



Ice Age 2: The Meltdown. Photo: 20thCentFox/Everett/Corbis

# Deal – or no deal?

Only a few months remain before the crucial climate change conference in the Danish capital but the positions of developed and developing countries remain far apart on emissions reductions as well as on financing mitigation and technology transfer. Will the world be left without a plan to combat climate change?

| by James Osborne

Connie Hedegaard, a 49-year-old Danish mother of two, is busy travelling this year: she's been to Bonn and to Sicily, to New Delhi and Bangladesh, as far as Australia and Tokyo. But on December 7 she'll be at home, host to 192 countries in Copenhagen. Hedegaard, Denmark's climate and energy minister, will be president of the 15th UN climate change conference, a gathering with the ambitious task of reaching a post-2012 climate agreement, one that includes the whole world.

Wherever she has travelled this year, Hedegaard has cajoled leaders to make tangible progress towards Copenhagen. She's concerned that countries will prevaricate to the end, wary of making commitments before seeing what other parties offer. 'The G8 countries have to advance and show leadership if the world is to reach an agreement in Copenhagen,' she said after the G8 Environment Ministers Meeting in Italy in April. 'Things are moving too slow,' she lamented in Bonn two months later.

But what exactly will it take to strike a global climate accord? What are the chances of her succeeding and what can we expect from the 15th Conference of the Parties – or COP 15 – in Copenhagen? Answering these questions requires stepping back to COP 3, which saw the adoption of the Kyoto Protocol in 1997

as a way to take practical measures to stabilise greenhouse gas (GHG) emissions under the UN Framework Convention on Climate Change (UNFCCC). Under the

*'The US and China are the two gorillas in the room'*

Kyoto Protocol, 37 industrialised countries plus the EU as a whole committed to reducing their emissions of greenhouse gases by 5.2% on average in the period 2008-2013 in relation to 1990. Developing countries including China and India have no emissions targets but participate in the process, most notably through the Clean Development Mechanism (CDM); this allows investors from developed countries to reach their emission targets by investing in low-carbon projects in developing countries. More than 1600 CDM projects have been registered so far.

**Bali** |

While the Kyoto Protocol was a historic first step in seeking to control emissions, it has done little to halt their rising trend and some of its mechanisms are questionable. Although 182 countries have accepted it, a number of countries, led by the US,

refused to ratify it. With global GHG emissions now 25% higher than in 1990, the Intergovernmental Panel on Climate Change (IPCC) has stressed the need for

urgent action. It says the most dangerous impacts of climate change could be averted if anthropogenic warming was limited to 2°C by the end of the century. GHG emissions must fall by 2050 to about half of the level of 1990 to achieve that.

The world therefore urgently needs another plan (or to extend and expand the Kyoto Protocol itself). This was recognised at COP 13, held in Bali, Indonesia, where it was decided that an 'agreed outcome' on implementing the UN climate change convention must be reached in Copenhagen.

'What's important is getting everyone on board because it means more can be achieved than through individual efforts', says Gianni Silvestrini, scientific director of Kyoto Club, a not-for-profit Italian organisation promoting action on climate change, and a former director general of Italy's Environment Ministry. 'They all said



the Kyoto Protocol was inadequate but it put in place an international mechanism, showing how we need to have an accord with everyone involved.' If a truly global accord means compromising on targets, they can always be made more stringent later, Silvestrini adds.

Negotiations on the "Bali road map" are proceeding along parallel courses: on the one hand discussions about extending the Kyoto Protocol and on the other hand talks about a new global framework. The former are substantially stalled on the issue of new emission targets for industrialised countries. The latter is where the heart of the debate is being carried out: at the latest UNFCCC talks, held in Bonn in early June, the main negotiating text for a new treaty developed from an initial 53-page proposal into a 213-page second draft. Five countries (Australia, Costa Rica, Japan, Tuvalu and the US) submitted completely alternative texts.

'It leaves a lot of difficult political decisions over the coming months but technically we now know what is on the table – text, figures, ideas,' says Kim Carstensen, leader of the WWF Global Climate Initiative, in Copenhagen. 'There's a lot of material. We need guidance now on what is important and what is not.'

### Ambition |

There are also questions left unanswered by the Kyoto Protocol. For example, shipping and aviation were excluded because negotiators could not decide who should be responsible. A mechanism also needs to be found to protect forests. Furthermore, as US deputy climate change envoy Jonathan Pershing has mentioned, the definition of developed countries has changed in the past decade, meaning the list of nations that should accept emission reduction targets needs revision. The WWF points out how, for instance, Malaysia's emissions from burning fossil fuels are now the same per head of population as those of Britain and more than twice those of Romania.

To sum up how all these issues need to boil down to a comprehensive climate agreement in December, UNFCCC Executive Secretary Yvo de Boer listed four



Danish Climate and Energy Minister Connie Hedegaard. Photo: Jens Norgaard Larsen/ANP

essential ingredients: 'ambitious emission reduction targets from industrialised countries, efforts by developing countries to limit the growth of their emissions, stable, significant, predictable finance for adaptation and mitigation, and an equitable governance structure'.

This will be tough. De Boer, 55, an Austrian-born Dutchman who's headed the UNFCCC since 2006, says the emission targets announced by the developed world lack ambition. The EU has pledged a cut of 20%, rising to 30% if other wealthy countries take similar steps; Japan revealed an 8% (domestic) reduction goal at Bonn; Australia has offered 25% if others follow suit; Canada plans 3%. These figures are a long way from what developing nations say they are looking for. The UNFCCC estimates these cuts amount to less than half of what is necessary to avert catastrophic climate change, according to Julie-Anne Richards from Oxfam Australia. India has been one of the most steadfast critics of developed countries' reluctance to set 'equitable' targets. Shyam Saran, the country's chief climate negotiator, says any quantitative term in the proposed treaty, such as keeping global warming within 2°C, 'should be accompanied by clear detailing of equitable burden sharing'. 'You cannot just do the arithmetic and say developing countries must play their part. Science cannot trump equity,' Saran explained to Indian media.

### Trade measures |

But industrialised countries are in the middle of a recession and wary of imposing drastic cuts in emissions. While the EU has sought to be a climate change leader, some analysts say it may now be harder for politicians to step up reductions or providing funds to developing countries. In the US President Barack Obama is poorly placed to make ambitious pledges if Congress does not back him. Lawmakers are currently considering the American Clean Energy and Security Act, which would call for a 17% cut in US carbon emissions from 2005 by 2020 – or a 4% cut compared with 1990. With passage of the law unlikely to reach its conclusion by December, US climate negotiators may struggle to offer developing nations the kind of pledges on emission reductions they want to hear.

The relationship between China and the US will be critical to success in Copenhagen. As Todd D. Stern, the US Special Envoy for climate change, put it: 'They are the two gorillas in the room.'

As explained by Zhong Xiang Zhang, senior fellow at the East-West Center, Honolulu, US legislators may be more amenable to deeper cuts if China demonstrates a commitment to shift gradually to reduce its carbon intensity and then to carbon targets. 'If China takes on credible quantified domestic commitments during the second commitment period (from 2013), that would help a passage of the American Clean Energy and Security Act,' says Zhang, who is also a part-time professor of economics at both the Chinese Academy of Social Sciences and Peking University. 'That in turn helps to reach a global deal at Copenhagen.'

Zhong points out that China's emissions and wealth will be such by around 2030 that it will be morally obliged and institutionally ready to meet emission targets, but that it is also scared of retaliatory measures by the US. 'As long as China doesn't signal well ahead when to take on the emission caps, it will be confronted with the threat of trade measures,' he explains.

China, as Zhong shows, is different from India: it relies more on coal; it has an unusually large share of energy-intensive industrial production; its economic growth is forecast to continue to outstrip India's while population growth will be lower. In fact, China is already taking steps towards a clean-energy economy, including its aim to reduce energy consumption per unit of gross domestic product (GDP) by 20% below 2005 levels by 2010. It also aims to generate 10% of electricity from renewable sources by 2010 and 15% by 2020.

Alternatively, Carstensen points out that strong commitments by other countries could shift the mood. 'I hope to see some middle-to-advanced developing countries to come out with what they are doing,' Carstensen says. 'That could change dynamics. Something sensible from Russia might be a new beginning.' Countries such as South Korea, Mexico, South Africa and the Philippines are also actively promoting renewable technologies; Indonesia and Brazil have embraced objectives to reduce deforestation by about 70% by 2020.

### Make-or-break |

The other key sticking point is financing, including technology co-operation. Danish Minister Hedegaard recognises this as a make-or-break issue. 'If we do not provide financing then we will not have a deal in Copenhagen,' she told Reuters news agency. Oxfam's Richards suggests \$150 billion a year would be appropriate. India

emissions allowances. The developed world in general suggests the private sector is best placed to provide funding for technology transfer, stimulated by mechanisms including emissions trading, a revised CDM or sector- rather than project-based awarding of carbon credits. While countries like India call for intellectual property rights (IPR) on low-carbon technologies to be made freely available, rich countries say IPR is essential for much-needed private-sector innovation. 'I do not see much willingness from developed countries to provide money, especially over the long term,' says Kristian Tangen, senior expert at Point Carbon, an Oslo-based consultancy. 'Most likely they will make voluntary pledges to fund adaptation and technology transfer. They will try to persuade developing countries by offering benefits of cooperation in areas such as renewable energy.'

With time running short, it is most likely that only a broad political framework will emerge from Copenhagen, observers say. It will then take one or two years to produce a legal text for ratification. It's a solution evoked by the

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has said each industrialised country should pay 0.8% of GDP in reparation for their GHG emissions. Mexico has proposed a 'green fund' with every country contributing based on population, GDP and current and historic emissions. Hedegaard proposes levies on shipping and aviation fuel. The only formal proposal from an industrialised country has been Norway's suggestion to auction

UNFCCC's de Boer himself, who said it would be 'physically impossible' to have a detailed deal by December. Failing that, the process would have to re-start in 2010 with the 'countdown to Copenhagen' substituted by a countdown to 31 December 2012, when the Kyoto Protocol expires and the world is left without a shared plan to combat climate change. ■

