

IMF, World Bank push for price on carbon

April 11 2014, by Shaun Tandon



A plume of exhaust extends from a coal-fired power plant located southwest of Pittsburgh, Pennsylvania, on September 24, 2013

The IMF and World Bank on Friday urged finance ministers to impose a price on carbon, warning that time was running out for the planet to avoid worst-case climate change.

The heads of the two global economic institutions convened ministers from 46 countries—including the United States, China, India and European powers—on the sidelines of spring meetings in Washington to

press the case for urgent climate action.

UN Secretary-General Ban Ki-moon, joining the talks, said that 2014 was a "critical moment for humanity." He urged policymakers to think of concrete action before a September climate summit he has called in New York.

Ban pointed to the latest report by the UN's panel of climate scientists, saying it "has made it quite clear that [climate change](#) is happening and approaching much faster than one may expect."

The Intergovernmental Panel on Climate Change will release Sunday in Berlin the full version of a 2,000-page report in which it is expected to give a 15-year window for affordable action to limit warming to two degrees Celsius (3.6 Fahrenheit) over pre-industrial times—a level seen as avoiding catastrophic damage in terms of droughts, fires and rising water levels.

While a draft seen by AFP does not give preferences on how to tame climate change, World Bank President Jim Yong Kim and International Monetary Fund Managing Director Christine Lagarde said that economies needed to put a price on carbon—the most common greenhouse gas blamed for climate change.

"The world needs to fight climate change with much, much greater seriousness," Kim told reporters before heading into the talks. "We know that climate change will threaten economic growth—especially in the poorest countries, but everywhere as well."

"Despite the fact that it's controversial, we've got to tackle the issue of carbon pricing," Kim said.

Lagarde said she was recommending for finance ministers to shift more

of the tax burden onto carbon rather than focusing on taxing investments or workers.

Seeking to revive momentum

Lagarde also renewed a call for an elimination of subsidies for fossil fuels, which are sensitive in countries where consumers are accustomed to cheap energy.

An IMF study last year found that energy subsidies around the world amounted to \$1.9 trillion—or eight percent of government revenues.

Despite the warnings, momentum to reduce carbon emissions has slipped in recent years. US President Barack Obama has focused on executive actions to fight climate change after a proposal to restrict emissions died in the Senate in 2010 due to strong opposition by lawmakers supportive of the oil and gas industry.

Australia's new government, led by climate skeptic Prime Minister Tony Abbott, has moved to abolish a carbon tax and instead is seeking a plan that includes incentives for companies to increase energy efficiency.

Rachel Kyte, the World Bank's vice president for sustainable development, said that Friday's meeting aimed at encouraging countries to bring concrete ideas to Ban's [climate summit](#) in September on the sidelines of the UN General Assembly.

The September meeting in turn aims to lay the groundwork for a new climate treaty at UN-backed negotiations next year in Paris. A similarly high profile conference in Copenhagen in 2009 ended in widespread disappointment.

The New York meeting is a chance "to demonstrate that there is

momentum and there is movement and there is a building sense of inevitability," Kyte told reporters.

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