Environmental Defense Fund

National Assembly

The U.S. - Vietnam Trade Council Education Forum

Seminar Report

International Negotiations on Climate Change: Economic Opportunities and Consequences for Vietnam

National Assembly of Vietnam

37 Hung Vuong, Hanoi
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International concern grows about the accelerating pace of global warming. Vietnam, along with other emerging economies, is aware that the stakes are high for economic growth as well as for the environment. The Committees on Foreign Affairs and Science, Technology & Environment of the Vietnam National Assembly sponsored a one-day seminar, "International Negotiations on Climate Change: Economic Opportunities and Consequences for Vietnam" with the U.S.-Vietnam Trade Council Education Forum (USVTC-EF) and the Environmental Defense Fund (EDF), an internationally respected source of scientific and policy expertise on climate change. The seminar addressed two key questions: How can Vietnam take best advantage of the international climate negotiations now underway to obtain ideas, technology and financial resources needed to slow climate change, protect its environment and continue economic growth? How might Vietnam organize its response to climate change so that the economic risks are limited, and the benefits to the environment and the economy are at the maximum?

Speakers

- Ambassador Nguyen Quang Xuan, Host, Vice Chair, Committee on Foreign Affairs, National Assembly
- Dr. Nghiem Vu Khai, Vice Chair, Committee on Science, Technology & Environment, National Assembly [unable to attend due to overseas travel delays]
- Dr. Tran Thuc, Director General, Vietnam Institute of Meteorology, Hydrology & Environment, MONRE
- Prof. Dr. Mai Trong Nhuan, President, Vietnam National University, Hanoi
- Mr. Peter Goldmark, Director, Climate and Air Program, Environmental Defense Fund (EDF)
- Ms. Virginia B. Foote, President, U.S.-Vietnam Trade Council Education Forum (USVTC)
- Dr. Daniel Dudek, Chief Economist, EDF
- Dr. Zach Willey, Senior Economist, EDF
- Dr. Gernot Wagner, Economist, EDF
- Mr. Sandeep Patel, Finance/Energy Expert; former Managing Director, Goldman Sachs, New York & India
- Mr. Oliver Massmann, Managing Partner, Duane Morris LLP, Vietnam

Objectives

The seminar aimed to provide expert information and experiences from other countries, which can be useful to the National Assembly and government officials in framing positions for international climate negotiations, and for national policy and legal responses to climate change in Vietnam.

Highlights of the Seminar

One hundred and thirty (130) participants of the National Assembly, the Party, the executive branches, business, academia, international donor and non-governmental community, and media sectors participated in the one-day event, which was held at the National Assembly in Hanoi.

Here is a snap shot of the participants:

- Number of participants from government agencies, the National Assembly, and the Party: 69 (53% of total number of participants)
- Number of members of parliament (MP): 20 (15%)
- Number of NA's committee staffers: 25 (20%)
- Number of committees (and equivalent) of the National Assembly: 11 (79%) (including Foreign Affairs Com; Com on Science, Tech & Environ; Com on Budget & Finance; Com on National Defense & Security; Social Affairs Com; Ethnic Minorities Council; Legal Affairs Com; Justice Com; Legislative Research Institute; Office of the National Assembly, and Center of Info, Library, & Scientific Research). Pls note that there are 9 committees, and an Ethnic Minorities Council, and 4 supporting offices.
- Number of executive branches (ministry level): 8 (38%). It is noted that there are 20 ministries in Vietnam, plus the Office of the Government.
- Number of international donor community: 30.
- Gender composition: 46 female participants (35% of the total number of participants)
- Number of media agencies: eight national newspapers, and four television crews.

Vice Chairman of the Committee on Foreign Affairs, Ambassador Ngo Quang Xuan hosted and opened the seminar. The seminar discussed how Vietnam can take advantage of international climate change negotiations, especially at the Copenhagen conference in December 2009. The seminar also addressed how Vietnam's response to climate change can reduce risks, maximize environmental benefits, and sustain economic development. Dr. Tran Thuc Director General, Vietnam Institute of Meteorology, Hydrology & Environment, MONRE, and other Vietnamese experts presented reviews of policies and laws including the National Target Plan for Response to Climate Change, and scenarios for the future. International experts presented solutions and experiences of other countries, in particular China, India and the United States.

Mr. Peter Goldmark, Director of EDF's Climate and Air Program assessed the international context, noting that there are many major opportunities as well as risks for the global climate and the global economy. He stressed that it is the U.S. that must take the lead, by passing strong climate change legislation and taking additional steps that will help move the global carbon market to the scale that can support economic growth in emerging economies and other developing countries at the same time that greenhouse gas emissions are brought down rapidly. President of the U.S. Mr. Obama has brought the US back to the climate negotiations table and is giving full support to urgent passage of a climate bill now before the U.S. Congress. Mr. Goldmark also reviewed the scientific data and consensus that all countries, including developing countries, must commit to serious reductions in their greenhouse gas (GHG) emissions if global warming is to come back to the "safe zone" by 2050. He pointed out that two tracks have emerged for international climate negotiations – the UN-led process leading to a successor to the Kyoto Treaty, which expires in 2012, and a complementary track that is focused on the creation of financial mechanisms capable of generating financial flows far larger than will be possible from

traditional Official Development Assistance (ODA). Mr. Goldmark noted that in the past decade, Vietnam has grown into a major economic force in Asia. Vietnam also has the very rare advantages of still being self-sufficient in food and energy. However, both are at imminent risk. Vietnam has not yet chosen to be a force in the international climate negotiations, and he urged to change that.

Ms. Virginia B. Foote, President of the USVTC-EF, spoke about the practical realities of the negotiating process and the need for countries to bear in mind the positions countries take at the negotiation table in addition to looking at their domestic practices. Ms. Foote noted two growing factors that could impact Vietnam's continued attraction of foreign investment, trade and overseas development assistance. The first is investment and trade, especially from American companies, could be increasingly attracted to countries that are focused on the long-term impacts of climate change and prepare incentives for attracting sustainable investments and products. Vietnam could work to maintain a competitive advantage by welcoming these *green dollars* type investments. The second aspect is that future international trade negotiations will begin including environment chapters into agreements and ODA will likely look to environmental best practices.

Five international experts then gave presentations on climate change issues and approaches to creating a low carbon, green economy with high energy efficiencies; helping poor farmers to reduce greenhouse gas (GHG) emissions from agriculture, make crops more resilient, and earn more income; carbon trading and markets; and new financing mechanisms that can help to sustain economic growth while protecting the environment. In-depth examples were presented from key countries, including China, India, and Mexico.

EDF gave a briefing on how one such financing mechanism—CLEAR--might benefit Vietnam. CLEAR is short for "Carbon Limits + Early Action = Rewards." Preliminary analysis indicates that the CLEAR path could allow Vietnam to tap into the full potential of global carbon markets to finance low-carbon, high-efficiency economic development. For example, CLEAR could be an early source of funding for Vietnam's transition of the power generation sector to renewable technologies, and thereby contribute to Vietnam's energy independence and national security objectives.

The conference attracted wide interest in the press corps and news media outlets. The Hanoi TV and three channels of the Vietnam Television gave the seminar extensive news coverage (VTV1, 4, 6). Also, articles were published in a variety of newspapers throughout Vietnam. (see a separated file of press clippings and photo gallery)

Following the conference Mr. Goldmark and other experts from EDF and USVTC held official meetings with the Finance & Budget Committee of the National Assembly, the Ministry of Natural Resources and Environment, the Ministry of Foreign Affairs, the Ministry of Finance, and the Ministry of Trade & Industry to discuss in further detail topics and comments raised at the Seminar. The delegation also held an informal seminar with experts of the Ministry of Agriculture & Rural Development's Institute of Policy & Strategy for Agriculture and Rural Development, to discuss agricultural emission reduction methods. In addition, the EDF-USVTC delegation held discussions with the embassies of Denmark, Canada, Australia, Netherlands, the United Kingdom, and the United States.

Insights and Lessons

The seminar provided participants with broader understanding of experiences in Vietnam and other key developing countries on issues of reduction of emissions that cause global warming, additional financial mechanisms that can increase funding flows, and the roles that Vietnam could play in international climate change negotiations.

The National Assembly Report issued at the seminar by the National Assembly's Science, Technology and Environment Committee recommends that the National Assembly and sub-national elected bodies

recognize the magnitude and complexity of climate change and increase their knowledge, policy guidance, and oversight of plans and programs for adaptation and mitigation of climate change, with special attention to poor communities.

Vietnam's era of low emissions gave way during the 1990's to an era in which its rate of increasing greenhouse gas (GHG) emissions became the highest in the world at 11% per year, due to rapid economic development with major shifts into heavy industry. Government data and projections show that demand for energy has become the main driver of GHG emissions; and before 2015, Vietnam could lose its energy security and the balance will shift to imported energy and fuels from outside.

As overseas development assistance (ODA) can never reach levels high enough to cover the costs of slowing global warming by 2020 and stopping it by 2050, there is growing convergence of climate change negotiations and trade negotiations which must have the potential to yield new, green jobs and products and growth, in particular for countries which act early and gain the competitive advantage.

Mexico, Brazil, China and the European Union have each taken strong recent actions to tap and diversify the carbon market, and to expand "green economy" policies, incentives and innovations.

Concluding Points and Follow-up

In the closing session of the Seminar, Ambassador Xuan noted that there is urgency that the National Assembly address climate change, since Vietnam is already suffering some consequences of global warming. From the Seminar presentations and discussions, he highlighted ideas which he said were key and very useful, such as the lesson to observe carefully what countries do at home, not only what they say in international negotiations; and the importance of learning more about the other countries' favorable experiences with different types of innovations, incentives and carbon market mechanisms. He also cited practical approaches and solutions presented about renewable energy, agriculture, and increasing financial support for mitigation and adaptation of climate change.

Ambassador Xuan closed with some suggestions for follow-up actions within the National Assembly and for more in-depth cooperation with international experts such as EDF and USVTC, on research, assessment, technology transfer and other needs**.** Reminding the audience of the June 2008 Agreement reached by Prime Minister Dung and President Bush to establish a joint "Climate Change Working Group", Ambassador Xuan said that it could be very good if the National Assembly of Vietnam and the U.S. Congress could establish a joint mechanism for communication on climate change and related issues of trade and economic growth.