



## HIGHLIGHTS FROM THE *AD HOC* INTERGOVERNMENTAL GROUP OF EXPERTS ON ENERGY AND SUSTAINABLE DEVELOPMENT TUESDAY, 7 MARCH 2000

The *Ad Hoc* Open-Ended Intergovernmental Group of Experts on Energy and Sustainable Development met throughout the day to discuss key issues in energy and sustainable development. Members of the Expert Group exchanged views on the Report of the Secretary-General.

### GENERAL DISCUSSION

Co-Chair Salamat invited general statements by the Expert Group on energy and sustainable development issues addressed in the Secretary-General's Report. The G-77/CHINA said the Report addresses elements of relevance to developing countries, although he noted that the applicability to developing countries and their state of development still presents problems. He underscored issues relating to capacity building, the level of understanding and skill in developing countries, technology transfer and removal of barriers, financing sustainable energy development, the use of traditional fuels and the constraints on shifting to other sustainable energy options.

The ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP) said the growth in energy demand in the Asia-Pacific region is expected to continue, and highlighted inadequate infrastructure, heavy dependency on fossil fuels, and lack of investment for the development of new and renewable energy sources as emerging problems.

The IUCN expressed concern at the G-77/CHINA's criticism, on Monday, 6 March, of the World Energy Assessment (WEA) report, noting in particular the Group's emphasis on conventional energy resources and their rejection of "leap-frogging" to cleaner and more efficient energy sources. The IUCN said the WEA report clearly demonstrated that a conventional high technology resource path would be so capital intensive that it would leave little room for spending on other critical needs in developing countries.

The RUSSIAN FEDERATION outlined his country's long term national energy policy objectives of: mobilizing finance and creating an attractive investment climate; improving nuclear power facilities; gradually reducing and eliminating subsidies; international cooperation; optimizing the transport sector; developing renewables; and using cleaner technology.

SWITZERLAND emphasized two key issues: access to energy, especially in rural areas; and improved energy efficiency through incentives and institutional support. He emphasized the role of decentralized energy supply and micro-financing schemes. The EU emphasized the need for structural reforms in the energy sector, including the elimination of inefficient monopolies, introducing accurate price signals, and phasing out harmful energy subsidies. He encouraged the creation of efficient transport systems and the enhancement of public-private partnerships, and supported good governance through the increased participation of civil society. He urged donors to strengthen efforts in meeting the 0.7% GNP targets.

The REPUBLIC OF KOREA proposed areas for possible future strategies including: developing energy access programmes targeted at the poor; examining the effects of privatization of the energy industry and fully utilizing economic instruments to achieve sustainable energy systems. VENEZUELA suggested that CSD-9 identify means to, *inter alia*: eliminate subsidies for traditional energy production, restructure tariff and tax structures, eliminate barriers to the development and transfer of technology, mobilize financial resources for both renewable and conventional energy, and recommend transnational companies to incorporate sustainable energy practices.

IRAQ noted the impediments created by the economic sanctions to the reconstruction and development of electricity infrastructure destroyed during the Gulf War.

POLAND supported a focus on renewables through R&D, technology assistance, capacity building and pilot projects, and underlined the need for technology to reduce the impact of fossil fuel combustion. Noting his government's recent decision against installation of new nuclear plants, he urged the CSD to address the issue of nuclear power. The UN ECE emphasized the importance of a regional approach, and highlighted the potential for significant energy efficiency improvements in EITs. He argued that energy taxes penalize national economies, and suggested monitoring the process of market liberalization, and questioning its compatibility with promoting energy efficiency and sustainable development. DENMARK, responding to the UN ECE, said it was his country's experience that energy taxes contributed both to the reduction of CO<sub>2</sub> emissions and to the development of the economy and industrial innovation. ITALY outlined his country's positive experience in introducing a carbon-based tax aimed at improving energy efficiency, increasing use of renewables, and job creation.

On procedure, the US requested the Co-Chairs to help identify those policies appropriate for international and domestic application, and to organize a sector by sector analysis with a view to producing a menu of policies.

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UNESCO outlined its activities to promote solar power, and called on the CSD to integrate its proposals and activities with existing initiatives. The World Meteorological Organization (WMO) encouraged the Expert Group to recognize the importance of the climate-energy relationship, by including within the appropriate key issues, the need for increased support for national and international cross-disciplinary activities that can apply climate information to effective planning, design, and management strategies throughout the energy sector. INDONESIA underscored accessibility of energy and financing of the energy sector as key areas for the Group's work.

Reporting on a recent conference on clean energy, the WORLD SUSTAINABLE ENERGY COALITION said pollution avoidance is a global task requiring international coordination. He called on countries to, *inter alia*: formulate targets for the adoption of non-polluting technologies, estimate the investment required for introduction of renewable energy and implement or extend existing environmental monitoring systems.

### KEY ISSUES IN ENERGY & SUSTAINABLE DEVELOPMENT

Co-Chair Freudenschuss Reichl invited the Expert Group to focus on the key issues identified in the Secretary-General's Report and to consider what could be done internationally to promote sustainable energy development and add value to national efforts.

**ACCESSIBILITY OF ENERGY AND RURAL ENERGY:** CANADA cited her country's programmes in Latin America, and commended regional approaches, noting the need for political commitment to support cooperatives, micro credit and leasing arrangements. AUSTRIA addressed the importance of biomass for developing countries. On energy deregulation, FRANCE called for a sociological distinction to be made between captive urban-based energy users and non-captive users in rural areas. FINLAND, with the FAO, said energy access considerations for the rural and urban poor should include energy for production and income-generation activities. He pointed out that poverty is a main barrier to access to energy and called attention to related comments by the G-77/China. The RUSSIAN FEDERATION highlighted opportunities for experimenting with new energy sources in areas of low intensity agriculture.

**FINANCING THE ENERGY SECTOR:** Noting the political and economic risks constraining investment in energy efficiency, the RUSSIAN FEDERATION suggested the creation of "guarantee funds." Highlighting the problem of inefficient monopolies and energy subsidies, DENMARK emphasized the need for structural reform, noting that in many developing countries even minor changes in policy approaches may have significant impacts on energy use. CANADA underlined that investment will not be forthcoming unless there are favourable returns, and noted the need for governments to establish an enabling environment. She identified the need to improve the financial community's level of knowledge of energy efficiency investment and new technologies.

**ENERGY EFFICIENCY:** FRANCE highlighted the need for specific inclusion of the transport sector. He noted that in developed countries, energy demand is often rigid as a result of the long life-span associated with existing infrastructure, and noted the potential for many developing countries to avoid this problem where such infrastructure has not yet been established. The US identified energy efficiency as an attractive opportunity for effective national and international action. He noted recent US progress with labelling, standards, and research, and highlighted the potential for effective inclusion of energy efficiency within development assistance.

**ADVANCED FOSSIL AND NUCLEAR FUELS TECHNOLOGIES:** CANADA informed the Group on its development of a knowledge-base on a range of technologies across industry and other sectors. She said that for Canada to meet immediate and longer-term energy requirements, provision needs to be made for nuclear power within a broad energy mix.

**RENEWABLE ENERGY:** The WORLD SUSTAINABLE ENERGY COALITION supported IUCN's earlier statement that economic sources of renewable energy exist, and appealed for political will to support their use. On the cost of renewable energy, DENMARK suggested identifying means to make renewables cheaper. VENEZUELA called for newer and better mechanisms to speed up the development of new energy technologies. The G-77/CHINA cautioned against conditionalities and time limits for the introduction of new technologies. Supporting further research on renewable, he said the results could be mainstreamed depending on their proven potential

CANADA described its renewable energy strategy that promotes a mix of renewables driven by market initiatives, noting that this is reflected in the work of its international development agency. AUSTRALIA outlined national efforts in the development of new technologies and underlined the benefit of sharing experiences in the application of the technologies and on how some can be duplicated in a cost-effective way.

Noting that although alternative sources must play a role in a sustainable energy future, NORWAY stressed recognizing that it will take time before they can make a significant contribution. With VENEZUELA, he said that increased energy demand will have to be met using fossil fuel, with substantial improvements reached through technology innovation, changes in supply mix and increased efficiency. SUDAN emphasized the need to address financing of the energy sector and technology transfer to facilitate adaptation of new technologies.

**ENERGY RELATED ISSUES IN TRANSPORTATION:** CANADA noted the contribution of sustainable transportation to the country's prosperity and described the country's Intelligent Transport System. IRAN underlined the importance of improving traditional energy sources. The WORLD SUSTAINABLE ENERGY COALITION commented on the advantages of natural gas infrastructure because it can be adapted for biogas. NIGERIA, for the G-77/CHINA, called on the international community to bring the security of supply and demand for fuel into line to avoid frequent price fluctuations. TUNISIA, supported by PORTUGAL, suggested consideration of the issue of transporting energy products. The ENERGY AND CLIMATE CAUCUS said developed countries had exported unsustainable policies, practices and out-of-date technologies to developing countries.

### IN THE CORRIDORS

Expert, NGO and developing country observers expressed some surprise at positions on renewable energy sources advanced by Nigeria, on behalf of the G-77/China. Some felt that the cautious approach to renewable energy sources compared well with OPEC interests. An expert observer suggested that any misgivings derived from fears about the introduction of exogenous technologies were misplaced, given the developing countries' bountiful biomass and hydro-energy resources and the healthy photovoltaic industry in countries like India.

### THINGS TO LOOK FOR TODAY

**AD HOC EXPERT GROUP:** The Expert Group will meet in Conference Room 2 from 10:00am to consider the Co-Chair's first draft summary on the discussion of key issues on energy and sustainable development. The Co-Chairs' first draft summary of discussion on key issues is expected to be circulated at 10:00 am.

**BASEL AGENCY FOR SUSTAINABLE DEVELOPMENT:** The Government of Switzerland will make a presentation on the Basel Agency for Sustainable Development, from 1:15 - 2.45 pm in Conference Room 2.

**ELEMENTS OF A SUSTAINABLE ENERGY POLICY:** There will be a presentation on Elements of a Sustainable Energy Policy, organized by the Government of Germany with the International Solar Energy Society and the German Aerospace Centre, from 6:15 - 7.45 pm in Conference Room 2.