

## **“REINVENTING RIO”**

For an inclusive world sustainable development strategy

Side event debate to COP 21 Paris, Le Bourget

7 December 2015,

From 12H30 – 14H30

Organisers:

World Animal Protection, SADF, Europe India Chambers of Commerce (EICC) and Eurochambres / EBTC

Introduction

Our civilization is confronted with the challenge of rising ever higher on its development, giving everyone the opportunity to enjoy its accomplishments and yet preserving our planet; that is, respecting its environment and making a sustainable use of its natural resources.

In other words, we are to use fewer resources while extending access to ever more goods and services with an ever increasing quality to more and more people: to find ways for less use of resources to mean more value of goods and services available.

For thousands of years, humanity has been conscious of the essential nature of this challenge. Empedocles told us about the “four root elements” – water, land, air and fire – composing the world, these four elements being governed by the principles of love and strife. Science led us to understand how all of these four elements could be seen as one, but we are still struggling to understand how love and strife govern it.

As we are witnessing the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris, we think it is necessary both to take the opportunity to assess the strategy followed to guide us through this process and decipher and then stress the main adjustments we have to make to achieve a fruitful endeavour.

### 1. The erosion of the Earth summit vision

The Earth Rio Summit of 1992 culminated in a strong environmental movement and approved a far-reaching sustainability framework made of a comprehensive set of principles, declarations and conventions, such as the Rio Declaration on Environment and Development, the Agenda 21, Forest Principles, Convention on Biological Diversity, Framework Convention on Climate Change (UNFCCC) and United Nations Convention to Combat Desertification.

Whereas Rio marked an international crescendo towards a comprehensive sustainable development movement, UNFCCC process has side-lined all remaining crucial environmental issues from public opinion front pages. Water, oceans, forests, poverty, smog, biodiversity, to name just the main topics became either second rate concerns or even worse, are viewed as reflections of a hypertrophic climate change vision.

On 9 May 1992, the UNFCCC was adopted, and entered into force on 21 March 1994. It was followed the subsequent year by the annual COPs that became the World's main annual gathering on environmental issues.

The third COP – gathered in Kyoto on December 1997 – gave new impetus and clout to the climate change focussing based on a set of explicit or implicit assumptions:

Global warming is the most important development flaw of humanity and it must be combatted with the highest priority overshadowing any other consideration;

Carbon dioxide is the most important of these gases to such an extent that other greenhouse emissions can be seen as their simple derivatives;

Global warming is the direct and arithmetic product of greenhouse gases derived by human activity and therefore it is possible to precisely equate increasing future global warming temperature in Celsius degrees with future tons of carbon emissions;

The solution to the issue consists of a combination of heavy administrative constructions regulating emission permits and trading opportunities on these permits which ostensibly ignores the two most obvious factors influencing emissions (1) technology and (2) price, which is the influence of political decisions on price through subventions and taxes.

2. How to evaluate these decades long policy development?

23 years and 20 conventions after Rio, we should expect an evaluation of earlier strategies, what were its costs and achievements, what went well and what did not work well, but such evaluations are rare or non-existent in official documents that for the most part keep repeating the same jargon used in previous editions.

The developed world tries to point out to its own success, implying that we should just repeat its strategy elsewhere for a global success to be achieved. However, can we ignore the impact of World trade specialisation on the location of Carbon emissions? In what way shall we take into consideration the expected level of growth – and its environmental impact – necessary for the least developed countries to catch up with the higher development level?

The existing data on the issue – available elsewhere than in the United Nations agency responsible – paints a very dark picture.

A recent IMF working paper estimates the global subvention given in the World to energy in 2015 at 5.3 trillion \$, e.g. 6,5% of global GDP. Emerging and developing Asia – a region comprising most of South Asia appears as the one where these subventions are the highest. Most of these subventions – estimated at over 80% by the IMF study – relate to the external costs of energy use not covered by taxes:

“An important point, therefore, is that most (over three-fourths) of the under-pricing of energy is due to domestic distortions—pre-tax subsidies and domestic externalities—rather than to global distortions (climate change). The crucial implication of this is that energy pricing reform is largely in countries' own domestic interest and therefore is beneficial even in the absence of globally coordinated action.”

According to the Economist, subsidies to renewable energies amount to circa 100 billion dollars a year. A recent study commissioned by DG Energy estimates the EU-28 subvention to renewable energy subventions in 2012 at 41 billion €. From this amount, feed-in tariffs represented 27 billion €.

A recently published manifesto, the Global Apollo Programme to Combat Climate Change, estimates that:

“Worldwide, publicly-funded RD&D [Research Development & Demonstration] on renewable energy is under 2% of the total of publicly funded research and development – only around \$6 billion in total”

Summing up, we have a picture where governments give an annual staggering implicit subvention of 5,3 trillion dollars to energy, but spend only 6 billion researching the technology of renewable energies; broadly, a thousand times less money.

Only during the last four years of UNFCCC operation – that is, from 2011 to 2015 – the public global subvention to carbon emitting energy increased from 5.8 percent of global GDP (\$4.2 trillion) to 6.5 percent (\$5.3 trillion) in 2015.

This is a clear evidence of UNFCCC failure to address the issue it was supposed to address. Reading the vast UNFCCC literature or inspired literature, one gets the impression the establishment believes the remedy to be to repeat louder the same stereotyped messages, instead of assessing the efficiency of the policy devices used.

Furthermore, the issue has erroneously been portrayed as a simple question of climate change, when this is but a part of the problem, whereas the focus has been set in administratively burdensome and financially costly cross-subvention energy schemes, instead of research, development and dissemination spending.

A recent midterm evaluation of the European directive on renewables does not define clear benchmarks and does not stand as a policy evaluation exercise as we understand it.

### 3. How to continue the debate?

In this context we thought it useful to bring together some top environmental civil society World leaders to engage in a frank discussion revolving around the following topics:

Should we consider the creation of new environment and development world organisations, or should we consider bringing together existing trade, economic and development entities, promoting environment to the top of its agenda?

Should we continue COP's in its present political dimension or should we continue with yearly Earth summits in the Rio spirit at the highest level?

Should we solely rely on the present Carbon accounting and trading complex frameworks? How should the role for Public commitments on price system look like (subvention and taxes)? How should we define the role for fundamental and applied technology research as well as its dissemination as the main tools to combat greenhouse gases emissions?

#### **Trade and business link**

The Paris Debate is specifically intended to address how this will help to boost trade and business

relations between the EU and India. In view of the expertise EBTC has in dealing with the issues related to Climate and Environment on trade and businesses, the Debate '**Re-inventing Rio**' would be a milestone in addressing the broader economic and social issues of collaboration:

- Also, this Debate is being organised in the background of hesitation from India's business to address seriously the impact on Climate and Environment on the trade and economic relations. Attempted EU engagement with India on climate change has occurred in a context of growing concern over the rising contribution of emerging powers to global environmental degradation. India is increasingly categorized as a "major emitter" of greenhouse gases, and accounted for approximately 5.8 percent of global emissions, making it the world's fourth largest emitter in aggregate terms. However, India's per capita emissions are still very low compared to those of industrialized countries. Indian policy-makers and commentators therefore reject the label of "major emitter".
- Nonetheless India is also highly vulnerable to anticipated impacts of future climate change. Himalayan glaciers are retreating with major anticipated consequences for the Indian population that relies on run-off water from the glaciers. Sea level rise is also likely to impact India severely, as are changing patterns of precipitation and temperature, which are projected to have a major impact on agriculture—which supports the livelihood of 2 out of every 3 Indians. Thus, India is likely to be severely adversely affected by future projected climate change impacts.
- Climate change stands to impact India more severely than other countries in the world. India also has a particularly bad air pollution problem —India has 13 of the 20 most polluted cities in the world with the capital, Delhi, being the most polluted of all. While India's population is still growing with unmanageable urbanization and sectoral shifts in the economy, India thus represents a new and large market for EU technology providers to benefit India from state-of-the-art technologies at reasonable terms.
- EU can contribute by helping India with funding and building human capacity. There can be city-to-city engagements, especially to learn new ideas and best practices.
- As the energy needs of India continue to grow, it is important that India invests in efficient energy infrastructure and in ways that minimize environmental impacts while keeping up with India's expanding economy. Technological and business innovation, scientific cooperation, research, development and deployment of environmentally-friendly technologies and products, open trade, and sound regulatory frameworks are needed to deliver solutions for sustainable growth. India needs financing support, not money per se, but cheaper financing. One reason India's renewable energy (RE) power appears more expensive than some other countries is the high cost of capital; funding for RE projects in the EU is often at half the rate.
- The Debate will help serious start energy dialogue and begin discussions on actions to address the challenge of global climate change and in advancing energy and climate change cooperation. It will also help to re-emphasise how trade and climate change policies interact and how they can be mutually supportive. The aim is to promote greater understanding of this interaction and to assist business and policy-makers in this complex policy area.
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