

Breaking Global Deadlocks

MEETING REPORT



Environment, Climate Change, and Global Governance

Tokyo, Japan
Meeting Report #1
February 12-13, 2008

This is one of a series of meeting reports from the Breaking Global Deadlocks project. These meetings attempt to refine the concept of how leaders play an instrumental role in addressing pressing global issues. Past meetings have included prominent individuals, including former leaders, summit sherpas, and deputy ministers from most of the countries that have been identified as potential members of a new leaders' forum (the G8 countries plus key emerging and regional powers). This meeting emphasized the need for unprecedented multilateral cooperation to address climate change and the energy debate and highlighted the value of bringing together leaders of both G8 nations and key emerging economies to determine the most promising way forward.

Key Questions

The purpose of this meeting was to provide input to the hosts of the 2008 G8 Summit from policy researchers working on potential initiatives to break the climate change deadlock. Several key questions have emerged with respect to the current challenges and existing initiatives.

- What needs to be done to address the climate change issue?
- How should successful climate policy be measured?
- Who are the key actors and what are their roles?
- What is the role of an informal group of leaders?

The Project

The Centre for International Governance Innovation (CIGI), in partnership with the Centre for Global Studies at the University of Victoria (CFGS) and with the support of several other organizations, has since 2003 led an extended multinational effort to explore the practical prospects for significant reforms to the institutions through which governments decide key international issues.

Since its inception, the project has undergone several phases. During the initial phase, the concept of a leader's level G20 summit, or L20, was explored (www.L20.org). This top-level, intergovernmental forum would facilitate a commitment to breaking global deadlocks on issues that cannot be resolved through other mechanisms. Pressing global issues were examined in depth to test the hypothesis that a more inclusive and well-prepared summit process would yield significant progress.

The project seeks to build upon the L20 project outcomes by exploring in greater depth the importance of leadership in formulating policy and catalyzing solutions to pressing global problems.

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With respect to these questions, various approaches and policy options were discussed. It was pointed out that France, in a major initiative that relies on nuclear power, has reduced emissions since 1980 by 13 percent, however this is modest in comparison to future required reductions. Although progress is difficult to measure, it is useful to recall relative successes. For example, Tokyo not long ago had worse air quality than Beijing.

The participants at the meeting disagreed on how the burden should be shared among individual states. Some argued that immediate action is required, with specific short-term initiatives leaving the way open for future more radical approaches. In contrast, other participants argued that what seems to be unrealistic today will be inevitably become a necessary step, and advocated for a more aggressive approach. It is well documented that the future costs of addressing climate change will inevitably increase without coordinated action.¹

The Post-Bali Framework

The outcome of the United Nations Framework Convention on Climate Change (UNFCCC) meeting at Bali and the current plans for the third and fourth meetings of the group of major emitters were key points of discussion.² Firstly, the various criteria for progress were explored, including the security dimensions of the climate change issue and the conundrum of the demands and incentives facing the private sector.

In this session, the implications of climate change policy on the global south were explored. The questions of how to exploit markets, promote technology development and application, and provide for development were reviewed. Improving governance to promote the pricing of emis-

sions emerged as a central theme, as did the mechanisms and mandates required to expedite technology development and transfer. In addition, governance innovations required to advance developing countries' prospects were reviewed. Finally, the question emerged of how to maximize consensus among the major players. It was determined that sound policy advice for the team preparing for the Hokkaido G8 meeting was important, including a network that would be a starting point for providing this expertise.

The discussion then turned to potential approaches and elements that would make a multi-faceted agreement or deal, with widespread buy-in among major powers, possible. In general, there was skepticism among participants about the outcomes of the Bali conference. Most felt that little if anything of significance occurred at Bali, and that much of the meeting was perfunctory. The future prospects of the negotiation process leading to talks at Copenhagen were discussed, as were the necessary criteria for progress and international agreement. Despite these developments, the question remains on how to move forward in the absence of universal binding agreements from all large emitters. Still, some of Bali's positive outcomes were also highlighted; most notably, a new negotiating format of the Ad hoc Working Group on Long-term Cooperative Action, and the forward-looking attitude of key developing countries like South Africa.

A Climate Policy Package

The discussion then turned to a package deal of policy prescriptions, as provided to participants by CFGS and CIGI for discussion and debate.³ This represents one example of a policy breakthrough that a new group of L14 leaders could reach an integrated set of commitments,

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¹ The Stern Review Report on the Economics of Climate Change, http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm

² http://unfccc.int/meetings/cop_13/items/4049.php for reference to the "Bali Action Plan", which charts the course for a new negotiating process designed to tackle climate change, with the aim of completing this by 2009. Future meetings will be held in Poznan and Copenhagen.

³ This discussion was based on a series of reports provided to participants, including: CFGS-CIGI approach was a package "Deal" reached by the G8+5 Leaders http://www.i20.org/publications/34_b4_The-Deal.pdf; Ngaire Woods high-level task force report "Energy Politics and Poverty: A Strategy for Energy Security, Climate Change, and Development Assistance": http://www.globaleconomicgovernance.org/docs/epp_lr.pdf; Taishi Sugiyama's Orchestra of Treaties http://unfccc.int/files/meetings/archive/application/vnd.ms-powerpoint/fni_12_02.pps; Hermann Ott, Bernd Brouns and Harald Winkler "South-North Dialogue on Equity in the Greenhouse" http://www.wupperinst.org/uploads/tx_wiprojekt/1085_proposal.pdf; David Downie's Global Roundtable on Climate Change post-2012 framework http://www.earthinstitute.columbia.edu/grocc/grocc4_statement.html; The UN Foundation "Framework for a Post-2012 Agreement on Climate Change"

decisions, invitations, and mandates. This draft bargain serves to demonstrate how a more representative group of leaders could advance deadlocked global issues by providing gains to all.

Responses to the "Deal" Proposal

The overarching sense among the group was that there was an institutional gap and a need for leadership. Though desirable, US leadership is not necessary for important steps to be taken. Japan could catalyze the process by taking immediate action and implementing some of the elements of Prime Minister Fukuda's "Cool Earth Promotion Programme" speech in Davos.⁴ This speech referred to setting a quantified national target to halve global greenhouse gas emissions by 2050, and the establishment of a new \$10 billion partnership financial mechanism. In sum, participants felt that a simple roadmap is needed, with action items that are achievable and realistic in the short to mid-term (meaning within the political life of a government). Any package must include several components, with built-in equity principles.

The participants found that several key issues emerged from the proposed package. The discussed action items are as follows:

Clarification of the Metrics

Measuring both national efforts and results are essential. Standard benchmarks are required to compare country efforts. In addition, the analysis describing the rationale for action must link climate change to national security issues as well as to poverty and population growth issues.

GHG National Targets

Above all, these must be reasonable and realistically achievable. There should be a focus on sectoral approaches (but not as a substitute for economy-wide cap and trade mechanisms) and on sectoral targets rather than solely national targets. The Polar Regions should also be a focus. It is unrealistic to expect immediate binding commitments from developing countries, but these will be plausible in time with the right global R&D and financing commitments. In the short term, China and India see targets as impractical; however, a phased-in approach could be an optimally functioning framework.

Adaptation must have the same weight as mitigation measures, because both are necessary to address emissions targets. Forestry issues must be given prominence – for example, a global management regime would take into account future species growth given rising global

temperatures. In addition, a more systematic assessment of the oceans' capacity to complement forests' role as a carbon sink must be initiated.

Research and Development

These efforts must have a greater focus. To begin, expenditures by G8 members need to increase substantially. Global "Manhattan Project" type cooperation strategies need to be developed – akin to the International Space Station⁵ or the Generation IV International Forum.⁶ Built-in incentives are needed that allow intellectual property to be freely transferred.

Financing

It is necessary to reinvigorate existing funding/financing processes, such as the three "Marrakesh Funds" – the Special Climate Change Fund (SCCF), the Least Developed Countries Fund (LDCF), and the Adaptation Fund (AF).⁷ A new mechanism for technical cooperation, especially in the nuclear area, is a prerequisite for developing countries making measurable commitments.

Resources and Industry

Coal and agriculture were posited as the two most important sectors on which attention should be focused. Aluminum and cement (China accounts for more than 50 percent of global cement production) were suggested as best bets for early action on a sectoral basis. Targeted action is important and must be specific and focused on the most achievable goals.

Summary of Initiatives

The meeting highlighted several ways to move forward within an expanded G8 context. The expert dialogue identified important steps forward that could inform the Hoikkaido summit. It would be best to avoid investing effort in abstract target commitments and focus instead on technology development, transfer, and financing. Somewhat counter-intuitively, technology transfer will not necessarily be from the G8 to others – China is the provider of technology on large ultra-supercritical coal

⁴ <http://www.mofa.go.jp/policy/economy/wef/2008/index.html>

⁵ Which includes 16 countries, including Brazil.

⁶ A collaborative effort of the world's leading nuclear technology nations, including China and Brazil, to develop next generation nuclear energy systems.

⁷ US Treasury Secretary Henry Paulson, UK Chancellor of the Exchequer Alistair Darling, and Japanese Finance Minister Fukushiro Nukaga wrote a Financial Times op-ed detailing their plan to create a fund for clean technologies in the developing world.

power plants and super-voltage transmission. Others argued that while technological innovations are key to achieve a low-carbon development path and climate-resilient economy, this may actually further impede progress on the political front. Such attitudes may further delay the consensus that current levels of emissions are not sustainable and that urgent action is needed.

These discussions emphasized the need to reference existing processes (e.g., the Bali Roadmap) and underscore the fact that "we are all in this together." The overall goal of reducing inequities, and the need for concrete actions focused on short- to medium-term goals also emerged as priorities. Following that, it would be advisable to emphasize metrics, R&D (especially coal demonstrations), and focus on financing (technology transfer, mitigation, and adaptation). The need for new international cooperative ventures, while building on promising current initiatives, such as the Marrakesh funds and Japan's idea for a Cool Earth Partnership is paramount.

The Process

The potential for success of any climate-change initiative depends on the decision-making process. It was agreed that the UN must be the lynchpin to any efforts as its legitimacy cannot be replicated by any new forum. At the same time, not everything can or should be done through the United Nations. These developments need not be seen as a threat to the UN process, but as part of a package of intersecting initiatives.

Participants agreed that an expanded G8 that encompasses key emerging economies could generate positive steps forward. The Major Emitters Initiative,⁸ and a Global "Low Carbon Economy" task force are promising options. They are certainly not perfect arrangements – the Major Emitters Initiative is limited in its capacity, since it is currently largely limited to environment ministers. Only leaders have the necessary clout to make economy-wide commitments. Success will require more than meaningful dialogue with major developing countries; they must be co-authors of the solution. In the medium term, there is a potential to contextualize energy and carbon reduction as global public goods.

It is important to note that there is not a simple sovereign nation-state package or solution. Sub-state actors (provincial, state, city), regional efforts, and business efforts are very important. However, a true "business" voice is inherently difficult to include in any process due to the fact that no one group can speak for the entire business community.

A new kind of networked governance model is needed to knit together the intergovernmental networks and bring various processes together.⁹ Points made included the possibility for regional negotiating groupings that then link to the UN; and strengthening existing processes such as the International Strategy for Disaster Reduction. The participants also discussed whether the UN Trusteeship Council should be resurrected as it was suggested in the UN's review in 1995 (it ceased operations in 1994.)

The discussion came full circle with the notion of enlarging the G8 to address this and other global challenges. Leaders do not engage in technical discussions but instead make commitments on behalf of their own countries, commit to direct their ministers and representatives to work together to specific ends in international organizations, and occasionally agree to create new mechanisms. Given this, summit communiqués should be descriptive rather than prescriptive, with an emphasis on an inclusive summit preparatory process. The G8, by expanding to encompass important emerging economies, is uniquely suited to fill the institutional gap.

The Way Forward

The question of where to go from here looms large. Participants reviewed the mechanisms required for expediting technology development and transfer, several opinions emerged, as follows:

A "Smart" Carbon Tax

Some suggested a smart carbon tax, introduced at a low level, with overall revenue neutrality and small predictable annual increments. The political feasibility of a tax was called into question by others, who instead proposed Cap and Trade systems and the Clean Development Mechanism, designed to make cuts in the most efficient places.

Increased Research and Development Initiatives

There are promising ideas on research cooperation and technology transfer. The precedents of the International Program on Hydrogen and the Carbon Sequestration Leadership Forum, to create a new science and technology (S&T) network of practitioners working on low carbon options, represent promising developments that should

⁸ See <http://www.state.gov/g/oes/climate/mem/> a US-led Forum that includes Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, South Korea, South Africa, United Kingdom, the EU, the EC, and the UN

⁹ For more on the networked governance idea, see Anne-Marie Slaughter's Government Networks, World Order, and the G20, http://www.l20.org/publications/24_rU_g20_ottawa_slaughter.pdf

be built upon. Any expanded G8, or the countries of the major emitters' initiative, could pledge an increase in R&D funding with a portion reserved for expenditure on building capacity in developing countries.

Involving the Business Community

Initiatives such as the World Business Council for Sustainable Development (which teamed up with IBM, Nokia, Sony, and Pitney-Bowes) "Eco-Patent Commons" program should be promoted and expanded.

Although climate change has received attention in recent years, charting the most effective way forward and implementing these initiatives have been elusive. In response to this "deadlock," the need for discussion and coordination at the leader's level has become apparent.

Conclusions

Governance innovations are needed that would both catalyze effective action and advance developing countries' prospects. It is evident that no forum currently exists to adequately deal with the scope and complexities of climate change. The UNFCCC is under-funded and under-resourced. The Security Council, ECOSOC, and UNEP are all lacking in important ways. The International Energy Agency needs an updated mandate and remit, as well as expanded membership. Furthermore, there has been a proliferation of agencies not suitable for the current challenge.

Because there is no forum "home" for this issue, perhaps a new institutional mechanism with a continuous and focused view on climate change, energy, and development is needed. The new mechanism must resolve the "free-rider" problem and alleviate concerns about national competitiveness in industrial countries and development in emerging countries. Still, there are key questions to be resolved before the climate change issue can truly be addressed in a comprehensive manner. The various country perspectives must be coordinated in a way that all parties can "buy-in" to such an agreement, even if each agrees to undertake different actions. The challenge is ensuring that these steps are seen as fair and equitable.

By the conclusion of the meeting, several participants argued that an expanded G8 at the leaders' level or a more inclusive international leaders' forum is instrumental in moving issues such as climate change policy forward. This should not be a replacement for current UN initiatives but an enhancement of cooperative efforts. Including all major emitters in this group – both emerging economies

and current G8 nations – will ensure the diversity of perspectives necessary to achieve a more robust, politically salable, and effective policy output.

This report was prepared by Barry Carin, Associate Director, CFGS, and Senior Fellow, CIGI; Clint Abbott, Senior Researcher, CIGI, and Research Associate, CFGS; and Laura Innis, Project Officer, CIGI.

Agenda

February 12, 2008

Discussions on international negotiations on climate change

14:00 Introductions

14:15 – 15:30 **Stocktaking Post-Bali**

Co-chair: Amb. Mutsuyoshi Nishimura, Special Advisor to Cabinet, and Mr. Pierre-Marc Johnson, Former President of Canada's National Roundtable on Environment and Economy.

15:00 – 16:30 **"Rules of Thumb" to Resolve Major Outstanding Issues**

16:30 – 17:30 **Proposed Win-Win-Win Approaches**

February 13, 2008

Discussions on global governance

10:00 – 11:30 **Squaring the Circle: The Substance**

Chair: Dr. Gordon Smith, Center for Global Studies, University of Victoria

11:30 – 13:00 **Squaring the Circle: The Process Roadmap**

13:00 – 14:00 **The Way Forward**

Participant List

Clint Abbott

Senior Researcher, CIGI and Research Associate, CFGS

Jusen Asuka

Professor, Tohoku University

Yurika Ayukawa

Climate Change Special Advisor, World Wide Fund for Nature, Japan

Marcos Azambuja

Centro Brasileiro de Relacoes Internacionais

Howard Brown

Asian Development Bank

Miguel Ruiz-Cabañas Izquierdo

Ambassador of Mexico to Japan

Paolo Cardi

First Secretary, Trade Section, Delegation of the European Commission to Japan

Joseph Caron

Ambassador, Embassy of Canada

Robert F. Cekuta

Minister Counselor for Economic Affairs, Embassy of United States of America

Barry Carin

Associate Director, Centre for Global Studies, University of Victoria

Ged Davis

Co-President, Global Energy Assessment

David Drake

Minister-Counselor, Embassy of Canada

Shinji Fukukawa

Chairman, Machine Industry Memorial Foundation, TEPIA

Thomas C. Heller

Shelton Professor of International Legal Studies, Stanford Law School and Senior Fellow, Stanford Institute for International Studies, Stanford, CA

Tetsuro Iji

Research Fellow, The Japan Institute of International Affairs

Pierre-Marc Johnson

Special Advisor to the Canadian PM

Yasuko Kameyama

Senior Researcher, National Institute for Environmental Studies

Mutsumi Kanazawa

Research Officer, Trade Section, Delegation of the European Commission to Japan

Norichika Kanie

Associate Professor, Graduate School of Decision Science and Technology, Tokyo Institute of Technology

Yoriko Kawaguchi

Member of the House of Councilors

C. S. Kiang

Chairman, Peking University Environment Fund

Hitomi Kimura

Researcher, Institute for Global Environmental Strategies

Yuriko Koike

Member of the House of Representatives

Akihiro Kuroki

Senior Research Fellow and Director, The Institute of Energy Economics, Japan

Andrei Marcu

Senior Managing Director, Energy and Climate, WBCSD

Masato Masuda

Chief Counselor, Japan Carbon Finance, Ltd.

Pratap Mehta

President and Chief Executive, Centre for Policy Research, New Delhi

Adil Najam

The Frederick S. Pardee Professor of Global Public Policy, Boston University Director, The Frederick S. Pardee Center for the Study of the Longer-Range Future, Boston University

Yukihiro Nikaido

Director of Research, The Japan Institute of International Affairs

Mutsuyoshi Nishimura

Special Advisor to the Cabinet Former Ambassador for Global Environment

Hiroshi Ohki

President, Japan Center for Climate Change Actions

Kenzo Oshima

Senior Vice President, Japan International Cooperation Agency, Former Ambassador to the UN

Tadashi Otsuka

Professor, Law School of Waseda University

Yukio Satoh

President, The Japan Institute of International Affairs

Daniel Schwanen

Acting Executive Director, The Centre for International Governance Innovation (CIGI)

Anne-Marie Slaughter

Dean, Woodrow Wilson School of Public and International Affairs

Gordon Smith

Director, Centre for Global Studies, University of Victoria

Maurice F. Strong**Takejiro Sueyoshi**

Special Advisor, The Asia-Pacific region of the UNEP Finance Initiative

Yukari Takamura

Professor, Ryukoku University Chair on UNCED

Erich Vogt

Senior Multilateral Policy Advisor, IUCN - The World Conservation Union

Yao Xianbin

Acting Director General, Regional and Sustainable Development Department, Asian Development Bank

Ryuzo Yamamoto

General Manager, Sumitomo Corporation

Miki Yoshida

Senior Manager, Total Solutions Division, Hitachi, Ltd.

Zhang Jianyu

Environmental Defense, Beijing

Eric Zusman

Researcher, Institute for Global Environmental Strategies



About the Centre for Global Studies

The Centre for Global Studies was created in 1998 with a mandate to conduct collaborative, policy-oriented inquiry into the impacts of globalization on a broad spectrum of inter-related issues encompassing international governance and finance, the environment, security, and sustainable development. Building on the university's existing base of interdisciplinary expertise, the Centre provides a vehicle for bridging scholarship with the needs of policy-makers for concise and accessible analysis in response to the pressing challenges of global change.

Since its formation, the CFGS has evolved rapidly to establish an extensive program of international research and development assistance activity. Through its innovative "centre of centres" model, the CFGS provides infrastructure and administrative support to a diverse group of associates, who operate within the following six core activities:

- Division of Globalization and Governance
- Division of Technology and International Development
- Institute for Child Rights and Development
- International Women's Rights Project
- Iraqi Marshlands Project
- Pacific Climate Impacts Consortium

Common themes that unify the research work of associates at the Centre include an engagement with action-oriented approaches to democratic reform and capacity building, and an overriding commitment to the advancement of human and environmental security objectives. The Centre is also concerned with issues of state security, an interest it pursues through participation in a variety of global and multilateral initiatives aimed at addressing the root causes of conflict and arms proliferation.

In addition to its core team of associates, the Centre sponsors multiple student internships, and maintains an extensive network of international research partners, with whom it collaborates on a project-to project basis.

The Centre for Global Studies is financed by revenues from an endowment fund, as well as from grants from a number of public and private funding sources.

Centre for Global Studies
University of Victoria, PO Box 1700, STN CSC
Victoria, BC V8W 2Y2 Canada
Tel: (250) 472-4337 | Fax: (250) 472-4830
www.globalcentres.org



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About the Centre for International Governance Innovation

The Centre for International Governance Innovation is a Canadian-based, independent, non-partisan think tank that addresses international governance challenges. Led by a group of experienced practitioners and distinguished academics, CIGI supports research, forms networks, advances policy debate, builds capacity, and generates ideas for multilateral governance improvements. Conducting an active agenda of research, events, and publications, CIGI's interdisciplinary work includes collaboration with policy, business and academic communities around the world.

CIGI's work is organized into six broad issue areas: shifting global power; environment and resources; health and social governance; trade and finance; international law, institutions and diplomacy; and global and human security. Research is spearheaded by CIGI's distinguished fellows who comprise leading economists and political scientists with rich international experience and policy expertise.

CIGI has also developed IGLOO™ (International Governance Leaders and Organizations Online). IGLOO is an online network that facilitates knowledge exchange between individuals and organizations studying, working or advising on global issues. Thousands of researchers, practitioners, educators and students use IGLOO to connect, share and exchange knowledge regardless of social, political and geographical boundaries.

CIGI was founded in 2002 by Jim Balsillie, co-CEO of RIM (Research In Motion), and collaborates with and gratefully acknowledges support from a number of strategic partners, in particular the Government of Canada and the Government of Ontario. CIGI gratefully acknowledges the contribution of the Government of Canada to its endowment Fund.

Le CIGI a été fondé en 2002 par Jim Balsillie, co-chef de la direction de RIM (Research In Motion). Il collabore avec de nombreux partenaires stratégiques et exprime sa reconnaissance du soutien reçu de ceux-ci, notamment de l'appui reçu du gouvernement du Canada et de celui du gouvernement de l'Ontario. Le CIGI exprime sa reconnaissance envers le gouvernement du Canada pour sa contribution à son Fonds de dotation.



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57 Erb Street West
Waterloo, Ontario, Canada N2L 6C2
tel +1.519.885.2444 fax +1.519.885.5450
www.cigionline.org