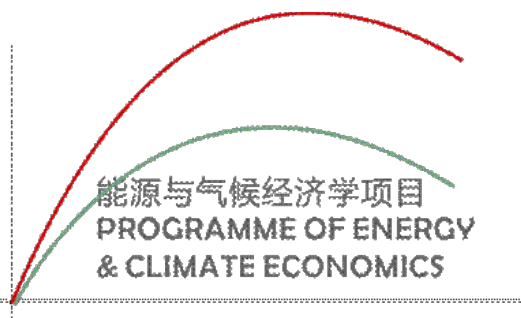


Institutional Options for International Climate Policy
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International Regime for Addressing Global Climate Externalities

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Basis of International Regime

- Shared vision and value on climate change and future socioeconomic system;
- Respect 'reasonable' interest, goals, and stage of development (especially for the poor);
- Recognition of capacity;
- Transparent, inclusive, and participative;
- Reliance on technological change; and
- Policy coordination/integration of international trade, investment and financing

Parties/stakeholders' payoff

groups payoff	LDCs	Emerging Economies	Industrialized economies
Interests & current prioritized goals	poverty alleviation	<ul style="list-style-type: none"> • poverty alleviation • infrastructure • build social security • economy upgrade 	<ul style="list-style-type: none"> • keep predominance • keep lifestyle • new growth engine
Motivation to join the CC process	more financial assistance	<ul style="list-style-type: none"> • upgrading (tech) • restructuring • co-benefits in env. 	<ul style="list-style-type: none"> • new market for ESTs • vested interests • dominate int'l process
Challenging sectors	related to adaptation	<ul style="list-style-type: none"> • heavy industries • lock-in effects on infrastructure 	<ul style="list-style-type: none"> • existing transport • existing building • consumption related
Top concern (s)	<ul style="list-style-type: none"> • excluded in the decision making 	cumbered industrialization with an emission cap	<ul style="list-style-type: none"> • lose predominance

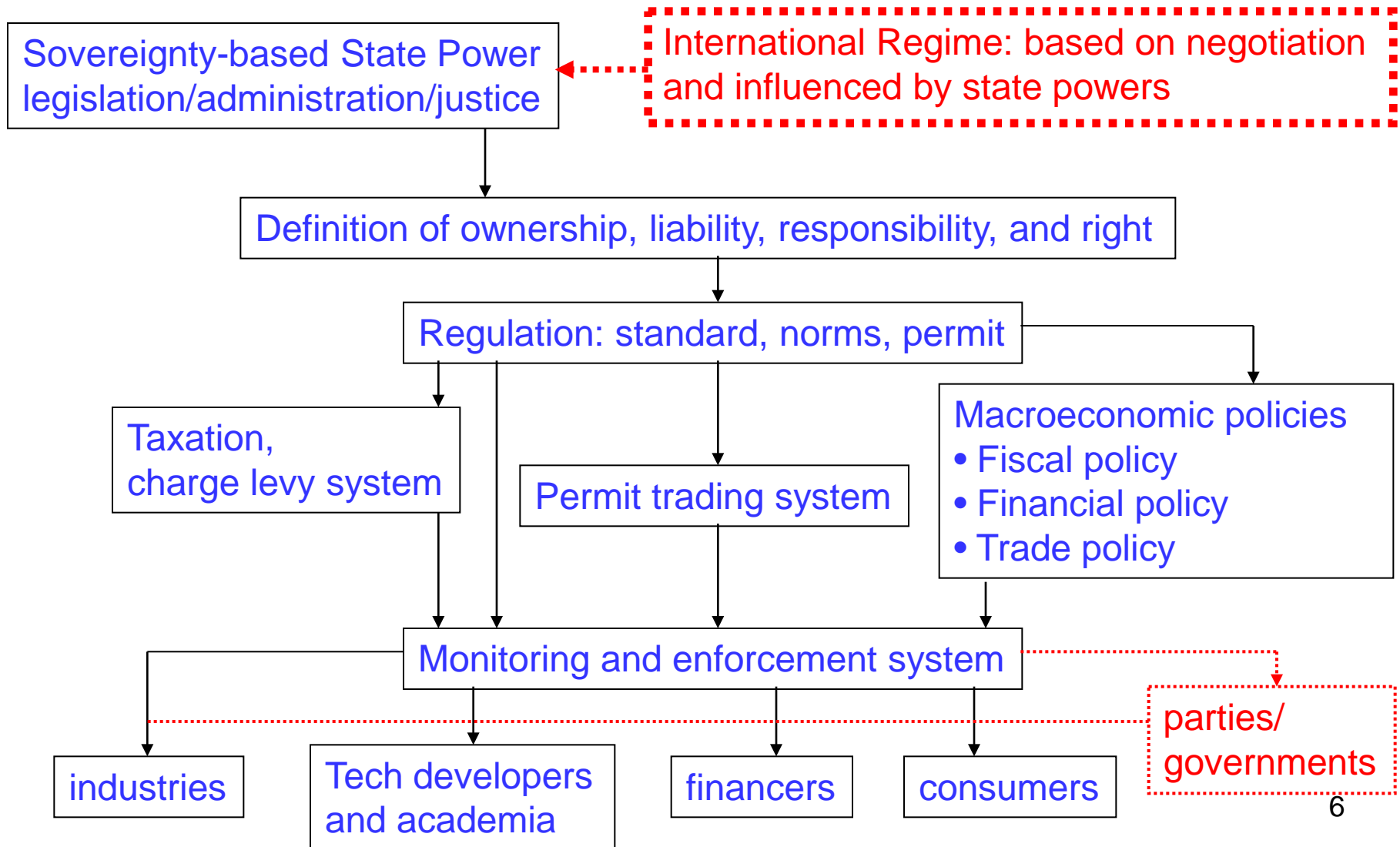
Parties/stakeholders capacity

Criteria \ Groups	LDCs	Emerging economies	Industrialized economies
Income level/pop	Lower/more	Low/more	High/less
Stage of development	natural resources based	transition towards industrialization and urbanization	post-industrialization
Types of current majority needs	necessary	necessary shifting to luxury	luxury
Govt' capacity	weaker	unevenly weak and strong	stronger
Policy impacts on emission cuts	low	high (size effects)	higher
Social intellectual capacity	lower	low	high
Demonstrative effects on pathway and behavior	weaker	weak	stronger

Institutional options

- **Top-down**: stringent, but hard for negotiation
 - Setting up emission cut target
 - Demonstrated by developed and stronger
 - Participated by all parties
 - Uniform trends of policy and regulation change (tax, cap & trade, and standards)
 - Local, national, regional, and bilateral initiatives consistent with the top-down regime
 - **Enforcement/compliance mechanism (?)**
- **Bottom-up**: loose, but easy for negotiation
 - Flexible target
 - Agreed actions and measures
 - Policy dialogues and coordination
 - Business initiative
- **Hybrid**: a balanced compromise for negotiation

Addressing Externality: domestic vs int'l no global sovereignty exists



PPP-based financing is the key

- If a stick doesn't work, why not for a carrot?
- Roles of collective public finance (mainly from developed countries first) in leveraging and guiding private finance in capital market and carbon market flowing into clean technological market
- International financial governance should be developed based on reform of current mechanism (GEF and WB)
- Policy instruments should be developed to achieve the above ideas.

Decision making and implementing process

- Arena: UN vs G20/MEF? How to make them complementary?
- Majority vote vs consensus?
- Role and degree of MRV: ideal and reality?

A matter of dominance, contribution and understanding of CC and int'l democracy, rather than efficiency and complexity

Thank you for your attention

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