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# Russia in Copenhagen

## A Reluctant Negotiation Partner?

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# Negotiation position

- No official position thus far
- Domestic emission reduction commitment discussed – estimated - 15-30% of the 1990 level to be possible – 'minimum commitment'
- Differentiation of the Kyoto country groups – Russia Annex I or an emerging economy?
- Growth of emissions unavoidable 'natural' path – indicators – close to sectoral approach
- Participation of the US and major emerging economies important – main criticism against Kyoto 'inefficiency'
- Surplus allowances: banking to the next commitment period automatic – 3,300-4,600 Mt + 600 Mt (Annex Z) – 'cushion' against commitments to cut emissions
- Sinks expected to gain an important role



# National conditions

- Economy:
  - Standard of living considered as 'high' – HDI
  - Structural reform of the economy: from heavy industry towards services
  - GDP correlation with the oil price – 2/3 of export from the energy sector
    - influence on the depth of the economic downturn
- Energy sector:
  - Fuel switch to less carbon-intensive direction
  - Policies: from gas to coal – improvement of energy efficiency by 40% during 2007-2020 – 4.5% of renewables (excluding old hydro) by 2020 – gas and electricity prices increasing
- Emissions:
  - 2006: 34% below 1990 level, only 0.3% increase in 2007
  - Growing trend of total emissions (but slowing down), carbon intensity 68% of 1990 level in 2006
  - Growth slower than forecast in the Energy Strategy but some pressures to grow further



# Domestic policies and measures

- No domestic emission reduction measures required for compliance due to the surplus allowances
- Restructuring of the economy and modernisation generated the majority of emission reductions
- Some programmes (Energy Efficient Economy) but outcomes unclear, problems with implementation – energy efficiency policies as an example
- Administrative system established: compliance, JI
- Problems with JI project approval kept climate policy in the national agenda somewhat
- 'Decision' not to sell surplus allowances responsible
- April 2009 'Climate doctrine' pointing to a new direction?



# Domestic debate

- Traditional view: Economic growth the main political goal, jeopardizing unacceptable
  - negative impacts of emission reductions to the economy, discussed during Kyoto ratification
- Negative impacts on economic growth questionable: improving energy efficiency and some other emission reduction measures good for the economy?
- The importance of forest sinks – benefits?
- Climate scepticism and focusing on benefits of climate change traditional
- Domestic debate only just kicked off



# 'Climate Doctrine' 23 April 2009

- Climate change human induced and harmful – mitigation and adaptation policies needed
- Costs of climate change 2-5% of GDP, 60 Bln RUR per annum – in headlines instead of benefits
- Climate policies based on energy and resource efficiency good for the economy
- Russia will take a responsible approach to Copenhagen
- A Russian Stern review?
- BUT difficult to judge if real change & based on existing policies
- In any case very positive development – start point for the domestic debate on Copenhagen



# Conclusion

- Energy efficiency and renewables policies – existing portfolio
- Bilateral horse-trading unlikely to be attractive for Russia
- Main 'misfits' with the EU position:
  - Depth of emission reduction commitments?
  - Banking surplus allowances between regimes may arise?
  - Forest sinks?
- 'Climate doctrine' and related discussion could be a major development – Russian Stern review? – but will need international support
- International role important for the Russian participation – high level political dialogue could drive – the US, G8, EU