

India's Position in International Climate Negotiations

No Shift under Modi

Susanne Dröge and Christian Wagner

International negotiations over a post-2020 climate agreement have brought increased calls for India to participate in climate protection efforts. India is currently in a paradoxical situation. On the one hand, in demanding financial and technological support for climate policy, India shares the same interests as most of the developing countries. On the other hand, its rapid economic growth has made it one of the world's leading emitters of greenhouse gases. Yet in contrast to China, which announced in 2014 that it would start cutting its emissions around 2030, India does not see itself as having any obligation to take on more international responsibility for climate protection. Its pledges for the December 2015 climate summit in Paris will therefore be moderate. Industrialized countries can at least indirectly contribute to improving climate protection in India by further expanding their bilateral cooperation in the energy and environmental sector.

The new Indian government under Narendra Modi leaves no doubt that its priorities lie in the area of economic development rather than in environmental and climate policy. The new large-scale initiative "Make in India" is aimed at strengthening the manufacturing infrastructure, promoting foreign direct investment, and facilitating technology transfer. Modi hopes this will bring economic growth back up to seven to eight percent annually—from a rather low rate of around five percent in 2014 before he took office. The major expansion of the manufacturing sector envisioned under this initiative will increase Indian carbon

emissions further. India is now the world's third largest emitter of greenhouse gases, but in contrast to China (first largest) and the USA (second largest), it has still not announced a national climate target in the course of the international process under the United Nations Framework Convention on Climate Change (UNFCCC).

India's energy supply

Since India's economic liberalization of 1991, energy security has been a key issue in the country's domestic and foreign policy, yet the supply problems remain unresolved.

The Indian energy market is still highly fragmented, and there are conflicts of jurisdiction between central and state governments. Furthermore, due to the country's low generation capacities and lack of a reliable and efficient energy infrastructure, India is unable to guarantee the volume and uninterrupted supply of energy urgently needed by large manufacturing companies. Despite significant investments and improvements in the energy sector, India still has the worst overall level of household energy poverty of any of the major emerging economies. The term "energy poverty" refers to a lack of access to modern energy infrastructure, that is, to electricity and decentralized energy. In India, traditional biomass (wood, dung, or charcoal) is the most widely used energy source. Sixty-six percent of the population cooks on wood or coal stoves, which are detrimental above all to human health. Twenty-five percent of the Indian population has no access to electricity. The corresponding figures for China are 29 percent (biomass) and 1 percent (no electricity), and for South Africa, 13 and 15 percent, respectively. India has now abolished its subsidies for gasoline and diesel, but still provides both indirect and direct subsidies for kerosene, liquefied petroleum gas, fertilizers, and electricity. This puts a strain on the national budget, causes emissions to increase, and promotes energy waste. For years, air pollution in major Indian cities has been increasing at an alarming rate. Yet so far, there is no sign of a mass protest movement emerging among the urban middle class comparable to the anti-corruption movement of 2011.

India has the largest coal reserves in the world, but the coal is of low quality. Large portions of India's coal reserves cannot be developed due to delays in licensing, and investment projects are on hold because authorities have not issued the necessary permits. The infrastructure that would be crucially needed to transport the coal from the interior to manufacturing centers along the coast is also lacking. For all these reasons, India is forced to continue import-

ing coal. The country is also heavily dependent on oil and gas imports, mainly from supplier countries in the politically unstable Gulf region and Middle East, such as Iran and Saudi Arabia. Its dependency on these countries will increase in the years to come.

For several years, India has been promoting renewable energy—especially wind and solar. The US-India Civil Nuclear Cooperation Initiative (CNCI) was launched in 2005 with the aim of expanding the production of nuclear energy. But since India's liability legislation covers not only power plant operators but also plant manufacturers, no significant investments in nuclear power generation have been made since then. On his visit to Delhi in January 2015, US President Barack Obama met with India's Prime Minister Narendra Modi to seek agreement on this contentious issue. No details were released, however, on how legal certainty would be provided to foreign investors.

India's environmental and climate policy

Even today, a quote from Prime Minister Indira Gandhi is often heard in discussions on environmental policy in India. In her statement at the first UN environment summit in Stockholm in 1972, Gandhi asked: "Are not poverty and need the greatest polluters?" This is emblematic of the continued primacy of the fight against poverty over environmental issues in Indian politics. Starting in the 1990s, however, a lively public debate began to emerge around national environmental problems and climate policy. The mounting impacts of environmental pollution and the intensified international discussion of climate change led the government under Manmohan Singh to adopt the National Action Plan on Climate Change in 2008.

The Modi government's economic policy priorities focus on industrialization, foreign direct investment, technology transfer, and India's participation in the international division of labor. Nevertheless, energy

and environmental questions play a major role as well, given India's close cooperation with the most important industrialized countries in these areas.

Along with efforts to expand the use of renewable energies, India has also launched an initiative to improve city planning under the banner of "Smart Cities." Other projects include cleaning up the Ganges, the sacred river of the Hindus, as well as the high-profile "My Clean India" campaign, which commenced with the Indian Prime Minister personally sweeping an area of street. The Modi government plans to invest 100 billion US dollars over the next seven years to expand solar energy generation to reach a capacity of 100,000 megawatts. That would be the equivalent of more than thirty times current levels of solar generation.

The United States plans to finance projects in this area totaling one billion dollars and to provide expertise to three of India's Smart Cities. Germany's Federal Environment Minister Barbara Hendricks also pledged to support the Smart Cities initiative on a visit to India in late January 2015. Germany has been participating in the financing of solar projects such as photovoltaic power plants for several years now. Yet up to the present, India's bilateral cooperation with Germany and the European Union (EU) on energy and environmental policy has failed to spill over into a broader shift in India's foreign policy priorities in the area of international climate policy.

Indian environmental organizations are indeed concerned that Modi's manufacturing drive may come at a cost to the environment. The administration's strategy includes reducing environmental standards for industrial projects and accelerating approval processes. International non-governmental organizations (NGOs) like Greenpeace are being watched more closely by government security agencies. The activities of some national NGOs in support of Indian anti-nuclear groups are considered to be against the national interest. In line with this, many NGOs are to be subjected to intensi-

fied scrutiny, including stricter monitoring of their financial inflows from abroad. The Delhi High Court ruled in January 2015, however, that the freezing of Greenpeace funds by the Indian government was unconstitutional, and ordered that the funds be unblocked and credited to Greenpeace India.

India's international climate agenda

In India, there is broad cross-party consensus against outside interference in internal affairs—for instance, through internationally binding agreements. In the global context, India is therefore considered a "country that can't say yes", as has been observed in environmental and climate negotiations for many years. In particular, India has been emphatic in stressing the importance of the Common But Differentiated Responsibilities and Respective Capacities (CBDR&RC) principle contained in the UNFCCC. According to this principle, the burdens of climate policy should be shared in an equitable way and according to the capacities of the country in question. Key parameters are a country's per capita emissions, historical share of greenhouse gas emissions, and economic capability. From India's point of view, this implies that the industrialized countries hold greater responsibility for climate protection and that they should lead the way, allowing developing countries like India the same development opportunities that the industrialized countries enjoyed.

India has, in fact, put forward a series of climate policy proposals. In 2007, Prime Minister Manmohan Singh announced the Singh Convergence Principle (SCP), which was named after him. It states that India's per capita CO₂ emissions should never be higher than those of the industrialized countries. Yet this created the impression that India's middle class—whose lifestyles and carbon emissions hardly differ from those of the industrialized countries—was hiding behind the country's large poor population. Environment Minister Jairam

Ramesh announced in 2009 at the Copenhagen Climate summit that India would cut its carbon emissions by 20 to 25 percent up to 2020 compared with 2005 levels.

India and the EU in the run-up to the Paris conference

Under the government of Prime Minister Modi, there are few signs that India will change its position in the upcoming climate negotiations. Both economically and politically, India is currently in the comfortable situation of being courted by numerous potential partners. Foreign investors hope to gain better access to the Indian market through the removal of bureaucratic hurdles. And countries like the United States, Japan, and China are pursuing not only economic but also geo-strategic interests in their efforts to build closer relationships with India.

India will play a significant role in international preparations for the negotiations in Paris. On the one hand, India has the same interests as many other G77 states. On the other hand, India is capable of blocking negotiations together with other emerging countries as it did in Copenhagen in 2009. In the current process of preparing for the Paris conference, the new Indian government will not meet the March deadline for announcing its (“intended nationally determined”) contributions to the new agreement. Its announcement is not expected before mid-year, after the budget for 2015 has been passed and the climate agenda has been agreed upon between India’s national and state governments (eight initiatives have already been launched for solar energy, energy efficiency, water, ecosystems, agriculture, etc.). The Indian Environment Minister Prakash Javadekar announced in February 2015 that India’s contributions to the UNFCCC process would not be empty promises. Even if India has postponed announcing its climate targets, its participation in the voluntary commitment process is one step that is consistent with its position to date.

A showdown in the final hours of UNFCCC negotiations of the kind that took place between India and the EU in 2011 in Durban will not be repeated. There, the EU was able to count on a large number of developing countries in the G77 for support (the “Durban Alliance”). But now, most of these countries have shifted their positions in the process. They are interested primarily in obtaining long-term financial commitments and technological support for adapting to the impacts of climate change. They appear to have lost faith in effective global climate protection and in the EU’s leadership role. So when it comes to negotiating the details of an agreement, their positions will be oriented more towards China and India—especially since it is still not clear what the EU is willing to offer in 2015.

India is able to rely largely on bilateral channels for the financial support and technology transfers it needs for its energy projects. As long as the international climate process does not limit its options in this area, India will not block the negotiations. However, there is little indication that India will participate in an internationally binding climate agreement that involves monitoring and review mechanisms for national climate protection. This is the attitude that also predominates in the discussion in India over the Sustainable Development Goals (SDGs). For Germany, this means that the most effective way of supporting climate protection in India is to pursue even more intensive bilateral cooperation.

© Stiftung Wissenschaft und Politik, 2015
All rights reserved

These Comments reflect solely the authors’ views.

SWP
Stiftung Wissenschaft und Politik
German Institute for International and Security Affairs

Ludwigkirchplatz 3–4
10719 Berlin
Telephone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org
swp@swp-berlin.org

ISSN 1861-1761

Translation by
Deborah Anne Bowen

(English version of
SWP-Aktuell 16/2015)