

# Hot Topic

## Updates from the Global Climate Change Negotiations



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HOT Topic is a collaboration between Fitzpatrick Woods Consulting (FWC) and IndustryEdge. The updates are provided by FWC Principal, Tim Woods, based in Poland for the two weeks of the United Nations' climate change negotiations.



## Negotiations Overview

Perhaps negotiations like these are always slow, but these seem glacial – hard to move, slow at first and without direction at the end.

Most discussion is about 'the workplan' between this meeting and the end of the 2009 meeting where any new agreement is supposed to be reached. Countries argue for their preferred approaches to be on the agenda during the 2009 meetings.

Inevitably, the issues become polarised and simplified. Right now, the discussions are focussed on what level of emission reduction targets should apply to developed countries; whether some developing countries – those that are now quite advanced like say Singapore – should have to make commitments; whose money and how much money will flow to assist developing countries to develop in a carbon sensitive manner.

The impact of the global economic crisis is being felt hard in these negotiations. Bali was awash with the possibility of funds flowing from north to south and from rich to poor. Now, hard cold realities have emerged.

### Two examples can demonstrate the point:

The European Union is said to be wavering on its unilateral pledge to reduce emissions by 20% from 1990 levels by 2020 and 30% if developing countries make commitments. Even though this was a bogus commitment (Europe benefits from the emissions reductions from the collapse of Eastern European industry over the last 15 years or so), the economic crisis is biting and there is no longer a clear agreement among the EU countries.

On the other side of the world, the Australian Government is clearly struggling with the implications of bold action on climate change. They were worried before the economic crisis and now seem set to propose a modest emissions reduction target and additional compensation – perhaps a new, simpler model – to ensure the cost of carbon does not cost jobs and investment.

We have not even discussed the role of China and India in any future agreement to reduce emissions.

With all of the national interests understandably at play, right now it seems a long way to any new climate agreement.



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### Hot Button Topics

**The role of forestry in any post 2012 scheme. Some comments from countries that support better recognition of carbon in wood products, including Australia. These are very slow, complex negotiations where a lot can go wrong.**

#### CCS (Carbon Capture and Storage)

This is likely to be included in a new agreement, as a method to reduce emissions. Expect massive investments in the near future, encouraged by the UN's adoption of this method. But keep in mind - CCS technology is a long way off being operational or fully proven.

#### Renewable energy

Everyone loves renewables, but the policies to apply them seem so much more complex - especially when coming from forest biomass. There are no special international climate change rules that directly limit the use of renewables. However, the current bias that implies 100% of the carbon is released from wood at harvest certainly affects the carbon viability of bio-energy and bio-fuels. This is an issue to be resolved in 2009 - and one requiring serious Australian Government effort.

#### Finance

All options are going to stay on the table into 2009. Basically there is a choice to make between the funding required to reduce emissions being based on 'historical responsibility for global warming', 'gross domestic product' or being 'demographically driven'. The answer will end up being that those who can pay, will pay.

#### Technology Transfer

To date, addressing this key to assisting developing countries reduce emissions has been slow and it continues to be slow in Poznan. That is no surprise. It is difficult to construct the global policy treatment that will share lowest emission technologies and still maintain existing competitive advantages for companies and their stakeholders that have the technology but operate largely in developed countries.

For direct contact about your hot button issues and fast answers to detailed questions, contact Tim Woods in Poland on: [twoods@fitzpatrickwoods.com.au](mailto:twoods@fitzpatrickwoods.com.au)

Climate Change Information Sheets available at [www.forestworks.com.au](http://www.forestworks.com.au)

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