



EU-ASIA DIALOGUE

*Shaping a Common Future for Europe and Asia –
Sharing Policy Innovation and Best Practices in Addressing Common Challenges*

Conference Report

“Resolving Deadlock in Climate Change Negotiations”

BONN, GERMANY, APRIL 25-26, 2013





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Report

Policy Dialogue

“Resolving Deadlock in Climate Change Negotiations”

On April 25 and 26, 2013, a Policy Dialogue on Climate Change Diplomacy was held in Bonn, Germany. The Policy Dialogue was attended by representatives of the United Nations Framework Convention on Climate Change (UNFCCC), European External Action Service, European Commission, United Nations Environment Programme Asia and Pacific, and ASEAN Secretariat. Additional participants from Belgium, Germany, India, Indonesia, Japan, Malaysia, Myanmar, the People’s Republic of China, Poland, Thailand, and United Kingdom represented public and private institutions engaged in a direct or indirect way in the international negotiations.

The Policy Dialogue in Bonn was aimed to analyse the possibility to achieve a new global framework by 2015 as it had been agreed during the last UN Climate Change Conference in Doha in 2012 (COP 18). At the same time, the Policy Dialogue offered an Europe–Asia exchange with respect to the *“Second session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action” (ADP)* which was held at the UNFCCC secretariat from 29 April to 3 May and was designed to discuss options towards a 2015 global climate agreement.

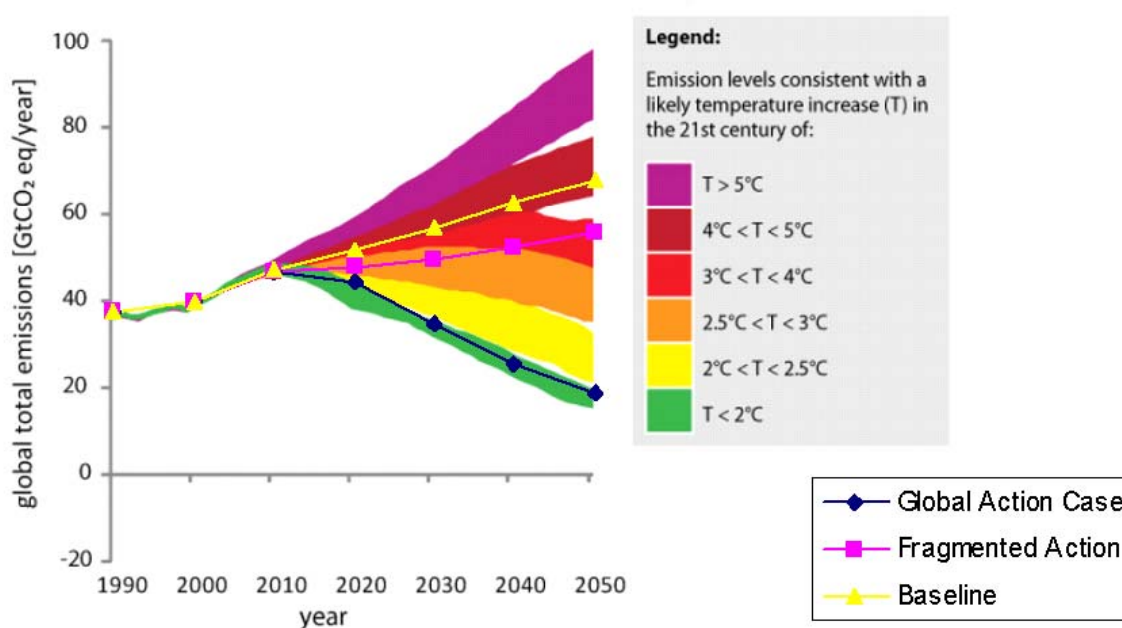
Different speakers of the Policy Dialogue underlined that the international negotiations should not be considered as “deadlocked”. On the contrary, the negotiations are moving forward and a major round of negotiations has just been concluded. The second year of a four year process has started and there is hope that a new agreement can be reached in 2015. Additionally, a regulatory and enabling framework for cooperative climate action until 2020 has been put in place. This includes the goal of mobilizing 100 billion USD annually by 2020 and the establishment of the Green Climate Fund. Nevertheless, it is absolutely essential that action on climate change is scaled up at all levels without delay. The period from now to 2020 is critical in order to stay within the internationally agreed upper limit of acceptable global warming of 2 °C.

However, no single treaty will bring about the fundamental transformation needed to harmonise economic development with the boundaries of the planet. Concerted and

mutually reinforcing actions are required at the international, regional, national and sub-national levels to achieve real progress.

The scale of the task at hand by far exceeds the capacity of the political, economic and institutional structures currently in place. Governments are now realizing that failure of this effort is not in any of their strategic interests. This is reflected by the important contributions of strategic dialogues. Hopefully, G20 will dedicate its legitimacy and broader membership to contribute and promote not only awareness but readiness for a new global framework. Focused platforms such as the Major Economies Forum on Energy and Climate Change also play an important role in this context.

Graphic: The Ambition Gap*



Governments are more divided over principles and attribution of responsibility for past emissions than they are over implementation or cooperative action in the real world. This stems from the fact that Governments are actually willing to do more than they would formally commit to internationally. This indicates that international agreements are better suited to capture the "floor" of ambition rather setting its "ceiling".

Effective climate diplomacy plays an essential role in building trust among the Parties and in aligning climate protection with other strategic issues. This trust can be guaranteed only if there is more stability in the international relations and actions. The degree to which available climate change solutions get implemented will be determined by the degree to which they are aligned with the strategic interests of individual countries. Of

* From the presentation of Martin Kaspar, Policy Officer Climate Development Finance, DG CLIMA A2, European Commission



course, major strategic interests are at stake as mankind transforms its energy system and moves towards a low-carbon economy. The relationship between climate change and international peace and security is becoming better understood but climate diplomacy should not be limited to the security agenda, where climate impacts are already acting as threat multipliers. Another area which has come into sharp focus in the climate negotiations is the relationship with international trade policy. Public health concerns will grow in importance as a potent driver of action to change the energy system in ways that will contribute positively to preserving climate stability.

Sustainable economic development and the New Agreement

At the heart of all of this is the central issue of sustainable economic development. The good news is that policies needed to address climate change generally have significant development co-benefits. Renewable energy development is a case in point. It can also be acknowledged that many governments are acting on climate change at the national level. All developed country Parties have formally communicated to the UNFCCC their quantified economy wide targets for 2020 and 55 developing country Parties have put forward national objectives, either in terms of overall national emissions or as specific Nationally Appropriate Mitigation Actions (NAMA) and are actively exploring policy options. Nevertheless, real progress with regard to climate change calls for an unprecedented level of bi-lateral, regional and international cooperation. Progress at the international level enables national action. It is urgent to pull out all the stops to accelerate the required transition to a low emission future.

This is where the new agreement comes in. The negotiations are still in the conceptual phase and have established the aim of arriving at an understanding of the elements of the outcome by the end of 2014. In 2013, the negotiations need to result in a common understanding of the basic concept of the agreement, which will allow the negotiators to start fleshing out its content. These are therefore formative months. The question of the form of the agreement will only come into focus at a later stage when the content has become clearer. At the outset in Durban in December 2011 Parties agreed to “develop a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties”. The outcome of the next UN Climate Change Conference in Paris in 2015 (COP 19) is likely to consist of some combination of these options.

The fundamental challenge is how to craft an agreement that is simultaneously fair and effective. These two objectives do not exclude each other. A fair outcome is more likely to be ratified and implemented. But there is no objective measure of fairness. The Climate Change Convention contains important agreed principles articulating the



fundamental dimensions of fairness, but what individual Parties will judge as fair when the time comes will also be shaped by national interests. There is a general sense in the negotiations that the issue of fairness cannot be reduced to a formula. It is equally clear that the world is no longer divided into two camps: developed and developing countries. In order to reach a fair agreement, it needs to contain a spectrum of commitments reflecting different national circumstances, starting points, threats and opportunities.

The agreement will then need to have the institutional capacity to keep the aggregated level of ambition, new knowledge on the problem and its solutions, and the delivery on commitments under constant review. This will chart the way to build the ambition required to stay within the boundaries of a safe pathway towards climate security using a risk management approach. The new agreement needs to build a bridge between top-down realities dictated by planetary boundaries, on the one hand, and the dynamic bottom-up realities shaped by socio-economic, development and political imperatives, on the other.

With regard to a new agreement, several key issues have to be considered:

- the countries have very different development needs and expectations. This must be taken into consideration during the upcoming negotiations and the drafting of a new agreement;
- it seems to be appropriate that the 2015 Agreement enables a "spectrum of commitments" which will better correspond to the possibilities of individual countries;
- to achieve an agreement, a "spectrum of cooperation" is required to support individual countries in their efforts to meet the requirements;
- all support needs to be country tailored in political dialogue and co-operation.

With regard to the past negotiations it can be recognized that the conferences in Copenhagen, Cancun, Durban, Doha and the initiatives outside the UNFCCC have broadened and solidified the international climate policy framework, especially with respect to measurement, reporting and verification.

In the next years, implementation will be the key element that needs to be addressed.

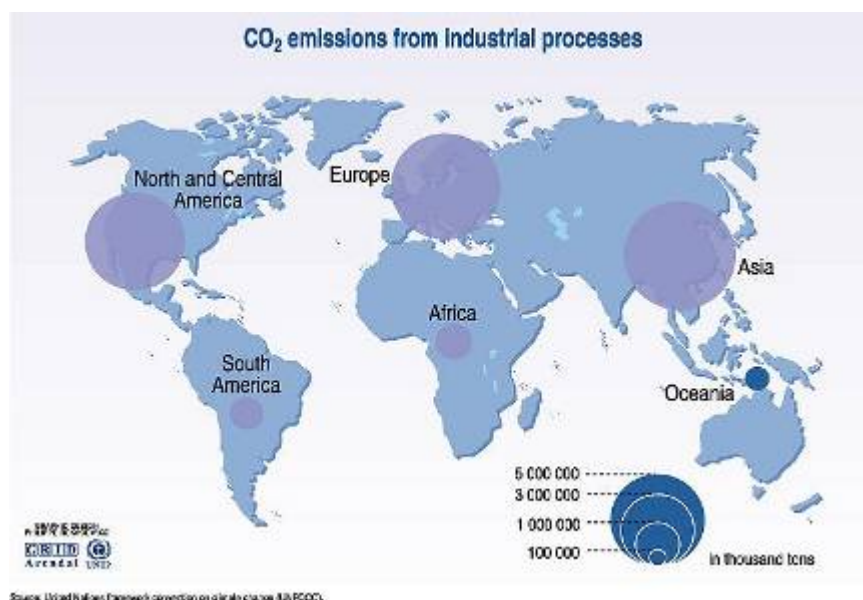
Asia's Role in the Climate Change Negotiations

Asia is particularly affected by climate change and its consequences. Asian countries actually produce 34% of global greenhouse gas (GHG) emission which is an effect of the high economic growth in recent decades. At the same time, Asia has the lowest



ecological carrying capacity amongst world's regions. Given the current situation and foreseeable economic developments in Asia, the common future depends on Asia's resource consumption patterns.

Graphic: CO₂ emissions from industry - highest in the world



The following factors can be recognized with respect to the actions taken in Asia:

- **Environmental governance:** the region has a wide diversity of systems and mechanisms; many are centralized, fragmented and inflexible;
- **Climate change:** the region contains many of the most vulnerable countries, and is the fastest growing source of GHG emissions; under business-as-usual estimations Asia-Pacific will contribute 45% of energy related CO₂ emissions by 2030;
- **Biodiversity:** there is considerable pressure on biodiversity and ecosystems, resulting in habitat loss and degradation, over-exploitation, alien invasive species; Southeast Asia is a biodiversity "hotspot";
- **Freshwater:** there is need to balance supply and demand, but in most countries water resources are still managed through a sectoral and not an integrated approach;
- **Chemicals and waste:** as the region becomes wealthier it is faced with a rapid growth in consumption which increases the use of chemicals and production of municipal and hazardous waste;
- Nevertheless, in recent years one can observe new attitudes to face climate change



and its consequences;

- There is a growing concern over the progress made in terms of greenhouse gas (GHG) emissions reduction. However, transfer of technologies, financing, human resources and governance remain major constraints in most countries, both developing and developed;
- Although per capita emissions in developing Asia-Pacific remain low, total emissions are on the rise;
- There is growing awareness for the need to follow a different growth path, using energy-efficient technologies, cleaner sources of energy, and reducing carbon output more rapidly in years to come;

The role of ASEAN

The efforts of ASEAN to contribute to a regional approach to face the challenges of climate change are extremely important. Even if there still is a lot to do to improve the regional coordination of policies and reach a better coordination among the member states and their positions in the international climate change negotiations, ASEAN has repeatedly referred to the climate change problem.

Climate change is one of the priority areas in the blueprint for the establishment of the ASEAN Socio-Cultural Community in 2015. This area is coordinated by Thailand. Additionally, the problem is mentioned in a series of declarations and statements by the ASEAN leaders. In their latest statement to this issue, the ASEAN leaders reaffirmed their commitment to actively contribute to the global efforts through the development and implementation of NAMAs. NAMAs are based on a voluntary level, in accordance with the different national circumstances. The leaders added that they welcome new, additional, adequate financial and technical support that is made available to them and encouraged to start a register for NAMAs seeking international support. They also urged all Parties to the UNFCCC to work cooperatively towards the success of fully creating and guaranteeing the functioning of the new institutions under the Green Climate Fund, Technology Mechanism, Adaptation Framework, and Registry established under Decision 1/CP.16 of the UNFCCC. Finally, they highlighted the importance of transparency and accountability to ensure effectiveness of the new established institutions and frameworks.

In 2012, the ASEAN Environment Ministers adopted an “ASEAN Action Plan on Joint Response to Climate Change” which has the strategic objectives



- to leverage regional cooperation on climate change issues;
- to enhance research collaboration on climate change science in ASEAN;
- to contribute to the global negotiation process of the UNFCCC through a common understanding, and where possible, a common position.

The Programme of Action includes adaptation, mitigation, technology transfer, capacity building, and finance and investment.

The cooperation with the European Union is of special relevance to ASEAN. It includes several levels of actions, from dialogues among high representatives of both sides to the cooperation on concrete projects like the establishment of the ASEAN Regional Centre for Biodiversity Conservation (ARCBC) (1999-2004) and the ASEAN Centre for Biodiversity (ACB), 2005 – 2010. Nevertheless, there is a need to re-launch an EU-ASEAN Dialogue on Climate Change, which could provide a platform to create better understanding of each others' positions regarding the future climate change talks and explore whether EU and ASEAN can have common understanding on some issues. An EU-ASEAN Dialogue on Climate Change could also provide an opportunity to identify possible concrete ASEAN-EU activities on climate change.

Move out of the Prisoner's Dilemma

Despite those more promising looking attitudes in countries of Asia, Climate Change appears to be a potential candidate for a so-called prisoner's dilemma.

It is to the benefit of all to limit global warming to an extent where the consequences do not overwhelm us. But For the individual country this might only pay off if all *relevant* actors participate in a fair way. Thus, there is fear to do more than others – with potentially negative consequences for access to payable energy and competitiveness – but still not having the critical mass to avoid the impacts of climate change.

From a critical point of view, several points which are serious obstacles for progress in the climate change negotiations need to be mentioned:

- a) As long as the biggest economy and (at that time) biggest emitter - the United States- behaves as a defector, it is difficult for all other countries to move forward. This is based on two arguments:
 - Developing countries are not on board (and without them the problem can not be solved), even if there is a growing awareness on the site of the developing countries;



- There is a widespread fear that policies which are aimed to face the consequences of climate change will have negative consequences for economic competitiveness; consequently, governments and business leaders try to avoid things which harm their economies;

b) The voting rules in the international negotiations still offer a blocking mandate for defectors as it could be observed at the conferences in Cancún and Doha;

c) There are still a lot of “merchants of doubt” who create scepticism about the scientific findings with regard to climate change. As a consequence, a political break out of the prisoner dilemma is improbable as long as the public debate is shadowed by a cloud of doubt. Additionally, the lobby of fossil energies now move from the assessment that it is “no need to act” to one that it is “too late to act”.

In addition to these points, the current negotiations on climate change also face the problem that the geopolitical shift makes it absurd to stick to the old Annexes of previous agreements. The average per capita emissions of OECD countries have increased in comparison to those of developing countries and some of the BASIC countries have now per capita emissions in the range of those of industrialised countries.

In consequence, the following steps are recommended:

- Access to payable energy – competitiveness – boundaries of the planet
- New combination of bottom up - top down
- Combined Action: front runners must show that a beneficial climate strategy is possible; for instance, low carbon development zones (China), energy transformation (Germany/Mexico)
- Ambition Alliances: Create incentives to participate in ambition alliances
- Negotiations: in and outside UNFCCC

The Role of Non-State Actors

Non-State actors can play an important role in the context of climate change negotiations, although their direct impact on the negotiation process cannot be determined unequivocally. With regard to the scientific community, it is obvious that scientists play an important role in the analysis of the phenomenon. They are also advisors as well as consultants to governments and non-government actors about consequences and scenarios of policies. Nevertheless, in some countries there is still a certain level of



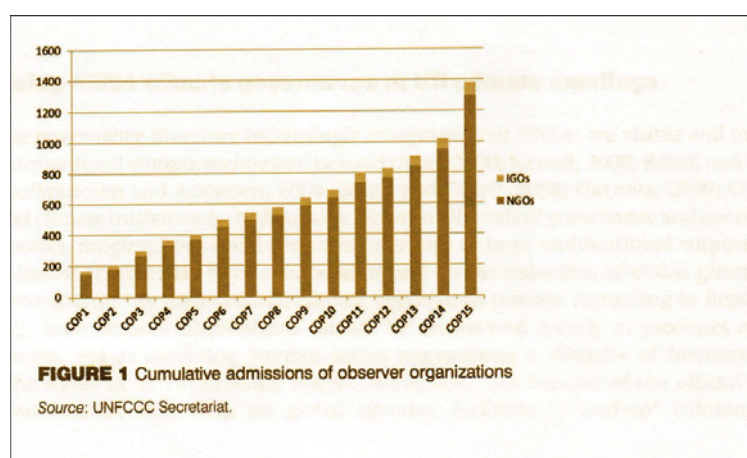
conflict within the scientific community and between scientists and the local governments about the real dimension of the phenomenon. Their direct impact on the negotiation process, however, remains limited because governments are the decisive actors in the negotiations at the international level. But they partially consider the advices and positions of scientists which gives them an indirect effect.

With regard to the sector of non-governmental organisations, one can observe an increasing participation of such organisations in the UN Climate Change Conference (CoPs). These organisations may be divided into

- ENGOs = Environmental Non-governmental organisations, e.g. Climate Action Network
- BINGOs = Business and Industry NGOs, e.g. trade associations, green and grey variants, Business Council for Sustainable Development etc.
- RINGOs = Research and Independent NGOs

They exercise influence with regard to the perception of the phenomenon of climate change and its consequences (“framing”), participate in the agenda setting, try to influence governments’ positions, take initiatives, propose solutions to respond to the climate change issues and participate in the implementation of climate change policies. Additionally, NGOs are part of official delegations, advise their governments, are lobbying for “the cause”, create public awareness through their publications and public actions, and exercise pressure on governments. It is noteworthy in this context, that some official delegations to the CoPs contain a considerable and even increasing number of representatives from the business and also the NGO-sector.

Participation of NGO’s to CoPs[†]



[†] From the presentation of John Vogler, Keele, University UK & ESRC Centre for Climate Change Economics and Policy

Despite their increasing participation in CoPs and other forums, the impact of NGOs on the negotiation process is limited. If NGOs are able to network with their peers of other countries, they can play an important role to share and disseminate information among national delegations. They may, thus, be able to produce awareness and an “early warning” about controversial issues.

The bilateral approach

Will any success in climate change negotiations be reached only by multilateral negotiations? Despite the importance to reach an agreement at an international level, which should include the greatest number of countries possible, there is an increasing awareness that the multilateral negotiations must be supported by bilateral talks and negotiations. This creates new areas of action for “traditional” diplomacy. In this regard, foreign policy can

- organise platforms for exchange, discussion and cooperation and by this way open up new perspectives;
- create platforms for identification and definition of common denominators;
- contribute to the preparation of common positions in the international negotiations and consequently to the modification of previous positions.

The Importance of Building Up New Confidence

The negotiations for a new international agreement to react to climate change will only have a chance to succeed if it is possible to build up new confidence among the parties involved. Currently, the international community is facing several challenges:

- the global goal for mitigation remains problematic;
- the differences of ambition encourage a race to the bottom, i.e. the lowest level of commitment;
- there is a (non-productive) focus on “clarifying pledges”;
- developing countries feel continuing pressure to declare Nationally Appropriate Mitigation Actions (NAMAs), however, there is no corresponding clarity on the implications for doing so;
- there is too little support for the developing countries by way of public finance and technology transfer;



- the calls to revamp and / or merge existing markets and develop new market mechanisms and other mechanism types (e.g. bilateral/unilateral/south-south) do not lead to visible results yet;
- there is a pressure to develop measures, reporting, verification (MRV) guidelines and to 'standardize' MRV.

As a consequence of these problems one can observe a continued national focus on negative and low-cost options which do not offer an appropriate perspective for real progress and a substantive agreement. Even if the finance and technology mechanisms are in place, and some instruments have been created, like the Green Climate Fund (GCF) or the Climate Technology Centre and Network (CTCN), they are lacking proper use and there is still a general reluctance to stock the GCF.

In order to overcome the current problems, more has to be done with regard to confidence building. This should include:

- coordinated engagement (consistency across bilateral and multilateral fora both within and outside the Convention);
- clarity on principles, objectives and instruments;
- committing to the confidence building process;
- acknowledgement of 'non-negotiated decision text';
- recognition that there is no universally applicable template for successful decarbonisation or decoupling;
- notion of local/national solutions – national appropriateness,
- awareness that regional solutions, while apparently more efficient, may require consensus by all members;
- notion of a meaningful transition period;
- achieving progress on many fronts through mainstreaming;
- renewed focus on means and extent of implementation.

Opportunities for Closer Cooperation between Europe and Asia

Europe and Asia acknowledge climate change as a global challenge and that the current worldwide emission levels are unsustainable. Both sides also acknowledge that a 2°C+



climate-safe target is still achievable if global emissions start declining around 2020. Both sides are committed to act proactively as the cost of inaction would be much higher. Asia faces a serious energy challenge and combined with the security impact of climate change, the topic has the potential to be a 'threat multiplier'.

Given the dimension of the challenge, the EU's approach towards the 2015 climate negotiations includes the reinforcement of its leadership role in climate diplomacy. The EU has an energy pathway which can serve as a role model and is strengthening a convincing narrative based on hard facts regarding the EU climate actions.

In this context, the EU is committed to reinforce the cooperation between Europe and Asia through different measures:

- EU's Climate Diplomacy effort: fostering policy dialogue through outreach initiatives at highest levels (Green Development Network - GDN);
- making best use of EU's and Member States' cooperation instruments to facilitate the design and implementation of climate policies abroad;
- mainstreaming climate change and environment in development cooperation programmes;
- addressing the nexus between climate and security.

In addition, climate change is specifically considered by different instruments in the 2014-2020 EU Multi-annual Financial framework:

- Development Co-operation Instrument (DCI);
- National programming 2014-2020;
- Regional programming: Asia Regional Programme 2014-2020;
- Thematic programming: Global Public Goods and Challenges (GPGC) 2014-2020.

Climate change and environment are also mainstreamed in EU's development cooperation, which includes:

- Agenda for Change;
- Need for reducing and avoiding carbon emissions globally;
- Adaption policies to be implemented in agriculture and food security, water



management and disaster risk reduction.

With respect to EU – Asia cooperation, there is a broad interest for addressing the nexus between climate and security together which include:

- Shared regional challenges in the field of climate security;
- Preventive diplomacy/outreach;
- The challenges of water diplomacy;
- The EU and water security.

In general, the EU's work plan for the international climate change negotiations includes:

- Deliver on international commitments;
- Identify viable long-term trajectories and milestones: Low Carbon Roadmap 2050 and Energy Roadmap 2050 (were already issued in 2011/2012);
- Identify effective, efficient and fair mitigation policies: 2030 Framework (Green Paper at the end of March 2013) and Stakeholder Consultation (April/May 2013);
- Elaborate the EU's international negotiation position: Consultative Communication (end of March 2013) and Stakeholder consultation (April/May 2013);
- Identify adaptation policy until 2020: EU Adaptation Strategy (April 2013).

Conclusions for the European Union

1. Copenhagen, Cancun, Durban, Doha & initiatives outside the UNFCCC have broadened and solidified the international climate policy framework, especially measurement, reporting and verification.
2. In the next years, implementation will be the key issue. At the same time, more climate action is needed.
3. New negotiation round towards 2015 agreement has been launched with key questions to be addressed.
4. All EU countries need to start domestic preparations.



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