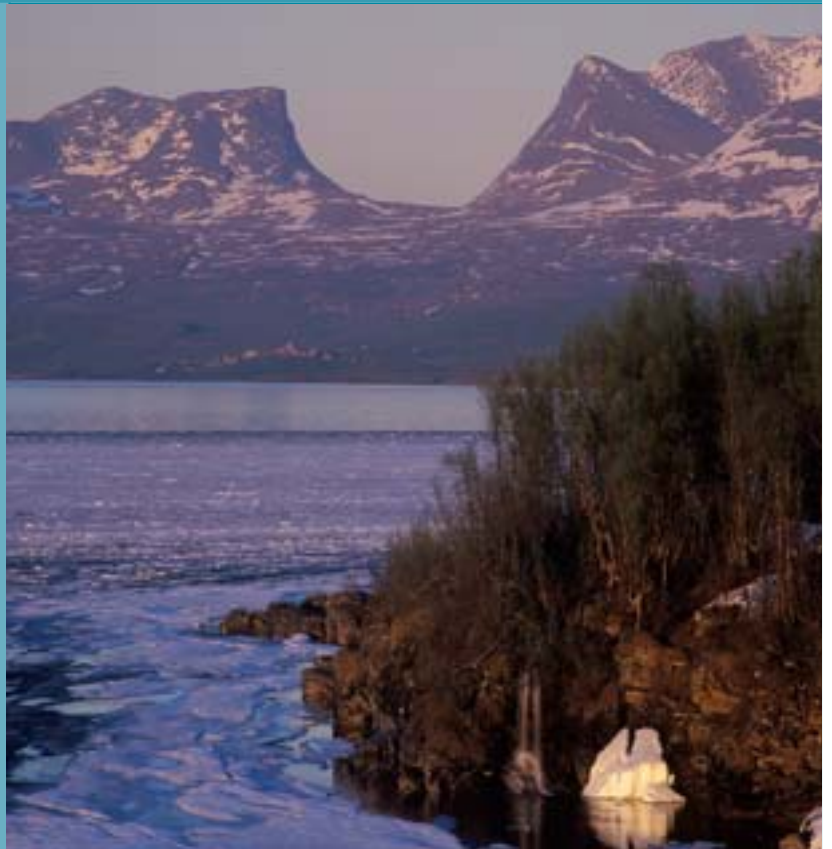


The Midnight Sun Dialogue on Climate Change

Chairman's Summary

Informal Ministerial Meeting on Climate Change, Riksgränsen, 11-14 June



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RIKSGRÄNSEN
SWEDEN
11-14 JUNE 2007

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Dialogue on
Climate Change*



REGERINGSKANSLIET

Ministry of the Environment

Environment Ministers and High Officials from 28 countries and the European Commission met at Riksgränsen, Sweden, June 11-14 2007, for an informal discussion on international cooperative action on climate change. This meeting was the third in a series of similar informal dialogues in Greenland in 2005 and in South Africa last year. The purpose of these meetings is to allow ministers to have in depth discussions on key issues related to the future of international cooperation on climate change. No consensus is sought and no agreed conclusions are adopted: the aim is to increase understanding of the views of different countries in order to enhance prospects for agreements in forthcoming negotiations. The discussions at Riksgränsen focused both on long term issues regarding principles and elements of a future international climate change regime as well as concrete questions relating to the preparations for the important meetings of the Convention on Climate change and the Kyoto Protocol to be held in Indonesia in December 2007.

The Chairman, Mr Andreas Carlgren, Swedish Minister for the Environment, summarized the discussions as follows.

Recently published reports, in particular the Stern Review and the IPCC reports, have expanded our knowledge and established a solid foundation for international action. The reports have convincingly shown that it is possible to achieve the necessary emission reductions of greenhouse gases without compromising prospects for economic and social development. Against this background, all participants underlined the urgency of action. We also felt that the world needs an effective, fair and comprehensive multilateral regime based on concerted international efforts.

Our discussions enabled us to have a clear picture of the positions of different countries in view of the important forthcoming Conference of Parties in Bali, Indonesia in December 2007. It was felt that the conclusions by the European Council in March and those of the recent G8 summit have created favourable prospects for negotiations in Bali and beyond. In particular, we considered that it would be possible to agree on the main elements of a climate regime for the period after 2012. There was broad consensus that the Bali Conference should establish a Road Map with a timetable and concrete steps for the negotiations on the future regime with a view to reaching agreement by 2009. Bali would thus provide an excellent opportunity to advance the important climate negotiations including by converting the present exploratory dialogue into a negotiating framework. It would be necessary, before Bali, to reach convergence on new or additional processes that may need to be established within the UNFCCC framework.

We all share the same fundamental goal: the climate system has to be protected for the benefit of present and future generations. This requires substantial reductions of greenhouse gas emissions based on the principle of common but differentiated responsibilities and respective capabilities. At the same time we have recognized that action must be a part of the global effort to achieve sustainable development world-wide, to support economic and social development, and to reduce poverty.

A shared vision for the post 2012 regime

Ministers emphasized that international cooperation on climate change and the negotiations on a future regime should be guided by a shared vision regarding the overriding aims and the necessary elements of an international response to climate change. Such a vision could be promoted by the UN Secretary-General's High

Level Meeting on 24 September 2007. It could be based on the following elements:

- The science behind climate change is now clearly established and broadly accepted. It indicates the level of ambition of the effort needed to stabilize atmospheric concentrations of greenhouse gases and prevent dangerous interference with the climate system, consistent with the pursuit of sustainable development.
- Serious consideration should be given to yardsticks and goals for this effort, including the goal of at least halving global emissions of greenhouse gases by 2050.
- It is time to intensify concrete action under the Convention.
- High priority has to be given to adaptation. The industrialised countries have a clear responsibility to assist developing countries in dealing with the impacts of climate change.
- Industrialised countries must continue to take the lead and reduce their emissions substantially, given their historic responsibility, economic strength and capabilities.
- However, the problem cannot be solved by the industrialised countries alone. It should be recognised that developing countries are already making important contributions and that their further engagement will be part of the overall effort in limiting and reducing emissions.
- Technology innovation, development, deployment and transfer are essential parts of any future climate regime.
- Access to and flexibility in the carbon market should be encouraged.

Binding quantitative emission reduction commitments by Annex I countries should continue to be an essential element of the new regime. Developing countries would not be expected to take on such commitments now, but there should be incentives for them to take measurable and reportable, actions of different kinds, such as sustainable development policies & measures (SD PAM), intensity goals or sectoral benchmarks.

Investment, technology and the development of carbon markets

All over the world, immense investments in energy and transport infrastructure are under preparation. They will heavily influence the prospects for climate policy over several decades.

In this perspective, Ministers recognized the vast potential of new and existing low-carbon technologies. Development, diffusion and transfer of technologies is a precondition for the necessary decoupling of emissions and economic growth. In addition, many of the measures to save and produce energy are profitable and result in other positive effects such as improved indoor air climate and reduced air pollution.

It is consequently important that a future international regime on climate change contributes to realizing the potential of low carbon technologies thereby making a low carbon development possible. Technology cooperation, mobilisation of financial resources as well as development and strengthening of carbon markets are of primary importance. In this context governments have a vital role to play.

Ministers noted that a widespread use of low-carbon technologies can hardly be achieved without setting a price on carbon emissions. Access to and flexibility in the carbon markets ensure the most cost-effective implementation of commitments to limit and reduce emissions, as well as to mobilise resources to provide incentives to developing countries. More generally, a further development of carbon markets is thus an essential component of a future regime. In particular, we see the Clean Development Mechanism (CDM) as an essential vehicle for the deployment of new technological options and believe that present discussions on new instruments within the CDM framework, such as sectoral projects, could offer interesting possibilities.

Several Ministers highlighted the importance of renewable energy and energy efficiency measures. And it was expressed that governments should make concerted efforts to advance the deployment of these technologies. In addition, there were several references to the potential role of carbon capture and storage in the future mitigation efforts.

Adaptation

Our discussion on adaptation showed that this issue has to be given increased attention. Climate change is already occurring, and all countries are feeling the need for efficient measures of adaptation. For a great number of least developed countries and small islands, which have generally very small emissions, adaptation will be part of survival strategies. Climate change could have dramatic consequences and threaten economic and social stability. Climate change considerations should thus be integrated in development plans, budgets and strategies. In addition, it is essential that development

cooperation and international disaster relief be fully engaged in meeting new problems facing all of us, but particularly the most vulnerable countries. We noted the need to examine further prospects for climate change risk insurance mechanisms and felt that the implementation of the Nairobi Work Programme should be intensified.

Deforestation

Ministers noted the significant contribution of deforestation in developing countries to global greenhouse gas emissions, and therefore underlined the importance of effective incentives to encourage actions to reduce emissions from this sector, and agreed on the necessity of conserving carbon stored in the biosphere. The linkages to loss of biodiversity, and desertification, are reminders of the central place of climate change in the overall framework of human impact on global natural systems. A two-stage process to reach agreement on these issues was supported by several Ministers. The first stage would be to agree to discuss policy approaches and to start preparatory methodological work immediately. Possibilities for immediate action on deforestation and reforestation should also be pursued at Bali. The second would be to agree on policy approaches and positive incentives in the context of the post-2012 regime.

Overall architecture of the post 2012 regime

In looking forward to forthcoming negotiations on establishing a Road Map with a timetable and concrete steps, we discussed how the elements of a future international regime can be brought together. We have concluded that it will be necessary to seek a balanced architecture that is differentiated between and within the annexes. This should give all countries incentives to participate fully in the common effort and reflect the different responsibilities and capabilities of the Parties. A number of elements of such a package were discussed including:

- Adaptation measures, to be adopted by all countries, but in particular for poor and vulnerable developing countries;
- More ambitious and legally-binding emission reduction targets for all developed countries;
- Enhanced mitigation actions by developing countries;

- Development and strengthening of carbon markets;
- Further action on the deforestation issue;
- Managing unintended consequences of adaptation and mitigation policies;
- Technology development, diffusion and commercialization, in order to support mitigation, adaptation, and more generally, decarbonisation of our economies;
- Investment, incentives, financing, capacity-building, awareness and education.

Ministers underlined that climate change is an issue engaging the whole society and all policy areas, in particular economic policy. Therefore it is essential that Ministers of Finance and other Ministers be involved, and that climate policy be reflected in international negotiations on trade and economic policy. Furthermore, the effects of climate change and the consequences of necessary changes in energy production should be reflected in the analysis and practice of international economic management.

With these various elements, we have made important progress in the preparations for Bali, establishing a platform for negotiation, containing elements related to the process and the contents of a future negotiation. The Bali Conference would be able to advance the negotiating agenda and thus lay the basis for the future regime. At the same time, the Bali COP would also be able to establish a Road Map for negotiations and make immediate progress on a number of issues already prepared in the subsidiary bodies of the Conference. Furthermore, we believe that the issue of deforestation should be subject of urgent attention by the Conference of Parties.

Continuing the informal Ministerial dialogue

Ministers expressed the wish to continue the series of informal ministerial dialogues of which the Midnight Sun Dialogue was the third one. There is an urgent need for open and innovative political discussions on the future international cooperation on climate change. We all welcomed the invitation from Argentina to meet there in 2008.

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