

Addressing Climate Change: Moving Towards COP16

Penary Session Five was co-chaired by **Mr John Brandon**, Director of the International Relations Programme of The Asia Foundation, and **Prof Brian Job**, Director, Centre of International Relations, University of British Columbia, Canada. The panelists were **Mr Mutsuyoshi Nishimura**, the former Special Adviser to the Cabinet on Climate Change and Ambassador for Global Environment, **Amb Chung Rae Kwon**, former Ambassador for Climate Change for the Republic of Korea and currently Director, Environment and Sustainable Development Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), **Mr Shyam Saran**, former Special Envoy on Climate Change, and Foreign Secretary of India, **Mr Hartmut Grewe**, Coordinator for Environment and Energy Policies, Konrad-Adenauer Stiftung and **Prof Stephen Howes**, Director, International and Development Economics, Crawford School of Economics and Government, The Australian National University. ISIS Fellow **Ms Wan Portiah Hamzah**, reports.



(From left) Stephen Howes, Shyam Saran, Mutsuyoshi Nishimura, John Brandon, Brian Job, Chung Rae Kwon, Hartmut Grewe

In his opening remarks on addressing climate Change (CC), Co-Chair Mr John Brandon stressed the importance of CC and the difficulties faced during the Copenhagen Summit (COP15). The rising sea levels as a consequence of CC will have repercussions not only for the Asia-Pacific region but also for the rest of the world, he said.

Mr Mutsuyoshi Nishimura, the first speaker of the session highlighted a disconnect or gap

between the objectives and the means to achieve those objectives. The main objective in addressing the adverse impacts of CC is to stabilise the Greenhouse Gases (GHGs) or Carbon Dioxide (CO₂) concentration in the atmosphere so that it is within the acceptable level. The means to reach that objective however is contentious.

Currently, the discussion is focused on keeping the temperature rise within two degrees Celsius.

What are the means to achieve the global emissions target? The means, largely centred on national commitments, are fraught with difficulties and disagreements. The binding national commitments are causing tension. Countries should pursue more ambitious targets in order to control CC but this is observed to be 'unlikely.' Nishimura stressed that there must be a collective effort for the next commitment period, from 2013 – 2020.



Mutsuyoshi Nishimura

The vision for a future framework, according to Nishimura, is to redress the gap between the objective and the means. Global emissions must be 'capped' in order to keep the temperature rise within or below the two degree Celsius mark. Today, there is a cap for national emissions, which was put in place under the United Nations Framework Convention on Climate Change (UNFCCC) but something more effective must be introduced to stop global warming. Expecting nations to set up their own targets is ambitious but it may not be effective. Instead a global emissions target and carbon pricing should be used. The process however must take into

consideration the issue of equity and historical emissions.

Nishimura in concluding said the efforts taken to put the negotiations on track should continue despite the difficulties and complexities.

Targets and Commitments

Amb Chung Rae Kwon touched on the global climate regime as well as Green Growth (GG). There are two conflicting issues on climate regime, i.e. the top-down binding commitments which have clear delivery but are difficult to agree upon, and the bottom-up voluntary pledge and review which is easy to agree upon but has unclear delivery. And it is not going to be an easy decision on which direction to go. The Copenhagen Accord that emerged in December 2009 is very much about pledge and review – a voluntary regime. The Accord can provide a uniform basis for all countries to take action. But there are gaps, as indicated earlier by Nishimura.

For example, the commitments for the Annex 1 or developed countries were not clearly defined as legally-binding. At the core of the clash amongst the negotiators was the issue of the historical versus future responsibilities. While the Non-Annex 1 or developing countries stressed historical responsibilities, the developed countries stressed future responsibilities of developing countries.

The other issue raised was that of adopting either a two-track or a single-track approach. The two-track approach is, as seen currently, the separate actions taken: the Annex 1 countries have legally binding commitments, while the Non-Annex 1 countries have national actions or national mitigation measures taken. On the other hand, a single-track approach means both the developed and developing countries should have the same legally-binding commitments.

The negotiations in Copenhagen witnessed clear finger-pointing. While the developed countries argued that the developing countries should have obligations, the developed countries themselves, unfortunately, were not very clear on their own commitments. They did not set their collective targets for 2020 but had only individual national targets to offer. Moreover, during the negotiation process, the developed countries had no idea what targets or formulae the developing countries should have.

On the other hand, the developing countries had very clear ideas on what the developed countries should do i.e. that they should have legally-binding commitments. But like the developed countries, they had no idea what their own participation or commitments involved. The basic notion in the finger-pointing exercise is the fear that mitigation measures may have an impact on the economy. The negotiation process on CC is difficult because it is seen as a burden on the economy.



Chung Rae Kwon

While the Non-Annex 1 or developing countries stressed on historical responsibilities, the developed countries stressed future responsibilities of developing countries

Korea's position according to Chung is unique. Korea was pressured to join Annex 1 for developed countries and to accept the standards and commitments imposed therein. However, instead of joining the Annex 1 countries, Korea set up its own voluntary national targets, in accordance with its capabilities, believing that for Annex 1 countries, the issue was not merely that of mitigation actions but also that of historical responsibility. Korea believes it cannot share the same historical responsibility as the rest of the Annex 1 countries.

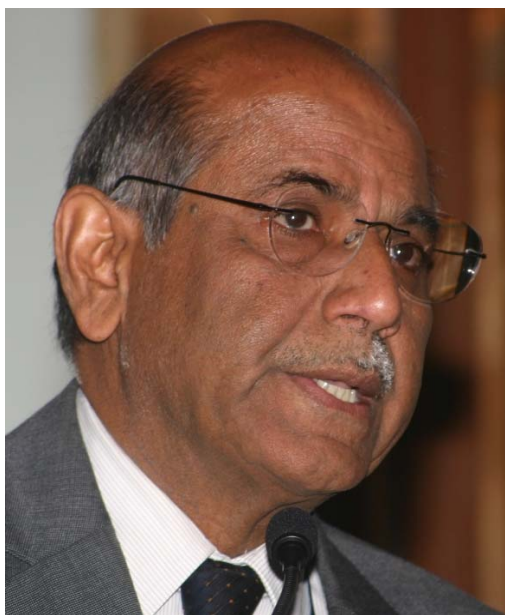
Korea therefore proposed a 'Registry.' The formula it proposed was a voluntary target according to its national capabilities. Basically, Korea offered a formula of domestically-binding implementation with international verification. This formula, constituting a 'middle ground,' is probably a more acceptable formula for emerging economies. According to Chung, China and India are already adopting domestically-binding targets.

What is new with the proposal by Korea is that it involves domestically-binding targets versus internationally binding ones. What is meant by binding and what does it imply? Domestically-binding targets should not involve international sanctions, whereas internationally-binding targets, because of historical responsibility, should involve international sanctions. Interestingly, Korea also proposed an international verification process that should not be regarded as an intrusion on sovereignty but as a transparency process.

According to Chung, Korea is willing to undergo international verification for greater transparency. The proposal by Korea was received positively by the Annex 1 countries.

For the future, Chung then proposed that Annex 1 countries should accept internationally-binding Commitments with International Sanctions and that Non-Annex 1 countries should accept Domestically-Binding Commitments or Mitigation Actions without International Sanctions but with International Verification (normally, International Verification carries International Sanctions). The fear of an International Verification process for developing countries should thus be allayed.

Next, on the Green Growth (GG) approach, Chung believes that for CC, mitigation action is only the 'trimming of the branch;' it does not address the root cause of CC. Low-carbon Green Growth, he said, is the basic recipe for addressing the root cause of CC. In 2005, ESCAP adopted GG as the Asia-Pacific Strategy and since then, several countries have adopted GG -- China in 2006 and Kazakhstan in 2007; Cambodia adopted a GG Roadmap in 2009. Under UNESCAP, the four tracks adopted for GG are:



Shyam Saran

- To internalise Ecological Price into Market Price: Reform Price Structure;
- To build Low-carbon Green Infrastructure: Transport, Energy, Building, Railways;
- To promote Green Business/Technology;
- To pursue Sustainable Lifestyle and Quality of Life: Quality and not Quantity of Growth

In the case of Korea, the country adopted low carbon GG as a national strategy in 2008, investing two per cent of GDP per year for the five-year programme. A Global Green Growth Institute has since been launched as a leading think tank for a global paradigm shift. As for Asean, Chung believes that the organisation cannot just continue with growth based on the GDP. Asean needs quality of growth, life and ecology and it needs to restructure its development strategy. It is time that Asean grasps the new paradigm. Asean has the capability, and Asean+3 as well as the East Asia Summit can be the drivers for GG.

In his concluding remarks, Chung reiterated the need to move beyond mitigation actions -- mitigation has to be presented not as a burden but as an opportunity -- and the need to move from the 'Game of Fear' to the 'Game of Hope.'

Gap between Objective and Means

The third speaker, **Mr Shyam Saran**, focused on the prospects of COP16 in Cancun. Saran agreed with Nishimura that there is a gap between the objective and the means to achieve the objective, because the negotiations for CC are no longer about CC. They are now largely 'economic' negotiations. The reason for the gap is the economic cost or burden involved. Also, Chung said there is a revolutionary transition in trying to move away from the current pattern of growth (based on fossil fuels) to a low-carbon GG (non-fossil fuel, renewable, clean energy). This would

definitely involve huge costs – resources, technology, and so on. Who will pay for this?

Saran expressed disappointment that the negotiations in Copenhagen were hijacked by a group of leaders in a Green Room, working on a text which no longer focused on CC but on economics and trade-related issues such as maintaining economic competitiveness, trade interests, intellectual property rights (IPRs), etc. He pointed out that this had never happened before and hoped it would never happen again. The crisis of today and the apprehension that economic power, and maybe even political power, is shifting from the West to the East generated so much anxiety that there was no agreement on the means to achieve the objective. Saran believes this 'particular environment' will continue as we head towards COP16 and that there will be no major breakthrough in Cancun.

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To provide a better perspective, Saran clarified specific issues raised in COP15. He said he and members from developing countries felt that the multilateral process so far practiced under UNFCCC has been ignored. The separate negotiations in the Green Room led by the Danish Chairman resulted in a draft reflecting the interests of the developed countries, thus creating friction and a lack of trust and confidence amongst the negotiators. Understandably, not all the 192

country representatives can be involved in a negotiating process as complex as CC.

However, Saran stressed that in any multilateral negotiating process, there are small break-away groups; such groups return to report in the plenary. It is this process that ensures a multilateral agreement which has international credibility and legitimacy. Although India was in the elite group, Saran said he did not agree that the outcome by a selected few should be endorsed by those not involved in the process. He felt that if this was going to be the practice in the future, COP16 would fail.

The three issues highlighted in the Draft Accord but that are still debated are as follows:

- Global emissions reduction -- i.e. all to agree to reduce global emissions by 50 per cent by 2050, to prevent a temperature rise beyond two degrees Celsius. It was also mentioned that developed countries should reduce their emissions by 80 – 85 per cent by 2050 (there was no reference to the base year – 1990 or 2005). The issue became contentious because simple arithmetic will show that developing countries will shoulder the burden, having to reduce in absolute terms by 20 – 40 per cent. The issue of how the developing countries can ever achieve this was not discussed.
- The nature of commitment and verification— the US proposed a pledge and review system i.e. domestically-generated targets with international verification. (This is not in line with the Kyoto Protocol (KP) which ensures that individual targets are subjected to international compliance and involves a penalty.) This issue then became contentious – the US versus the EU on the one hand and the US versus China and India on the other (the US requested that China and India undergo International Review and Verification, even with voluntary targets).

- What will be the outcome in Cancun? A legally-binding agreement? A Declaration? If it is going to be a legally-binding agreement, will it then be an agreement as dictated by the US, or one in line with the KP?



Hartmut Grewe

The three contentious issues reached a compromise as follows:

- Instead of Voluntary Targets with International Review and Verification, the term accepted was 'Consultation and Analysis According to Agreed Guidelines, without Impacting on National Sovereignty;'
- The goal -- emissions reduction -- was put aside;
- The legally-binding issue, since it is still vague, was also put aside.

Because of the complexities involved, Saran is of the opinion that CC negotiations will not progress much in Cancun. In his concluding remarks, he supported the initiatives put forward by Chung on green growth.

Mr Hartmut Grewe agreed that the outcome of COP15 was a shock for Germany as well as for many European countries. The level of expectations was high because of the media, and there were also expectations for an agreement to be reached. The failure in Copenhagen unfortunately, has raised the issue of future CC negotiation processes.

Proposals and Measures

Looking forward, Grewe highlighted a proposal by the German Advisory Council on Global Change, a forum consisting of 12 renowned national climate scientists, economists and social scientists, who focussed on a three-level strategy as the way forward:

- Revitalising Multilateral Climate Diplomacy (UNFCCC-process);
- Strengthening Europe's Credibility through Good Practices; and
- Encouraging Sub-global Alliances of Climate Pioneers

Under 'Revitalising Multilateral Climate Diplomacy,' Grewe highlighted the measures proposed, two of which include replacing the consensus principle with a majority-based system of decision-making as well as safeguarding the key successes achieved in the UNFCCC-process, and providing additional funds for implementation.

Under the strategy of 'Strengthening Europe's Credibility through Good Practices,' Grewe pointed out that the measure requiring the EU to modify its 2020 agenda by committing to a 30 per cent reduction in green house gas (GHG)

emissions was not acceptable to the Energy Ministers. Because of the different goals and regimes in member states, another measure proposed was that the EU should adopt a Europe-wide system of feed-in payments for renewable energy (RE), using optimal locations for each of the renewable energies i.e. wind, solar, etc. Another proposal included implementing a 'high-tech' energy strategy and supporting the various initiatives launched.

Grewe then highlighted the proposals under the strategy for 'Encouraging Sub-global Alliances' and listed them as follows:

- Europe to help break the US-China deadlock on climate issues by exploring the option of new alliances with other key countries;
- To explore thematic areas such as infrastructural development and expansion of EU emissions trading; and finally,
- EU to encourage joint actions in the thematic areas recommended.



Stephen Howes

Will Asean initiate a regional climate policy? Asean has taken the lead with the Asean Leaders' Statement on a Joint Response to Climate Change. However, according to Grewe, Asean member states are far too heterogeneous to allow for an effective management of climate protection measures and that the evolution of a regional climate policy will depend very much on progress within the UNFCCC process.

In his concluding remarks, Grewe touched briefly on the initiative on 'Reducing Emissions from Deforestation and Forest Degradation' (REDD).

The last speaker, **Prof Stephen Howes**, said that the global response to CC is faltering. What has gone wrong and what can be done about it? There is a need to look at some of the things not mentioned so far in the discussion and these include climate scepticism and the inter-generational problem.

Global Response

Focusing on the global response, Howes touched on the top-down versus bottom-up approaches mentioned by Chung earlier. The global response is orchestrated by a global treaty. The top-down approach, inspired by the successful response to the threat of ozone depleting substances has guided global efforts in the last two decades. However, in the case of CC, the result has been disappointing -- developed countries as a group have not exercised the leadership as promised under the KP. Global emissions are rising rapidly and no agreement has been reached on what to do when the first commitment of the KP expires in 2013. Howes is of the opinion that there will be no ratified treaty in place to address CC come 2013.

That however does not indicate that no progress has been made. Significant compromises have been made before and at the Copenhagen Summit. Given the progress, why is an international agreement so far out of reach? Apart from the feelings of mistrust and the feeling that no one is actually doing enough, the concrete

problem is the legal form. In brief, developing countries will only consider a legal agreement if developed countries sign up for the next commitment period for the KP. Developed countries, on the other hand, have a different view on having a legal agreement for all countries.

Without consensus on what legal structure is to be adopted, the Copenhagen Accord cannot be converted into a legal agreement

It is odd that a legalistic issue presents a constraint on the move towards addressing CC. According to Howes, many have underestimated its importance. But this is hugely symbolic -- for developing countries, throwing away the KP is seen as throwing away a big achievement in the CC efforts. It also represents, yet again, an abdication of their responsibilities by the developed countries.

The dispute over the legal form is significant, more so when the Copenhagen Accord made no reference to how it could be translated into an agreement. This was a failure in Copenhagen said Howes. If a legal agreement could not have been reached, at least if there had been a political agreement, it would have given some guidance to the negotiators in producing a legal agreement. Without consensus on what legal structure is to be adopted, the Copenhagen Accord cannot be converted into a legal agreement, and unless this issue is resolved, there will be little progress in Cancun, or later in South Africa.

With the failure of the top-down approach, proposals for the bottom-up approach have been increasingly made. In view of the complexities and difficulties in expecting a 'one size fits all' approach, Prof Howes said that nations or groups of nations, or sub-national entities should come forward with their own responses to CC.

He added that the world is already moving somewhat in this direction. Some progress has been made and countries responsible for some 80 per cent of global emissions have submitted targets and actions to the UNFCCC. However, Howes pointed out that the bottom-up approach is proving to be no more successful than the top-down one. Some commentators are also worried that the Copenhagen target – keeping the temperature rise within or below two degrees Celsius – is not ambitious enough. A bigger worry is how and or even whether this can be achieved.

Howes made an interesting point – increasingly, more countries are coming out with CC policies. About 70 countries have renewable energy (RE) targets. Also observed is the increased spending on green initiatives but very few countries outside of the EU have put a price on carbon. Putting a price on carbon is essential to reducing emissions growth, and ultimately, absolute emissions, as any economist will tell you.

Howes added however, that this is easier said than done, as seen in the case of Australia. Both the major political parties promised an emission trading scheme in the last election, but two and a half years later, neither supported the scheme. It was also assumed that the US with the change in government would introduce a trading scheme, but one and a half years later, there is none. Canada is waiting for the US while Japan and Korea are only considering it. If the developed countries are not going to introduce carbon pricing, developing countries are unlikely to do so.

Howes then touched briefly on the debate involving developed and developing countries, or the North-South (N-S) debate. The N-S debate is a reality and will be here to stay. Howes gave credit to India and China for their modest efforts although these are thought to be not enough. China, the largest emitter, has set two targets: a longer-term target, which is to reduce carbon intensity by 40 – 45 per cent by 2020, and a more immediate target of reducing energy intensity by

20 per cent by 2010 (relative to 2005). China will miss the initial target by a considerable margin, said Howes.

China's energy growth is difficult to predict with the data available, but looking at the growth in electricity consumption in China in the four years from 2005 to 2009, we can see an increase of 50 per cent. Howes pointed out that this is an extraordinary figure, almost equal to growth in GDP during the same period. It is unlikely, therefore, for China to achieve the 20 per cent reduction, neither will it be easy for China. While China is very sincere in trying to address the issue, whether it is serious in implementing tough measures remains to be seen.

What can be done? More recent studies indicate that the consequences will be serious. Prof Howes highlighted another important point: the two approaches — top-down and bottom-up — cannot be substituted for each other; both are required. Domestic actions should not wait for an elusive international agreement, but equally clearly, a lack of international agreement is undermining the momentum for domestic actions. Howes said that the failure of Copenhagen was being used to put the emission trading scheme on hold in Australia.

The next step can only come from the US, but equally important is that action by the US must be reciprocated. Action by the US is critical for increasing the local ambitions in other countries and for sealing the global deal. Many analysts including Howes have assumed that under Obama, the US will come on board. What can be observed instead is that China, with its limitations, is ahead of the US with respect to CC. The US is still not firmly committed to emissions reduction targets, and has yet to put in place a mechanism for emissions trading. Action by the US will certainly 'unlock' domestic actions around the world. There is no doubt Canada, Australia and even Japan will follow and similarly the developing countries will do more. Action by the US might also 'unlock' prospects for a global agreement.

Is it possible that in return for an invigorated US leadership, the developing countries will drop their insistence on the second commitment period? This is probable, according to Howes. It is unlikely that we will see the second commitment period happening, given the difficulties in Kyoto. If developing countries do give up on the second commitment period for KP, there is a possibility of an international agreement, but the developing countries must be given something in return.

Action by the US will certainly 'unlock' domestic actions around the world

Can there be a historic compromise? The US role is critical. Looking at other global environmental problems, one can see solutions when the US takes the leadership role. The response to ozone depletion was not the top-down approach but because the US led with domestic measures it pushed the rest of the world to act. What then are the prospects for CC actions in the US? A CC Bill has been passed by the House and is being considered by the Senate. The prospect for a Bill from the Senate is not clear. However, following the Supreme Court ruling in 2007, the US Environmental Protection Authority now has the power to regulate GHGs under the Clean Air Act, and under the new President, the procedures to operationalise these powers are being put in place.

In conclusion, Howes reiterated that the rest of the world should not wait for the US.