

## **Ralph Hillman comments from Copenhagen - outcomes from the climate conference**

As the paraphernalia of COP15 is dismantled in Copenhagen's historic centre, Danes are returning to Christmas preparations. A Salvation Army band plays perfectly in the main shopping street. A troop of regimental guards in bearskin hats with drum, fife and brass instruments marches through the streets playing cheery tunes and stopping the traffic. There is the feeling that Copenhagen is happy to see the back of the discord and cacophony that was COP15 and to get on with Christmas shopping.

The Copenhagen Accord that was “noted” but not adopted by the COP can only be described as a very disappointing outcome following a bitter and badly organised negotiation. It does not have the status of a treaty and in terms of substantive commitments to emission reductions, falls far short of what is required to meet its own aspiration of containing global warming within a 2° temperature rise.

On the positive side it does for the first time include an acknowledgement by developing countries that they need to take action. India's inclusion of a “target” in the annex is a step forward -- albeit that this and other developing country targets are non-binding and relatively weak. Monitoring and verification of developing country actions was a key issue of contention between United States and China and the outcome on that is ambiguous.

The text does include for the 1st time provision for a new mechanism (REDD) whereby developing countries will be able to generate permits through preservation of forests and reforestation. It also includes a commitment by developed countries to substantial funding -- \$100Bn per annum by 2020 -- for adaptation and mitigation in developing countries.

But Brazil for its own spurious reasons maintained its blockage of the inclusion of carbon capture and storage in the CDM. That means that for the time being developing countries will not be able to benefit from investment in this technology from developed countries. This blockage is in many ways symptomatic of the guerrilla tactics employed by some countries in defiance of economic and environmental logic during the negotiations.

The disappointing outcome and dysfunctional nature of the COP negotiation raise serious doubts about whether there can be a binding international agreement including commitments from advanced developing countries by the end of 2010.

COP15, like the failed Doha trade round, highlights the extreme difficulty of achieving multilateral agreements now that the participants have expanded beyond the small group of like-minded countries that put together the global financial and economic architecture post-World War II. Strategic competition between United States and China now comes to the fore while other big players like Brazil and India jostle for position. The profound

economic implications of the negotiation also make it very hard to reach agreement even though the environmental concern is real.

Clearly the failure of the COP to lock in binding commitments from any country, let alone developing countries, has implications for the implementation of climate change policy in Australia. Clarity on international burden sharing is now further away and competitiveness issues for Australian industries loom larger than ever. From a coal industry perspective it is now abundantly clear that no other country is going to impose any sort of constraint on fugitive emissions from coal mining -- leaving Australia truly alone in contemplating that measure. There is obviously a need for some serious rethinking about the CPRS.

Ultimately the answer to climate change lies in the development of technologies that will allow the continued expansion of energy use globally while substantially reducing emissions. The disappointing outcome in Copenhagen should not detract from the important global effort currently underway to develop these technologies. Ultimately it will be the availability of economically viable low emission technologies that will reduce the cost of dealing with global emissions and ease the path to global agreement. The Australian coal industry remains committed to developing low emission coal technologies and will continue to work with the Federal and State governments to see carbon capture and storage demonstrated at commercial scale in Australia by 2015.

**Biography: Ralph Hillman Executive Director**

Mr Hillman was Ambassador for the Environment and chief negotiator for Australia on the Kyoto Protocol from 1998 to 2002. He was appointed as Executive Director of the Australian Coal Association in August 2007.

He was Ambassador and Permanent Representative to the OECD from 1995 to 1998. From 1994 to 1995 Mr Hillman was Chief Economist in the Department. He was formerly a senior career officer of the Australian Department of Foreign Affairs and Trade and has extensive experience in multilateral economic policy and diplomacy.