

Accelerated Decarbonization Trend and North-South Issue

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As Japan, the United States, the European Union, China and other major economies in the world announced since last year that they would seek to realize carbon neutrality by 2050 (2060 for China), an accelerated decarbonization trend has been emerging globally. Following an online climate summit sponsored by U.S. President Joe Biden in April, the United Kingdom will host the annual Group of Seven summit in June, where the top leaders of the G7 industrial democracies are expected to reaffirm the thorough enhancement of climate change countermeasures. In November, the 26th Conference of Parties to the United Nations Framework Convention on Climate Change, or COP26, will take place in the United Kingdom for international discussions on how to accelerate decarbonization. In response to such global initiatives, each country will consider domestic policies to promote decarbonization.

Responses to climate change are efforts to prevent global warming and secure the sustainability and survival of the entire earth and mankind. They represent the entire international community's initiative to serve global interests. In this sense, the acceleration of global decarbonization efforts is desirable for global interests. In the real world, however, global interests occasionally conflict with national or regional interests. The enhancement of climate change countermeasures may be accompanied by adverse economic and industrial impacts, energy choice changes and social life transformation. As energy resources endowment, economic and industrial conditions, social development phases and income levels differ by country, each country, even though understanding the importance of global interests, frequently gives greater priority to national interests from the viewpoint of protecting its economy, industry and people. Therefore, international negotiations over climate change have been not easy but tough, associated with complex and difficult coordination.

The history of global interests' conflicts with national or regional interests over climate change indicates a key argument emerging from the viewpoint of the North-South issue. The argument is that advanced economies or the north side are primarily responsible for global warming that has been attributable mainly to greenhouse gas emissions through their massive fossil fuel consumption since the industrial revolution. Since developing economies (the south side) are seeking future economic growth and social development, it is unfair for them to be required to implement climate change prevention measures at the cost of economic growth or social development, according to the argument. From the viewpoint of responsibilities for climate change, it has been argued that advanced economies should take leadership in enhancing climate change countermeasures thoroughly and help developing economies financially and technologically to enhance such countermeasures. Advanced economies, while admitting their past massive GHG emissions, have sought cooperation in the enhancement from developing economies that are set to become the center of GHG emissions in the future. In this way, advanced and developing economies have conflicted with each other. The key word "common but differentiated responsibilities" indicates a compromise between advanced and developing economies.

In the history of international negotiations on climate change, the first international agreement, called the Kyoto Protocol, became a framework requiring a few parties including the European Union and Japan to cut GHG emissions. The Kyoto Protocol adopted a top-down approach to oblige participants in negotiations to cut emissions to some extent. Negotiations on an international agreement for a longer term than for the Kyoto Protocol had initially tried to explore a top-down approach agreement. However, the approach failed to get consent from developing economies. From the COP15 meeting in Copenhagen in 2009, negotiation participants sought to formulate an international agreement under a different approach. Eventually, they struck the Paris Agreement in 2015. It is important that the agreement adopted not only the target of limiting global warming to well below 2°C but also a bottom-up approach where countries would voluntarily set out and implement climate change countermeasures and GHG reduction targets. Since each country was allowed to implement voluntary initiatives, the North-South issue did not arise in the negotiations. Finally, nearly 190 countries including developing economies participated in the agreement. The principle of voluntary initiatives allowed the negotiations to overcome the North-South issue and achieve a global agreement. However, voluntary initiatives are expected to fall short of realizing the 2°C target. To address this point, a mechanism has been included into the agreement to update national targets every five years. However, it is important that the agreement is based on voluntary initiatives.

Recently, however, we have seen a great global change, in which advanced economies have set out carbon neutrality targets for 2050 and launched campaigns urging developing economies as the main future GHG emitters to achieve carbon neutrality at an early date. Symbolized by U.S. climate envoy John Kerry's visits to major countries for such campaigns, the United States and the European Union are leading an attempt to enhance initiatives to globally accelerate decarbonization. Such campaigns are significant for global interests but could trigger global interests' conflicts with national or regional interests. Developing economies would welcome advanced economies' promotion of carbon neutrality but complain that such campaigns would impede developing economies' growth and development. The North-South issue could resurge.

A carbon border adjustment (CBA) mechanism, which has been under discussion in the European Union and attracted interests from the U.S. Biden administration, has also potential to rekindle the North-South issue as well. The CBA is a tool for a country to make adjustments for imports from foreign countries with laxer climate change policies to protect manufacturing and other domestic industries that see cost hikes due to tough climate change policies. From the viewpoint of developing economies, however, the CBA may be taken as a measure to exert adverse impacts on their industries, growth and development for the purpose of protecting business corporations and industries in advanced economies that have grown while emitting massive GHG in the past. The CBA thus could face opposition from developing economies.

As advanced economies enhance requests to and pressure on developing economies to which the decarbonization trend spills over, the North-South issue that has calmed down thanks to the bottom-up approach adopted in the Paris Agreement could emerge as a significant challenge. While climate change countermeasures serve global interests and must be enhanced globally, the North-South issue is feared to escalate into a confrontation to complicate the climate change issue to the disadvantage of global interests.

The North-South issue is also feared to be linked to the U.S.-China confrontation. If Western advanced economies confront developing economies by calling for the latter's excessively rapid decarbonization, China seeking carbon neutrality in 2060 may side with developing economies to hold advanced economies responsible for global warming. The intensification of the North-South

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issue at international climate change discussions amid deepening confrontation between Western economies and China could become subject to strategic consideration for Western economies regarding international politics and geopolitics.

In such situation, Japan having close relations with the Association of Southeast Asian Nations as a future growth center and other developing economies should adequately support their decarbonization. Instead of imposing requests on them for excessively rapid decarbonization, Japan should strategically provide them with available and advantageous options such as the promotion of energy efficiency improvements, the acceleration of renewable energy diffusion, nuclear energy, the expansion of natural gas and LNG, the mixed combustion of CO₂-free hydrogen and ammonia in coal thermal power plants and support and join their initiatives to minimize costs for transition to decarbonization. Japan is required to support their acceleration of decarbonization, contribute to global interests and prevent the North-South issue from intensifying.

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