

# **POST-KYOTO NEGOTIATION AND IMPLICATIONS FOR NEW ZEALAND**

**Rick Boven**  
August 2007

# **CONTEXT**

**I am a professional strategist**

**Initial training then 10 years work as social scientist**

**Followed by 25 years advising corporations and governments on how to achieve economic success**

**In parallel, last 15 years studying and advising on environmental issues**

**Perspective**

**Long term national interest (vs short term sectional)**

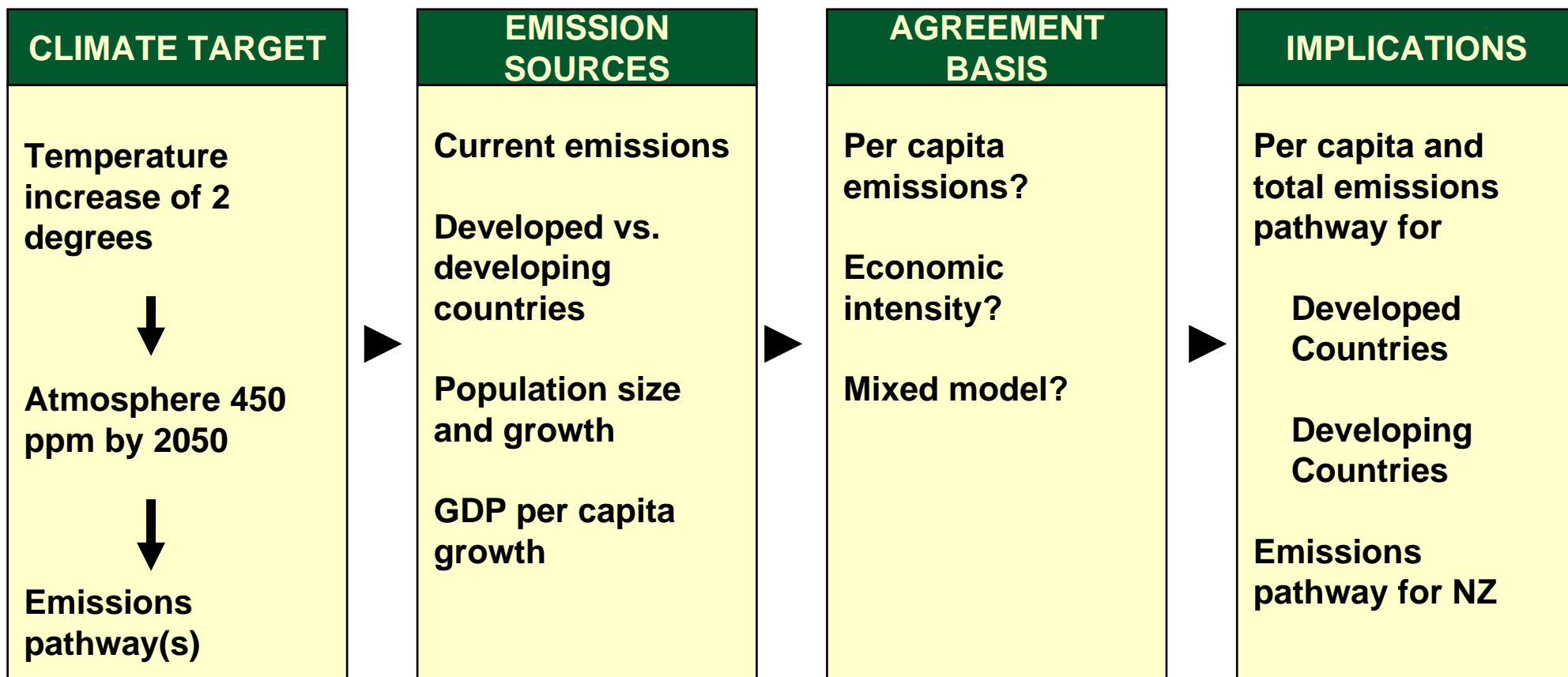
**Draw on wide range of disciplines but use ecological paradigm**

**Personal views; not those of The Boston Consulting Group or other organisations I am associated with**

## CONTRARY VIEWS?

ARENA	CONVENTIONAL VIEW	MY VIEW	IMPLICATIONS
Global climate outlook	Gradual moderate change (per IPCC)	<p>Positive feedbacks and climate history imply greater change</p> <p>Likely to be abrupt and chaotic, with severe impacts</p>	<p>Interventions will need to be greater</p> <p>Increased momentum for emission reductions</p>
Global environment, resources, economy and security	Stressed but continuation of business as usual	<p>Emergence of overshoot crisis</p> <p>Climate</p> <p>Food</p>	<p>The future will not be like the past</p> <p>New management paradigms required</p>
NZ economic outlook	More of the same	<p>Relative improvement</p> <p>Transformation momentum</p> <p>Repricing of food</p> <p>Safe haven capital and population flows</p>	Window of opportunity to adapt

# A SIMPLE MODEL



# **CONCLUSIONS**

**Strong early action necessary**

**Otherwise high risk of climate disaster**

**Possibly already too late given existing damage, lags and obstacles to action**

**Comprehensive, inclusive agreement required**

**Mixed model most feasible solution**

**Per capita basis unachievable by and unacceptable to developed countries**

**Intensity basis unacceptable to developing countries because it requires early reductions in per capita emissions**

# **AGREEMENT STRUCTURED TO OVERCOME COLLECTIVE ACTION/FREE RIDER PROBLEM**

**Each country's commitment conditional on commitment by critical mass of other countries**

**Critical mass sufficient to ensure benefits from climate risk reduction greater than economic costs for each committing country**

**Sanctions to encourage sign-up and discourage defection**

**Promises made by committing countries are credible**

# **PROPOSED NZ POSITION (I)**

**Climate change is a serious threat and a strong, early response is required**

**Argue for a comprehensive inclusive mixed model agreement, with sanctions**

**Argue for recognition of sectoral initial positions and difficulty of change (e.g. for agriculture)**

## **PROPOSED NZ POSITION (II)**

**Commit to a proposed strong, comprehensive, inclusive agreement**

**NZ gains from effective collective climate action will outweigh direct costs**

**Strategically assess elements of a proposed partial or fragmented agreement**

**Climate and overshoot crisis likely**

**Need to focus economic resources on adaptation**

**Seek next opportunity for strong collective response?**

# **AN EFFECTIVE AGREEMENT WILL REQUIRE MORE EMISSION REDUCTION THAN WE CURRENTLY EXPECT**

**Climate outlook will deteriorate and required change will increase as**

**Policymakers and others better understand the science**

**Advocate arguments shift from gaining consensus for change to securing sufficient change**

**Public demands and willingness to change will grow**

**Per capita reductions 25% to 40% required by 2020?**

**Business-as-usual insufficient**

# REVISE NATIONAL GOALS

## 20<sup>TH</sup> CENTURY

---

**Maximise relative GDP per capita**

**Protect environmental resources**

**Protect human and social capital**

## 21<sup>ST</sup> CENTURY

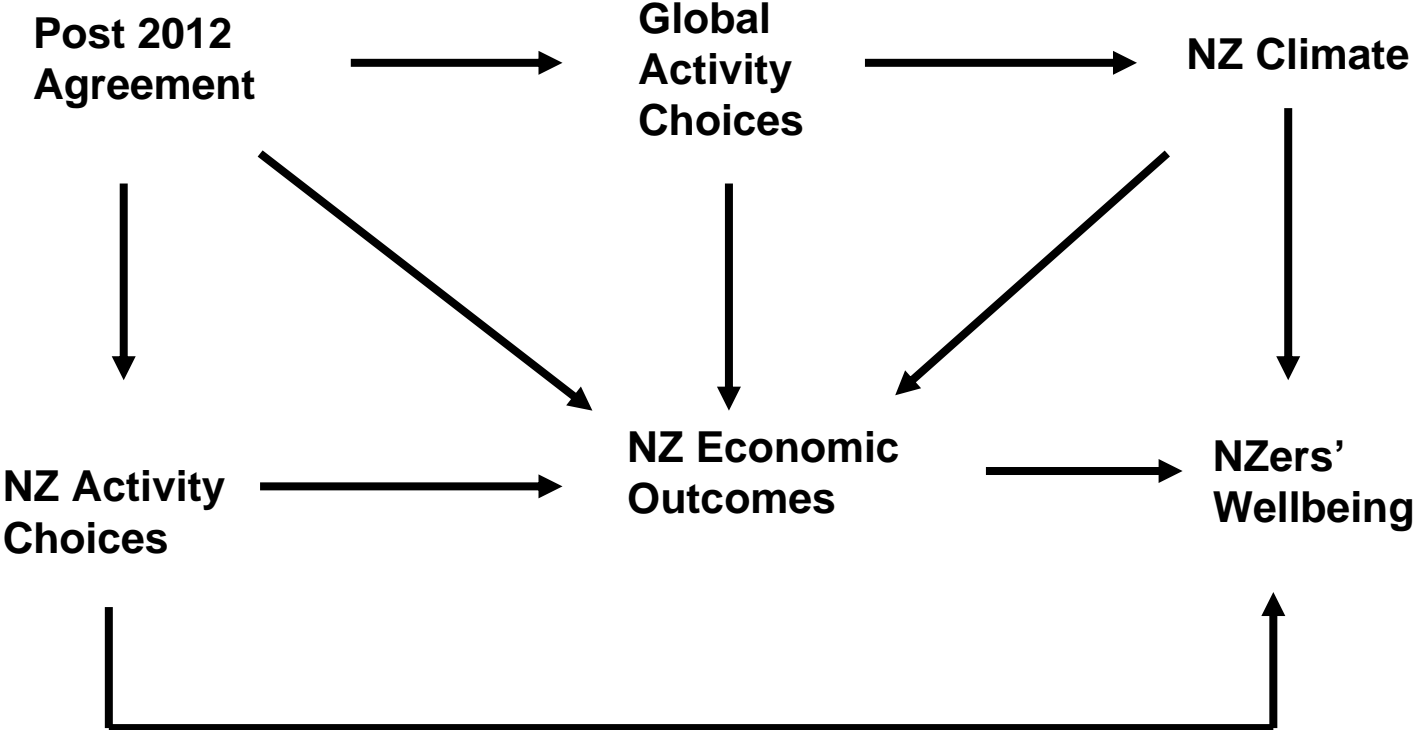
---

**Maximise wellbeing of population**

**Avoid environmental crisis and  
adapt**

**Ensure resilience and security**

**WELLBEING = f (ACTIVITY CHOICES, CLIMATE, ECONOMY)**



# **PRIORITISE EMISSION REDUCTION EFFORTS**

**Understand true economic and well-being benefits and costs of activity**

**GDP is a flawed measure of economic benefit**

**Prioritise opportunities**

**(1) Emission reductions that provide true economic benefits**

**(2) Opportunities that provide increased well-being whose value exceeds their true economic cost**

**(3) Opportunities that reduce short term well-being but are required to meet obligations and reduce long term risk**

# **ACCELERATE NZ RESPONSE**

**Mobilise population and redirect activity**

**Beliefs and values change**

**Information on emissions content of consumption  
and opportunities to reduce**

**Differentiated consumption taxes, emissions trading  
and other economic incentives**

**Redevelop infrastructure and transform economy – transport,  
energy, agriculture etc.**

**Develop acuity, agility, resilience and community**

**Establish institutional structures and processes to manage  
trade-offs**