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ASIA PACIFIC PARTNERSHIP

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THE ASIA PACIFIC PARTNERSHIP ("APP," OR SOMETIMES "AP6") IS AN AGREEMENT BETWEEN SIX NATIONS to facilitate the development and transfer of technologies that will foster improved utilization of energy resources and reduce greenhouse gas emissions. Australia, China, India, Japan, the Republic of Korea and the United States joined together with the signing of an agreement, formerly known as the Vientiane Pact, of a "new partnership to develop, deploy and transfer cleaner, more effective technologies and to meet national pollution reduction, energy security and climate change concerns, consistent with the principles of the United Nations."¹

The APP is a voluntary agreement that focuses on practical ways to promote energy efficiency, renewable energy development and clean power production rather than on limits of greenhouse gas emissions.

This agreement recognizes that developing countries will need to increase the production of energy to fuel their economies and that carbon emissions in these emerging countries are not capped under the Kyoto Protocol. By reducing barriers to the creation of new energy efficient technology and cleaner energy sources, the

APP will slow the growth of emissions in developing countries while still allowing for domestic economic growth. By unleashing the power of the marketplace and fostering the development of new technologies to meet global warming challenges, the APP may accomplish far more than "command and control" systems.

It is important to note that the countries involved in the APP account for nearly 44% of the world's population, 46% of the world's energy consumption and up to half of the world's carbon dioxide emissions from fossil fuels. The APP also brings major non-signers of the Kyoto Protocol to the table to begin the process of fighting global warming.

The APP is currently a broad outline of goals and objectives. Periodic meetings are being held to develop the APP framework. Implementation of the APP began with the creation of eight task forces, consisting of both governmental and industry representatives, who are examining ways that various technologies can be utilized to foster the APP's objectives.

The eight task forces are:

1	Cleaner Fossil Energy: Focuses on sequestration of carbon dioxide, development of integrated gasification combined cycle (IGCC - clean coal) and other emerging technologies relating to coal gasification, waste coal and other similar technologies.
2	Renewable Energy and Distributed Generation: Focuses on wind, hydro, solar, tidal, landfill gas and other renewable and distributed generation technologies.
3	Power Generation and Transmission: Focuses on ways to improve efficiency in the electric generation, transmission and demand side management sectors.
4	Steel: Focuses on best available technologies and practices involved in the steel production industry, including increased recycling.
5	Aluminum: Focuses on improving the sharing of best practices involving aluminum production facilities, including equipment to improve efficiencies and reduce emissions, as well as improving recycling.
6	Cement: Focuses on the cement production industry, including the introduction or replacement of older, wet kiln production technologies in favor of dry processing technologies, energy efficiency, power generation from waste heat and similar activities.
7	Coal Mining: Focuses on controlling coal mine methane gas, reclamation of mine lands and otherwise improving the economics, efficiencies and environmental impacts of coal mining.
8	Buildings and Appliances: Focuses on fostering the development of energy efficient buildings and urban planning techniques, as well as the use of energy efficient appliances.

Each of these task forces is chaired by a signatory country and is comprised of governmental entities and industrial representatives appointed by the signatory countries. Others interested in getting involved are reportedly welcome at the meetings and input is solicited. (More information is available at www.asiapacificpartnership.org.)

Despite the laudable goals of the APP, concerns have been raised, focused primarily on the relationship between the APP and the Kyoto Protocol. Kyoto is a cap-and-trade system for reducing greenhouse gas emissions. Kyoto allocates allowances for emitting carbon to the signatory countries, who, in turn, allocate these allowances to emission sources in a way designed to reduce overall carbon emissions. Many of the world's major countries have signed the Kyoto Protocol except two of the signatories to the APP -- the United States and Australia.

The United States' promotion of the APP has been viewed by some as an attempt to deflect criticism of the country's failure to accept the Kyoto Protocol.² Possible political motives aside, there are many ways that Kyoto and the APP may complement each other. For example, Kyoto does not impose carbon emission limits on developing countries, but rather encourages Clean Development Mechanisms ("CDM"). These mechanisms, designed to foster energy efficiency or reduction in greenhouse gas emissions in developing countries, are accompanied by the creation of emission allowances that can be used in developed countries. The technologies promoted by the task forces of the APP are, in many cases, the same technologies that can be utilized for CDM projects to reduce carbon emissions.

One criticism of the Kyoto Protocol is that developing countries do not have emission caps and yet will need to greatly increase electric generating production in the coming decades. If electric generation from coal facilities continues to be the dominant energy source, particularly in China, any gains from Kyoto may be negated. The APP's attempt to develop clean coal, renewable energy and energy efficiency could go far in countering this trend.

Another factor that may become a driving force behind the APP is the significant coal reserves that many of the signatory countries retain within their borders. The potential development of technologies that would allow the use of coal as a "clean" source of future energy would have significant impacts on the economies of these countries. Additionally, these developments could also significantly impact dependence on oil and gas for the generation of electricity.

The most immediate issue faced by APP is the need for adequate funding to move forward with its stated objectives. Without such funding and, more importantly, without U.S. funding, the APP will likely not achieve its worthwhile goals. To accomplish current APP goals, the Bush administration is pushing Congress for funding at the \$52 million level, a relatively modest amount in the national budget calculus. Congress is currently reviewing the Administration's request, and while the House Appropriations Committees did not fund all of the components of the APP, it appears that the Senate appropriators have included a significant portion of the White House's requested level of funding. Final action to reconcile the Senate and House appropriations bills will occur later this summer.

Recognizing that global climate and energy problems require multi-faceted solutions, funding of the APP program seems clearly deserving of support as a key initiative to complement the Kyoto Protocol -- and better the world's environmental and economic futures.

¹ Vision Statement of Australia, China, India, Japan, the Republic of Korea, and the United States of America for a New Asia-Pacific Partnership on Clean Development & Climate, 28 July 2005, <http://www.asiapacificpartnership.org/Vision.pdf> (last visited June 22, 2006).

² See, e.g., Richard Black, *Climate Pact: For Good or Bad?*, July 28, 2005, <http://news.bbc.co.uk/2/hi/science/nature/4725681.stm> (last visited June 22, 2006) ("But I think at the same time it is fair to say it's a serious attempt by the U.S. to deflect attention away from their own profligate emissions...and it may also be timed to undermine [Kyoto Protocol] negotiations in Montreal."); *Skepticism Over U.S. Climate Plan*, July 28, 2005, <http://www.cbsnews.com/stories/2005/07/28/tech/main712500.shtml> (last visited June 22, 2006) ("Together with the United States, Australia is staging the biggest diversionary maneuver attempted since the start of international talks on climate change.").



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is an interdisciplinary team of attorneys and professionals who specialize in matters involving renewable energy project development and finance, emissions reduction schemes (e.g. NO_x, SO₂, RECs, RGGI, EU-ETS and Kyoto Protocol) and alternative energy sources.

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