

# **To Copenhagen and Beyond!**

## **What it means for our bio-economy**

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# Outline

- Copenhagen
  - The good - its goal
  - The bad - its negotiating architecture
  - The ugly - the Accord (was it a failure?)
- Technology transfer
- Intellectual property rights
  - Their importance
  - What emerged from Copenhagen
- What next?

# From Hopenhagen to Brokenhagen

- It started with a laudable goal
  - A framework for legally-binding, comprehensive agreement to tackle climate change
- UNFCCC Executive Secretary's own goals
  - Ambitious mid-term emission reductions by developed countries
  - Clarity on mitigation actions by major developing countries
  - Short and long-term finance
  - Governance structures



“If Copenhagen can deliver on those four points I’d be happy,” says Yvo de Boer.  
**Outcome:**



**Unresolved**

# From Hopenhagen to Brokenhagen [cont]

- The negotiating architecture is complicated

UNFCCC Conference of the parties – COP

Meeting of the parties to the  
Kyoto Protocol - CMP

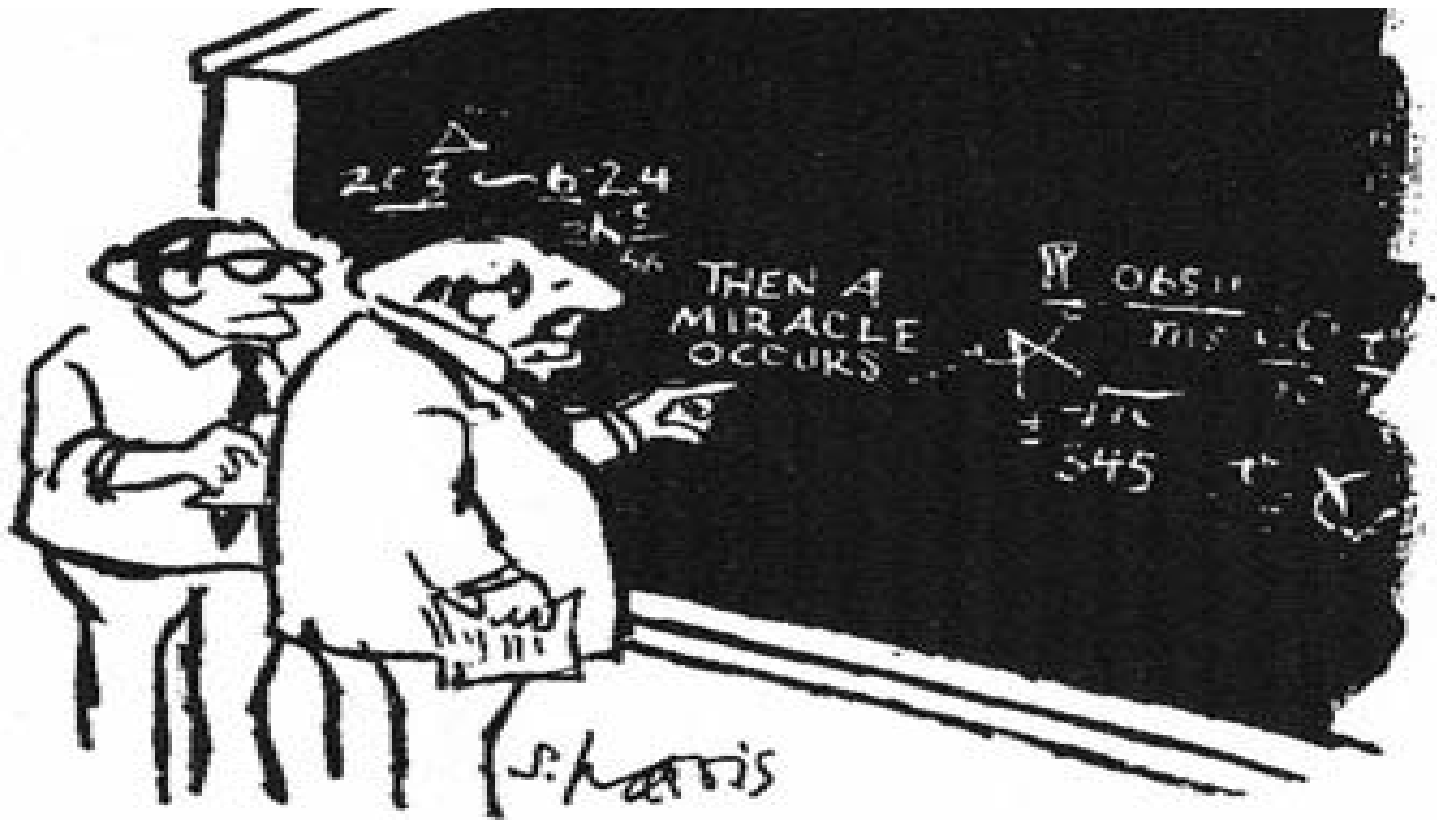
Ad hoc Working Group on  
Long-term Co-operative  
Action under the Convention  
– AWG-LCA

Ad hoc Working Group on  
Further Commitments for  
Annex I Parties under the  
Protocol – AWG-KP

Subsidiary Body for Scientific and Technological Advice -  
SBSTA

Subsidiary Body for Implementation - SBI





"I think you should be more explicit here in step two."



# From Hopenhagen to Brokenhagen [cont]

- Did the process contribute to the outcome?
  - It entrenches a divide in responsibility between developed and developing countries
  - It prevents all major emitters from being a party to a single new global legally binding treaty
  - It's a 'top-down' process that's not conducive to the development of an agreed text over time



# But was Copenhagen really a failure?

- A readjustment of unrealistic expectations
- An absence of international framework for binding emission reduction targets
- The Accord was '*noted*' by the COP so has no formal legal status (participation is by association)
- But, there were positive factors:
  - recognition of usefulness of markets to contribute to emission reductions
  - developed countries consensus about the need for all countries to have targets
  - developing countries acceptance in principle of independent verification of reductions

# Copenhagen and Technology Transfer

- Developed countries agreed
  - to “provide adequate, predictable and sustainable financial resources, technology and capacity-building to support the implementation of adaptation action in developing countries”
  - to provide "scaled up, new and additional, predictable and adequate funding" for technology development and transfer etc
    - \$USD30b 2010-2012
    - \$USD100b pa by 2020

# Copenhagen and Technology Transfer [cont]

- A Technology Mechanism is to be established to accelerate technology development and transfer
- But key elements remain open:
  - The exact composition and authority of the Technology Executive Committee
  - Whether or not the executive body will be under the authority of the COP
  - The mode of linkage between the technology mechanism and the finance mechanism
  - Whether and how the contentious issue of intellectual property rights (IPRs) will be dealt with

# Copenhagen and Intellectual Property

- IPR an integral part of the technology ‘cascade’
  - Innovation is critical to a lower carbon pathway
  - A lower carbon pathway needs major progress in the development and commercialisation of new technologies
  - To deliver development and commercialisation requires effective IPR protection
- IPRs not only provide incentives to invest, but also
  - Provide frameworks around which legal agreements for technology transfer can be structured
  - Encourage technology diffusion via patent publication
- Underlying the Copenhagen Accord is a push by developing countries to gain access to technology by challenging IPRs

# Copenhagen and Intellectual Property

- AWG-LCA text contains two options
  - Option 1 is “*no reference to Intellectual Property Rights.*”
  - Option 2 contains various references ranging from the creation of a Global IPR Pool to the revocation of existing IPR protection for environmentally sound technologies in developing countries
- New Zealand supports option 1
- New Zealand’s official position on IPR is to
  - “Support treatment of intellectual property rights relevant to climate change that is consistent with New Zealand’s international obligations, including under the Agreement on Trade-Related Aspects of Intellectual Property Rights, while encouraging countries to make full use of the flexibilities available in that Agreement”

# Time to run for the hills?

- No. There is a significant amount of water to flow under the bridge yet
- At its most optimistic, the outcome from Copenhagen could be described as a narrowing of options, or less optimistically, a revelation of positions
  - The work of the AWG-LCA was presented as a “package” of “unfinished business” with a “core COP decision” and series of thematic decisions
  - The COP noted “The AWG-LCA *may wish to consider* the texts in....and....as it continues its work, with a view to presenting its work to the COP for adoption at its sixteenth session”
    - “nothing is agreed until everything is agreed”

## Time to run for the hills? [cont]

- Nothing of significant additional risk to the bio industry was agreed at Copenhagen
- Expectations of a future global agreement is reducing by the day
  - No-one is expecting an agreement out of Mexico (COP 16)
  - A better prospect that something may be settled in South Africa (COP 17) but even no certainty of that
- Works starts again from the bracketed texts

# Time to run for the hills? [cont]

## But don't rest on your collective industry laurels

- Good risk management is important
  - As part of your business strategy, keep abreast of developments and be prepared for a range of possible outcomes
- Stay in touch with NZBIO – a member of the International Biotechnology Climate Coalition
- Business NZ is constantly in touch with Ministers and officials e.g. – MFAT and Ministry for the Environment
- Business NZ is likely to be represented at COP 16 in Mexico from 29 November to 10 December 2010

# Customer's preferences are changing

- International progress has slowed, but on-going commitment to a global agreement to reduce emissions
- But, the shift to a lower carbon economy does not start and end with international agreements
- Other factors driving decarbonisation are rising world energy prices and changing consumer preferences
- New Zealand bio-companies are at the vanguard of this move to satisfy changing consumer preferences
  - Aquaflow
  - New Zealand Pharmaceuticals
  - CRIs (IRL, Agresearch etc)
  - Lanzatech
  - Ecodiesel

# What next?

- How decisions in the Accord can be made operational or legally binding remains to be seen
  - First substantive post-Copenhagen meeting in Bonn in May will air these issues
- Widespread recognition that significant changes needed to negotiating process
  - There is no obviously clear way forward
  - Recognition that ‘top-down’ process is unsustainable
  - Continuation of a Kyoto Protocol-type/developed country focused arrangement toxic to the USA
- China and the USA as the two largest emitters are key to moving the process forward