Background document, *31 January 2007, Copenhagen*

3rd ASEM Environment Ministers' Meeting 24th - 26th April 2007
Climate Change and Sustainable Energy - Elaborations on the main issue of the meeting

Background
The ASEM summit in September 2006 in Helsinki identified "sustainable development with a special focus on MDGs, climate change, environment and energy" as a key focal area for its work over the next decade. The summit also agreed on a declaration specifically dealing with climate change. The Heads of State and Government invited the ASEM Environment Ministers to continue the dialogue on climate change at their next meeting, with a view to developing further possible concrete actions among ASEM partners to support implementation of the UNFCCC.

Denmark has offered to host the 3rd ASEM Environments Ministers' Meeting. The main issue to be dealt with at the meeting is climate change and sustainable energy, and how ASEM partners can cooperate on measures to deal with the common challenges. To substantiate the agenda, discussions have been suggested on technologies that promote sustainable use of energy as well as measures to deal with deforestation and loss of biodiversity in a climate-change context.

The objectives of this agenda:
- To develop further possible concrete cooperative actions among ASEM partners to support implementation of the UNFCCC and to gather further understanding of a post-2012 climate-change framework under the UNFCCC by exploring possible options and scenarios for further action.
- To gather further understanding of how ASEM partners can cooperate on measures to deal with the common challenges and in this way contribute to preparing the transition to low-carbon economies in ASEM countries. This will include suggesting possible means to improve energy efficiency and environmentally friendly energy and discussing the role of the private sector regarding deployment, development and investment in energy-efficient solutions.
- To provide a political platform for substantive discussions on the relationship between climate change and sustainable energy – a discussion that can benefit the preparations for the CSD 15 session in spring 2007 on energy for sustainable development and climate change.
- To gather further understanding of measures to avoid deforestation and promote win-win situations for biodiversity and climate.

Outcome of the meeting
- Clear political messages on ways forward for ASEM countries in cooperating on measures to deal with climate change and sustainable energy, deforestation and biodiversity loss, and messages which identify possible concrete follow-up activities.
- Recommendations targeting governments, international fora (CSD, CBD, Climate Convention, UNEP GC etc.), the private sector, international finance institutes, and regional groups (EU and ASEM). The text should relate to both a normative dimension in support of IEG/ MEAs and an operational dimension. There will be no formal mechanism within ASEM-meeting architecture, but rather a call for partners to support the spirit of the ASEM Environment Ministers' Meeting by engaging in bilateral partnerships and collaboration frameworks with focus on sharing technologies, financing mechanisms and research & development in new, more environmentally friendly technologies.

Themes of the meeting
Climate change and sustainable energy is the main issue to be discussed by ministers at the 3rd ASEM Environment Ministers' Meeting in Copenhagen.

Climate change is a global problem requiring global solutions. As ASEM partners, we face common challenges. Growth in our economies and in our energy sector affects our climate, and at the same time climate change challenges the future prosperity and security of our societies. Key to this relationship is economic growth and growth in the energy sector. According to the International Energy Agency (IEA), USD 6.3 trillion will be invested in the energy sector in ASEM countries up to 2030. These investments represent both a challenge and an opportunity, and it is crucial that they are guided by common goals.

Furthermore, according to the IEA World Energy Outlook 2006, energy demand will be approximately 50% higher in 2030 than today if no additional measures are taken. Hence, a transition towards a low-emissions

energy sector is crucial to secure sustainable development for the global economies. In other words, we need to find ways to decouple economic growth, energy consumption and CO2/greenhouse gas emissions.

Reducing energy consumption and meeting climate goals during periods of substantial economic growth is not only necessary, it is also possible. The means are energy efficiency at all levels (production, transmission and consumption) and deployment, innovation, development and transfer of energy–efficient and renewable energy technologies. The co-benefits include increased energy security, reduced air pollution, economic development through the creation of "clean jobs" and cost savings.

To substantiate the overall theme of the meeting, we suggest including discussions on technologies that promote sustainable use of energy and measures to deal with deforestation and loss of biodiversity in a climate-change context.

1 Technologies that promote sustainable use of energy
There are undiscovered and not fully exploited potentials in energy-efficient and environmentally sound technologies to respond to the combined challenge of reducing energy consumption and climate change. Much could be achieved if technologies that are already in place were fully deployed. And even more could be achieved with development of new technologies to promote sustainable use of energy. The challenge is to take full advantage of the potentials of well-known technologies, to mobilise relevant funding and to develop suitable policies in order to create the best conditions for the further development of these technologies. Existing mechanisms need to be intensified. For example the IEA RETD Implementing Agreement aims at accelerating the deployment of ready-to-market renewable energy technologies.

In addition, the development of new technology that promotes sustainable use of energy is important to ensure sustainable development paths for the future. The involvement of the private sector - its expertise and financial resources - is a key issue in this regard. However the private sector needs long-term guidance for its investments and prioritisation. The role of governments is therefore crucial in encouraging and in setting up the regulatory frameworks to guide private-sector involvement, innovation and investments in development of technologies.

In the 2006/7 biannual period the Commission for Sustainable Development (CSD) is focusing on the need to secure global access to cost-effective, environmentally sound energy services; how to expand the use of renewable energies and energy efficiency in order to enhance sustainable global energy security; and how to reduce the environmental impact of energy use.

The ASEM Environment Ministers' Meeting could provide an impetus to highlight the most central aspects of the upcoming CSD agenda by delivering clear policy messages that address regional and national levels in both European and the Asian Regions.

2. Measures to deal with deforestation and loss of biodiversity in a climate-change context
The ASEM 6 declaration on climate change explicitly recognises the need to complement climate change policies with actions to combat deforestation. Apart from housing rich biodiversity, forests have global importance as the largest terrestrial repository of carbon. The conservation of forests and other biodiversity resources can reduce the impact of climate change on people and production. Deforestation is estimated to be responsible for 20% of human-induced CO2 emissions. The conservation of forests and other biodiversity resources can therefore reduce the impact of climate change on people and production.

The conservation and sustainable use of biodiversity can strengthen ecosystem resilience, improving the ability of ecosystems to provide critical services in the face of increasing climatic pressures. Forests are also of great importance in preventing flooding and erosion, in securing good quality and quantity of water, and in protecting against natural disasters and improving the livelihoods of people living in or near them. As an example it is estimated that the conservation of mangroves could have prevented much of the damage caused by the Christmas 2004 tsunami.

Two policy areas which can benefit climate, biodiversity and forests together can be highlighted:

Avoiding deforestation and forest fires
Drivers for deforestation can be specific to the country or even local area and may be related to both national and international factors. Effective solutions will have to take the actual drivers for deforestation into account and should be defined at national level and, when necessary, they should be assisted by the international community. Deforestation is interlinked with forest fires in a vicious circle. Deforestation creates dry conditions and leaves wood residues which make the forest more vulnerable to forest fires. At the same time forest fires creates further deforestation. Forest fires release large quantities of CO_2 into the atmosphere.

Improving forest law enforcement and governance, and combating illegal logging and related trade
Illegal logging costs governments vast sums of money in terms of lost taxes and revenues. Enormous environmental damage and loss of biodiversity may be the result of illegal logging, for instance through logging in protected areas. At the same time illegal logging can facilitate illegal exploitation of wildlife and it may contribute to deforestation and increase the vulnerability of forests to fire, thus also negatively impacting climate change. Furthermore, illegal logging undermines sustainable forest management and has a long-term negative impact on the livelihoods of forest-dependent people, many of whom are among the world's poorest and most marginalised people. It is therefore essential to address illegal logging and related trade effectively in order to promote sustainable forest management and avoid deforestation.