

## Dinner Speech

by

Han Seung-soo

Former Prime Minister

and

Chairman, Board of Directors, Global Green Growth Institute

Republic of Korea

(Beijing, 6 April 2011)

Chairman Rod Hills of the Hills Program on Governance,  
Distinguished Guests,  
Ladies and Gentlemen,

I am very pleased to speak to you on the eve of the important workshop on 'The Governance of Climate Change' organized by the Hills Program on Governance. The Hills Program has been deeply involved in the pursuit of good governance in Asia for the last several years. I would like to express my deep appreciation to Rod Hills and his team at CSIS as well as the Hills Governance Centers in Asia including Tsinghua University for their endeavors in the past.

The most critical question for the future of global climate governance is what happens after the first commitment period of the Kyoto Protocol Expires by the end of 2012 without any further agreement to replace it. Time is very short and even at this juncture, we do not have the consensus on the rules to work out the details. As we all know, devil is always in the details.

In this respect, tomorrow's workshop concentrating on one of the potential alternatives to approach the global governance of climate change from a regional perspective is timely and important. The regional initiative between the United States and China to address the issue is an important step to enhance climate mitigation actions through cooperation between world's two largest emitters of greenhouse gas. Such cooperation, if successful, will be a significant initiative which could supplement actions under the UNFCCC process.

For this reason, I am very grateful to Rod Hills for having chosen this important topic for the workshop in Beijing and for his kind invitation to speak to you on this important issue which has occupied me both at home and at the United Nations for the past several years.

Ladies and gentlemen,

Global Governance for Climate Change has always been a difficult problem. The issue has become even more difficult to solve after the Cancun Agreement barely managed to salvage the climate process of the UN, which was perilously tattered from the hangover of Copenhagen in 2009.

One of the important lessons from Copenhagen and Cancun is that when mitigation is presented as a commitment based on "burden sharing" scheme, all countries are racing to the bottom. However, many of these countries that are reluctant to shoulder mitigation as a legally binding commitment are in fact eager to race to the top in taking domestic actions when mitigation is regarded as an important opportunity for energy security and greener economic growth. Therefore, if we were to move ahead in addressing climate change, mitigation would have to be an exercise of "opportunity sharing" rather than "burden sharing."

In this respect, China is one of the most ambitious and successful examples of racing to the top in grasping the mitigation as an opportunity for energy security and green growth.

In the course of the 11th 5-Year Economic Development Plan (2006-10), China has successfully reduced energy consumption per unit of GDP by around 20 percent. During the 11th Plan period, China conducted a nationwide campaign to close down many old and inefficient power plants and steel mills with a sense of determination and urgency. In response to the financial crisis of 2008, China dedicated a third of the stimulus package to low carbon and green development and now ranks as the world's largest producer of solar photovoltaic and the second biggest wind power generator.

It is also encouraging to note the 12th 5-Year Plan (2011-15) clearly focuses on "green transition and green development," and has set clear numerical targets of boosting the share of non-fossil fuels in primary energy production to 11.4%, reducing energy and carbon

intensity by 16% and 17% respectively. I think this is particularly critical in helping China achieve its targets of reducing carbon-intensity by 40 to 45% by 2020.

I am confident that such ambitious targets are doable and achievable given China's strong political leadership and commitment. China's National Climate Change Program already provides a decisive and comprehensive package to combat climate change and calls for innovations, including the large scale pilot projects for low-carbon cities. Their high speed train system is an important step to improve the long-term energy efficiency in transport sector.

Let me turn to the United States. The United States is the leader of energy technology research and development. President Obama is championing the promotion of green jobs. Even during the financial crisis, the solar industry grew by 37% in 2009 and created 17,000 new jobs. The US is now embarking on an ambitious program of installing 10GW of solar energy annually by 2015 which will power two million households and create 440,000 jobs.

The Energy Efficiency and Renewable Energy Program managed by the Department of Energy is supporting ground-breaking scientific and technological innovations that help to demonstrate a wide range of technologies such as next generation bio-fuels, offshore wind and advanced batteries.

Therefore, I can see huge potential benefits to be gained through the partnership between China and the United States. Successful partnership of low carbon development between the two most important economic players in the world will definitely set a positive model for other countries to follow. Thus, I am sure that tomorrow's workshop will provide a first step towards a meaningful endeavor to promote regional cooperation in addressing the climate challenges in Asia and the Pacific.

Ladies and Gentlemen,

I now would like to say a few words on Korea's positions on some of the issues concerning climate change. Until the inauguration of Lee Myung-bak government in early 2008, Korea had been a reluctant participant in the international negotiations on climate change. However, President Lee when attending the expanded meeting on Climate Change of the

G-8 Summit in Toyako, Hokkaido, Japan in July 2008 declared that (a) Korea would become an early mover on the climate change issue, (b) Korea would play a coordinating role between developed and developing countries, (c) Korea would refine the Kyoto mechanism to contribute to reducing the emission, and (d ) Korea would establish the East Asia Climate Partnership by donating 200 million dollars to deal with the climate problem in East Asia. He also publicly proclaimed on August 15th, 2008 that "Low Carbon Green Growth" would be Korea's new national vision in the future.

As Prime Minister, I began to put the new national vision into policy action, the result of which was the Green New Deal Policy announced on January 6th, 2009. Innovative ideas and positive actions which have been pioneered by Korea illustrate several of the critical issues which the future global climate governance had to address.

First, Korea is determined not to shy away from its obligation. Korea is going its best to make its own contributions commensurate with its capabilities. Korea emphasized this point throughout the negotiations of the Major Economic Forum (MEF) (G8, Korea, China, India, Brazil, Mexico, South Africa, Australia and Indonesia) and the UNFCCC. The notion of making contributions according to respective capabilities of each country was received as fresh and innovative by many negotiators suffering from the deadlock of finger pointing each other on historical responsibilities. Korea proposed to change the focus of negotiations from asking "how much can you do?" to "how much can each one of us contribute to?"

As you know, the UNFCCC stipulated "principle of common but differentiated responsibilities and respective capabilities" in 1992. However, unfortunately, climate negotiations were dominated by the notion of "common but differentiated responsibilities." Until Korea reminded the importance of "respective capabilities," climate negotiations were deadlocked by finger pointing insisting only on "common but differentiated responsibilities."

It was in this context that in 2009 Korea made an international pledge of 30% emission reduction below BAU by 2020 in spite of the strong opposition from the domestic business community and stakeholders. Korea chose 30% which was the maximum level of mitigation target recommended by the IPCC for Non-Annex 1 countries. The 30% reduction symbolized the strong political will and commitment of the Korean government

which made good on its words of making contributions comparable to its capabilities.

Second, we pointed out that real action is more important than the list which is called Annex 1. We did not believe that the world should be divided only by Annex 1 and Non-Annex 1 countries. In other words, trying to divide the world into the Annex 1 and Non-Annex 1 would not be a productive exercise with potentially never ending political haggling over which country should be on the list. It is also possible that the country listed as Annex 1 would not accept the legal commitment. Thus, listing as Annex 1 and accepting its legal commitment could prove to be separate things. Therefore, Annex 1 Parties should be interpreted more as the countries with historical responsibilities than as those having legal obligations.

It was in this context that Korea proposed the idea of International Registry of Nationally Appropriate Mitigation Action (NAMA) as an instrument to inscribe and internationalize the pledges made by Non-Annex 1 countries. We proposed to link pledges made by emerging and developing economies with international verification and “domestically” binding implementation. We think that the NAMA Registry could provide a middle ground for those between Annex 1 and Non-Annex 1 countries.

Korean proposal for the NAMA Registry addressed the issue of verification, so-called MRV of actions, more as that of international transparency rather than as a vital issue of national sovereignty as many developing countries have strongly been insisting.

Third, Korea proposed to clarify the definition of “legally binding” into two; the “internationally legally binding” and “domestically legally binding.” Throughout the history of climate negotiation, while “legally binding” commitment was regarded as an ultimate goal of any global climate deal, no clarification has ever been explored on how to apply the notion of “legally binding” commitment for both developed and developing countries. We proposed to apply “internationally legally binding” commitment for Annex 1 and “domestically legally binding” commitment for Non-Annex 1 countries. It is Korea’s argument for compromise that the countries with “historical” responsibilities should have an “internationally” binding commitment while countries with “future” responsibilities should have “domestically” binding commitment.

Fourth, Korea proposed the idea of enhancing carbon markets by recognizing carbon credit for NAMA. Transfer of finance and technology which is critical not only to support mitigation actions of developing countries but also for rebuilding the trust between developed and developing countries could be better channeled through carbon markets than through the existing ODA bureaucracy. Unfortunately, the idea of promoting carbon markets was not clearly defined in the Cancun Agreement. It is quite understandable why the Cancun agreement could not deal with this issue more clearly because as long as the future of Kyoto Protocol remains uncertain, the extension of the life of existing carbon markets such as CDM was an uncertain challenge. However, it is certain that any future climate regime cannot solely depend on the public sector in channeling finance and transferring technology to developing countries without sufficient private sector participation through enhanced carbon markets.

Fifth, we strongly believe that climate deal should not only focus on imposing mitigation targets but also on elaborating a strategy to promote paradigm shift towards low carbon green growth which could reduce heavy dependence on fossil fuel, the root cause of climate change. Korea embarked on the new paradigm shift, from the quantity-oriented, massive fossil fuel dependent growth to the quality-oriented, low carbon green growth which could promote economic growth and at the same time, enhance climatic and environmental sustainability.

Presidential Commission on Green Growth was established in 2009 and the National Assembly passed the Framework Law on Green Growth in 2010, the first of its kind in the world. I, as Prime Minister, also instructed the cabinet to work out a 5-Year Green Growth Plan (2009-2013), which is now being implemented, reaping valuable economic results and policy implications for emerging and developing economies. In order to share the knowledge and experience of growth paradigm shift with emerging and developing countries, Global Green Growth (GGGI), an international “think and action tank” was created in June 2009. I am currently the chair of its board of directors and Lord Nicolas Stern one of its vice-chairs.

Korea's paradigm shift to green growth has been recognized by the global community. UNEP and other UN agencies as well as international banks began to acknowledge what Korea has been doing in this regard. As the Chairman of the 2009 OECD Ministerial

Council Meeting in Paris, I was also instrumental in the unanimous adoption of the OECD Ministerial Declaration on Green Growth on June 25<sup>th</sup>, 2009.

Ladies and Gentlemen,

The fate of Kyoto Protocol will have an immensely huge impact on the future course of the global governance for climate change. Trust will be severely and irrevocably compromised if the first commitment period of Kyoto Protocol lapses away without stopgap measures. Unfortunately, the Cancun Agreement left Kyoto Protocol issue almost untouched.

Therefore, the priority tasks for the COP 17 and COP 18 would have to be how to deal with the issue of Kyoto Protocol. It has to be made so that the first commitment period is to be succeeded somehow by the second commitment period. One possible alternative as a stopgap measure would be for the major emitting, emerging economies to register their domestically binding pledges under the NAMA Registry, while developed countries extend their internationally binding commitment under Kyoto Protocol. If political leaders of major emitters agree along this line, these two instruments can be brought into a broader legal framework such as “Expanded Kyoto Protocol.”

Ladies and Gentlemen,

It was very heartening to note that the multilateral process of the UNFCCC was revived and its credibility recaptured in Cancun. The United Nations Should always remain as the central forum for global climate negotiations. The regional approach such as the one that will be discussed tomorrow would be a very useful complement to the United Nations effort to tackle the challenges of climate change.

However, I strongly believe that ultimately the global governance for climate change has to be linked with our common effort to pursue for a paradigm shift towards low carbon green growth. That is, we need an economic system change, if we are to overcome the challenge of climate change on which the future of humanity so critically depends. This paradigm shift could turn climate crisis into change opportunity for promoting a stronger economic growth and at the same time, guaranteeing the climatic and environmental sustainability. Thank you.