

Committee for Development Policy/Stockholm Environment Institute/Society
for International Development
Expert Group Meeting

Strengthening international cooperation for development to address the
climate change challenge

New York, 20 November 2007

Edited transcript of remarks made by
Assistant Secretary-General Jomo Kwame Sundaram, UN-DESA,
at the High Level Panel Discussion

Thank you very much, Mr. President, Messrs Ambassadors, colleagues.

I very much appreciate the Ambassadors' remarks about equity and some historical issues in addressing climate change. One major problem of Tariq Banuri's paper is the assumption that the international community is willing and ready to act decisively on the significant scale he expects to happen. My fear is that we do not have the international consensus he presumes. In fact, we are very far from it. Let me just mention a couple of anecdotes.

A couple of years ago, *New York Times* carried a two-page feature on the gains from global warming. One major gain would be from opening up the North West Passage reducing maritime transportation costs. The other was the longer growing season which would significantly increase farm agricultural, including food output.

When Nick Stern presented the Stern Review at Yale a year ago, he faced a largely hostile audience of American economists. This hostility, crossing the partisan lines of American politics, was not isolated to that particular occasion.

We are still very far from having a shared appreciation of the gravity of the problem. Ultimately, the appeal will be to an ethical or moral imperative, and that may gain little traction.

I will not go into the cruel inequalities of the unequal costs of and burdens and contributions to global warming that have been discussed. We also know much more about the problems of carbon markets, the preferred solution of the West today.

As Ambassador Shinyo has reminded us, the current discourse is essentially in terms of a post-Kyoto regime. This misleadingly implies that Bali must replace Kyoto when, in fact, the meeting could simply agree to negotiate over a second commitment period after 2012.

This significantly affects much of what are considered feasible options. Much of the imperative at this particular time is motivated by the desire to impose emission limits on large developing countries and by a sense of what is needed to keep and expand the carbon markets.

But the critique of these carbon markets is now increasingly well known. Even the *Financial Times* has emphasized how it is not only inequitable, but also not very effective.

But the fact that much of the discourse is still principally framed around carbon markets poses very serious problems, not only because of the inherent problems of the approach itself, but also because it tends to crowd out serious consideration of alternatives. Carbon markets, with emission rights structured differently, may well be part of the solution, but this needs to be determined through a careful consideration of alternatives.

Some of the discussion on addressing the climate change challenge has focused on making carbon use more costly. As Tariq and others have correctly pointed out, many proposals for raising the cost of carbon use are actually likely to have regressive effects, whether in the form of increased oil prices, increased costs of emissions rights or carbon taxation. Different programmes may be required, involving different costs and burdens.

A third concern, as far as international cooperation is concerned, is the question of intellectual property rights. In the past two decades, one significant development has been strengthening intellectual property rights. This has not only meant that technological diffusion has become much more difficult, but also more costly.

The availability of global public goods, in this regard, is very limited. We have seen, for example, some regression on TRIPs and pharmaceuticals, which was the major inducement to bring developing countries, particularly in Africa, back to the negotiating table to re-open the WTO talks at Doha after 9/11.

While nobody disagrees that technology is part of the solution, it is very difficult to imagine how the current intellectual property rights regime will not be a major obstacle unless there is a major breakthrough on this question. So, it is very important to link the whole question of sustainable development to climate change to emphasize the crucial necessity for approaching the whole question of climate change through a developmental lens.

It is also necessary to articulate what this would mean, something which this expert group meeting over the past two days has gone some way towards. But a great deal of work still needs to be done, partly because of the abstract character of some of the discussions, but also because we need to think through the institutional and policy requirements for this.

Let me go back to the question of financing needs. I agree very much with Tariq's proposal - although I doubt there is much support for it - for a massive investment programme. The costs of transition to de-carbonization are estimated between 1 and 3 per cent of global output. Presumably, given the framework which Tariq has offered us, this would involve far higher investment requirements for developing countries.

Now, given the nature of global ODA transfers over the last four decades, the commitment to contribute 0.7 per cent of developed countries' GNP as ODA has only been achieved by a handful of mainly Scandinavian countries. The current level is only 0.3 per cent.

This is a significant regression from, say, the post-war situation. At the beginning of the Cold War, the Marshall Plan contributed a much higher percentage of US output to the reconstruction of Europe and North East Asia. So, given the modest level of willingness to make such voluntary international transfers, I remain, frankly, pessimistic about this.

The Global Development Rights (GDR) proposal has made a very strong case for progressive redistribution through taxation. But there is still no international taxation regime anywhere on the horizon. So what then become the mechanisms for the kinds of transfers needed? We will need to begin to elaborate a significant and fundamental reform of the institutions that exist.

Today's discussion - particularly Adil Najam's contribution - pointed the way to this. But we will need to go into much more detail and much further - if I may be permitted to say this -- in identifying the kinds of institutional mechanisms needed, which would necessarily involve critical appraisal of existing institutions to assess how well they have worked or not worked, and the need to fill gaps in terms of what will be needed to begin to adequately address the challenges we face.

So, Mr. President, thank you very much for this opportunity. I also want to thank our experts for coming here for the last couple of days, and the Ambassadors for taking time off from their busy schedules to engage with our experts in these very important discussions, which I hope will shape the process as we go forward to Bali and beyond.