

# Cancun delegates debate climate fund: Who pays?

8 December 2010, By CHARLES J. HANLEY , AP Special Correspondent



Activists from Oxfam International demonstrate during the United Nations Climate Change Conference in Cancun, Mexico, Wednesday Dec. 8, 2010. According to the UN weather agency, 2010 is "almost certain" to rank among the three hottest years on record, and in a report issued Tuesday experts said glaciers in southern South America and Alaska's coastal mountains have been losing mass faster and for longer than glaciers elsewhere in the world. (AP Photo/Eduardo Verdugo)

(AP) -- Should airline passengers pay a small tax to help out? How about global money dealers? Or perhaps governments should take what they spend subsidizing gasoline prices and put it toward the climate cause.

Delegates to the U.N. climate conference hope to agree in its final days on setting up a new "green fund" to help poorer countries grapple with global warming. Then the real arguments will begin - over where the cash will come from.

U.N. Secretary-General Ban Ki-moon stepped into the middle of the debate earlier this year by enlisting a high-level group of international political and financial leaders to offer advice. Their ideas - airline and foreign-exchange levies among them - were on Wednesday's conference agenda, in a discussion led by the U.N. chief.

Addressing Tuesday's session, Ban noted the group found "it is challenging but possible" to raise \$100 billion a year by 2020, as promised by richer nations at last year's [climate conference](#) in Copenhagen, Denmark.

This annual two-week meeting of parties to the 193-nation U.N. climate treaty may also agree on ways to make it easier for poorer nations to obtain patented [green technology](#), and may pin down further elements of a much-debated, complex plan to compensate [developing nations](#) for protecting their climate-friendly forests.

But once more, as at the Copenhagen summit, negotiators won't produce a sweeping deal to succeed the relatively modest [Kyoto Protocol](#) after 2012, one that would slash [greenhouse gases](#) to curb [climate change](#).

The U.S. has long refused to join Kyoto, which mandates limited emissions reductions by richer nations, and whose commitments expire in 2012. The U.S. complained the accord would hurt its economy and should have mandated actions as well by such emerging economies as China and India.

Meanwhile, [carbon dioxide](#) and other global warming emissions from industry, vehicles and agriculture continue to accumulate in the atmosphere.

The green fund would be considered a key success for Cancun, but many details would remain to be worked out later, and agreement here was far from assured.

The financing would help developing nations buy advanced clean-energy technology to reduce their own emissions, and to adapt to climate change, such as building seawalls against rising seas, improving health programs to cope with new diseases spread by warming and upgrading

farming practices to compensate for shifting rain patterns.

Among other unresolved issues, developing countries were resisting efforts to give the World Bank a role in administering the eventual fund. They view the World Bank as too much under the control of richer nations and want the U.N. itself to run the fund.

The World Bank "has long been imposing policy conditions and programs on South countries and peoples," complained dozens of international advocacy groups in an open letter to the conference.

More central were lingering disputes over the size and sources of the fund.

Behind closed doors, haggling over the text of proposed Cancun decisions, delegates dueled over what developing nations considered an inadequate goal - the \$100 billion a year by 2020.

They view such finance not as aid but as compensation for the looming damage from two centuries of northern industrial emissions, and propose that the richer countries commit 1.5 percent of their annual gross domestic product - today roughly \$600 billion a year.

Northern delegations resisted such ambitious targets, and also objected to language indicating most of the fund's money should come from direct government contributions. They leaned toward the conclusions of Ban's advisory group as the basis for the inevitably intense funding debate following a Cancun decision.

The group's final report last month said the greatest contributions should come from private investment and from "carbon pricing," either a direct tax broadly on emissions tonnage from power plants and other industrial sources or a system of auctioning off emissions allowances that could be traded among industrial emitters.

Either route would make it economical for enterprises to minimize emissions, and would produce revenue.

The United States has been a major holdout against such carbon pricing plans, however, and the impending Republican takeover of the U.S. House of Representatives all but guarantees none will be enacted for at least two years.

The U.N. advisers also see possible revenue sources in a tax or trading system for fuel emissions of international airliners and merchant ships, or a fee on air tickets, with a potential for \$10 billion a year.

They also suggested a possible levy on foreign-exchange transactions, producing possibly another \$10 billion, and removal of government subsidies of fossil fuels, with the money redirected to a climate fund.

Fuel subsidies are believed to run into tens of billions of dollars annually worldwide. The U.S. federal government gave \$72 billion in subsidies to the fossil fuel industry between 2002 and 2008, says a study by the Environmental Law Institute.

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