

RUSSIA AND CLIMATE CHANGE

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Some Russians believe they will benefit from climate change, with lower heating bills and the opening of frozen sea routes. Indeed Russia has been in a favourable position under the Kyoto climate agreement, replicating it will not be easy.

Costs or Benefits?

RUSSIA IS A KEY PLAYER IN THE emerging post-2012 climate arrangements, to be negotiated in Copenhagen in December. So far, Russian climate politics under the Kyoto Protocol, which expires in three years, have been driven by anticipated economic and political gains. Because of surplus allowances for greenhouse gas emissions as a result of post-Soviet factory closures – so called ‘hot air’ – Russia has avoided domestic emission reduction policies. There have only been benefits, such as potential revenues from selling emission allowances and support from the European Union for Russian World Trade Organization (WTO) membership.

But as significant emission reduction commitments are expected from developed countries, including Russia, life will be dramatically different after 2012. However, given the broad participation required for a meaningful agreement, it is essential to involve Russia to keep key developing countries onboard.

SCEPTICAL TRADITION

The whole issue of climate change has been seen through a very different lens in Russia. Leading climatologists have a tradition of presenting sceptical views about the human-induced nature of such change, adverse impacts in their country and methods of limiting it.

Many Russians are still of the opinion that a number of the effects will be positive, for instance the opening of northern sea routes as well as shortening the period when heating is necessary.

Although the Inter-Governmental Panel on Climate Change agrees that some benefits of this kind can be expected, negative impacts, like forest fires and damage to the northern infrastructure because of melting permafrost, are also underway.

Against this background, there was a very important development in February, when the Hydrometeorological Service published a report on impacts of climate change in Russia and a forecast for the future. It agreed that climate change is indeed human induced, and that the government should adopt policies to

reduce it and adapt to the changes. But a more detailed domestic debate on post-2012 climate policy has yet to start.

The main approach to future climate regime arrangements is based on the expected increase in emissions which would have followed economic growth. This link was made by then presidential advisor Andrey Illarionov during the Kyoto ratification debate.

Even though the growing emissions are likely to remain well below the Kyoto target until 2012 – they were 34 percent below the 1990 level in 2006 – many experts argue that the growth rate would require the government to allocate funds for emission cuts should Moscow accept an emission reduction target beyond 2012. It has even been suggested that to justify further emissions growth, Russia should be considered an emerging economy post-2012.

Russian economic arguments against joining the post-2012 arrangements could be challenged. Economic growth prior to the recent downturn was, to a large extent, fuelled by the high price Russia received for its oil exports. This had no direct impact on Russian emissions since it was burnt elsewhere.

In addition, in an energy-inefficient country like Russia, there is considerable potential to weaken further the link between emissions and economic growth by improving efficiency. This would have a positive impact on the economy. Moves towards a post-industrialised economy are likely to continue to decouple emissions from economic growth; the increasing share of the service sector and the shrinking of heavy industry since the late 1990s are examples of such trends.

POLICY PORTFOLIO

For economic reasons the government has already adopted some policies which could cut emissions, and thus provide a portfolio of domestic climate policies. Last June, President Dmitry Medvedev approved a law introducing a target to improve energy efficiency by forty percent of the 2007 level by 2020. In January, Prime Minister Vladimir Putin passed a law to increase the share of renewable energy – excluding large hydro-power installations – from less than one percent to 4.5 percent by the same date.

However, some emissions boosting trends also exist: the planned policy to divert gas for export and thus replace its domestic consumption with more carbon intensive coal would push emissions up. Increasing domestic demand for electricity is also leading to the reintroduction of old inefficient generating capacity already once retired.

A key issue for Russia in Copenhagen will be the transfer of the remaining surplus allowances. With such a cushion, it may be possible for Russia to accept a nominal emission reduction commitment against the 1990 level. But this may be seen as unfair by the developing country group. The issue of forests as carbon sinks is likely to be central because of the country's significant forest reserves.

ENGAGING MOSCOW

It is yet to be seen whether the climate scientists' call for domestic action marks a change in the Russian approach to the science and impacts of climate change. However, it seems unlikely that the traditional position that climate change is a marginal environmental problem because of its potentially positive impacts, will alter dramatically prior to the Copenhagen negotiations.

Since the argument that emission reduction commitments potentially damage economic growth is widely accepted, it is important to think of other ways to involve the country in the new climate pact to avoid yet another last-minute refusal by Moscow to support a consensus reached through long, painstaking negotiations.

Useful approaches could involve building a longer-term dialogue at a high political level. As decision-making power lies with the President and Prime Minister, dialogue with lower-rank officials is unlikely to provide a sufficient incentive. The administration is keen to present Russia as an important international actor, and would be unlikely to be the only one to stay outside a new agreement if all other G8 members were to join.

The participation – and support – of the United States is a very important factor for Moscow. As a heritage of the Cold War, the US is still seen as an equal actor with Russia in world politics. However, offering further unrelated benefits against participation, similar to those during the Kyoto ratification process, may not be attractive: the fact that Russia still remains outside the WTO is often considered as the EU failing to deliver what was promised on bringing the Kyoto Protocol into force.

