

CRUNCH TIME FOR COP21

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Indigenous people pay a heavy price to climate change. [French Presidency]

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Five days left for Paris to save the planet

Delegates meet again in Paris this week for the final five days of negotiations to reach an international deal to cap global warming, painfully aware that much work remains to be done.

After a long and exhausting week of torturous discussions – and three draft texts – a new draft agreement was handed to the president of COP, Laurent Fabius, on Saturday (5 December).

But a few major sticking points remain to be ironed out, as environment ministers convene in Le Bourget for the final run. Who pays for what and when, what will be the final temperature target, and other issues are still up for grabs.

France has repeatedly asked for delegates to speed up the talks, a call echoed on Saturday by Climate Commissioner Miguel Arias Cañete. He argued, “During the last year we did not make any progress at all. Next week is the week of landing zones.”

The plan was that most technical discussions should be over by now. But the wish of Fabius to only have political directions to discuss at this

point seems unlikely to be granted as the new 48 pages text is way too long, and leaves many issues open.

Villains and heroes still the same

Many feel that the same villains who derailed the UN Climate Change Conference in Copenhagen in 2009 are still on the scene. In Denmark, oil producing countries had worked hard to make the meeting fail.

“This time it is different. For example, Saudi Arabia has produced an Intended Nationally Determined Contribution (INDC), and they do not want to have a new failure on their hands. But just by reading their text you know they do not intend to do anything against climate change” said a diplomat.

But last week they did manage to have their way on some sensitive issues. The plan to drive long term finance towards a low carbon path by writing it precisely in the Paris agreement was rejected. The move could have hit oil prices, but was quickly ruled out. They are also pushing against the idea of reviewing INDCs every five years.

The strong group of G77+China has also been very active arguing methodology issues, asking for North America and Australia to join other

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countries in financing less developed countries' energy transition.

"There are real discussions, but the process is good. There is no acrimony as there was in Bonn for example," said a French source.

Tensions in Bonn exposed splits between OECD countries and the rest of the world, including around what kind of money is linked to climate or development aid. Southern countries argued that climate and development aid have nothing in common. A lot of countries, including France, tend to dress their development aid up as climate finance.

Some countries have accused the OECD of giving a false image of climate finance as the Northern countries' organisation assert the \$100 billion goal for the Climate Green Fund is nearly there.

Future carbon market: The Far East

While the price of carbon remains low, support for pricing schemes is growing. Asia will soon overtake Europe as the home of the world's biggest carbon markets.

One of the big achievements of the COP21 so far has been to broaden the appeal of carbon markets beyond Europe's borders, and deepen their acceptance as a mechanism for the management of CO₂ emissions. But a study published by the OECD on 7 December showed that prices will have to rise for the desired effects to be achieved, and for now they remain stubbornly low.

In 90% of cases, the effective price of CO₂ across the 41 countries studied,

The \$100 billion commitment, the Minister of Foreign Affairs of the Republic of the Marshall Islands, Tony deBrum said, "is now tainted with what some feel is some creative accounting and a failure to prioritise assistance for the most vulnerable".

But while the villains remain the same, the heroes have changed.

The EU has lost leadership and weight in the climate talks, while more climate-exposed countries managed to have their voices heard. Countries more vulnerable to climate change have asked for deeper carbon cuts. Despite a majority of countries supporting the 1.5° C goal, the target still is a question mark in the agreement that will be discussed this week.

And even if the EU tries to speak out for it, China, India and the US now appear as main deal-makers or deal-breakers, as their stance on this topics and a few other ones will be key.

including members of the OECD and the G20, is less than €30 per tonne; the minimum cost of tackling the environmental damage caused by one tonne of CO₂.

"The carbon price depends directly on ambition. If the ambition is not there, if the issue is used as a political football, of course we will have problems," warned Rachel Kyte, the World Bank Group's Special Envoy for Climate Change.

Today, around 60% of global emissions are not subject to any kind of carbon pricing, whether in the form of a tax or a market. But half of the 195 Parties to the COP21 refer to a carbon price in their national contributions (INDCs), often with a view to implementing a carbon pricing mechanism in the near future.

General approval, despite problems

Despite the restricted coverage of carbon markets, many of their users have showcased their satisfaction with

When side-events take the lead

The official talks are just a part of the COP. Many events showcase civil society's part in the fight for climate change.

A lot of new low carbon announcements have already been made by companies or cities for example. Manitoba pledged to join the Canadian carbon market, and a new company climate initiative was launched on Friday. Bank of England Governor Mark Carney backed a global effort to bring greater transparency to the way companies disclose the risks they face from climate change.

Among cities, Seattle, Oslo, Stockholm and Copenhagen, have vowed to become carbon neutral.

"Whatever happens this week, the push from companies and citizen to put a price on carbon will last," said World Bank Group Vice President and Special Envoy for Climate Change, Rachel Kyte.

the mechanisms at the COP21. They feel a new dawn for carbon trading is just around the corner, after a long period of dormancy for many markets.

In Europe, the price of carbon quotas has been held down by their overabundance. From a peak of €30 per tonne, the tonnage price of CO₂ fell to just a few euros in 2014.

A tonne of CO₂ currently costs just €9, which is far too little to have any significant effect on emissions reduction. But despite these setbacks, the European market has been emulated in other regions.

François Hollande and Angela Merkel opened the Paris Climate Conference by calling for a global carbon price, while defending the market created in the European Union a decade ago.

"The carbon market is undermined by the fact that we have different mechanisms, different taxes, and that

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we did not include all industries. But it exists, even if we are rather lonely in this regard," the German Chancellor said.

But the loneliness of the European market should soon be a distant memory.

To the East

The European carbon market may be the biggest, but others exist in the United States, Canada, South Korea and China. These markets are expanding rapidly, and by 2017, the most important CO₂ trading mechanisms in the world will be in Asia.

China plans to extend its experimental markets across the whole country in 2017, which will take it to the global top spot overnight with a carbon market double the size of Europe's.

For the Chinese, this is also an investment in the future of the economy.

"The seven carbon market pilot projects are transforming the economy little by little, and creating jobs," said Dr Qimin Chai, from the Chinese National Climate Change Strategy Research and International Cooperation Centre (NCSC).

The tonnage price of CO₂ in China has risen from 60 to 100 yuan (€14) in response to the collapse of the price of coal. Energy producers have been forced to buy large quantities of CO₂ quotas as they have increasingly turned to the most carbon intensive fossil fuel.

According to Jeff Swartz, from the International Emissions Trading Association (IETA), the Chinese market was very well conceived and exemplifies "the willingness of the Chinese government to bring about a real market price". For him, the fact that China was party to the Clean Development Mechanism (CDM) under the Kyoto Protocol facilitated the



Taiwan's capital city, Taipei. [sese_87/Flickr]

integration of the carbon market into the Chinese economy.

Grand plans in Taiwan

In Taiwan, where plans to establish a carbon market are being developed, the conditions for a successful and effective market have been the subject of careful consideration. Despite its small size, the island, which imports 98% of its energy, is the world's 31st biggest emitter of CO₂.

In this context, achieving serious emissions reductions is no easy task. The country, which is not a member of the United Nations Framework Convention on Climate Change (UNFCCC) and is therefore not taking part in the COP21, initially plans to reduce its emissions using credits from the CDM.

But its long-term vision is to establish its own carbon market. Taiwan submitted a national contribution ahead of the COP21, although as it has not signed the UNFCCC, it was not obliged to do so. The island state hopes to reduce its CO₂ emissions by 50% by 2050, compared to 2005 levels.

"We will concentrate on international cooperation to develop this market," said the Director of Taiwan's Environmental Protection Administration, Dr Huichen Chien.

The long-term success of these developing Asian carbon markets will doubtless hinge on their interconnectivity: South Korea stated in its INDC that it wants to open its carbon market to other quota exchange systems, like the Chinese carbon market.

Pacific islands demand easier access to climate finance

“The waves will not wait for the funding to be allocated before flooding our islands,” the small islands of the Pacific have warned. But climate finance is often beyond their reach.

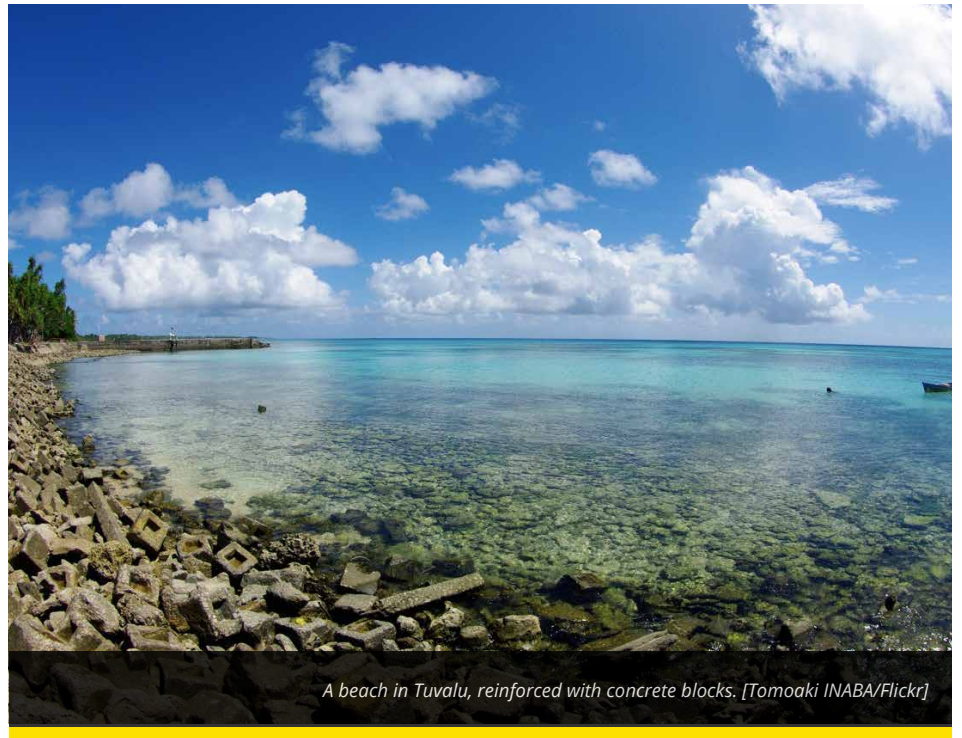
“Just to make it clear, we are not asking for more money... just for access to it!”

For Taukelina Finikaso, the minister of foreign affairs for the island state of Tuvalu, climate finance is a crucial subject. But along with the G77 and China, the Tuvalu islands have been fighting for the removal from the COP21 agreement of the proviso that developed countries can make financial commitments to less developed countries “according to their national circumstances”.

Developing countries fear that this vague phrasing may allow some countries to avoid making any contribution at all to international climate adaptation efforts. But for the most vulnerable countries, the real problem lies elsewhere: they are concerned above all with the simplification of access to existing finances.

“Our projects are small in size, and there is no corresponding financial mechanism. And we do not have the ability to fill in the complicated documents they ask from us: we have no scientists!” the minister lamented. He stressed that access to climate adaptation funds depends on a country’s ability to demonstrate that the changes they observe are in fact linked to climate change.

“The Tuvalu Islands, the Marshall Islands and the Maldives are clearly all vulnerable. But at the moment they do not receive any climate finance!



A beach in Tuvalu, reinforced with concrete blocks. [Tomoaki INABA/Flickr]

Unlike Jamaica or Senegal, which are less exposed but better equipped with engineers,” the diplomat said.

In response, vulnerable countries are calling for preferential access to climate finance, and for this to be written into the Paris agreement. But even now, “access to financing is getting harder and harder”, according to the representative from Tuvalu, who is particularly disappointed by the latest rules for access to the Green Climate Fund.

Frustrations

Tuvalu had a bid for a \$100 million flood protection scheme rejected, and was instead granted \$30 million to build dykes to protect its inhabitants from rising sea levels. “We will build the dykes, but only where there are houses. This means the rest of our islands are under threat!” said Finikaso.

In view of the obstacles encountered by the small island states, developed partners like the Netherlands and Taiwan have offered help.

Taiwan’s Ministry of Environment has launched a long-term scientific study on the Pacific’s sea beds, which it hopes will allow it to identify temperature and environmental variations around the Solomon Islands. The results could

be used in the future to back up the arguments of other Pacific islands that are struggling to prove the impact of climate change on their environment.

The Taiwanese Minister for the Environment, Kuo Yen Wei, a geologist and oceanographer, and a co-author of the study, said, “There are three elements to observe: the rising sea levels of course, but also the acidification of the ocean, which disrupts flora and fauna, as well as the changing temperature of the water, which is another threat.”

For him, the tendency to focus on rising sea levels leads to other major questions being ignored, like the disappearance of corals and the increasing temperature of the water; two factors that profoundly affect sea-life. “We hope to make a precise map of the impact of climate change on these issues. This kind of map has never been made in the Pacific islands,” the minister explained.

For the smallest of the most vulnerable countries, the situation is dramatic.

“We have to accelerate the process! The waves will not wait for the funding to be allocated or for the COP22 to agree on who gets which finances,” Nauru’s education minister said.

Energy efficiency is Taiwan's answer to COP21 challenge

Energy efficiency has been identified as a central economic and environmental policy response to a series of challenges faced by Taiwan, including higher fossil fuel prices as a result of this week's UN Climate Change Conference.

Taiwan only has observer status at COP21, but it is closely watching developments because of the ramifications a deal to cap global warming could have for the country, in particular, its export industry.

The island nation is also aware that, as a country that imports 98% of its energy, it must plan for a low-carbon future, especially given it has little influence over the Paris talks.

While Taiwan has always imported much of its energy, the country's industrial boom – a 70% increase in GDP over 20 years – saw demand rise significantly.

That is particularly relevant because over the next 10, 12 and 20 years, energy import contracts, signed at low prices, are coming up for renewal.

Such contracts are signed over the medium and long-term, about 30 to 40 years, which has meant that electricity is much cheaper in Taiwan than in the EU, despite its import dependency.

"Our electricity rates are only one third of the price in European Union countries," Su-Chen Weng, director of energy planning at Taiwan's Bureau of Energy, told EurActiv.

90% fossil fuels

Most of Taiwan's energy imports come from Australia, the Philippines,



Baan Temple in Taipei. Much of Taiwan's energy consumption is for lighting but it is now a world leader in LED technology. [保安宮 /Flickr]

Indonesia, and Qatar. Those countries supply Taiwan with oil, gas and coal.

Oil and coal in particular will likely become more expensive if an ambitious climate deal is struck this week in Paris. If it eventually results in a global emissions trading system, it would pose real issues for Taiwan. 90% of its energy imports are fossil fuels.

Policymakers have laid down rules that demand a 50% increase in energy efficiency in Taiwan by 2025, compared to 2005 levels.

"For every one dollar you earn, you must reduce 50% of your energy consumption," said Weng.

That goal is backed by binding regulation that sets consumption limits on industry and specifies that only energy efficient technology can be used.

"We have also banned the use of imported energy inefficient technology," Weng said.

Such measures have driven innovation in the sector. Most of Taiwan's energy consumption is for lighting and the country is now a world leader in LED lighting.

One of Taiwan's biggest challenges is to convince consumers used to low prices to invest in energy efficiency. But Weng said that a combination of industry regulation and innovation would eventually deliver changes in people's homes, as new technology is rolled out.

In the meantime, law dictates that all new buildings must be insulated and meet energy standards, which are higher than their US equivalents, she added.

Export industry

Energy efficiency is also important to ensure that Taiwan's exports remain competitive, which is vital for the country's future prosperity, she said.

Higher energy costs could affect the country's international competitiveness but greater efficiency could help safeguard exports from fluctuations in the energy market.

While Taiwan is also looking to invest in renewables, with two major programs to increase their deployment, there is recognition that won't solve the country's dependency on imports.

What is likely to prove more significant is its shift away from petrochemical-heavy industry to ICT industries.

"We are changing the structure of our industry. Gradually the high-consumption industry is being shifted to high-value, high-tech, lower energy intensive industries, Weng said.

Taiwan is not the only country to have recognised the importance of greater energy efficiency for both the climate and the economy.

EU policymakers recognise that efficiency, especially in buildings, can reduce emissions and consumption, as well as boost local employment and energy security.

EU leaders in October agreed to increase energy efficiency by at least 27% by 2030. The European Commission favours a 30% target and the European Parliament 40%.

The final figure will be set by the Council of Ministers and MEPs, after the Commission proposes legislation next year. Those laws will be influenced by the final Paris deal.

VIDEO

COP21: Taiwan tells China to decarbonise faster, US to dig deep

China should commit to faster decarbonisation at the UN Climate Change Conference in Paris, Taiwan's Environment Minister has said, after the two countries reached a diplomatic rapprochement.

But the US must dig deep in its pockets to compensate developing countries for the effects of global warming.

Wei Kuo-yen is Taiwan's environment minister.

Kuo-yen spoke to EurActiv Deputy News Editor, James Crisp, at the UN Climate Change Conference (COP21) in Paris, which finishes today (11 December).

What would be a successful outcome of COP21 for Taiwan?

At the end of this week, if there is a draft finalised then I think that would be good enough. Just think about it. This is the 21st COP. So after 20 years' effort, finally we got it. It's not easy.

How likely do you think it is that there will be a final agreement?

The focus, I guess now, is really on probably two problems. One is about how to have a big enough climate fund, and within that fund, who has the rights to use it and through what channels and what procedures the individual country can use. I guess the other thing



that's going on here is what will be the threshold of how many countries are to sign this agreement. I guess that is still in discussion – two thirds of the countries or even more?

What's Taiwan's message to the big emitters like the US, or China?

I think these two countries are the top emitters now, but they have different histories. I think if we talk about the historical responsibility of the accumulated greenhouse gas emissions, I think the US is the number one.

But at the moment, China is number one and China is booming, especially in the past, say, 15 years. They have, because of economic growth, burned a lot of fossil fuels. In order to keep the economic growth's momentum, I guess it's hard for them to really cut down the use of fossil fuels in any substantial numbers in the near future. So that's why in their Intended Nationally Determined Contribution, 2030 is their big year of emission reduction.

So, to China I would say, if possible, accelerate the decarbonisation. For USA, my message is help as many developing countries as possible.

+Breakthrough+

We've recently seen a real breakthrough in Chinese-Taiwanese relations. What sort of impact can that

have on energy policy and environment policy in both your countries?

I think that's an interesting question. I think that the meeting of our president and their president means that we recognise each other as political entities. We can be treated with mutual respect. And then with that as a basis, in the future I think the cross-strait relationship will be improved. Especially in this moment. I guess what we face is not a conflict between two sides of the strait, what we face is the fate of humanity, the future of the earth. So especially here at COP21, I think we should treasure this new development, and then we can do things together, but retaining a sense of competitive efforts to see who can do the better job.

We're aware that Taiwan is a world leader in many ways in green technology and innovation, especially in LED lighting for example. What else can Taiwan bring to the table when it comes to the fight against climate change?

I think there are two new developments in Taiwan, aside from our technology and previous efforts in decarbonisation. This year, 2015, there are two major events, two major progresses in Taiwan. First of all, we have a new (legislative) act, entitled

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Greenhouse Gas Emission Reduction and Management and, secondly, we also drafted our own INDC, although we are not a signatory party in COP2.

But now we are trying to submit our INDC to different think tanks, institutions and we're seeking this international visibility. We have a very good legal basis for cutting emissions down, and secondly our INDC has really been based upon true inventory, studies, simulations. I think that kind of experience can be shared with other parties.

Why is Taiwan not a full participant at COP21? Why do you just have observer status?

We don't even have observer status. Being an observer is what we are looking forward to. We hope the international community can support us for this status. Why? Because in 1971, our new representative right in the UN, was repressed by the People's Republic of China. So, under the so-called "one-China policy", mainland China occupied this seat.

I am advocating a new concept there – on the principle of previous Kyoto Protocol. It's called "common but differentiated responsibilities". Now, I propose to add two words there: we add "and inclusive" responsibilities. So, let me repeat this once again: "common, but differentiated and inclusive responsibilities".

What sort of influence can Taiwan have on the talks?

I hope we can play a more constructive role, especially, for example, in the Southeast Asia area. Because in recent years, we really developed the main environmental protection techniques, and implemented the main regulations and laws. Now it is useful to show other countries, for example those surrounding the South China Sea

the Indochina Peninsula, Indonesia, Philippines, and so on. They are in developing status, and quickly, they will become major world manufacturers. So, taking Taiwan's experience, we can shorten their route to have a better environmental protection. Taiwan is willing to show that to all countries, not just those countries I mentioned, but at least those in the area.

+Island nation+

Taiwan is an island nation. Are you particularly at risk of climate change, and rising seas? Is that a problem you see on the horizon?

That's a good question. Personally, I would say Taiwan's case is not as urgent as other small island countries – for example in the Pacific or in the Caribbean. Taiwan is a mountainous island – although for some low areas we have the rising waters problem. In my estimation, if success is reached here in COP21, I think in the future probably the sea level will rise only probably will rise by only about 15 cms or even less. So for that, Taiwan is not particularly under threat.

But also being an island nation, you also have to import much of your energy. Presumably, if we have the deal we are hoping for here, there needs to be a change in your country? I believe 90% of your energy imports are fossil fuels.

Exactly, 90% of our energy imports are fossil fuels, about 2% from renewables, about 8% from nuclear power. We are now facing this new demand, the new mission of CO₂ reduction. As we are in the process of restructuring of our energy portfolio, I would say the next year will be a very important year for us. Through public participation, through discussion, we will together arrive at an optimal mixture of our energy supply. Also, as Taiwan is an island nation, we have an

independent electric grid, so given that, I think the energy security situation is different from some other countries. We have to respect this situation, although it's difficult, and come up with the best solution for our energy security, which almost equals to country security.

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