



Climate Change : Climate Politics

A Breakthrough in Bali?

The upcoming UN climate talks in Bali may bring the world closer to a new, international climate treaty. What are the key issues that will be debated in Bali, and can they be resolved before the Kyoto Protocol expires in 2012?



Bali Wood

Indonesian activists demonstrate in Jakarta prior to the 13th UN Climate Change Conference begins in Bali (Photo: Reuters)

Two thousand and seven might go down in history as the year that made climate change the world's most important issue. The Intergovernmental Panel on Climate Change (IPCC) released its fourth extensive report, its findings on global warming more certain and alarming than ever. China surpassed the United States as the world's biggest greenhouse gas emitter. And in October, the IPCC and former U.S. Vice-President Al Gore won the 2007 Nobel Peace Prize for their work on the issue.

But if the upcoming UN Bali Climate Summit does not get us closer to resolving current deadlocks, 2007 might just be another year without a breakthrough in negotiations about a future climate treaty. Time is running out. The 1997 UN Kyoto Protocol, in which dozens of countries agreed to reduce their greenhouse gas emissions, expires at the end of 2012. The UN seeks to have a new treaty in place by as early as 2009.

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Countries that committed to emissions reductions under the Kyoto Protocol are expected to cut their emissions by 11 to 15 percent of 1990 levels by 2012. It is clear, however, that future targets will have to be much bigger. The proposed reduction targets for 2020 in recent UN talks have been in the range of 25 to 40 percent.

"A future, ambitious UN climate change regime needs to continue and expand the central elements of the Kyoto Protocol, whilst making use of other policy tools, such as carbon taxes and other effective policy packages," says Yvo de Boer, head of the UN climate secretariat. "Only then can we

ensure that the type of sweeping emission reductions that science tells us are needed are brought about."

Here are some of the key issues surrounding a post-2012 international climate pact that will be discussed at the Bali conference:

The Big Three

No future climate treaty can succeed without the participation of China, the United States, and India - the predicted triumvirate of top greenhouse gas emitters from 2015 onward. Getting these countries to agree on an international climate protection framework will be the overarching challenge looming over Bali and all international climate negotiations over the next few years.

But while every major country recognizes the need for action to address climate change, there is still fundamental disagreement on the questions of "how" and "who." China and India say they have the right to develop without limits on greenhouse gas emissions. Meanwhile the United States government, in contrast to most European countries, prefers voluntary emissions reduction targets, and is reluctant to define "dangerous" levels of global warming.



Picture Gallery (click the image to start)

A round-up of the key issues on the table at the UN Bali climate talks (Photo: Reuters)

Future of the Carbon Markets

EU policymakers are pushing for an expansion and linking of existing cap-and-trade systems aimed at reducing emissions at the lowest possible cost. Global emissions trading reached 30 billion U.S. dollars in trading in 2006 and reportedly grew in 2007, but traders and investors still want clarity about how emissions trading will look beyond 2012.

Maintaining a global carbon emissions market, however, may be difficult. Skeptical governments need to be convinced that carbon markets will not collapse due to an over-allocation of carbon credits, as happened in the first year of the EU carbon market. The governments of China and the United States are still opposed to international carbon trading, but several U.S. states have gone ahead with regional markets.

Technology Transfer

One of the biggest roles that industrialized countries can play is transferring technology for energy efficiency and climate change mitigation, such as

techniques to store liquefied carbon dioxide. Fostering adaptation by improving water efficiency and delivering drought-resistant seeds for use in the developing world is another important task for the industrialized world. Some technology transfer schemes already exist, such as the "Asia-Pacific Partnership on Clean Development and Climate" or the "Methane to Markets" program.

The so-called Clean Development Mechanism (CDM) can finance such technology transfer. CDM projects are part of the Kyoto Protocol. The idea is to reduce emissions in developing countries as an alternative to more expensive emission reductions in industrialized countries. Countries that need to reduce emissions can support clean energy projects - such as methane reduction, biomass co-firing energy plants, or hydro electric projects - in places like China, Indonesia, or South Africa.

Preventing Deforestation

Deforestation is responsible for around a fifth of all greenhouse gas emissions, but forest protection has not been sufficiently integrated into the Kyoto Protocol's market mechanisms. The biggest challenge is finding incentives for developing countries - Brazil and Indonesia most of all - to protect their tropical forests from the expansion of settlements or more commercially profitable crop plantations.

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