

## Report on Participation in COP25 UN Climate Conference in Madrid

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I attended the 25<sup>th</sup> Conference of the Parties of the United Nations in Madrid, Spain (COP25) from the 1<sup>st</sup> of December to December 14<sup>th</sup> after a 10 days training session to prepare the conference in Paris, France. I had three main expectations for this field trip: **First** to attend conferences and side-events given on my research topics (Carbon pricing, carbon markets and international cooperation) by state-of-the-art scholars and experts gathered at the Conference. I wished to open my perspectives and to position my approach in the international dialogue on climate Change policy. COP25 was the perfect event for that, the conference main topic was the negotiation of a rulebook for article 6 of the Paris Agreement - to elaborate international rules for the exchange of emissions mitigation outcomes. The **second** expectation I had was to follow the negotiations on the rulebook of article 6 by targeting positions taken by China, the Republic of Korea and Japan. Indeed, I wanted to be able to understand the positions of the three countries and analyze it for my own research on the future of carbon market mechanism in East-Asia. **Thirdly**, the last and main reason of this field trip was to interview carbon market actors from China, Korea and Japan using a semi-structured questionnaire. My questionnaire tests the feasibility of policy harmonization between the three countries to elaborate a transnational carbon pricing mechanism that would fulfill sustainability criteria. The questionnaire has 4 sub-purposes: Analyze the **Feasibility** of carbon market linkage, test the **Willingness** to elaborate a carbon market linkage, and test **Transparency** in the three countries on the subject and eventually **Compare** the results between the three cases study. In terms of outcomes, I could interview 45 actors coming from a wide panel of institutions representative of Carbon pricing in the three countries: Ministries of Foreign Affairs (Japan and Korea), Ministries of the Environment (three countries), NDRC and State Council (China), Research institute advisors to the Governments (Three countries), Business representatives (Three countries) and environmental NGO representatives (Japan and Korea).

In terms of results, one can emphasize three very different situations in East-Asia that I intend to analyze in a paper proposal for submission to the *Climate Policy Journal*. In summary, Political willingness and Feasibility is now a very important matter in carbon pricing and carbon markets implementation around the world. As seen by the very poor and indecent result of COP25, short-termism of governments around the world significantly weakens the implementation of consequent ecological transition policies around the world. Even if evidences and science-based policies like carbon pricing exist, very different perspectives create barriers to their implementation at domestic and international level. In East-Asia, **Japan** is the most energy-efficient country and has implemented an interesting climate change cooperation policy at the international level with the Join Credits Mechanism (JCM). However, the country announced the constructions of new heavy polluting coal power-plants that will significantly weaken, if not jeopardize, its capacity to reduce its GHG emissions to Net-zero and to follow the Paris Agreement commitment. Willingness in Japan is the highest issue. Japanese stakeholders identify the Fukushima Nuclear incident as a turning point in Japanese public opinion on climate change action and say that it explains their unwillingness to implement a genuine carbon tax or carbon market. They clarify their position by the energy security needs of the country and are afraid of the consequence carbon pricing would have for Japan industries and public opinion that would have to pay a higher price for their energy. Additionally, unwillingness also comes from the business and industrial federations side. Indeed, environmental decisions in Japan are taken with extreme consideration to the potential impact it could have on the country's industrial sector. The METI (Japanese ministry of Industry) is heavily influenced by the business fear of moving "too fast" to the ecological transition, which create barriers and unwillingness to move at the entire national level. However, unofficially, country's officials state that they intend to, very slowly, raise the price on carbon until 2025 and probably implement a carbon market afterward with the intention to have a working tool for international exchange of mitigation outcomes after 2030. This calendar is very slow and will probably not be enough for Japan to higher sufficiently its ambition on mitigation reductions for the next phase of the Paris Agreement that will have to be announced next year at COP26. **Korea** has a very different situation in place. The country is a heavy per capita emitter and is not energy-efficient as it should be. In an unexpected move, Korean stakeholders have implemented a national Emissions Trading Schemes that put a price on carbon emissions in the country. The system is now one of the most efficient to price carbon in the world and country's stakeholder are now trying to slow the pace and diminish the price in a fear it would harm Korean economy. Thus, at COP25 Korea advocated strongly to implement international carbon markets that would help them offset a significant number of permits in Least Developed Countries without a too restrictive regulation. Korea is very interested in linking carbon markets in East-Asia and is also by far the most advanced country in terms of policy implementation in the region. Koreans were the most positive towards policy harmonization and to move to collaboration as soon as possible. **China** is the giant of the question. The country is implementing a national ETS that should begin to trade in the coming years. Seen its size, collaboration would not be the same necessity for China as it will be for Korea and Japan. Nevertheless, the countries officials were very positive to the prospective linkage of Carbon Markets in North-East Asia due to the potential revenue it would bring to Chinese covered entities. In the negotiation, China has shifted from a country that would benefit from

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offsetting from developed country to a third-party player. China took a weak-regulation perspective to international carbon markets. However, Chinese stakeholders are very open to linkage of ETSs in East-Asia seen as they will anyway be beneficial. In terms of sustainability criteria, Chinese representatives considered it to be essential before any implementation of Linkage while not implementing a declining cap for their GHG before 2030 which is the basic to sustainability. My first **conclusion** for this field trip is that collaboration in terms of carbon pricing policies in East-Asia will be a necessity if the world wants to effectively reduce GHG emissions and follow the Paris Agreement. However, this collaboration is currently not feasible in the short term due to unwillingness to move fast enough in Japan and a lack of real sustainability implementation in China. The discussions between the three countries will continue to happen and probably end up at some sort of needed connection after 2030 if the international community continues its path to the implementation of the Paris Agreement.