Agenda after COP15

Forget Numerical Targets, Give the World a Framework

～Japan should seek bilateral or regional talks focused on its strengths ～

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Akihiro Sawa

Executive Senior Fellow

The 21st Public Policy Institute

Key Points:

- No Japanese initiative regardless of high numerical targets
- Japan should devise master plan for new framework, reflecting national circumstances
- COP alone cannot pave way for climate change prevention

The fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change closed with broad agreement on the Copenhagen Accord. What was its significance and what were its implications for the future?

The biggest agenda of COP15 was to decide on a post-Kyoto protocol - the framework within which the world would address climate change beyond 2012. The world's attention had been focused on whether or not the meeting would succeed in establishing a framework that would impose legally binding emission reductions, in particular, upon the US, which had explicitly announced that it had no intention to return to the Kyoto Protocol, developing countries without binding targets under the Kyoto Protocol, China, India and other newly emerging economies experiencing remarkably rapid growth.

The worst scenario for Japan would have been a decision on both a new framework involving the US and China and the extension of the Kyoto Protocol, therefore perpetuating the disparity of obligation levels between Japan and other countries including the US. We can give the government credit for its diplomatic efforts to successfully avoid pushing Japan into such dire straits.

During the two weeks of negotiations, the most crucial issue was whether the US and China, both accounting for about 20 percent of global emissions, respectively, could reach a common understanding. The EU, the conventional leader in climate change diplomacy, had set out a 20-30 percent reduction target

with respect to 1990 levels but nevertheless was exposed to strong criticism for its two-faced intentions by non-governmental organizations (NGOs) that saw through its superficial target that did not entail stringent measures against climate change.

Japan, on the other hand, stood in the shadows during the entire session. It proposed as much as 11 billion dollars in developing country assistance for the three years remaining until 2012, but failed to make any substantive contributions in the fundamental discussions on establishing a new framework. All of the world's attention was concentrated on the two largest emitters - the US and China.

The Copenhagen Accord was finally concluded as a political agreement that did not impose any penalties or obligation to purchase credits (allowances) in case of failure to achieve numerical targets, but showed the way towards a new structure. Even such a loose framework, so long as it engaged the US and China in mitigation action, was determined the better solution against the Kyoto Protocol, which without their involvement could not possibly work as an effective framework to save the world's future. The Copenhagen Accord has been said to have the same legal status as if it had been accepted in a legal document and should be endorsed as such. However, the Accord does not make any clear reference as to whether or not a new legally-binding Protocol shall be formulated.

The Copenhagen talks, in their course of development, revealed two important agenda for Japan. The first issue is how Japan should address climate change diplomacy in the future. The current administration set out an outstandingly ambitious target of reducing emissions by 25% from 1990 levels just after it won elections, seeking world leadership in international negotiations. However, in the shadows of the diplomatic game between the world's two largest emitters, Japan was invisible.

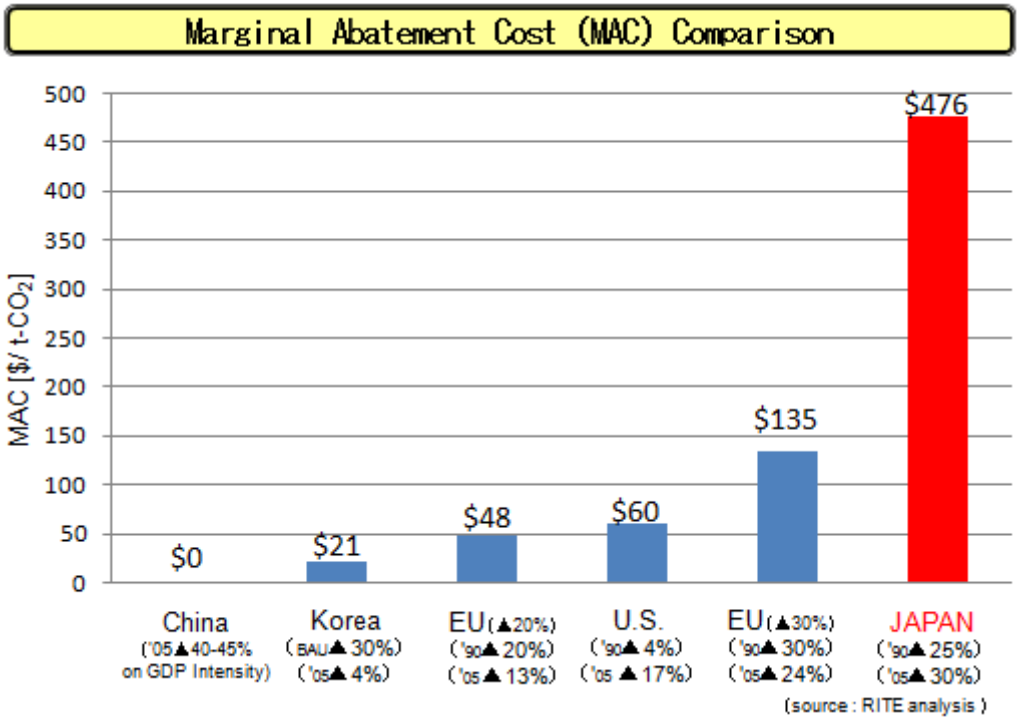
It had been unreasonable to begin with for Japan, representing merely 4 percent of global emissions, to try to have world influence by setting out a powerful target. Even an ambitious target, without sufficient economic rationality, would only imply to other countries that Japan is ready to be a "welcome customer" that will purchase emission allowances. After its announcement of the 25% reduction target, Japan's exposure in overseas media has been limited to reference to it as a credits buyer (an entity that purchases emission allowances from abroad to achieve its target).

While Japan was still mired in the conventional Kyoto-type concept of diplomatic bargaining of numerical targets, Australia unexpectedly strengthened its

presence in the Copenhagen talks. Australia does not account for a large portion of emissions and yet joined the drafting of almost all important documents and served as a good advisor to the US and UK in several critical points in the negotiations.

Why was Australia so strongly represented? This was because earlier this year, Australia had proposed a master plan for a post-Kyoto framework that both the US and major developing economies could agree on. It had presented rules that gave consideration to country-specific circumstances and timelines and that would also urge voluntary efforts. Therefore, Australia was in a position to broker the deal. Was this not what Prime Minister Hatoyama had sought to do – "bridge" negotiations?

The times have changed since the Kyoto Protocol era, when developed countries represented 60% of global emissions. The problems can no longer be resolved without developing countries sharing the burden. Today, we are in need of diplomatic power that can correctly recognize such structural changes and comprehensively design a framework for fair and effective solutions instead of competition over numerical targets.



Upon submitting mid-term target due before the end of next January, Japan should reconsider its current target, which entails conspicuously large marginal abatement costs (see figure), and come up with a more well-balanced one from both economic and technological dimensions. Japan should shift its diplomatic weight to presenting a concrete design for a post-Kyoto framework based on the Copenhagen

Accord. For example, Japan could develop a new version of the sectoral approach (a method of deriving global emissions by mobilizing technology transfer by industry or sector) that the Japanese government has continuously proposed to serve as a basis for the next framework. This would work harmoniously with the Copenhagen Accord which recognized the necessity of mitigation action on the part of developing countries.

The second issue is that the meeting ended up underscoring the limitations of the UN process. The conference was exceptionally disorganized, not to mention the resignation and replacement of the president of the conference. After the Copenhagen Accord was accepted by national leaders, the plenary session held on the final day of talks finally could not adopt it due to persistent stonewalling claims regarding procedural injustice from countries opposing the deal. The unproductive chaos could only ceased by outlining the bare minimum agreements aggregated during the past two years of negotiations in the final text, therefore falling short of the high expectations raised before the meeting.

The UNFCCC is an UN-centered framework for international cooperation, where decision-making is customarily meant to be done by consensus among all nations, each possessing a vote. The challenges of COP15 exhibited the shortcomings of the UN-based decision-making process. We will need to build on the Copenhagen deal with more concrete elements but an unchanged process will always be problematical.

For better or for worse, in the recent negotiations, China demonstrated its overwhelming presence. The world's largest emitter, China's acceptance of any agreement was indispensable and thus it was consulted for all drafts. Meanwhile, it could also stand beside other developing countries without binding targets under the Kyoto Protocol and assume leadership in their context, influencing negotiations by intimidating developed countries with the number of developing countries it has lined on its sides.

In the negotiation process leading to the Copenhagen Accord, China utilized its influence to its greatest advantage, thus frustrating the top leaders of developed economies. The EU and other developed countries were intent on abandoning the Kyoto Protocol and shifting to a new framework presumably because they strongly feared allowing China to permanently enjoy an advantage in negotiations.

The UNFCCC negotiations have come to resemble those in the WTO. Also engaging many member states, the WTO negotiation process has become very

complicated, and with national interests divided, many negotiations have consequently collapsed. In order to overcome deadlock, most countries have concluded bilateral free trade agreements (FTA) or economic partnership agreements (EPA) with important trade counterparts.

It may be time for climate change policy to seek new schemes for international cooperation. If we wait for COP negotiations to be resolved, we might find ourselves too late to prevent climate change. We should at least create a mechanism - to complement the UN process, if not replace it - which would advance greenhouse gas abatement through bilateral or regional cooperation.

Japan should contribute to curbing climate change by enhancing bilateral and regional ties in technology transfer and financial assistance based on Japan's industrial and technological strengths. I propose a win-win framework founded on such international cooperation that would introduce a unique scheme to generate carbon offset credits that can be counted as an equivalent of domestic emission reduction efforts. If Japan can come up with an original developed – developing country cooperation scheme at the Davos meeting for example, the fruit of climate change negotiations that failed to see light in Copenhagen could be ripened, and perhaps lead to a stronger representation of Japan in climate change negotiations.

Akihiro Sawa
Born in 1957, holds a Master of Public Administration from Princeton University and specializes in environmental policy.