

Business Standard

THE MARKETS ON MONDAY

Sensex	28,499.54▲	164.91
Nifty	8,530.15▲	52.80
Nifty Futures*	8,535.50▲	5.35
Dollar	₹61.94	₹61.78**
Euro	₹76.84	₹76.75**
Brent crude(\$/bbl)	78.66▲	79.20**
Gold (10 g)**	₹26,700.00▲	₹10.00

*No. Premium on Nifty Spot; **Previous day's close; ▲▲ At 6 pm IST
 ▲▲ Market rate, including VAT and premium



ECONOMY P7
**PUTIN MAY VISIT INDIA IN DEC;
 DEFENCE TIES ON AGENDA**



ECONOMY P4
**JOB CREATION DEPENDS ON THE
 ABILITY TO SKILL: PwC CHIEF**



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Breaking through the climate *chakravyuh*

On November 12, China and the United States issued a joint statement: the United States would seek to reduce carbon emissions by 26-28 per cent by 2025 (against 2005); China would peak carbon dioxide emissions by 2030 with an "intention to try to" peak sooner. The declaration has been applauded for injecting "momentum" in global climate negotiations. It has been also criticised for not going far enough. The Council on Energy, Environment and Water (CEEW)'s calculations find that both the United States and Chinese targets are lower than if their earlier 2020 targets were extrapolated. What should be India's response?

The deal amounts to a pincer attack on India's climate negotiation strategy. From one flank, the United States and China have effectively signalled that they are in a league of their own in terms of carbon emissions, industrial structure and political weight, and would not let distinctions between countries within the United Nations Framework Convention on Climate Change (UNFCCC) get in the way of self-interested actions. Consequently, negotiation blocs such as BASIC (Brazil, South Africa, India and China) would risk being undermined, if not entirely abandoned.

From the other flank, the deal allows the rest of the world to pressure India. Whatever India announces now (as its intended nationally determined contributions) would be compared against the United States-China deal and, a few weeks earlier, by the European Union (EU). India is different: low per capita emissions (1.7 tonnes against China's 6.2 tonnes in 2010); aggregate emissions six per cent of the total (against China's 23 per cent, US' 16 per cent and the EU's 11 per cent in 2010). But in this battle of



INFLEXION POINTS

ARUNABHA GHOSH

perceptions, India is unlikely to win. It is after all the world's third largest emitter of greenhouse gases. It is also perhaps the most vulnerable to the impacts of climate change. Given their own vulnerabilities, smaller developing countries would also evaluate India on a nebulous scale of "climate leadership".

When encircled in battle, there are three options: surrender, fight from within, or have allies open up an escape route from outside. India will have to dispassionately develop a climate-negotiation strategy that combines all three.

First, which issues make little sense for India to oppose? A global phase-down of hydrofluorocarbons (HFCs), greenhouse gases much more potent than carbon dioxide and widely used as refrigerants, would be a good place to start. India has previously resisted discussing the issue under the Montreal Protocol, insisting that any deal on the HFCs should be part of a comprehensive package under the UNFCCC. The CEEW's first-of-its-kind modelling of India's HFC emissions found that 33-39 per cent of warming from the residential air-conditioning sector during 2010-2050 could be reduced by a shift to alter-

native (and more energy-efficient) chemicals. Indian appliance and automobile firms are innovating with alternatives, but receive no multilateral support yet (Chinese manufacturers already do).

Last week, India shifted its stand at the Montreal Protocol and asked for a detailed report on the HFC production and consumption by country. India should now insist on a policy framework that is technology-agnostic, promotes energy efficiency, ensures no adverse impacts on the ozone layer, and sends a long-term signal to firms and innovators with support from the Protocol's Multilateral Fund.

Secondly, how should India keep up the fight on equity and common but differentiated responsibilities (CBDR)? India could be bold: reducing emissions intensity of gross domestic product (GDP) by up to 50 per cent by 2030; increasing the share of renewable energy in electricity generation to 20 per cent by 2030 (with hydropower, 25 per cent). These aggressive targets would, of course, be contingent on available financing, appropriate technology learning curves and dissemination, and a global carbon price; all of which India should demand. Moreover, India should promote differentiated responsibility *within* countries (say, higher carbon tax on large point sources or on luxury emissions, such as purchase of diesel sports utility vehicles). This would be more equitable than the already pioneering coal cess, which India applies. It would demonstrate that India was willing to consider alternative ways to categorise countries and citizens without abandoning the principle of differentiated responsibilities.

In the *Mahabharata*, Abhimanyu

was trapped within the *chakravyuh* because he had not learnt how to escape the formation and others were not available for help. India needs to think of climate leadership not simply as announcements from within but about finding allies outside. Where could India lead with others following?

One, an "energy access prize" would set a target for lowering the cost of decentralised renewable energy to a specified level or lower than a certain share of household income. India already has significant capabilities in this sector, and could partner with countries, firms and investors to promote technologies and business models.

Two, a "global partnership on energy efficiency" would showcase India's efforts (efficient appliances, building standards, perform-achieve-trade scheme) and establish strategic ties with countries such as Germany, Japan and the United States/

Three, a "partnership on energy storage R&D, enterprise and deployment" (PES-RED) would bring together innovators, firms and countries developing storage technologies and grid-management practices to balance intermittent electricity supply from renewables.

Four, an "international coalition for low-carbon rural development" would focus on agriculture, water, climate adaptation and livelihoods facing imminent climate-related risks.

The above strategies are core to India's interests, in line with its climate-action plan, and would secure supporters among both poor and rich countries. The *chakravyuh* might just be breached.

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