

Session B: Post-Kyoto Protocol Period Environmental and Energy Cooperation

Based on the ongoing international discussions on climate change leading to the post-Kyoto or post-2012 architecture, discussions at this session embarked upon various approaches toward cooperation schemes in Northeast Asia to combat climate change. The participants reiterated that by being a unique combination of Annex I and Non-Annex I countries, the countries in the Northeast Asian region have great potential for leading international cooperation on climate change mitigation and adaptation and pushing forward global efforts toward moving to low-carbon, sustainable societies.

Professor Shunichi Teranishi, Graduate School of Economics, Hitotsubashi University, Japan, who coordinated the discussions, noted that although the next framework for the post-Kyoto period was not settled at the COP 15 held in Copenhagen, and was postponed until the subsequent COP 16 in Mexico, the Copenhagen Accord was an important step toward creating the consensus by the major economies to halve greenhouse gas (GHG) emissions by 2050 called for by the Intergovernmental Panel on Climate Change (IPCC). Therefore, the world community needs to pursue the evolution of new energy systems and new energy structures, while ensuring economic development takes place.

Professor Zheng Shuang, ERI, China, highlighted the issue of MRV (measurable, reportable and verifiable) mitigation actions and support as one of the key topics for international climate change talks. On the one hand, MRV mitigation actions in developing countries in accordance with their Nationally Appropriate Mitigation Actions (NAMAs) are being sought, to be a process defined by the host country and to follow the general procedures agreed upon by the Parties to the UNFCCC. On the other hand, the financial and technological support from developed countries to developing countries differs in nature and therefore separate MRV mechanisms for each type of support will be developed. In order to facilitate a matching-up between the mitigation actions in developing countries and the available support from developed countries, a two-way registry system that can be developed and maintained by the UNFCCC Secretariat is indispensable.

Mr. A. Enkhbat, Director, Ecologically Clean Technology and Science Division, Ministry of Nature, Environment and Tourism, Mongolia, introduced the impact of climate change on the country's biophysical environment and economy. Agriculture (animal husbandry and arable farming) and forestry have been identified as the areas that would be most impacted by climate change. The government of Mongolia has established an interagency and intersectoral National Climate Committee led by the Minister of Nature, Environment and Tourism to coordinate and guide national activities and measures aimed at adapting to climate change and mitigating GHG emissions. Mr. Enkhbat proposed promoting regional cooperation dealing with climate change issues for the

post-2012 period, such as the development of regional climate change strategy, improvement of forecasting and warning systems, country-specific impact and vulnerability assessment analyses, assistance in the development of national adaptation and mitigation strategies in the region's developing countries, promotion of technology transfer, and the strengthening of existing human and technical capacities along with cooperation on project financing.

Dr. Oh Dae-Gyun, Policy Researcher, Korea Energy Management Corporation (KEMCO), ROK, introduced the Low Carbon Green Growth Bill, which was ratified by the National Assembly at the end of 2009 to facilitate the country's new national vision for the next 60 years. Aimed at meeting the country's mid-term emission reduction target, the government of the ROK has been operating a domestic GHG emission reduction registration program since 2007, and in line with the new bill plans to establish the Government-Industry Negotiated Agreement of Energy Consumption and Korean Emission Trading Scheme starting from 2010.

Dr. Oh proposed establishing a regional carbon market in Northeast Asia that could minimize the GHG emission reduction costs in the region and facilitate the building of regional capacity to respond to climate change. Emission-trading-based cooperation in the regional market could provide the opportunity to develop and adapt the MRV system in Northeast Asia. Furthermore, the creation of a regional market would secure a larger market volume and pave the way to promote international GHG emission reduction projects.

Ms. Dinara Gershinkova, Head, Scientific Development and Climate Programmes Unit, Roshydromet, Russia, pointed out that assessment of observed and expected changes in the climate and their impacts are an important component of the information system for the development of climate policies at the national and international levels. She pointed out that the current situation and socio-economic forecast for 2020 had been taken into account in defining the Russian position in the negotiations and in national climate policy.

From Russia's perspective, mitigation and adaptation are the potential directions for international or regional cooperation for the future or in the Post-Kyoto period, where win-win solutions might be easily found. Accordingly, Ms. Gershinkova proposed several areas for promoting regional cooperation in Northeast Asia, such as knowledge sharing of the best available practices in energy saving and energy efficiency improvement, wide use of renewable energy resources, and assistance in the practical realization of mitigation measures.

Furthermore, she pointed out that as the adaptation concerns all countries, the most valuable elements for regional adaptation cooperation would be cooperation on climate monitoring and modeling, including weather forecasting and weather monitoring, research on the climate

change impact on key sectors of the national economies, and research on their adaptive capacities along with assisting the practical realization of adaptation measures.

Mr. Hiromu Tanaka, Senior Advisor, Japan Carbon Finance, Ltd., highlighted the lessons of the Kyoto Mechanism. There is criticism that the projects under the Kyoto Mechanism have so far been implemented disproportionately in a small number of countries, such as newly-emerging countries. As long as the market mechanism is used, the above result is inevitable. Although expectations were high for Japanese technologies in their contribution to energy saving and energy efficiency improvement issues, past experience has shown that it has been extremely rare that Japanese technologies have played major roles in emission credit projects. Japanese companies, however, are expected to be active in directly developing projects in cooperation with project operators to further promote regional cooperation in the future.

Mr. Tanaka pointed out that the momentum toward the promotion of regional cooperation has been gathering pace since the financial crisis and cooperation in the areas of energy and the environment should be addressed urgently as a common issue. On the other hand, based on the lessons learned in the financial crisis, it is necessary to establish a mechanism to help mobilize financial resources within the region along with providing effective investment opportunities. A comprehensive system of regional cooperation that enables the different players to play their respective roles must be developed, in which the private sector reviews investments, provision of technologies, and export of facilities as a business, the public sector works to set up an environment for the effective promotion of the above, and the financial sector provides the required funds in an improved investment environment, and, as a result, emission credits are created.

Mr. Keiji Ide, Councillor, Minister's Secretariat, Ministry of Foreign Affairs of Japan, informed the participants about the "Hatoyama Initiative." In order to support the developing nations, the Japanese government has committed itself to providing US\$11 billion as overseas development aid up to 2012, and this will total US\$15 billion when combined with private investment. He pointed out that many opportunities exist for cooperative action at a regional level by using various regional networks. The region's economies in transition—China, Russia and Mongolia—are facing various challenges for their economic development and environmental protection. Therefore, in

order to understand them and work together toward GHG emission reduction, it would be relevant for Japan to look at the economic structure of each country and carry out country reviews. Public opinion is important also.

Mr. Alexander Pankin, Deputy Director General, Department of International Organizations, Ministry of Foreign Affairs of the Russian Federation, stressed that the Copenhagen Accord is not just a small political statement; it is an important signal for movement. He mentioned that the legally-binding nature of a future agreement causes a lot of questions, the financial part of the deal is as yet unclear, and the ideal amount is far from being realistic. Concerning a future agreement, the current two-track mechanism will remain on the table, but in the future, the two tracks will have to merge into a one-track mechanism. The Kyoto Protocol will play an important role up to 2012, and it should be absorbed by a new agreement, with many of its useful elements included in that agreement. In his opinion, the new agreement will recognize not only the past, but also the present responsibilities of the countries. Mr. Pankin highlighted that even without waiting for a new international agreement to emerge, Northeast Asia has a lot of opportunities to develop energy cooperation in order to increase energy security and energy efficiency in the region, as well as in the areas of water and natural-disaster preparedness and prevention, either through bilateral or multilateral channels.

As indicated in the keynote speech delivered by Dr. Pembleton, the Northeast Asian countries "... have not only the potential to influence negotiations under the UNFCCC, but also to gain significant benefits from the resultant mechanisms ... and Japan, with its neighbors from this region, could be recognized for being instrumental in bringing a new era of international climate cooperation to bear." Therefore the participants welcomed the message of the keynote addressee on holding significant discussions in the Northeast Asian region that would lead to a deeper mutual understanding of the different negotiating groups of the UNFCCC.

Based on the discussions, the participants put forward several policy and cooperation proposals, including organizing a joint workshop at the upcoming COP 16 in Mexico.

Sh. Enkhbayar
ERINA