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L. Timmerman
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**Note to the Secretary-General
(Through Mr. Sha)**



Pre-Bali calls to China, India and Russia

Following up on earlier discussions with you after the Bogor meeting, and within the framework of the Climate Change Team, please find attached background notes and talking points that you may wish to use for your calls to the leaders of China, India and Russia in the run-up to the Bali climate change conference.

Each one of these countries poses a special challenge in the efforts to achieve a breakthrough in Bali. Your direct intervention and encouragement for a positive approach, if it happens at the highest level – preferably Chinese and Russian Presidents and Indian Prime Minister – is expected to have a positive influence on the negotiations in Bali.

You may wish to consider making these calls in the period 21 to 30 November, so as to allow for the discussions and possible commitments by the leaders to filter down to the more working level officials who will participate in the Bali Conference in December. You may wish to expedite in particular the call to President Putin, as we understand that these days are crucial for the finalization of the Russian strategy and there are indications of a toughening of their position.

We remain at your disposal should you wish to discuss any part of the attached in greater detail.

Richard Kinley
Team Leader, CCT
20 November 2007

cc Mr. Orr

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ANNEX I: China

Background: China's policies and actions regarding climate change

At the international level, China's position could be summarized as follows:

- The Climate Change Convention and the Kyoto Protocol are the political and legal basis for international cooperative actions dealing with climate change;
- Developed countries shall take the lead in cutting greenhouse gas emissions; they shall undertake deeper emission cuts under the Protocol beyond 2012;
- Developing countries, in accordance with the principle of common but differentiated responsibilities, will take actions commensurate to their national circumstances and capabilities, and mainstream climate change in their sustainable development plans; no new legally binding commitments for developing countries;
- Developed countries shall implement the provisions of the Convention with regard to financial resources and technology transfer to support actions in developing countries;
- The international carbon market is an effective policy tool; it should continue after 2012;
- International technology cooperation will pave the way to a low carbon economy worldwide; public and private partnerships need to be forged to bring about worldwide technological change;
- Adaptation is as important as mitigation.

China has long maintained a strong political alliance with the G 77 in climate change negotiations. Like other developing countries, China is seriously concerned about this challenge and has taken strong voluntary actions. Their prevailing approach is that it would be counter-productive to impose legally binding commitments on developing countries. Rather, their voluntary actions should be encouraged and taken as a basis to forge an international climate regime. In view of this, China favours new commitments of Annex I countries under Kyoto but only continuation of the Dialogue under the Convention, without transforming it into a negotiation track, a possibility that now appears acceptable to other developing countries (Brazil, South Africa);

At the national level, China is making large-scale efforts to curb its fast-increasing GHG emissions due to population growth, rapid economic development and urbanization as well as the shifting of world manufacturing facilities. In March 2007, China's National Congress reaffirmed the Government's target set in 2006 for environment conservation and energy efficiency, which includes, for the Eleventh 5-Year Economic Plan (2006-2010), the provision that China is to cut its energy consumption for each unit of GDP by 20 per cent over five years. On this basis, in June 2007 China announced its national programme on climate change under the Convention. However, the targets set may prove hard to

achieve. Recent emissions data suggest that China's emission intensity (units of CO₂ per unit of economic output) is on the increase, reflecting skyrocketing energy demands and heavy and growing reliance on coal, after initial reductions achieved thanks to the introduction of new technologies.

Enforcement measures are being seriously carried out. For example, shutting-down of low-efficiency small plants, among other measures, has been undertaken in a number of energy-intensive sectors, such as iron and steel, coal-fired power generation, coal mines, aluminum smelters, chemistry, cement, etc.

In late October, the Seventeenth National Party Congress set new directions for China's economic and social development in the next decades. Democracy, civil society, human rights, social security system, environmental protection, and higher quality, rather than larger quantity, of economic development, were highlighted among the new development goals. President Hu Jintao underscored that the work plans addressing climate change need to be implemented by every organization and every family. It seems more and more evident that policies and measures addressing environmental protection, including climate change, are being integrated in the mainstream of economic and social development of the country. The upcoming 2008 Olympic Games to be held in Beijing seem to provide an additional incentive for the Chinese Government to take decisive action on the environmental and climate change front.

Suggested Talking Points:

- We urgently need to start talks on a new climate deal for the post 2012 period to be able to fight off the most severe impacts of climate change. We simply cannot afford any further delay.
- This new international climate deal, if properly calibrated, can spur sound economic growth; enhance R&D [Research and Development] cooperation; increase investment flows; and at the same time increase energy efficiency and improve air quality, all of which are very important for a rapidly developing country like China.
- Bali needs to deliver a breakthrough and set the wheels in motion to reach agreement on a new climate change deal by the end of 2009.
- To achieve that, the world needs China's constructive engagement and leadership. And China would benefit from the cooperation and support of the rest of the world.
- I have noted with appreciation the outcome of the 17th Party Congress, which provided a new direction for China's development in all aspects, including the firm determination to address environment and climate change issues.

- I would like to be able to count on China's active support for a positive outcome in Bali. I hope that you can encourage your negotiators to make constructive interventions to that end.
- I would welcome your thoughts on how best to achieve, through Bali and thereafter, a robust international agreement to address climate change.

ANNEX II: India

Background: India's policies and actions regarding climate change

At the international level, the Indian position on climate change is strongly entrenched in the principles of equity and common but differentiated responsibilities and respective capabilities. This was underscored by the Prime Minister at the G8+5 meeting in Heiligendamm last June, where he stated: "The time is not ripe for developing countries to take quantitative targets as these would be counter-productive on their development processes." However he added that "India's per-capita GHG emissions are not going to exceed those of developed countries even while pursuing policies of development and economic growth."

In a recent visit of the German Chancellor to India (October 2007) the PM reiterated the aforementioned principles. He added long-term convergence of per capita emissions as a basis of future negotiations, while urging all countries "to actively and constructively participate in the negotiations on a comprehensive post-2012 agreement" in Bali.

In this context it may also be highlighted that India is a party to the Asia Pacific Partnership on Clean Development & Climate and the major economies initiative of the US Government. At the same time, India seems to be firmly committed to solutions under the UNFCCC.

Internationally, India is looking at three important dimensions for buttressing its national response (see below): scientific collaboration (R& D and technology needs); carbon market development and financial mechanisms. Encouraging research in the public domain, a Technology Fund to buy out IPRs (Intellectual Property Rights), levies on flexibility mechanisms other than CDM to fund adaptation, larger projects and sectoral approach in CDM are some of the ideas supported by India for a future response to climate change.

At the national level, India sees the impacts such as melting Himalayan glaciers causing floods and inundations of densely populated economic centres, while water shortages may follow. The issue of climate change has been ostensibly mainstreamed in India in 2007 with the Prime Minister setting up his Council on Climate Change in June 2007, in the wake of the findings of the Fourth Assessment Report of the IPCC. The Council is set to unveil its National Programme of Action to Address Climate Change later this month. Accompanying this programme of action will be a report on the likely impacts of climate change on India. These two documents are intended to help the public understand the scientific basis for India's response to this challenge and also help mainstream climate change in planning and investment decisions taken by the country.

It is understood that the 11th Five Year Plan of the country which will be launched in 2008 will specifically include a suggested strategy for addressing climate change--both mitigation co-benefits and adaptation response. Various measures are already underway in the country including steps being launched by the newly revitalised Bureau of Energy

Efficiency, with an emphasis on renewable energy, building codes, introduction of European standards for vehicles etc, which seem to have modified the energy and emission intensity of growth.

These are major steps taken in a country where economic growth, development and poverty alleviation have been overriding priorities. Recognition of climate change as an issue that could impede development, at the highest level of the Executive in the country, portends well. It is the implementation of the intent, however, that needs to be encouraged with suitable means and measures both nationally and internationally.

Suggested Talking Points:

- We urgently need to start talks on a new climate deal for the post 2012 period to be able to fight off the most severe impacts of climate change. We simply cannot afford any further delay.
- This new international climate deal, if properly calibrated, can also spur sound economic growth; help meet the growing demand for reliable, affordable and clean energy; enhance R&D [Research and Development] cooperation and increase investment flows, all of which are very important for a rapidly developing country like India.
- Bali needs to deliver a breakthrough and set the wheels in motion to reach agreement on a new climate change deal by the end of 2009.
- To achieve that, the world needs India's constructive engagement and leadership. And India needs the cooperation and support of the rest of the world.
- I am looking forward with great interest to the publication of your National Plan of Action, which I hope will mark India's firm determination to address climate change issues, while of course safeguarding its development prospects.
- I would like to be able to count on India's active support for a positive outcome in Bali. I hope that you can encourage your negotiators to make constructive interventions to that end.
- I would welcome your thoughts on how best to achieve, through Bali and thereafter, a robust international agreement to address climate change.

ANNEX III: Russia

Background: Russia's policies and actions regarding climate change

The Russian political landscape is currently dominated by two upcoming major events: parliamentary elections on 2 December 2007 and presidential elections on 9 March 2008. The political debate in the run-up to both elections focuses on economic development and social issues.

The programmes of the leading parties competing for seats in the new Duma (parliament) do not appear to contain specific references to the problem of climate change – the economy and welfare of the population feature prominently. The presidential campaign has just started and it remains to be seen to what extent global environmental problems, including climate change, will be on the agenda of the candidates.

In recent years the Russian economy experienced stable growth of 6% to 8% annually which, according to some estimates, resulted in an increase in real GDP of more than 52% in the period 2000 - 2006. In approximately the same period (2000 to 2005 - the latest available data) emissions of greenhouse gases increased by about 7% only. This can be interpreted as “decoupling” of economic growth from greenhouse gas emissions, and may indicate that certain policies in various sectors of the economy - although adopted for reasons not necessarily related to climate change – have been bringing tangible results in terms of emission reductions.

Despite the recent increase in emissions, Russia is still far below its “emissions quota” allowed under the Kyoto Protocol for 2008-2012. In 2005, the total greenhouse gas emissions of the Russian Federation were almost 30% less than that “quota”. This significant “safety reserve” means that the Russian industry is under less pressure to reduce emissions than some other industrialized countries, which may need to rely on the Kyoto mechanisms (e.g. emissions trading and joint implementation¹) in order to fulfill their commitments under the Protocol. Potential demand for a part of the Russian “excess quota” seems to be one of the main attractions for Russia to be part of the Kyoto Protocol.

Joint implementation seems to be of special importance to certain sectors of the Russian industry which need to introduce modern technologies in order to make industry less energy intensive. The OECD estimated that Russia spends per unit of GDP twice as much energy as major industrialized countries.

Russia's political stance on a post-Kyoto regime can be best described by quoting Foreign Minister S. Lavrov who said after the September 2007 APEC meeting that a future regime should be voluntary, credible and universal. He added that one of the main drawbacks of the Kyoto Protocol was the fact that not all major emitters took commitments - a clear reference to major developing countries. Recent reports from Moscow indicate that Russia

¹ Joint implementation is one of the Kyoto mechanisms for investments in emission-reducing projects in countries with economies in transition.

may toughen its position on climate change, as it considers that it does not stand to gain significantly from the future arrangements that are currently being discussed.

Suggested Talking Points:

- We urgently need to start talks on a new climate deal for the post 2012 period to be able to fight off the most severe impacts of climate change. We simply cannot afford any further delay.
- This new international climate deal, if properly calibrated, can spur sound economic growth; enhance R&D [Research and Development] cooperation, including on clean fossil fuel technologies; increase investment flows; and at the same time increase energy efficiency and improve air quality, all of which are of importance to Russia too.
- Bali needs to deliver a breakthrough and set the wheels in motion to reach agreement on a new climate change deal by the end of 2009.
- To achieve that, the world needs Russia's constructive engagement and leadership. You opened the way to Kyoto Protocol implementation with your ratification, and you can again be the catalyst for arriving at a robust post-2012 regime.
- I am aware of [your/President Putin's] personal interest in global climate affairs, as exemplified among other things by [your/President Putin's] participation in the Moscow World Climate Conference in October 2003. [Your/President Putin's] contribution to that conference was a clear signal that Russia is serious about dealing with climate change.
- I would like to be able to count on Russia's active support for a positive outcome in Bali. I hope that you can encourage your negotiators to make constructive interventions to that end. This way we can arrive at a new climate change regime that will better address the needs of all, including major economies like Russia.
- I would welcome your thoughts on how best to achieve, through Bali and thereafter, a robust international agreement to address climate change.