# Where's the heat? An outsider's view of the Bangkok Climate Talk

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Contents



After the high drama of Bali, the Bangkok climate change conference (31 March - 4 April) was a dull affair. Al Gore did not descend from the heights, no daring delegate told the US where to get off and, as far as I know, UNFCCC executive director Yvo de Boer, shed no tears. In Bangkok the negotiators promised to "roll up their sleeves" and "get down to work" but despite the polite, air-con chilled and well-suited exterior, Bali's hot undercurrents ebbed and flowed through the talks. [1]

The Bangkok talks took place in two parallel "ad hoc" working groups: one on the Kyoto Protocol and the next round of commitments (the Ad Hoc Working Group, or AWG), and the second, which was established in Bali, on "long-term cooperative action" in the framework of the climate convention (AWGLCA). Because the developed countries want to get some of the big developing countries on board for the second commitment period of Kyoto, there is pressure for the working groups to converge. But, for exactly the same reason, developing countries want to maintain two separate tracks. However, the same issues are emerging in both groups and it remains to be seen whether the two-track process will speed or slow the negotiations.

### THE MARKET RULES, OK!

The AWG has been meeting since 2006 and the Bangkok agenda was a discussion on the means by which Annex 1 countries could meet their emissions reduction targets. Of course, given that many countries have failed to reach even the modest targets of the first commitment period, the key question for developing countries is not so much what will happen in the future, but what Annex 1 countries plan to do right now.

Overall, the member states diverge along the line of whether the Kyoto Protocol needs to be revisited or not: in general, the Annex 1 countries are looking for a renegotiation of the protocol, with the objective of bringing key countries from the South into the picture, while the developing countries insist that negotiations continue in the existing framework and that Annex 1 countries follow through with their legal obligations.

Under the Kyoto Protocol, Annex 1 countries have three mechanisms to "reduce the cost and increase the flexibility" of cutting emissions — the clean development mechanism (CDM), emissions trading and joint implementation (JI). These mechanisms were reviewed by "experts" during one session of the working group and the concluding report of the AWG reaffirmed the use of "emissions trading and project-based mechanisms". This was no doubt very good news for the private sector which has been pushing aggressively for carbon trading and other market mechanisms to continue beyond 2012. (There were more than 300 delegates from the International Emissions Trading Association, IETA, in Bali.)

Given the bias of the expert interventions, the meeting could have reached no other conclusion. For example, the two key presentations on emissions trading were by Henry Derwent of the IETA and Artur Runge-Metzger from the European Commission, whose powerpoint sales-pitch for the emissions trading scheme (ETS) concluded: "The EU ETS is a key cornerstone of the broader EU approach to energy security, innovation, international competitiveness and its resolve to move towards a low-carbon economy."

Even more interesting is that the appointed chair of the AWG, Harald Dorvland — who for 12 years headed up Norway's climate negotiations team — is now a senior adviser to the Econ Poyry, the Norwegian branch of the global consulting and engineering firm Poyry Plc which, among other things, works extensively in large scale energy infrastructure projects. It also publishes "The Global Carbon Report" which, according to the blurb, provides "essential reading for market observers, analysts, policy makers and carbon market professionals in finance, energy and carbon-intensive industries that seek a model-based analytical understanding of carbon markets." As a further clue to to Econ Poyry's orientation, an article on their website about the outcomes of the Bali COP concludes that "carbon trading is instrumental to achieve sufficient reduction, and understanding of market fundamentals is crucial for stake-holders."

In the face of a global ecological crisis, it is irresponsible that, rather than engaging in a full and critical review of the strengths and weaknesses of different mechanisms, informed by individuals who do not have a vested interest in the outcome, the AWG has chosen to circumscribe the debate within the pre-determined assumption that the market knows best.

## WHOSE "SHARED VISION"?

Across the hall, the AWGLCA discussion was also shaping up along North-South lines. The proxy for this divide was the debate over the order of the workplan between now and the Copenhagen COP in 2009. With five areas to cover — shared vision, mitigation, adaptation, finance, and technology — the EU was in favour of starting with a "shared vision" (that is, targets and numbers) while the G77 and China emphasized the urgency of adaptation, finance and technology. The subtext here is that the EU, the US, et al. want to rope at least some of the fast-growing developing countries into mandatory commitments, hence the emphasis on a "shared vision". For their part, the EU says that they are willing to adopt targets of 30% reduction by 2020 and 65-80% by 2050, but these numbers have no real meaning until it is clear what other countries, especially other Annex 1 countries (including the US), are willing to take on. But even if all Annex 1 countries, including the US, adopt the target, this still leaves very little "ecological space" for the developing countries to grow their economies, especially if they follow the current carbon intensive model. Some analysts calculate that the EU proposal places an unreasonable burden on the South which historically has the least responsibility for greenhouse gas emissions. A more equitable burden sharing, they argue, would be for the Annex 1 countries to go "carbon negative" — that is, by 2050, the industrialised countries of the North should be carbon sinks rather than carbon sources, or at the very least carbon neutral. [2]

The G77 and China are not buying into the "shared vision" approach: as a group they insist that the onus is on the Annex 1 countries who should not only meet current targets and set ambitious targets for the next commitment period (after 2012), but that they should also provide massive financing for mitigation (reducing emissions) and adaptation (coping with and adapting to the impacts of climate change and climatic events) as well as appropriate technologies.

Another emerging proposal is to review the existing categories (Annex 1 and Non-annex 1), with the possibly of creating a third group which could possibly include China, India, Brazil, Indonesia and others. Presumably the attraction of this proposal is that third category countries would be subject to mandatory targets, with the added advantage of splitting the G77 and China.

One of the undercurrents in this debate is the extent to which the US — which has not ratified the Kyoto Protocol — can be brought into any future commitments. At Bali, it was agreed that parties who have not ratified Kyoto would be required to adopt measures “comparable” to those who have, a sentence clearly drafted with the US in mind. Although it is obvious that the US will not shift its negotiating stance before the new administration in 2009, the current negotiating team continues to use blocking tactics as it did in Bali: for example, in the discussion of the “shared vision” the US argues for “differentiation among parties” depending on changing social and economic conditions, as well as current emissions and emission trends. Read: the US’ own economic situation and the growing emissions of China.

From the EU’s perspective, their main concerned is global competitiveness vis-a-vis the US: the strong Euro is already having an impact on exports and no doubt they imagine the situation would get even worse if European industries are required to invest in new clean technologies, while their Atlantic cousins happily pollute using old technology. Indeed, as former chancellor of the British exchequer (Lord) Nigel Lawson wrote in the Financial Times, “The European Union will severely damage its own economy by deciding to set an example to the world.” (Financial Times, 7 April, 2008). He further warned that “a lurch into protectionism, and the rolling back of globalisation, would do far more damage to the world economy in general and to the developing countries in particular than could conceivably result from the projected resumption of global warming.”

Japan also revealed the extent to which it, too, is driven by the bottom line, by insisting on a “sectoral approach” to emissions reductions. Although there are several versions of what a “sectoral approach” might be, Japan was referring to setting global targets in major economic sectors. The implication is that this would allow countries like Japan to avoid existing (albeit historically-calculated) obligations because of their relative energy efficiency in several sectors, and to pass the burden onto the dirty (and competing) industries of China and India.

On the sidelines of the conference, the World Bank launched a portfolio of “Climate Investment Funds” bankrolled by a small group of G8 countries. This initiative drew a lot of flak from developing countries in the plenary sessions, the main criticism being that it undermines the Adaptation Fund established in Bali, which has majority developing country governance and operates under the Climate Convention. They also warned that it foreshadows a proliferation of finance windows that could lead to fragmentation and inefficiency.

But for many from civil society, the real problem is the Bank itself. As Janet Redman writes in the just-released report World Bank: Climate Profiteer, “the World Bank has attached itself to the climate crisis like a patient on life support… No longer is it just the Bank whose”dream is a world free of poverty.“Now it is the Bank that can solve the climate crisis. The facelift includes a $2 billion portfolio of trust funds that channel carbon finance — money used to buy cuts in greenhouse gas emissions from projects in developing countries— from polluting industrialized countries in the global North to some of the most ecologically destructive industries in the global South.” [http://www.ips-dc.org/reports/#292 ]] [See also the article below by Daphne Wysham and Shakuntala Makhijani.]

## _WHERE IS THE URGENCY?

According to a recent report "Climate Code Red" published by Friends of the Earth Australia [["Climate Code Red" by David Spratt and Philip Sutton http://www.foe.org.au/resources/pub...] ], the US' leading climate scientist James Hansen is now warning that "We either begin to roll back not only the emissions [of $CO_2$] but also the absolute amount in the atmosphere, or else we're going to get big impacts... We should set a target of $CO_2$ that's low enough to avoid the point of no return." Hansen estimates that to be around 300 to 350 ppm $CO_2$ equivalent, significantly lower than the widely accepted IPCC target of 450ppm. However, as "Climate Code Red" argues, the science in the IPCC report is already several years out of date by the time it is published and major events, such as the extensive melting of the Arctic sea-ice in 2007 which occurred 100 years sooner than predicted, are not incorporated into the modeling.

Current greenhouse gas levels are 370ppm $CO_2$ equivalent, so getting back to 300-350 ppm requires not only the elimination of current greenhouse gas emissions but the removal of excess carbon dioxide from the atmosphere. But, as the FOE report argues, "While the evidence has grown to a now overwhelming case, governments have wasted a decade in endless negotiations and quibbling over who should go first, while ignoring the large carbon debt accrued by the rich and owed to the majority world."

After listening to five days of climate talks it would be easy to conclude that (i) not many of the negotiators have read the FOE report, and (ii) we are all going to hell in a hand basket, at least if the current approach continues. In many respects, the UN climate talks are like the WTO negotiations: national economic interests prevail, the private sector is extremely well-represented, and the North-South divide seems unbridgeable. What's more, there is no vision or leadership coming from the member states and, in so far as some sectors of civil society support the EU position as the best option, it is because the rest of the Annex 1 countries are so much worse.

But there is an important difference between trade and climate change. It doesn't matter if the WTO never reaches an agreement and there is no new round of trade liberalisation: in fact for many of us, that is the exactly the outcome we want. Climate negotiations are different: we need results. However, there will be no movement as long as the rich industrialised countries continue to cling to their ill-gotten privileges. But perhaps there are two elements that could shift the climate change debate: one would be the formation of an alliance of countries that could outflank the North-South divide by advancing a collective vision that goes beyond national interests. China, India and Brazil would be well placed to take the lead. The second is to mobilise global public opinion to such a degree that negotiators and ministers feel the street-heat and are forced to calculate the political costs of inaction.

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## P.S.

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## Footnotes

[1] For a detailed report of the meeting, see the Earth Negotiations Bulletin, http://www.iisd.ca/vol12/enb12362e.html

[2] See, for example, “The right to development in a climate constrained world” by Paul Baer and Tom Athanasiou, http://www.ecoequity.org/GDRs/