

Towards a Productive Conversation on Climate Change with India

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“Towards a comprehensive and ambitious post-2012
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Context

- Increase in awareness and interest in climate change in last 12 months
- Continued perception we are being asked to solve a problem we did not create
- Slowly emerging sense of business opportunity
- National Action Plan on Climate Change issued in July 2008
 - Acknowledges climate change as a serious and real threat
 - Establishes 8 “Missions” that will deliver detailed plans by Dec. 2008
 - Emphasis on climate co-benefits of development actions
 - Growing emphasis on adaptation

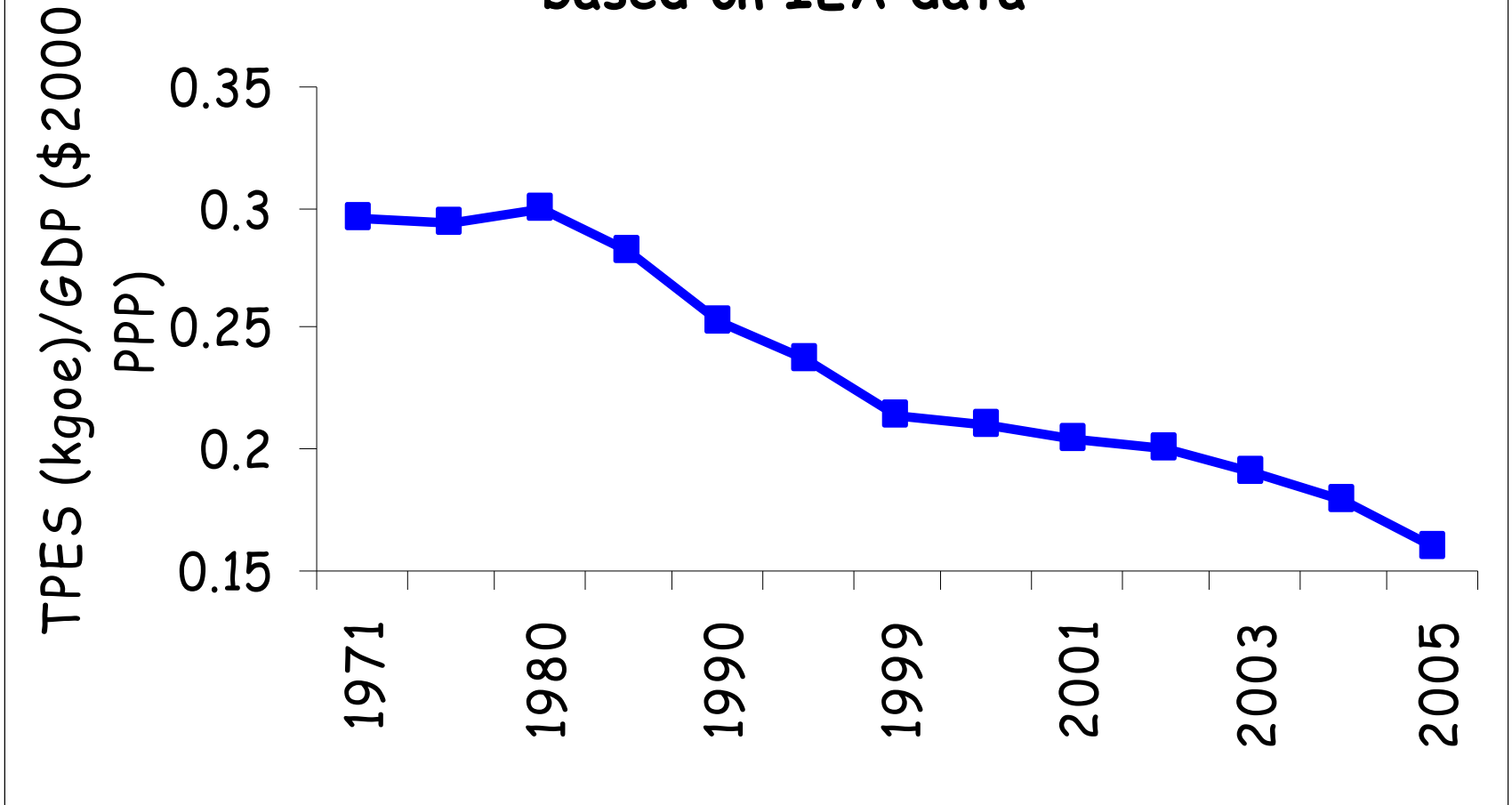
Diverse (Elite) Perspectives

	Growth First Stonewallers	Progressive Realists	Progressive Internationalists
Domestic agenda	Growth first	Co-benefits	Co-benefits
Political Reading	Climate as geopolitical threat	India as excuse – fatalism	India as excuse – demonstrate cooperation
Foundational Demand	Equity – Common but differentiated	Equity – Common but differentiated	CBDR + Effective climate regime
International Strategy	Stonewall commitments	Focus at home – delink	Link domestic and global
Motto	Its our turn!	Its an unfair world!	Seize the moment!

How Does the Global Debate Play in India?

- **Anger and defensiveness at being labelled a major emitter**
 - 4% annual emissions and < 2% of cumulative emissions
 - Per capita emissions are 70% below world average
 - Unfinished development agenda: 77% below \$2 a day
- **Charges of hypocrisy against Annex 1**
 - US: With proposed legislation, US emissions return to Kyoto target in 2016, and on cumulative terms, in 2024
 - Annex 1: Without EITs, emissions increased 11% from 1990-2005
- **Inadequate appreciation of Indian efforts**
 - National Action Plan
 - Various energy efficiency measures
 - Low and declining energy intensity

Energy intensity of GDP (kgoe/\$ 2000 PPP) based on IEA data



World Average: 0.21

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Toward a Productive Global Conversation

- **Avoid truisms**
 - “Can’t do it without India and China” is countered by...
 - “Indian per capita emissions are 1/10th US emissions”
- **Multiple framings over a single framing**
 - Absolute emissions, per capita emissions, “Greenhouse Development Rights”
- **Work toward “sufficient consensus” for early action – for India**
 - Elements of a sufficient consensus for India?
 - ✦ UNFCCC must remain central
 - ✦ Meaningful implementation of “common but differentiated responsibility”
 - ✦ Meaningful Annex 1 commitments *and* action
 - ✦ Per capita framing as an element of long term action

Can India Contribute to Climate Mitigation?

- Co-benefits provide a powerful logic
 - Development objectives that yield climate co-benefits
- Global climate regime could become an **obstacle** to early action at home due to perverse incentives
 - Precautionary principle of negotiation – do less now to avoid empowering those who ask us to do more
 - Gaming: set high baselines and slow down implementation because of climate regulatory uncertainty
 - Cost: domestic policy goals suffer
- Prioritize early action to seize opportunity over winning agreement on future hard commitments

Mitigation Actions - Specific Proposals I

- **Sectoral measures are promising, but the devil lies in the details**
 - Sectoral CDM is seen as a practical approach
 - “No lose” targets signal opportunity
- **Caution: Avoid Additionality traps**
 - On emissions: Drawing a line between “no regrets,” co-benefits, and ambition is a losing game
 - On financing: Case by case negotiation around financing of particular measures is a losing game
- **Linkage with carbon market**
 - Maximizes incentive if a reasonable baseline can be set
 - May require tighter Annex 1 commitments to compensate for opportunity overseas

Mitigation Actions - Specific Proposals II

- **SD-PAMs can jump start necessary change**
 - Forces bureaucracy to internalize climate objectives
 - Empowers domestic advocates to push for co-benefits
- **National intensity targets are too rigid**
 - Need space for a turn away from services to manufacturing
- **Technology standards are seen a a Trojan Horse for competitive advantage for a few countries**
 - Insufficient incentives for technology development
- **An “any or all of the above” registry approach is worth consideration**

Financing

- **Oppositional perspectives: rock versus hard place**
 - “Industrialized world taxpayers will not carry the full weight of India’s energy transformation” versus
 - “Annex 1 agreed in 1992 to pay ‘agreed full incremental costs’ -- where is it?”
- **Real money will come from carbon markets**
 - Side-step hair-splitting about what constitutes no-regrets vs. co-benefits vs. ambitious targets
- **But the symbolic politics of public money is relevant**
 - Governance through the COP, not the World Bank
 - Portion of auction revenues or levy on flexible mechanisms provides a good resolution to the question of additionality
 - Mexican proposal for defined contribution by all, based on emissions, population and GDP is worth considering

Technology

- **There is much that can be done with existing technology but...**
- **Need mechanisms for accelerated deployment**
- **Concern: will developing countries like India get left out of a future technology revolution?**
 - Mechanisms for joint development of technology
- **Intellectual Property Rights: can incentives and rapid diffusion be balanced?**
 - Example: fuel cell for rural electrification
 - Manage the symbolic politics of IPRs

Final Thoughts

- Addressing climate change should not be a choice between fairness and effectiveness
- Bold Annex 1 commitments *and* implementation are the most important down-payment on credibility
- For developing countries, stimulate early action through language of opportunity
 - Framework to aggressively explore co-benefits
- Seek sufficient consensus for early action
 - Pluralistic global conversation
 - Manage politics of symbolism on remaining sticky issues
- EU is positioned to be the leader in principle and in practice – this is not the time to blink

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