

Environment/Climate Change/ Energy/ Global Governance

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Report

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The Japan Institute of International Affairs, led by Ambassador Nishimura, the Japanese Prime Minister's Special Adviser on Climate Change, hosted an intimate Chatham House Rule meeting of international and Japanese experts on the topic of climate change, and energy security on Feb 12-13 in Tokyo. The purpose was to provide input to the hosts of the 2008 G8 Summit from policy researchers working on potential initiatives to break the climate change deadlock.

The conference addressed the questions: “What?”, “How?” and “Who?”

- What needs to be done?
- How do we proceed to be effective? How should it be accomplished? What is the best way to do what needs to be done?
- Who are the key actors; who should do what?

The challenge is daunting. France, for example, with a very major effort and reliance on nuclear power, has reduced emissions since 1980 by 13%--modest in comparison to future required reductions. Tokyo not long ago had worse air quality than Beijing. There will be a divisive dialogue on burden sharing. Some argued we must act now, with at least specific short term initiatives leaving open the way for future more radical approaches that will have to be taken. But in contrast others argued “This is no time to be reasonable and incremental”. We were reminded that what is unrealistic today will be inevitable tomorrow.

We reviewed the outcome of the UNFCCC meeting at Bali and the current plans for the third and fourth meetings of the group of major emitters. We explored the various criteria (effectiveness, feasibility and fairness) for progress, the security dimensions of the climate change issue and the conundrum of the demands and incentives facing the private sector. We discussed the most promising way forward. We reviewed approaches on how to exploit markets, promote technology development and application, and provide for development, correcting market failures. We asked how to improve governance to promote the pricing of emissions. We explored mechanisms and mandates required to expedite technology development and transfer. We reviewed governance innovations to advance developing countries' prospects. Finally, we focused on the question of how to maximize consensus among the major players and our advice for the team preparing the Hokkaido G8 meeting--what information should be prepared?

The participants assessed the outcome of the UNFCCC negotiations on climate change at Bali, discussed the future prospects of the negotiation process leading to talks at Copenhagen, and considered the necessary criteria for progress and international agreement. We explored the different potential approaches and the elements that would make a global “deal” possible. There was consensus that the old “tool box” does not work and that more “tools” would be needed--there will have to be multiple mechanisms. The Kyoto process had only a limited number. There

should be built-in redundancies—if one effort fails to achieve anticipated results, second line efforts are present. It was agreed that each major country must see itself as a co-author of the “deal”.

Many participants felt that little if anything happened at Bali, much of the meeting was perfunctory; the question is how to move forward in empty space. Some pointed to Bali’s positive outcomes, most notably the start of a new negotiating format of the Ad hoc Working Group on Long-term Cooperative Action and the forward looking attitude of key developing countries like South Africa.

Elements for Climate Policy ‘Package’¹:

The sense of the group was that there was an institutional gap and a need for leadership. While we need top down goals, and US leadership is desirable, we should reduce the complexity into several coherent priorities. Japan can catalyze the process to initiate immediate action, building on Prime Minister Fukuda’s Davos “Cool Earth Promotion Programme” speech² which referred to the setting of a quantified national target to halve global greenhouse gas emissions by 2050, and the establishment of a new \$10 billion Partnership financial mechanism.

We need a simple roadmap—action items that are achievable and realistic in short to mid-term (within the political life of a government). Any “package” must include several components, with built in equity principles.

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- Clarification of the metrics will be essential for verification - measuring both national efforts and results. There is need for a system to enable differentiated national efforts to be compared in the same ‘currency’. We need numbers to determine if a country is doing a proper job in comparison to others; we must be able to measure if, in aggregate, we are going in the right direction.
- The analysis describing the rationale for action must link climate change to national security issues (and poverty and population growth issues).
- GHG national targets must be reasonable (e.g. 45% reduction by 2020 for the U.S. is unrealistic). There should be a focus on sectoral approaches (but not as a substitute for economy-wide cap & trade mechanisms), and sectoral targets (rather than solely national targets). There should be focus on the Polar Regions.
- It is unrealistic to expect immediate binding commitments from developing countries, but these will be plausible in time with the right global R&D and financing commitments. China and India see targets as totally impractical.

¹ This discussion was based on a series of reports provided to participants, including: CFGS-CIGI approach was a package “Deal” reached by the G8+5 Leaders - http://www.i20.org/publications/34_b4_The-Deal.pdf ; Ngaire Woods high-level task force report “Energy Politics and Poverty: A Strategy for Energy Security, Climate Change, and Development Assistance”:

http://www.globaleconomicgovernance.org/docs/epp_lr.pdf ; Taishi Sugiyama’s Orchestra of Treaties http://unfccc.int/files/meetings/archive/application/vnd.ms-powerpoint/fni_12_02.pps ;

Hermann Ott, Bernd Brouns and Harald Winkler “South-North Dialogue on Equity in the Greenhouse”

http://www.wupperinst.org/uploads/tx_wiprojekt/1085_proposal.pdf;

David Downie’s Global Roundtable on Climate Change post-2012 framework

http://www.earthinstitute.columbia.edu/grocc/grocc4_statement.html ;

The UN Foundation “Framework for a Post-2012 Agreement on Climate Change” (<http://www.clubmadrid.org/cmadrid/index.php?id=1031>)

Ged Davis’s Lighting the Way (IAC report October 2007):

<http://www.interacademycouncil.net/?id=12161>

² <http://www.mofa.go.jp/policy/economy/wef/2008/index.html>

- Adaptation must have the same weight as mitigation measures (“or there will be no peace”). Forestry issues must be given prominence. A more systematic assessment of the oceans’ capacity to complement forests’ role as a carbon sink must be initiated.
- There must be greater commitment to Research and Development (and demonstration leading to deployment). Expenditures by G8 members need to increase substantially. Global “Manhattan Project” type cooperation strategies need to be developed - akin to the International Space Station (16 countries, including Brazil) or the Generation IV International Forum (a collaborative effort of the world's leading nuclear technology nations, including China and Brazil, to develop next generation nuclear energy systems). It will need built-in incentives allowing intellectual property to be freely transferred. Reinvigoration of existing funding/financing processes (e.g. three “Marrakesh Funds” – the Special Climate Change Fund (SCCF), the Least Developed Countries Fund (LDCF), and the Adaptation Fund (AF))³.
- Financing a new mechanism for technical cooperation, especially in the nuclear area, is a prerequisite for developing countries making measureable commitments.
- Coal and agriculture were posited as the two most important sectors. Aluminum and cement (China accounts for more than 50% of global cement production) were suggested as best bets for early action on a sectoral basis.

Some argued that we should avoid investing effort on abstract target commitments and focus on technology development and transfer, and on financing. One counterintuitive point was that technology transfer will not necessarily be from the G8 to others--China is the provider of technology on large ultra-supercritical coal power plants and super voltage transmission.

Others argued that while technological innovations are key to achieve a low carbon development path and climate resilient economy, the expectation of finding technological solutions to the many climate change challenges will further impede progress on the political front by further delaying the building of a consensus that our lifestyle is not sustainable and that we need to live off the planet’s interest, and not its capital.

We recalled the need to reference existing processes (e.g. Bali Roadmap), that we are all in this together, the overall goal of reducing inequities, and the need for concrete actions focused on short to medium-term goals. Then it would be advisable to emphasize metrics, R&D (especially coal demonstrations), and focus on financing (technology transfer, mitigation and adaptation). We need new international cooperative ventures. We should build on the Marrakesh funds and Japan’s idea for a Cool Earth Partnership.

Process

Process is substance. There was a discussion of the consequences of the complexity of the climate change issue. The UN must be the lynchpin to any efforts--its inherent legitimacy cannot be replicated by any new forum. But everything cannot be done through the United Nations. It was agreed that legitimacy requires bringing matters back to the UN for ratification. An expanded G8, the Major Emitters Initiative, and a Global “Low Carbon Economy” task force are options. One problem with the Major Emitters Initiative is that it is currently largely limited to

³ US Treasury Secretary Henry Paulson, UK Chancellor of the Exchequer Alistair Darling, and Japanese Finance Minister Fukushiro Nukaga had a *Financial Times* [op-ed](#) detailing their plan to create a fund for clean technologies in the developing world.

Environment Ministers. Only Leaders have the necessary clout to make economy-wide commitments.

Success will require more than meaningful dialogue with major developing countries – they must be co-authors of the solution. In the medium-term, there is a potential to contextualize energy and carbon reduction as global public goods. We should recognize there is not a simple sovereign nation-state package/solution. Sub-state actors (provincial, state, city), regional efforts, and business efforts are very important. However, a true ‘business’ voice is inherently difficult to include in any process.

We need a new kind of networked governance model knitting together the intergovernmental networks to bring various processes together. Points made included the possibility for regional negotiating groupings that then link to the UN; and strengthening existing processes such as the International Strategy for Disaster Reduction. Perhaps we should resurrect the UN Trusteeship Council (which ceased operations in 1994) as “trustee of the common heritage of mankind” as suggested in the UN’s review in 1995.

There was discussion of enlarging the G8 with support mechanisms for follow-up. Leaders do not engage in technical discussions, but instead make commitments themselves for their own countries, commit to direct their Ministers and representatives to work together to specific ends in international organizations, and occasionally agree to create new mechanisms. Summit communiqués should be descriptive rather than prescriptive, with an emphasis on an inclusive summit preparatory process.

The G8, by expanding, can fill the institutional gap and indicate appropriate directions.

The Most Promising Way Forward

We reviewed the mechanisms required for expediting technology development and transfer. There were proponents of a “smart” carbon tax, introduced at a low level, with overall revenue neutrality, and small predictable annual increments. Others worried about the political feasibility of a tax and noted the virtue of cap and trade systems, and the Clean Development Mechanism, designed to make cuts in the most efficient places.

With respect to early action, there are promising ideas on research cooperation and technology transfer. We should build on the precedents of the International Program on Hydrogen and the Carbon Sequestration Leadership Forum, to create a new S&T network of practitioners working on low carbon options. Any expanded G8, or the countries of the major emitters’ initiative, could pledge an increase in R&D funding with a portion reserved for expenditure on building capacity in developing countries. We should extend the World Business Council for Sustainable Development (which teamed up with IBM, Nokia, Sony, and Pitney-Bowes) “Eco-Patent Commons” program.

One view was that this was a time for inspiration, not realism. It was a time for the metaphor of “war” where funding constraints are not a factor—the only question is “what do we need to do to win?” We discussed the governance innovations that would both catalyze effective action and advance developing countries’ prospects. The UNFCCC is under-funded and under-resourced. The Security Council, ECOSOC and UNEP do not provide the proper forum. There has been a

proliferation of agencies not suitable for the current challenge. The International Energy Agency needs an updated mandate and remits, as well as expanded membership.

We need an institutional mechanism with a continuous focused view on climate change, energy and development--a Global Issues Council or Commission. The new mechanism must resolve the free-rider problem and concerns about national competitiveness in industrial countries and development in emerging countries. Several participants argued that an expanded G8 at Leaders' level was the best way forward.

