

Shifting Sands: India's New Approach to the Politics of Climate Change

Key Findings

- **India is becoming a strategically important actor in global climate negotiations. This reflects not only its rising economic and geopolitical importance, but also a greater level of recent engagement by Indian representatives with international efforts to reach a climate agreement.**
- **Domestic policy action under the 2008 National Action Plan on Climate Change has been driven primarily by development objectives, not least concerns about energy security and access. Yet if these ambitious domestic policies are successfully implemented, they will constrain rising GHG emissions far more than India pledged internationally in early 2010, to reduce the emission intensity of its GDP by 20-25% by 2020 from the 2005 level.**
- **After a long period of stasis, since 2009 India's approach to international climate diplomacy has been shifting towards more constructive engagement with international partners and the UNFCCC negotiations. This is the result of new actors taking responsibility for India's international stance.**
- **Indian climate diplomacy is now being woven into wider foreign policy objectives, particularly its strategically important relationships with the United States and China. A desire to foster these relationships has motivated India to introduce some flexibility to its previously fixed negotiating positions.**
- **Although Indian cooperation at the international level has increased in the last year, the ideological norms that underpinned India's traditional stance in negotiations are still highly influential domestically. Furthermore, the structure of the energy and industry sectors makes tackling GHG emissions challenging, both technically and economically. Both these factors will continue to constrain how far India can move in committing to emission reductions at the international level.**

India's climate change conundrum

Major 'emerging economies' such as India, Brazil and China are increasingly under pressure from industrialised countries to take on international commitments to reduce their growing GHG emissions. Traditionally these countries have resisted this pressure with the argument that they bear only a fraction of responsibility for historical emissions and have urgent development priorities that demand increasing energy consumption and, hence, emissions.

The conundrum is perfectly exemplified by India, which has among the world's lowest per capita emissions, yet with about 17 per cent of the world's population, is still the fifth-largest GHG emitter. For India, climate change presents another conundrum. On the one hand, it fears that committing to constrain growth in emissions might constrain development. On the other, the country is among the most vulnerable to the projected impacts of climate change and thus has a very real stake in a meaningful international climate agreement.

To assess India's future role in international climate negotiations, it is thus necessary to look at the drivers of both domestic climate policy and international climate diplomacy.



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Development challenge

India has become an important player in climate negotiations partly because of its rapid economic expansion and rising GHG emissions. India's GDP since 2000 has grown at an average of 7 per cent, dramatically eclipsing growth in the United States (2 per cent) and European Union (1.5 per cent).

GHG emissions

In 2007, India's total annual emissions amounted to 1.9 billion tonnes CO₂e, making it the fifth largest emitter globally. Figure 1 shows India's emissions profile. A dramatic increase of 58% above 1994 levels has been driven predominantly by expansion of the energy sector, and this trajectory is set to continue. The Energy and Resources Institute in New Delhi has estimated that total commercial energy consumption could increase by 660% between 2001 and 2031.

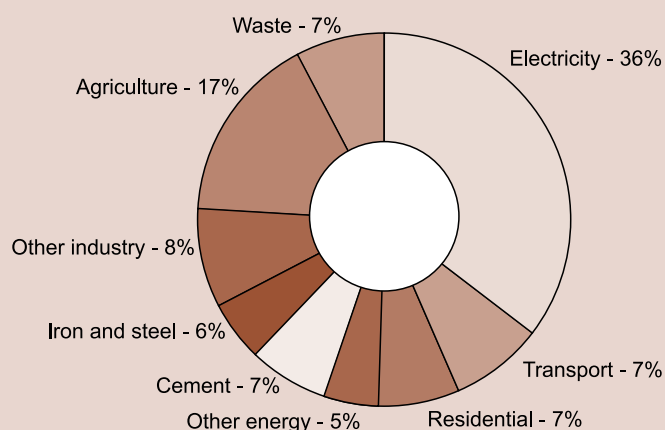


Figure 1: Profile of India's GHG emissions in 2007

(excluding land use, land use change and forestry which contributes net carbon storage equivalent to 9.3% of total emissions)

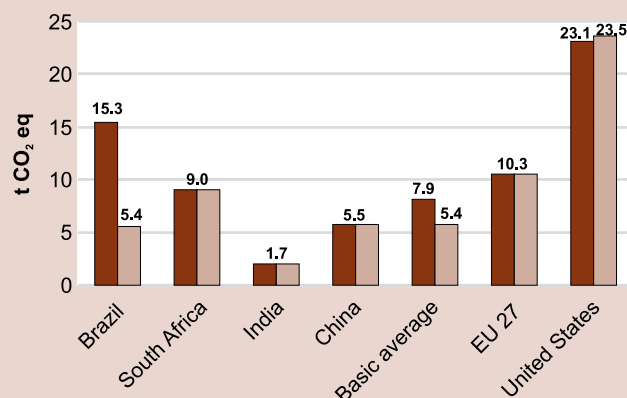


Figure 2: Comparison of per capita GHG emissions

Current per capita GHG emissions (2005) including/excluding land use change & forestry

Macro-statistics only reveal half the story. India's per capita GHG emissions, seen in figure 2, are extremely low and look more like those of the Least Developed Countries than of a major emerging economy.

Macroeconomic indicators and gross emissions figures, however, tell only part of the story. India remains a country plagued with poverty, ranking 119th on the United Nations' Human Development Index in 2010. Roughly 42 per cent of the population is below the national poverty line, earning less than US\$1.25 a day (2005 data). Up to 400 million people still lack access to electricity. India's leaders thus face an enormous challenge.

Prime Minister Manmohan Singh's vision for India centres heavily on attracting foreign direct investment as the catalyst for both economic development and poverty alleviation. In 1991, Singh (then Finance Minister) was one of the drivers of controversial economic reforms that – against widespread domestic opposition – began liberalisation of the previously closed Indian economy. What is perhaps most interesting about these reforms is not their economic impact (which was not as significant as sometimes claimed), but the political process by which unpopular change was initiated and then maintained by successive governments; it provides a useful historical analogue to current transformations in Indian climate diplomacy.

Drivers of domestic climate action

Concerns about energy security and energy access have stimulated a range of domestic policies that, if successfully implemented, could significantly reduce future emissions growth. National Missions under the 2008 *National Action Plan on Climate Change* (NAPCC) have ambitious agendas to improve energy efficiency and boost solar energy, for example. Rising concern about the impacts of climate change (seen in growing media coverage since around 2007) has also catalysed domestic focus on adaptation.

Domestic climate policy has been driven from the top down, with virtually no pioneering by state governments. There has

also been very little engagement by industry, which appears unconcerned that climate policy might have adverse effects on business. Within the energy sector, projections of future growth in energy demand are so dramatic that few, if any, companies are concerned about a diminishing bottom line if climate constraints are introduced.

Traditional approach to international climate negotiations

India's basic approach to international climate negotiations remained virtually unchanged for nearly two decades, even as major economic and political changes occurred. Two facts help explain this: The first is that India's positions were for a long time shaped by senior bureaucrats, particularly from the environment ministry, in virtual isolation from other foreign policy issues (and hence from external political changes). The second is the successful institutionalisation of a common normative frame relating to notions of "equity" and to the onus for action being on industrialised countries. These ideas can be traced as far back as Indira Gandhi's speech to the 1972 Stockholm Conference on the Human Environment, in which she proclaimed socio-economic development and the management of environmental issues to be competing priorities. These ideas have persisted even to this day.

There are also structural features of the Indian economy and the energy sector that make it difficult for policy-makers to be overly ambitious about tackling GHG emissions. One is that coal is set to play a major role in energy sector expansion, particularly for the foreseeable future, while expansion of the natural gas supply is constrained by geopolitical factors. Another is that India's industrial sector is dominated by small and medium enterprises, which are financially and technologically limited and heterogeneous (hence difficult to regulate). Such structural barriers create an understandable hesitancy amongst

India's leaders about how much the country could commit to in international climate negotiations, and partly explain why the country's ambitious domestic programs have not simply been translated into international commitments.

Shifting sands: A new India in international negotiations?

The notion of equity expressed as *equal per capita access to the atmosphere* remains the cornerstone of India's position in climate negotiations, at least outwardly. However, evidence of an important shift in India's overall approach can be seen as early as 2007, when Prime Minister Singh announced that India's per capita emissions will never exceed those of industrialised countries (a pledge repeated in the NAPCC). This implies a notional cap on Indian emissions, and represents a significant break from its previous insistence that it would not be subjected to emission constraints.

The pace of change has risen since Jairam Ramesh became Minister for Environment and Forests in 2009, bringing with him a dramatic shift in rhetoric and a general increase in engagement with the international process. In a letter to the Prime Minister in 2009, which created an outcry in Indian policy circles, Minister Ramesh argued that since mitigating climate change was in India's national interest, the country must play a more positive and pragmatic role in negotiations. He also suggested India should break away from the Group of 77 developing nations (G77) and align itself with the G20.

To understand the rationale behind this new approach, it is necessary to see that a new normative perspective is in play. Central to the vision of the Prime Minister and Minister Ramesh is the weaving of climate diplomacy into India's broader foreign policy agenda. Indian foreign policy is dominated by three overriding concerns: a desire among political leaders for international status; regional security; and the advancement of national economic interests. International status is a particularly strong factor. Working together, these concerns encourage greater alignment with strategic international partners, in particular the United States and China. Such a goal motivates a shift in India's traditional approach to climate negotiations, as one of several fora for building closer relations.

Several movements in the last year demonstrate the tangible effect of this pursuit of strategic objectives on Indian climate diplomacy. Ramesh's willingness to question India's traditional framing of equity certainly represents a move closer towards the US stance, albeit a small step given how far away the US is on this point. Immediately following an announcement of GHG emission intensity targets by China in November 2009, India issued its own intensity target. While India's relationship with China is troublesome on many fronts, climate change is seen within India as one area in which the two countries can work together, and Ramesh recently described post-Copenhagen cooperation as fostering a new era in Sino-Indian relations.

There are signs that India's approach is working. A major nuclear deal with the US was approved by the US Congress in 2008. In November 2010 US President Obama publicly offered support for India's bid to win a permanent seat on the UN Security Council. Around the same time, the International Monetary Fund (IMF) agreed to give greater voting rights to both China and India, another major win.

An unexpected question: Can India break the climate deadlock?

Approaching the end of 2010, stalemate between the US and China threatens to seriously delay progress towards a meaningful climate agreement. While it is difficult to clearly see a way through this impasse, India may yet be an unlikely source of hope.

The importance placed by India's leaders on building relations with both the US and China places India in a unique position. If inclined to play this role, India may yet find a way to offer its own compromise within climate negotiations in a way that brings the other two parties closer together – even small steps could create positive spillover effects for the rest of the negotiations. Reconciling major differences between the two superpowers is no small task, but Jairam Ramesh has already demonstrated a willingness to broker change. Moreover, playing such a role would be consistent with Indian political leaders' desire to enhance their international status and with their conclusion that a meaningful global climate agreement is crucial for India's vulnerable poor.

This policy brief is part of SEI's 'Emerging Economies and Climate Change' series, including briefs on the BASIC group, Brazil, South Africa, India, China, and the USA.

It is based on the forthcoming SEI working paper, "Poverty and Global Ambition in Tension: The Dynamics of Indian Climate Diplomacy".



Important trends and developments

- The shift in India's approach to international negotiations has been driven personally, by Minister Ramesh and the Prime Minister, but has not yet been widely institutionalised at home. This makes the current stance fragile, since it rests on the domestic fortunes of a few political actors. It is unclear what direction policy might take should there be a change in national government (although the 1991 economic reforms provide an example of bipartisan continuation of controversial policies). Much depends on whether domestic opposition to the new approach is sustained, in which case the current window of opportunity for constructive Indian engagement may not continue indefinitely.
- The emergence of the BASIC group in late 2009 as a forum for dialogue between Brazil, South Africa, India and China, and their continued meetings throughout 2010, is an interesting new feature in the climate politics landscape. A decision to align with the other three carries some risk for India, not least that it might ultimately be treated the same as China by a future international agreement. However, BASIC participation makes sense if seen in the context of India's wider foreign policy goals (i.e. building international status and cementing important economic relationships). It is also a natural reaction to the fragmentation of interests among the G77 + China group during 2009.
- It remains too early to tell how BASIC cooperation may influence India's approach to negotiations. Reports suggest India has been playing an active BASIC role throughout 2010, particularly in leading a discussion on equity. Given that international agreement on an equity principle is difficult to see, at least in the near future, the decision to work on equity may instead be serving the need of Indian negotiators to maintain domestic support, allowing space to continue being proactive in other key areas of the negotiations – for instance on international monitoring of domestic actions (MRV/ICA).
- The COP16 meeting in Cancún and the lead-up to COP 17 in South Africa will show if and how recent rhetoric translates into substance in the negotiations. There are signs that India wants to be a key player and to help broker an agreement. If so, its improving foreign relations with both US and China could see India in the hitherto unlikely position of playing a key role in breaking the climate deadlock.
- India's domestic actions will continue to be driven by its development agenda. One key to unlocking greater Indian willingness to adopt international emission reduction targets lies in identifying and supporting activities that deliver development benefits with climate co-benefits. There are immediate opportunities to support its ambitious renewable energy targets as well as to work with the large non-commercial energy sector.



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