

New report lays out strategies to curb emissions from government-owned enterprises

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Policy makers, academics, and others have devoted significant effort over the past three decades to considering how best to incentivize

households and private companies to reduce their greenhouse gas emissions. There has been much less discussion about how best to incentivize state-owned enterprises—companies that are either wholly or majority owned by a government—to cut emissions. Yet when it comes to energy sector GHGs, these state companies are among the world's leading emitters.

In a [new report](#), Columbia University Center on Global Energy Policy adjunct senior research scholar Philippe Benoit examines how best to engage state-owned enterprises (SOEs) in efforts to lower GHGs. Here are five things you should know about SOEs, and why there can't be climate success without them.

1. Governments around the world, at the federal and local levels, own a variety of companies in industries that drive [greenhouse gas emissions](#), including electricity generation, oil production, cement manufacturing and urban transit. This is true in high-emitting emerging economies, especially China, but even in the United States as well, to a lesser degree.
2. On the one hand, government-owned companies (often referred to as "state-owned enterprises") in the aggregate have higher energy sector emissions than the entire European Union (with its 500 million inhabitants), the United States or any other country except China—and in China itself, SOEs generate a majority of the energy emissions.
3. On the other hand, state-owned enterprises are also providers of low-carbon alternatives, in particular utility-scale renewables and nuclear power generation.
4. SOEs respond to different incentives than a private sector [company](#) would. For example, SOEs won't respond as well to carbon pricing mechanisms that are effective in changing private sector behavior. This means that different climate tools are needed to curb SOE emissions, and they should focus on better

- harnessing a government's corporate shareholder powers.
5. Given that achieving our climate goals will require a 50 percent or greater reduction in GHG emissions over the next 30 years, there can be no climate success without engaging state-owned enterprises in climate action. SOEs have a critical role to play, and greater attention needs to be paid to incentivizing them properly.

More information: Engaging State-Owned Enterprises in Climate Action: [energypolicy.columbia.edu/rese ... rises-climate-action](http://energypolicy.columbia.edu/research/2019-09-23-energypolicy-rises-climate-action)

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