

ARGENTINA, BRAZIL AND CLIMATE CHANGE: SHIFTING ROLES IN INTERNATIONAL NEGOTIATIONS?

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Content

- Underlying conditions
- Emerging climate change policies
- Shifting places in international negotiations
- Areas of potential cooperation

Climate change is a relevant issue for Argentina and Brazil because of.....

- Its impact on ecosystems and human society (key role of agriculture and food production)
- Significant adaptation needs, but international aid likely to remain modest for both countries
- Brazil is a primary target for mitigation commitments (and recipient of international resources)
- Potential consequences of unilateral measures adopted by industrial countries
- This has not translated in a coordinated approach to international negotiations. Why?

Underlying conditions

GHG TOTAL EMISSIONS, 2005

	WORLD			SOUTH AMERICA			BRAZIL			ARGENTINA		
	MtCO2e	%	Per capita	MtCO2e	%	Per capita	MtCO2e	%	Per capita	MtCO2e	%	Per capita
EXCLUDING LAND USE CHANGE	37813.6	100	5.9	2113.4	5.59	5.70	1011.9	2.68	5.4	316.5	0.84	8.2
INCLUDING LAND USE CHANGE	43198.8	100	6.7	4456.4	10.3	12.00	2841.9	6.58	15.3	349.5	0.81	9.0

Includes CO2, CH4, N2O, PFCs, HFCs, SF6

Source: CAIT version 7.0 (WRI, 2010)

Underlying conditions

GHG EMISSIONS BY SECTOR, 2005

	WORLD		SOUTH AMERICA		BRAZIL		ARGENTINA	
	MtCO2e	%	MtCO2e	%	MtCO2e	%	MtCO2e	%
EXCLUDING LAND USE CHANGE								
Energy	28435.9	75.2	909.3	43.7	346.2	34.2	159.5	50.4
Industrial processes	1883.9	5.0	61.4	3.0	32.4	3.2	5.7	1.8
Agriculture	6075.2	16.1	1013.8	48.7	590.5	58.4	138.9	43.9
Waste	1418.7	3.8	95.5	4.6	42.8	4.2	12.4	3.9
INCLUDING LAND USE CHANGE								
Energy	28435.9	65.8	909.3	20.6	346.2	12.2	159.5	45.6
Industrial processes	1883.9	4.4	61.4	1.4	32.4	1.1	5.7	1.6
Agriculture	6075.2	14.1	1013.8	22.9	590.5	20.8	138.9	39.7
Land use change & forestry	5376.2	12.4	2343.0	53.0	1830.0	64.4	33.0	9.4
Waste	1418.7	3.3	95.5	2.2	42.8	1.5	12.4	3.5

Includes CO₂, CH₄, N₂O, PFCs, HFCs, SF₆

Source: CAIT version 7.0 (WRI, 2010)

Emerging climate change policies

- Brazil: slow but quite consistent
- Some policies now regarded as climate change-oriented were initially triggered by other concerns (pro-álcool -energy security-, forest management –national security)
- Decree 3515 (2000) launched a process to develop a climate change policy
- Active forest management policies: PPCDAM, PAS, Amazon Fund, ZEE
- The operation of the CDM helped to focus on opportunities: Brazil was an active participant, only after China and India

Emerging climate change policies

- A National Climate Change Plan was adopted in December 2008. Major targets included:
 - maintaining a high share of renewable energy in electricity generation;
 - encouraging the sustainable increase of the share of bio-fuels in transportation, and
 - reaching zero illegal deforestation and eliminating the net loss of forest coverage by 2015

Emerging climate change policies

- A National Climate Change Law was adopted in December 2009, which among other things:
 - sets the commitment to reduce GHG emissions by 36.1%-38.9% in 2020 (as compared to a projected scenario),
 - creates a Brazilian Market for Emissions Reduction and
 - mandates sector initiatives to be approved by Executive decree.

Emerging climate change policies

- Argentina: not an issue yet
- Compliant with UNFCCC commitments by submitting national communications (third report under preparation) and CDM office
- Climate change-oriented policies basically triggered by energy security concerns (ie: mandates and subsidies on bio-fuels and energy use efficiency measures)
- Native Forest Environmental Protection Law (2007) mandates stopping deforestation until each federal authority adopts land planning strategies that contemplates forest protection
- Creation (2009) of an interagency committee on climate change to oversee the Third Communication and coordinate participating agencies, but no encompassing framework

Shifting places in international negotiations

- Argentina and Brazil have been on separate tracks in the UNFCCC process
- In the pre-Kyoto era Argentina played the role of a broker, while Brazil pursued a strongly defensive strategy (opposing any binding commitments on GHG emissions reduction and any kind of international constraint on domestic actions, particularly in the area of forest management)
- After gradually shaping a domestic policy on forest protection (and enhancing enforcement capabilities) Brazil gradually moved to accept international financial mechanisms to support national actions (ie: Amazon Fund, evolving position *vis-a-vis* REDD)

Shifting places in international negotiations

- This shift away from a purely defensive strategy showed in Copenhagen, where Brazil actively engaged in negotiations as part of the BASIC group, but played the role of a moderate in shaping the accord
- Brazil adopted by law voluntary emission reduction targets and swiftly submitted eleven NAMAs in January 2010 as agreed in Copenhagen
- By contrast, Argentina had a low profile participation in Copenhagen, failed to adhere to the Copenhagen accord and undertook no commitment on NAMAs before the January 31st 2010 agreed deadline

Areas of potential cooperation

- Proposal of sub-regional study on climate vulnerability (Mercosur Environment Ministers, 2009)
- As an early mover, Brazil may be better positioned to offer emission reduction credits from its NAMAs (either in a post-2012 UNFCCC framework or enhanced US/EU carbon markets). Rather than cooperate, Argentina may want follow the Brazilian lead and import expertise
- G-20 commitment to phase-out and rationalize over the medium term inefficient fuel subsidies: shared interest that the agreement does not imply dismantling safety nets for the poor (poor benefit disproportionately from heat and transport subsidies). What kind of subsidies must be targeted?

Areas of potential cooperation

- EGS: both countries opposed a single list of products, but failed to coordinate their positions in WTO negotiations and offered alternative approaches. Argentina has not joined Brazil's proposals to include bio-fuels as an EGS.
- R&D: they share common problems, such as asymmetric rates of innovation in climate friendly-goods and technologies and less availability of public funds sector to encourage climate-friendly R&D.
- Improve data and develop joint measuring and reporting methodologies.
- Deal (through adaptation, engagement or challenge) industrial countries' unilateral measures: mainly BAM and "sustainability" standards.

Areas of potential cooperation

MANUFACTURING SECTORS SENSITIVE TO CLIMATE CHANGE-RELATED BAMs (annual average 2006-08)

	Exports as a % of total Brazilian exports to			Exports as a % of total Argentinian exports to		
	US	EU	World	US	EU	World
Total	18.7	11.1	3.3	15.4	3.1	0.4
Iron and steel	12.3	5.6	1.9	4.8	1.8	0.1
Aluminium	1.4	2.1	0.4	5.4	0.6	0.1
Paper and pulp	2.7	2.9	0.7	1.3	0.3	0.0
Chemical products	1.4	0.2	0.2	2.8	0.1	0.1

Source: author's estimates based on BADACEL databank

...but equivalent to 25% (Brazil) and 20% (Argentina) of total manufacturing exports

Thank you!!