

Greening the G-20 Agenda: A Way Forward

Parthasarathi Shome¹

Director and Chief Executive, Indian Council for Research on International Economic Relations (ICRIER), Member, Advisory Group on G-20 to Union Finance Minister, Government of India



The setting up of the G-20 has resulted in 20 of the most powerful economies² of the globe coming together to discuss and address issues that supersede exclusive national interests. Despite the fact that the group was primarily set up for cooperation on matters related to the international financial system and its stability, energy and environmental issues have become important components of the G-20 agenda over time. In fact, the transnational nature of various environmental issues has made the G-20 an important forum for cooperation on potential energy and climate change action.

The ongoing discussions may be easier to think of under three divisions. First, many of the existing constituents of the G-20 green agenda support initiatives already undertaken in other multilateral platforms—such as climate change finance (CCF), and clean energy and energy efficiency (C3E). Second, new initiatives were also undertaken by the G-20 and given immediate high-level attention. These include issues of fossil fuel subsidy (FFS) reform, global marine environment protection (GMPE), and a database for mapping price volatility of oil and natural gas. Third, it is worthwhile exploring what initiatives the Mexican presidency of the G-20 may undertake given that it has elevated issues concerning the green economy and sustainable development by placing them at the top of its agenda.

A Supportive G-20 Role in UN Discussions

First, rationalization of fossil fuel subsidies (FFS) is one of the most important priority items within the broad theme of energy and climate change. Under this agenda item, all G-20 member countries were asked to report the FFS given by them

under different headings and submit a timeline for its reform. In each following summit post the 2009 Pittsburgh Summit, countries' progress was monitored with respect to this program. This was the first time that top economies of the world had tackled head-on the tricky issue of FFS. This issue, while discussed in other multilateral forums such as the United Nations Framework Convention on Climate Change (UNFCCC) and different academic circles, had always been relegated to the background due to its political and national sovereignty implications.

Second, clean energy and energy efficiency (C3E) initiatives was another field in which G-20 discussions supported negotiations held elsewhere, for example the UNFCCC's Ad-hoc Working Group on Long-term Cooperative Action, and G-20 members agreed to monitor performance under the head of domestic mitigation action and its assessment. The initiative is important since countries monitored their clean energy deployments and the policy progress made.

Third, the mandate of the Climate Change Finance (CCF) Working Group of the G-20 was to provide a supporting role to UNFCCC's discussion on CCF. It sought to explore the aspect of scaling up CCF for mitigation and adaptation in developing countries. In fact, it aimed at building upon the work carried out by the UN secretary-general's High Level Advisory Group on Climate Finance (AGF).

The G-20's New Initiatives

The new initiatives of global marine environment protection (GMPE) and oil price volatility aim to close information gaps. The GMPE initiative

shares the best practices to protect the marine environment with the final aim of preventing accidents related to offshore exploration and development and marine transport. On a similar note, the oil price volatility initiative tries to close gaps in crude oil (and now natural gas) data reporting and promote greater transparency. It attempts to standardize the reporting process and ensure timeliness to improve predictability of markets and facilitate project planning.

New Initiatives of the Mexican Presidency

Under the Mexican presidency, two new items have been included in the energy and environment agenda: green economy and sustainable development,³ and infrastructure. The United Nations Environmental Program (UNEP) defines green economy as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In other words, while the existing G-20 agenda items (mentioned above) denote important but small pieces of a larger puzzle, the newly incorporated issues of the green economy and sustainable development might be viewed as broader in their scope and vision.

How the Mexican Presidency Should Move Forward

Inter-relation between energy and environment: The G-20 needs to recognize that energy and environmental issues are interrelated and thus working groups need to be more cognizant of the work done in other working groups and incorporate the lessons learned. To illustrate, FFS reform has been mentioned as one of the most promising options for generating CCF that could be diverted to fund climate action.³ These ends or climate actions on which the green funds would be spent are discussed in the clean energy and energy efficiency (C3E) working group. Thus, looking at the broader picture and fitting the existing pieces together provides clues to the missing bits of the picture and these are thus the aspects that need to be incorporated to make the G-20 agenda greener.

Feasibility of adaptation: Following from the above, it can be noted that an important aspect that has been hitherto missing from the agenda is the issue of adaptation. It is true that the inclusion of sustainable development and infrastructure under the Mexico G-20 Summit agenda would address this issue to some extent, but more pointed attention needs to be focused here. This agenda item thus needs to be broadened to focus on economic infrastructure not just in a general sense of roads, bridges, ports, etc., but also hospitals, coastal embankments, water storage facilities, water-saving irrigation facilities and rain water harvesting, all of which improve the coping capacities of people to climate change.

Technology and intellectual property rights (IPR): Another important missing piece is the issue of knowledge and technology dissemination such that countries can initiate national-level projects. This issue has been highlighted and discussed within the G-20, albeit for a small component of GMEP. This issue needs to be scaled up to cover other issues of environmental services and climate technologies (for both mitigation and adaptation).

The G-20 could discuss, by transforming into an innovation hub or powerhouse, ways and means of supplementing the work done in the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA). The group could discuss the ways and means for making climate-friendly technologies more accessible, surmount IPR issues and make technology transfers easier. This issue can be covered by the G-20 by broadening the scope of the knowledge sharing working group (under the item of development) initiated under the French G-20 presidency.

Land use and forestry: For environmental services, two important issues relate to land management and forestry. The combination of the issues of land use, land use change and forestry could provide the answer to problems of air and water pollution as well as land degradation within countries. Under the agenda item of commodity markets and food security, the G-20 has already discussed

issues of land management. These can be broadened to incorporate the environmental ramifications of agricultural practices as well.

Green jobs: One aspect that fits well into the existing structure of the G-20 agenda items is green jobs. With an intensified move toward sustainable development patterns, green jobs in renewable energy and infrastructure would account for a progressively larger share of total job creation. This aspect could be investigated in greater detail in the job creation item of the G-20's development agenda.

Energy trade: This is also an important aspect that needs to be highlighted under the Mexican presidency of the G-20. The issue is already being tackled loosely under the items of oil price volatility and C3E. It is also expected that the green economy agenda item would discuss this issue. In view of the high and rising import dependency and the often predicted scramble for resources, this issue assumes great importance.

Conclusion

Plugging the gaps in existing efforts while adding new and innovative concepts and actions should comprise how the Mexican presidency could take forward the G-20 agenda to make it greener. To sum up, the G-20:

- should plug existing holes in the UNFCC working group's tasks in a complementary fashion;
- should continue with earlier initiatives of previous G-20 summits; and
- can make the agenda greener at the Mexican Summit in Los Cabos by: push-

ing for the reform of fossil fuel subsidy; initiating discussions on a global carbon tax for buttressing climate change finance since any financing gap of G-20 proposals would, in the final analysis, need to be filled; ensuring adaptation principles that might be supportive of emerging economies; facilitating technology transfer to emerging economies and removing constraints posed by intellectual property rights of technologically advanced economies; continuing to emphasize water and air pollution and land degradation not only through its commodity markets and food security efforts but by deepening its strategy; laying the foundation for creating green jobs in renewable energy and green infrastructure by giving it visibility under its job creation window; and setting up policy-supportive indicators for energy trade, and extending the field to the scramble for resources that is challenging the sustainability of global development.

References

Shome, P. 1996. "A 21st Century Global Carbon Tax," *Bulletin*. International Bureau of Fiscal Documentation, November/December. pp 481-89.

Endnotes

¹ This paper is based on inputs into the discussions with the Mexican G-20 sherpa in preparation for the 2012 G-20 Summit of the Mexican Presidency, organized by the Mexican Council on Foreign Relations (COMEXI).

² Nineteen countries plus the European Union account for over 80 percent of global GDP.

³ Brundtland Commission defines sustainable development as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs."

⁴ One idea that should also be revived is financing through a global carbon tax. The idea is described in some detail in Shome (1996).