



ODR and Developing Nations

The Role of ODR in International Emissions Trading

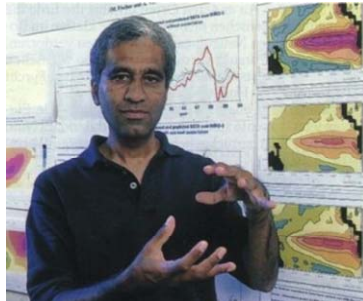
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China ODR Forum

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- How ODR and Carbon Trading Interact
- Next Step

Current situation, expert opinions

The climate is changing at the highest possible rate...



Professor Mojib Latif, Member of the Intergovernmental Panel on Climate Change:
"the climate is changing at the highest possible rate"

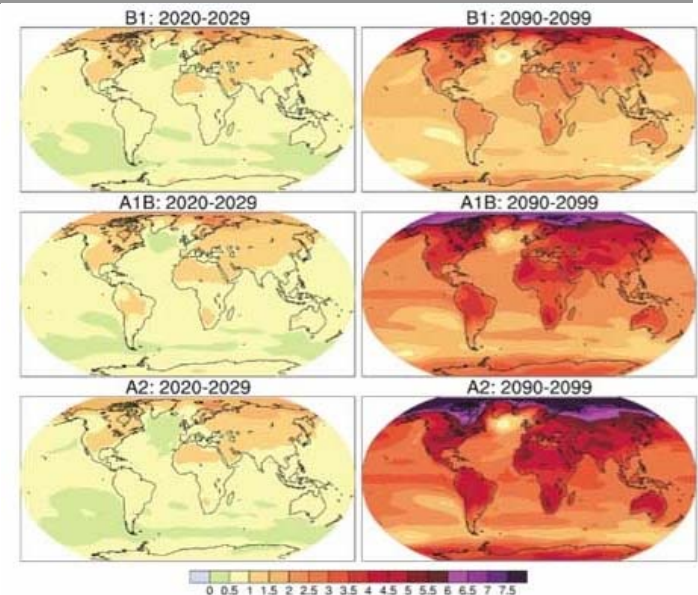
"the climate is changing now at the highest possible rate which we projected 10 years ago. Emission of trace gases in the atmosphere are in the upper limited of all possible scenarios. Temperature is rising at a speed which is almost close to the worst case scenarios. The sea level is rising at the same speed. The loss of sea ice is out of all scenarios we predicted..."

Source: Deutschlandfunk, Spiegel Online (2007).

Scenario 1: Utilization of climate protection measures

Scenario 2: Continuing current behaviour

Scenario 3: Increased expulsion of greenhouse gases



Current situation, expert opinions

... and therefore, Post Kyoto must be brought ahead.



Al Gore Al Gore, Winner of 2007 Nobel Peace Prize & Former Vice President of U.S.: "Post Kyoto must be brought ahead"

"The treaty that will be negotiated in Bali must be completed ahead of schedule in 2010 instead of waiting until 2012, believe our children and grandchildren will look back at the year 2007 and ask one of two questions. Either they will ask about us – What were they doing? What were they thinking about and how could they let that catastrophe happen? Didn't they listen to the scientists? Didn't they see the glaciers and polar caps melting? Didn't they see the fires? Or will they ask another question. I want them to look back at 2007 and ask: 'How did they find the moral courage to rise up and solve the problem everyone said was impossible to solve?'"



Source: Spiegel Online (2007), Tom Dempsey (2007), www.waldportal.org (2007).

Current situation, expert opinions

There is an evident need for a global Cap and Trade System



Angela Merkel, Federal Chancellor of Germany: Need for a Cap and Trade system

“In order to preserve our planet we need regional emission reduction targets and we need instruments in order to achieve those targets in the most efficient and economical way...”



Note: CER= Carbon Emission Reduction.
Source: Stern Online (2007).

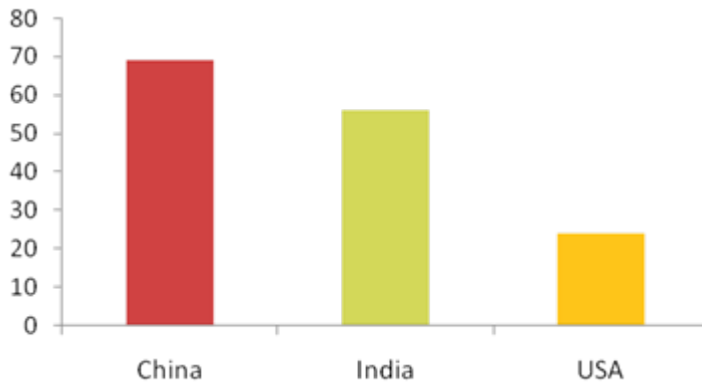
Greenhouse gases and conversion factors

GHG	Symbol	Global warming potential, Mt
Carbon dioxide	CO ₂	1
Methane	CH ₄	21
Nitrous oxide	N ₂ O	310
Sulphur hexafluoride	SF ₆	23,900
Perfluorocarbons	PFCs	6,500 – 9,200
Hydrofluorocarbons	HFCs	140 – 11,700

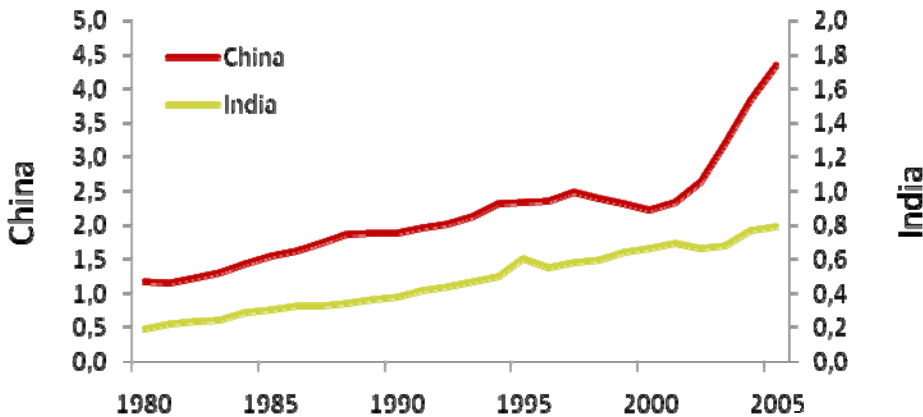
Emerging Markets

Urgency to reduce GHG in China and India

% of energy generated from coal



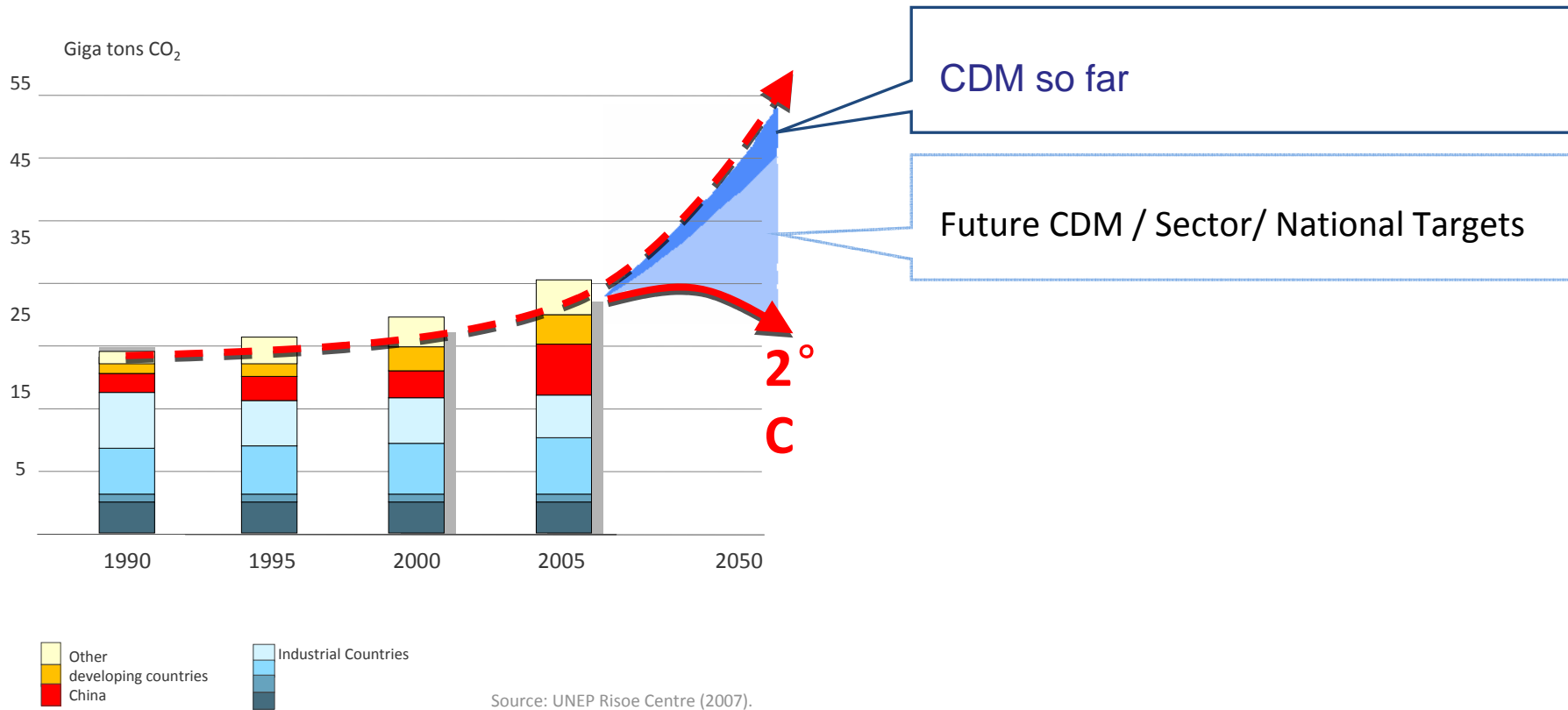
GHG-Emissions from 1980 - to today (Billion Tonnes)



- China and India account for 45% of world coal use
- China by far the biggest contributor to new emissions
- India becomes the third-largest emitter by around 2015
- Urgent action is needed if GHG concentrations are to be stabilized

Clean Development Mechanism (CDM) so far

Without action, especially in emerging markets, climate change can't be circumvented -



The Market in 2008

- Carbon Market: **US\$70 billion**
- US\$20 billion from CDM

How ODR and Carbon Trading Interact?

- Legal Issues:
- E.g. ERPA (Emission Reduction Purchase Agreement)

The Role of ODR

- **Effective**
- **Efficient**
- **Equity**

Carbon Trading vs. WTO

- Many public discussion of climate change is coached in technological and regulatory terms, in developing countries and countries in economic transition we should approach the matter as a trade issue.

ODR and Developing Nations

- Developing countries should lead the design of the program for action on climate change.
- ODR has a strong and direct interest in this emerging area.
- Use of Online Arbitration, Online Mediation is not an alternative to resolve carbon disputes, it's a **MUST!**

Next Step

- Examining the details of the interim period between now and 2020 with respect to full trading;
- Dealing how to allocate responsibilities on emissions between producers and consumers.
- ODR shall become an important element of the equity story, in terms of peace building, technology transfer, education and business.



Thank You!

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