

Overview of challenges in the design of the 2015 agreement - participation, ambition, durability and implementation

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Dimensions of challenges

- The ambition challenge
 - How to incentivise ambitious action to
 - Reduce emissions in line with the below 2 degree goal
 - Increase resilience
 - Mobilise finance and technology
- The participation challenge
 - How to ensure broad participation, achieve equal playing field, and avoid free riding?
- The durability challenge
 - How to respond to changes over time?
- The implementation challenge
 - How to ensure delivery of results on the ground and effective monitoring of progress?

Since Copenhagen, we have had a new international climate change regime that can be called “concerted domestic action”

- Increasing recognition that enforceable international agreement not feasible
- But concerted domestic action based on international peer pressure and domestic political pressure allows progress
- Serious domestic political commitments can provide firm basis including for trade in abatement

Targets representing ambitious changes in emissions trends

- China's 40 to 45 percent intensity the most substantial change in trajectory
 - Compare US 17% reductions 2005-2020 with previous expectations of 2025 peak
 - Australia's minus 5% unconditional and 25% conditional a huge break in trend given population and economy growth
 - India's "never higher per capita than developed countries" important to future regime
 - Substantial commitments from other large developing (note Indonesia, Brazil)
- Much more consequential than Kyoto but pointing to 4 degrees not 2 degrees

Countries are delivering on targets

- China, USA, Europe, Australia
- Demonstrating that reducing emissions is less costly than anticipated
- Suggesting opportunity to do more despite weak recovery from financial crisis

But global climate change policy is in crisis

- ❑ Serial disappointment about UNFCCC outcomes
 - Collapse of confidence in process outside the “negotiating community”

- ❑ Lack of strong incentives – e.g. collapse of carbon prices discrediting market-based regimes
 - CDM credits useless and with huge overhang
 - European carbon price at derisory levels
 - Discrediting new carbon pricing regimes in NZ, Australia and plans in Korea and China
 - Important to preserve carbon pricing for mitigation as well as economic efficiency because necessary for future deep emissions reduction

Resilience, or "Adaptation"

Successful mitigation is the front line of adaptation

- fanciful to think of effective policies for adaptation to above 2 degrees.
- people will have to adapt above two degrees although not through effective policies from today's national and international entities

Adaptation policies valuable for moderate warming

- scientific knowledge of likely impact in all countries
- flexible economies with effective markets including for food and water
- effective provision of public infrastructure required for development in general

Solutions to UNFCCC and carbon pricing crises have common elements

- Recognise reality that a major lifting of mitigation ambition required to keep 2 degrees target in reach
- Guide national targets with independent expert assessment on allocating global emissions budget 2020-2050
- Provide substance for commitments to climate financing for developing countries
- Tighten targets for 2020, announced by 2015
- Adoption of domestic 2020-2050 targets consistent with below 2 degree-goal, at COP21 in 2015

- Elsewhere I have referred to Concerted Domestic Action as "Concerted Unilateral Mitigation"