

RECENT DEVELOPMENTS: DECEMBER 2005

THE ASIA-PACIFIC PARTNERSHIP

Inaugural Meeting to be held in Sydney

In Vientiane on 28 July 2005, the United States, China, India, Japan, South Korea and Australia announced that they had agreed to form the Asia-Pacific Partnership on Clean Development and Climate ("the Partnership"). This brought together six of the key developing and developed countries in the Asia-Pacific region to address the challenges of climate change, energy security and air pollution. These six founding members account for half of the global GHG emissions.

The inaugural Ministerial meeting of the Partnership will take place in Sydney in mid-January 2006.

What is Novel About the Partnership?

The novelty of the Partnership lies in its commitment to establish a practical path for the development and deployment of technological solutions to the threat of climate change. This must, of necessity, involve the private sector.

The ratification of the Kyoto Protocol in February 2005 represented the first treaty-based commitment of ratifying countries to work towards specific limits on their GHG emissions. Doubts about the effectiveness of the Kyoto commitments to achieve their desired purpose, of stabilizing global GHG levels, form part of the rationale for the Partnership.

The IEA has emphasised that efforts to reduce GHG emissions need to be on a truly grand scale, far grander than the present Kyoto limits envisage.¹

At the time of writing this bulletin, the 11th conference of the parties to the U.N. Framework Convention on Climate Change (UNFCCC) was being held in Montreal, with around 10,000 in attendance. The Partnership is consistent with the principles of the UNFCCC. It explicitly links economic development with environmental issues. This is how a Chinese diplomat described it at the time of the announcement:

¹ International Energy Agency, "Prospects for CO₂ Capture and Storage", Paris, France, 2004.

"Climate change is not only an environmental issue but also a development issue. The essence of addressing climate change is to achieve sustainable development. The key lies in innovation and the transfer of technology information and to concrete international cooperation ... We believe this new Partnership will further facilitate international cooperation on energy technology and with the framework of the Climate Change Convention we are ready to enhance scientific and technological cooperation with other countries in the world and work together to address energy issues to pursue sustainable development and address challenges posed by climate change."²

What Are the Technological Solutions?

Energy efficiency is at the top of the Partnership's list of technological solutions. This is entirely consistent with the World Energy Council's 2004 report that improving energy efficiency across the whole energy chain, from exploration to end-use, will generate the most immediate reduction in GHG emissions.³

Clean coal technology is another area where significant emission reductions can be achieved. So also is greater utilisation of natural gas, both as a fuel for electricity generation and as a source of energy in its own right.

Carbon capture and storage (CCS) technologies are also high up the Partnership's list.⁴

² Mr Liu Yongxing, Chinese Ambassador to Laos, Press Conference, Vientiane, Laos, 28 July 2005.

³ World Energy Council, "Energy Efficiency Policies: A Worldwide View", London, UK 2004.

⁴ It was recently estimated by ABARE that the cost of the CO₂ constraint on global real GDP if the electricity industry has access to CCS technologies would be only a quarter of the cost that would be incurred if they remained unavailable, Australian Bureau of Agricultural and Resource Economics (ABARE), "New Energy Technologies: Measuring Potential Impacts in APEC", Report to the APEC Energy Working Group, APEC Secretariat, Singapore, 2005.

Nuclear power is also on the Partnership's list, as are renewables. With technological advances and proper safeguards, both nuclear power and renewables could in due course offer a major part of the long-term solution to climate change.

Private Sector Involvement

On 14 November 2005, Ms Paula Dobriansky, US Under-Secretary of State for Democracy and Global Affairs, gave testimony to a US Senate sub-committee. She stated that the Partnership provided an opportunity to find practical approaches to address greenhouse gas issues in a focussed setting:

"The Partnership will focus on voluntary practical measures to create new investment opportunities, build local capacity, and remove barriers to the introduction of clean, more efficient technologies. It is critically important to build on mutual interests and provide incentives to tackle global challenges such as climate change effectively.

We are united with our partners in recognising that the ingenuity and energy of the private sector is crucial to our success in addressing these issues over time. This effort cannot succeed without strong private sector involvement. Working closely with the Department of Commerce and other agencies with export-oriented functions, we are actively discussing ways of ensuring that the private sector is engaged in a meaningful way in the Partnership at every stage of its work. We expect the Ministerial launch to have strong participation from the private sector."

Separation from the Kyoto Protocol

At a doorstep interview with the media in Melbourne on 23 November 2005, the Australian Foreign Minister, Mr Alexander Downer, made the following remark:

"... the task here is to get together the major emitters, who have not, with the exception of Japan, made any commitment at all under the Kyoto Protocol. ...if you want to solve the problem of climate change, you are not going to solve that problem by leaving out the United States, India and China. It is just not going to happen. China is the world's second biggest energy consumer. The United States obviously the largest. By getting these countries together and approaching this

whole issue of climate change ... in a different and much more realistic way, focusing in particular on technology, not on stultifying growth and putting people out of jobs, then I think we have a good chance of making progress over time. I think we have a better chance of making progress through the partnership on climate change, than we would have through Kyoto. I don't think Kyoto is making much contribution at all."

Broadening the Membership

It is understood that there have already been preliminary discussions with other countries about joining the Partnership, as well as with the European Union. We believe that these discussions will not advance until after the inaugural Ministerial meeting of the Partnership has been held in Sydney and implementing processes have been set up.

What Will Happen in Sydney?

There are various precedents for cross-border R and D collaboration both at the bilateral level and under IEA auspices but we believe the Partnership will be open to fresh thinking.

By contrast with Kyoto, the Sydney launch should be short on political rhetoric and long on practical measures. We anticipate that significant opportunities for cross-border collaboration on new energy technologies will be identified at the time of the launch, although the process of implementation will require a methodical approach to be pursued over time.

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