

From policy issues to research agenda

- Economic Assessment of climate change damages
- Amending Kyoto: how to really achieve a viable regime leading to « cheap » decarbonisation strategies?
- Motivations of DCs to embark climate policies? how to respond to the pressure of urgency in an untimely context

First thank you Sir Stern for your message about climate damages ...

- Part of published economic literature concludes that climate damages will be negligible: easy adaptation, full cooperation, economies capable to readjust easily to exogenous shocks, perfect expectations
- You clearly relate damages not only to the intensity of impacts but also to the *existing and future tensions of the real world*
- You place a caveat on theories tending “to focus on *self-interest very narrowly defined*, and so leave out the views on what constitutes human decency that are expressed by the public”
- Two intertwined research questions?
 - *Equity or “solidarity”?*
 - Integrated assesment models: *what “growth engine”?*

Second: how to amend Kyoto a real research agenda for economists in collaboration with ...

- A pragmatic interpretation of Kyoto: Multi-stage/track approach, non binding commitments, safety-valve, sectoral markets etc
- Can we help making it more efficient?
 - Aren't hard issues behind the subtle distinction between *similar carbon prices* and *a single carbon price*?
 - Economics of *Induced Technical Change*, still in its infancy? A dialogue with “engineers”
 - What macroeconomy to understand the feedbacks of ambitious decarbonisation policies? Towards *“hybrid modeling”*
- The *“compliance”* issue, including interactions with the WTO: in urgent need to clarify semantic confusions

Third: your diagnosis about the development-environment Gordian Knot

- Amending Kyoto will surely be of help: ‘no lose commitments’, synergies between decarbonisation and development policies
- Climate damages may be a significant but insufficient incentive for DCs to participate
- Questions of *timing*
 - The pressure of ‘poverty alleviation’
 - Changing context for capital flows, overseas aid and funding
 - Any Kyoto type regime will provide ‘tangible’ incentives too late, infrastructures are “now” under construction
- What instruments to redirect funding towards *“avoided emissions”* as soon as possible?
 - monitoring and «good quality money»?
 - risk mitigation instruments (exchange rate risks...)
 - Climate Regime as a catalyst? Marshall Plan?