

# | CHAPTER 1 |

## INTRODUCTION





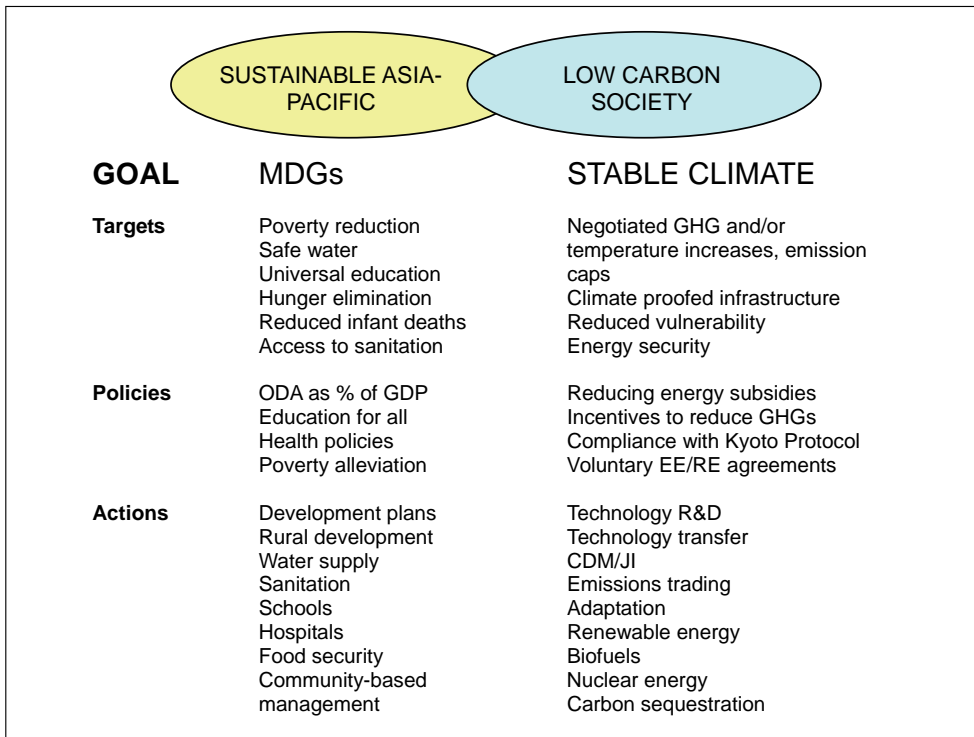
# Chapter 1

## Introduction

### What are the current views on climate change in Asia and the Pacific and how are policymakers responding?

Development policies that contribute to climate change mitigation and adaptation and climate change policies that contribute to sustainable development are both of equal interest, although they are not always mirror images. A key concern addressed by the White Paper is that sometimes the climate change and sustainable development agendas appear to be diverging rather than converging (fig. 1.1). Part I of the White Paper explains why it is necessary to integrate climate change and sustainable development in Asia and how this might be best achieved.

**Figure 1.1. Tale of two (or one) worlds?**



Climate change has been a relatively low priority on the policy agendas of most developing countries in the region, partly due to more pressing economic development and poverty reduction priorities. Not all developing countries, however, view climate change in the same way. Low-lying, small island developing states (SIDS) or countries with vast floodplains (like Bangladesh) view their situation from the perspective of a potential victim of sea level rise. Other developing countries with large populations are under international pressure to curb their total emissions of GHGs, as they are making a major contribution to global emissions, despite relatively low per capita emissions. Others fall between these extremes.

Developed countries in the region also view their response to climate change differently. Notably, Japan has achieved some decoupling of its economic growth from energy consumption and has hosted a variety of attempts to reach global consensus on reduction of GHGs (especially through the Kyoto Protocol).

If there is such diversity in how countries view the global phenomenon of global warming and climate change, then there is equal or greater diversity among different interest groups within each country, ranging from ignorance or scepticism to significant concern and voluntary action. Different interest groups frame their views of climate change according to their own perceived costs and benefits of action or inaction. Part of the research needed in the region is to make reluctant groups more aware of the real costs and benefits, particularly if they are operating under mistaken assumptions, or to identify effective policy interventions that will change their assessment of the respective costs and benefits.

Given this wide range in the way individuals, groups and countries view climate change in the Asia-Pacific region, what kind of policy analysis might lead to a better understanding of how decision makers are responding now and might be prevailed upon to respond in a more proactive way in the near future? Political science suggests that the most promising approach to understanding the realities of the climate change debate and its policy responses is to analyse how various interest groups are interacting in each political setting (Oates and Portney 2001). Evidence from a wide range of environmental policy decisions in developed countries suggests that the ultimate policy outcome depends on an amalgam of group interests and general social welfare maximisation.

A simplistic analysis suggests that there has been a risk that two parallel “worldviews” could emerge in Asia-Pacific (fig. 1.1). In the “sustainable development” perspective, the logic of the World Commission on Environment and Development, Agenda 21, Johannesburg Plan of Implementation, and the Millennium Development Goals (MDG) applies, with its primary focus on poverty alleviation and human well-being. In the “low carbon society” worldview, the economic development challenge is focussed on how to decouple production and consumption from an apparent “addiction” to fossil fuels.

Both worldviews have tended to develop their own language and collection of acronyms, communities of interest, policies, negotiating skills and implementation mechanisms. An entire new industry sector is building up around climate change, covering renewable energy (wind, solar, wave, biofuels), carbon trading, carbon offsets, technology development, carbon capture and sequestration, and disaster insurance, etc.

A specific challenge for this White Paper is to ensure that the two worldviews remain integrated into the unified logic, priorities and mechanisms of the sustainable development worldview, as that priority agenda is still far from being solved in developing countries of Asia and, arguably, climate change cannot be solved if global inequality is not diminished. It is possible that the further these two views diverge, the greater the likelihood that inequality and poverty in Asia-Pacific would increase, and the higher the likelihood that poor policy choices would be made.

### **Why is sustainable development policy important in solving the climate change issue in Asia and the Pacific?**

There is growing recognition and acceptance that climate change is an important issue in the Asia-Pacific region, though many developing countries believe that controlling GHG emissions is primarily the responsibility of developed countries. Many countries in this region still believe that combating climate change will damage their prospects for economic growth rather than open up new opportunities for a different form of growth. Major emitters like China and India recognise that they will eventually have to do something about their own total GHG emissions but, for now, economic growth and poverty reduction remain their national priorities. Nevertheless, developing countries are quick to latch onto financial mechanisms like the clean development mechanism (CDM) that will help developed countries meet their own emission reduction targets in a cost-effective manner while simultaneously contributing to economic growth in developing countries with low cost financing. Many countries, including China and India, are also interested in energy efficiency, energy security and decoupling economic growth from energy consumption, while acknowledging that continued rapid economic growth will mean that total emissions may only slow down rather than reverse.

Other countries that see themselves as fundamentally victims of climate change, particularly the low-lying SIDS in the Pacific Islands region and countries with large low-lying river deltas, are more interested in adaptation rather than mitigation, and also expect the developed countries that are mainly causing the problem to assist them to adapt. Some, like Tuvalu, even have contingency plans that involve part of the population migrating to New Zealand or Australia (Government of Tuvalu 2004). They often have little potential for CDM projects and little interest in mitigating their miniscule contribution to total GHG emissions. They are, however, potential beneficiaries of technology development in renewable energy, as imported fossil fuels are currently a major drain on their economies.

Accordingly, one starting point for analysing policy considerations is to recognise that climate change involves managing a global commons (Hardin 1968). For many centuries the atmosphere was treated as if it had no limits. One of the first signs that the atmosphere had exceeded its capacity to absorb and assimilate waste gases from human activities was the sudden and unexpected appearance of the massive ozone hole over the Antarctic. Hence, there are many parallels between the policy considerations that lead to the multilateral approach culminating in the Montreal Protocol and current climate change debates. The principal differences are that (i) the ozone hole did not immediately threaten billions of people or the global economy; (ii) a very limited set of causes and precursor chemicals was identified as the culprit; (iii) cost-effective substitutes and technologies were available to replace the refrigerants and aerosol sprays responsible; and (iv) the total cost was relatively small compared to

climate change. Despite the success of the Montreal Protocol in removing chlorofluorocarbons from use, the ozone hole remains and it is likely to take 50-60 years before this atmospheric wound is healed. Large systems like the global climate system have inbuilt stabilising mechanisms that have evolved over billions of years. Once destabilised, the climate system will take a very long time to re-equilibrate even if the cause (increasing concentrations of GHGs) is fully redressed.

From all that is known about managing other forms of common property (grazing areas, fishing grounds, forests, etc.), mutual trust, clear rules, transparent targets, comprehensive participation, cooperation, and significant sanctions for breaking the rules are the hallmarks of successful and sustainable common property management regimes (Ostrom 1990). From this perspective the Kyoto Protocol could have been viewed as an early trust building exercise, rather than a comprehensive solution to the climate change issue. Unfortunately, some major actors declined to ratify the protocol, making it a flawed policy response to a common property issue from the outset and not building up the requisite level of mutual trust.

Most of the developed countries that agreed to be part of the Kyoto Protocol have set their initial targets and have three main mechanisms (joint implementation, CDM and carbon emission trading schemes) to help them achieve those targets. However, despite the likelihood that these targets will be met globally it is now widely acknowledged that the targets are not ambitious enough and the mechanisms have not been utilised sufficiently. The period after the first commitment period (2008-2012) will require much more ambitious targets and new mechanisms to achieve those targets. The developed countries that opted out of the Kyoto Protocol, notably the United States, will also need to find a way of building up trust and working with the global community to set new targets and ways of achieving those targets, in addition to their existing commitments on technology development.

Although it may be viewed by some as having failed, the Kyoto Protocol has contributed to the establishment of the foundation for international cooperation with regard to climate change and GHG reduction requirements. Institutional arrangements like the CDM Executive Board and designated national authorities (DNA) have been established. The primary focus now, in the process that was initiated in Bali in December 2007, is on how to build on that foundation in future negotiations and establish robust climate change regimes with short/mid/long-term implications.

As outlined in the following chapter, developing countries are prepared to be part of a multilateral response effort post-2012, but only if such an agreement contributes to economic development rather than stunting the economic growth engine. Many countries in Asia and the Pacific have a clearly defined national interest in finding mutually acceptable and new international and national policy commitments for combating climate change, albeit from slightly different motivations. These positions are derived from the interplay of various interest groups with public policymakers, their understanding of the costs and benefits, and their relative power and influence. Above all, countries in the Asia-Pacific region want to find policy combinations that will allow them to continue economic growth and either mitigate or adapt to climate change, without trading away their own growth potential. While there is an undoubted need in the region to find sustainable development policy solutions to alleviate poverty, postponement of global solutions to climate change may only make matters worse in the end. The costs of inaction could be much greater than the costs of action.

For all these reasons, four priorities are identified in Chapter 2 for consideration by the region's policymakers:

- (a) achieving global participation in the future climate regime through more effective involvement of developing countries in Asia-Pacific;
- (b) enhancing the adaptive capacity of the region's vulnerable populations;
- (c) exploiting the power of market mechanisms, primarily for mitigation actions; and
- (d) realising the vision of a sustainably developed and low carbon society through effective design of policies with joint climate and developmental benefits.

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