

# Foreword

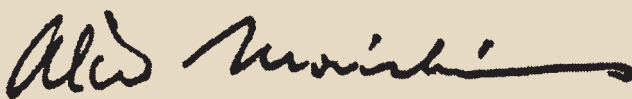
People often refer to the twenty-first century as the Asian century not only because of the region's huge population and rapid economic growth rates, but also due to the dynamism, diversity and development potential in the region. Yet, the region is home to nearly 1 billion poor people without access to modern energy services such as electricity. To what extent the vision of a sustainable Asia-Pacific would materialise obviously depends on policy choices and the political will to implement them now and in the near future.

Climate change is a major and long-term global environmental threat for the Asia-Pacific due to its high vulnerability, limited adaptive capacity and relatively poor institutional and human capacity. The design and governance of future international climate regime, therefore, has significant implications for realising the vision of a sustainable Asia. However, policy makers and negotiators from the region have often chosen to stay on the sidelines in international climate negotiations for various reasons. There is also a widespread feeling among Asian policy makers and other stakeholders that the current climate regime does not adequately address their interests, concerns and developmental aspirations.

In order to make rapid progress in addressing the challenge of climate change and to develop a constructive thinking for the future across the Asia-Pacific region, it is crucial first to ascertain the concerns, interests and priorities of each country with a view to build consensus on strengthening the current climate regime. The Institute for Global Environmental Strategies (IGES), being a policy-oriented research institution in the Asia-Pacific, decided to facilitate such discussions on an informal basis in 2005 and 2006, prior to suggesting the ways and means to build a future climate regime which can address Asian concerns more effectively than before. The goal of this report, which is the outcome of our consultations in 2005, is twofold: to identify and elaborate the concerns and interests of Asian countries on the future climate regime, and to highlight the priorities for restructuring or strengthening the future climate regime beyond 2012.

Although the decision to conduct the consultations was entirely of IGES, the task would not have been possible without effective cooperation from several partner organisations in the region. These include, but are not limited to, the Ministry of Environment (Indonesia), Ministry of Environment and Natural Resources (Viet Nam), the Energy and Resources Institute (India), the Energy Research Institute (China) and the Korea Environment Institute. I would like to thank the staff of these partner organisations in facilitating the process and request for their continued cooperation in the future.

I hope that the material presented in this report can ultimately contribute to the benefit of constructing a more effective, pragmatic and flexible climate regime.



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# Abbreviations and Acronyms

<b>ADB</b>	Asian Development Bank	<b>IGCC</b>	Integrated gasification and combined cycle
<b>AGBM</b>	Ad Hoc Group for Berlin Mandate	<b>IMO</b>	International Maritime Organisation
<b>AJ</b>	Activities Implemented Jointly	<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>ALGAS</b>	Asia Least-cost Greenhouse Gas Abatement Strategy	<b>IPR</b>	Intellectual property rights
<b>AOSIS</b>	Alliance of Small Island States	<b>JVETS</b>	Japanese Voluntary Emissions Trading Scheme
<b>APEC</b>	Asia-Pacific Economic Cooperation	<b>kgoe</b>	Kilo gram oil equivalent
<b>ASEAN</b>	Association of Southeast Asian Nations	<b>kWh</b>	Kilowatt-hour
<b>BAU</b>	Business-as-usual	<b>LDC</b>	Least developed countries
<b>bb/d</b>	Barrels per day	<b>LULUCF</b>	Land-Use, Land-Use Change, and Forestry
<b>Btu</b>	British Thermal Unit	<b>MEAs</b>	Multilateral Environmental Agreements
<b>CCS</b>	Carbon capture and storage	<b>MtCO<sub>2</sub>e</b>	Metric tonnes of CO <sub>2</sub> equivalent
<b>CDM</b>	Clean Development Mechanism	<b>MtCO<sub>2</sub></b>	Metric tonnes of CO <sub>2</sub>
<b>CDM-EB</b>	CDM Executive Board	<b>Mtoe</b>	Metric tonnes of oil equivalent
<b>CER</b>	Certified Emission Reductions	<b>NGO</b>	Non-governmental organisation
<b>CH<sub>4</sub></b>	Methane	<b>N<sub>2</sub>O</b>	Nitrous oxide
<b>CHP</b>	Combined heat and power	<b>ODA</b>	Official development assistance
<b>CNG</b>	Compressed natural gas	<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>CO<sub>2</sub></b>	Carbon dioxide	<b>OPEC</b>	Organisation of Petroleum Exporting Countries
<b>COP</b>	Conference of the Parties	<b>PPP</b>	Purchasing Power Parity
<b>COP/MOP</b>	Conference of the Parties to the UNFCCC/ Meeting of the Parties to the Kyoto Protocol	<b>R&amp;D</b>	Research and Development
<b>CRF</b>	Common Reporting Format	<b>ROR</b>	Run-of-River
<b>CTI</b>	Climate Technology Initiative	<b>SCCF</b>	Special Climate Change Fund
<b>DNA</b>	Designated National Authority	<b>SIDS</b>	Small Island Developing States
<b>EJ</b>	Exajoules	<b>SO<sub>2</sub></b>	Sulphur dioxide
<b>ESCO</b>	Energy service companies	<b>SoGE</b>	Seminar of Governmental Experts
<b>ETS</b>	Emissions trading scheme	<b>TRIPs</b>	Trade-Related Aspects of Intellectual Property Rights
<b>EU</b>	European Union	<b>UNDP</b>	United Nations Development Programme
<b>FDI</b>	Foreign direct investment	<b>UNEP</b>	United Nations Environmental Programme
<b>G77</b>	The Group of 77 and China	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>G8</b>	The Group of Eight	<b>WTO</b>	World Trade Organization
<b>GDP</b>	Gross domestic product		
<b>GEF</b>	Global Environmental Facility		
<b>GHG</b>	Greenhouse gas		
<b>GNI</b>	Gross national income		
<b>HFCs</b>	Hydrofluorocarbons		
<b>IEA</b>	International Energy Agency		

# EXECUTIVE SUMMARY

1. The Institute for Global Environmental Strategies (IGES) conducted a series of stakeholder consultations focussing on the climate regime beyond 2012 in China, India, Indonesia, Japan, the Republic of Korea and Viet Nam, and also at the regional level with cooperation from several organisations across the Asia-Pacific. The aim of these consultations, including national dialogues, questionnaire surveys, interviews with key informants and literature surveys, was to ascertain the concerns, interests and priorities of various countries in relation to the future climate regime.
2. Participating stakeholders (policy-makers, business representatives, NGOs and academia) recognised the progress achieved to date in addressing climate change, especially in creating an international framework through the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol. However, there was widespread concern on the actual progress made in terms of greenhouse gas (GHG) emissions reduction, transfer of technologies, financing and adaptation.
3. There was a broad consensus among the stakeholders, especially in developing countries of the region, that previous discussions on the climate regime were conducted in a non-transparent manner and did not adequately consider Asian interests, concerns, priorities and development needs. Participants emphasised, therefore, that future discussions on the design of the climate regime beyond 2012 should consider such interests and priorities more effectively than before, especially in view of the region's growing influence on energy demands and GHG emissions due to rapid economic and population growth rates.
4. In most countries of the Asia-Pacific, prominence is given to issues associated with poverty alleviation, food security and development; hence climate change is not yet a high priority. Consultations revealed both similarities and differences in the interests and concerns among countries in the region.

Stakeholders in many countries shared similar interests on issues such as:

- (a) the need for considering climate concerns in developmental context;
- (b) streamlining of the Clean Development Mechanism (CDM) by reducing its complexities and uncertainties;
- (c) enhanced focus on adaptation through building on existing funding mechanisms;
- (d) facilitation of the development, deployment and diffusion of climate-friendly technologies; and
- (e) further support for strengthening the capacity of negotiators, the private sector and financial institutions in the region.

However, differences were evident in issues such as:

- (a) ways to consider equity in the future climate regime;
- (b) form, time and kind of involvement of developing countries;
- (c) national preferences for climate-friendly technologies; and
- (d) approaches to, and funding for facilitating adaptation, especially regarding the need for a separate protocol and introduction of market-based mechanisms.

5. Stakeholders in China emphasised that China is primarily concerned about its energy security and is interested in using market-based mechanisms and innovative technologies to address climate change. They acknowledged the need for streamlining the CDM and suggested ways to restructure the intellectual property rights (IPRs) for climate-friendly technologies.
6. Consultations in India revealed that India too, is concerned about its energy security and adaptation, and is interested in utilising the CDM most effectively. The stakeholders expressed a concern on unsustainable lifestyles in developed countries and argued that Annex I countries should make concerted efforts in GHG mitigation.
7. Stakeholders in Indonesia were especially concerned about the difficulties in getting underlying finance for CDM projects, non-inclusion of deforestation avoidance in current CDM, and adaptation. They pointed out that continuity of the Kyoto regime beyond 2012 would be crucial to ensure participation of developing countries in a staged manner.
8. Interviews with Japanese experts showed that Japan is concerned about the difficulties in achieving the tough target for GHG reduction in the current regime and the inadequacy of current policies to meet the target. For the future climate regime, some supported the continuation of the fixed numerical targets, while others advocated more flexible targets.
9. Consultations in the Republic of Korea emphasised the concerns on energy security and possible negative impacts of low carbon development paths on industrial competitiveness. The Korean stakeholders noted the need for introducing flexibility in the design of future climate regime to consider diverse national circumstances of developing countries.
10. Stakeholders in Viet Nam were concerned about harmonizing economic development and GHG mitigation policies, technology transfer and adaptation. They advocated that ways to facilitate the transfer of climate-friendly technologies and strengthen the capacity of policy-makers and other stakeholders should be the basis of future regime discussions.
11. Region-wide consultations with key policy-makers showed that many countries are not benefiting much from the CDM due to poor geographic representation and other barriers. Pacific island countries and least developed countries in the region were concerned about adaptation and argued for a more pragmatic approach for adaptation in the future climate regime.
12. Both creativity and innovation are necessary to adequately reflect the above concerns and interests of the Asia-Pacific in the design of future climate regime. We strongly hope that a blueprint for the future climate regime from an Asian perspective can be developed on the basis of this and the following round of stakeholder consultations in 2006.

## SUGGESTIONS FOR DISCUSSIONS ON CLIMATE REGIME BEYOND 2012 FROM THE ASIA-PACIFIC PERSPECTIVE

1. Future regime discussions should strengthen linkages between development and climate through ensuring that climate change policies contribute to development goals in Asia.
2. Developed countries must take the leadership in reducing GHG emissions by demonstrating that economic and social development can indeed be climate-friendly, and the future regime discussions must focus on designing incentives for climate-friendly initiatives and lifestyles.
3. Involvement of Asian developing countries in the future regime could be very different than that for Annex I countries, and discussions must identify ways to involve them in a progressive and staged manner.
4. Climate regime discussions should soon remove the uncertainties on the continuity of the CDM beyond 2012 and identify ways to enhance efficiency and reduce cost of the CDM approval process through appropriate restructuring without sacrificing environmental integrity. Sustainable development of host countries must be the key focus of the CDM in future regime.
5. In order to facilitate the development, deployment and transfer of climate-friendly technologies in Asia, future regime discussions should give more focus on creating incentives for technology transfer and options for strengthening existing international technology cooperation agreements.
6. Future discussions must create innovative financing options to support GHG mitigation, adaptation, South-South technology transfer, and capacity-building of Asian negotiators.
7. An enhanced focus on adaptation through creating mechanisms, incentives and policies for encouraging both public and private sector investments is crucial to enhance the coping capacity of vulnerable regions and communities in the region.
8. Future regime discussions must deliberate on creating additional means for strengthening human and institutional capacities in the region by building upon the current initiatives of the Convention and the Protocol.