



E3G

Road to Copenhagen: UK Prime Minister's Initiative

E3G Briefing, 2 July 2009

SUMMARY

- > On 26 June the UK Prime Minister Gordon Brown delivered a speech on “The Road to Copenhagen: The Challenge of Climate Change and Development”,¹ building on themes set out in an 80-page White Paper on the UK’s Copenhagen Position published the same day by the UK Secretary of State for Energy and Climate Change Ed Miliband.²
- > The Brown speech broke new ground on the issue of climate finance outlining a proposition for \$100 billion by 2020 in additional finance for adaptation, mitigation and forestry and suggestions for how this could be raised and managed sustainably.
- > The Brown proposal is significant as the first substantive new intervention by a G8 Head of Government in the Copenhagen debate. Coming just before the G8 and MEF Leaders meeting in Italy, Brown has clearly indicated that he sees the need for greater personal political leadership if the Copenhagen negotiations are to reach a high ambition outcome.
- > The UK initiative is not unilateral but a proposal for agreement by other developed countries which is conditional on commitments for ambitious emission reductions from major developing countries. The UK initiative has opened a door to greater ambition all round. Whether others will walk through it remains to be seen.

¹ Transcript available at: www.number-10.gov.uk

² “The Road to Copenhagen: The UK Government’s case for an ambitious international agreement on climate change”, available at: <http://www.actoncopenhagen.decc.gov.uk/en/ambition/road-to-copenhagen>

EXTRACTS FROM THE BROWN SPEECH

The importance of Copenhagen

- > “Copenhagen must be..... a declaration of our mutual commitment as a single global society; the time, at last, when our understanding of the unavoidable interdependence of economic prosperity, social justice and environmental stewardship is transformed into common global action”.
- > (Quoting the recent report of the Global Humanitarian Forum led by Kofi Annan): “One in ten of the world’s population could be directly and seriously affected by the impacts of climate change... 98% of those dying and seriously affected live in the poorest countries, and yet those countries account for only 8% of global emissions”.
- > Copenhagen must agree a plan to cut emissions that keeps the increase in global temperature below 2°C. This requires stabilization of GHG at around 450 parts per million. Global emissions must peak no later than 2020 and be cut by at least 50% on 1990 levels by 2050.
- > Copenhagen must also agree a fair deal between developed and developing countries. Developed countries must help developing countries adapt to the inevitable impacts of climate change and must cut their own emissions by at least 80% by 2050.

The potential for a global green recovery

- > These goals are challenging but attainable and there is much to be gained through a “new green revolution”. “In 2008, for the first time, global investment in renewables for power generation exceeded that for fossil fuels – making up \$140 billion of an estimated \$250 billion total investment.”
- > “The drive to a low carbon economy is not something to be delayed because of the global recession; instead it can be a powerful driver of global recovery....The global market in low carbon goods and services is already worth £3 trillion and is expected to increase by around half again over the next decade”.

- > Staying below 2°C requires “a new growth model that allows developing countries to leapfrog the old 19th and 20th century energy technologies which powered the first era of industrialization”.

A proposition for additional public finance

- > The carbon market can play a key role but needs reform, with “larger developing countries introducing their power sectors, and possibly other sectors, into a sectoral trading mechanism”.
- > We also need “a new international partnership on public finance for climate change”, governed by four principles...
 1. *equity of contribution and allocation*: support for Mexican proposal for basing contributions on ability to pay and emissions;
 2. *additionality*: climate finance should not divert money from existing ODA commitments;
 3. *predictability*: support for Norwegian proposal to auction a small percentage of national emissions allowances, for raising revenues from mechanisms to reduce aviation and shipping emissions, for guarantees/insurance schemes to leverage private sector investment, and for forest-backed bonds to bring significant early finance into sustainable forest management;
 4. *shared governance*: institutional reforms to give developing countries a stronger voice and to focus support on their nationally-determined plans.
- > “We must move the debate from a stand-off over hypothetical figures to active negotiation on real mitigation actions and real contributions; and an urgent recognition of the needs for the poorest and most vulnerable countries for adaptation finance”.
- > We should therefore adopt a “working figure” of around \$100 billion per year by 2020, drawn from a combination of the carbon market, new and additional sources of predictable finance and a limited amount of ODA.
- > A maximum of 10% of UK ODA will be used to meet its climate finance contribution and the UK will work towards this (10%) limit being agreed internationally.

POLITICAL ANALYSIS

The UK initiative is an attempt to move the tone and dynamic of the Copenhagen climate negotiations towards higher ambition. It focuses both on *what* the post-2012 global climate regime must deliver, including what needs to be agreed at Copenhagen, and *how* to ensure that any commitments made at Copenhagen are implemented effectively. Much of Brown's speech is a restatement of existing EU and UK policies, but the proposals on finance break new ground. The "working figure" of \$100 billion in climate finance for developing countries is below what many are calling for, but Brown is the first G8 Leader to recognize publicly the scale of the challenge.

Brown stopped short of putting a precise figure on the UK's financial contribution to Copenhagen and made clear that this would depend on the level of ambition shown by developing countries. But his framing of the debate, both on adaptation and mitigation, creates an opportunity and a challenge for other countries to come forward with additional proposals of their own. Depending on the response, this could help break the current stalemate in the negotiations and encourage a more proactive approach by others.

A few countries (e.g. Australia, Maldives, Rwanda) have responded positively to the UK initiative. Other reactions are likely to emerge in the coming days. A key test will be the response in the rest of the EU, which is internally divided on the issue of climate finance and has been therefore been unable to stake out a clear position. Some EU climate negotiators have argued that referring to climate finance estimates as high as \$100 billion would be a tactical mistake at this stage in the negotiations. Others have argued, on the contrary, that an early move on this issue is needed to close the "trust gap" with developing countries.

The UK initiative comes just before the G8 Summit in Italy and the parallel Heads-level meeting of the Major Economies Forum. While no doubt intended in part as an input to these meetings, it is also about positioning the UK for a series of potentially crucial meetings in September and early October: the UN Secretary-General's High-Level Meeting on Climate Change, the G20 Summit, the next UNFCCC negotiating session in Bangkok, and the autumn meetings of the World Bank and IMF. These meetings could well make or break the political conditions for an ambitious, fair and binding Copenhagen agreement.

Between now and late September the EU will continue to debate its collective position on finance for Copenhagen. Meanwhile the US Senate will be considering climate legislation, building on the the Waxman-Markey bill adopted last week by the House of Representatives, including provisions on financing for international action. And developing countries will be preparing or refining their plans on adaptation and mitigation. The UK initiative has opened a door to greater ambition all round. Whether others will walk through it remains to be seen.