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To: Nebojsa Nakicenovic <naki@iiasa.ac.at>
Subject: Re: Invitation to the SRES meeting in Berkeley
Date: Wed, 14 Jan 1998 09:10:12 -0800
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Naki,

Thanks for the invitation to the SRES meeting.

Given the funds situation at your disposal, I am opting out of attending the meeting. I would however like to offer any assistance on issues concerning developing / Asian countries. Specifically, I have data on structural changes of GDP and energy for countries in Asia-Pacific. The structural transitions in these countries offer interesting insights and directions for scenarios. I have passed an analysis of 12 countries to Tae. The countries include the important economies in Asia-Pacific, namely China, India, Japan, Korea, Indonesia, Malaysia, Thailand, Pakistan, Bangladesh etc. I think the structural changes in developing countries is a very vital aspect for specifying future emissions. Also, well documented and specified information on this shall help the policy exercises later which shall use our emissions scenarios as reference.

I think the modelling groups may also require some inputs (and insights) for handling developing country specifications in the models. In the past we have pointed out several lacunas - such as neglect of traditional biomass, disequilibrium, informal economy, geopolitical realities etc. These also influence technological assumptions and constraints. In fact our scenarios are very well suited to handle some of these aspects differently. The modellers may have to be advised to handle these aspects suitably. This is vital since we aim to specify the emissions regionally.

Another issue I wish to bring to your attention relates to discount rates. I know your competence on this issue. However, the modelling difficulties (and paradigm itself) often stop us from using different discount rates. The persistence of high discount rates in developing economies is an observed fact. This may not equalize globally during the next half century (or more). Even if we may not want to have different discount rates (since this upsets the underlying neoclassical paradigm), we may just ask the modellers to ensure that the results are not sensitive to this.

A more interesting issue concerning the discount rates for our scenarios is that the different futures (scenarios) would have different associated discount rates. The sustainable development type scenarios (e.g. B1 scenario) may have lower discount rate than our A scenarios. If we run all scenarios with same discount rate, this would be a contradiction. I know there are no easy answers around this since we do not want to confuse the users of scenarios later on with too many

different parameters. However it may be worth providing different specifications for important parameters or caveats where we anticipate contradictions.

Given the recent developments in East Asia, it may be worth to take a relook at A1 scenario and consider whether the Tiger World would transit to A1 or A2. This is just an aside.

Wishing you a very happy new year.

P.R. Shukla

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