carbon pricing. Take for example, Taiwan has delayed the implementation of the emissions and trading system to 2025, but in so doing, the time gap between the finalizing the draft of the bill and its implementation would break the record for being the longest in the world, thereby allowing energy intensive industries to delay adopting the necessary actions immediately, which will only further deepen the carbon lock-in effect.

Therefore, after Taiwan's government finalizes the draft bill for the carbon trading regulations in 2020, the law should rightfully be implemented in 2022, in time for the anticipated massive decline in power generation from coal-fired thermal power and cogeneration systems, at which time the carbon trading scheme could also commence, which would then be able to prevent coal-fired power companies from using electricity price shocks as an excuse, to resist the timeline for the reduction of coal-fired thermal power use. In addition, a carbon price floor of US\$34 per tonne should be set according to recommendations made by the Organization for Economic Co-operation and Development (OECD), so that the higher cost of coal-fired thermal power over other power generation methods, would spur the replacement of fuel.

In terms of the carbon reduction policies in the other industries and for the public, policymakers should no longer evade the discussion on energy tax, which has been delayed for the past 15 years. At the moment, under Taiwan's Sustainable Development Goals and the Energy Transition White Paper, Taiwan's Ministry of Finance was ordered to develop a promotion strategy and supporting policies for the implementation of a carbon tax by 2020. However, by the end of last year, the ministry has still yet to develop such a plan. As such, the relevant ministries should enlist the support of citizen groups and academics, and organize citizen consensus conferences and such, to develop a consensus on the way forward on the rates, purpose and scope for the energy tax, to develop a draft version based on feedback solicited from the public, before letting the Ministry of Finance deliberate on it. After the draft is developed, a social awareness campaign to educate on the benefits of energy tax should also be launched alongside it, so that there will be greater support for an energy tax law. Ultimately, only the internalization of external costs would enable system transition, so that Taiwan would be able to move towards being net zero carbon.

#### **Fourth Gap in Governance: The inadequacy of local energy governance**

**Demand: Coordination between the central and local governments should be strengthened for the implementation of local climate action, while responding to the needs of the public.**

Internationally, local governments have adopted various strategies to address climate change. In 1990, more than 200 local governments around the world came together to establish the International Council for Local Environmental Initiatives (ICLEI), to develop pathways towards sustainable development, by focusing on carbon reduction, biodiversity and renewable energy. In 2014, Secretary-General Ban Ki-moon and the United Nations (UN) Special Envoy for Cities and Climate Change Michael Bloomberg also launched the Compact of Mayors at the UN Climate Summit to call for

public commitments to implement climate change mitigation strategies. The 2015 Paris Agreement also highlighted the importance of bottom-up local governance, while the Intergovernmental Panel on Climate Change (IPCC)'s Special Report on Global Warming of 1.5 °C also pointed out the role that local governments can play in climate change adaptation and mitigation strategies.

However, the situation in Taiwan is that local governments have not been empowered by the law to deal with energy policies in their administrative areas. Local governments therefore lack actual practical experience, and did not have the institutional support, government resources and people, to manage energy-related policy implementation. Furthermore, as the Taiwan Power Company has monopoly over the data on local power usage, local governments did not possess the data to develop policies with, which therefore created a huge gap in the ability for energy governance between the central and local governments. Therefore, when the Energy Bureau launched the 'New Energy Conservation Campaign' in 2017 to provide subsidies for local governments, many local governments lacked the capacity to develop an energy strategy to take advantage of the subsidies.

Taiwan today is at a critical juncture in its energy transition. Local governments therefore need to adopt the energy and carbon reduction policies that the central government has developed, as well as develop their own innovative policies and pathways specific to the needs of their local communities. The heads of Taiwan's local governments, and their policymakers would therefore need to confront the climate issues facing us today, and instead of only being focused on local economic development and institutional reforms, they would need to strengthen their partnership with local communities, and together develop a blueprint for local climate change and energy policies, to help speed to Taiwan's social transformation.

**Fifth Gap in Governance: The lack of consideration of green capital flows by Taiwan's Financial Supervisory Commission and industry players**  
**Demand: The government should remove non-climate friendly investment targets and strengthen the mechanisms for green finance.**

The public is today aware of the impact that climate change brings and can no longer ignore it, seeing that climate change effects have become more and more extreme. The question facing central banks and financial regulatory authorities therefore is on how to prevent climate change risks from creating shocks to our financial systems. Internationally, there is a Global Divestment Mobilization by non-governmental organizations which been advocating for the finance industry to stop investing in the

fossil fuel industry. In addition, some financial players and energy companies have also begun to invest in green finance in the renewable energy market, all of which help to reduce the risks to the financial industry, otherwise if another financial tsunami like that of 2008 hits the international economy again, it will result in a chain reaction.

Even though Taiwan's government has been proactively promoting a so-called green finance policy, be it in its greenhouse gas reduction or energy transition policies, it should be noted that there are differences between "green finance" and "green capital flows", and the current policy has also yet to implement "green capital" reforms. In spite of the Environmental Protection Agency having introduced a 'Greenhouse Gas Reduction Action Plan' policy and Taiwan's Financial Supervisory Commission also promoting its 'Green Finance Action Plan', these still have not addressed the issue of climate risks. Instead, these initiatives are mainly focused on reducing the barriers for renewable energy investments, and even as this is important, climate risks should still not be ignored.

The finance industry would need to start taking seriously the impact that climate change could bring to financial markets and the high-risk capital investments brought about by climate change. At the same time, not only do renewable energy investments have good prospects for profitability, there is also good risk management in this sector. Taiwan should therefore adopt a strategy of divestments and investment transition, to act as the driver for Taiwan's energy transition, so as to promote the financing for green jobs.

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