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Fresh Takes From Experts And Reporters At The U.N. Summit

THURSDAY, DECEMBER 10, 2009



Two Competitors Get Into The Ring

By Graciela Chichilnisky

Director, Columbia Consortium for Risk Management, and Professor of Economics and Statistics, Columbia University

Two competing draft agreements were leaked Tuesday in Copenhagen, and are circulating among delegations and advocacy groups. One was prepared by Brazil, South Africa India and China, the second by Denmark, apparently to suit US requirements. The general view is that the former is more balanced vision of the deal than the Danish text.

The Danish draft predictably involves substantially weaker commitments than the former about emissions cuts from the wealthy nations -- who are the main emitters. It also involves a relatively small allocation of funding for climate change adaptation and mitigation, as well as technology. All this caused harsh words and the threat of a walk - away from the negotiations from G77 nations and Small Island States.

The major differences revolve around firm limits on emissions nation by nation within the OECD - this was a positive trademark of the Kyoto Protocol that was supported by scientists around the world -- and also about funding for adaptation and mitigation from climate change damages, and technologies to assist developing nations achieve a cleaner form of development in the future

From my viewpoint as architect of the carbon market of the Kyoto Protocol, I find an important development: that the carbon market was generally supported by both sides -- albeit with substantial differences. The carbon market is now trading \$120 bn each year, and is expected to become the largest commodity market in the world. It has to be considered a success from the financial view point - and also because it achieved serious reductions in emissions, while changing the prices of goods and services in the world economy - everything that uses energy. The carbon market has helped achieve 20% cut in of EU emissions in just 3 years since it became international law.

Therefore an immediate question is: how do the two competing drafts differ from the Kyoto Protocol that is international law since 2005? Given the difficulties of reaching a new agreement involving more than 190 nations, this is a very practical question. Do we need to reinvent the wheel or - worse yet - do we need to do what could be tantamount to rearranging the chairs in the Titanic?

The climate negotiation is now somewhat strained - and the possibility of a walk - away from poor developing nations who suffer the consequences but have very little in terms of emissions - Africa emits only 3% of the global emissions and Latin America emits about 5% -- a walk away similar to what happened in Barcelona -- lingers in the air.

I believe that what is missing is bold, new positive win - win solutions. This is all negative positioning so far. Win - win solutions are definitely possible. I have proposed a \$200 bn CDM related Fund that is underwritten by OECD nations and uses the Kyoto Protocol CDM structure - or a similar track within the Bali agreements to make it easier on the US-- but is based in great measure on private funding. Such a fund could implement substantial win - win solutions involving the expected transformation of the \$50 trillion energy infrastructure around the world. There are great investment opportunities in the clean energy field to be had, and there is innovation that can benefit all. This proposed Fund would

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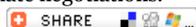
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go a long way to overcome the patent disappointment - or worse - about the US\$10 bn per year offer advanced by the Commonwealth ten days ago in Trinidad and Tobago, with PM Gordon Brown at the helm.

There is spade work to be done. We need positive suggestions. We need to update the existing mechanisms in the Kyoto Protocol and in the Convention so they can be used for technologies that are "carbon negative" -- that actually cut carbon content of the atmosphere below today's levels rather than reducing emissions. Scientists believe that only this could avert climate change now -- because we have procrastinated too long.

Negative carbon technologies are available and becoming more efficient all the time. They would allow flow of CDM funding to go to poor nations in Africa, Latin America and Small Island States - for example, to build power plants that suck carbon from air. These nations obtain at present little funding compared to China and India who are much larger emitters. Sucking carbon from air was recommended last week by Dr. Pachauri, head of the IPCC. The author is involved in one of three completely separate initiatives in this direction, with a number of scientists and large government and commercial institutions supporting the efforts. This approach can benefit the US in terms of export expansion and the creation of new technology jobs. It is a win - win solution for the global economy - for wealthy and for poor nations - and more of these solutions are need right now in the climate negotiations.



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THURSDAY, DECEMBER 10, 2009



Drafts Show Competing Carbon Structures

By **Kyle Danish**
Member, Van Ness Feldman

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I expect that many observers will look at the competition between the BASIC (Brazil, South Africa, India, and China) proposal and the Danish proposal primarily as a competition about the ambition of commitments. However, I think that's only part of the story. It seems to me that it's also a competition about the form of commitments, and a debate about how to structure the future international climate change regime.

We have seen the Kyoto Protocol model. Under that model, countries negotiate their national emission limits in a United Nations forum. Then, each country with a commitment may participate in a country-to-country trading program, regardless of the ambition of its commitment. Thus, Russia is able to be an enormous seller of credits by virtue of its "hot air" commitment. Furthermore, the Kyoto Protocol enshrines a distinction between "developed" and "developing" countries, even though a number of "developing" countries have larger economies and greater emissions than those of some of the "

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- History of previous U.N. climate change negotiations
- Background on Kyoto Protocol
- Kyoto Protocol [PDF]
- UNFCCC official agenda [PDF]
- Copenhagen Conference Guide [PDF]
- Overview schedule [PDF]
- Daily schedule (to start first day of conference)
- Live meeting schedule
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