www.voices-of-the-south.ipseurope.org

VOICES OF THE SOUTH ON GLOBALIZATION

No. 01 | 2010

FROM COPENHAGEN TO BONN & MEXICO

In this issue

Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition will present short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.
Voices of the South on Globalization is published by IPS Europe with financial support from the Friedrich-Ebert-Stiftung.

For further information please contact:
IPS-Inter Press Service Europe,
Ramesh Jaura, Marienstr. 19/20, 10117 Berlin
Tel.: ++49-(0)30-28 48 23 60
Fax: ++49-(0)30-28 48 2369
rjaura@ipseuropa.org

POLLUTERS DRAGGING EU BACK

Barely a month after world leaders gathering in Copenhagen reached a weak accord on climate change, the European Union's top polluters are fighting a fresh battle to dissuade policy-makers from taking more robust action.

The European Chemical Industry Council (CEFIC), one of the largest corporate interest groups in Brussels, has begun 2010 by urging the key EU institutions to refrain from setting more ambitious targets for reducing emissions of greenhouse gases than those already agreed.

Its efforts appear to have paid off. Spain, the current holder of the Union's rotating presidency, proposed January 20 that the EU's negotiating position in follow-up work to the Copenhagen conference should be no different to that ahead of the event. This position committed the 27-strong bloc to lowering its emissions by 20 percent below 1990 levels by 2020 and only to increase that target to 30 percent if other major industrial countries pledged similar cuts.

The Spanish proposal was made to a meeting of EU diplomats tasked with fleshing out the accord reached in Copenhagen. The agreement was initially slated for finalisation at the end of January, by which time the world's governments were supposed to have formally declared their reduction commitments for the coming decade. (But this has turned out to be a flexible deadline.)

CEFIC says it is opposed to far-reaching unilateral measures by the EU as these would put energy-intensive firms in Europe at a competitive disadvantage to their peers elsewhere. "For us reducing greenhouse gas emissions is not a beauty contest," the group's climate specialist Philippe de Casablanca said. "It is not worth being the top region of the climate class if that example does not deliver significant reductions globally. The contest can't be won by one player but by all, working together."

Environmentalists believe, however, that the EU should strive for a 30 percent reduction goal as a minimum, regardless of whether other big players in the global economy will emulate it. They contend that the Union's tactic of goading outsiders into following its agenda has not worked and that it is now time for it to lead by example.

Matthias Duwe, director of Climate Action Network Europe, said that the EU did not demonstrate genuine leadership in Copenhagen and "seems to be making the same mistake again right now.

"It is sitting back and waiting for others, when there should be a renewed sense of urgency," he added.

CEFIC, which represents some 29,000 firms, has been one of the most influential lobbying groups in shaping the EU's climate change strategy over the past few years. It has joined forces with representatives of other energy- guzzling sectors such as cement and steel makers to warn of a phenomenon dubbed "carbon leakage", whereby companies would leave Europe for parts of the world with less rigorous controls on the amount of carbon dioxide (CO_2) discharged into the atmosphere.

(Continued on page 6, right column)

HEAVYWEIGHT INVESTORS URGE ACTION

As the UN climate change secretariat prepares for the first global round of post-Copenhagen meetings at its headquarters in June in Bonn, an international coalition of investor groups is calling for concluding a legally-binding agreement this year.

The group wants such a treaty to comprise comprehensive long-term measures for mitigation, forest protection, adaptation, finance, and technology transfer, including a global emission reduction target of 50-85 percent by 2050, consistent with estimates from the Intergovernmental Panel on Climate Change (IPCC).

The coalition -- consisting of U.S., European and Australian investor groups and managing $13 trillion in assets -- argues that there are competitive advantages for countries with comprehensive climate and energy policies.

"But we cannot wait for a global treaty," says the group. The U.S. Congress and other global decision-makers should "take rapid action" on carbon emission limits, energy efficiency, renewable energy, financing mechanisms and other policies that will accelerate clean energy investment and job creation.

LEARN FROM GERMANY

"Germany's comprehensive policies, for example, have sparked significant private investment in industries focused on addressing climate change, leading to eight times more renewable energy jobs per capita than the United States," the investors say in a statement released January 14 in New York.

The climate investor meeting was hosted and organised by Ceres, the United Nations Foundation and the United Nations Office for Partnerships. Ceres is a leading coalition of investors, environmental groups and other pubic interest organizations working with companies to address climate change and other sustainability challenges

"As powerful as these investors are, they can't underwrite a clean energy transformation at the critical scale needed without clear rules only government can provide," said Mindy S. Lubber, president of Ceres and director of the Investor Network on Climate Risk.

"Government policy can make clean energy cost-competitive by leveling the playing field with fossil fuels. Only government policy provides the long-term certainty that can turbo-charge private investment in clean energy, address the climate change threat and protect our planet."

"Nations that address the energy challenge most effectively will quickly realize huge global economic opportunities. The race is on and there's a need for speed," said Pennsylvania State Treasurer Rob McCord, who joined Lubber and other leading investors in announcing the investor statement at the UN.

"Many of the most immediate impacts from global warming are affecting the poorest countries, which are least responsible for the problem and least prepared to adapt," said Timothy E. Wirth, president of the United Nations Foundation.

"To keep the rise in global temperatures to acceptable levels, the world will require a huge increase in capital investment for low-carbon infrastructure in developing countries (where most of the global energy growth will occur in the next 50 years). Most of this investment will have to come from the private sector -- financial leaders like those participating in . . . (January 14) summit."

"Some 85 percent of the financial resources needed to cope with climate challenges must come from private sources. In effect, the battle over climate change will be won -- or lost -- in the hands of private investors," said Bjarne Graven Larsen, CIO of ATP, Denmark's largest institutional investor. "In order to play this role effectively, strong, stable and credible policy frameworks are crucial. We are waiting for policymakers to deliver."

"Given that Copenhagen was a missed opportunity to create one fully functional international carbon market, it is more important than ever that individual governments implement regional and domestic policy change to stimulate the creation of a low carbon economy," said Peter Dunsombe, chairman of the IIGCC (Investor Group on Climate Change), a network of European investors.

ACT NOW

"Time is of the essence and world leaders from both developed and developing countries need to act now to compensate for the lack of progress at an international level."

"Investors have a critical role in helping drive the new clean energy economy forward," said Amir Dossal, executive director of the United Nations Office for Partnerships. "National governments can provide an enabling environment, including sound climate and energy policies, to encourage investors to use their capital to advance large-scale solutions for a low-carbon economy, leading to sustainable development. We must develop innovative public-private partnerships to bring about this change."

"Sustaining the momentum on combating climate change and delivering a legally-binding treaty in 2010 represent two of the big challenges of the year in terms of achieving sustainable growth and poverty reduction," said Achim Steiner, UN Under-Secretary General and UNEP Executive Director.

"This statement underlines that investors, representing trillions of dollars of assets, remain firmly focused and resolved on realizing a low-carbon, resource-efficient green economy. Governments should swiftly act on the pledges and promises made at the meetings in Copenhagen in respect to emissions reductions and finance." *(Continued on page 3)*

'ACT FAST BEFORE IT IS TOO LATE'

Disappointments from the Copenhagen summit on climate change should not dampen efforts to reduce increases in global temperatures, said world leaders at a forum held in Abu Dhabi January 18-21.

In the first international meeting on the subject since Copenhagen, which resulted in a non-binding agreement to reduce temperatures, representatives of various countries said it was necessary to continue to bring down emissions and support developing countries in their efforts.

Energy ministers at a panel discussion on the opening day of the World Future Energy Summit said that for the adoption of renewable energy to succeed and for climate change to be stalled, developing countries must avoid repeating the mistakes that were made by industrialised countries.

"Yes, Copenhagen was a disappointment, but it also showed that the world is on an irreversible shift towards lower carbon," said Ed Miliband, Secretary of State for UK's Energy and Climate Change. He said the way forward is to get as many countries as possible to sign the Copenhagen agreement and keep cutting carbon emissions.

"Europe has moved towards its highest ambitions yet, by pledging to cut 30 per cent of its carbon emissions by 2020," said Miliband.

For some countries, such as the Maldives, the issue is more than pressing than for others. Maldives is a nation at risk of disappearing forever as a result of a rise in sea water levels due to melting of ice caps.

"If we don't act now, our coral reefs and rainforests will die, desert countries will become unbearably hot and low-lying countries like the Maldives, will slip beneath the rising seas," said the President of the Maldives, Mohammed Nasheed.

"Tackling climate change is not like dealing with other global issues, such as trade or disarmament. We don't have the luxury of time to meet, year after year, in endless negotiations."

"The Copenhagen Accord, in its current form, will not prevent catastrophic climate change. Our challenge this year and the next is, therefore, to strengthen the accord so it becomes a blueprint for planet-saving action," Nasheed added.

However, some Gulf states said a mix of fuels were needed. Abdulla bin Hamad Al Attiyah, Qatar Deputy Premier and Minister of Energy and Industry, said developed countries should set their own carbon emission reduction targets. They should force other countries to abide by them, he said.

"I'm not against renewables. I don't like the word alternative," he said. "We should work together to find a balanced energy mix useful for each country, instead of trying to develop an antagonism between renewables and fossil fuel."

Mohamed bin Dhaen Al Hamli, UAE Minister of Energy, said the country would continue to develop and use multiple energy sources including fossil fuels, nuclear energy and renewable energy. Abu Dhabi, the host of the International Renewable Energy Agency, sits atop the world's fifth largest oil reserve.

However, the UAE, through IRENA and Masdar, its headquarters, has made a pledge to help developing countries move ahead with adoption of renewable energy through investments and sharing expertise.

Jurgen Becker, State Secretary of the Ministry of Environment, Nature Conservation and Nuclear Safety in Germany, said, and other European representatives, agreed that developed countries were largely responsible for the high amount of green house gas emissions present today. ☑

Continued from page 2

The coalition of investors considers following measures critical:

- Short- and long-term emission reduction targets
- Policies that put an effective price on carbon such that businesses and investors reassess investment value and redirect their investments
- Energy and transportation policies to vastly accelerate deployment of energy efficiency, renewable energy, green buildings, clean vehicles and fuels, and low-carbon transportation infrastructure
- Financing mechanisms that can mobilize private-sector investment on a large scale, particularly in developing countries
- Measures and financing to support adaptation in developing and developed countries
- Policies requiring corporate disclosure to investors of material climate-related risks and programs to manage those risks.

Without government actions, private-sector investment will not reach the scale required to address climate change effectively. While leading studies indicate that the costs of action to reduce GHG emissions are both affordable and significantly lower than the costs of inaction, developing a global low-carbon economy will nonetheless require substantially increased levels of investment from the private sector.

For example, the UNFCCC Secretariat estimates that more than $200 billion in total additional investment capital for mitigation is required each year by 2030 just to return GHGs to their current levels by then. The International Energy Agency (IAEA) estimates that additional investment of $10.5 trillion is needed globally in just the energy sector from 2010-2030 to stabilize GHG emissions at around 450ppm.

This equates to roughly 0.1 percent of the total value of world financial assets and approximately 0.23 percent of the total value of debt and equity securities. "So this is certainly an achievable level of investment -- and one that would yield returns."

- Jaya Ramachandran ☑

ARE DOORS OPENING FOR CARBON TAX?

With the chance for a global climate change treaty on hold, a tax on greenhouse gases could be an effective alternative for discouraging the activities that create emissions, say economists and environmentalists.

Revenues generated by the tax could then be made available to developing countries to finance the technological leap necessary to modernise their economies while also reducing emissions of greenhouse-effect gases.

Economists, environmentalists, international organisations and even some European government are in favour of the idea.

One such enthusiast is economist Dennis Snower, president of the Institute for the World Economy, of Germany's Kiel University, located some 300 kilometres west of Berlin.

"The climate consequences of carbon dioxide emissions are equal around the world, independent of where the gas was emitted," Snower said.

"As such, each emitter should pay the same rate per tonne of carbon, regardless of whether it is from an industrialised or developing country, or the quantity of CO2 emitted in the past," he said.

According to Snower, the CO2 tax should replace the system of transferable emissions permits, which, he says, suffer two weaknesses: the permits are granted free of cost and in huge quantities by governments in the rich world to domestic industries.

In general, economists consider taxes a tool that governments can use to influence the behaviour of their citizens and to guide consumption patterns, discouraging products considered harmful to the individual or the community, or encouraging healthy alternatives.

Richard Tol, an environmental economist who teaches at several European universities, also supports a tax on carbon emissions, saying it should be a global measure against climate change, starting at a low initial rate, and gradually increasing over time.

Like Snower, Tol criticises the system of transferable emissions permits. He believes the system could work if the rights were auctioned off instead of distributed free of cost, as is the case currently in Europe.

The carbon tax is already becoming a reality in some parts of Europe. On Dec. 10, the Irish government introduced a tax on the consumption of, initially, petroleum and diesel.

Beginning May 1, 2010, the tax of 15 euros (22.5 dollars) per tonne of CO2 emitted will be applied also to heating fuel and gas.

Brian Lenihan, Ireland's finance minister, said the tax is a demonstration of Ireland's real interest in reducing greenhouse gas emissions.

France will enact a similar tax on Jan. 1, 2010, as President Nicolas Sarkozy announced in September. "The tax, at a rate of 17 euros (24.35 dollars) per tonne of emissions, will be applied to industries as well as households," the president said in a speech at the time.

Sarkozy explained that the value of the tax is equal to the average price per tonne of CO2 on the European carbon market, in operation since 2008.

Former French prime minister Michel Rocard (1988-1991), who in early 2009 headed the commission that proposed the introduction of the carbon tax, said that the "purpose is to penalise some polluting behaviours that fuel global warming, like the consumption of fossil fuels."

Multilateral institutions, like the International Labour Organisation, support a global tax on CO2. In a report published Dec. 11, the ILO estimated that the tax would lead to the creation of some 14 million jobs by 2014.

The ILO suggests a tax similar to those of France and Ireland. The report "Green Policies and Jobs: A Double Dividend?" also calculates that some 600 million workers around the world, representing about 40 percent of all jobs, currently work in sectors with high CO2 emissions.

However, some economists and the governments of emerging nations like China see the tax as counterproductive. Beijing believes it ignores the different responsibilities of industrialised countries and developing countries in terms of how much they have contributed to global warming.

Ottmar Edenhofer, a professor at the Technical University of Berlin, says the CO2 tax would "motivate the petroleum or carbon producing countries to accelerate extraction of those fuels and would increase emissions. The system of transferable emissions permits is preferable because it allows immediate control of national emissions budgets," he said.

But the emissions rights - in practice, permits to pollute - need to overcome two obstacles: first, the international community should adopt a binding system of allocation, whether based on the size of the population, which would favour developing countries, or according to economic yields, which would benefit industrialised nations. The second is that the market itself should be global.

In any case, said Edenhofer, the urgency of climate change demands an immediate solution. "The global budget of greenhouse-effect emissions in the current century must not surpass 830 gigatonnes of CO2 if we are not to go beyond the maximum temperature rise of two degrees C," he said. "In the last decade, humanity produced 270 gigatonnes. At that pace, the world will have exhausted its budget in less than 30 years," warned the expert. – *Julio Godoy* ☑

‘NO DEADLY DEADLINES’

The fact that Copenhagen did not deliver the full agreement the world needs to address climate change “just makes the task more urgent”, **said UN’s top climate official Yvo de Boer on January 20, in his first briefing to the media since the December-end Climate Change Conference in Copenhagen.**

In his view, three key things that Copenhagen produced were: (i) It raised climate change to the highest level of government; (ii) The Copenhagen Accord reflects a political consensus on the long-term, global response to climate change; (iii) The negotiations brought an almost full set of decisions to implement rapid climate action near to completion.

The Copenhagen accord was written by some dozen leaders on the final day of the talks as the two-week meeting, hamstrung by textual wrangles and finger-pointing, faced collapse.

It disappointed many people who had expected Copenhagen to crown an arduous two-year process with a treaty to roll back the threat posed by greenhouse gases and provide funds for poor, vulnerable countries.

De Boer, who is Executive Secretary of the UN Framework Convention on Climate Change (UNFCCC), said that we’re now in a cooling off period that gives countries useful and needed time to resume their discussions with each other.

“If countries follow up the outcomes of Copenhagen calmly, with eyes firmly on the advantage of collective action, they have every chance of completing the job,” he added.

He envisaged the political agreement reached at the talks – the Copenhagen Accord – would form a basis for future cooperation and become “a living document that tracks action that countries want to take”. Countries have until the end of January to sign up to the Accord, but de Boer described it as a soft deadline and countries could join in later. Nine countries are understood to have signed up already.

“Copenhagen didn’t produce the final cake, but it left countries with the right ingredients to bake a new one in Mexico,” he said.

Mexico City will host this year’s main climate conference from November 29, with a mid-year meeting planned for Bonn in May/June. De Boer said the secretariat was in talks with countries about scheduling interim meetings, possibly before Bonn, but more likely between the Bonn and Mexico City sessions.

He stressed that the Copenhagen Accord would not open up a third track of negotiations. Instead, he said the talks would continue with two existing tracks, on the future commitments under the Kyoto Protocol and the long-term cooperative action (LCA), which includes the US.

But he made no commitments about whether a legally binding deal would be agreed in Mexico. “Generally, people want to reach a conclusion on the Kyoto Protocol and the LCA decisions in Mexico and they will then be in a position to decide how they want to package that outcome in legal terms,” he said.

"My sense, having spoken to about 15 or 20 countries so far, is that generally people want to reach a conclusion on the (twin negotiating texts) in Mexico and then they will be in a position to decide on how they want to package that outcome in legal terms," De Boer said. He also made clear that the Copenhagen Accord was not a substitute for the UNFCCC's negotiation template.

"It's a political tool that has broad support at the highest possible level and that we can very usefully deploy to resolve the remaining issues that we have in the negotiating process," he said.

The Copenhagen Accord set a broad goal of limiting global warming to two degrees Celsius but did not specify the staging points for achieving this goal or a year by which greenhouse-gas emissions should peak.

Instead, countries are being urged to identify what actions they intend to take, either as binding curbs on emissions or voluntary action. Twenty-eight billion dollars in aid have been pledged by rich countries for 2010-2012.

De Boer said he had asked countries to spell out by January 31 whether they intended to be "associated" with the Copenhagen Accord or what sort of measures they envisaged. This was not a coercive deadline, but simply to help him write a report on the outcome of Copenhagen, he said.

"You can describe it as a soft deadline, there's nothing deadly about it," he said. "If you fail to meet it, then you can still associate with the accord afterwards. In that sense, countries are not being asked to sign the accord, they are not being asked to take on a legally-binding target, they will not be bound to the action which they submit to the (UNFCCC) secretariat. "It will be an indication of their intent and... (an) important tool to advance the negotiations."

De Boer insisted that the United Nations should keep guiding talks on a new climate pact despite near-failure Copenhagen.

He also urged developed countries to start disbursing aid to developing nations under a plan to raise close to $30 billion from 2010-12, even though new mechanisms for guiding funds were not yet in place.

De Boer also played down worries that U.S. President Barack Obama would find it hard to persuade the Senate to pass climate capping laws after the Democrats lost a Senate seat to the Republicans, and with it a 60-40 majority that helps streamline decision-making.

"The change of one state from one party to another is not going to cause a landslide in the United States on the question of climate change," he said, saying that momentum for action had been building for years in the world's No. 2 emitter. ☑

'NO DEADLY DEADLINES' *(continued from page 5)*

Analysts say failure by the United States to pass a climate bill this year may scupper UN negotiations to agree a new treaty to replace Kyoto from 2013.

Meanwhile, Tanzania has described the Copenhagen conference as a success despite its failure to reach a mandatory agreement. The state minister in the Vice President Office (Environment), Dr Batilda Burian, said the conference has laid a good ground for the next climate summit in Mexico.

KYOTO PROTOCOL NOT TO BE SCRAPPED

She said the conference was unanimous that the Kyoto protocol should not be scrapped and developing countries should start its second implementation phase as its section 3.9 indicates.

She said the U.S. decision to agree on reducing emissions by 17 per cent from the 2005 levels was a good indication that all countries were serious about the war against global climatic change.

"The Copenhagen summit witnessed for the first time that the US was represented at a presidential level during the climate conference and its decision to lower emissions by 17 per cent from the 2005 levels demonstrates a major success of the meeting," Dr Burian told journalists in Dar es Salaam.

Another achievement, according to her, was the agreement by delegates to establish a special system to look for funds to tackle climate change problems.

Elaborating, she said the summit agreed to form a special commission which would look into possible ways of raising funds to help the less developed countries in the war against the effects of emission of green house gases.

FUND

She said the conference also formed the Copenhagen Climate Change Fund which would sponsor environmental projects like those for reforestation. Dr Burian said although the discussions had reached promising stages, the conference failed to agree on most of Tanzania's and African countries' recommendations due to the developed countries' reluctance to endorse the changes.

She mentioned some of the areas which members failed to agree upon as the country's recommendation that developed countries should ensure that global emissions would be decreased by at least 40 per cent compared to 1990 levels.

The minister said in order to tackle climate change, Africa requested that developed nations commit themselves to at least five per cent of their income for compensating the underdeveloped world from climate changes. She said this would have seen Africa receiving more Sh400 billion every year, but members did not endorse the idea. African countries also requested that they be empowered technologically so that they could effectively deal with the effects of climate change, but nothing was agreed upon. ☑

Continued from page 1

POLLUTERS DRAGGING EU BACK

The concept was ridiculed by a 2008 study from Climate Strategies, a network of policy researchers, which found that the companies threatening to quit Europe tended to base their decisions on where to invest on factors other than environmental regulations.

Yet CEFIC continued to invoke the concept to demand that its members be given free permits to pollute under the EU's emissions trading scheme, which issues licences for the amount of CO_2 that industries may release.

The EU's reluctance to set tougher targets for itself comes despite an admission by one of its most senior officials that the measures envisaged by the Copenhagen accord do not correspond with those that most scientists deem necessary to avert a potentially catastrophic rise in global temperatures.

Olli Rehn, a member of the European Commission, said that the agreement "falls badly short of our goal" to ensure that temperatures do not climb above two degrees Celsius of pre-industrial levels. Rehn nonetheless added:

"The accord is better than no outcome at all, which would have been the worst case scenario."

Spain's environment minister Elena Espinosa said it is vital that the EU's response to the Copenhagen agreement gives a boost to the "intelligent" use of energy. "We want to be the main motor for innovation and competitiveness," she told members of the European Parliament Jan. 20.

LACK OF AMBITION

But the Word Wide Fund for Nature (WWF) complained that the Union's lack of ambition is hampering it from championing the development of more ecologically friendly forms of technology than those currently in use. The WWF's Jason Anderson said that by sticking to its 20 percent reduction target, the EU would actually be slowing down the pace of CO_2 cuts set in the past three years.

"By failing to take on a target of 30 percent or more we are foregoing massive energy savings that will improve Europe's economy and lead to the creation of new jobs in industries that have a long future," said Anderson.

"The EU has always made its mark on the world stage by leading from the front. Shifting expectations to what other countries need to do before the EU moves further is not only lacking in influence, it means foregoing real benefits at home. There is no reason to hold Europe's economic future hostage to decisions made in Washington or Beijing."

- David Cronin in Brussels ☑