

Symposium on

“In Search of a Better Governance on Climate Change”

March, 2011

Preface

This report is a compilation of the results of the open symposium “In Search of Better Governance on Climate Change” held on March 2, 2011 by the Japan Institute of International Affairs (JIIA) with support from the Ministry of Foreign Affairs, Japan, and Nikkei Incorporated.

The recent 16th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 16) held in Cancun, Mexico, was unable to reach an accord on a framework for the commitment period starting in 2013, and the matter was deferred to COP17 to be held in South Africa at the end of 2011.

In view of this situation, we invited to this Symposium working-level officials from major countries engaged in the negotiations, responsible officials from relevant international institutions and other experts for discussions focused on approaches to global governance that take into account the prospects of the international climate change talks and the growing presence of emerging countries in order to provide momentum to the international negotiations from a Track II perspective.

An audience of more than 150 helped make the Symposium a great success. Vigorous discussions took place on such topics as the problems to be addressed when tackling climate change issues and the framework for international cooperation best suited to Japan and the international community, and reports replete with suggestions were presented. The Symposium effectively served to reaffirm Japan’s strong interest in climate change issues and to remind participants of the enormity of these issues and of the need for the entire global community to cooperate in tackling them.

The opinions expressed in the texts herein are those of the presenters in their individual capacities and do not necessarily reflect those of the governments, international institutions, or other groups with which they are affiliated; in addition, the report itself does not necessarily reflect the views of JIIA. Nevertheless, we have every expectation that this report will prove useful in future deliberations on climate change issues and will provide hints for more in-depth discussions on these issues.

Finally, I would like once again to express my sincere gratitude to the Ministry of Foreign Affairs of Japan, Nikkei Incorporated, and everyone else involved for their generous cooperation in organizing and holding this Symposium.

March 2011

Yoshiji NOGAMI

President

The Japan Institute of International Affairs

Symposium on “In Search of a Better Governance on Climate Change”

Organized by: The Japan Institute of International Affairs (JIIA)
Supported by: Ministry of Foreign Affairs of Japan, Nikkei Inc.
Date: Wednesday 2nd of March, 2011
Venue: “Bousei-no-ma”, Tokai University Club, Tokyo

Program

9:30-9:50

Opening Remarks

Mr. Yutaka Banno, State Secretary for Foreign Affairs, Ministry of Foreign Affairs

9:50-12:35

Session 1: Prospects for the international negotiation on climate change

Review of COP16 and prospects for COP17, mitigation and MRV, aid for developing countries, forest conservation and climate change, etc.

Moderator:

Mr. Yoshiji Nogami, President of The Japan Institute of International Affairs

Keynote Speech:

Ms. Christiana Figueres, Executive Secretary of the UNFCCC

Panelists:

H. E. Mr. Luis Alfonso de Alba, Ambassador Special Representative for Climate Change of Mexico

Mr. Elliot Diringer, Vice President for International Strategies at the Pew Center on Global Climate Change

Mr. Zhou Dadi, Director General of the Energy Research Institute of the National Development and Reform Commission

Mr. Kenji Hiramatsu, Ambassador, Director General for Global Issues of Ministry of Foreign Affairs of Japan

14:15-17:00

Session 2: Global governance for climate change

Way of global governance taking into account the increasing presence of emerging countries, appropriate international framework to tackle the problems of climate change, etc.

Moderator:

Ms. Kaori Iida, Anchor of NHK Business News

Keynote Speech:

H. E. Dr. Han Seung-soo, Former Prime Minister of the Republic of Korea

Panelists:

Dr. Greg Austin, Vice President of Program Development and Rapid Response, East West

Institute

H.E. Amb. Luiz Alberto Figueiredo Machado, Ambassador Director General for Environment and Special Affairs of Ministry of External Relations of Brazil

Prof. Hironori Hamanaka, Chair of The Institute for Global Environmental Strategies (IGES) Board of Directors

17:00

Closing Remarks

Mr. Yoshiji Nogami, President of The Japan Institute of International Affairs

Participants List

Mr. Yoshiji Nogami, President of The Japan Institute of International Affairs



Mr. Nogami served as Ambassador to the United Kingdom, Deputy Minister for Foreign Affairs and Vice Minister for Foreign Affairs. He also serves as Advisor of Mizuho Corporate Bank. He took up the present position in JIIA in February 2009.

Ms. Christiana Figueres, Executive Secretary of the UNFCCC



Ms. Figueres also serves as a principal Climate Change Advisor to ENDESA Latinoamerica, largest private utility in Latin America. She was appointed Executive Secretary of the UNFCCC in May 2010.

Amb. Luis Alfonso de Alba, Special Representative for Climate Change of Mexico



Ambassador De Alba is a Mexican diplomat. He has been the Permanent Representative of Mexico to the United Nations and other International Organizations in Geneva. He supported Secretary Espinoza of External Relations of Mexico, President of COP16 in Cancun.

Mr. Elliot Diringer, Vice President for International Strategies at the Pew Center on Global Climate Change



Mr. Diringer came to the Pew Center from the White House, where he was Deputy Assistant to the President and Deputy Press Secretary. In this capacity, he served as a principal spokesman for President Clinton and advised senior White House staff on press and communications strategy.

Mr. Zhou Dadi, Director General of the Energy Research Institute (ERI) of the National Development and Reform Commission



Mr. Zhou had served in ERI for 22 years as research professor and vice director, focusing on energy economics and energy system analysis. He was chief scientist for the Expert Team of China and a lead author for Working Group III of the Intergovernmental Panel on Climate Change.

Mr. Kenji Hiramatsu, Director General for Global Issues of Ministry of Foreign Affairs of Japan



Mr. Hiramatsu is a Japanese diplomat. He served as Director of Northwest Asia Division and of National Security Policy Division. He has worked in Delegation of Japan to the OECD and Embassy of Japan in the United States and the United Kingdom. He also served as Deputy Director-General of Economic Affairs Bureau and was appointed the present position in January 2011.

Ms. Kaori Iida, Anchor of NHK Business News



Ms. Iida is an anchor of NHK news program “Biz Spo”. She serves as economic reporter of NHK who was in charge of Bank of Japan and the Ministry of Finance. She also worked in Washington by 2008.

Dr. Han Seung-soo, Former Prime Minister of the Republic of Korea



Dr. Han Seung-soo is Chair of Global Green Growth Institute (3GI). He was Ambassador to the United States, chief of staff to President Kim Young Sam and Deputy Prime Minister and Finance Minister. In 2001, Dr. Han was appointed the Minister of Foreign Affairs. After his term in the United Nations, he re-entered politics and was elected into the Korean National Assembly in 2002.

Mr. Greg Austin, Vice President of Program Development and Rapid Response, East West Institute



Mr. Austin has more than 30 years’ career in international affairs area, serving as various important positions in academic and governmental organizations. He also takes position in International Crisis Group and Foreign Policy Centre London.

Amb. Mr. Luiz Alberto Figueiredo Machado, Director General for Environment and Special Affairs of Ministry of External Relations of Brazil



Amb. Mr. Figueiredo Machado is a Brazilian diplomat. He served in Delegation in United Nations, UNESCO, Embassy in Chile and Canada. He has long experience in conservation of Antarctic Ocean resources and sustainable development policy. He took up the current position in 2005.

Mr. Hironori Hamanaka, Chair of The Institute for Global Environmental Strategies (IGES) Board of Directors



Mr. Hamanaka is a Professor at Keio University. Before joining Keio University, he was the Vice-Minister for Global Environmental Affairs at the Ministry of the Environment. He served with the Government of Japan for more than 35 years, mostly in the field of environmental policies.

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Summary

Opening Remarks

Mr. Yutaka Banno

State Secretary for Foreign Affairs, Ministry of Foreign Affairs (MOFA)

Mr. Yutaka Banno welcomed the participants to the symposium, explaining that its purpose is to consider what steps the international community should take to secure our “global interests.” We need to discuss how to construct global governance that can effectively deal with global issues, including climate change, and how to advance the negotiations to establish such governance from this broader view.

Last year, as a result of tough negotiations, the Cancun Agreements were adopted at COP16. The Cancun Agreements are seen as an important milestone for establishing a fair and effective international framework in which all major economies participate. Japan also made its utmost efforts to promote these climate change negotiations. As for fast-start financing, Japan has pledged US\$15 billion, including public and private finance to support developing countries that actively implement climate change countermeasures, and has already implemented US\$7.2 billion.

At the same time, Japan assumed the co-presidency of the REDD+ Partnership last year. In this capacity, Japan hosted the “Ministerial Meeting of the REDD+ Partnership” last October in Nagoya. Maintaining the constructive atmosphere gained at COP16, it is necessary to operationalize with a sense of urgency a wide range of elements included in the Cancun Agreements.

The Kyoto Protocol has played a pioneering role, as it set out concrete emission reduction commitments for sovereign states for the first time in history. It is important to share the spirit of Kyoto among countries and to establish a fair and effective international framework in which all major economies participate. At COP16, attention was focused on Japan’s remark that it would not agree on establishing a second commitment period. I would like to emphasize that our position on a second commitment period stems from a view of protecting the global interests. It is by no means correct to say that Japan is not active in its efforts to combat climate change. It is necessary to work for the operationalization of the Cancun Agreements and to establish a truly fair and effective international framework.

Developed countries need to take the lead in tackling climate change, but at the same time emerging economies are expected to play a responsible role. Also, we should aim for a framework that

maximizes the role of private sector strengths in finance and technology that are indispensable for combating climate change. We need to broadly recognize that environmental conservation does not impede private economic activity, but provides new opportunities for growth. By providing new incentives and implementing regulatory reform, we should formulate market mechanisms that will help achieve both environmental protection and economic development.

Development assistance is one of the important elements. Japan will steadily implement its pledged fast-start financing of US\$15 billion up to 2012. As for long-term financing, Japan will actively participate in designing the Green Climate Fund to ensure that it functions effectively to meet the need of developing countries.

MRV (measurement, reporting and verification) is also an important issue. MRV does not impose burdens on developing countries, but encourages further financial and technical assistance to their mitigation actions. Japan is going to engage in capacity-building of developing countries.

Going forward, a green growth model that reconciles environmental protection and economic development will be imperative. Japan has achieved rapid economic growth without increasing per capita energy consumption through energy saving and technological innovation. Last June, the Cabinet announced a “New Growth Strategy.” One of its main pillars is “National Strategic Projects Related to Green Innovation,” which aims to achieve an environment-related new market on the order of ¥50 trillion and to create 1.4 million new environment-related jobs.

Japan’s policy to promote efforts to reduce emissions after 2012 will remain unchanged. The Japanese government submitted a bill, the “Basic Act on Global Warming Countermeasures,” to the Diet. It sets out a framework to implement countermeasures against global warming in the mid- and long-term. It also includes the ambitious target of reducing emissions by 25% with conditions by 2020 compared to the 1990 levels, and its long-term objective is to reduce emissions by 80% by 2050. Japan would like to lead emission reductions on a global scale by sharing our experiences of green growth and countermeasures against climate change with developing countries and actively supporting them.

COP17 is a key opportunity to move toward the establishment of a truly fair and effective international framework. It is necessary to operationalize the major elements, including mitigation, MRV, finance, technology and REDD+, based on the Cancun Agreements.

Session 1 :
Prospects for the international negotiation on climate change

Ambassador Yoshiji Nogami, President, The Japan Institute of International Affairs (JIIA) and moderator, welcomed the participants to session one. He noted that the panelists would review what was achieved at COP16 in Cancun and discuss the prospects for COP17 in Durban at the end of 2011. He invited Ms. Christiana Figueres to make her keynote speech.

Keynote Speech

Ms. Christiana Figueres, Executive Secretary, United Nations Framework Convention on Climate Change (UNFCCC), thanked the government of Japan for their invitation and the JIIA for the opportunity to address the symposium. Some of you know that I have called the Cancun Agreements a big step forward for the community of nations but a small step for the planet.

They are a big step for three reasons:

- 1) They represent the most far-reaching efforts yet to reduce carbon emissions. All industrialized nations have made their pledges official and have committed themselves to develop low-carbon development plans or strategies. Never before have all major emitters put forward their plans under one agreement and the sum goes well beyond the Kyoto Protocol.

- 2) The Cancun Agreements include the most comprehensive package ever agreed to create new institutions, boost technology cooperation, financing and adaptation. This includes a technology mechanism that will be fully operational in 2012, a Green Climate Fund to provide long-term financing to projects support mechanisms, and an Adaptation Committee to promote the implementation of strong action on adaptation.

- 3) Cancun gave the strongest signal countries are moving towards low-carbon economies, by committing to a maximum temperature rise of two degrees, and considering a maximum of 1.5 degrees in the near future.

However, for all its achievements Cancun is only a small step for the planet as no agreement was reached on the year in which global emissions need to peak. The level of ambition currently on the table amounts to only of 60% of the effort required to achieve a rise of the agreed two degrees Celsius.

The Cancun Agreements took a bottom-up approach, which is a very good step, but a top-down international agreement may be needed also. Last year countries agreed to a second commitment period under the Kyoto Protocol. Japan has publicly stated that it will not participate in a second commitment period. Some countries think that certain elements of the protocol, especially predictability, compliance, flexible mechanisms and the principle of common but differentiated responsibilities should continue to be upheld and be integrated into mitigation agreements elsewhere. Ultimately, Durban needs to build on Cancun, not only by building institutions, but by increasing the certainty of the international framework.

Let me address Japan's 25% target. It is an ambitious one and is easier said than followed through. I urge Japan to stick to it. It is premised on the cooperation of all large emitters in emissions reduction activities. Under the Cancun Agreements, all large emitters have pledged to control their emissions. Japan's 25% is indicative of clear strategic thinking and puts it on a path to low carbon growth. Japan is synonymous with technological innovation and Japan holds the fascination of the world. It is precisely this technology and innovation and the development of low carbon resources that possess the key to climate change. Japan stands to gain in economic competitiveness in a low carbon world. If oil prices average 100 dollars barrel, Japan spends 3% of its GDP on oil alone. Japan therefore needs to consider further energy efficiency.

I urge all governments to build on the Cancun Agreements throughout 2011, including the institutional arrangements. We are at a crucial and exciting point in efforts to tackle climate change. We all stand to gain from a process that will bring enhanced economic growth.

Presentation

H.E. Mr. Luis Alfonso de Alba, Ambassador Special Representative for Climate Change of Mexico, noted that climate change is no longer an environmental issue and now requires a wider approach that includes all areas of society and government. The process for COP16 was full of problems and required diplomatic skills. In particular, a lack of recognition for the need for leadership was an issue. The inclusion efforts and democratic process of the UN do not give adequate leadership to officials. Leadership is essential if consensus is to be achieved. In climate change negotiations we have allowed ourselves to develop a sense of consensus where any party is given the power of veto. This is no way to achieve consensus. The process has evolved too quickly from one that was based on the majority vote to one that interpreted consensus as meaning unanimity.

For COP16 Mexico needed to demonstrate leadership and build consensus on the basis of common responsibility. People referred to a process of rebuilding confidence and through this demonstrate that we are dedicated to a common goal.

The COP process did not include non-state actors, but even within state parties the process was too concentrated on major emitters. It was a top-down approach. For COP16 we adopted a bottom-up approach, recognizing that every actor has a certain capacity to tackle this issue. This is the source of collective responsibility.

What we achieved in Cancun needs to be perceived as the result of a very important exercise that took place in Copenhagen at COP15. At COP15 it was the first time for a large number of heads of state to take part and they agreed to a number of important elements in the fight against climate change, which we were able to develop at Cancun. At Cancun we were also able to identify a number of institutional arrangements that will need to be set up before we can move to the implementation stage. If we want the possibility of making an additional step at Durban, we must ensure we have the capacity to implement some of the decisions that were made in Cancun.

Between now and Durban at the end of the year we are providing full support to South Africa and we think that some of the initiatives taken by Mexico may help the process this year, including the holding of informal meetings and consultations that are linked to the process of formal negotiations. It is also necessary to recognize the role of Japan in Cancun.

I have said several times that I do not think there is a single country that does not understand the position of Japan, in that we all seek for all countries to take on responsibilities according to their own capacities. Fighting against the Kyoto Protocol, or merely announcing that Japan will not participate in the second commitment period is not helpful. We must build on the agreement that has been reached at Cancun without polarizing agreement on the Kyoto Protocol. Instead of having the burden of criticism, Japan should help in pushing the trend to boosting responsibility among developing countries.

Mr. Elliot Diringer, Vice President, International Strategies at the Pew Center on Global Climate Change, stated that the Cancun Agreements represented the most tangible progress made in climate negotiations in the past decade. Cancun may represent a turning point to an effective and durable global system. Last year the Pew Center implemented a survey following Copenhagen, looking at various human rights agreements and other international regimes and how they have been developed and evolved.

In the case the Climate Change Treaty in 1992, it originally anticipated an incremental process as had been the case with other agreements and regimes, but was then changed into a legally binding regime, despite the non-participation of the United States. The impact of Kyoto has been limited and has been locked in a perennial stalemate for years.

The Copenhagen Accord reflected consensus among world leaders on many key points. It contained pledges from 80 economies. What is more, Copenhagen set the stage for the successes of Cancun. We were able to make progress on operational issues in Cancun because parties were willing to put aside legal issues. Cancun may represent a turning point because progress on operational issues can serve to strengthen cooperation.

In key countries, firstly the United States, there are struggles to implement climate change legislation. The Environmental Protection Agency (EPA) has begun efforts to reduce greenhouse gases and in his State of the Union Address President Obama proposed a New Energy Standard. However, since the November election when the Republicans took control of the House of Congress, there is little hope of climate change legislation being adopted in the next two years. Another casualty of the current budget conflict is likely to be climate change efforts. The United States will probably have a difficult time in implementing the pledges made at COP15 and 16. The president remains committed to this issue, however, and the business community would prefer to see new policies implemented sooner rather than later.

MRV first appeared at the Bali meeting. Behind the acronym is a simple concept. Countries should engage in reporting and review, in a similar process to other forums. Greater transparency will have many benefits, providing opportunities to learn and share from each other's experiences and also building trust. Strengthening the MRV system is an important part of this phase running through to Durban. It is to be hoped that Durban will make further progress on operational issues. It will not be possible to fully resolve commitment and legal issues at Durban, but it will be part of an evolutionary step towards the ultimate completion of a transparent and fair system.

Mr. Zhou Dadi, Director General, Energy Research Institute of the National Development and Reform Commission, stated that China takes climate change as a real and serious threat and is engaged in mitigation activities. Climate change mitigation is an important element of the Scientific Development Policy and the further development of China. China aims to decrease emissions and increase forested areas. These targets are expected to be achieved. It is planned to decrease energy intensity by about 20% over the next ten years. The average energy intensity decrease is 4% per year in China, which is larger than the international average. China is also discussing how to implement caps on emissions. Energy efficiency drives have been implemented in many sectors, including

building and transportation. Standards will be applied to more than 95% of new buildings for energy efficiency. Most of the newly built facilities in China are also obliged to adopt energy efficient technologies.

The government is also engaged in an ambitious plan to develop a high-speed rail network across the country. In addition, 30 new nuclear power plants have been approved and by 2020 it is anticipated that China will have 65GW of nuclear power capacity, growing to 75GW. In terms of wind power, China is expected to become the largest producer of wind energy. Forestry management improvements are also being implemented and the major targets are set to be achieved.

There are various barriers to be overcome in the future. China will continue to post high economic growth rate and industrialization, urbanization and per capita consumption will continue to increase. Policy work will aim to create a new type of industrialization and create new styles of consumption that are significantly lower than current consumption in developed countries.

The targets that have been submitted are likely to be achieved and policy in line with the targets will continue to be implemented.

With regard to COP17, the Copenhagen Accord represented an important agreement among countries and this could serve as a basis for further action going forward from Cancun through to Durban. Negotiations towards Durban are very difficult and it will be necessary to create principles. Firstly we need to agree that negotiations are not for the purpose of fighting, but for engaging in collaboration and making agreements. The mitigation of climate change should not be a reason for conflict.

There are still many uncertainties in the future and we need to focus on what we can do in the next 10 years, rather than discussing what will happen in the next 40 or 50 years. No one can make an action plan so far in advance. Although it is important to consider the long-term, what is essential is to concentrate on what can be done now.

Political willingness and social consensus is essential for all countries. We cannot force any country to take specific actions and it is therefore important to promote understanding and agreement in societies in general, as a means of promoting acceptance of climate change action. It is to be hoped that the conclusions from the IPCC reports will be paid greater attention by national governments.

In the upcoming negotiations towards COP17 it will be important to focus on priority issues and not try to do everything in detail. The most important issue is the Kyoto Protocol issue and China will

stress that we need the second commitment period. If the Kyoto Protocol cannot be achieved then it will be hard to persuade people that other actions and agreements can be achieved. Another important issue is that many of the developing countries, including China, believe that material progress through support from developed countries is very important. A third issue is the importance of finding a way to involve developed countries like the United States that are not covered by the Kyoto Protocol. Independent actions should also be encouraged and trust shown to countries that engage in such independent actions.

Finally, it should be pointed out that Japan is the only developed country in Asia and Japan could take the lead in low carbon green development. It is to be hoped that Japan can maintain its 25% reduction target. The Kyoto Protocol is a significant agreement and Japan should be encouraged to reassess its stance on the second commitment period. China and Japan can work together and become good collaborators in environment and climate change activities.

Mr. Kenji Hiramatsu, Ambassador, Director General for Global Issues of Ministry of Foreign Affairs of Japan (MOFA), stated that Japan's ultimate goal is to come up with a comprehensive legal framework. This will contribute to global efforts to mitigate emissions. Although many people are unhappy with Japan's stance on the second commitment period for the Kyoto Protocol, what Japan is saying is that we need to come up with a more comprehensive framework. This is something that is not only being said by Japan, but also by other countries.

It will not be easy to achieve a comprehensive legal framework, but we need now to operationalize the Cancun Agreements. We need to have more confidence in the process and the elements of the Cancun Agreements, including capacity building, green funding, and others. We need to set a clear schedule for how to engage in concrete discussions on the Cancun Agreements and come up with a concrete proposal.

We need to consider how a legal framework will be developed and what shape it will take, making every effort to ensure that all countries will take part in a legal framework. Japan is ready to contribute on this score in a very positive manner.

Japan is ready to extend a hand to developing countries in their mitigation efforts and has technology to offer. Japan has already committed a sizeable amount of money and is now participating in an active manner to the construction of a Green Climate Fund.

Capacity building is another key issue and MRV is one of the key efforts to operationalize the Cancun Agreements. Japan has been making efforts to provide assistance in capacity building in

MRV in developing countries and to disseminate good practices.

The importance of a multi-layered framework should be emphasized. Japan is ready to cooperate with neighboring countries with the aim of coming up with joint efforts to mitigate emissions. The reason we are proposing to have more bilateral offset mechanisms is because it is good to have more mechanisms to support the UN-led mechanism.

We are talking a great deal about a low carbon society, and efforts towards this goal should continue to be made.

Discussion

Ambassador Nogami noted that three sets of issues were discussed: (i) how to proceed in terms of negotiation towards Durban and thereafter, (ii) how the political process can be carried forward, incorporating operational issues and the sub-state role, and (iii) the formation of a comprehensive agreement. Another question that the presentations raised was whether the extension of the Kyoto Protocol would be tantamount to locking in the inadequacies of Kyoto.

Ms. Figueres stated that with regard to the issue of how to manage ambitions, it is important to ensure a careful balance between ambitions and reality. There are three realities that need to be balanced: the first is the practical reality, which includes the institutional and operational issues agreed at Cancun. There are a huge amount of tasks for governments set out in Cancun agreements and a great deal of work will be required to take those forward. However, in addition to the practical reality, there is the scientific reality, which tells us that the current efforts are lacking in scope and speed. The scientific reality contrasts sharply with the political reality, in which the key countries are in difficult political situations. The challenge is to recognize all of these realities and for governments to navigate and balance all three realities without forgetting them.

H.E. Ambassador de Alba stated that with regard to managing ambitions it is important to understand that climate change is like fighting poverty or other large issues – changes will have to be made incrementally and decisions will need to be made as and where possible. On the question of implementation on the sub-state level, this is one of the constituencies that the UNFCCC is attempting to involve. The sub-state actors have been gradually incorporated into the process. With regard to the Kyoto Protocol, it is important to recognize the elements of Kyoto that need to be retained and how these could be incorporated into a future agreement. It would be more constructive to have more than a yes-no discussion and look at the elemental parts of Kyoto and whether they would be acceptable or not.

Mr. Diringer noted the importance of managing expectations because repeated failures are not helpful. The progress at Cancun was important because another failure like Copenhagen would have been harmful to the overall process. There is a gap between the scientific and political realities. The scientific reality cannot be changed, so we therefore need to alter the political reality. This will require raising public support and increasing confidence among parties, including the establishment of a green fund. It is important to work towards a binding agreement and it is also important to consider the elements of the Kyoto Protocol that will need to be retained, including common but differentiated responsibilities, and various mechanisms. If Kyoto itself is not continued, we must decide what elements of it should be retained. Arriving at a binding framework is not the most urgent step we can take at the current moment, but efforts should be made in each country on various operational steps.

Mr. Zhou stated that the Kyoto Protocol was created at a time when developed countries sought to demonstrate leadership in the issue of climate change. However, the aims and goals of Kyoto have still to be completed as the per capita emissions of developed countries remain high. It is important to show the public that the Kyoto Protocol is a viable model for action as there is no guarantee that further binding targets will be agreed in the future.

Mr. Hiramatsu stated that it is also important for developing countries to have tangible outcomes from the COP process. He concurred with Mr. Diringer and Mr. de Alba on the importance of implementation the Cancun Agreements. Japan's position on the Kyoto Protocol is clear and it is important to have a balanced mechanism. Japan is not seeking to avoid its responsibilities, as all companies and organizations are dedicated to climate change mitigation. Japan is making best efforts, but it is essential to create comprehensive and more efficient mechanisms. CDM is an important mechanism but it is not currently user-friendly so discussions about how to improve it are required. Japan is happy for elements of the Kyoto Protocol to be maintained, provided that they are improved. Japan is committed to a global low carbon strategy and is serious about climate change efforts.

Q&A

Question addressed to Ms. Figueres: While UN negotiations are proceeding, there are various other plurilateral efforts also ongoing. How are these different processes reconciled?

Ms. Figueres responded that all plurilateral fora are very important and allow governments to think out of the box about their responsibilities and efforts. At the same time, it is only the UN process that allows every country to have a voice, which is important, because no country is exempt from the

impact of climate change.

Question about technical aspects: Clean energy technologies very often are patented by the private sector. How will a climate change agreement protect the proprietary nature of green technologies?

Ms. Figueres responded that this is an issue that governments are still tackling. While it is still true that these technologies are held by private companies it is important to ensure that all parties can benefit from the utilization of such technologies.

Question addressed to Mr. Hiramatsu: How does Japan plan to operationalize its commitments?

Mr. Hiramatsu responded that Japan is in the process of negotiating with candidate countries and is mindful that the offset mechanism is something in which developing countries have an interest. Japan hopes that the offset mechanism will be created soon as a means of mitigating emissions for developing countries. It may be possible to borrow lessons from the CDM.

Question to Mr. Diringer: How would the bill to cut the climate change budget in the United States and remove funding affect US negotiations in the UNFCCC?

Mr. Diringer responded that the bill adopted by Congress has not been approved by the Senate and therefore has not been passed into law. Therefore it can be expected that the cuts as currently approved by Congress will be decreased. However, the United States may not be in a position to contribute to the negotiations at a level it had hoped to do so, given budget considerations. There is a reasonable chance that by the time of Durban the United States will be at a disadvantage to meet its mitigation and financial contribution pledges, although it will still be in a position to contribute to the negotiations, despite the movements in Congress.

Session 2: **Global governance for climate change**

Ms. Kaori Iida, Caster, NHK and moderator welcomed participants to the second session of the symposium.

Keynote Speech

H.E. Dr. Han Seung-soo, Former Prime Minister of the Republic of Korea, noted that he had been heavily involved in efforts to tackle climate change. As president of the 56th Session of the General Assembly of the United Nations he was instrumental in organizing the World Summit on Sustainable Development in Johannesburg in 2002 and subsequently served as a special envoy of the Secretary General. Through this work it became clear that world leaders are aware that the current level of global work on climate change was not consistent with efforts to keep greenhouse gases at a consistent level.

Global governance for climate change has always been a difficult problem, particularly after the Cancun Agreements. By building on what Copenhagen achieved, Cancun was successful in laying out the groundwork for transparency. There are still a lot of questions to be answered, however, and the most critical question is what happens when the first commitment period of the Kyoto Protocol ends in 2012. In order to operationalize what was agreed in Cancun a great deal needs to be done, but the devil lies in the details.

Korea will not shy away from its obligations to mitigate climate change and has made its stance clear in the UNFCCC. Korea has proposed to focus on what each country can contribute, depending on respective capabilities. President Lee Myung-bak has announced a 30% target for emissions reductions, which symbolizes the strong political will of the Korean government. Korea has pointed out that real action is key, rather than discussion on which countries should be on the Annex I list. Korea proposed an international registry of nationally appropriate mitigation actions (NAMA). This could be a useful mechanism for emerging nations that are dealing with increasing emissions. The proposal received a mixed response from emerging economies. The Korean proposal for NAMA registry is an important measure to boost international transparency.

Korea has also proposed to divide the concept of “legally binding” into two parts: “international legally binding” and “domestically legally binding.” Countries with historical responsibilities should have internationally binding commitments and countries with emerging responsibilities should have

domestically binding commitments. Korea also recommends the promotion of the carbon market, but this was an issue not given sufficient coverage at Cancun. Any future climate regime cannot solely depend on the public sector without enhanced private sector cooperation through the carbon markets.

President Lee proposed that low carbon green growth would become Korea's new national vision and the Green New Deal was launched in 2006, moving to a policy that moves from fossil-fuel-based growth to low carbon green growth. In order to share the knowledge with emerging economies the Global Green Growth Institute (3GI) was launched. As Chairman of the OECD Ministerial Council meeting, I was instrumental in the unanimous decision by OECD countries to adopt a Green Growth Strategy.

I believe that the points raised by Korea leading to Copenhagen had already touched upon key issues. By initiating an innovative proposal such as a registry Korea aimed to set a model for other emerging economies to follow. Korea has become an early mover in combating climate change and is playing an active role in mediation aimed at breaking the deadlock between developed and developing economies. Contribution comparable to respective capabilities is a concept that has consistently been promoted by Korea.

I believe that the registry proposed by Korea could be an alternative for a future climate regime. The Cancun Agreement opened a window for domestic NAMAs. Although this was not highlighted as a major result of Cancun, I think it has great potential for the future. We need a more sophisticated modality and if the concept of domestically binding could be further developed it could help move the global climate mitigation process forward.

Partners need to build trust among themselves, based on responsibilities and capabilities. Developed countries need to recognize their historic responsibilities and emerging economies need to recognize their future responsibilities, with the former being subject to internationally binding measures and the latter domestically binding measures.

If the Kyoto Protocol lapses it will cause a disastrous lack of momentum. One possible alternative would be for the major emitting economies to register their domestically binding commitments. It was heartening that the multilateral process of the UNFCCC was recaptured in Cancun. The UN should always remain as the central body for climate change negotiations.

Discussion

Ms. Iida asked H.E. Dr. Han about Korea's stance on the Kyoto Protocol. **H.E. Dr. Han** stated that

it is necessary to seek a new framework. Developed countries have historic responsibilities and legal obligations. Instead of dividing countries into Annex I and non-Annex I, it would be better for developed countries to make internationally binding commitments and emerging countries to make domestically binding commitments. The future of global governance should move to a post-Kyoto Protocol where there would be three categories of Annex I, non-Annex I and other countries.

Ms. Iida asked what the significance would be of Korea hosting COP18 in 2012. **H.E. Dr. Han** responded that the future of the Kyoto Protocol is currently very uncertain, but 2012 will be very important in the history of COP and Korea would like to contribute to revive the COP process, moving through to Durban at the end of 2011 and into 2012, hopefully in Seoul.

Ms. Iida asked how a “successful” COP17 in Durban could be defined. **H.E. Dr. Han** responded that if progress similar to that made in Cancun could be achieved it would be deemed a success.

Mr. Greg Austin, Vice President of Program Development and Rapid Response, East West Institute, asked H.E. Dr. Han what he thought could be additional modalities to add to the Kyoto Protocol. **H.E. Dr. Han** responded that the global issues are not limited to climate change, but include food and water, etc. However, COP was established to deal with climate change and it is important to maintain this definition of the role of COP and work to replace the Kyoto Protocol after the end of 2012. At COP17 it will be necessary to address the possibilities for an alternative regime for the post-Kyoto period.

H.E. Mr. Luiz Alberto Figueiredo Machado, Ambassador Director General for Environment and Special Affairs of Ministry of External Relations of Brazil, referred to the consequences of letting the Kyoto Protocol lapse. **H.E. Dr. Han** responded that the most important factor for the future of climate change discussions is to overcome the issues between Annex I and non-Annex I countries. The issue is one of sovereignty vs. transparency, with some countries averse to opening up to international scrutiny. Such a compromise is key to the future of climate change mitigation.

Ms. Iida asked how it is possible to encourage major emitters to be more transparent. **H.E. Dr. Han** responded that emerging countries, particularly those with a colonial past, are wary of making international commitments, from the perspective of maintaining national sovereignty.

Professor Hamanaka noted the strong leadership of Korea in pursuing low carbon green growth. He also picked up on the concept of respective capabilities. In order to encourage emerging economies to pursue low carbon green growth, capacity building is essential. He asked H.E. Dr. Han to share his views on how capacity building and international cooperation could be pursued. **H.E. Dr.**

Han responded that when Korea was in the development phase of its national economy, the focus was on quantity-oriented, high carbon growth, and there were many countries to emulate who had also followed this pattern. However, the new paradigm is for quality-oriented, low carbon growth and there are no countries that have yet pursued such a policy. Korea is therefore pioneering this concept of low carbon green growth, which, after the financial crisis of 2008, was also termed as the “New Green Deal.” Korea’s green growth plan has now been in operation for three years and it has produced some good results. It is still early to say whether the Korean model is the best one, but it is imperative to implement a green growth model.

Q&A

A member of the audience (Japan) noted that Mr. Diringier had spoken in the morning session that what COP17 could do is to aim for a comprehensive legally binding agreement, but it would be unrealistic and so it would probably be better to have a piecemeal agreement, step-by-step. He asked for H.E. Dr. Han’s thoughts on this matter.

H.E. Dr. Han responded that this is a good idea, but it would not replace the Kyoto Protocol. It would therefore be advisable for countries to pursue a green growth strategy. If an international agreement is not possible it would be advisable for countries to make commitments of their own.

A member of the audience (South Africa) stated that major emerging economies are in a difficult position because they have recently locked in high carbon growth, and high carbon growth is therefore only part-way through its life cycle. He asked then how emerging economies could be expected to transfer to low carbon green growth strategies in the midst of high carbon growth. **H.E. Dr. Han** responded that low carbon green growth is easier for developed countries to undertake as their economies are mature. However, the path currently being taken by Korea could be instructive for emerging economies.

A member of the audience (Japan) asked about the legal status of commitments. **H.E. Dr. Han** responded that domestically legally binding measures are easy to implement using each country’s own legislative system. However it is very difficult to enforce internationally legally binding agreements. This is why domestic and international issues should be separated.

A member of the audience (Singapore) made a point about the concept of internationally binding and domestically binding agreements. He stated that the aim should be to create an international rules-based system, for which international legal frameworks are in place, and which can then become a basis for domestic legislation. The distinction between internationally and domestically

binding may therefore not be a valid one. It is essential for small countries like Singapore that all countries adhere to an internationally legally binding agreement, which should be the ultimate target.

H.E. Dr. Han expressed his agreement with the statement that the ultimate aim should be an international rules-based system, but that stop-gap measures are currently required.

Ms. Iida referred to the issue of penalizing countries that do not abide by their commitments and asked what kind of “penalty” should be levied. **H.E. Dr. Han** responded that the consequences of violating an international agreement have yet to be decided by the UNFCCC. At the moment the imposition of penalties is highly unrealistic, but something will need to be done in the future.

Ms. Iida asked H.E. Dr. Han to talk about the activities of the Global Green Growth Institute (3GI). **H.E. Dr. Han** explained that 3GI is a globally-oriented think tank, with an international board of directors.

Presentation

Mr. Greg Austin, Vice President of Program Development and Rapid Response, East West Institute, echoed the comments of Mr. Yutaka Banno in the morning on the need to respond to climate change and those of Ms. Figueres. The East West Institute is an organization that engages in confidence building. For example, in 1987 the first ever meeting between the Warsaw Pact chiefs of staff and NATO chiefs of staff was organized by the Institute. In a similar way, it is important to find compromises on climate change mitigation in order to arrive at an outcome that may currently appear to be improbable. MRV is a good plan for confidence-building in the future.

The East West Institute has implemented studies on the nature of the impasse in climate negotiations. The issue of uncertainty is a significant one, particularly with regard to the drivers of climate change and the outcomes, including the economic impact. There is currently a situation in which scientific research is not proceeding fast enough. In terms of United States politics, the East West Institute has found that it is preferable to focus on energy efficiency, rather than climate change mitigation.

The next steps for the international community include risk assessment and early warning about the climate threat, which would function as important mobilizing tools. Frameworks for global governance for climate change are also required.

Cancun demonstrated wonderful progress, but there are some things that need to be worked on vigorously as climate change mitigation continues to be negotiated and discussed.

H.E. Mr. Luiz Alberto Figueiredo Machado, Ambassador Director General for Environment and Special Affairs of Ministry of External Relations of Brazil, mentioned the importance of an international rules-based system. Climate change is a problem that is global in reach and will affect all. Although it is a problem only created by some, it is necessary to create a rules-based system, as others will be contributors to the problem in the future. When a global problem is tackled by everybody, it is important to understand the nature of the problem. Since 1992 the Framework Convention on Climate Change started an evolutionary process on climate negotiations, where the “culprits” of climate change were urged to lower their emissions. From very early on it was recognized that more efforts would be required and these were implemented in a top-down manner. This has gradually been replaced with a bottom-up approach that has not been particularly effective, including pledge and review, etc. At this point in time the Kyoto Protocol is the only international rules-based system we have for reducing emissions. The Kyoto Protocol represented an evolution from the framework convention of 1992 when it was adopted in 1997, and it is not realistic to expect that the Kyoto Protocol will continue to remain unchanged. However, it is equally unrealistic to expect countries that currently have no obligation to cut emissions to suddenly be under obligation to do so. Therefore the proposed second commitment period of the Kyoto Protocol can be perceived as being a transition period, during which developing countries can prepare for making commitments in the future. We need to be in a phase where developing countries are moving in the direction of developed countries, and where ultimately there is a universal rules-based system. The biggest current danger is that if the Kyoto Protocol lapses we will have lost the only model that has a hope of following the advice that science tells us and creating a system for burden sharing. We should make a global response with a certain level of legal stringency, although this currently seems to be elusive. The notion of a new framework replacing Kyoto is still a very long way off as countries are unlikely to put in place a pledge and review system. Developed countries seem to want to get rid of the constraints of Kyoto and adopt a free-for-all system, from which it would be unlikely that we could arrive at a rules-based system

Mr. Hironori Hamanaka, Chair, The Institute for Global Environmental Strategies (IGES) Board of Directors, explained that Japan and France are providing a program loan to Indonesia for implementing climate change actions. Indonesia is a major emitter of greenhouse gases and is vulnerable to the impact of climate change. At the same time Indonesia has been taking actions to address climate change and has hosted COP13 in Bali. Assisting Indonesia’s efforts to enhance climate change actions was considered to be meaningful for the international community as a whole for creating momentum. Japan and Indonesia agreed on this program at the G8 Toyako summit and since then the Japanese government, Japan International Development Agency (JICA) and French Development Agency have been providing program loans for Indonesia.

Since the focus has been placed on legal and implementation reforms and these are monitored and discussed by representatives from development agencies and partners, the results of the implementation generated a number of impacts on policy implementation. Firstly, inter-ministerial cooperation has been enhanced for regional energy development. Phase one of the program has made progress in mainstreaming climate change in Indonesia. It is expected that a significant impact on emissions will also be achieved over the next decade. Ownership is also important. The second phase of the program began in 2010 with other partners joining and this phase places emphasis on upstream activities, including development of greenhouse gas inventory and the development of legal tools for mitigation policy.

The experience that has been gained demonstrated that developing countries can effectively develop climate actions in cooperation with developed countries.

Discussion

Ms. Iida asked H.E. Mr. Machado about his comments on emerging nations and whether countries such as India, China, Brazil, etc., should take on greater responsibility with regard to climate change mitigation. **H.E. Mr. Machado** stated that developed countries have been the major contributors to the problem of climate change, however that will change over time. It is evident that emerging economies are making a larger contribution to climate change than smaller developing countries. If a country is capable of doing something, regardless of whether it is the biggest contributor to the problem, it should engage in measures to ameliorate the problem.

Ms. Iida asked Mr. Austin what the major obstacle is to climate change and how the East West Institute works to boost awareness. **Mr. Austin** responded that the fundamental problem is perceived to be a lack of political trust and confidence. The element of uncertainty is fundamental to how policy is framed. It is essential to build trust.

Ms. Iida asked Professor Hamanaka about the importance of technology transfer. **Professor Hamanaka** responded that for Indonesia geothermal energy is an important part of renewable energy policy and this involves huge risk. Therefore public funding for geothermal energy developers is very important to support new investment.

Ms. Iida asked about joint projects on a bilateral basis. **H.E. Mr. Machado** responded that while it is very beneficial for countries to engage in support for each other's climate change actions on a bilateral basis, it is still essential to aim to achieve an international rules-based system. **Professor Hamanaka** responded that the various attempts to enhance emissions reduction programs can be

viewed positively in the sense that they provide a very important experience to design and build new market mechanisms. However, as has been already discussed and pointed out, this needs to be complementary to international market mechanisms. **H.E. Mr. Machado** noted that pilot projects for climate change actions tend to be risky and therefore government support is essential. **Mr. Austin** agreed that while government support for pilot projects is important to allay initial risk, the ultimate results generated from such projects will come from the private sector.

Q&A

A member of the audience (Japan) stated that he would like to hear more about potential initiatives for COP17 in Durban, instead of statements about how difficult it will be to achieve an outcome. He asked what H.E. Mr. Machado considered the potential outcomes of COP17 to be. He also asked Mr. Austin about what the G20 can do for climate change.

Professor Hamanaka stated that Japan's program with Indonesia had demonstrated that developing countries can engage in climate change mitigation activities effectively, if the scheme is well designed. The development of NAMA and MRV are also very important.

H.E. Mr. Machado responded that he thought a new initiative was not necessary as the UNFCCC is working under the stipulations of the Bali Roadmap. Until that mandate is exhausted it is very difficult to do something else. Part of the problem is the introduction of new ideas into an already crowded process. The Bali Roadmap sets out a second commitment period for Kyoto. It is crucial to fulfill the mandate that is currently in place.

Mr. Austin noted that the G20 is a loosely-linked organization, but it could be effective to discuss climate change in the G20 forum as a means of further accelerating discussions and negotiations in the main UNFCCC forum. It could be useful to establish a global climate center under the name of the G20 as a means of pushing forward discussion on climate change. It is also important to elevate the role of business in the response to climate change.

H.E. Mr. Machado stated that the G20 is a useful organization, but sounded a word of caution, because the issue of climate change is a global one that affects all countries, and should therefore not be tackled by a small group of nations.

Mr. Diringer asked H.E. Mr. Machado for his thoughts on the transitional phase between the Kyoto Protocol and a fully binding rules-based system and whether it really was a case having a second commitment phase or nothing.

H.E. Mr. Machado responded that if a second commitment phase is not politically viable it is unlikely that it would be politically viable to introduce free-for-all pledge and review undertakings. The Bali Roadmap lays out the path for future progress. An incremental process is not one that is likely to be politically acceptable to developing countries.

A member from the audience (Japan) asked whether H.E. Mr. Machado thought that Canada and Russia would stick to their positions if Japan maintained its stance of not signing up to a second commitment period.

H.E. Mr. Machado responded that the outcome of COP17 will depend on a number of factors and it is difficult to say that the overall situation will be exactly the same as it is now. Given changing political situations, it may be the case that an outcome is made more difficult in Durban or that it becomes easier.

A member from the audience (Japan) asked what would happen if a number of countries decided not to follow the second Kyoto commitment period, namely what would be the alternative? Would it be possible to move to bilateral agreements or new targets such as energy efficiency?

H.E. Mr. Machado responded that the likelihood of moving to other alternatives was low, because the Bali Roadmap sets out the agreed mandate and emerging economies would be unlikely to agree to a new regime.

Ms. Iida thanked the panelists and closed the session.

Closing Remarks

Ambassador Nogami thanked all participants for their input. He noted that the symposium had provided everyone with a glimpse of the various difficult issues that need to be covered and wished everyone who is planning to attend COP17 in Durban the very best of luck in the forthcoming months.

Opening Remarks

Mr. Yutaka Banno

State Secretary for Foreign Affairs, Ministry of Foreign Affairs (MOFA):

It is my great pleasure to host this symposium and to welcome to Japan such distinguished individuals who are playing a major role in the international negotiations on climate change.

The purpose of this symposium is to consider what steps the international community should take to secure our “global interests.” We need to discuss how to construct global governance that can effectively deal with global issues, including climate change, and how to advance the negotiations to establish such governance from this broader view. I expect that this symposium will send a strong message on the new framework to combat climate change.

Last year, as a result of tough negotiations, the Cancun Agreements were adopted at COP16. The Cancun Agreements are seen as an important milestone for establishing a fair and effective international framework in which all major economies participate. Once again, allow me to express my appreciation to Mexico for its excellent work as Presidency.

Japan also made its utmost efforts to promote these climate change negotiations. As for fast-start financing, Japan has pledged \$15 billion, including public and private finance to support developing countries that actively implement climate change countermeasures, and has already implemented \$7.2 billion.

At the same time, Japan assumed the co-presidency of the REDD+ Partnership last year. This is a framework that was established to strengthen international efforts on REDD+. In this capacity, Japan hosted the “Ministerial Meeting of the REDD+ Partnership” last October in Nagoya, and the ministers concurred on the direction of future activities to be carried out by the international community with regard to REDD+. This meeting built momentum toward COP16.

Maintaining the constructive atmosphere gained at COP16, it is necessary to operationalize with a sense of urgency a wide range of elements included in the Cancun Agreements.

The Kyoto Protocol has played a pioneering role, as it set out concrete emission reduction commitments for sovereign states for the first time in history. It is important to share the spirit of Kyoto among countries and to establish a fair and effective international framework in which all major economies participate.

At COP16, attention was focused on Japan's remark that it would not agree on establishing a second commitment period. I would like to emphasize that our position on a second commitment period stems from a view of protecting the global interests. It is by no means correct to say that Japan is not active in its efforts to combat climate change.

We cannot solve the issue by setting out a second commitment period that only covers 27% of global emissions. Rather, it is necessary to work for the operationalization of the Cancun Agreements to realize the world-wide emissions reduction in the post-2012 period and to establish a truly fair and effective international framework by preventing the "implementation gap" of all major economies. Japan will constructively contribute to discussions for this purpose.

When considering a truly fair and effective international framework, we need to duly reflect the basic structural changes under way in the international community. Developed countries accounted for 65% of global emissions in 1990, but that percentage had decreased to 49% by 2007 and it continues to decline. Developed countries need to take the lead in tackling climate change, but at the same time emerging economies are expected to play a responsible role. We need to develop the Cancun Agreements and construct a framework that can provide transparency and facilitate further action.

Also, we should aim for a framework that maximizes the role of private sector strengths in finance and technology that are indispensable for combating climate change. We need to broadly recognize that environmental conservation does not impede private economic activity, but provides new opportunities for growth. By providing new incentives and implementing regulatory reform, we should formulate market mechanisms that will help achieving both environmental protection and economic development.

Development assistance is one of the important elements. Japan will steadily implement its pledged fast-start financing of \$15 billion up to 2012. As for the long-term financing, Japan will actively participate in designing the Green Climate Fund to ensure that it functions effectively to meet the need of developing countries. Also, in order to enrich the function of technological mechanisms, it is necessary that both the public and private sectors contribute in a collaborative way.

MRV (measurement, reporting and verification) is also an important issue. MRV does not impose burden to developing countries, but encourage further financial and technical assistance to their mitigation actions. Japan is going to engage in capacity-building of developing countries.

No international framework can win trust if it does not give appropriate consideration to vulnerable countries, including Africa, small island states and least developed countries. As a country that holds

human security as one of the important pillars of its diplomacy, Japan would like to emphasize the importance of taking measures for vulnerable countries. Japan will strengthen cooperation and dialogue with developing countries, through TICAD, the Pacific Islands Leaders Meeting, or CARICOM.

Going forward, a green growth model that reconciles environmental protection and economic development will be imperative. Japan has achieved rapid economic growth without increasing energy consumption per GDP through energy saving and technological innovation. Last June, Japan established the “Strategic Energy Plan”. Under this plan, the domestic energy related CO2 emissions will be reduced by 30% or more in 2030 compared to the 1990 level. We will promote necessary policies to achieve this plan. Also last June, the Cabinet announced a “New Growth Strategy.” One of its main pillars is “National Strategic Projects Related to Green Innovation;” this aims to achieve an environment-related new market on the order of ¥50 trillion and to create 1.4 million new environment-related jobs. Japan would also like to support other countries’ efforts moving to the new growth model by sharing its experience. Japan continues to establish a comprehensive green innovation strategy that further elaborates the national strategic projects.

Japan’s policy to promote efforts to reduce emissions after 2012 will remain unchanged. The Japanese government submitted a bill, the “Basic Act on Global Warming Countermeasures,” to the Diet. It sets out a framework to implement countermeasures against global warming in the mid- and long-term. It also includes the ambitious target of reducing emissions by 25% with conditions by 2020 compared to the 1990 levels, and its long-term objective is to reduce emissions by 80% by 2050. The Japanese Government continues to make its utmost effort to pass this bill.

As for domestic measures, the Japanese government is planning to introduce a “Carbon Dioxide Tax of Global Warming Countermeasure” next October and is now discussing related bills in the Diet. Also, the government will submit a bill that enables it to introduce a feed-in tariff system for renewable energy from fiscal year 2012.

We would like to lead emission reductions on a global scale by sharing our experiences of green growth and countermeasures against climate change with developing countries and actively supporting them.

COP17 is a key opportunity to move toward the establishment of a truly fair and effective international framework. It is necessary to operationalize the major elements, including mitigation, MRV, finance, technology and REDD+, based on the Cancun Agreements.

Japan is determined to fully support South Africa's COP17 Presidency, and on March 3rd and 4th, will host the Informal Meeting on Further Actions against Climate Change in Tokyo, where Japan serves as co-chair with Brazil.

I would like to conclude my remarks by expressing my hope that this symposium will be an opportunity for constructive inputs to the international negotiations toward COP17, as well as a chance to revisit the international community's basic principles for combating climate change from mid- and long-term perspectives.

Session 1:
Prospects for the international negotiation
on climate change

Ambassador Nogami: May I invite the panelists for session one? Now let us begin the session one. In this session we are going to discuss “Prospects for the International Negotiation on Climate Change.” Here we would like to discuss what was achieved in Cancun, Mexico and then we would discuss prospects for COP17 in Durban toward the end of this year and what has to be done before going to Durban. Those are very important elements for the successful negotiation to be scheduled in Durban this year. We would like to ask at first Christiana Figueres, Executive Secretary at UNFCCC to give a keynote speech. Ms. Figueres, please.

Keynote Speech

Ms. Christiana Figueres

Executive Secretary

United Nations Framework Convention on Climate Change (UNFCCC)

Good morning, H.E. State Secretary of Foreign Affairs, Mr. Yutaka Banno, Ambassador Kenji Hiramatsu, Ambassador Yoshiji Nogami, excellencies, ladies and gentlemen, dear friends, I would like to first thank the Government of Japan for their very kind invitation to this beautiful country and thank the JIIA for the opportunity to address this distinguished climate change symposium. You have asked me to review the outcomes of COP16/CMP6 and to share my sense of COP17/CMP7. Some of you know that I have called the Cancun Agreements a big step for the community of nations, but a small step for the planet. Under the very exemplary leadership of Minister Patricia Espinosa, the agreements are a big step for three main reasons. First, the Cancun Agreements represent the most far-reaching collective effort the world has ever witnessed to reduce carbon emissions and to build a system holding all countries accountable to each other for those emissions reductions. All industrialized nations – I underscore, *all* industrialized nations – have made their economy-wide reduction pledges official and have committed themselves to develop low-carbon development plans or strategies. Thirty-seven developing countries including all large developing countries have made formal their nationally appropriate mitigation actions (NAMA) focusing on a deviation from business-as-usual emissions by 2020 and are encouraged to develop low-carbon growth strategies. Never before have all major emitters put forth their emissions reduction plans under one agreement and the sum total of reductions on the table goes well beyond those of the Kyoto Protocol.

Second, the Agreements represent the broadest package we have ever had to support developing countries by creating new institutions to boost technology cooperation, financing and adaptation. A technology mechanism will be fully operational in 2012 and will support the innovation, development and spread of new technologies. A Green Climate Fund will provide long-term financing to projects, programs and policies and other activities in developing countries through thematic funding windows. An adaptation framework will facilitate enhanced action on adaptation. Third, Cancun gave the strongest signal governments have ever sent to the private sector that the future economies *will* be low carbon by committing to a maximum temperature rise of 2 degrees Celsius with a review toward 1.5 degrees Celsius in the near future. For these three very important reasons the Agreements form a solid foundation for scaled up climate change action. However, for all its achievements, Cancun is only a small step for the planet because it did not yet put the world on a safe pathway. No agreement was reached on the year in which global emissions need to peak, although science tells us a global peaking in 2015 and 50% reduction compared to 2000 levels by

2020 are needed to achieve a 2-degree limit.

The level of ambition currently on the table amounts to only 60% of what is needed to limit the temperature rise to the agreed 2 degrees, and on top of that, a 2-degree increase is in fact no guarantee for the survival of small island states or for water scarcity in Sub-Saharan Africa. So much work still remains. The Cancun Agreements take a bottom-up approach to mitigation by encouraging all countries to pledge their best effort. That is a very good step, but it is unlikely to be enough to keep to the 2 degrees in the time that we have available to us. So we may need a top-down international agreement to complement the bottom-up approach. In that context, in Durban governments will have to address the legal framework under which they will enhance their mitigation efforts. Last year in Cancun, countries agreed to indicate a second commitment period under the Kyoto Protocol. Most countries want the Kyoto Protocol to continue into a second commitment period. Japan, as has been stated by State Secretary Banno, has said publicly that it will not participate in a second commitment period.

Now some countries are of the view that certain key elements of the Protocol should continue to be upheld and be integrated into any further mitigation agreements. Those key elements of the Protocol include: predictability, the rules-based approach, the compliance system, the principle of “common but differentiated responsibilities,” and the flexibility mechanisms. Ultimately governments need to decide on this at the next UNFCCC conference in Durban, especially in view of avoiding a regulatory gap. Durban needs to build on Cancun not only by adopting new institutions, but also in terms of increasing the certainty of the international framework. The Kyoto Protocol is rich with experience that we can learn from. Ladies and gentlemen, since we are in Japan, let me also specifically address Japan’s 25% target. It is an ambitious target, a target that shows clear leadership but it is possibly easier set than followed through. Nonetheless I urge Japan to stick to it, not least because it is testimony to the new direction that economic growth in Japan is set to take.

The target is premised on participation by all large emitters in a global climate change regime. Let us remember that industrialized countries have 100 years of historical responsibility due to their cumulative emissions stemming from their industrialization and that large developing countries are only now coming up to high levels of annual emissions. Even so, under the Cancun Agreements all large emitters have pledged to control their emissions. In the context of participation by all current large emitters, Japan’s 25% target is testimony to clear strategic economic thinking which will create economic advantages well into the future. Next to the target, Japan’s new growth strategy will clearly put Japan on a cutting-edge path to low-carbon growth and this is where the 25% target and the new economic strategy complement each other. Japan is synonymous with technological innovation. Japan is a trend setter. From fashion and music to motor vehicles, energy efficiency and

clean energy technology, Japan holds the fascination of the world. Japan, China and the US are the top three ranked countries in terms of R&D for innovation and it is precisely technology, innovation and the development of low-carbon energy sources that form the key to fighting climate change while pursuing national growth.

Because of its high potential to export cutting-edge, front-runner technologies, Japan stands to gain in economic competitiveness when it comes to energy, industry and environment, particularly in a low-carbon world. Furthermore, an ambitious target and low-carbon economic growth will move Japan toward increased energy security, especially in financial terms. To illustrate, if oil prices average US\$100 a barrel – and the various crises in the Middle East have put us well beyond that price – Japan spends 3% of its GDP on oil imports alone and that does not include increased production costs and potentially decreased profits. Moving forward Japan needs to examine clean energies and increased energy efficiency. Around the world the new paradigm is low-carbon growth. I very much welcome the measures that have already been announced by Secretary of State Banno with respect to Japan's efforts on climate change. With those appropriate strategies in place, Japan can take a leadership role in this trend.

Let me conclude by urging all governments to build on the Cancun Agreements throughout 2011 with a view toward both adopting the new institutional arrangements as well as increasing the certainty of the international regime in Durban. We are at a crucial point in the evolution of international efforts to address climate change. We are also at an exciting point. We are moving from a heavy reliance on a finite resource owned by a few to a better mix of harnessing the only infinitely available energy sources on earth via cutting-edge technologies. That energy revolution has begun and all stand to gain by accelerating a process that will bring greater energy stability, increased food and water security and enhanced economic growth. Thank you.

Presentation

H.E. Mr. Luis Alfonso de Alba

Ambassador Special Representative for Climate Change of Mexico

Thank you very much, Ambassador Nogami. Thank you very much to the JIIA for the invitation and also thanks to State Secretary Banno for the words toward Mexico. Let me use this opportunity to share with you some impressions and ideas around the presidency to focus on what Mexican Minister Patricia Espinosa did before Cancun, during Cancun and intends to do toward Durban in the transition for COP17. To be able to benefit from some of the experiences and to be able in that way also to identify areas in which we still need to improve and work, and things that we may repeat, let me start by saying that I am not an expert on climate change. I am a diplomat. The decision that the Mexican government took before Cancun to appoint the minister of foreign affairs as president of COP16 and myself as a special representative recognized two elements which I think are key.

The first one is that this is no longer an environmental issue and that climate change affects all fields. Obviously all fields of development, but even security and other areas and as such, needed to have a different, much wider approach and much more inclusive approach because it is not an issue only that concerns governments. It concerns society, private sector, NGOs, etc. The second acknowledgement was that this was a process full of problems and diplomatic limitations, and skills in the diplomatic area were necessary. This is not the only process which is under trouble in the UN. We had had a number of occasions on which important negotiations had not been able to develop because of the process and because of in particular two elements that I would like to highlight today. The first one is the lack of recognition of the need of leadership. The element of the democratic practices in the UN, the inclusion elements, frequently come to a point on which the so-called state party-driven processes do not give almost any authority to the officials and that needs to change because leadership is fundamental to bring delegations into a consensus, particularly if we are talking about a consensus that needs to be built among more than 180 countries.

The second element, probably most worrisome, is that we have allowed ourselves to develop an interpretation of consensus by which we are basically giving up veto power to any member and this is not a democratic process and this may even imply the end of multilateralism, not only the paralysis. Try to imagine a parliament or any legislative authority trying to get the agreements by allowing vetoes to any single member of the chamber. This cannot happen. We went from a majority vote to a consensus interpreted as unanimity too fast. We forgot that the UN is based on rules and the rule of consensus does not appear on the rules of procedure of the main bodies of the UN. In the case of UNFCCC it does appear in the Convention, but it refers to the adoption of the rules of procedure.

It has not been decided as a rule, but those two elements were quite important. So coming back to what Mexico needed to do was first of all to exercise leadership and to have an inclusive, transparent process but without allowing this interpretation of unanimity as the only possibility to move forward. We needed to build consensus on the basis of common responsibilities, common interest and a common vision of what needs to be done.

And that was the way we started. People referred to a process of rebuilding confidence and certainly that is what I am referring to. But it is not just building confidence by knowing each other, but it is basically by showing that we were committed to a common objective, a common goal. The second element I would like to highlight today is that the process has not included many actors that were relevant and were very influential from non-state actors but even within state parties. The process was too much concentrated on major emitters. It was a top-down approach, the one we were following before Copenhagen and in Mexico we decided to do it the other way around, a bottom-up approach. We start reaching to small countries, middle-sized countries and not only major emitters. We try to understand the concerns of everybody, trying to understand and to make the point that there is no small step in fighting climate change. Every single member of the international community has a responsibility and a certain capacity to deal with the issue.

This is a global problem that needs to be dealt from a global perspective. That produced what we call this sentiment of collective responsibility that allowed us to move forward in Cancun. Then I will not go into the substance of the results of Cancun because Christiana Figueres has already made a number of points on which I am fully in agreement. I certainly agree that it is a big step for the international community and still a very small step for climate change. But nonetheless, allow me to emphasize that what we have done, what we have achieved in Cancun needs to be perceived first of all as the result of a very important exercise that took place in Copenhagen. Let's recognize the importance of the Copenhagen COP15 meeting because it was an occasion on which for the first time a very high number of heads of state and government took part actively in the discussions and the negotiations and agreed to a number of very important elements in the fight against climate change, elements which we were able to capture and in some cases develop in Cancun.

The second element I would like to highlight is that we were able not only to identify a number of agreements, but particularly a number of institutional arrangements that need to be set up in order to move into implementation. And that would be probably my main message today to you. We need to focus; I think we need to concentrate on implementation, at least during the first months of the year, if we want to have a better possibility of making an additional step in Durban. We should not go from one COP to the other one just looking into additional measures that could be agreed without demonstrating, without ensuring that we have the capacity to implement some of the decisions that

we have already been able to agree in Mexico. The international situation and national constraints, both national and international, will not change so radically from Cancun to Durban. The only possibility to go in this incremental approach and be able to move forward would be precisely if we are able to build the necessary confidence that we are implementing in the field in the facts making progress.

My last point would be on what we intend to do from now to Durban. As you know, we considered the possibility of changing a little bit the rules and the practice in Cancun by proposing the election of South Africa in Cancun itself because we considered that the incoming presidency should be fully mandated to develop a strategy and a process of consultations toward the COP. It was not possible because of a number of reasons and the main one is that the rules of procedure of the UNFCCC have not been formally approved and it is kind of a Pandora's Box because of the issue of the consensus and the decision making process. Nonetheless, having the intention to do that, we certainly are fully in support of South Africa, from January up to November, allowing South Africa to define the main lines of the strategy and the main components of the process. We do consider that South Africa may benefit from some of the initiatives that Mexico took and because of that we are undertaking the same kind of initiative this year and I am referring particularly to informal meetings, to meetings that are going to be organized not only between parties but also between other stakeholders and consultations that would be directly linked to the process of formal negotiations.

Obviously we are hoping that these kinds of activities would be developed throughout the year in conjunction with South Africa and will be passing over to South Africa the responsibilities. I cannot end without recognizing or referring to the Japanese role in Cancun and to the future and to share very friendly, very kindly, some thoughts about your own position on Kyoto. I have said several times that I do not think there is a single country in the world that does not understand the position of Japan. I think the position of Japan looking for all major emitters, all countries to assume responsibilities is a position that we all share. There is no doubt that we need to move toward a system in which each of us, including Mexico obviously, will assume responsibilities according to its own capacities and I am including the legally-binding commitments of responsibilities. It is not a problem for Mexico. On the contrary, it is a responsibility to do it. But fighting against the Kyoto Protocol or just announcing that Japan will not be part of the second commitment period does not help the process to move toward that aim.

I think there is a fundamental difference today which is the fact that a number of emitters, major emitters, all major emitters among developing countries have accepted to move forward and to share responsibilities in emissions reductions. I think we should build on it rather than open a discussion which is going to be very much polarizing on the future of Kyoto. The transition may take longer

than one year. Hopefully not. Hopefully we will be able to do it in South Africa, but I do not want to sound too optimistic or even too naïve. It may take longer and I think Japan will need to prepare itself to do that. In other words, instead of having the burden of criticism because of the position on Kyoto, Japan should help in pushing this trend toward developing countries assuming greater responsibilities on an incremental basis. Thank you very much.

Presentation

Mr. Elliot Diringer

Vice President

International Strategies at the Pew Center on Global Climate Change

Thank you Ambassador Nogami and my thanks to JIIA to share the podium this morning with such a distinguished panel. I have been asked to speak about the status of climate policy in the US and about the issue of measurement, reporting and verification (MRV). I would like to address both of these issues in the context of Cancun and where we stand today in the evolution of the international climate change effort. I want to emphasize the word “evolution.” Many view Cancun as a modest success. I think it was more than that. I believe in fact that the Cancun Agreements represent the most tangible progress we have seen in UN climate talks in nearly a decade. For this I would note we owe considerable thanks to Christiana Figueres and to Ambassador de Alba and his colleagues in the Mexican government. I further believe that Cancun may represent a critical turning point on the path toward an effective and durable international climate regime.

To explain why I believe that the modest steps taken in Cancun are so significant, I would like to share with you the findings of an analysis we undertook last year following the Copenhagen Summit. Most viewed Copenhagen as a failure because it did not produce a binding agreement. To better understand the reasons for this perceived failure and the options for moving forward, we thought it would be instructive to look at other multilateral regimes. We wanted to know how these other regimes came into existence and how they grew stronger over time. We looked at other environmental agreements, a trade regime, human rights agreements and others. What we saw is that international regimes do not generally emerge fully formed. Rather, they grow incrementally over time. They evolve. They expand in scope and in membership, they develop stronger institutions, they move from general voluntary obligations to specific binding commitments and all of this takes time.

In the case of climate change, the 1992 UN Framework Convention which launched the international effort anticipated this type of incremental evolutionary process. But soon after its entry into force, parties decided to accelerate the regime’s evolution. In 1995 they undertook the negotiations that led two years later to the Kyoto Protocol. This represented a radical step change, moving in one giant leap from a largely voluntary framework to a legally-binding system of targets and timetables. Indeed, for the past 15 years the primary aim of the international negotiations has been to establish and then to extend this legally-binding regime. Parties did succeed in establishing a binding regime, despite the withdrawal of the US. Like many others, I worked for Kyoto’s success. I view it as a major achievement and I believe it has delivered important benefits. But Kyoto’s impact has been

limited and the effort to extend or to expand this legally-binding structure has been locked in a perennial stalemate for years. In fact, it was entirely predictable that Copenhagen would fail to deliver a binding agreement.

But that does not mean Copenhagen was a failure. The Copenhagen Accord, while only a political agreement and while not formally adopted by the parties, reflected consensus among world leaders on many key points. Among other things, it produced specific quantified mitigation pledges for more than 80 countries. The first time in fact, we had ever seen pledges from all of the world's major economies both developed and developing. What is more, Copenhagen, as Ambassador de Alba has noted, set the stage for the success we witnessed just two months ago in Cancun. There were two baskets of issues in Cancun. The first contained the legal issues: whether countries would take binding commitments, which countries, when, in what form? Included here was the fate of the Kyoto Protocol. On these issues, countries were very far apart and just as in previous years, there was very little chance of meaningful compromise. The second basket contained what I will call the operational issues: finance, MRV, adaptation, technology and forestry.

What is important to understand is that progress on these issues does not require any new legal agreement. Indeed, we were able to achieve progress on this second basket of issues, the operational, only because parties were willing, for the moment at least, to put aside their differences on the first basket, the legal issues. In effect, parties imported the essential elements of the Copenhagen Accord into the UN climate system and took initial steps to implement them. In other words, they allowed incremental evolutionary progress, the kind of progress we had not achieved for years because we were so preoccupied with binding outcomes. Here is why I believe Cancun may represent a critical turning point. If we can continue to make progress on these operational issues, even in the absence of new binding commitments, we can strengthen action in the near term. We can build confidence among parties and in the climate regime itself and in so doing we can provide a stronger foundation for achieving a new binding agreement in the future. In this scenario, Cancun begins a new more evolutionary phase in the development of the international climate regime.

How long must this phase last? I cannot say, but I believe it is a matter of years. Why can we not simply take another leap forward as we did in Kyoto? Here I finally return to the two issues I outlined at the beginning. One reason is that in key countries, first and foremost the US, the domestic politics do not yet support strong climate action. A second and related reason is that countries do not yet have full confidence in one another. They do not trust that others will do as they have promised. That is the reason we need stronger MRV. I have held my current position for 10 years and for 10 years I have traveled around the world to meetings like this one, doing my best to offer hope that the US would soon recognize and fulfill its responsibility to lead the effort against climate change. This

struggle continues. As you know, Congress last year failed to enact comprehensive climate legislation. In the absence of new legislation, the Obama Administration is moving forward under existing authorities. It has adopted stronger fuel economy standards and the first ever GHG standards for automobiles. The Environmental Protection Agency (EPA) has now begun taking steps under the Clean Air Act to reduce GHG emissions from power plants and other major sources.

In his State of the Union address in January, President Obama proposed a new approach: an ambitious Clean Energy Standard that would require that 80% of the US electricity come from clean energy sources by 2035. I should note, however, that the president did not utter the words “climate change” or “global warming.” That is because since the November elections when Republicans took the majority in the House of Representatives, the mood in Congress is even more hostile toward climate action. There is little prospect of the president’s Clean Energy Standard or any major climate legislation being enacted in the next two years. In fact, there is significant risk that Congress will move in the other direction by delaying or blocking the EPA’s proposals to regulate emissions under its existing authorities. Another casualty of the current budget conflict is likely to be funding for international climate efforts. President Obama won a significant increase in funding last year and has proposed further increases. Congress, however, will probably respond instead with cuts.

What all this means is that on the present course the US will have a difficult time fulfilling the pledges it made in Copenhagen and again in Cancun. There are, however, still reasons for hope. The first is the president himself. He chose his words carefully in the State of the Union, as any smart politician would, but to me the message was clear: He remains committed to this issue and will keep trying. The second reason for hope is that many in the business community understand that this issue is not going away and they would prefer to see new policies enacted sooner rather than later. The third reason is that despite inaction in Washington, action continues at the state level led as is so often the case by the State of California. While I wish the news was better, I believe it is important that you have an accurate assessment of where things stand which leads me finally to the issue of MRV. This phrase, measurement, reporting and verification first appeared in Bali. It was elaborated a bit in Copenhagen and then some more in Cancun. Behind the acronyms and technical jargon is a simple concept. Countries should describe their actions to the international community in a manner that allows all to assess whether they are doing what they promised.

This is not a new concept. Countries already participate in similar reporting and review systems in other multilateral arenas. We see them in the WTO (World Trade Organization), the IMF (International Monetary Fund), the Montreal Protocol, the UN Human Rights Council and many others. When we examined these other systems, we saw many common elements. They all involve an expert review of the information submitted by parties, followed by some form of peer or political

review. They all provide for public release of key inputs and outputs. None involve any form of punitive consequences for countries whose implementation falls short. Instead, most provide some type of facilitative assistance to help countries identify and overcome obstacles to implementation. Greater transparency has many benefits. It forces countries to closely examine their own policies and this alone can lead to improvements. It provides opportunities for countries to share and learn from one another's experiences. And perhaps most important, it builds confidence and trust, the kind of trust that enables countries to consider making stronger promises to one another in the future because they have a way of checking whether those promises are being kept. That is why I feel so strongly that strengthening the MRV system is one of the highest priorities in this next phase of the regime's evolution.

My hope for Durban is that countries continue making progress on the operational issues, strengthening the transparency system while also strengthening finance and other elements of the support system for developing countries. Some parties no doubt will want to return to the legal issues and in particular to the question of a second commitment period under the Kyoto Protocol. I do not believe it will be possible to fully resolve those issues in Durban, but it would be good if parties could speak to them more directly than they did in Cancun. Even if they cannot agree on the form or timing of a future legal agreement, they should be prepared to declare that it is in fact their intent to work toward legally-binding outcomes. That way we will know that the incremental phase begun in Cancun is not the endpoint, but rather an evolutionary step toward a fair, effective and binding international framework. As I have suggested, it will take us time to get there, but we should be clear that that is our goal. Thank you.

Presentation

Mr. Zhou Dadi

Director General

Energy Research Institute of the National Development and Reform Commission

Thank you, Chairman. It is my pleasure to have the opportunity to be invited and give a panel discussion here about the climate change policy and our view on the prospective future for the next negotiation. I am not an official, just an analyst and although I am involved in a lot of policy making on climate change and energy policies as to the dialogue, I think it is not a formal declaration and it is my understanding why is policy is making. I think the first one I would like to describe what happened in China in the action to mitigate climate change. In my understanding, China takes climate change as a real and serious threat for human beings and is acting on the mitigation. It is not just a plan. It has already been doing a lot of things. We already put the climate change mitigation as one of the important contents of our super guidance, say the scientific development policy, and as one important element for the sustainable development of China.

I understand that China will really implement the commitments we made in the Copenhagen Accord and that is to decrease carbon intensity by 40-45% by 2020 compared with 2005, and to make the non-fossil fuel share from current 8% to 15%. Additionally we will increase our forestry area with an added area of 40 million hectares. That is a big area. It is about 400,000km². So these targets will be achieved and of course what are the measures we are taking? First we think the carbon intensity decrease depends mainly on the energy intensity decrease. So we plan to decrease the energy intensity within 15 years by 40%, even more. And in the last five years we have a target to decrease the energy intensity by about 20% and as I know, for the real achievements for the last five years we achieved over 19% of the intensity decrease. So the average decrease rate is about more than 4%. Compared with the international average for the last 30 years of only about 1.2% per year, China achieved 4% each year.

I think China already has established a relatively complete policy system and responsibility system for energy efficiency improvement. Of course a lot of measures are very tough. For example, we expired so many existing capacities in the steel industry, in the power industry and in cement. There is a lot of equipment to be retired as they are not, you know, fit to the new standards. And some people may read already from the newspaper at the end of last year some places in China really cut down the supply for the enterprises to try to achieve the annual and five-year targets for energy efficiency. I do not think it is a good measure, but it really reflects that the local people and the government and the people working on the target are very serious. And I think we will have the

People's Congress at the end of this week and the new target for the next five years – that is from this year – will be raised and as a binding domestic target and I think it is still a very active target, although I am not sure if it is 20% or not. But it still is very active.

And we are talking about introducing maybe some cap system for the energy consumption in the next five years. The number of the targets are under serious discussion and we are discussing the methodology, how to allocate these targets and cap into each of the provinces. Of course it is not easy, but maybe we will try. Let's see what happens next week from the People's Congress if they will approve it or not. So I think China has been doing energy efficiency in all the areas, not only industry, but also other sectors, for example, building and transportation. For the building, all the country applies the new standards that will save 15% of the energy for each square meter for the heating, air conditioning and so on. And the standards will be applied for more than 95% of the new buildings already. So from the beginning, for example, five years ago the application rate was only less than 10%. Now all the new buildings have to apply these new standards, and in some cities like Beijing and Shanghai, the standards are up to 65%, lower than the old one. So the higher standards we apply very soon.

For example, the achievement is obvious. For example, most of the newly built facilities and enterprises have to adopt the up-to-date technology for energy efficiency and the coal-fired power plants' average energy efficiency in China has already surpassed that of the US. It is better than average of the world already. Most of the super critical power plants are built in China now. And for the transportation, you can see the public transportation priority policy is applied for all the cities and the railway priority policy is applied. China already delivers the highest speed of the railway system to be operated in many places and it has an ambitious plan to have the high-speed railway network for all the country. It will start further expansion of the so-called "highway" by automobiles or by short-term airplanes. So it is a big change of the system.

On the other hand, in the non-fossil fuel construction I would like to give some numbers. For example, under construction nuclear power plants and approved new projects are over 30 reactors or 30 new power plants, number one in the world. By 2020 I think China will build an additional 65GW of nuclear and the total number will become 75GW. At that time China will be ranked second and the construction speed is almost an average of 10 nuclear power plants per year to be constructed per year for a long time. For the wind power in the end of the last year, the stand-up wind power is already over 40GW, although some have not been connected with the grid. So I think in the middle of the year China will become the number one country in terms of the wind turbine capacity in the world. And of course the hydropower will develop very well and in the next 10 years we will build more than 100GW of new hydropower plants. So it is a really big investment and I

think that currently China has already become the number one country with the highest investments in non-fossil fuel energy supply system.

My understanding is forestation and improvement of the forestry management is on the way. The people from the forestry sector convinced me that the big targets will be achieved. No problem for that. Of course I think there are a lot of difficulties and barriers to be overcome in the future. For example, China will still keep higher growth rates of GDP although the leaders say 7% per year is enough but the local people want higher and they will invest a lot. Because in the last 10 years the average growth rate is around 10% per year and industrialization and urbanization are still on the way. The per capita energy consumption is still low. Compared with Japan, it is less than half of the Japanese consumption and one-fourth of what the US people consume. So some people in China really insist that we still have plenty of room compared with others. Why not? But I think the policy can help and will try to work with others to create a new type of industrialization and our policy and what I persuade the people is that we need to create the new style that per capita energy consumption should be significantly lower than what the current developed countries consume for a new model of industrialization and it is our target. No one can guarantee, but we have to try.

So I think the targets and the commitments we submitted to Copenhagen will be achieved and maybe we will do better and we will see at the end of the next five years if the achievement is better, maybe we will do more. But up to now it is very difficult to persuade the people you have to have very ambitious targets and then no one can prove that. So we will do the policy that is step to step and based on our achievements we will decide what we will do next time. That is how to persuade the people, otherwise it is very difficult to say, okay, you have some dream, but we do not know if it will be achievable. It is very difficult to reach a national consensus at this time. Next I would like to say something on COP17. I agree with what Mr. Diringer said that Copenhagen was not a failure. I think the Copenhagen Accord really reflects the important principles agreed by many countries and I think it still could serve as the basis for our future negotiation.

In Cancun we had some success, but we need to go further. That really tells us that the negotiations are really hard, not so easy to get agreement. So I think we have to make some principle before we go to a negotiation. First they say that the negotiation is not for fighting. The negotiation is to encourage and push the better cooperation between the countries on these very crucial, very important subjects to mitigate the climate change in a cooperative approach. And to mitigate climate change should not become some new reason for conflict, for fighting each other, so I think it is very important because although a lot of difficulties we have to overcome and many countries will have different kinds of opinions, but I do not think any country opposes that we already established the principles, for example, the global threat by climate change and the principle of common but

differentiated responsibilities, and developed countries should take the lead and so on.

So if no one opposes that, we can talk about how to realize that. So in Chinese we have a proverb that the method is always more than the problem. So if we can find the method, the solution should be more than the problem so we can find. Second is I think there are a lot of uncertainties and you know what happened in the last year and even in China we have a lot of debate on some kinds of saying from the NIPCC (Nongovernmental International Panel on Climate Change). So in that case, you know I think we should focus on what we can do in the next 10 years and not really spend such a long time and discuss what should happen in the next 15 years or 40 years. Although it is important to make judge, but still there are a lot of uncertainties and you cannot really say to ask a plan for the next 40 years and give the very precise action for each of the years. It is almost impossible. No one can really plan in that way and to make a real action plan in that way, so I think that we should focus on what we can do right now for the next 10 years. Of course we have to think about the long-term issues, but if we stick to the long-term issues, we do not know what we will do right now and sometimes it becomes undoable.

So the way how to really achieve the agreement is we focus on what we really can do right now. And if we can do the first step and we can decide what we will do the second step, if we cannot decide the first step, how can we say the second step? So in this way, I think most of the people will have more confidence that it is doable, it is achievable and it is cooperative. Third one, I think the political willingness and social consensus is very crucial for every country. What kinds of actions can be adopted by a country and what kinds of commitment can be submitted to the international community will be decided by the countries themselves and by the people, by their governments. It cannot be forced by outside. We cannot force any country to say you have to do something for us. That is very difficult, especially for climate change issues. There are some kinds of investment for the future and different people could have a different opinion on that, so of course international cooperation and a global target is important, but how to really make the people understand and accept that is a long-term process.

So I think it really depends and is decided by the scientists, politicians, entrepreneurs, and all the societies by themselves. Of course the outside information, political negotiations, can help the people to make up their mind, but I do not think any country can force Japan or China or even the US to do something they do not want. So I hope personally, I hope the conclusion from the IPCC (Intergovernmental Panel on Climate Change) Reports can be really accepted more broadly and be paid more attention by the governments and can initiate more people to work on that. But that takes time. So I think in the next negotiation we should focus on some important issues, not do everything in detail, otherwise the people got lost. I was in the meeting. You cannot find all the meetings. There

are 20 or 30 meetings happening at the same time. No one can really handle what happened. Sometimes, personally I think we forget what we are doing here more or less. So I think what the most important issues are, first we have to deal with the Kyoto Protocol issues. I think China too, as many developing countries supported that we need a second phase of the Kyoto Protocol. Why? Kyoto Protocol is not perfect of course, especially when the US withdrew. Japanese friends mentioned that only about 27% of the emissions are involved in the current Kyoto Protocol. That is true. It is not enough. But if even the Kyoto Protocol cannot be achieved, how can the people believe that better things, bigger things will be achieved, will be implemented?

I think we will improve the Kyoto Protocol but not throw out yet. So it is a very important signal for many countries that the people take it seriously and that developed countries really want to take the lead. Otherwise, we do not know what will happen so the negotiation will become very difficult. The second is that I think many of the developing countries, including China, believe that the material progress on the support by developed countries to developing countries financially and technically is very important. We have to find a way for the next 10 years how it happens and if the commitments of the funding will be really fulfilled. The third one I think is we have to find a way to involve the developed countries like the US. They are not covered by the Kyoto Protocol, but of course I understand the US, they are in a very difficult time to go to the binding target internationally. But anyway, we need to find a way. But as I mentioned, it is very difficult to force by outside. So the US has to say how they want to contribute to the global cooperation and not stop others to go forward.

Fourth one I think is of course the negotiating should encourage and support the voluntary commitments by developing countries as independent actions. I think as progress from the Kyoto Protocol it should be encouraged and it should not be like a hypocritical or distrustful manner and say "Oh, I do not believe you. You should do..." I think many developing countries already think they want to contribute and they want to join the process, but of course based on their current situation. As I mentioned, China does not know how much energy in the future we really need. We will try our best but no one can guarantee and say "Okay, you stop growth. You can use only this part of energy and we do not care how you do it." That is not doable. So I think we have to encourage and help developing countries to work harder, but not just say we need MRV to you. We do not trust your number. That is not a good manner to do that. Especially MRV issues, China has, I was told about two million people working on statistics numbers. We also try to improve that because we face difficulties in collecting data. If you do not believe the Statistics Bureau, how can you establish another two million people to work in China to replace them?

So I think technically the inventory method is already there by IPCC and China already published the first inventory report and we will publish the second very soon, so maybe we can believe that, I

think. So lastly I would like to say something to our Japanese friends because we are meeting here. Japan is almost the only developed country in Asia and I hope Japan can really take the lead on low-carbon green development. I think many Japanese friends are doing that and the Japanese efficiency technically is very high and of course we hope that Japan can stand on the 25% target although I do not think 25% is the only number. If you want something more or less, decide by yourself. I think the Kyoto Protocol happened in Kyoto and it is a very significant contribution for the world. I hope Japan will think again about the policy to improve the Kyoto Protocol or just to say it is not workable. If Japan decides to make the Kyoto Protocol dead, I think it is a very bad signal for the world. It is not really taking the lead. But of course it is decided by you. I hope China and Japan can have better communication and we can work together. I think for the low-carbon and green development we can become good cooperators. Thank you very much.

Presentation

Mr. Kenji Hiramatsu

Ambassador

Director General for Global Issues of Ministry of Foreign Affairs of Japan (MOFA)

Thank you very much, Ambassador Nogami for this opportunity. The Japanese position has already been mentioned by Vice Minister Banno, so I do not want to reiterate what he has already said. But in response to some of the issues raised by the panelists, I would like to little bit articulate what Japan is thinking about the future course of this negotiation. I have to make clear that our ultimate goal is to come up with a single comprehensive legal framework with the participation of all major countries, including China and the US. That is our ultimate goal. I think all of you can share with this ultimate goal. We are working very hard to realize it in the future. That is the fundamental goal. The reason why we are saying that is that will contribute to the global warming issues, how to mitigate global gas emissions by this sort of a global framework. This is the only way to do that.

People are talking a lot about a Kyoto Protocol second commitment period. I know that some countries are not happy with the Japanese position, but there are some misunderstandings. As Mr. Banno mentioned, we are not saying that we are not contributing to the global efforts to mitigate GHG emissions. We are saying that the only way to achieve this is to come up with a more comprehensive framework with the participation of all major countries. If not, it is not workable. It is not efficient. That is the Japanese position. It is not only Japan, but other countries are saying the same thing and it is shared by many Japanese people because this is the only way to achieve this global goal. So I would like to share with you this ultimate goal is very much important in view of our future course of negotiation on climate change. This is one point.

But it is not really easy to achieve this goal. I do not know this year or next year, but what we have to do now as was mentioned by many panelists is how to operationalize the Cancun Agreements to have a sort of incremental approach to come up with as many concrete and tangible results out of this very good achievement made by Mexico. Thank you very much, Mr. de Alba, for your efforts to come up with very good results in Cancun. So what we should do now is, as Mr. Diringer said, how to have more confidence in this process, having more discussions with regard to the operationalization of the Cancun Agreements, especially some good elements such as the Green Climate Fund mechanism, capacity building, technology transfer and how to develop market mechanisms building upon the current CDM (Clean Development Mechanism), how to make it more user friendly. These issues should be discussed and we should have a more comprehensive sort of agreement and understanding in the Durban meeting. That is what we have to aim at at this stage.

There are a lot of frameworks already in Cancun, so what people should concentrate on this year, at least a couple months from now on is to set a clear scheduling on how to discuss this issue, how to have more intensive discussions on these issues. So Japan is ready to make a contribution in this process because this is useful to come up with a consensus and it will contribute to a real reduction of GHG emissions in the future. So Japan is ready to make a very concrete proposal with regard to funding and capacity building, to technology transfer and CDM improvement. The reason why Japan is doing this is its firm belief that it will really help other countries for their mitigation and adaptation efforts. So this is one thing we have to concentrate from now on. This is the second point. The third point is about the future structure of this legal framework. Of course we should discuss this and how it will be developed in the future. As I said, as many speakers mentioned, I do not know if this final conclusion will be made during the course of this year, but it is nice to have some common understanding of what will be the future shape of the future legal framework.

We do not know how to interpret the legal framework first of all and legality can be interpreted many ways. But of course we need a sort of legal rigidity to enforce all committed countries to implement their commitments in a proper way. But if you have a very rigorous sort of mechanism for their implementation, sometimes especially developing countries have some concerns if they can join because if they join, they have very rigorous mechanisms for implementation, so we have to be a bit careful how to see the future shape of the legal framework in order that all countries can join in this framework. Of course if this is a legal framework, they have to commit themselves to their commitment. It should be properly implemented but it should be at the same time a legal international framework. It is not a sort of political framework. That is why all committed countries have an obligation to implement their commitment in a very faithful manner. But the important thing is, as I think some of the panelists mentioned, is how to encourage all member countries to implement their obligations and how other countries can help their implementation efforts. That is one aspect we have to think about. A more sort of facilitative approach can be useful because some developing countries may face some difficulties if they have commitments but they cannot fulfill their commitments.

In that case, developed countries can help, but how to establish this mechanism for facilitating the implementation of developing countries to honor their commitments. Developed countries can do a lot of things to help them, for example, having more proper mechanisms for MRV, how to have more proper mechanisms for reporting and how to verify these commitments. So I think there are several issues we can discuss on how to facilitate their commitment in the future. So we do not have any very clear picture what will be the future shape of this legal framework. I do not think it will be easy to come up with a consensus this year, but at least we are ready. Japan is ready to discuss how it will

be shaped in the future because we are very much committed to the future global comprehensive framework. Japan is ready to contribute to this goal in a very positive manner. And the third point is about our commitment to support developing countries. Of course China and other developing countries have an obligation of course in the future to commit more on their reduction of emissions efforts and Japan is ready to support these efforts. I have been talking very closely with Chinese friends how to support the Chinese efforts to make the Chinese economy greener, to make Chinese economy energy efficient. So Japan is ready to extend hands to developing countries to support their efforts for their mitigation and adaptation efforts and Japan has capacity and technology to offer to these countries.

As State Secretary Banno said at the beginning of his speech, Japan has already committed a sizeable amount of money for extending hands to developing countries. Japan is now participating in a very positive manner in the design phase of a Green Climate Fund and we are ready to make this fund more accessible to developing countries to make sure that the money will flow to the developing countries in a smoother manner. So Japan is ready to contribute to the construction of this Green Climate Fund. With regard to technology, I think Ms. Figueres mentioned that Japan has worldwide cutting-edge technology to be offered to developing countries and we have done a lot to support developing countries for their efforts to develop their technology, providing our technology to these countries in such areas as green forest preservation, conservation and energy efficiency efforts. Also capacity building is key. As Mr. Diring mentioned, MRV is one of the most important elements in the efforts to operationalize the Cancun Agreements and MRV is not only giving a burden to developing countries but also to facilitate their ability to get more financing and assistance from developed countries.

Japan has been making a lot of efforts to extend assistance to capacity building efforts in developing countries in the MRV and ICEA (International Clean Energy Analysis) areas. We have already hosted kind of seminars for capacity building in MRV in the Asia-Pacific region and JBIC (Japan Bank for International Cooperation) is doing a lot of efforts to disseminate good practices and guidelines of MRV and we are ready to make further efforts in order that developing countries have more accumulated knowledge with regard to MRV and how to get the support for making use of MRV mechanism. Another issue I would like to mention at this stage is how to mobilize the private funding and private technology because it is quite essential. People are talking a lot about technology transfer. Technology is in the private sector, so technology should be handed over to developing countries making use of business capacities.

Now we are thinking of the possibility to create a mechanism such as bilateral carbon offset mechanism which would be used to transfer the business technology to developing countries. We are

very happy to create the opportunity to provide the venue where the business sectors of developed and developing countries can get together to get the deal for the business opportunities, how to create a mechanism that the government sector can use their money to facilitate the private investment and technology transfer to developing countries. Making use of these opportunities, I am sure that developing countries have more opportunity to mitigate their GHG emissions. What we have to aim at is how to have tangible results, other than talking a lot about the future shape and the structure, but we need more tangible efforts to support developing countries in order that they can have fewer emissions in their domestic efforts. Japan is ready to support these efforts, even making use of private energy and private functions.

Lastly, I would like to emphasize the importance of a multi-layered framework. It means of course the US should lead the efforts in the international negotiation on climate change but also we have to make sure that bilateral regional efforts can complement these efforts for global climate change negotiations. Japan is ready to cooperate with neighboring countries, with going to negotiation with some other developing countries to come up with some common understanding of common problems to support the efforts to mitigate their GHG emissions. We are not saying that these efforts will damage the international system, but just to complement international UN-led efforts. But overall we will be able to come up with a more comprehensive sort of approach to address this climate change issue. The reason why we are proposing to have more new bilateral GHG offset mechanisms is because it is good to have a more user-friendly flexible sort of mechanism to complement the UN-led CDM to make sure that the developing countries can get more support from developed countries such as Japan. So we will do our efforts to address issues that developing countries are facing with regard to climate change issues.

Lastly, we are talking a lot about a low-carbon society and low-carbon economy. If the idea or strategy of low-carbon economy is shared by every country or each country, it is very much significant. I am very much encouraged that China is now entering into the new strategy of green growth and many countries are now putting a green growth agenda at the top of their priorities in their growth efforts. So if all countries are in agreement with this growth strategy, it will make a huge difference in the global level of GHG emissions. We are very much hoping that this sort of green growth strategy is shared by all countries around the world and it is one of the issues or subjects that this year's COP17 can address. Thank you very much.

Discussion

Ambassador Nogami: Thank you, Ambassador Hiramatsu. Now I think we have about one hour for the discussion. I would like to ask each panelist to make a comment or question in relation to what the other panelists stated. But before doing that, let me say a few things. I think actually nearly about three sets of issues were discussed. One is how to proceed in terms of the negotiations from now until Durban and Durban onward. In that context, I think I would like to ask Ms. Figueres on the part of the UNFCCC, how to manage the level of ambitions toward Durban. Everybody knows that 2012 is a very political year and in the face of this very political 2012, what sort of major political decision can be made by major players? It is not only the US, but many other countries are going to face a major political transition. How to manage this in the face of the political timetable? Another important issue is the operational or the implementation of the Cancun Agreements. Ambassador de Alba mentioned this aspect. I think Mr. Diringer also mentioned this aspect, but one interesting aspect of this is the sub-state role. I am not really sure whether this sub-state aspect is very much discussed in this country, so I think that aspect may also be a little bit explained or explored.

The third aspect is the sort of much longer, the final figure of the climate framework. In other words, Mr. Zhou mentioned improving Kyoto sounds good, but is it possible? What does he mean by “improving” Kyoto? The reason I think some people in Japan are critical of Kyoto is Kyoto is actually locking in the current unsatisfactory situation. This is the problem of locking in the current situation. So on this, if there are some views on the part of the panelists, I would like to hear. But those are the sort of points I wanted to ask to the panelists. Nevertheless, if there are other points or questions by the panelists for other panel members, please feel free to do so. Ms. Figueres.

Ms. Figueres: Thank you, Ambassador. You asked how to manage ambition. Well, as Ambassador de Alba has mentioned one of the very key lessons learned between Copenhagen and Cancun is that it really is very important to manage ambitions and that there needs to be a careful balance set between ambitions that are a reality and ambitions that actually need to be on the table. So let me say it is my sense that there are three realities that we have to balance with each other. The first I would call the practical reality and into that practical reality I would put in all of the institutional building or what Elliot has called the operational issues of Cancun, what Ambassador de Alba has called the whole package of Cancun. There are a huge amount of tasks and of work that have been set out for governments by the Cancun Agreements and we cannot underestimate the complexity and the time and the effort that it is going to take for parties during this year to actually be able to bring those forward and mature those forward to the point where they can be adopted in Durban.

If that were the only thing that we had to do, that would already be a full plate. However, in addition

to that we also have the scientific reality and science tells us that those efforts on the table while huge are clearly not enough and they are not fast enough. So both the scope and the speed are insufficient. The third reality with which the scientific reality contrasts very sharply is the political reality. And in the political reality as Ambassador Nogami has pointed out, many of the key countries are in very difficult political situations this year and in fact even next year. So now what do we do? The challenge here is to recognize all of these realities and for governments to try to navigate and find some way to balance all three realities without forgetting any of them. Not easy to do, but it was done once in Cancun and so my confidence is that governments will be able to do that again under the leadership of the Government of South Africa.

Ambassador Nogami: Thank you. Ambassador de Alba?

H.E. Ambassador de Alba: Thank you very much, Ambassador. If I may, a small comment on how to proceed and then address the question you posed on implementation by these sub-states or local governments. On the management of ambition, I think it would be very important to recognize that there is no one end to the road. There are different stages. We have been working before Copenhagen with the understanding that somehow magically we achieve a treaty and that would be the end of the process and we would solve the problems and there is no one single treaty that will solve the problem. I think it is quite evident now. I fully share the position of Japan to look for a comprehensive inclusive agreement, but it does not mean a single treaty and it does not mean the only one. It may require several treaties and it may require several revisions of those treaties, so I think we need to understand that this is like fighting poverty and fighting other problems on the basis of resources constraints, on the basis of science, etc. We will need to adjust our own strategies gradually.

What we need to do urgently is to take the opportunity that has been provided by Cancun through the institutional building process and the decisions to implement a number of decisions that will allow us to start acting. Even though it will not be sufficient in accordance to science, it is going to at least triple the efforts compared to Kyoto if we take into account the volume of reduction of emissions and transfer of resources, technology, etc. On the question of implementation by what you called the sub-state level, this is one of the constituencies that is working on the UNFCCC that we have involved as much as we could. As you may know there was a meeting in Mexico immediately before Cancun in Mexico City on which mayors and local authorities from all over the world met. I think that they have gradually incorporated themselves into the process as well as parliamentarians, as well as the private sector and other stakeholders (women's organizations, indigenous groups, etc.) We have difficulty in engaging with them because of once again the deficiencies of the process.

We have an important seminar that will be organized in the middle of the year to address how to better incorporate different stakeholders, taking into account, just as an example, the question of financing. Out of US\$100 billion that we have identified as the aim of resources that will need to be transferred from developed to developing countries, certainly more than half of it will come from the private sector so we need their involvement. We need to be creative. Finally a word on Kyoto. I do not know whether we should start by looking into how to improve Kyoto, but probably we should start by recognizing elements of Kyoto that need to be retained under any scenario and elements that could be translated into any additional instrument that may be built in the future to cover other developed and developing countries which are not part of Kyoto or which are not committed under Kyoto. I think it will be more constructive than just to have a yes or no discussion. I think we need to see to which extent the Americans can commit to a number of elements that are in Kyoto, even though we know they will not join Kyoto per se.

At the same time we need to start looking into what kind of commitments developing countries would be ready to assume. We should not assume that the principle of common but differentiated responsibilities will disappear. On the contrary, I think today it is more valid than ever. What is interesting is that we do have for the first time an interpretation of that principle that applies to all states. It is no longer a north-south divide. The principle does not explain the relationship between developed and developing countries. It also explains the differences between developing countries. My responsibility as a Mexican is obviously higher and my capability is obviously higher than my neighbors to the south and it is obviously lower than my neighbor to the north. That is why we need to start looking into the elements of a regime that will be able to cover all of us, but we cannot give up on Kyoto before achieving that. That is the big challenge for Japan. This is the biggest challenge because sharing the goal, the question of the timeframe is a huge problem because the first commitment period will end at the end of 2012 and I am not so sure that we will be able to have an additional or complementary instrument by then. That is the challenge.

Ambassador Nogami: Well, we would also like to entertain questions from the floor. We have distributed to you some question sheets. Those of you who have questions, please write down your questions and hand them to the staff members standing by. Please hand in your questions to our staff. After this series of discussions here, we would like to entertain questions from the floor.

Mr. Diringer: The importance of managing expectations, I think that one reason it is so important is because repeated failures are not helpful. It is important for us to come away from these conferences with some sense of success, even if it is only modest success. I think that was one of the major contributing factors in Cancun. Parties recognized that another failure or another perceived failure would be very harmful to the process itself. We need to keep the process in tact so by being more

realistic in our expectations, we stand a greater chance of success and perhaps with each modest step we improve the prospects for larger steps in the future.

The different types of realities that Christiana has enumerated for us, what we are dealing with is a gap between two realities, the political and the scientific. We cannot change the scientific reality. What we are left to do then is to try to adjust the political reality to narrow the gap between the two. I think part of that – and thinking primarily in the US context – part of what we must do is to change public perception and to build public support and by so doing empower our officials, our leaders, to make the decisions that are needed. Some of the officials in Congress who supported climate legislation two years ago suffered as a result. They lost their seats in Congress as a result, so now they are even more scared to take the actions that are needed. So we need to better educate the public, we need to build public support and create greater political space for our leaders to take the necessary decisions.

The second thing I think we must do to narrow the gap between the political and the scientific realities again is to increase confidence among parties. I highlighted the importance of MRV in that context. Just as important is to strengthen the support system for developing countries by establishing the fund that we have promised and by actually contributing to that fund. We have talked about Kyoto, about the need for a binding framework. I think it is worth asking why it is important to have a binding framework. What is it that it delivers to us? I think one important thing is that when a country takes on a binding commitment, this raises the profile of the issue within the domestic context and as a result you actually have greater political buy-in to an international commitment if it is in fact binding. We have put a lot of thought to this question of binding and it actually is very difficult to point to empirical evidence that a binding approach is superior to a non-binding approach. I continue to believe that in fact it is and for that reason continue to believe that ultimately we must work our way toward a binding framework.

With respect to Kyoto in particular, what is it about Kyoto that we believe is so important to maintain? Is it the fact that Kyoto is a binding system? Is it because of the type of differentiation that we see reflected in Kyoto, a very strict differentiation between the binding obligations of developed countries and no binding obligations for developing countries? I do not think that is a sustainable differentiation over the long term. Certainly the principle of common but differentiated responsibilities is core to our common effort. We must maintain that principle, but it cannot be a static principle. It must be a living principle, a dynamic principle that is open to reinterpretation over time. Is it the specific types of market mechanisms we see in the Kyoto Protocol that are so important to maintain? We at the Pew Center believe strongly in market-based approaches and we think it would be unfortunate if we were to lose the market mechanisms that many have worked so

hard to establish. So I think certainly those are things we should retain, we should find a way to keep those.

But I think in the end it is not the specific instrument itself that is so important, it is the qualities, the characters that we seek in an international agreement, so I think it is exploring, unpacking what is it about Kyoto that is so important and what are the features, if we are unable to maintain Kyoto, what are the features of Kyoto that are so important to maintain. And finally I think it is worth reminding ourselves that the real priority is getting started and that is why for the time being a more bottom-up approach I think is the direction we are going and it is an appropriate direction to go. I believe that once we get started, we discover in fact that the job is much easier than we may have believed. The history of environmental efforts in the US has demonstrated this. The costs that are always projected for compliance with environmental regulation always turn out to be overestimates because as we get started with our efforts we innovate, we find new ways to accomplish our goals and in the end we can do it more efficiently than we had believed.

So I think for that reason it is not critical that we come to agreement on the precise nature of the future legal framework. We must work toward that, but what is much more important is getting started. Yes, the matter is urgent, but arriving at a binding framework is not the most urgent step that we can take right now. It is working at home in our domestic context to begin these important efforts.

Ambassador Nogami: Mr. Zhou?

Mr. Zhou: When we talk about the Kyoto Protocol we need to really recall when it happened. For the UNFCCC established in 1992, there were some requirements for the developed countries to cut down their emissions from the 1990 level. But after a couple of years, the people found that almost nothing happened, so then we think about if the UNFCCC is really a good thing for the whole world that will really do something. Then the Kyoto Protocol was created. So when it was created like this way because I think at that time many of the developed countries think they will take the lead as agreed in the UNFCCC. The Kyoto Protocol does not replace the UNFCCC but you realize and specify the UNFCCC and really get to the specific target. Of course at that time that was about 14 years ago of course and a lot of things changed. So we have to move forward to fit to the change. What is the change? First the US, although their administration at that time agreed to the Kyoto Protocol but Congress withdrew, so America was out. And of course the contribution of the emission share changed because some countries like China and others developed quicker. That is true. So we need something new, but I think first the developed countries take the lead still is not really finished because the per capita emissions are still very high, much higher than the average of developing

countries.

There is no model established yet saying that developing countries can follow this model, you can use much less per capita emissions to achieve industrialization and development. So we still need to show the people that it is doable, although it can be done only step by step, but we need some specific steps. So still there is a time that developed countries should take the lead. Technically it is not only politically you should do or you should not do. Technically we need a model. We need to show the people that it is doable. It does not stop development for others. It is a new type of development but who will show that you ask the developing countries to do it by themselves. Say you share the high emissions and we share the low emissions as the same development. I do not think any country will agree with that style and technically the developed countries' per capita emissions and per capita energy consumption is very high. They have better capacity. It has already been agreed I think. Better capacity. Technically their energy consumption has already matured. Technically they are easier than developing countries to really cut down their emissions and not really influence to worsen their standards of living. So it is already agreed.

But unfortunately up to now, although some countries really do some things, we really appreciate that, but many countries are still talking more than acting. So in this case, if you say the Kyoto Protocol is not workable, what is workable? The problem is one of the big emitters will not take the binding target at this time and if we have no such binding target system in the future, everyone will not be bound or everyone will be bound. I do not think the Americans will say the Kyoto Protocol will be binding. We can make another two years because all the people said within this administration they will agree to be legally binding internationally so we can wait another two years. But uncertainty is very high. Even two years after, who can say America will agree to binding targets in the future? No one can say so to wait two years will not work. So I think, and this is my personal opinion, Japan will say we need better binding targets for all the countries, but you cannot solve the biggest obstacle right now. America will not follow you.

And of course I think the Kyoto Protocol, although it has binding targets for developed countries, the Kyoto Protocol did not say the developing countries should not do anything. They say the developing countries should combine to make the climate change as one of the components of their sustainable development. It is a rule. And now I think including China, many developed countries, as our Secretary General mentioned, 31 developed countries already submitted their plans and they want to do and it is already covered by the Kyoto Protocol. The Kyoto Protocol just said you have binding targets and others were voluntary targets if they want. So I think it is not over the stage that developed countries should take the lead. It is not the stage where all the countries have the same responsibilities, all binding at that time. Of course I think this is very political. I think China will do

what they promised and you can check. When we will have the so-called international analysis and consultation for what we will achieve. No problem with that.

I think it is not a very difficult issue because up to now all the international support, financial support, technology support, will be checked. Every project operated CEF, operated by the CDM, operated by UNDP (United Nations Development Programme), UNEP (United Nations Environment Programme) or other international organizations or even bilateral support will be checked from the proposal, from the management of the project and so on. So I do not think it is a real problem to say "Okay, the money cannot be moved." If the money is there, it will be moved according to very strict standards because no one wants to just spend the money and have no results. That is no problem for that. I think the real thing is if Kyoto gets killed, what will replace that? I never can guarantee like the US will come back to work with us. So if you can find a solution for that, I think it is good. Of course we may raise some other things because Annex I country could be changed if they really follow the Kyoto Protocol rule, but another story is who will become a developed country from developing countries.

So it is another challenge for us. But I think it can be solved in the UN framework. That is no problem for that. I do not think it is the key. The key is that some people should do first. Thank you very much.

Ambassador Nogami: Ambassador, do you have any additional comments?

Mr. Hiramatsu: Yes, I have many comments, of course but I do not know if I have enough time to revert whatever you have said already. It is a very familiar argument, so of course there are various ways to assess what is going on in the situation. I very much agree with Mr. Diringer in saying that we have to get started as early as possible because it is important for developing countries too to have a real result or tangible result you can feel, a result of Cancun Agreements, especially with regard to fund and technology transfer and these issues or assistance in MRV. They need that. But if you lose some time just talking about other philosophical issues, that is not good for developing countries. So I really concur with Mr. Diringer and others and Mr. de Alba on the importance of how to get started with regard to implementation of the Cancun Agreements. And Japan is ready, as I said, to engage in discussion in a very faithful manner because that will help developing countries. So that is an important element we have to do at this particular moment.

Secondly, with regard to the Kyoto Protocol, our position is very clear because this Kyoto Protocol was created, as Mr. Zhou stated, it was 14 years ago already and at that time that kind of divide between north and south was locked at that stage. We are now talking in a very different situation

now. There are new developing emerging countries who are playing a very important role globally, so how to have a more balanced sort of comprehensive inclusive sort of mechanism, that is most important at this stage. So we are not saying that we are not going to do our efforts to mitigate our emissions. Japanese companies are very serious. They are committing themselves in a very voluntary manner, but they are very, very faithful on their commitment. They are doing efforts. They have targets to, I think 2020. I heard from many businessmen that they are very ambitious targets, but they are very much committed to this target. They are making full use of available new technology to abide by this ambitious goal. Even they are buying credit from overseas, so Japan is very serious in these efforts and also the Japanese government is, as Mr. Banno said, we are implementing every available measure to abide by our ambitious target.

So it is not true that Japan is just hiding from this international obligation. We are saying that we are doing our best efforts, but at the same time we need a more comprehensive, equitable, efficient, effective mechanism. That is what we are saying. So we are very much committed to this goal too, how to achieve this. As I said we are committed to make efforts to build upon Cancun result and at the end of the day to lead to the comprehensive legal framework. The nature of legality, as I said, we can discuss, but the important thing is to create a mechanism in which all major countries can participate maybe with different sort of obligations, but we need this kind of a mechanism. So that is why we are very much committed to work on that score. I understand some of the good elements in the Kyoto Protocol should be incorporated into the new framework and I am very happy to talk about CDM. CDM is very important but CDM has some deficiencies. It is not entirely user friendly, so we need improvement of CDM. So we are very happy to engage in this kind of discussion on how to improve CDM which may incorporate some new ideas such as a bilateral offset mechanism or even a regional sort of mechanism of carbon trading system.

So those are some basic principles of Kyoto. I am not sure what will be the matter of discussion to be incorporated again in this future framework. So we are happy what kind of elements to be even developed in Kyoto Protocol but we are not joining in this second commitment period because of the reason I mentioned. So we are not going to say that all elements of Kyoto will be left out. Some will be resolved, some will be even improved. That is our position. So there is some misunderstanding of what we are saying. The main cause is how to have a global reduction of emissions and GHG and for that we need real actions. We need international cooperation. We need sometimes bilateral sort of projects to implement energy efficient projects. That is what Japan is doing and we are very much committed to the negotiation. At the same time we are very much committed to a global low-carbon economic strategy around the world. So please understand that Japan is very much serious, not only the government, but also private sectors are very much engaged in these global climate change efforts.

Q&A

Ambassador Nogami: Of course UNFCCC negotiations, the UN-based negotiations are proceeding, but at the same time various plurilateral efforts are going on, for instance, the MEF (Major Economies Forum on Energy and Climate), G8 (Group of Eight), G20 (Group of Twenty) – all these discussions. How those discussions taking place under a different framework of plurilateral cooperation will be reconciled into the core process, this is the...

Ms. Figueres: Thank you. We view all of those venues as being extraordinarily helpful. They are all venues that allow governments to think a little bit more out of the box and a little bit more creatively with respect to their corresponding relationships with each other and their responsibilities with each other. So the G8, the G20, the MEF which is specifically for climate change and so many other different venues are actually very, very helpful venues that really enrich the conversation. At the same time, it is only the UN process that first allows every single country to have a voice because in those other venues there is a necessary sub-grouping of countries to participate. So it is only under the UN roof that every single country has a voice and that is very important because there is no country that is exempt from the impacts of climate change. It is very clear that there is a small subset of countries that are responsible for a huge amount of the emissions around the world, but no country is exempt from the impact and hence we feel that it is absolutely critical that all of the creative thinking that occurs in those venues comes back into the UN process so that each country can actually be represented. Let me leave it at that because I am sure you have many other questions.

Ambassador Nogami: Another set of questions is about the technical aspect, but many panelists mentioned about the clean energy technologies but such clean energy technologies, in many, many cases belong to proprietary technology belonging to the private sector. How will the agreement protect the proprietary nature of those clean energy technologies? Again this is addressed to Ms. Figueres. It is a difficult question.

Ms. Figueres: It is a difficult question and one that governments are still struggling with, so in Cancun the whole issue of intellectual property rights was actually not successfully addressed because it is a difficult question and still remains on the table. It is certainly true that most of these technologies belong to the private sector, so no one expects the private sector to just hand them over. I think a more constructive conversation is can one encourage those companies that have this technology to actually make investments in developing countries so that everybody can benefit from it. The company can benefit from the profits that they will make because that is what companies do, and developing countries can benefit from the emissions reductions that will be achieved through those reductions and through the modernization of the economy, and in the case of energy, of energy

generation or distribution.

Ambassador Nogami: Thank you. A set of questions are addressed to Mr. Hiramatsu. How does Japan plan to operationalize the bilateral mechanism? And also how will the voluntary offset arrangement be incorporated or will be placed in the context of the UNFCCC negotiations?

Mr. Hiramatsu: Thank you very much for that question. We are still in the process of negotiating with possible candidate countries, so we have not come up with a complete set of mechanisms to be implemented in the future. But we are very much mindful that this mechanism will contribute or complement an international global sort of carbon trading system. I cannot say at this stage what the future mechanism or bilateral offset mechanism is, but many developing countries are very much interested in this sort of mechanism because this will lead to the possible technology transfer by some of the high-tech high-end business sectors in Japan. So we very much hope that this mechanism will be created soon in order that it will make a huge difference in developing countries' efforts to mitigate their emissions.

And how it will be connected with an international system or CDM system, we again are in the process of discussing among ourselves, but I am convinced that some mechanism should be made, how to relate this mechanism to a possible more enhanced sort of CDM mechanism. Maybe we can borrow lessons from the CDM on how these projects are measured in the CDM. This kind of measuring system can be borrowed in our new mechanism or how it will be assessed. This assessment procedure or mechanism or lessons can be borrowed in a bilateral mechanism. But still it is a matter of negotiation with candidate countries, but again we are very much mindful that it will take part of this international global comprehensive sort of new trading system. So that is what I can say at this stage.

Ambassador Nogami: Thank you. The last question is a very simple one to Mr. Diringer. What the US House of Representatives has done with the temporary appropriation bill, as you mentioned cutting the budget by US\$100 billion and defunding expenditure on the US climate change envoy and completely removed the funding on the international climate aid, how will that affect the US negotiating position in the UNFCCC?

Mr. Diringer: First let me just emphasize that the budget measure that was passed by the House has not been accepted by the Senate or enacted into law. Negotiations are continuing on the whole suite of budget matters. There has been a reprieve, I suppose, of a couple of weeks because unless Congress is able to enact a continuing resolution, there is a threat of a government shutdown and in order to avoid that possibility there was an extension granted that will allow for continued

negotiations. I do not expect that the final outcome will be as severe as the measure passed by the House. I expect that Todd Stern, our climate change envoy, will keep his job. But I do expect that there will be some reduction from current levels of support for international climate finance. Just how severe those reductions will be, it is difficult to anticipate at this time. So I think that unfortunately the US will not be in as good a position to contribute at the level that the administration had hoped and I think that this will make things a little more difficult for the US in the negotiations and certainly if there are restrictions placed on the EPA's ability to regulate GHG – and this is also a possibility in the context of the budget considerations – that too will make things a little more difficult for the US in terms of its ability to meet its pledges.

So I think there is a reasonable chance that by the time of Durban, the US will be at a disadvantage, both with respect to its ability to meet its mitigation pledge and its ability to meet its financial pledge. I think that will be very unfortunate. At the same time though, I would emphasize that the types of issues that will be negotiated in Durban and the types of agreements that hopefully we can reach will not require of the US that it have new legislation in place at that time. I think the US will still be in a position to contribute to the negotiations and participate in the types of agreements that we need to reach in Durban, despite the types of developments we see at the moment in Congress.

Ambassador Nogami: Thank you. Since 9:30 this morning we have been doing a very intensive exchange of views, even without a coffee break, so I would like to conclude this morning session at this juncture. But nevertheless, we have covered a very wide range of issues including the various political situations in various major countries and the prospects for the international COP17 and what has to be done at this juncture. So I think to a great extent we have exposed the initial tasks set upon us. I would like to thank once again the panelists for the very detailed and very enlightening presentations on those aspects. Thank you very much once again.

Session 2: **Global governance for climate change**

Ms. Kaori Iida, Caster, NHK: Thank you for waiting, ladies and gentlemen. If I can invite the panelists up to the podium? Hi, my name is Kaori Iida. I am a journalist with NHK Television. I will be moderating the second panel today. We had a very lively discussion this morning. While the morning session was focused mostly on the prospects of the negotiations going into Durban, the main subject for this session is a bit wider. Given that no global policy, be it finance, be it trade, and of course climate change, can be pursued without the cooperation or commitment of developing and emerging countries, the big question is what kind of global governance or what kind of global mechanism is needed today and what is the appropriate international framework to deal with this important issue of climate change? I would briefly like to introduce the panel in sitting order. H.E. Dr. Han Seung-soo, both former prime minister of the Republic of Korea and former president of the United Nations General Assembly. Mr. Greg Austin, vice president of Program Development and Rapid Response, East West Institute. Mr. Austin has a 30-year career in international affairs including senior posts both in academia and in government. And H.E. Mr. Luiz Alberto Figueiredo Machado, Ambassador Director General for Environment and Special Affairs of Ministry of External Relations of Brazil. And finally Mr. Hironori Hamanaka, Chair of The Institute for Global Environmental Strategies (IGES) Board of Directors. Mr. Hamanaka has served with the Japanese government for 35 years and was the vice minister for global environmental affairs at the Ministry of the Environment.

A quick housekeeping notice: Dr. Han Seung-soo needs to leave the venue to meet with Foreign Minister Maehara at 15:45, so I would like to ask H.E. to make his remarks first and maybe have exchange of views within the panel and receive questions from the audience. So if you have any questions for H.E., please submit the question form while he is talking. Thank you. So the floor is yours, Your Excellency.

Keynote Speech

H.E. Dr. Han Seung-soo

Former Prime Minister of the Republic of Korea

Thank you very much. Thank you, Ms. Iida for your kind introduction. Excellencies, distinguished participants, ladies and gentlemen, I am very pleased to speak to you on this auspicious occasion of the Climate Change Symposium 2011. I am very grateful to the JIIA, particularly to President Yoshiji Nogami, for their kind invitation. As some of you may know I have been heavily involved in tackling the challenge of climate change for several years now. As president of the 56th Session of the United Nations General Assembly, I was instrumental in hosting the World Summit on Sustainable Development in Johannesburg, South Africa in September 2002 and then as one of the special envoys of the UN Secretary-General on Climate Change in 2007 and 2008. I traveled widely to solicit support of the world leaders for the high-level event on the margins of the general debate of the 62nd Session of the United Nations General Assembly on 24 September 2007.

Through these trips I found out that the leaders were clear about the need for us to work together to adapt to the effects of climate change and to assist those who are least able to do so. At the same time, virtually everyone said or implied that the current level of effort globally was not commensurate with the challenges of stabilizing concentrations of GHG at a safe level. I also witnessed a growing consensus to abandon the conventional economic approach of grow first, clean up later. A new and fresh policy framework was needed in its place, one that would enable economic growth and at the same time enhance climatic and environmental sustainability. When the Lee Myung-bak government was inaugurated in February 2008 I was called back to Korea to serve as prime minister, but after leaving the government, I have returned to the global works of climate change and water, taking part in the activity of the UN Secretary-General's High-level Panel on Global Sustainability and that of the UN Secretary-General's Advisory Board on Water and Sanitation.

Ladies and gentlemen, global governance for climate change has always been a difficult problem. The issue became even more difficult to solve after the Cancun Agreements barely managed to salvage the multilateral climate process of the UN which was very loosely tattered from the hangover of Copenhagen in 2009. By building on what Copenhagen achieved, Cancun managed to engage the participation of all countries to mitigation actions by legalizing the pledges contained in the Copenhagen Accord which was noted at the meeting of the plenary session of COP15. The Cancun Agreements succeeded in laying out the basis for transparency of implementation. Despite the widely acclaimed achievement of the Cancun Agreements, there still remain a lot of questions to

be answered than have already been answered. The most critical question for the future of global climate governance is what happens after the first commitment period of the Kyoto Protocol expires by the end of 2012 without any further agreement to replace it?

Cancun has delivered an agreement but not a consensus on the rules of operating global climate governance. In order to operationalize what was agreed in Cancun, a great number of things have to be worked out at COP17 in Durban, South Africa this December and later at COP18 whose venue has yet to be decided. What is disheartening is that at this juncture we do not have the consensus on the rules to work out the details and as you all know, the devil is always in the details. As I believe that innovative ideas and positive actions which have been pioneered by Korea illustrate some of the critical issues which the future global climate governance has to address, I would like to speak to you on Korea's position on some of the issues concerning climate change leading up to the Copenhagen conference under my leadership as prime minister. As you can understand many of our friends including those in Japan have suggested that Korea should join Annex I as a developed country. Pressure from such requests increased as the process moved on toward Copenhagen in 2009.

Under the circumstances, Korea emphasized the following points. First, Korea will not shy away from its obligation. Korea will make its own contributions commensurate with its capabilities. Korea emphasized this point throughout the negotiations of the MEF and the UNFCCC. Proposals to make contributions according to the respective capabilities of each country were also received as fresh and innovative by many negotiators finger pointing at each other on historical responsibilities. Korea proposed to change the focus of negotiations from asking "How much can you do?" to "How much can each one of us contribute?" This approach was appreciated by many of our friends, including those in Japan. As you may know, the UNFCCC has stipulated the principle of common but differentiated responsibilities and the respective capabilities since 1992. However, unfortunately climate negotiations were dominated only by the notion of common but differentiated responsibilities. Until Korea reminded the importance of respective capabilities, climate negotiations were developed by the finger pointing based on common but differentiated responsibilities.

It was in this context that President Lee Myung-bak made an international pledge of a 30% emissions reduction below BAU (business-as-usual) by 2020 in Korea, in spite of strong domestic opposition from the business community and related stakeholders. Korea has chosen 30% because it was the maximum level of the mitigation target recommended by the IPCC for non-Annex I countries. The 30% reduction symbolized the strong political will and commitment of the Korean government. It made good on its word on making contributions comparable to its capabilities.

Second, we pointed out that real action is more important, the least which is called Annex I. Though we appreciate the invitation to join Annex I as a developed country, we do not believe that the world should be divided only by Annex I and non-Annex I parties. In other words, trying to divide the world into Annex I and non-Annex I would be a futile exercise with potentially never-ending political haggling over which country should be on the list. It is possible that a country listed as an Annex I party might not accept the legal commitment as a developed country either. There is a good case where Annex I-listed countries did not accept their legal commitments under the Kyoto Protocol.

Thus listing as an Annex I and accepting its legal commitment probably could be separate things. Therefore, Annex I parties on the list should be interpreted more as the countries with historical responsibilities rather than those having legal obligations. It was in this context that Korea proposed the idea of an international registry of NAMAs as an instrument to inscribe and internationalize the pledges made by non-Annex I countries. We proposed to link pledges made by emerging and developing economies with international verification and domestically-binding implementation. We think the NAMA registry could provide a middle ground for those between Annex I and non-Annex I countries. This could be a practical and acceptable solution for major emitting emerging economies rather than being forced to be listed as Annex I which is directly associated with the notion of historical responsibilities.

While this NAMA registry idea was positively recognized by many developed countries, the reactions from emerging and developing countries were divided. Some argued that only those NAMAs financially supported by developed countries should and could be registered and major emerging economies strongly opposed the registration of unsupported NAMAs. Only at the strong insistence and persuasion of Korea did the Cancun Agreements allow the voluntary and unsupported NAMAs to be registered. The registry is now formally in place to function as an instrument to internationalize and to verify the implementation of voluntary NAMAs. The Korean proposal for a NAMA registry addressed the issue of verification, so-called MRV, of actions more as that of international transparency rather than as a vital issue of national sovereignty as many developed countries strongly insisted.

Third, Korea proposed to clarify the definition of legally binding into two: the concept of internationally legally-binding and domestically legally-binding. Throughout this very important point, throughout the history of climate negotiations, while legally-binding commitment was regarded as an ultimate goal of any global climate deal, no clarification has ever been explored on how to apply the notion of legally-binding commitments for both developed and developing countries alike.

We proposed to apply internationally legally-binding commitment for Annex I and domestically legally-binding commitment for non-Annex I countries. It is Korea's argument for compromise that the countries with historical responsibilities should have an international binding commitment while countries with future responsibilities – most of the emerging economies – should have domestic binding commitment. It was in this context that Korea enacted a law for low-carbon economy which legalized the 30% reduction below BAU by target year 2020. Thus the 30% reduction target is now a domestically-binding commitment for Korea. Implementation of this target will have domestic consequences, but has nothing to do with international penalty. We believe this is a fair and acceptable formula for emerging economies.

Fourth, Korea proposed the idea of enhancing carbon markets by recognizing carbon credit for NAMA. Transfer of finance and technology which is critical not only to support mitigation actions of developing countries, but also for rebuilding the trust between developed and developing countries could be better channeled through carbon markets than either through existing ODA (official development assistance) bureaucracy or through the newly-established facility of the Green Climate Fund.

Unfortunately the idea of promoting carbon markets was not clearly defined in the Cancun Agreements. It is quite understandable why the Cancun Agreements could not deal with this issue more clearly because as long as the future of the Kyoto Protocol remains uncertain, the extension of the life of existing carbon markets such as CDM was an uncertain challenge. However, it is certain that any future climate regime cannot solely depend on the public sector in channeling finance and transferring technology to developing countries without sufficient private sector participation through enhanced carbon markets.

Fifth, Korea argued that the climate deal should not only focus on important mitigation targets, but also focus on elaborating a strategy to promote a paradigm shift toward low-carbon green growth which could reduce heavy dependence on fossil fuels, the root cause of climate change. It was in this context that President Lee Myung-bak proclaimed on 15 August 2008 that “low carbon, green growth” would now become Korea's new national vision.

As prime minister I managed to put this new national vision into policy actions, the result of which was the announcement of a Green New Deal on 6 January 2009. Korea embarked on a new paradigm shift from the quantity-oriented massive fossil fuel-dependent growth to the quality-oriented low-carbon green growth. The Presidential Commission on Green Growth was established and the National Assembly passed the Framework Law on Green Growth, the first of its kind in the world. I

also instructed the cabinet to design a Five-Year Green Growth Plan 2009-2013 which is now being enforced, reaping valuable economic result as well as policy implications for emerging and developing economies. In order to share the knowledge of growth paradigm shift with emerging and developing economies, the Global Green Growth Institute (GGGI), an international think and action tank headquartered in Seoul was created last year in June. Korea's paradigm shift to green growth has been recognized by the global community, UNEP and the UN agencies, as well as private and public international banks which began to acknowledge the contribution that Korea has been making in this regard.

As chairman of the 2009 OECD (Organisation for Economic Co-Operation and Development) Ministerial Council Meeting, I was also instrumental in the OECD Ministerial Council Meeting's unanimous adoption of the Ministerial Declaration on Green Growth on 25 June 2009. Since then, the OECD has been actively embarked on a new paradigm and has been very relevant in advancing future growth and at the same time enhancing climatic and environmental sustainability.

Ladies and gentlemen, I believe that the issues raised by Korea in the climate negotiations leading up to Copenhagen had already touched on several key issues which have some ramifications for future global governance on climate change. By initiating an innovative proposal such as an international registry based on the idea of contributions comparable to its respective capabilities and by pledging the highest level of mitigation target by 2020, Korea tried to set a model for other emerging economies to follow. With the inauguration of the new government under President Lee Myung-bak in February 2008 and unlike the previous Korean governments which played the role of a rather reluctant participant in global climate negotiations, Korea became an early mover in combating climate change.

Korea has been playing an active role in trying to mediate differences between the developed and developing countries and to break the dialogue for introducing new ideas and actions based on our commitment to make mitigation actions comparable to our capabilities. In the course of heated negotiations leading up to Copenhagen, Korea highlighted the need for emerging economies to take action by bringing up the hitherto neglected notion of contribution comparable to respective capabilities which has long remained from the UNFCCC since 2009. The idea of a registry and the differentiation of internationally-binding commitment and domestically-binding pledge could also be useful and valuable in designing the future climate regime or enlarged Kyoto Protocol. I strongly believe that the registry proposed by Korea could be a viable mechanism for emerging economies to accept as an alternative for the future climate regime. The registry of the Cancun Agreements mainly deals with the supported NAMAs and outlined as a matching mechanism for NAMAs with the necessary funds and technology, rather than as a mechanism to internationalize voluntary and

unsupported domestic NAMAs.

However, the Cancun Agreements fortunately opened the window for the registry to go beyond just a matching mechanism and to function as an instrument for unsupported domestic NAMAs to be internationalized and verified for the sake of international transparency. Allowing unsupported NAMAs to be listed on the registry seemed to be a minor point Korea argued and fought hard for. I am sure that this fight was worthwhile to have waged. This was not very much highlighted as one of the major important achievements of Cancun as most countries still do not fully grasp the implication of this contribution. However, I think this is one of the most important achievements of Cancun for the future climate regime. It has already been made clear that the inclusion of emerging economies within the Kyoto Protocol structure of Annex I and non-Annex I is not feasible. We need a more sophisticated modality than to force Annex I status to major emitting emerging economies. If the idea of domestically binding could be further elaborated and refined in future negotiations, then the idea of the registry could function as a commitment mechanism for emerging economies with domestically-binding commitments. In actual fact, several emerging economies are already beginning to introduce domestically-binding measures to address climate change issues.

Ladies and gentlemen, in designing the details for the implementation of the Cancun Agreements, it is critical that negotiating partners build trust among themselves by promoting a clear understanding and recognition of the notion of historical responsibilities versus respective capabilities and that of the past responsibilities versus future responsibilities. This is to mean that developed countries have to clearly recognize their historical responsibilities while emerging and developing countries should also recognize their future responsibilities and pledge their contribution comparable to their respective capabilities. This commitment of developed countries based on historical responsibilities should carry internationally-binding consequences while pledges of emerging and developing countries based on future responsibilities and respective capabilities should carry only domestically-binding consequences. When and if the need arises, emerging and developing countries should also positively consider accepting international verification of domestic policy actions as a method of concern for transparency rather than as an issue of sovereignty.

Ladies and gentlemen, the fate of the Kyoto Protocol will have an immensely huge impact on the future course of global governance for climate change. Trust will be severely or irrevocably compromised if the first commitment period of the Kyoto Protocol lapses away without any stopgap measures. Unfortunately the Cancun Agreements left the Kyoto Protocol issue almost untouched. Therefore, the priority task for COP17 and COP18 would have to be how to deal with the issue of the Kyoto Protocol. It has to be made so that the first commitment is to be succeeded somehow by the second commitment period. One possible alternative as a stopgap measure would be for the

major emitting emerging economies to register their domestically-binding pledges under the registry while for developed countries to extend their internationally-binding commitments under the Kyoto Protocol. Were political leaders of major emitters to agree along this line, these two instruments could be brought into a broader legal framework such as an enlarged Kyoto Protocol.

It was very heartening indeed to note that the multilateral process of the UNFCCC was revived and its credibility returned and recaptured in Cancun. The UN should always remain as the central forum for global climate negotiations. However, ultimately the global governance for climate change has to be linked with our common effort to pursue a paradigm shift toward low-carbon green growth. This could turn the climate crisis into a change opportunity for enhancing stronger economic growth and at the same time guaranteeing climatic and environmental sustainability. Thank you very much for your attention.

Discussion

Ms. Iida: Thank you very much, Dr. Han Seung-soo for that excellent kickoff. For some of you that may have come in late, H.E. needs to leave at 15:45 for a meeting with Foreign Minister Maehara, so we will be taking questions from the audience as well before asking the other panelists to talk. Being a journalist and having the privilege to be the moderator if I can ask a quick question at the outset? Your Excellency, you mentioned that listing countries by Annex I and non-Annex I is not feasible. I was wondering where Korea stands on the current discussion on the extension of the Kyoto Protocol? This morning Ambassador Hiramatsu made Japan's position clear that Japan is not interested in simply extending the current Kyoto Protocol. We heard from the Chinese and other parties, their views. Listening to your remarks, it kind of sounds like you may be siding with the Japanese. I was wondering where Korea stands.

H.E. Dr. Han: Well, I know the Japanese position and I was in Cancun when the Japanese government announced that Japan would not commit itself again until some concrete alternative to the Kyoto Protocol is created. But what I suggest in my paper is that we have to look for a new framework to replace the Kyoto Protocol. The Kyoto Protocol divides Annex I parties and non-Annex I parties, developed countries and developing countries. Now developed countries have not only the historical responsibilities but also legal obligations. But some of them, or one particular country, although a signatory does not bear the legal responsibility until now...

Ms. Iida: The US.

H.E. Dr. Han: Well, I was not saying which country, but you said it.

Ms. Iida: Clarifying.

H.E. Dr. Han: What is important is that we have to find some new framework to replace the Kyoto Protocol. What I suggest in here is that instead of dividing the countries into Annex I countries and non-Annex I countries, there may be some middle ground so that major emitting emerging economies like, say, you can mention several countries (India, China) may be classified in that category, but in the case of developed countries or Annex I parties, they have internationally-binding commitments whereas those countries who will not bear the internationally-binding commitments, they have their own domestic legislation to prove that they are going on with their programs to reduce carbon emissions. One example, in the case of Korea we have announced voluntarily that by 2020 we are going to reduce emissions by 30%. If China does it, if India does it and also if they legislate that within their own domestic framework, then it will be a very good alternative to the

Kyoto Protocol. No other country from the world economies which have no historical responsibilities will join Annex I, so that is not a feasible solution. We should have some middle ground for those major emitters to take part.

That is actually the gist of my paper here and the future global governance should be moving from the so-called Kyoto Protocol regime to the post-Kyoto Protocol regime where there would be three categories of countries: Annex I, non-Annex I and in between.

Ms. Iida: I think the general sentiment here in Japan and also in the international community is that it will be very difficult to conclude a post-Kyoto agreement in Durban leading to the importance of a COP18. As you mentioned, Your Excellency, Korea is bidding to host the COP18. I believe that Qatar is also bidding as well. What would be the significance of Korea hosting COP18?

H.E. Dr. Han: In actual fact COP15 was very important. The Copenhagen conference was very important because you need at least two to three years. Even if the government agreed to go through the ratification process, the National Assembly needs about two to three years. Thereby you should have had an international agreement in Copenhagen, but we failed to do it and we have not succeeded in Cancun either, so the future of the Kyoto Protocol is very, very uncertain. We are trying to host COP18 that is next year, December next year. It will be too late for COP18 to come out with any alternative to replace the Kyoto Protocol by then. But still 2012 will be a very important year in the history of COP because that is the last year of the Kyoto Protocol and Korea would like to contribute in its own way to revive this process in some way. I do not know which would be the alternate that would be born out of this process, but we will be trying very hard to salvage the whole process in December in Durban and if not at least sometime next year during the process working groups and come up with some alternative by the time we have COP18, hopefully in Seoul.

Ms. Iida: Having said that, how would you define a successful COP17 in Durban?

H.E. Dr. Han: Well I think compared with Copenhagen, Cancun was a success because it was very essential from the European countries. We hope that we will see the repetition of Cancun in Durban this year, but at the same time, unlike in Cancun, I would like to see more deliberations on how to replace the Kyoto Protocol. I think if we do that and if we succeed in finding an alternative, that would be a great success. But I am a little pessimistic about that happening in actual fact.

Ms. Iida: I would like to open it up to the panelists. Maybe, Mr. Austin, if you can stimulate the discussions here?

Mr. Greg Austin, Vice President of Program Development and Rapid Response, East West

Institute: Yes, thanks, I will. Dr. Han, thank you very much for a good presentation. I compliment you on the proposition that we need a more sophisticated modality and you mentioned the creation of the voluntary registry and the potential impact that that might have. I think you made a compelling argument that to leave the Kyoto Protocol without in a sense a second phase commitment of some sort would not be an ideal outcome. What is your view of finding that more sophisticated modality by putting a new mechanism alongside the Kyoto Protocol which in a sense transforms the importance of it with that new mechanism in a sense addressing some of the broader issues of say global energy efficiency more directly than the current COP process? There are bigger issues out there in the global economy today of the relationship between food prices, energy and so on which might usefully in a sense come alongside the COP process.

If we are thinking about that, what is that more sophisticated modality? Is there something else outside of COP that might in a sense sit alongside the Kyoto Protocol and transform the meaning of it?

H.E. Dr. Han: I have just returned from Cape Town the day before yesterday after attending the second meeting of the UN Secretary-General's High-level Panel on Global Sustainability (GSP) and we discussed exactly these problems. I think currently the global issue is not just climate change but food, energy as well as water are very important issues and I think in the next report of the GSP you will see that these issues are included in the final report. But COP was created to deal with climate change issues so to broaden the horizons, broaden the range of discussion and deliberations at COP covering energy and food would be too much, I think. What we really should do is define our role there and try to find out what we can do in replacing the Kyoto Protocol which expires by the end of 2012. If we succeed in doing it, I think that will be more than what we can expect of COP17. COP18 may be too late. So we have to concentrate at COP on what to do with the Kyoto Protocol and when the Kyoto Protocol expires by the end of 2012, what should be the alternative regime that we can make use of in dealing with the challenge of climate change on which the future of humanity so critically depends.

We have to somehow narrow our position on this at COP in dealing with the challenge of climate change rather than widen it to the issues of energy security or food or water. Thank you.

H.E. Mr. Luiz Alberto Figueiredo Machado, Ambassador Director General for Environment and Special Affairs of Ministry of External Relations of Brazil: Dr. Han, thank you very much for your very enlightening speech. It was really a keynote speech. Many aspects of what you said I think are extremely relevant per se but I would like to focus on your stress on the importance of the fate of

the Kyoto Protocol and the consequence that it might have on the whole regime of fighting climate change. When it comes my turn for speaking I will also focus on that, but I would like to hear a little bit more about the importance you put in that specific element in the broader context of the future of the climate regime, if you please.

H.E. Dr. Han: In actual fact the most important factor in discussing the future global governance on climate change is how to find a compromise between non-Annex I countries among the major emitters and major emitters of the Annex I parties. At this juncture I think we have come to a stage where verification is necessary, but most of the Annex I countries, particularly major emitters, think that we should have international verification of domestic policies whereas all of, I think, the emerging economies, major emitters, would like to see verification domestically conducted, not international verification. They do not want to see this. Now this is the issue of sovereignty versus transparency. I emphasized several times that developing countries or emerging economies should view this as a problem of transparency rather than sovereignty but most of the developing and emerging economies think this is an issue of sovereignty. Therefore, although they are carrying out domestic mitigation actions domestically, it should not have international verification from the UN or the countries. If we can find a compromise on this particular issue, then I think we will be able to build on that compromise to find a very reasonable alternative to replace the Kyoto Protocol. Unfortunately we have not yet come to the compromise in international negotiations fora.

Ms. Iida: Just taking off from there, how can we encourage major emitters to go to transparency rather than just saying it is none of your business?

H.E. Dr. Han: Well, most of the developing countries suffered historically from the influence of the developed countries. Developed countries benefitted greatly from the Industrial Revolution and expanded their sphere of influence, but countries like India, for example, suffered under Britain for many years. Therefore, to them transparency is important but more important is keeping sovereignty. How to dissipate their worry on this is a key issue that we have to solve, but of course it is very, very difficult. When the concept of sovereignty is there, I think it is very difficult to persuade any country, particularly developing countries, to get over this. But I think by continuously persuading and also trying to take out this concept of full sovereignty from the whole process of the climate change negotiation, we may be able to reap some success in due course, but I do not know. At this juncture I admit that it is really very difficult to do so.

Ms. Iida: Is it more about communication or is it more about giving incentives do you think? More about communicating to those major emitters or is it more about giving them incentives to go to transparency?

H.E. Dr. Han: Well, the sovereignty issues are not the issues concerning the leaders of developing countries. It is really issues concerning the people of the developing world, so leaders have to reflect the view of the ordinary people and ordinary people do not accept whatever the leaders will say to them that this is an issue of transparency rather than sovereignty. If many people think that this is an issue not of transparency but sovereignty and if they know that they are going to be defeated in the next election, they will never go for it, so I think it is really more of a political problem than motives.

Ms. Iida: Ambassador Nogami this morning touched upon that issue saying that especially 2012 is a year of elections worldwide, very difficult. Professor Hamanaka, do you have any questions?

Mr. Hironori Hamanaka, Chair, The Institute for Global Environmental Strategies (IGES)

Board of Directors: Thank you very much and thank you very much, Dr. Han Seung-soo for your excellent keynote speech. I was very much impressed by your speech, particularly on the strong initiative taken by Korea in promoting new paradigm of low-carbon green growth. In that regard I admire the strong leadership taken by your president in pursuing this. Also, Your Excellency, you emphasize the importance of respective capabilities together with the common but differentiated responsibilities and also real action is very important. So in that regard, in order to fully facilitate emerging economies to pursue the new paradigm of low-carbon green growth, it will be very important, in my view, to build their capacities. So how can the capacities of different emerging economies be developed with a view to facilitating or enabling them to pursue the path of low-carbon green growth? I would like to listen to you or I would like to appreciate that you kindly share your views on how this capacity building and international cooperation could be pursued. What is your vision? What are the strategies?

H.E. Dr. Han: As you may know, Korea was one of the poorest countries in the 1950s and 1960s, but during the last 40-50 years we were able to catch up with developed countries. When we were catching up with developed countries, there were countries that you could emulate – Japan, Western Europe, America – but the paradigm at that time was quantity-oriented high-carbon energy-dependent growth. Now in the age of climate change we thought that we have to somehow find a new paradigm of growth and it is from quantity-oriented to quality-oriented growth, that is low-carbon green growth, and in conducting this policy there is no country ahead of us. There is no country that we can emulate. Therefore we are going through learning by doing process. But I am quite proud that Korea is the first country that has put green growth paradigm or quality-oriented paradigm of growth into policy actions. As I said, when I was then in government I instructed the cabinet to design a policy and the so-called Green New Deal policy was announced in January 2009.

In actual fact after the president's proclamation of Korea's new national visions as "low carbon, green growth" in August 2008 I was working on how to put this national vision into policy actions, but a month later on 15 September there was the collapse of Lehman Brothers and world economic stagnation was erupting. Therefore, we had a kind of makeshift policy and came up with not just green policy, but Green New Deal policy. Green is original policy – supply side, medium- to long-term kind of neo-classical policy prescriptions. But because of the world economic stagnation, we had to make a new makeshift policy, adding so-called active fiscal stimulus, demand-creating Keynesian short-term policy there. That is why we have the Green New Deal policy, but when we overcome the stagnation at home and we begin to create jobs which we are doing now, this New Deal part, fiscal stimulus part will phase out. It is now being phased out, leaving the green part only.

Now we know that developed countries have capacity to absorb or to conduct green growth policy, but many developing countries have no capacities – finance, technology whatever – so I think we should create an institute of which I am the chair, that is the GGGI and try to share some of our knowledge and experience that we accumulated in the process of conducting green growth policies. Now when we had so-called quantity-oriented growth paradigm, the major factor of production was capital labor. But in the new paradigm of growth we think that the new factor of production would be new ideas, transformation, innovation and state of our technology. Particularly the advancement of ICT (information and communication technology) has great ramification on the future of green growth paradigm. We also identified 17 sectors in Korea under three categories – green technology, fusion technology and high-value added areas – so depending on that LEDs and renewable energies, robotics and nanotech were identified as future paradigm growth sectors.

Anyway, as I said, we have now a five-year green growth plan now enforced for the last three years. We are reaping some results and very good results too, so we are trying to share these experiences and knowledge with not only developed countries because developed countries have capacity to do so, but with developing countries. That is why GGGI was created last year. We are in the process of transferring some of our technology through them. Of course it is still an early stage to say this is it, but in an age of climate change we think that we have to find the new paradigm of growth. Unless we find a new paradigm of growth and implement it, the future will be very bleak. What Korea is really doing is to internalize the externality aspect of the climate change within the domestic system. We are using climate change as a domestic variable, the endogenous variable in the national planning equation, so if all the countries do the same way, trying to endogenize climate change within their national planning equation or policy equation, then you do not need to go to an international forum like COP and point fingers at each other because you yourself will be solving already your own problem of climate change within your boundary. Of course there will still be issues but the pressure at the international fora will be much lessened if we all go through the paradigm.

Q&A

Ms. Iida: Thank you. I would like to open it up to the floor. Any questions from the floor? The gentleman in the front?

QUESTION (Japan): Dr. Han, thank you so much. Mr. Diringer this morning stated very clearly that probably what we could do at the next COP17 will be in fact to aim of course for the final goal of a comprehensive legally-binding agreement of course, but it will be unrealistic given the domestic situation in the US and other countries and it probably might be better to have a piecemeal agreement. Let's say for instance a piecemeal agreement on energy-saving technology or the least emissions technology or renewable energy technology and so forth, so that in the end we all know that we should reach a certain goal, but we know that we cannot do so right away, so step by step we should go. This is what Mr. Diringer said, and I thought it was a very realistic approach and I would like to know what you think about it.

H.E. Dr. Han: Well, this piecemeal approach is one alternative, but that will not replace the Kyoto Protocol. But if you are going for a piecemeal approach, I would suggest that each country should adopt a low-carbon green growth policy because many particularly developing countries are very suspicious of this new paradigm of growth. They think this is a paradigm for developed economies. Not so. This is the issue that I discussed at GSP in Cape Town a few days ago. This is really the paradigm growth for developing countries rather than developed countries because developed countries have no lock-in effect of a mature economy, so it is very amenable to the new ideas and new policies. So instead of turning around you can have a development process whereas developed countries that already have mature economies cannot do that. So in a sense low-carbon green growth paradigm is a paradigm for developing countries rather than developed. If all other countries do the same thing, then this will emulate much of the problem that we are facing today on climate change.

In actual fact, the future of humanity really critically depends on how we solve the challenge of climate change today because as you may know, the IPCC predicts that BAU will leave the world with an average temperature increase of 6.4 degrees Celsius by the end of this century. If you think of the past 10,000 years – the average temperature increase was only 1.0 degree Celsius – no plants or animals will be able to survive by the end of the century. All of us may go, but our children's children would be there and would have to suffer. Unless we take really drastic actions internationally, we will never solve the problem. If an international agreement is not possible, then individual governments should take action by going for green growth paradigm.

Ms. Iida: Did you get your answer? Is that okay? Any other questions? Come on guys.

H.E. Dr. Han: Thank you very much.

Ms. Iida: We see a hand in the back.

QUESTION (South Africa): I hear your last argument, but I am not sure that I agree with you. I think that major emerging economies are in an even more difficult position because many of those countries, just like your own, have recently locked in high-carbon growth as they began to industrialize and so I am talking about the late 1960s, early 1970s/mid 1970s. So that plant is only midway in its lifecycle. How would you go about transitioning to a green economy where you have already locked in a major portion of your growth in a high carbon fashion?

H.E. Dr. Han: Well exactly that is why I say that to adopt this green growth policy would be much easier in the case of developing countries than developed economies because you have a locked-in effect. A mature economy cannot change overnight, but what I am trying to say is that unless... There are two approaches. One is to go through the international framework succeeding Kyoto Protocol, a very tight one. Or we can go together. Each country should have a change in growth paradigm from the past into a new one, the new one being low-carbon green growth. Of course it will take time and it needs a lot of education. When I was introducing the green growth paradigm into Korea, I thought the most important agent of change was government bureaucrats because they need to know what is involved in it, so I toured the country and talked to middle-ranking director of division level government officials. I trained 5,000 government officials to say what is meant by the challenge of climate change and how to overcome this problem in Korea.

The only way is a paradigm shift from quantity-oriented, so-called paradigm growth into a new paradigm growth. Of course as I said we are going through the process of learning by doing because there is no other country in front of us. But I think the experience that we accumulate in the process will certainly be very valuable to many countries which want to follow the path of Korea in the future. Thank you.

Ms. Iida: Thank you. Any other questions? The gentleman in the back?

QUESTION (Japan): Thank you very much. My question is about the legal status of the commitment. I think many emerging economies like including your country have already done a lot of investment on renewable or nuclear or energy conservation, so I think they have been doing so many things already for the sake of energy security. So I think the issue is not real action they are taking, but the kind of legally bindingness of the commitment of major economies. So what do you

think about the legally bindingness of the commitment? As you know there are some developing countries already doing domestically, but they do not accept internationally legally binding, so I just want to know your perspective on this issue. Thank you.

H.E. Dr. Han: On the issue of legally binding, I think domestic legally binding is easy because it is domestically legalized. The national assembly or through the presidential decree you announce certain measures and you have to do or you have to pay penalties or whatever. But internationally legally binding is a different problem as we see in the case of the Kyoto Protocol. It is very difficult to enforce the internationally legally binding to a party to the Kyoto Protocol so unless we reinforce this process, it will be very difficult to find the result achieved as expected. That is why I said in my text that in the case of even the Kyoto Protocol, Annex I parties, there is a country which was a party but does not bear the legally binding, so the international issue has to be separate from the domestic issue. That is why I think domestically binding, although it will not be verified by an international organization or other governments is in a sense more effective than an internationally binding process.

But if we are going to have an international protocol of Kyoto type, then in the future we may have to reinforce the process of legally binding in such a way that countries that violate that commitment would have to be, I do not know, punished? I do not think that is a good word. Maybe other penalty? That may not be a good word because you have to agree on that and no one will agree on this. But anyway, so on domestically binding I think legally it is much easier than internationally binding. Therefore, I think that leaving these emerging economies to go for the third category of Kyoto Protocol type would be a very useful alternative in designing the future governance of climate change.

Ms. Iida: Sir?

QUESTION (Singapore): Thank you very much. Good afternoon. Mr. Prime Minister, thank you very much for your statements. Your statement had a lot of very important ideas. As a country that shares some of the challenges that you have gone through, I very much appreciate your comments and your statements. Mr. Prime Minister, there is one point, however, which I am not sure I completely agree with and that is with regard to the distinction you are making between internationally binding and domestically binding because I think the challenge as we are in search of better governance on climate change is to create an international rules-based system. In order to create a rules-based system, in whatever field it might be whether it is trade or even in international diplomacy, we need internationally-binding agreements. We need international legal frameworks which then become a basis for taking domestically-binding actions.

If we take the example of the WTO, we have in place a legal framework which is the Marrakesh Agreement which established the WTO which then becomes a basis for enacting domestic trade legislation so that one is in conformity with international agreements. So the point that I am making is that the distinction between domestically binding and internationally binding may not be a valid one and in fact in my view, in order to create a rules-based system including in the area of climate change, what is needed is an international agreement, an international agreement that is legally binding, an international agreement that will require all countries to take legally-binding commitments. I thought I would just submit my comments for your reflection, but you are right that this is going to be a major challenge for us this year on the road to Durban. But as we try and construct a system of governance on climate change, it is very important for Singapore, for small countries like Singapore, that there is a rules-based system under which all countries take actions and we believe that the best way of achieving that is an international legally-binding agreement. That has to be the goal of the process. I am not saying that we can achieve that in Durban, but I am saying that that has to be the goal of the process. Thank you.

H.E. Dr. Han: Thank you, Ambassador. I think exactly ideally we have to have an international rules-based agreement. But in the absence of these internationally-agreed rules, what would be the alternative? The alternative I think is stopgap measures. These are stopgap measures of allowing major emitting emerging economies to go for domestically-binding commitments, otherwise they will not join. Now in the case of the WTO, countries joining the WTO think that this is a positive-sum game, so by joining the WTO, you are gaining. But in the case of the UNFCCC, many developing countries, non-Annex I countries think this is a zero-sum game. So by joining you are actually losing whereas developed countries will gain. So this different concept on the issues will make a totally different outcome, but ultimately as you say, we should have a rules-based international agreement. Probably we cannot do it now. What are you going to go away separately and just act however you like? No. You have to have some stopgap measures before this rules-based international agreement. That, I think, is one way to separate the two.

Ms. Iida: Dr. Han, just to clarify. When you said that you think it is not appropriate to penalize a nation should it violate the international legally-binding framework or agreement, what would be the incentive for a country to actually reach that goal should there be no penalty? Would it be a name in shame?

H.E. Dr. Han: Well, I have not thought about it, but I think there are many international agreements. And if you do not abide by the rules set by that agreement, then countries, the sovereign country may have to suffer in one way or another. But unfortunately in the case of the UNFCCC, the Kyoto

Protocol, the enforcement of the consequence of violating the agreement has not yet been fully in operation. I do not know what should be the answer to that, but I think if we are going to have as the ambassador said, a global international agreement, then it has to have a much more coherent and enforceable agreement in place. But at the moment, it is very unrealistic because even the Kyoto Protocol is not in full operation. How can you make “a much stronger Kyoto Protocol” when the current Kyoto Protocol is not even fully enforced? But what will we do? We have to work very hard to find some new modality to deal with this problem, this challenge of climate change. Otherwise, as I said the future of humanity will become very, very bleak. We may be able to survive and live, but our children’s children will suffer as a consequence of our inaction.

Ms. Iida: Before I let you go, I know that you are the chairman of the GGGI. Can you briefly talk about what the Korean government is trying to do, especially in the context of global governance?

H.E. Dr. Han: President Lee Myung-bak announced publicly in Copenhagen in December 2009 that Korea is going to create a GGGI, an international think tank and international action tank headquartered in Seoul but global in composition, so I am currently chairman of the board of directors. We have three from Korea on the board, but the vice chair is Lord Nicholas Stern of *The Stern Review* fame and also Tom Heller of Stanford University. And on the board we have Montek Singh Ahuwallia, deputy chairman of the Planning Commission of India; Trevor Manuel, former finance minister of South Africa who is now on the Planning Commission for the Office of President and also Noeleen Heyzer, undersecretary general of the UN and also executive secretary of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). Also now we have Abdoulie Janneh, executive secretary, United Nations Economic Commission for Africa (UNECA) and we have invited several from the developed countries also. So it is still in an informative age, but I think we now have several people.

EDs (executive director) were invited from abroad and now Rick Samans who was the managing director of the World Economic Forum is now a new ED. Now although it is headquartered in Seoul, this is an international, global organization or institution and we would like to create good and cooperative relationships with many governments including Japan in the future. And what we want to do is to share the knowledge and experience that we have accumulated in Korea during the process of implementing the green growth policy. We have very small in-country projects in Indonesia, Ethiopia and Brazil and we have to plan to have some more in other countries. Thank you.

Ms. Iida: Do we have more questions? If not, if you could give a warm hand to Dr. Han.

H.E. Dr. Han: I am sorry I have to leave, but please excuse me.

Ms. Iida: Dr. Han arrived this morning and I understand you are leaving for Seoul tonight. Very busy. Thank you very much. Thank you for waiting and thank you for your patience. I would like to call upon Mr. Greg Austin for your presentation. The floor is yours.

Presentation

Dr. Greg Austin

Vice President of Program Development and Rapid Response, East West Institute

Thank you very much and good afternoon, ladies and gentlemen. I would like to kick off my remarks by echoing or at least referring to the invitation from Secretary of State Banno this morning that the purpose of this meeting is to send a strong message on a new international effort to respond to climate change. And I think in that invocation, Secretary of State Banno was not only talking about how do we fix the COP, I think he was talking about a broader, more comprehensive effort to respond to climate change. What are those additional measures that sit alongside COP, alongside the Convention, to help us along the way to responding? In addressing that, I would just like to pick up some of the points that were made by speakers this morning which in a sense set the tone for some of the way my institute is responding. For example, Ambassador Figueres said that we needed a top-down approach. Ambassador de Alba said there is a lack of recognition in the UN system for leadership and he did not use these words, but he basically said the UN system is anti-leadership. He said that we have allowed the emergence of a system of consensus that gives veto power to a single state.

Elliot Diringer talked about we have now entered a more evolutionary phase and I think that is a fair statement. He posed the question how long will this phase last? That could be a simple question of fact, so to speak, or it could be a question of rhetorical despair. How long will this evolutionary phase last? Do we need some breakthroughs? I think Elliot also talked about the need to build confidence and trust, so in a sense if the problem is confidence and trust, then should there be a heavy focus on how do you repair confidence and how do you repair trust, rather than on the narrow, technical sort of issues? A big theme that emerged in the couple of the presentations, but also in Secretary of State Banno's remarks is how do we maximize the role of the private sector without constraining business and he talked about the need for balanced market mechanisms. To foreshadow some of what I would like to say, this question of the role of the private sector and how it relates to the original invocation for new approaches to climate change is really a question of new diplomacy.

So we have the COP. It is a conference of parties to an international convention. What is this new diplomacy that involves businesses in a way that is going to revolutionize the flow of technology and expertise to countries which face climate threats today or have adaptation needs for the future? But then I thought that some of the questions that were posed by Ambassador Nogami at the end about what is that sub-state role was a very important question and I also thought that the statement by Ambassador Figueres at the end of that discussion was pretty overpoweringly convincing. She said if

all we had to do was implement Cancun, that would be a huge agenda just by itself. So here we are in a situation where we have got the COP. International commentary suggests that the COP is not delivering what it needs. Her assessment was that Cancun was the biggest step that the COP has made in a decade or something, but a small step for the planet. So I think the question that Secretary of State Banno has posed for us is what are those additional small steps apart from the COP or those big steps that we can take that really renovate the global effort to respond to climate change?

The East West Institute is not an organization that has specialized in climate change or indeed even now specializes in climate change. We are an organization that specializes in confidence building, in finding out what the real problems are, the real political obstacles and trying to help parties reach a new position around those obstacles. As an example of that, for example we convened in 1987 the first ever meeting of Warsaw Pact chiefs of staff with NATO (North Atlantic Treaty Organization) chiefs of staff. It was an unofficial meeting and when we convened that meeting we had no idea that the Cold War would end, so one of the things about the East West Institute's approach and one of the approaches that has to be on the table is that we have to have an honest conversation about climate change that does not have a pre-cooked solution at the end of it. One of the important but inescapable aspects of the Convention and the COP negotiations is that there is a conclusion at the end of it that is decades away which has no political meaning to most of the people in the world and to most political constituencies. So how do we get the people around the table to find new steps for the planet which do not have this pre-cooked outcome which depends on rather unrealistic compromises about controlling emissions? I think that the impasse into which the Kyoto Protocol has now come reflects the lack of realism about some of that ambition.

It does not mean that all of the good things that were said this morning about the COP at Cancun were untrue. I think that I certainly place huge importance upon what happened in Cancun and the potential of the COP to go forward. In particular the agreement on monitoring and reporting I think is a fundamental plank of confidence building in the future and I think Elliot made that point. I would certainly promote a rapid implementation of that process. Part of the East West Institute's normal modus operandi is to talk to the parties about what they want, so we undertook some consultations in the last year about what was the nature of this impasse and what might be done. And I mentioned privately to some people, but one of the consultations was with a group of African ambassadors in Brussels. Not every ambassador came of course, but those that did basically said we do not know much about climate change so it is really good to sit around the table and talk to somebody about it and we were not the experts. We had some experts along as well.

They expressed the firm view that in terms of their political support for what was happening globally, they did not believe that their governments were really expressing a well considered view and that

therefore by implication any G77 (Group of 77) position on climate change in the UN framework was really a little bit artificial and manufactured. But the bigger point for them was really the question of dealing with climate threats now, so what was the relationship between the need of African countries or other countries to deal with climate threats of today and this longer-term issue of climate change? That threw out the proposition that the international discussions around adaptation were, as appropriate as they may be, were not really picking up the question of national resilience that was really important to a number of countries today in terms of dealing with climate threats. And the link between dealing with climate threats today and in the future is if you cannot deal with them today, how confident can you be that you can deal with them in the future simply because an international organization is going to earmark money, subject that to a bureaucratic process not dissimilar from traditional international development assistance and somehow sort of dispense your capacity upon you when in fact what you really need is internally-generated resilience which can be developed in all sorts of ways.

Another departure point for the institute was being based in the US we were painfully aware of the domestic divisions in the US on these issues, but we were also influenced by debates amongst economists about the issue of uncertainty around the science and more around the economics. And when I say uncertainty about the science, I do not mean is climate change happening. Climate change is definitely happening, but it is uncertainty about the interrelationships between the different drivers of climate change and then the responses to climate change. So there are the drivers of climate change and then there is how an economy and a society respond and then there is another outcome. I think Ambassador Figueres was dead right this morning when she said that scientific work is not going fast enough. So we are in this situation where we have a big global problem, we are trying to solve it, we have all this political contest, the scientific research is not advancing fast enough and is not being drawn together fast enough, so how else do we address this alongside the COP or the Convention?

In terms of the US domestic body politic, we raise the conclusion that is of some relevance of course to the international community and of course was certainly on the table and that is the idea of focusing on the question of energy efficiency because you can achieve certain outcomes in terms of reduction of CO₂ emissions if you pursue an aggressive strategy of energy efficiency. So that in a sense puts on the table what is the international framework or international structure for energy efficiency and there really is not one. There are some useful initiatives, very promising in fact, but I think one question on the table as we go forward in the five to 10-year timeframe is there some deal, some international treaty out there in terms of energy efficiency that might be promoted. Let me finish off, I think you have the flavor of where we are coming from and it is really to sort of pose a set of questions and open up the question of what is that next port of call where the international

community can go to make some additional steps to save the planet? So let's not think only about saving COP or saving the Convention or the Kyoto Protocol or having a good outcome at the next COP but what are those other areas of policy that we must be working on for climate change?

There are a couple that have come out of our work, consultations really, not original ideas, which I think are worth looking at. I think some focus on risk assessment and early warning of climate threat today would be an important mobilizing tool. Another area of considerable potential I think is to look at the role of sub-national governments and the material on the R20 organization has been circulated in the conference packs. I certainly think that is worth looking at. And one of the aims of the R20 or the main aim is in fact to fast track finance to climate change-related projects around the world. Final point I would like to make is that the frameworks for global governance for climate change are really sitting in a situation where the frameworks of global governance are assessed to be extremely weak. So the US National Intelligence Committee and the European Union Security Studies Institute published a report in September last year called *Global Governance 2025* in which they made such an assessment that without significant reform, it is unlikely that the global institutions will be able to respond adequately to a number of emerging problems. They are so complex, they are so politically controversial that there is really very little hope. Of course that is a fairly broad brush sort of assessment, but I think it is worth paying some attention to.

It is quite clear in the last decade there have been new trends in global diplomacy and global problem solving. One is the emergence of civil society. That is a fairly well established trend. One that is not so well established is the role of business leaders in taking a role in policy entrepreneurship at the global level to solve these problems. R20 is an interesting exercise in that. Part of the R20 exercise is really about mobilizing the business sector. There are other examples of policy which mobilize businesses. One is in the area of cyber security which is where the institute is also working. And 80% or 85% of global cyber infrastructure is in the hands of the private sector, yet we have this huge overwhelming global need to protect the digital economy at a time of serious what you might call probes or threats or vulnerabilities in the system, but in a situation where not only are governments not organizing for cyber diplomacy very well, they are all organizing extremely slowly, but those governments have to rely on private sector partners from other countries to get the job done. So the Russian government has to talk to Microsoft about its cyber security, the government of the UAE has to talk to BlackBerry from Canada about its cyber security and so on and so forth.

So I think that the final sort of word I would like to just mention is that I think that Cancun and the COP are showing fantastic progress. There are clear priority areas to be advanced. I really like the idea of a voluntary registry. I really like the idea of monitoring and reporting, but I think that there have to be some other things alongside COP, alongside the Convention, which have to be put on the

table and worked as vigorously as COP is by the climate change bureaucracies as COP and the Convention are.

Presentation

H.E. Amb. Luiz Alberto Figueiredo Machado
Ambassador Director General for Environment and
Special Affairs of Ministry of External Relations of Brazil

I would like to focus the issue through different lenses and I would like to concentrate on something that was said by my dear friend and colleague, the ambassador for climate change of Singapore who touched on a very important issue which is a rules-based system. That is the most important question. We have in climate change a global problem, a problem that is global in reach. Although it was caused by some, it will affect all. And since we have this global problem, although created by some, we have to have a rules-based system that would address that problem. And since this problem is not going away in a short period of time, those who did not cause the problem in the past are increasingly going to contribute to the problem in the future. So it is a very complex cause and effect conundrum that inspires me to say that we are facing a problem again that is global in nature and therefore should be tackled by everybody. But being tackled by everybody, you have to understand the nature of that problem and the nature of its solution.

I would like to go back in time to look at the governance on climate change. We have a system in place since 1992 which is by nature an evolutionary system. We have a framework convention which by its very name makes it clear that we expect other things to be added to that framework in the future so that we would hopefully listen to what science tells us about the nature of the problem and we will, as an international community, react to that problem. The IPCC has been instrumental in telling us about the severity of the problem, telling us possibilities of addressing that problem, and based on the Convention, what science tells us, very soon in that process, as soon as the Convention came into force back in 1994 we felt that we needed something more than simply what the Convention said that those countries that were responsible for the problem, meaning Annex I countries – and that is why we have Annex I countries and non-Annex I countries because we have culprits and we have those who were not responsible – so Annex I countries had, according to the UNFCCC, the obligation of reducing their emissions back to 1990 levels.

But this almost immediately was seen as not enough due to what science was telling us and then we negotiated the Kyoto Protocol, creating a clear legal framework that would have the feature of a top-down system whereby you would see the size of the problem, you will see what is the adequate response and then you would do a process of burden sharing among those who had the obligation of addressing the problem they had created. This system, this top-down system ideally would be informed by science in defining the size of the problem and the amount of effort that should be done

to address that problem. This system is what is being challenged today and what is being, in a way, replaced by a bottom-up system but in the worst possible sense which is a pledge and review system at this point in time, a system where basically you define what you will do. You will do basically whatever you want, where you want, the amount you want and in certain cases, without concern even for a common accounting system. That is the risk that we are running now.

That should be the major debate around the future of Kyoto. Kyoto is the only, at this point in time, let me make that clear, Kyoto is the only truly rules-based system that we have internationally for reducing emissions. With all the problems, with all the lack of efficiency, with all the limitations in terms of number of countries – that is something that I am not discussing here and something with which I agree, let me make that also clear – what I am talking about is the rules-based system. When we look at this evolutionary process, what we had in 1992 with the UNFCCC and then in 1997 with the Kyoto Protocol, it is a clear evolution of the system. But it would be extremely wrong to imagine that the international fight against climate change would be forever crystallized in that model. It does not make sense and it would probably not address what science is telling us. But you cannot have, you cannot go from a system where only one group of countries have international obligations and another group has no obligations, quantified obligations for emissions reductions and simply jump to a system where all of them have the same obligations. It does not make sense. It is not politically feasible. People like to say what is politically feasible for developed countries, so I would like to say what is politically feasible for developing countries. For developing countries it is not politically feasible to think about an evolution of a regime where you will pass from one situation to another without a transitional phase. And that transitional phase is exactly what we are having or what we should have.

In the Bali Roadmap at the Bali COP in 2007 we negotiated a mandate that would imply a second commitment period for the Kyoto Protocol and would imply comparable obligations for the US, comparable to those of the Kyoto members and would imply for the first time actions by developing countries and as the UNFCCC determines, actions that would be supported and enabled by Annex I countries. So this is clearly, although people do not seem to realize, that is clearly a transitional phase, especially for developing countries between a first situation back in 1992 to a future where all countries may be facing the same nature of legal obligations. We are not there yet. We will not be there very soon, but we should prepare for that and that is the origin of the Bali Action Plan. Those who are here who negotiated the Bali Action Plan actually understand that. So we should be now in that phase, in the phase where developing countries will start moving to the direction of the obligations of developed countries so that hopefully in the future they meet and we will have what my dear friend from Singapore said, a universal rules-based system.

What we are seeing now is that developing countries are starting to move up in their obligations and developed countries are starting to move down. They want to get rid of their obligations and we will probably meet somewhere very close to the system that will be in place in the Bali Action Plan for developing countries. In my mind that is a huge danger to the system. That is something that will imply difficulties in carrying on the battle against climate change because once you settle down at a very low level of legally bindingness, it will be very difficult to go up again. So the biggest danger in my view of what is going on with Kyoto at this point in time is that we lose the model, the only model in my mind that will give us hope to fight climate change with a fair chance of following what science tells us because it is the only model that will look at what is the size of the problem, what is the size of the reaction to that problem and that will think about a process for burden sharing.

In the system of pledge and review that seems to be where we are leading to, it is not possible to look at what science tells us because if every country will do what it deems fit, there is no negotiation amongst countries. Every country will decide what the size of its effort is. The amount of that effort would hardly be what science is telling us is needed. So that is something that in my mind should be very clear. We have a problem that is global, as I said, a response that should be global, but we have to have a global response at a certain level of legal stringency that seems to be elusive nowadays. It is this idea of a new framework that would replace Kyoto eventually is something that is so far from being a real possibility at this point in time that I really doubt it will ever happen in the near future. I do not see this for Durban. I do not see this for the Asian COP because I doubt countries will agree to a legally-binding instrument that would put in place a pledge and review system. I know that I would not. I cannot speak for my country at this point in time, but I would not because I know that this is not conducive to what we need in terms of fighting climate change.

And since what we are hearing from countries seems to be that they want to get rid of their constraints in Kyoto and they seem to want to go for a free-for-all system, it is very difficult to imagine that we can get to a legally-binding instrument anytime soon. I think I have had my 10 minutes. Thank you very much.

Presentation

Prof. Hironori Hamanaka

Chair of The Institute for Global Environmental Strategies (IGES) Board of Directors

Thank you very much. This morning we had a very interesting discussion including the importance of how to operationalize the Cancun Agreements and also the importance of confidence building. Confidence building is important, both in terms of building confidence among countries, but also building confidence among domestic stakeholders that the targets placed by their national governments can be achieved or doable. So in this context, I would like to speak on the experience gained in implementing the Indonesia Climate Change Program Loan with a view to learning lessons for designing an international scheme, for instance, on MRV and enhancing international cooperation for climate change, both mitigation and adaptation. By the way, I am acting as the chair of the board of directors of a research institute based in Japan called IGES (Institute for Global Environmental Strategies) working for sustainable development focused mainly in the Asia-Pacific. In that capacity I am now heavily involved in this Climate Change Program Loan and also the international team advising the Government of Indonesia.

Japan and France have been providing a program loan to the Government of Indonesia with a view to supporting Indonesia and enhancing climate change mitigation and adaptation policies and measures. I believe experience gained in implementing this program and lessons learned are useful for planning and implementing NAMAs and for promoting international cooperation to support enhanced actions by developing countries. Indonesia is a major emitter of GHG, including the emissions from the forestry sector and peatlands. Indonesia is vulnerable to climate change impacts. At the same time, Indonesia has been actively taking actions to address climate change and already formulated the National Climate Change Action Plan in 2007 and in the same year hosted the UNFCCC COP13 in Bali, Indonesia.

So I think assisting Indonesia's efforts to enhance climate change actions was considered to be meaningful not only for Indonesia herself, but also for the international community as a whole by further building momentum to the multilateral process to build a post-2012 climate regime. So against this backdrop Japan and Indonesia agreed on this program on the occasion of the G8 Hokkaido Toyako Summit in 2008 focusing on institution building to enhance climate change mitigation and adaptation actions. Since then the Japanese government, JICA (Japan International Cooperation Agency) and the French Development Agency have been jointly providing program loan for the Government of Indonesia. First of all, let me say a few words on how this scheme operates. First the Government of Indonesia and development partners, both Japan and France,

discussed and agreed on a matrix of policy actions and targets in key sectors and on cross-sectoral issues. Second, monitoring and assessment of the performance of policy actions are conducted jointly by experts from Indonesia and development partners.

Third, the results are provided to the forum for policy dialogue called the steering committee consisting of high-level representatives of different government agencies from Indonesia and development partners. Fourth, based on the policy dialogue, actions and targets listed in the policy matrix are modified and added as necessary. And fifth, the result of the assessment on the performance is used by development partners to decide on the disbursement of the loan for the subsequent year. The experience gained in this program phase one from 2007-2009 shows that the focus has been placed on legal and regulatory and institutional reforms and implementation of these reforms and pilot projects and these are monitored and as I told you discussed by representatives from different government agencies and development partners. The result of implementation of phase one I think generated a number of impacts on the policy implementation by the different government agencies of the Indonesian government.

First, inter-ministerial cooperation and coordination have been enhanced, for instance, on the issue of creating an institution to improve forest management and also for renewable energy development. Also, international cooperation and coordination have also been enhanced in that Indonesia, Japan and France shared progress made and challenges faced in implementing policy actions and they discussed potential measures to address challenges and cooperation toward further progress. Also it is important to note that the mainstream climate change international economic development planning has been promoted and also in sectoral policies like forestry and renewable energy development, most notably promoting geothermal energy development. So in summary, the phase one of this activity has made substantial contribution to the progress Indonesia has achieved and major progress including in mainstream climate change and also important steps have been taken to develop legal and institutional arrangements for enhancing mitigation and adaptation actions.

Also we expect significant impact on GHG emissions reduction and absorption over the coming decade. A number of lessons have been learned from implementing phase one activities that include a sense of ownership among all relevant government agencies is key to the success of the program. And a series of strategically designed policy dialogues can facilitate the introduction of enhanced climate policies and also better coordination with other schemes addressing climate change such as technical assistance projects promoted by development partners is also very much important. The second phase of this activity began in 2010 and more development partners are joining such as the World Bank that already joined in 2010 and the Asian Development Bank is under consideration to join as early as 2011. The phase two program places more priority on upstream policies including

key policy issues such as mainstream climate change international development planning, development of GHG inventory and financing mechanisms, meaning the development of meaningful and effective financing mechanisms that provide sufficient necessary funds to local provincial governments from national governments.

Further development of legal and institutional arrangements for enhancing mitigation and adaptation actions are also a major priority. So as I told you, this phase two gives more focus on legal, regulatory and institutional reforms and key policy issues such as mainstream developing finance schemes as well as GHG inventory or give higher priority. For mitigation, transportation was included as one of the key sectors in addition to forestry, peatlands and energy. For adaptation, vulnerability assessments were placed as the key tasks that are expected to guide adaptation actions in sectors like water, agriculture, and marine and fisheries. Looking toward the immediate future the work that is urgently required for implementing the Cancun Agreements is to develop and implement NAMAs and GHG inventory system, MRV system and in this regard JICA's technical cooperation in these areas is expected to play an important role in assisting Indonesia to strengthen the basis for enhancing actions to achieve national targets pledged such as a 25% reduction by 2020 below BAU and to promote further international cooperation.

Achieving better coordination between the program loan and the technical cooperation extended by development partners such as JICA is extremely important and is expected to generate further impacts. So ladies and gentlemen, in conclusion experience that has been gained in implementing the Climate Change Program Loan demonstrated that developing countries can effectively enhance climate actions with appropriate support by developed countries. And experience in developing NAMAs and MRV system in Indonesia can be widely shared with the international community and is expected to contribute to the design of an international scheme to implement the Cancun Agreements, such as MRV system. So these are the points that I wish to make. Thank you very much.

Discussion

Ms. Iida: Thank you. Before I ask the panelists to exchange views and ask questions amongst yourselves, I would like to throw out some questions to all three of you. Mr. Austin, you said that the East West Institute looks into what the real political obstacle is. In your eyes, what is the real political obstacle for climate change? Also you shared your conversation with African ambassadors on the current climate threats versus the future climate threats. How do you convince these people that climate change is an imminent threat, well, it is a very important issue and they need to move to action? Mr. Machado, very interesting, you said that those countries that did not contribute to the problem will have to make a larger contribution, the cause and effect conundrum. The need for a politically feasible agreement for developing countries, while developed nations are moving down leads to my question, where do emerging nations stand? I guess I mean the BRICs (Brazil, Russia, India and China). Do they have a larger responsibility compared to other developing countries because they have a larger economic power currently? Do you think emerging nations should take a larger responsibility?

And for Professor Hamanaka, from your experience in Indonesia, I was curious to know the importance of technology transfer, especially in renewable energy and what you think is important in doing so. Being a reporter and being rude, I would like to ask Mr. Machado to kind of shoot and I think to stimulate the discussions. Thank you.

H.E. Mr. Machado: Well, thank you. No, you are never rude. Being Japanese you can never be rude. It is not possible. You are always nice. Let me address your point. We tend to look at the question of how to address climate change as if you created a problem, you have to do something about it. As I said, developed countries were the major contributors to the problem of climate change but this will change in time. It is a dynamic process. Historical responsibility does not mean what happened only in the past is what will happen in the future also, so we provide that we understand what will be the technology in the future, but anyways, it is a question of crystal ball. It is obvious that countries like my own, and India and China, the big developing countries had a contribution to the problem which is much bigger than that of other developing countries. And for that reason, our response should also be bigger. I have no doubt about that. It is an ethical question. If you caused a problem, you have to do something about it and also there is a question of capabilities. It is not only a question of responsibility, but also a question of capability.

If you are more capable of doing something, even if you were not the biggest contributor to that problem, but if you can do something about it, you should do it. That is the ethical question behind the CDM which is if you can do something, you do it and you will offset what other countries do. So

my answer to your question is, yes, larger developing countries should do more than small developing countries.

Ms. Iida: Having said that, just a follow up, do you think the UNFCCC is the appropriate institution to go on with this discussion?

H.E. Mr. Machado: It is the only one. The *only* one.

Ms. Iida: I got your message. Thanks. Mr. Austin?

Mr. Austin: Sure, well in a sense to build on what has just been said, to answer your question what is the real political obstacle, a number of world leaders have identified the main political obstacle as lack of trust around the proposition of economic disadvantage and I think that Zhou Dadi mentioned it this morning that there is no confidence that any country entering into a commitment under the Kyoto Protocol is going to be able to meet it and the lack of confidence has several elements. One is sort of political and domestic, but the other one is basically we do not know really what is going to happen and that is why this element of uncertainty is pretty fundamental to how we frame policy. The question of if the main political obstacle is lack of trust we have a number of policy responses to that. The first and obvious one is to try to build trust and I think that is the absolutely fundamental way ahead.

But if we take the lesson of the Cold War, the process of building trust is not what led to the end of the Cold War. The process of building trust allowed us to manage the final phases of the Cold War and then something completely unexpected from some left field happened in politics. And I think really what is on the agenda for us in terms of policy response to climate change is what is that left field development that is really going to force the pace. So I am relatively confident that what is happening in this evolutionary phase of the climate change response debate is really positioning us to respond better to perhaps a fuel crisis or something in the future which in a sense brings everybody on board to the need for more rapid response. Building on the question about how do you convince countries to support this and you know, I think the main target should not be convincing developing countries to do anything here. I think the main target should be the G20 and if I had my way and I was ruler of the world, I would be bringing the G20 countries together and really knocking their heads and concentrating effort amongst them. And if I was trying to build trust, I would not be trying to build trust between all of the developing countries and the developed world, I would just be trying to build trust between China and the US, Japan and China, and so forth.

Ms. Iida: Professor Hamanaka?

Professor Hamanaka: Thank you very much. On the technology transfer, yes, it is very important, but as I told you during phase one of the program loan activities, emphasis was placed on vehicle regulatory and institutional building or reforms and this is also the case for renewable energy. By the way in Indonesia geothermal energy development is the most important area in renewable energy and here again I would like to report that development of a new purchasing scheme by the national utilities purchasing the electricity generated from geothermal plants designing this new system is very important for Indonesia and more specifically the geothermal energy developers to have a clearer picture as to the profitability of their business or investments. Also the exploration of geothermal energy sometimes involved huge risk, so in this regard designing a new fund for facilitating help to geothermal energy developers so that they can feel confident or feel safer to launch new investment to explore geothermal energy. So the design of geothermal and exploration fund was considered extremely important. So the initial step has been taken to develop these new two schemes.

And of course based on that then comes an important role to be played by technology and I think not only Japan, but also the technologies developed in different countries or even in developing countries can be utilized for the geothermal energy development in Indonesia. By the way, I think that currently emissions in Indonesia are overwhelmingly from the forestry sector and peatlands, so the initial step for emissions reduction in these sectors is extremely important. But at the same time, GHG emissions from the energy sector are expected to grow very rapidly over the next decade, so in this sense it is very important to put in place effective energy efficiency programs as well as development of renewable energy over the next decade. So in that regard I think also we need to look into other areas including the clean coal technologies. That is very important and I think now a number of bilateral projects designing and implementing the bilateral projects are now going on between Indonesia and Japan. Thank you.

Ms. Iida: Thank you. I am just curious and I have a question for all three of you. Ambassador Hiramatsu this morning talked about the bilateral agreements Japan is exploring now with some of the Asian countries on carbon offset and technology transfer. I believe countries such as the UK and Norway are also exploring these bilateral agreements. What is your take on this?

H.E. Mr. Machado: Is that a question to me?

Ms. Iida: For all three of you.

H.E. Mr. Machado: For all three?

Ms. Iida: We will start with Mr. Machado.

H.E. Mr. Machado: Well, I do not have enough information. What I can say is that any attempt to work with other countries in order to achieve emissions reductions is welcome. No doubt that it is very interesting that countries talk and agree to ways and means of working together to reduce their emissions, so it is welcome. But of course this cannot replace a rules-based system...

Ms. Iida: That was my second question.

H.E. Mr. Machado: ... that would have the benefit of everybody understanding what is going on because if you have only a collection of bilateral understandings, it would be very difficult in the end to account for that and see what is the result if this is not incurred in an international rules-based system. So in principle, I cannot criticize that because I do not have enough information, but definitely it is a good thing that countries talk and try to agree on measures to reduce their emissions.

Ms. Iida: What about Professor Hamanaka?

Professor Hamanaka: Thank you very much. I think the various attempts to enhance emissions reduction projects or programs under bilateral consultation or agreements is I think can be viewed positively in the sense that it will provide very important experience to be learned as a sort of pilot program to design or build new so to speak market mechanisms. But since already widely discussed and pointed out that this needs to complement the international market mechanisms to be developed, otherwise I am afraid the momentum in pursuing different kinds of bilateral programs or projects would not be sustained for a long time period. Currently in the case of Japan, the government is now providing subsidies for implementing different kinds of bilateral offset projects, for example, in Indonesia. But how about after these subsidies will be provided and how about after these subsidies are over? Can the private sector have enough economic incentives to continue investment? That is a very important point that we need to bear in mind. So in that regard these undertakings should be considered as a pilot project to contribute to the design and building of new market mechanisms. So that is my own personal point of view.

Ms. Iida: Mr. Machado wants to respond?

H.E. Mr. Machado: I agree fully with what was said by Professor Hamanaka. These are, as he said, pilot projects. It is not clear that... I am not talking about the specific instances because I do not know exactly how they work, but in theory pilot projects will not necessarily become... In the case

of offsets, those offsets will not necessarily be recognized in a future understanding because the rules that may apply for the legally-binding international instrument may be totally different from the rules of the pilot project. So the offset credits will not be valid, so it is interesting to do pilot projects because we know by doing. But for the investors, the risk is very high and that is why governments attempt to help so that this risk is lower for the investors.

Ms. Iida: Do you have something to say on this particular subject?

Mr. Austin: Yes. It is really to build on this last point about the nature of these projects as being experimental and I think this question of the experimental aspect of them goes to this question of the transitional phase that we are in. And what will emerge in the future will be some sort of learning experience from all of that. I think what is really important about this question of binding rules and in a sense the developing nature of international law around the environment is really important, so we talk about the culprit states. Well the states were not culprits according to any sort of international law 20 years ago and in fact the states are not the culprits. The culprits are really industry and private sector in the capitalist countries and the state-owned economy in the non-capitalist countries. So if we want a solution, we have to go and find the culprits and get them to change their behavior. And as we say in our work on cyber security, governments will not be able to address the problems of global cyber security, only the private sector can do it. So the solution that I think we are looking to is out of these different pilot projects that only the private sector will deliver the result.

Ms. Iida: Before I open it up to the floor, if the panelists have any questions?

H.E. Mr. Machado: May I address something? You used the term that I used which is culprit. Let me make it clear that it is a word that has a strong character, but in fact those countries in the past did not have the enterprises. They did not have the knowledge that we do now. They did not know that they were doing an unsustainable use of natural resources. We have this knowledge now, so when I use this word culprit, please understand that there is no legal charge on that. It is just a question of identifying what was done and it was done without the knowledge that what was being done created damage to the system.

Q&A

Ms. Iida: Do the other panelists have anything to state at this moment? If not, the gentleman at the very front. At the outset I asked to submit the question cards, but we changed the rules, so if you can raise your hands, we have a microphone.

QUESTION: Thank you very much. Today's session both morning and this afternoon are supposed to really come up with some kind of suggestions for a new initiative for the meeting we are going to have in South Africa this year. However, listening to speakers I found that probably except Hamanaka-san where you talk about bilateral achievements that could be also translated into some kind of international framework which is very important, we have not heard anything about how you might be able to transform whatever bilateral achievement you have made into a multilateral international framework, so this is something which I would like to ask you. Second also is I was very much impressed by the realism that Ambassador Machado has, but unfortunately also you have not said anything about what we could do in terms of providing some new initiative for the meeting we are going to have this fall in South Africa. Certainly your own conclusion is that it is very difficult to do this, it is very difficult to do that. Of course we all know it is very difficult to do it, but then we have to find out how we might be able to make that difficult task which is something that is feasible and implementable and I think is something I would like to see instead of saying it is difficult, it is difficult, it is difficult.

We all know, but then what can we do in order to really improve on what we have already built up on in terms of the Copenhagen Accord and the Cancun Agreements. So we want to achieve some kind of like a Durban Accord or something like this or Durban Achievements, so we would like to know what you might think you might have as substance of a Durban Accord. This is something which I am looking for. And then Mr. Austin, I am really impressed with your own reference to the G20. I really feel that it is not really good to fall all on the international community except in the UN framework, to try to get the accord of everybody around the world, 197 countries. In fact some countries do not pay any attention to this climate change anyways because they think it is not important. So what is really important is the G20 because they are the guys who have economic power, financial power, technological power and also they have the tremendous negative contribution they have made to climate change and therefore the G20 to me is a very important forum and I would like to hear you say something about what the G20 can do in terms of bringing up some better understanding and some kind of rules-based agreement at the meeting in Durban. Thank you very much.

Ms. Iida: If I could start with Professor Hamanaka about how to transfer bilaterals into international

agreements?

Professor Hamanaka: Thank you, Professor Hirono for your comments. Certainly what I have emphasized is that experience gained in our collaborative activities with Indonesia provides a good case that clearly demonstrates that developing countries can enhance mitigation actions and promote NAMAs with the support of developed countries. It is easier said than done, but actually we have been conducting over the past three years and the results clearly show that this can be done if we design the scheme carefully, particularly including the designing of policy dialogues. But this is a very basic fundamental one and more specifically as I told you, currently the development of NAMAs and MRV system is a big topic and the results of these exercise-specific projects I think can contribute to the design of an international MRV system, for example. That is one of the very important topics that we will need to work very hard on in order to operationalize the Cancun Agreements. So these are the points I wish to make. Thank you.

Ms. Iida: Mr. Machado on a new initiative?

H.E. Mr. Machado: Thank you for your very interesting question. I tend to give you a straightforward answer. I do not think we need a new initiative. Why do I think so? Because we are actually trying to work under a clear mandate which is the Bali Action Plan from one side and the other side, the Kyoto Protocol. Both mandates comprise the Bali Roadmap. Until we exhaust that mandate, it is very difficult to do something else and we should stop having new ideas every year. We have to implement those that we have first because otherwise it tends to be a futile exercise of coming up with new ideas. We have that problem because we have new people in the system every year with ideas and we simply have to fulfill a mandate. Come on. We have a mandate from 2007 that we have not fulfilled, but this year someone from this country or that country has a new idea. Don't say it because we have to finish this first. So that is part of the problem. Part of the problem is new ideas because those that we have now seem to be, as common sense, seem to be good enough provided that we implement them.

Another problem is that – and we go back to the question of confidence and confidence building – it seems that right after Bali when we negotiated a new mandate, different countries had different interpretations about the meaning of that. If it was written yellow, some would say “I read green. I do not read yellow here. I read green.” This is a huge problem in terms of confidence and this happens. As I said, the Bali Roadmap means a second commitment period for Kyoto and actions for developing countries and for the US. If we do not have a second commitment period for Kyoto, I am not sure we will have the other side of that coin, so it is as simple as that. So it is crucial that we fulfill the mandate that we have now.

Ms. Iida: Mr. Austin on the role of the G20?

Mr. Austin: Sure. Well in a sense building on that last point that new ideas are dangerous and distracting, in a sense that is dead right. You know the idea that the G20, already a weak group of states ridden with divisions about the big problems that it is already supposed to be addressing like the global economic situation and global economic governance, is probably the worst place you would want to put climate change front and center on the agenda. But I think for the reasons that you suggested and that we are all aware of the G20 is a logical place. The end result of doing something in the G20 and making them elevated to a higher status is probably to force faster progress in this really good structure that we already have in a sense. But I would like to just sort of elaborate a little on that.

So I think the G20 should accept climate change policy as fundamental to its mandate and I really do not want to be too critical, but when I hear state leaders stand up and say it is one of the fundamental problems of humanity today and then they do not talk about it when they all get together at the G20, I really do not believe them. I think that one of the issues for the G20 which goes to the question of confidence building and monitoring and reporting is how should the G20 assess the threat and how should it frame its policy responses. I just want to take about two minutes to just go through this a little bit. If astronomers discovered that a comet was heading for the earth and would hit it in about 40 or 50 years, they would all get together and say what is the threat and they would instantly sort of try and work out the threat and they would really work hard in the sort of 10-20 years before the comet arrives to work on policy responses. That did not happen with climate policy except the point that the UN panel was set up, but now that scientific exercise has been virtually derailed and I think there has got to be some sort of new assessment center, established globally, and the G20 is one place to establish that assessment center.

I do not think a slow developing process in the framework of the COP is the right place and some examples of the way in which the global communities got together to respond to such threats is the Y2K exercise which was a little bit of a fizzer in the final analysis, but it is a good example of what can be done. The CIA (Central Intelligence Agency) established I think last year sometime a Climate Security Threat Assessment Center and I think that is a pretty fundamental reference point. The argument could be that this should not be a classified center at all and that it should be open to the global public and the global community of states and in fact the global community of states should contribute. So I would say that the first action for the G20 will be to formally declare climate security as a fundamental part of their agenda. The second one will be to create a climate threat assessment center as if a comet is coming from outer space because we know climate change is

coming.

The third thing I think the G20 needs to do is in a sense to supplement all of the good stuff that is already going on is to recognize the C40 and the R20 as fundamental focal points of action for the flow of funds to avoid the situation where national governments act as filters, either in creating proposals or receiving funds for the proposals. And I think that a third thing that goes with that I suppose is the role of business is going to be somehow elevated in the responses to climate change and I do not know who does that, whether it is the G20 but I do not think it is the UN. Thank you.

Ms. Iida: Did you want to jump in?

H.E. Mr. Machado: Yes, one comment about the role of the G20. Of course it is a very important group of countries and it is very useful for many things. Definitely climate change is one of the key issues of our time, so there is no reason why it should not be explored by that group of countries. But I would like to have a word of caution there. On the question of the global nature of climate change, it is a global problem. All countries have to have a say in that, on the solution, and all countries should act, as I said. In formal consultations of small groups some two years ago, somebody said something like major economies or the G20 should take care of that because it is so complex and those countries are really the ones who are the major emitters and so on and so forth. And one colleague of mine from Africa said, "Well, but listen. The future of my country is at stake. If we are going to have a technological revolution to address climate change, we cannot be left behind." So that is the very nature of climate change. Every country has a lot at stake.

One of the problems of Copenhagen is that in the end, we had, let's say 30 heads of state in a small room and let's say 70 heads of state out of that room. And the 70 were also told that the future of their countries was in danger. So when you tell the whole world population that the future, their very existence is in danger, it is very difficult to say but let this small group of countries take care of it because they will know how to do it. It is not possible.

Ms. Iida: Did I see a hand on this side? And then I will go to the back.

Mr. Diringer: Thank you. A question for Ambassador Machado. I think we agree on a desirable end point for the evolution of the regime, a rules-based system, in which all countries or at least all major economies have obligations of the same legal nature. And I think as you rightly say, what is the transitional phase between now and then. You have sketched out a vision there in which developed countries take further binding commitments. The US takes binding commitments and other countries have voluntary actions with support. This sounds very much like Kyoto continued because of course

developing countries already have an obligation under the Convention to be taking voluntary actions with support, so the transitional phase sounds like Kyoto phase two. But let's put aside for the moment whether this is the desirable or appropriate transitional phase. I think more to the point is do we think it is politically practical?

We spent a lot of time this morning focused on the position of Japan with respect to a second commitment period. I think we neglected to note that Japan is certainly not alone in its view that it is unwilling to assume a new target in a second commitment period under the existing structure. Japan is perhaps the most open and honest in that view, but certainly it is a view shared by other countries – Russia, Canada, Australia, and perhaps others as well – which leads me to conclude, at least for the time being, until the politics change, this notion of the transitional period is not politically feasible. I thought I might have heard you a few moments ago come close to saying second commitment period or nothing. And my worry is that if that is the expectation, are we left with nothing? Is there not anything we can do in the absence of new binding commitments to advance the multilateral effort? So my question is if we cannot expect to see the type of transitional phase that you described because it is not politically feasible for the time being, what do we do in the Convention process? Can we not look to the multilateral system to deliver other means of progress, other means of international cooperation until we are able to come back to binding commitments?

H.E. Mr. Machado: May I?

Ms. Iida: Of course.

H.E. Mr. Machado: Then my question back is, is it politically viable to have what you said as an alternative? I do not think so. If it is not politically viable to have a second commitment period of Kyoto, it is not politically viable to have a system of free-for-all. The political viability works for both sides. It is not dictated by some countries. Political viability is something that must be understood by all. If it is not politically viable to have a second commitment period, it is not politically viable to have something else.

Ms. Iida: Would you like to respond to that?

Mr. Diringer: I fear that we are stuck again further in a period of binding or nothing and that if we maintain the posture of binding or nothing, we get nothing.

H.E. Mr. Machado: We are in the process of negotiating a mandate called the Bali Roadmap. If we say now that this mandate is not possible because it is not politically viable – this mandate was

agreed to in 2007 – if we say now that this mandate is not politically viable, what are we doing? Are we fooling ourselves? It does not make sense, I am sorry.

Mr. Diringer: In seeking to advance the Bali Action Plan, parties agreed in Cancun on establishing a series of institutional arrangements on strengthening the transparency system, on strengthening the finance system, on technology mechanisms, and adaptation mechanisms. Can we make progress on these elements, even if we are not able to agree on the timing or the nature or the form of future binding commitments?

H.E. Mr. Machado: Yes, we are going to make progress on that. It does not mean we are going to necessarily put that in a legally-binding form because I do not see this happening so soon and I think you agree that it is not in the near future possible to put that into a legally-binding form. So the sort of incremental process – which by the way is your vision, it is not my vision and I respect your vision – this incremental process is certainly not what most developing countries want. I understand it is something that some developed countries want, including yours, but I do not think this is politically viable at this point in time.

Ms. Iida: To kind of pose a simpler question what or which country will be the key to avoid a nothing in your view?

H.E. Mr. Machado: Sorry?

Ms. Iida: Which country will be the key to avoid a nothing in your view?

H.E. Mr. Machado: Sorry?

Ms. Iida: Which country will be the key to avoid a nothing?

H.E. Mr. Machado: All countries, if they agree in good faith to conclude the negotiation of a mandate to which they agreed to back in 2007 which was not long ago, we had the same problems that we have now in 2007. So if we all agree to conclude that negotiation, we will do a huge step in terms of reinforcing the multilateral system to fight climate change. If it is not possible to conclude it now for different reasons, we have ways of extending the work. We have ways of taking care of the gap between the first and second commitment period of Kyoto. What is extremely unreasonable at this point in time is to say we will not have a second commitment period, so you have to accept something else. No, I do not have to accept that. I do not have to accept that and I do not accept that.

Ms. Iida: I think we have time for maybe one or two more questions. We have a simultaneous interpreter so Japanese questions are welcome as well. I see a hand up in the back.

QUESTION: Thank you very much. Again a question to Mr. Machado. It is very interesting to see the kind of negotiation happening here. But my question is a very simple quick question. First, you know the position of the Japanese government on the extension of the Kyoto Protocol. Do you think if Japan keeps on having this position, do you think Canada and Russia will keep on following their positions? That is number one. Number two is some people assume there will be some kind of extension of the Kyoto Protocol in Durban and COP decisions under LCA (long-term cooperative action). Do you think that scenario would be very, very optimistic and if not, what kind of element do you think those COP decisions under LCA would include which might be comparable to Kyoto Protocol? The two questions, please.

H.E. Mr. Machado: Well, thank you. I really see a clear signal of a second commitment period of Kyoto in Durban as a key element for the success of Kyoto. Is that difficult? Yes, maybe. Many things are difficult in life. You asked me about other countries. I really cannot comment on specificities of the positions of other countries. They may do something as they may not. It will depend on several questions. Sometimes a country changes government and then the position may change. It is very difficult to say that in one or two years, everything will be as it is now. Hopefully we will conclude our work in a very positive way. Countries will work on that mandate or they will decide that this mandate is no longer valid and we need a different mandate. Okay, if that is so, please somebody should tell me that because otherwise we are negotiating on a specific mandate.

Ms. Iida: Mr. Austin, did you want to say something?

Mr. Austin: Just a political footnote on Australian politics of climate change which is sort of relevant to some other countries as well. A general observation in our contacts with people over the last year is the trend is not in favor of this desirable position. There is sort of a global fatigue with issues of climate policy and I will quickly relate that to Australia. So the Australian government sort of ideology over time or the Australian body politics' ideology over time on climate change was really quite conducive to a positive outcome, notwithstanding the position of the Howard government. The later government has eventually isolated people in favor of positive responses to climate change and the mood in politics is I do not want to deal with climate change. It is too complex. It stirs up all invested interest. I would be very happy not to have a second round of commitments. So if I was assessing Australian politics, I would say they will back the Japanese position all the way to the bank.

H.E. Mr. Machado: Yes, what you said is a clear instance of how governments may change. They may think differently later. The problem is that if many countries say well, we will not do this. It is no longer possible to do this. What then? Now I am back to what I replied to Elliot. I may well say okay, but I need this. If I do not have this, I cannot do that. And what I need is what was agreed to in the mandate. So somebody is not fulfilling what they said they would do. This in politics may happen sometimes. In a legal debate as we have that is very dangerous. And it is very hard to rebuild trust when you said you would do something and then one year later you said, well, listen, I will not do that anymore. But in order for me to get from you that, I gave a lot, so the lot that I gave is there, but what you gave is no longer there. That is very hard.

Ms. Iida: Last question.

QUESTION: To me it is a very urgent question. Don't play around, please. What is really important is suppose a number of countries decided not to follow the second phase. What you have eventually would be like we had already agreed upon in Cancun whereby you had all major national governments will set nationally-set targets for GHG reduction. Then we register this with the UNFCCC and the UNFCCC will monitor – of course this is international monitoring – so this is something which seems to be agreed upon in Cancun anyways. Then also it seems that some countries are very willing to come up with more specific target setting, global target setting such as energy efficiency. So probably we might also move into the energy efficiency targets which might be globally applicable. And of course when you have common but differentiated responsibilities certainly what you do or what kind of response you have for this global target of course differs between different countries, particularly Annex I and non-Annex I countries. So you may be able to come up with some kind of other scenario which you may not like it but it may be true. I do not know.

H.E. Mr. Machado: If I do not like it, it will not happen. It is as simple as that, so this scenario is at this point in time not possible because I do not like it. And Alf there does not like it and many others do not like it, so it is not possible. People have to understand that. And having said that, what you described is an interesting possibility but the problem is what are the rules that would control that? What are the accounting rules? What are the targets that you mentioned? At this point in time in the process we do not understand what are the targets of countries. Why? Because they have not defined them. Even those who seem to be clear are incomprehensible. Let me give one which is extremely straightforward which is the European target of 20% by 2020. Does it include the first commitment period of Kyoto or not? I do not know. I do not know...

H.E. Mr. Machado: It does. So it is 12%. It is not 20%? If it includes the first commitment period,

then the first commitment period is 8% and the rest is 12%. So are we talking about 12% or no? So what are we talking about? We do not know exactly. This kind of doubt – and I am talking about the most straightforward of all the targets – I am assuming that this target will follow the Kyoto rules which seems to be the case. What are the rules for land use, land-use change and forestry (LULUCF)? I do not know. What are the market rules? I do not know. So I do not know how this target will be fulfilled.

Ms. Iida: If you could keep it short, it is 17:00.

H.E. Mr. Machado: The question of picking up Kyoto rules is not as easy as it sounds. Some countries may not agree with the Kyoto rules as they stand, so it is not an easy thing.

Ms. Iida: So with that – I am sorry, it is 17:00 – if you have any more questions you can come up to the podium.

QUESTION: Just one minute. I cannot resist rectifying the information that it is not clear what kind of target the EU has. Of course the 20% target is clearly marked as related to 1990, so it is 20% relating to 1990 levels of emissions. So it is obviously including the Kyoto period.

H.E. Mr. Machado: The first Kyoto period.

QUESTION: Of course. So it is 20% in 2020 than it used to be in 1990 and of course as we all know, the EU is debating what to do with this target, how to make it more ambitious, but it is another story. So everything is clear there. Thank you.

Ms. Iida: It is almost like watching negotiations live. So I would like to thank the panel. Since 9:30 this morning we have been exchanging views and at this juncture we would like to conclude, but I think we all agree that we need better global governance and I am sure we will be having more discussions to come going into COP17 and I look forward to more dialogue. Could you give a big hand to the panelists, please? Thank you. I would like to return the microphone to Ambassador Nogami.

Closing Remarks

Mr. Yoshiji Nogami

President of The Japan Institute of International Affairs

Thank you to the members of the panel and thank you, Ms. Iida, for moderating this afternoon session. As Ms. Iida mentioned, we have been debating this issue since 9:30 this morning very extensively and very intensively. I think the audience has had a very good glimpse of what is lying ahead of us. And those who are going to Durban, my comment is very simple: Good luck. From here to Durban is a very, very rocky, long road, but after Durban, there may be a much, much longer and rockier road. With that word of encouragement, I would like to conclude this session. I think the debate has been very informative and I think most of the Japanese audience has enjoyed the debate and also they had the privilege of taking a preview of what is going to happen in Durban and onwards. Thank you.