The year 2008 was one of global issues, issues that should be viewed as both “problems” and “questions”. A moment of reflection on recent events enables us to see that the global agenda has never been so full, and the terms of cooperation required have never been so elusive or changeable. To underline this fact, let us consider, for example: the financial crisis and the urgent formulation of diverse recovery plans; the heated debates during the Conference of the Parties to the Framework Convention on Climate Change (UNFCCC) in Poznan (in preparation for the Copenhagen meeting in December 2009 where the arrangements for “post-Kyoto” cooperation should be established); the developments of the WTO Mini-Ministerial meeting organised in Geneva in July; and also the launch of official talks on IPBES.

Negotiating the post-Kyoto regime is a far more complex matter than the negotiation of the original protocol over 10 years ago, which was already a difficult task. In the same sense, the WTO negotiations are not those of the GATT; IPBES is not the IPCC; and it seems that the solutions to the current financial crisis are not to be found in either the history books or those on economics. The international community thus appears to be united around the identification of several common problems, without the support of any conceptual or normative references enabling it to solve these problems in a calm and coordinated manner. In this context, global governance is built, restructured and supplemented through experimentation and trial and error. Producing ideas that are highly relevant for public decision-making, understanding and anticipating, debating and clarifying are the goals that IDDRI has set itself since its creation and which, more than ever in 2008, showed themselves to be at the top of the agenda once again.

**THE POST-KYOTO REGIME WILL BE CLARIFIED AFTER COPENHAGEN**

The Bali Action Plan, adopted during the Climate Change Conference in December 2007 (COP13/MOP3), invited the Parties to reach an agreement within the next two years and to ratify it by a decision during the 15th Conference of the Parties to be held in Copenhagen, Denmark, in December 2009. The modest objective of the Poznan meeting in December 2008 was to begin to determine the nature of the international agreement, along with its structure. Indeed, the Action Plan addresses all the key points – emissions reductions, adaptation (which is becoming an important issue of the work plan), technological cooperation and financing (with regard to the role of forests in carbon sequestration) – but it lacks guiding principles between these different points. The Action Plan is a major market for solutions that can potentially be combined, based on an essentially national, voluntary approach. The negotiation process must organise this approach and, in particular, ensure that this set of actions is up to the challenge, namely to attain a global emissions peak in the next 20 years in order to enable the effective, permanent and drastic reduction of these emissions by 2050.

We know today that the Bali Action Plan paradoxically reflects both the success of the European effort in terms of political mobilisation, and its failure at a doctrinal level, since the idea of quantified, binding commitments...
for developed countries has not been imposed, while the American vision of a bottom-up approach, incorporating the reductions or reduction efforts of each party, has not been ruled out.

In 2008, Europe strove to demonstrate its unwavering commitment to combating climate change under the Kyoto Protocol. Its climate and energy package adopted in December 2008 aims to show that reduction efforts are possible in line with the minimum efforts required by the IPCC; its goal is therefore to lead by example. The climate and energy package also contains several negotiating tools aimed at developing countries, suggested in the hope that the empty chair left by the Bush administration at the UNFCCC table will find in President Obama’s climate team a negotiator that supports multilateralism.

As in Bali where it failed to impose its mitigation strategy, during the Poznan preparations and negotiations the European Union showed the limitations of arguments based on cooperation compared to those based on sovereignty. Relying on the example, and choosing to hastily conclude its climate and energy package to coincide with the Poznan Conference, the European Union revealed as much if not more about its internal contradictions than the exemplary nature of its climate policy, regardless of the intrinsic qualities of this policy. Furthermore, the two main negotiating tools for developing countries contained in the climate and energy package — the financial tool, which allocates some of the revenue from emissions quota auctioning for developing countries; and the political tool, with the shift from a 20 to 30% reduction in greenhouse gas emissions by 2020 — have not been as effective as hoped. In terms of finance, what undoubtedly stands out is that the European Union has abandoned the idea of making it compulsory to reserve some of the auction revenue for mitigation and adaptation projects in developing countries. While the incentive of the shift from a 20 to 30% emissions reduction puts Europe in the embarrassing position of having already shown its hand and revealed its maximum stake, and also being obliged to politically assess the “satisfactory” nature of the future Copenhagen agreement, to which the move to 30% is subject. Given that this agreement is unlikely to be set in stone, the political interpretation of its satisfactory nature could lead to contradictory, heated debates within the Union, which is not the type of publicity required.

It is therefore of utmost importance to rapidly and accurately establish the nature and content of the Copenhagen agreement. With this in mind, ten IDDRI representatives actively participated in the Poznan preparatory meeting — the last Conference of the Parties before Denmark — either by providing support to facilitate the actual negotiations on different issues (sectoral agreements, financing, deforestation, adaptation, etc.), or by contributing to expert debates organised alongside the negotiations (decarbonising the European economy, financing deforestation, etc.).

Throughout 2008, sectoral approaches were the subject of sustained attention and numerous debates, in particular regarding their usage as a framework for a potential meeting point between the bottom-up approach, based on the idea of a register of national climate initiatives, and a more top-down approach involving quantified, binding targets negotiated in a plurilateral or multilateral manner. In partnership with the French government and prior to the third Major Economies Meeting (MEM), IDDRI thus organised a high-level workshop on the issue. Having used this meeting to clarify what can be expected of the different types of sectoral agreements in terms of the objective of reducing greenhouse gas emissions, IDDRI’s work now focuses on the content of the international finance “package”, a set of measures that should support sectoral public policies in developing countries, especially in the energy sector, in order to remove barriers to investment. IDDRI also contributed to drafting the annex on sectoral approaches for Tony Blair’s initiative, “Breaking the Climate Deadlock”. Finally, as part of its support to Michael Zammit Cutajar, the then Vice-Chair of the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) under the UNFCCC, IDDRI prepared the meeting held in Accra in August 2008, which provided the opportunity to take stock of the attention given to sectoral approaches by the different delegations. IDDRI is continuing its mission with Michael Zammit Cutajar, now Chair of the AWG-LCA, by facilitating discussions at the European level or with negotiators from developing countries.

A distinctive feature of this era is the proliferation of climate diplomacy initiatives, both within and beyond the UNFCCC agenda. The fact that the Copenhagen meeting is imminent and that progress has been so slow on the “technical” negotiation of the content and scope of the agreement text, means that the politicisation of negotiations is inevitable. This is evidenced by the involvement in the negotiations of new government sectors, ministers of the economy and finance, ministers of foreign affairs and heads of State.

The links between climate policy and other policy areas, especially security, economic and development assistance policies, will thus be systematically consolidated. Climate change mitigation is becoming an analysis framework — which is sometimes too prevalent — for international policy.

In anticipation of a possible political solution, IDDRI and CCAP (Center for Clean Air Policy) are organising and coordinating the meeting of the US-EU Dialogue on Climate
and Energy. This joint dialogue aims to identify points of agreement and disagreement in US and EU domestic policies, together with their effects on developing countries in the context of the international negotiations under the UNFCCC and other parallel processes. An initial meeting was held in Paris in April 2008; a second took place in Washington with the new US team in January 2009. All of this work by IDDRI, at the intersection between research and politics, is a long-term undertaking. Preparing the post-Kyoto regime means preparing the post-Copenhagen regime.

These dialogues must continue. Economic stakeholders and local authorities are also becoming politically involved in climate issues, which has resulted in the emergence of a new situation: because negotiations are more global and inclusive, more countries are participating and reasserting the sovereignty of their national State. At the same time a growing number of stakeholders are demanding — and will undoubtedly obtain — recognition of their role and a seat at the decision-making table.

A CHANGING CLIMATE FOR BIODIVERSITY

Launched in 2005 in Paris, during the international conference on biodiversity, the concept of an international expert panel on biodiversity (described as “biodiversity’s equivalent to the IPCC”) has developed considerably since then. Two years of consultations held around the globe on the International Mechanism of Scientific Expertise on Biodiversity (IMoSEB) led to a meeting of scientists in Montpellier, France, in 2007, proposing its effective launch. The French government asked Laurence Tubiana, supported by the IMoSEB secretariat and by IDDRI’s experts, to assist in implementing the recommendations made in Montpellier at the international level and to contribute to drafting the strategic guidelines. In Bonn in 2008, the Conference of the Parties to the Convention on Biological Diversity voted a resolution in favour of the expert group, now known as IPBES (Intergovernmental science-policy Platform on Biodiversity and Ecosystem Services).

IDDRI assisted in the preparation of a consultative conference in Putrajaya, Malaysia, in November 2008, which aimed to bring together initiatives under the Millennium Ecosystem Assessment (the first attempt at globally assessing ecosystems and the services provided to societies), the IMoSEB and IPBES. The conference revealed the need to conduct a gap analysis of the current science-policy interface in terms of biodiversity protection, and also to provide a clearer shared vision of the mandate of this future platform and the way in which it will function. The relations between the IPBES and the United Nations Convention on Biological Diversity (CBD), in particular, are still problematic. These relations should be clarified by 2010, the International Year of Biodiversity, during which the international community (the CBD and the United Nations General Assembly) will review the 2010 target adopted during the 6th Conference of the Parties to the Convention on Biological Diversity in 2002 (“to achieve by 2010 a significant reduction of the current rate of biodiversity loss at the global, regional and national level as a contribution to poverty alleviation and to the benefit of all life on earth”). It is expected to adopt new measures on the conservation, sustainable use and equitable sharing of biodiversity.

Long before this meeting, it was announced that following on from the creation of the IPBES, biodiversity would have its “Stern Review”. In 2007, the German Environment ministry and the European Commission, in association with other partners, launched a joint initiative to draw attention to the estimated cost of biodiversity loss and the degradation of ecosystems, along the lines of the calculation of the economic costs of inaction on climate change found in Sir Nicholas Stern’s report. Pavan Sukhdev was tasked with heading this project. His study establishes the costs of biodiversity loss and the degradation of ecosystem services, which it compares with the costs and benefits of their conservation and sustainable use.

Although the parallels with the Stern Review are obvious, the issues are in fact rather different. In November 2008, IDDRI therefore invited Pavan Sukhdev to submit his interim report to a critical debate on the structure of the problem (climate change on one hand, biodiversity on the other), the organisation and influence of the different epistemic communities involved, the state of the art of economic science and the political recommendations that could stem from the two reports.

IDDRI and CCAP (Center for Clean Air Policy) are organising and coordinating the meeting of the US-EU Dialogue on Climate and Energy.
GREEN RECOVERY, THE RISKS AND OPPORTUNITIES

The Nobel Prize Winner in economics, Paul Krugman, stated in his book published in 2007, *The Conscience of a Liberal*, that he was hoping for a new Roosevelt. It is not our role to speculate on Obama’s legacy; it seems, on the other hand, that today’s statesmen turn Krugman’s statement around: politicians are looking for an economist who will set out and disseminate the paradigm of a “green recovery”. Modestly, Paul Krugman does not claim to be this providential economist. As no one has yet stepped forward, national recovery plans are juxtaposed, while a global strategy and overall structure are still lacking. Faced with the conceptual, but also political and social difficulties in producing the appropriate incentives and constraints to enable economies to “decarbonise”, the scientific and political communities have articulated the idea of a “green” emergency plan, which is a contradiction in terms. We cannot change our development path hastily, as dictated by a financial crisis, unless preparations for this change began a long time ago, which, in light of the difficulties involved in negotiating a bold, voluntary climate agreement, does not appear to be possible. The radical redirection of development paths towards sustainable, low-carbon economies cannot be achieved, given the lack of preparation, by simply snapping our fingers. There is a lack of ideas concerning technologies and policy content and a need for more debates and deliberation to enable massive changes in production, investment and consumption patterns.

However, while we should not expect miracles from a green recovery, the contrast between the investment requirements linked to the energy transition and the outlook of the crisis calls for a close look at the nature of economic programmes. The efforts made in 2008, 2009 and in all likelihood in 2010 raise fears that if we miss the opportunity to “green” these investments, precious years will be lost. On the contrary, certain investments (especially those in the infrastructure and building sectors) may accentuate this inertia and delay future change. In any case, the crisis and the solutions provided have launched a more global debate on growth models, which has moved beyond the realm of advocacy to include a greater number of economic stakeholders. The issue of changes in development paths has been taken up by economic groups – both industrial and financial – and social organisations, as seen by the debate within trade unions. This by no means suggests that the conditions for change have been met, but discussions regarding the creation of these conditions are now an integral part of the economic policy debate. Under these conditions, the economic crisis coupled with other global problems encourages us to question national and multilateral governance structures, which may in itself be a good thing if our goal is more effective global governance; but it also carries a risk, that of conservatism: changing everything so that things stay as they are. Based on this observation and intuition, IDDRI submitted for European Commission funding a study of the political and social conditions for change, in cooperation with LSE, the Free University of Berlin and Sciences Po. Drafted in 2008 at the onset of the financial crisis, this project was accepted and will be launched in spring 2009. Its empirical material will be partly provided by the original substance of the post-2012 negotiations, experienced in vivo.

For IDDRI, this sixth year of existence was a pivotal one: a year to test the relevance of creating such an organisation in France, as evidenced by international recognition and national institutionalisation. It was also a year to prepare for changes to establish the future vision of IDDRI with a useful tension between policy-oriented work and academic research: our goal for the coming years.
PROGRAMMES & HIGHLIGHTS
In 2008, the governance programme underwent a transition. The round of activities linked to trade governance partly ended, and was redirected towards development and climate issues. At the same time, a research programme on the political and social conditions of change was drawn up by IDDRI and successfully submitted for EU funding. The challenge facing IDDRI is to increase its capacity to provide analyses and recommendations on global governance, without being exclusively tied to the short-term negotiating agenda or to current governance institutions and procedures, which would be seen as a given.

GOVERNANCE OF SUSTAINABLE TRADE
Sustainable development appears in the Preamble of the World Trade Organization (WTO) as one of its objectives, in addition to those defined under GATT. Indeed, the Preamble states that Members should recognise “that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world’s resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development”.

The cautious wording and the lack of any normative framework for defining “sustainable” trade policies have led WTO member States to clarify links between trade liberalisation and sustainable development, mainly through the case law established according to rulings rendered by the WTO Dispute Settlement Body (DSB). Europe has distinguished itself since 1999 by launching an ex ante assessment of the impacts of trade liberalisation on sustainable development (the sustainable impact assessment, or SIA) for each of the trade agreements it commits to signing. The underlying idea is to identify the impacts on a case-by-case basis in order to correct them by means of ad hoc policies.

In a forthcoming book co-edited with Paul Ekins of King’s College, to be published by EarthScan, IDDRI reviews the case-by-case approach developed by the WTO and the EU. As the result of a research programme financed by the European Commission between 2005 and 2007, the book includes most of IDDRI’s contributions on trade and sustainable development written during this period, with particular emphasis on three shortcomings of ex ante impact assessments: the insufficient integration of the distributive effects of trade; the overly static formalisation of market equilibria; and the almost complete ignorance of political economy considerations and collective preferences. A research agenda is proposed in each of these directions.
TRADE AND CLIMATE

The use of trade policy instruments such as customs duties as accompanying measures for climate policies has been the subject of comments and criticism since the EU and then the United States officially began to examine their possibilities. IDDRI has taken part in international debates on the subject by presenting analysis papers and comments during a series of conferences, such as the International Seminar on Trade and Climate Change organised by the German Marshall Fund and the Danish ministry of Foreign Affairs, which brought together experts in Copenhagen from 18-20 June 2008, or the workshop on “The EU Climate Policy and Border Adjustment: Designing an Efficient and Politically Viable Mechanism”, organised by the laboratory of the Ecole Polytechnique in Paris on 15 September 2008.

IDDRI has also conducted specific research on the economic, environmental and political benefits of establishing export taxes in China from the perspective of post-2012 negotiations (see Highlight p. 16). This thematic area, which IDDRI will pursue from 2009 to 2011 in the form of a thesis financed by a CIFRE grant, is part of the Climate Strategies research project entitled “Tackling Leakage”.

EMERGING COUNTRIES IN GLOBAL GOVERNANCE

Since 2008, IDDRI has been part of a consortium of research centres financed by the Agence Nationale pour la Recherche (ANR, French public research agency) as part of the project on the behaviour of emerging countries in sustainable development governance. IDDRI is involved in several of its work packages, especially those dealing with trade governance, natural resources management and climate change.

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India is one of the countries that are of major interest to this research, due to its pivotal role in WTO negotiations, as was seen in July 2008 during the latest attempt to conclude the Doha Round. In 2008, IDDRI thus gave particular attention to India’s negotiating positions at the WTO. It strove particularly to present and explain the apparent paradox between India’s confirmation as an emerging power capable of postponing multilateral negotiations, and the fact that it remains a “small” country in terms of trade. Centred on the reciprocal relations between the multilateral agenda and the national political agenda, this research puts into perspective the hierarchical structures, scientific knowledge and internal power struggles in the development of an emerging country’s negotiating positions. Entitled “An Overview of India’s Trade Strategy”, the paper will be included in the collective publication bringing together the major contributions to the ANR project.

LAUNCH OF A PROGRAMME ON THE CONDITIONS FOR CHANGE

The two global challenges facing not only rich countries but also emerging and low-income countries are, according to Sir Nicholas Stern, climate change and poverty reduction (or improving the lot of the “bottom billion”). Meeting this dual challenge implies very rapidly diverting the development paths of each of these groups of countries. Difficulties in coordinating climate policies and development assistance policies show that the production of scientific knowledge and the establishment of a multilateral negotiation framework are not sufficient conditions for meeting these challenges. Identifying the political, social, ideological and cognitive obstacles to the trajectory changes required by sustainable growth in terms of greenhouse gas emissions and poverty is a precondition for recommending and establishing sustainable policies. Studying the conditions for change is therefore the subject of a multi-disciplinary research project coordinated by IDDRI, bringing together LSE,
the Free University of Berlin (FUB) and Sciences Po, and financed by the European Commission. Set up in 2008, this project will run from 2009 to 2011. Some of its empirical material will be provided by the original substance of the post-2012 negotiation – experienced in vivo – and the reform of official development assistance as observed in Germany, the United Kingdom and France.

GLOBAL PUBLIC GOODS AND THE MILLENNIUM DEVELOPMENT GOALS

In the field of the governance of global public goods, the provision of basic services (water, sanitation, waste, etc.) is now the subject of a collective international commitment, especially since the adoption of the Millennium Development Goals and the World Summit on Sustainable Development in Johannesburg in 2002. While two billion extra people are expected to move to urban areas in the next 20 years, the issue of global financing for infrastructure in a context of rapid urbanisation, and especially that of access to basic urban services, is rightly raising questions facing the international community. The means of financing these services, and especially of sharing costs, remain the subject – even in developed countries – of intense debate in a field whose effective operations, especially in developing countries, are paradoxically poorly understood. The IDDRI Foundation has thus chosen to launch a research project on financing urban drinking water and sanitation services in developing countries, with the aim of analysing the methods for sharing the long-term global costs between actors (mainly consumers and taxpayers) and the socio-political dynamics at the origin of these compromises. Different research teams are being mobilised under the coordination of the IRD (French Research Institute for Development).

The two global challenges facing not only rich countries but also emerging and low-income countries are, according to Sir Nicholas Stern, climate change and poverty reduction.
Since IDDRI was welcomed into the Sciences Po offices (January 2008), we have forged links with the activities of its Sustainable Development Center (SDC) and sought convergence with the general guidelines established in late 2008 by the Sciences Po board. This led to the definition of a priority thematic area, “Earth Policies”, directly echoing the work of the SDC and IDDRI on sustainable development. The expression “sustainable development” reflects two principles and one challenge. The two principles are: (1) despite the environmental crisis, the quest for human development is legitimate and should be pursued in different parts of the world in a context of coevolution with nature; and (2) that the requirements for preserving the key functions of natural systems cannot be acknowledged outside the unchanging processes of population growth, economic growth and technological development, but only through radical changes in the physical content of development paths. And the challenge: is humanity capable of organising the necessary change of direction before it is too late?

Although many experts, both individually and within collective specialist bodies, have given warnings about phenomena already in progress and the serious threats posed, the individual and collective responses provided to date are woefully inadequate in the face of the challenges identified. Knowledge is not enough to create a common will and to change attitudes and behaviours. The study of this interface between the sphere of knowledge and that of collective action and behaviour is the very backbone of the programme. How can we explain what appears to be a collective inability to act sufficiently quickly? Can we identify the components and progress needed to break the deadlock in the face of the required paradigm change? Two avenues will be explored. The first underlines the lack or inadequacy of any connection between knowledge and collective action in the fields in question, despite all the warnings from the knowledge society.

The programme identifies the institutions and mechanisms for economic coordination as the targets for the necessary changes. The second avenue highlights active resistance to change, which arises because there are some that dispute the necessity for action. It identifies the target as the political processes that underpin government systems and priorities, which must allow for sustainability in the planning of future development.

The thematic areas of the 2009 programme

> Sustainable development and international governance: what new institutions should be promoted? What level of importance should be attached to the demand for international justice in the management of global public goods?

> How should responsibilities be shared between the State, companies and NGOs to encourage the necessary changes in development paths? Should economic instruments (tax incentives, quota markets) be fostered or abandoned?

> Can technical innovation be redirected to serve sustainable development? What is the impact of intellectual property rules?

In which direction should we steer the different urban development paths and by means of what type of governance?

> For each of these thematic areas, the link between obstacles and potential for change will structure the debate, and particular attention will be given to the pace of change needed to achieve sustainability.

> Cutting across these thematic areas, two specific fields will be prioritised: climate change and biodiversity resources.
In December 2008, Europe confirmed that it would continue and step up its efforts to reduce greenhouse gas emissions beyond 2012, even if no multilateral agreement on climate change is signed in December 2009 in Copenhagen. Putting a unilateral price on carbon raises a number of challenges. The most prominent concerns are the competitiveness of European companies required to buy emissions credits in Europe, and carbon leakage due to offshoring and/or an emissions increases outside the European Union. To meet these challenges, Europe is considering different mechanisms, including the free allocation of emissions quotas or border adjustment measures, such as European importers purchasing emissions credits. These measures aim to reduce cost divergences due to the price of carbon. In the post-2012 world, trade and climate are thus linked to each other in one way or another in Europe.

Emerging countries such as China, whose low costs could harm competitiveness and aggravate leakage problems in Europe, are also understanding the connection between trade and climate. China’s responsibility for its own emissions is still being debated by Chinese officials, who claim that a substantial portion of their national emissions comes from the manufacture and processing of products for the European, US and Japanese markets. Consumers in these countries are thus the true “emitters”. Moreover, for the last two years, China has been taxing exports of energy-intensive products, which is notably expected to reduce steel, aluminium and cement efforts, and to restructure the production mix of the Chinese economy. Development and energy efficiency are once again linked to trade and climate.

In this context, IDDRI has attempted to answer the following question: can Chinese restrictive trade measures substitute or complement the unilateral adjustment measures envisaged by Europe for the post-2012 period? The aim is to clarify to what extent the Chinese agenda for development and energy efficiency is compatible with the European climate agenda. In particular, the study has made it possible to estimate the equivalent of Chinese export taxes on products such as aluminium, steel and cement, measured in terms of taxes on the carbon emitted by the production of these exports.

**WHAT IS THE EQUIVALENT OF CHINESE EXPORT TAXES MEASURED IN TERMS OF TAXES ON CARBON PRODUCED IN THE MANUFACTURE OF PRODUCTS EXPORTED?**

Based on the energy consumed in China for the production of aluminium, steel and cement, IDDRI has converted the amount of Chinese export taxes on these products into “euro/tonne CO₂ equivalent”. The graph below shows tax levels on the x-axis, and their euro/tonne CO₂ equivalent on the y-axis. The corresponding figures are provided in the table below the graph. After adjustment for indirect emissions, enforced export taxes for aluminium and steel in China in 2007 (a tax rate of approximately 15%) translated into an effective carbon tax of 20-40 euros per tonne. This is the level forecasted by the European emissions trading scheme for the 2012-2020 period. China therefore “taxes” the carbon produced for its exports of steel and aluminium at a level comparable to what the European Union plans to charge its industries, with the exception of cement, which is “under-taxed” according to our estimations.

<table>
<thead>
<tr>
<th>Tariff cost</th>
<th>5%</th>
<th>10%</th>
<th>15%</th>
<th>20%</th>
<th>25%</th>
<th>30%</th>
<th>35%</th>
<th>40%</th>
<th>45%</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>15.72</td>
<td>30.01</td>
<td>43.06</td>
<td>55.02</td>
<td>66.03</td>
<td>76.19</td>
<td>85.59</td>
<td>94.33</td>
<td>102.46</td>
<td>110.05</td>
</tr>
<tr>
<td>Aluminium</td>
<td>9.71</td>
<td>18.54</td>
<td>26.6</td>
<td>33.99</td>
<td>40.79</td>
<td>47.07</td>
<td>52.88</td>
<td>58.27</td>
<td>63.3</td>
<td>67.99</td>
</tr>
<tr>
<td>Cement</td>
<td>1.28</td>
<td>2.44</td>
<td>3.5</td>
<td>4.47</td>
<td>5.36</td>
<td>6.19</td>
<td>6.95</td>
<td>7.66</td>
<td>8.32</td>
<td>8.94</td>
</tr>
</tbody>
</table>

Chinese export restriction policies, originally designed to specifically target economic development and energy efficiency, thus have become a topic for political discussion. These themes may provide an opportunity for convergence between climate objectives (for Europe) and development objectives (for China), an idea that European border adjustment measures partly take into account, particularly due to suspicions of protectionism that European partners harbor.
In support of the mission assigned to Laurence Tubiana by Valérie Pécresse, French minister for Higher Education and Research, IDDRI has contributed to the development of the international process to create an Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), which could become the equivalent of the IPCC for biodiversity assessments. This intergovernmental platform is expected to fulfil four objectives:

- Biodiversity assessments at the sub-regional and global levels;
- Addressing emerging issues through the overview of existing expertise;
- Identification of important research issues for biodiversity, and responding to information requests from public decision-makers and to questions from intergovernmental organisations and multilateral agreements;
- Capacity building for the scientific assessment of biodiversity in developing countries.

IDDRI helped to bring together different initiatives – the Millennium Ecosystem Assessment (MA) and the IMoSEB (International Mechanism of Scientific Expertise on Biodiversity) – “under one instrument” — the IPBES. As part of this undertaking, IDDRI notably organised an international seminar in Paris in late February 2008. Following the establishment of the IPBES, IDDRI provided UNEP with technical support in drafting working documents in preparation for the Putrajaya Conference (Malaysia), the first Consultative Conference on the IPBES project. This conference revealed the need to conduct a gap analysis of the science-policy interface, and to provide a clearer definition of the vision, mandate, and the functioning of this future platform.

In line with the decision made during the 25th Session of the UNEP Governing Council following the Putrajaya Conference, a second Consultative Conference is planned for 2009. The final decisions should be made in 2010, the International Year of Biodiversity. In 2010, the international community (the CBD and the United Nations General Assembly) will review the 2010 Biodiversity Target, and is expected to adopt new measures on the conservation, sustainable use, and equitable sharing of biodiversity. The establishment of the IPBES could be one of the elements of this package if the objections of a certain number of countries have been appropriately addressed by then. One controversial issue is the role that the CBD should play in the future Panel. Some countries envisage the Panel as a subsidiary body of the CBD, while others prune a status that will guarantee the Panel’s independence.

**TIMELINE**

- November 2007: Montpellier Statement, which followed the IMoSEB consultative process. UNEP is invited to take the initiative for an Intergovernmental Conference, with a view to setting up the panel.
- May 2008: The Conference of the Parties to the Convention on Biological Diversity in Bonn validates the UNEP initiative and invites the member countries of the Convention to lend their support.
- November 2008: Putrajaya (Malaysia), first Consultative Conference on the creation of the IPBES, organised by UNEP.
Research conducted in recent years highlights the role biodiversity plays in human wellbeing. Its loss has many negative effects in terms of food security, vulnerability to climate change, energy security, access to water and to critical raw materials, and the development of recreational activities. This reality is translated by the concept of “ecosystem services”, which include water treatment and recycling, the conservation of productive land, resistance to invasive pests, plant pollination, the reproduction of fish stocks and climate regulation, among others. However, the Millennium Ecosystem Assessment (2005) showed that almost all ecosystems have already been modified, often drastically, by human activities, and that many continue to be altered or degraded. Thus, biodiversity loss has been faster over the last 50 years than at any other time in human history, and is showing no signs of slowing down.

In 2008, IDDRI’s biodiversity programme was substantially reoriented in order to ensure better coverage of the international agenda, while retaining sufficient distance from current affairs to be able to conduct in-depth analyses on several key subjects. Whereas in recent years our attention was focused on the recognition of traditional knowledge, the sharing of benefits arising from the use of genetic resources and the governance of tropical forests, IDDRI’s development has resulted in the reorganisation of its biodiversity activities around four major themes.

INTERNATIONAL GOVERNANCE OF BIODIVERSITY
Although the challenges of international biodiversity governance tend to be left in the background during climate negotiations for different reasons, several key issues are nevertheless under discussion within the fora concerned. This year, IDDRI has focused its attention on two of these.

First, it has been requested by different national and international institutions to lend active support to the feasibility study and international dialogue on the Intergovernmental science-policy Platform on Biodiversity and Ecosystem Services (IPBES), which could become the “IPCC for biodiversity” (see Highlight p. 11).

Next, following on from the past few years, IDDRI has coordinated a project to accompany negotiations on the future international treaty on access and benefit-sharing, to be adopted during the Conference of the Parties to the Convention on Biological Diversity (CBD) in 2010. In addition to closely following negotiations, IDDRI has worked with companies that use genetic resources, especially those in the pharmaceutical sector. The aim was to better identify their practices, to debate the construction of their positions in negotiations, and to contribute to these negotiations by clarifying the understanding of industrial issues.

THE ECONOMICS OF BIODIVERSITY
The growing use of the concept of ecosystem services generally leads to the observation that the costs and benefits of these services are not sufficiently taken into account by public and private actors. To remedy this situation, many experts — well beyond the circle of economists — recommend not only developing payment for
ecosystem services (PES) mechanisms, but also putting prices, or monetary values, on ecosystems. However, while economic approaches to the conservation and sustainable use of biodiversity being currently on the rise (particularly in the wake of the study led by P. Sukhdev), they actually go back several decades. Although different examples of economic assessments or of PES exist throughout the world since the 1970s, the fact that they have remained relatively confidential, or at least exceptional, calls for a detailed study of both the advantages and disadvantages and the theoretical and practical obstacles to the possibility of them coming into widespread use. In 2008, IDDRI focused its efforts on these issues, which will remain a key area of its activities.

A study was conducted in partnership with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) on payment for ecosystem services mechanisms. Based on an in-depth analysis of the case of Vietnam, a methodological framework was developed, aimed at supporting national governments in their efforts to implement PES. Furthermore, an important research project was launched on the role of economic evaluations of biodiversity and ecosystem services in decision-making processes, both public and private. Indeed, besides the methodological issues, which are unlikely to be fully resolved one day, the role actually played by these assessments in decision-making processes (in terms of development, infrastructure choices, the protection of nature, etc.) and in negotiations (including those on setting up PES) remains rather mysterious. In partnership with private companies, public organisations and NGOs, IDDRI has therefore set itself the objective of documenting and analysing what is at stake in the mobilisation of these “figures” by different categories of actors, based on case studies that make it possible to assess their usefulness, their development potential and the conditions of their use.

**OCEAN AND COASTAL ZONE MANAGEMENT**

Governed since the 17th century and the works of Grotius by a principle of freedom, the high seas remain the least known and least explored area on earth. However, as a global public good par excellence, the high seas and their biodiversity are currently under increasing threat from the intensity and diversity of human pressures. Based on an in-depth review, IDDRI contributed to the different processes underway at the international level. The Monaco seminar was organised in March and its findings disseminated within different fora, thereby lending support to the limited yet encouraging progress that marked the year (see Highlight p. 16). At the regional scale, IDDRI also took part in the ad hoc initiative led by IUCN on the governance of the Mediterranean. The aim is to establish a consolidated protection regime for this semi-enclosed sea, especially in the high seas.

In terms of coastal areas, IDDRI has concentrated on integrated coastal zone management (ICZM), a key part of its biodiversity programme. Thus, efforts have particularly focused on support for the process leading to the entry into force of the Protocol on ICZM in the Mediterranean (adopted by the Contracting Parties to the Barcelona Convention in January 2008) and on preparation for its implementation (see Highlight p. 15). From the same perspective, IDDRI is taking part in a project led by the Ecole Française de Rome on the urbanisation of Mediterranean coastal zones and the preservation of open areas (agricultural and natural).
Biodiversity loss has been faster over the last 50 years than at any other time in human history, and is showing no signs of slowing down.

**THE “SUHKDEV REVIEW” ON THE ECONOMICS OF ECOSYSTEMS AND BIODIVERSITY**

In 2007, the German Environment ministry and the European Commission, in association with other partners, launched a joint initiative to draw attention to the global economic benefits of biodiversity, and to the estimated cost of biodiversity loss and the degradation of ecosystems. Pavan Sukhdev was tasked with heading this project with the support of a working group made up of leading international experts. This study assesses the costs of biodiversity loss and the degradation of ecosystem services, and compares them with the costs and benefits of their conservation and sustainable use. Although it is tempting to draw parallels with the Stern Review on the Economics of Climate Change, the issues are in fact rather different. In November, IDDRI therefore invited P. Sukhdev to submit his interim report to an in-depth critical debate on the structure of the problem (climate change on the one hand, biodiversity on the other), the respective organisation of the associated scientific and advocacy communities, the state of the art of economic science, and the way in which actors appropriate and use the economic information, among other issues.
Mediterranean coastal areas are under threat from diverse and intense human-produced pressures. Two trends characterise recent urbanisation in Mediterranean States: coastal settlement and the concentration of populations in megacities. This demographic trend is accompanied by rapid industrialisation and intensive development of the primary sector, and is reinforced by a tourist population that is already large by global standards, and is increasing. The above phenomena have major impacts on the way coastal ecosystems function, and can lead to the degradation, endangering, and even disappearance of certain habitats and species. These trends are also at the root of a number of disputes concerning activities competing for use of limited space and resources. Moreover, these trends raise fundamental questions concerning the compatibility of ambitions for an economic development that is still characterised by gross inequalities, and the imperative for the protection of biodiversity and its associated ecosystem services.

Adopted in January 2008 within the framework of the “Barcelona System” (see box), the Protocol on Integrated Coastal Zone Management (ICZM) in the Mediterranean is specifically aimed at ensuring more coordinated development in Mediterranean coastal areas and encouraging States to protect their exceptional biodiversity. It constitutes the world’s first supra-State legal instrument explicitly focusing on coastal zone management. Previously, coastal areas were governed by international law, but in a fragmented manner: sometimes covered by protective measures in texts with a broader thematic or geographical scope, sometimes by sectoral regulations on particular activities, habitats and species in these coastal regions. Furthermore, the few instruments venturing beyond sectoral policies and directing national management systems towards greater integration have remained confined to the realm of soft law. The ICZM Protocol is thus innovative in that it moves beyond the simple framework of recommendations, in favour of binding legal obligations, it has introduced a paradigm shift to inter-State cooperation, and it has found its way into disciplines that were previously governed by national laws only.

DDRI followed the development process for the Protocol, and has supported its future implementation from its time of adoption in early 2008. DDRI thus played an important role in the international conference on ICZM in the Mediterranean, organised in Nice in December under the French Presidency of the European Union, so as to encourage the signature and ratification of the Protocol. In order to highlight the value of the Protocol in light of the major economic, social and environmental challenges in the Mediterranean, DDRI prepared and presented two background papers on its importance in terms of both adaptation to climate change and the development of sustainable tourism (two fields of research and action in which DDRI is actively involved).

As the Protocol is likely to come into force relatively quickly (as soon as it has been ratified by six parties), its future implementation challenges must be clarified as early as possible. In close collaboration with various Mediterranean actors, DDRI has thus developed a project which attempts to identify the Protocol’s impact on coastal law at the national level, and to analyse to what extent this instrument will ensure broader, more specific improvements in the integration of Mediterranean coastal management systems.

THE BARCELONA SYSTEM

For over 30 years, the Mediterranean Sea has had its own legal system, the fruit of cooperation between the 22 States and territories that border this semi-enclosed sea. In 1975, the Mediterranean Action Plan was drawn up, followed by the adoption of the “Barcelona” Convention for the protection of the Mediterranean. Today, sectoral protocols implement the general principles set out in the Convention in seven strategic areas: dumping, cooperation in emergency situations, pollution from land-based sources, marine zones benefiting from special protection, offshore activities, hazardous waste transport and, more recently, integrated coastal zone management.
THE GOVERNANCE OF HIGH SEAS BIODIVERSITY

The governance of the seas and oceans benefits from a global legal framework resulting from the United Nations Convention on the Law of the Sea (UNCLOS), which entered into force in 1994. However, the proliferation of specific and regional agreements — such as global conventions with specific purposes, regional seas conventions, and regional fisheries agreements — has made the global architecture highly complex, in return for an effectiveness that is limited. The management of marine biodiversity has become a key issue, especially in the high seas, which represent almost 64% of all sea and ocean areas, and are now increasingly threatened by the development and intensification of human activities. As a consequence, since 2006, IDDRI has been involved in debates on the legal and political status of the high seas, the linkages between the categories of instruments governing this area and its resources, and coordination between the competent international institutions.

In 2006, IDDRI thus entrusted the Maritime and Oceanic Law Centre (CDMO) of the University of Nantes with a review of high seas biodiversity governance. IDDRI also brought together various stakeholders with a view to discussing the terms of reference for this study (March 2006), as well as the development of a research programme coordinated by IDDRI. The final report produced by the CDMO detailed and thus confirmed the inadequacy of the current mechanism in the face of the many threats to marine biodiversity in areas beyond national jurisdiction, and laid the intellectual groundwork for the international seminar “Towards a New Governance of High Seas Biodiversity”.

IDDRI organised this international seminar in Monaco that took place from 20-21 March 2008, with the aim of examining new options for sustainable management, in partnership with the Prince Albert II of Monaco Foundation, the French Marine Protected Areas Agency, the French Global Environment Facility and the CDMO. This event brought together around 100 experts from international organisations, national administrations, non-governmental organisations, research centres and the private sector.

This seminar was an opportunity to clarify prospects — legal, economic, institutional and political — which were then subsequently debated during the major international meetings in this field. For example, the findings of the Monaco seminar were the subject of an initial discussion during the Global Forum on Oceans, Coasts, and Islands organised in Hanoi (Vietnam) in April. In addition, during the World Conservation Congress (see opposite box), IDDRI co-organised a workshop specifically focusing on high seas governance, in collaboration with the Natural Resources Defense Council, the European Bureau for Conservation and Development, and Ecowatch. IDDRI also contributed to debates during the Singapore workshop on Management Issues and Policy Options, as well as to the international conference in Brest organised within the framework of the French Presidency of the European Union.

Lastly, the year 2008 was marked by an increase in the number of international meetings on the high seas, undoubtedly reflecting the growing mobilisation of many concerned players. This year also saw two modest yet notable steps forward (see opposite box). However, the future of this zone, with its largely unexplored resources, remains uncertain. Now that the issues have been identified and the way forward is gradually becoming clearer, for the period 2009 and beyond, IDDRI will endeavour to create the conditions for real progress in the conservation and sustainable use of high seas biodiversity.

THE WORLD CONSERVATION CONGRESS, BARCELONA, 5-14 OCTOBER 2008

The World Conservation Congress, organised by IUCN, brought together over 8 000 participants from governments, NGOs, universities, the private sector and indigenous groups. Although the debates focused mainly on the economic dimension of biodiversity loss, the high seas were also given special attention: several workshops, including one co-organised by IDDRI, were devoted to this issue. Likewise, IUCN members adopted a resolution encouraging States and international institutions to work harder for the conservation and sustainable use of the high seas.

TWO ENCOURAGING STEPS FORWARD IN 2008

Traditionally given limited attention within the Convention on Biological Diversity, the high seas were the subject of an important decision made during the Conference of the Parties in Bonn in May 2008, opening the way for the creation of marine protected areas. Three months later, and after two years of negotiations, the FAO Member States helped the issue of ocean depths move forward by adopting guidelines for the protection of deep sea fisheries and their habitats.
In 2008, global warming continued to represent a central field of investigation, research and dialogue for IDDRI, whilst current political events converged with the themes of the climate programme. Besides the importance of the challenge posed by climate change, the potential responses to meet this challenge are emblematic of the environmental strategies drawn up in a context of uncertainty (scale of change, consequences, the impact of the measures envisaged, etc.). In this respect, the advancement of scientific expertise due to the IPCC, and progress in political governance under the UNFCCC, has taken climate change to the forefront of global environmental governance.

IDDRI has therefore structured its climate programme around four main focal areas: (i) global climate governance, (ii) towards a low-carbon society, (iii) climate and development policies, and (iv) vulnerability, risk and adaptation.

**GLOBAL CLIMATE GOVERNANCE**

In 2008, the issue of global climate governance no longer remained within a circle of experts, but became a matter of interest to the general public. The adoption of the Bali Action Plan during the Conference of the Parties in December 2007 launched a two-year round of international negotiations with a view to reaching a vital agreement that would follow on from the Kyoto Protocol. The key issues of these negotiations concern the establishment of tougher emissions reduction policies in developed countries (and the return of the United States to the arena), the need to rapidly undertake ambitious initiatives in the main emerging countries, and the need to give assistance to the poorest countries faced with the inevitable impacts of climate change.

In 2008, IDDRI focused more specifically on the issue of sectoral approaches to involve emerging economies in global climate governance (see Highlight, p. 20) and acknowledged the fight against deforestation in tropical countries. It conducted in-depth studies on these two issues for Tony Blair’s “Breaking the Climate Deadlock” initiative.

With ONF International, IDDRI published a general review of the key negotiation issues for the French discussion group on tropical forests and the group of European governmental experts on land use. In late October in Paris, IDDRI also organised an international expert workshop on funding action to combat deforestation and the building of links with carbon markets. Additionally, in partnership with CERDI in Clermont-Ferrand, IDDRI held a research workshop on the demographic and technological factors of deforestation.

To establish a dialogue between the different participants, structure debates and encourage specific schemes to be included with other European proposals, IDDRI supported the work of the French presidency by coordinating two ad hoc French discussion groups to coincide with the negotiating groups on funding and technologies. These groups brought together representatives of the ministries concerned (Ecology and Sustainable Development, Foreign and European Affairs, Finance) and other State agencies (Caisse des Dépôts et Consignations, ADEME), private companies (EDF, Lafarge, Suez, Veolia), NGOs (WWF, CAN), and universities (Sciences Po, HEC, Ecole des Mines). IDDRI thus organised several meetings between European negotiators and developed cooperative activities within its international network of think tanks.

With regard to the international negotiation process, since 2008 IDDRI has welcomed and supported Michael Zammit Cutajar, then Vice-Chair of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA). IDDRI’s support concerns both the substance (strategic foresight, analysis, proposals on the different negotiating parts) and the facilitation of his diplomatic
work (organising bilateral meetings and discussions with key negotiators on the vital political elements of the Copenhagen agreement).

Finally, in autumn 2008 IDDRI launched the “Copenhagen Club”, which regularly brings together the industrial and institutional partners of its climate programme to share the latest information and review the progress made in international negotiations.

TOWARDS A LOW-CARBON SOCIETY

The aim of this theme is to study the long-term scenarios that are likely to bring about a reduction in the risk of extreme climate change impacts and, on that basis, to spark debate on the technological and social changes required, and the appropriate paths and public policy instruments needed to manage this change.

The European Dialogue coordinated by IDDRI during the last few years concluded with the adoption of the EU Climate and Energy Package in December (see Highlight p. 21). Alongside this dialogue, and with the support of the European Climate Foundation, IDDRI took the initiative to organise technical support sessions in five major subjects for the journalists covering the Climate and Energy Package negotiations: (i) competitiveness and carbon leakage, (ii) moving from a 20 to 30% cut in emissions if an international agreement is reached, (iii) using the proceeds from auctioning allowances, (iv) carbon capture and storage and (v) links with forests and natural areas. The “Carbon constraint scenarios” initiative, jointly led since 2004 by IDDRI and the Entreprises pour l’environnement (EpE) association, yielded results in 2008. The findings were presented at an event organised during the UNFCCC Conference in Poznan in December. Due to an innovative hybrid modelling platform and a reiterate dialogue between researchers and industry, this initiative made it possible to identify a set of results concerning both climate policies in general and the economic response of industrial sectors, particularly the iron and steel industry, aluminium, cement and plate glass production, and the energy sector.

From the same perspective, a study of a scenario is currently being finalised in which residential sector carbon emissions are reduced by four in France by 2050. It was conducted as part of the Club Ingénierie Prospective Energie et Environnement (CLIP) coordinated by IDDRI, which brings together institutional representatives, research centres and industries. This study analyses sources of energy efficiency in the housing stock in reference to the objectives established by the “Grenelle de l’Environnement” (French multi-party debate on the environment) and details the conditions for their implementation.

CLIMATE AND DEVELOPMENT POLICIES

For developing countries, climate and development are inseparable. Emerging countries, which are currently responsible for most of the world’s growth in GHG emissions, will only commit to quantified emissions objectives if it can be assured that development priorities will converge with environmental concerns. IDDRI’s work in this field is guided by the need to better understand the national policy options in these countries, and an acknowledgment of the importance of acting upstream of low-carbon urban infrastructure choices – at a time when these countries are experiencing very rapid urbanisation.

A thesis, co-financed by ADEME and IDDRI, has evaluated the relevance of tightening energy efficiency regulations in China’s residential sector and analysed the public policy instruments that could accompany these stricter standards. A study has also been conducted on energy efficiency policies in the residential sector in Southern and Eastern Mediterranean countries.

A contribution to the dialogue between European and Indian public societies on the issue of energy and climate security has made it possible to highlight the opportunities for cooperation in this field.

Energy efficiency and urban development are also at the heart of a task force launched in 2008 under the China Council for International Cooperation on Environment and Development (CCICED), which was jointly organised by Laurence Tubiana and Professor Jiang Yi of Tsinghua University. This task force includes teams from Tsinghua University, the Academy of Transportation Sciences and several international experts. Its aim is to make political
21-27 August | Accra Climate Change Talks (Ghana).

>>> The last meeting before the Poznan Conference in December 2008, which led to the creation of a contact group on “delivering finance and technology, including the consideration of institutional arrangements” under the AWG-LCA.

1-12 December | 14th Conference of the Parties to the United Nations Framework Convention on Climate Change in Poznan (Poland).

>>> The last major climate meeting of the year, confirming the difficulty of the task ahead before reaching a significant agreement in December 2009 in Copenhagen. IDDRI took part in the Conference, especially by organising round tables on “Industrial Transitions Towards a Low-Carbon European Economy” and “Financing Measures to Halt Deforestation”.

recommendations to the Chinese government with a view to reducing energy consumption in Chinese cities.

VULNERABILITY, RISK AND ADAPTATION
Adaptation to climate change was slow to emerge onto the international climate scene. Today, however, it is receiving growing attention at all levels, from the local level to the international stage with the post-2012 negotiations. IDDRI has been making a considerable effort in this field for several years, associating anthropogenic and environmental dynamics, conceptual analyses and case studies, research and dialogue with stakeholders. The purpose of this is threefold:

- Contributing to the improvement of scientific knowledge on vulnerability and adaptation;
- Fostering the implementation of pragmatic, contextualised adaptation strategies, on different spatial and temporal scales;
- Using this in-depth research to contribute to international negotiations.

In addition to actively participating in the Conference of the Parties in Poznan in December 2008, IDDRI has also pursued its activities in this field particularly through its strong involvement in two ongoing projects:

- CIRCE (Climate Change and Impact Research: The Mediterranean Environment), a European project on climate change in the Mediterranean and adaptation strategies, for which IDDRI is coordinating economic and social science research, mainly focusing on induced policies. Particular attention is given to the tourism sector and the regions in which it is developing.
- INVULNERABLE, which aims to create the conditions for a dialogue between the scientific community and the private sector on climate change scenarios and their industrial impacts. The initial findings of the project have been published in the form of fact sheets that present series of data to inform the strategic guidance of industrial activities.

Finally, IDDRI has presented the findings of its research in different international arenas, mainly in the Mediterranean, in close relation with the Plan Bleu (Regional Activity Centre on the Environment and Development of the Mediterranean).

IDDRI organised several meetings between European negotiators and developed cooperative activities within its international network of think tanks.
COMBINING TWO GOALS

The implementation of a sectoral agreement aims to build a more inclusive post-2012 international agreement, incorporating DCs — at least the most advanced ones — into the global emissions reduction effort. Indeed, to meet the long-term goal of stabilising GHG emissions by 2050, in the short term — by 2020 — DCs must launch significant emissions reduction initiatives (a 15-30% deviation from the reference scenario). However, for political reasons (the principle of common but differentiated responsibility) and practical reasons (the ability to anticipate and react), sectoral commitments seem to be more suited to DCs than those at the scale of the whole economy.

Sectoral approaches also aim to solve the problems of excessive competition and carbon leakage. Certain industries — aluminium, steel, cement, chemicals and wood pulp — in which energy costs make up a sizeable portion of production costs, and which are highly exposed to international trade, may suffer a loss of competitiveness in regions where climate constraints are the most severe, potentially leading to carbon leakage towards regions with fewer constraints.

Would make possible the implementation of comparable performance standards for all or some of the industries within the same sector. Today, despite acknowledgement that these initiatives are valuable, transnational sectoral agreements receive only limited attention in international negotiations.

The discussions also dealt with sectoral crediting mechanisms to support emissions reduction efforts in developing countries (DCs), especially the more advanced ones. Agreements could be based on the negotiation of quantified but non-binding sectoral targets for DCs, enabling any country that exceeds its target to trade carbon credits on international markets. Today, these mechanisms are seen as potential components of a more comprehensive tool box to support sectoral policies in DCs. Such movement towards a refocus on national policies and measures has been particularly evident since the Poznan Conference (December 2008), where several Parties suggested the creation of a registry to include NAMAs (Nationally Appropriate Mitigation Actions) by DCs.

IDDRI, which has made this subject a priority, has been involved in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral agreements, which was initiated in 2007. The project, which involved key stakeholders, took place in Paris on 17 and 18 April 2008. This debate, which involved key negotiators, industrial representatives and think tanks, provided an opportunity to clarify the different options for sectoral approaches and the conclusions on their relevance and usefulness in the international negotiation process. This clarification made it possible to validate the key role of public policy in sector change and hence the need to build sectoral approaches to support national policies.

As a contribution towards informing the debate on sectoral approaches and to foster understanding of their value in international negotiations, IDDRI drafted the annex on sectoral approaches for the “Breaking the Climate Deadlock” project initiated by Tony Blair, which was presented to Heads of State during the G8 summit in Tokyo in July 2008. IDDRI also took part in a number of workshops and roundtables in different organisations, such as the Centre for European Economic Studies (CEPS), Climate Strategies, etc. to enrich its research and support its findings.

In addition, throughout the year IDDRI pursued in-depth research on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral approaches, especially through its involvement in a project on sectoral agreements. The aim is to provide an empirical test for the three main sectoral approaches in the major emerging economies (China, Mexico and South Africa). In preparation for an OECD roundtable on sustainable development, IDDRI also studied the impact on carbon markets from sectoral crediting mechanisms in the electricity sector, and analysed their feasibility according to the institutional capacities of DCs. Finally, as the forestry sector can in many respects be regarded as an advanced textbook example of a sectoral approach in international negotiations, IDDRI has worked to compare REDD and sectoral approaches in other sectors, a comparison that is presented in the article Why are we seeing ‘REDD’? 

SECTORAL AGREEMENTS

Discussions on sectoral approaches occupied an increasingly important place in climate negotiations. Since the Bali Conference in December 2007, sectoral approaches have been officially recognised as an important tool for reducing GHG emissions within the framework of the UN negotiations. They were also the subject of specific discussions during the Accra talks in August 2008.

These discussions involved several phases. The initial focus was on transnational sectoral agreements, following the initiative of aluminium, steel and cement industry representatives concerned by the constraints on competitiveness generated by the unilateral development of climate policies in some industrialised countries. Such transnational sectoral agreements
**THE “EUROPEAN DIALOGUE”**

The interface between international discussions on climate change and the nature of the policies and instruments set up in Europe has been a main thread of IDDRI’s activities over the last few years. How can better policy integration be achieved? The links between climate and energy security, energy market deregulation and industrial competitiveness must be explored. And how can these policies be approached from the perspective of changing global climate governance?

The European political process to decarbonise the economy aims to reconcile GHG reduction efforts with short-term constraints, and to identify the structural changes needed to achieve a fivefold cut in GHG emissions in Europe by 2050.

The main issue concerns the linkage of national policies with an international coordination regime. IDDRI chose the EU climate change policy as an example of this kind of ‘national policy’. Research began in 2003 with the aim of examining the potential effects of unilateral action on European industry in high-emission sectors that are exposed to international competition. The goals were to assess vulnerability in terms of competitiveness and employment, to identify the limitations of a unilateral climate policy’s effectiveness in cases of carbon leakage, and to measure the impact of these public policies on investment and R&D dynamics in the sectors in question.

The issue of radical economic change is raised with regards to both developed countries in their shift towards low-carbon growth; and in the context of the discussions of developmental paths that are adapted to suit developing countries. From this perspective, IDDRI has been leading the “Carbon constraint scenarios” initiative since 2004 together with the Entreprises pour l’Environnement (EpE) association, its industrial partners and CIRED, LEPPI and Enerdata researchers. The initiative combines sectoral modelling, macro-economic modelling and discussions with industrial leaders, with an aim to analyse the implications of carbon constraints for new technologies, the methods for deploying these technologies within private companies, and the economic problems raised by these transitions.

**CONTRIBUTIONS OF THE EUROPEAN DIALOGUE**

Firmly committed to the debate on European policy reform, in 2007 IDDRI’s research led naturally to the creation of a High-level European Dialogue on climate and energy policies. This dialogue was launched in partnership with the Center for Clean Air Policy with the aim of contributing to the development of an integrated European strategy to meet energy and climate challenges. Supported by high-level officials from the European Commission, member States, industry and NGOs as well as experts and researchers from the energy, climate and finance sectors, this dialogue is helping to prepare Europe’s transition towards a low-carbon society, while ensuring European action falls within a framework of international cooperation and partnership with developing countries.

The European Dialogue met on four occasions in 2007 and 2008. The April 2008 session strove particularly to examine the coherence of the measures considered by the European Commission in its Climate and Energy Package proposals of 23 January 2008, and the relationship between these proposals and the main issues of international negotiations. The work concluded with a transatlantic session that involved the participants of a similar North American initiative, providing the opportunity to further a shared understanding of the instruments proposed and the underlying political debates.

The adoption of the Package in late December 2008, after a number of amendments, once more opened a vast field of discussion on the effects of this political response to the challenges of structural change in the European economy. The European Dialogue will be relaunched in 2009 with the aim of identifying and initiating debates on the key issues linked to the implementation of the Package, with a view to reconciling policies to decarbonise the economy with competitiveness and energy security issues.

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**THE CLIMATE AND ENERGY PACKAGE ADOPTED IN DECEMBER 2008**

This Package includes legislation aimed at establishing an EU climate change strategy: a 20% cut in GHG emissions (30% if a satisfactory international agreement is reached), 20% renewable energy in final energy consumption and 10% biofuels in transport. The goal of achieving a 20% improvement in energy efficiency, on the other hand, is the only non-binding objective. This indicative target is repeated in a second package presented on 13 November 2008, “Energy Security and Solidarity Action”, alongside energy security issues.
IDDRI AT A GLANCE

IDDRI
The Institute for Sustainable Development and International Relations has the status of an association (French Law 1901). It was created in 2003 to replace a Scientific Interest Group set up in 2001, and has worked in conjunction with its research Foundation since 2004.

Founding Members
Dominique Bourg, Manuel Castells, Jean Jouzel, Daniel Lebégué, Sunita Narain, Ahmedou Ould-Abdallah, Jan Pronk, David Runnals, Jeffrey Sachs, Jean-Michel Séverino, Achim Steiner.

Active Members
The active members belong to several categories.
- Research and teaching organisations: CIraD, CNRS, École Polytechnique, Inra, IRD;
- Civil society organisations: NGOs (ADEME, EpE, WWF International), trade organisations (CFDT);
- Private actors: AFD, EDF, GDF Suez, Lafarge, Suez Environnement.

Board
The board is made up of representatives of the active and founding members: Dominique Bureau, École Polytechnique; Henri Catz, CFDT; Françoise Gaill, CNRS; Timothy Geer, WWF International; Françoise Guichard, GDF Suez; Patrick Herbin, CIraD; Bernard Hubert, INRA; Olivier Luneau, Lafarge; François Moisan, ADEME; Claude Nahon, EDF; Jean-Pierre Tardieu, Institut Veolia Environnement.

THE FOUNDATION
The Research Foundation for Sustainable Development and International Relations was created and recognised as a public interest organisation on 23 December 2004. It accompanies IDDRI in fulfilling its role, objectives and activities.

Founding Members
EDF, EpE, GDF, Lafarge, Saint-Gobain, Suez, Institut Veolia Environnement.

Board
The board is divided into three constituencies.
- Founding members: Françoise Guichard, GDF Suez; Olivier Luneau, Lafarge; Claude Nahon, EDF; Jean-Pierre Tardieu, Institut Veolia Environnement.
- Ex officio members: AFD, CIraD, CNRS, INRA.

Executive Board
Jean Jouzel, Chair; Françoise Guichard, Vice-Chair; Claude Nahon, Treasurer; Michel Eddi, Secretary.

SCIENTIFIC COUNCIL
This council is common to both the Institute and the Foundation: Dominique Bourg, université de Lausanne (Suisse); Dominique Bureau, École Polytechnique; Francis Delpeuch, IRD; Olivier Godard, CNRS; José Goldemberg, Association brésilienne pour le progrès de la science; Pierre-Henri Gouyon, université Paris Sud; Michel Grégoir, CIraD; Claude Henry, CNRS, president; Carlo Jaeger, PIK (Germany); Marianne Lefort, INRA; Hervé Le Treut, CNRS; Mans Lennroth, Volvo Foundation (Sweden); Christine Noiville, CNRS; Nicholas Stern, LSE (United Kingdom); Alessandro Vercelli, University of Siena (Italy).
IDDRI's budget for 2008 is estimated at 1.7 million euros – 2.1 million euros if secondment costs are included. Resources are provided by members, French ministries – Foreign Affairs, Environment, Research, European projects and different national and international partners. Research institutes provide in-kind contributions by means of staff secondment.

**Foundation**

The Foundation’s 2008 budget stood at 505,022 euros. Expenditures mainly consist of research programs funding and payments for services rendered by the Association on behalf of the Foundation.
THE TEAM

Laurence Tubiana
Director

Lucien Chabason
Deputy Director

Michel Colombier
Scientific Director

Carine Barbier
Research Fellow Cities & Energy

Raphaël Billé
Programme Director Biodiversity & Adaptation

Tiffany Chevreuil
Administrative Assistant

Elise Coudane
Events & Outreach

Julie Cohen
Assistant

Lisa Dacosta
Secretary-General

Sophie Eclappier
Personal Assistant (on maternity leave)

Sophie Gallharret
Research Fellow Climate & Energy

Benjamin Garnaud
Research Fellow Adaptation to Climate Change

François Gemenne
Research Fellow Climate & Migrations

Olivier Godard
Senior Researcher Justice, Justification & Precaution

Emmanuel Guérin
Research Fellow Climate Negotiations

Benoît Lefèvre
Research Fellow Urban Fabric

Jun Li
Research Fellow Urban Public Policies (China)

Cyril Loisel
Research Fellow Climate Change

Alexandre Magnan
Research Fellow Vulnerability & Adaptation to Climate Change

Benoît Martimort-Asso
Director Development & Communication

Marame Ndour
CRPS, PhD Student Globalization & Health

François Pacquement
Executive Director (until March 2009)

Romain Pirard
Research Fellow Forests

Manuella Poli
Assistant

Vincent Renard
Senior Researcher Urban Fabric

Julien Rochette
Research Fellow Oceans & Coastal Zones

Banédé Sako
Administrative Trainee

Selcan Serdaroglu
Research Fellow International Governance of Biodiversity

Marisa Simone
Publications & Internet

Lucilia Tanchereau
Administrative Manager

Patrick Vachey
Special Assistant to the Director

Tancrede Voituriez
Programme Director Governance

Xin Wang
EQUIPPE Lille 1 PhD student International Trade & Climate

Matthieu Wemaëre
Permanent IDDRI Representative to European Institutions in Brussels
Interns
Every year IDDRI welcomes several students as interns, working on its research areas.
Communication and Media Relations
Antoine Leblois September 3rd 2007 – February 1st 2008
Governance and Climate
Mathieu Maucourt July 1st 2008 – July 31th 2008
Climate and Energy
Yacine Mili June 18th 2007 – July 17th 2008
Governance
Carole Peychaud July 1st 2007 – February 29th 2008
Forest certification in Brazil
Carole-Anne Sénet September 3rd 2007 – February 1st 2008
Energy efficiency in the residential sector in southern and eastern Mediterranean countries
Romain Riollet October 1st 2008 – February 28th 2009
UE Climate and Energy Package
Xin Wang March 31th 2008 – August 29th 2008
Trade and China

IDDRI also calls upon master and/or PhD students to coordinate its seminar “Les Rendez-vous franciliens du développement soutenable”, organized within the Research Network on Sustainable Development R2DS, and funded by Ile-de-France Region.
From January 7th to June 30th 2008, Guilain Calès and Françoise-Marie Lanoe worked on the seminar. Nicole De Paula Domingos then took over this duty from December 15th 2008 to June 30th 2009.

Changes at IDDRI
Stéphane Guénard’s and Claire Weill’s secondments ended in 2008; their research focused respectively on standards and forest issues, and on risks, precaution and chemicals.
In 2008, IDDRI’s administrative staff also included Assya El Mahnaoui (administration manager) and Léna Barghoudian (administrative trainee).

The Sciences Po Sustainable Development Center (SDC) Team
Thierry Hommel, Deputy Director
Claude Henry, Scientific Advisor
Catherine Marinoni, Assistant

Classes Taught by the IDDRI and SDC Team
- Undergraduate
  - The Major Risks Facing the Planet from a Scientific and Political Perspective
- Master of International Affairs
  - Common syllabus
  - The Institutions of Capitalism
  - Globalization and Governance (tutorial)
- Specialization in Environment, Sustainable Development and Risks
  - International Sustainable Development Institutions
  - Public and Private Actors in Sustainable Development
  - Innovation and Sustainable Development

Professors
Lucien Chabason; Olivier Godard; Claude Henry;
Thierry Hommel; Benoit Martimort-Asso;
François Pacquement; Laurence Tubiana;
Tancrede Voituriez.