



Third World Network
Copenhagen
News Updates and
Climate Briefings

(December 2009)

TWN

Third World Network

Third World Network
COPENHAGEN NEWS UPDATES
AND
CLIMATE BRIEFINGS
(December 2009)

TWN

Third World Network

COPENHAGEN NEWS UPDATES AND CLIMATE BRIEFINGS (DECEMBER 2009)

is published by
Third World Network
131 Jalan Macalister
10400 Penang, Malaysia
Website: www.twinside.org.sg

© Third World Network 2010

Printed by Jutaprint
2 Solok Sungei Pinang 3, Sg. Pinang
11600 Penang, Malaysia

ISBN: 978-967-5412-15-8

CONTENTS

NOTE

COPENHAGEN NEWS UPDATES

Update No.	Title of Paper	Page
1	World Leaders Race to Save Copenhagen	3
2	Copenhagen Climate Talks Begin	5
3	Copenhagen Talks Open with Warnings against Renegotiating Convention	7
4	Developing Countries: No Successful Outcome Without Kyoto Protocol Commitment	10
5	Proposals by Developed Countries Inconsistent with Climate Convention – G77 and China	14
6	Developing Countries Express Concerns over Global Environmental Facility	17
7	Leaked Danish Text Dominates Corridor Talk at Copenhagen	19
8	COP 15 Meeting Suspended to Resolve Differences on Legal Outcome	22
9	Emission Cuts: To Be or Not To Be?	25
10	Meeting on Kyoto Protocol Amendments Suspended Due to Disagreements	29
11	Chairs Present Two Draft Texts for Negotiations	32
12	Deadlock at Copenhagen Climate Talks	33
13	Impasse over Global Climate Architecture	35
14	Climate Conference in Crisis as Developing Countries Press for KP	38
15	Informal Plenary on Kyoto Protocol Discusses Issue of the US Not Being a Party	40
16	Confusion Reigns over Process at Climate Conference	41
17	Ambitious Greenhouse Gas Cuts Not Visible	43
18	Developing Countries Revolt against Danish Text Attempt	45
19	US Seeks Weak “Comparability of Efforts”	48
20	Two-track Outcome amidst Confusion	51
21	No Danish Text, Small Drafting Groups to Meet	53
22	Turmoil in Copenhagen – Outcome Uncertain	55

23	Copenhagen Ends by Only “Noting” an Accord after Much Wrangling	58
24	Working Groups to Continue Work and Present Results in 2010	65
25	Attempts to Make Copenhagen Accord a “Plurilateral Agreement”	66

CLIMATE BRIEFINGS FOR COPENHAGEN

Briefing No.	Title of Paper	Page
1	Why We Need to Save the Kyoto Protocol	73
2	Carbon Markets and Financial Risk	78

NOTE

This is a collection of the 25 News Updates and two Briefing Papers prepared by the Third World Network for and during the United Nations Climate Change Conference in Copenhagen, Denmark, from 7 to 18 December 2009.

Copenhagen News Updates

TWN

Copenhagen News Update 1

www.twinside.org.sg

Published by
Third World Network

7 December 2009

World Leaders Race to Save Copenhagen

Copenhagen, 7 December (Martin Khor)* – The lead up to Copenhagen saw a flurry of activities by some world leaders to give impetus to the highly anticipated conference on climate change, after gloom cast on it when it was made known that there would be no legally binding agreement to be expected from it.

President Barack Obama of the United States and President Hu Jintao of China on 26 November announced 2020 targets for their countries. For the US this would be cuts to greenhouse gas emissions. For China, it would be reducing the emission intensity of its gross national product (GNP).

These announcements by the two most important countries in terms of total emissions gave a boost to the mood in climate politics just a week before delegates arrive for the Copenhagen meeting.

In reality, the chances of the success of Copenhagen are in the balance. The definition of what would constitute success has changed, and has in fact been downgraded. No longer is there any possibility of a final set of agreements. There are deep divisions on key issues that cannot be resolved in time.

At best, Copenhagen will come up with a framework intended to lead to a final deal. But many leaders hope that this framework can at least have some key details. For example, the United Kingdom's climate minister Ed Miliband says that there have to be figures on the emission reduction targets of developed countries, and on adequate finances for developing countries, otherwise Copenhagen will be a failure.

At the Asia-Pacific Economic Cooperation (APEC) Summit in Singapore, a breakfast meeting of leaders that included US President Barack Obama concluded that there would not be a legally binding agreement, but some kind of "political declaration" that would somehow be "binding."

To many analysts, this constitutes a climb-down from the "seal the deal" goal for which the UN Secretary General Ban Ki Moon has campaigned. No one is sure what a "political declaration" would look like and how this can be "binding" or have legal effect.

The UN General Assembly convened a meeting on 19 November to discuss the status of the climate talks. At that meeting, the developing countries strongly attacked the lack of commitment by the developed countries either to cut their emissions or to provide financing to developing countries, or even to retain the legally binding Kyoto Protocol. This, they said, is what has caused the downgrading of expectations for Copenhagen.

Mr. Ban tried to reassure the General Assembly that Copenhagen is still on track. He said that news reports had recently portrayed that Copenhagen is destined to be a "disappointment", but this was wrong. He countered this perception with examples of individual countries' pledges on emissions reduction.

However, the Chair of the G77, Ambassador Abdalmahmood Mohamad of Sudan, speaking on behalf of the Group and China said the developing countries were extremely disappointed that the Copenhagen Conference did not seem to be able to result in the final outcomes needed and this was a major setback. It said Parties should not pretend otherwise by using words such as a "legally binding political declaration".

For the G77 and China, Copenhagen's most important outcome should be adopting the second commitment period of the Kyoto Protocol, the treaty that implements the legal commitment of industrialised countries to reduce greenhouse gas emissions.

Instead the developed countries are moving to exit from this Protocol, and this is the main cause of

the present impasse. Without a Kyoto Protocol decision, Copenhagen cannot succeed, said the Group.

Grenada, speaking for the Alliance of Small Island States (AOSIS), said the group was concerned over attempts to water down the results of Copenhagen. It insisted that an internationally legally binding outcome at Copenhagen is both technically and legally feasible.

At the end of the 2-hour session, Mr. Ban acknowledged the deep concerns of the developing countries about there being a major setback or deep disappointment as there would be no treaty agreed upon in Copenhagen. But this should not be seen as a failure as Copenhagen will lay the foundation for a legally binding agreement, he said.

However, as the meeting ended, the mood among many delegates, at least those from developing countries, was that there would be a setback in Copenhagen. Several delegates said they had the impression after listening to the speakers that the conference would not result in a final legally binding outcome, and they were uncertain whether there would be a clear decision on the emission reduction commitments of developed countries, which is the foundation of many other decisions.

The G77 and China highlighted their most serious concern, that many developed country Parties of the Kyoto Protocol want to move away from this Protocol and move towards another agreement of which the nature is not understood.

“There is a danger of a downgrading of the commitments of developed countries from an internationally legally binding commitment in the Kyoto Protocol to an inferior agreement involving each country pledging its national programme, with no aggregate figure for developed countries overall, and which is not legally binding,” said the Sudanese Ambassador.

The Group was also very disappointed with the very low overall reduction figure arising from the national announcements from developed countries

so far, which is only 12 to 19 per cent (including the US) below 1990 levels.

“The main impasse that has led to downgrading of expectations in Copenhagen is the uncertainty caused by the actions of the developed countries on whether they are willing to commit to a second period for the Kyoto Protocol, and whether their emission reduction targets are good enough,” said the G77 Chair.

He asked if the Secretary General and the Denmark representative could assure the Group that the developed country members of the Kyoto Protocol will remain in the Protocol and will make adequate commitments of at least 40% cut by 2020 (from 1990 levels), and will finish the negotiations in the Kyoto Protocol track by the time Copenhagen is concluded. Without such an assurance, it will be hard to see how Copenhagen will be a success, he said.

The Copenhagen Conference must not end only with mere rhetorical political statements. There must be concrete commitments from the developed countries on their emission reduction figures, and commitments on finance, as well as decisions to establish a finance mechanism and a technology mechanism.

Earlier, Mr. Ban said he believed that Parties will reach a deal in Copenhagen that sets the stage for a binding treaty as soon as possible in 2010. He said that political momentum was building almost daily. He urged Parties to stay positive, come to Copenhagen and seal a deal.

Despite last week’s announcements by the US and Chinese Presidents, the prospects are not so bright that Copenhagen will “seal the final deal”. Hopefully the Conference can agree to a framework and basis of an eventual deal in 2010 that is both fair and effective.

* *Martin Khor is the Executive Director of the South Center.*

TWN

Copenhagen News Update 2

www.twinside.org.sg

Published by
Third World Network

7 December 2009

Copenhagen Climate Talks Begin

Copenhagen, 7 December (Martin Khor*) – This year's biggest global event – the United Nations Copenhagen climate conference – begins today.

For the next two weeks, world leaders and their negotiators will try to thrash out the elements of a global deal on how to collectively tackle what is arguably the greatest threat the world has known – catastrophic global warming that will make human life very difficult or impossible within decades.

Around 30,000 people are gathering in this Danish capital to be part of this event. The diplomats from almost 200 countries are already here. They will pore over hundreds of pages of texts that may eventually form the basis of an agreement of sorts, or at least a framework for further talks and a final deal next year.

Also here are environmentalists, indigenous people, trade unions, scientists, scholars, who have a stake in what comes out, or does not come out, of Copenhagen. And about 5,000 journalists are also expected to cover the events.

Next week the Environment Ministers will arrive, followed on 17 and 18 December by at least a hundred Presidents and Prime Ministers, who hope to endorse a declaration that their diplomats and Ministers have agreed upon.

The conference was given a last-minute fillip by an announcement last Friday that US President Barack Obama will come on 18 December to join the Summit part of the conference. This corrects his earlier plan to make a one-day appearance on 9 December on his way to collect the Nobel Peace Prize. That would have been too early because the other heads of government would only be coming on 17-18 December.

The delegates already in Copenhagen expect sleepless days and nights of diplomatic battles and high drama, since many key issues are still in dispute. This is not surprising.

Although all countries believe in the scientific evidence that climate change is a serious threat, they disagree on the sharing of responsibilities (especially who cuts their Greenhouse Gas emissions and by how much), how much it will cost, and who will pay the bill.

What started as mainly an environmental topic has become a complex set of economic, financial and political issues. The developed countries stress the need for a target for a global emission cut, with all countries to play their part.

The developing countries worry whether actions to reduce emissions will affect their economic development. They stress the need for equity, that the rich countries must transfer enough finance and technology to enable the poorer countries to reduce emissions and cope with the effects of climate change.

There is wrangling on many key issues that will pre-occupy the Copenhagen fortnight.

First is whether the developed countries are willing to do their part to cut emissions. Their pledges so far are depressingly low, adding up to only 12-19 per cent by 2020 (compared to 1990 levels). This is far below the 40% cut they need to do as demanded by developing countries, and below the 25-40 per cent range indicated by studies cited by the Intergovernmental Panel on Climate Change (IPCC), the UN climate change panel.

The chair of the group negotiating the numbers has warned that “we will be a laughing stock” at the end of the Copenhagen meeting with this low ambition. Developing countries are demanding deeper cuts. Will developed countries respond?

A particular problem is the United States, whose present emission levels have ballooned to a far higher level than 1990. Its offer to cut by 17% by 2020 compared to 2005 is only 2 to 7 per cent below its 1990 level, which is well below the 20 or

30 per cent target that Europe is willing to take on for itself.

Second is the apparent decision by the developed countries that are members of the legally binding Kyoto Protocol (only the US is not a member) to move out of that protocol and move with the US into a new agreement which may not be internationally binding, but only requires each country to make pledges and be subjected to peer review.

This has outraged the developing countries. They feel that the rich countries are climbing down from their commitments at a time when they should be stepping up, and shifting the responsibilities to developing countries, especially since these rich countries insist that developing countries like China, India and Brazil join in the obligations of the rich countries.

If China and India are drawn in today, the rest of the middle income countries like in the ASEAN (10-member group of South-east Asian countries) region will be drawn in the day after. In fact the Europeans are already insisting that all developing countries commit to slow their emissions to 15-30 per cent below their “business-as-usual level”.

There are of course many problems with this, not least that almost no developing country government knows what is meant by “business-as-usual level”, or how the 15-30% deviation rate was derived, nor what this means for their economic growth ambitions.

Third is the money issue. Developed countries not only pledged but also legally committed to pay developing countries for the increased costs associated with their climate-related actions. This has hardly materialized in the past 15 years.

This time the developing countries want a new climate fund created inside the UN Convention (and not have the funding done through the World Bank as the developed countries desire) and a legal commitment to contribute at least US\$200-400 billion annually. This amount is in fact lower than what several studies say is required for actions in developing countries.

At Copenhagen, the developing countries want agreement at least that the new fund will be set up in whose governance and policies they will have a fair say. The US\$10 billion being mentioned by some

developed country leaders are also seen as grossly inadequate.

Fourth is the transfer of climate-friendly technology, which is another commitment made but not met. The developing countries want a new body set up inside the Convention with the authority to make policies and oversee the transfers. They also want intellectual property rules to be relaxed so that the technologies can be transferred at lower cost.

So far the developed countries are disagreeing with even the setting up of a technology policy-making body, preferring an advisory group with little power. And they are adamantly opposed to any relaxation to global intellectual property rules, which they fear will reduce their technological monopoly.

Fifth is whether to set a 2050 target for either limiting temperature rise (and if so should this be 1.5 or 2 degrees) or for a global cut in emissions (for example by 50% compared to 1990), or both. The developed countries are also angling to put in a 80% cut for their own emissions.

The problem with such a set of targets is that the developing countries would indirectly be agreeing to a big emission cut for themselves (20% in absolute terms and 60% in per capita terms).

They should thus not agree to the developed countries’ 80% target for themselves, as this is far too low. And even a 50% global cut must be premised on and preceded by getting enough finance and technology for developing countries to enable them to contribute to the global effort.

These are only some of the contentious issues facing Copenhagen this fortnight. Other topics include how to deal with deforestation, with market mechanisms such as carbon trading, whether to limit “offsets” that the rich countries use to evade the full domestic emission reductions, and trade protection on climate grounds.

This is why a full climate deal cannot be reached in Copenhagen. A lot is at stake, a lot of issues are involved, and a lot of them are unresolved. Hopefully there will be more agreement on many of these issues before the Presidents and Prime Ministers arrive.

* *Martin Khor is Executive Director of the South Centre, an intergovernmental think tank of developing countries.*

TWN

Copenhagen News Update 3

www.twinside.org.sg

Published by
Third World Network

8 December 2009

Copenhagen Talks Open with Warnings against Renegotiating Convention

Copenhagen, 8 December 2009 (Meena Raman) – At the opening sessions of the Copenhagen Climate Conference, the developing countries warned the developed countries not to continue to attempt to shift their responsibilities in the global effort to combat climate change onto the developing countries.

The G77 and China said it rejected attempts by the developed countries to push for a new legally binding instrument that would revoke the principle of common and differentiated responsibilities. The Africa Group said the Kyoto Protocol must survive and continue to function as the most important implementing instrument of the Convention. It was opposed to the re-negotiation of the UNFCCC, which could lead to the complete collapse of the fight against climate change.

The Copenhagen climate talks kicked off in Copenhagen on 7 December with a welcoming ceremony addressed by the Prime Minister of Denmark, which was followed by the opening sessions of the 15th Conference of Parties of the UNFCCC and then the 5th meeting of the Parties in the Kyoto Protocol (CMP).

The first day also saw the opening plenary of the 8th session of the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) as well as the opening plenary of the 10th session of the Ad-hoc Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol (AWG-KP).

The Danish Prime Minister Lars Lokke Rasmussen, at the welcoming ceremony, said that the challenge before Parties is to translate political will into a strong common approach to forge an agreement that will provide for effective global solutions. He said that Denmark had been conducting intensive consultations in preparation for this conference and has been engaging with world leaders. There was a need to develop an agreement

that is acceptable to all Parties and is at the same time strong and ambitious, just and equitable, effective and operational.

Rasmussen said that 110 heads of state and government will be coming to Copenhagen next week in the concluding days of the Conference. The agreement that world leaders should adopt next Friday (18 December) must be founded on the legal principles of the Climate Change Convention and it must respond to all aspects of the mandates agreed upon in Bali two years ago. It must seek to capture progress achieved within the negotiations, both under the Convention and under the Kyoto Protocol. It must launch immediate action, he added.

Also at the opening ceremony, Dr. Rajendra Pachauri, Chairman of the Intergovernmental Panel on Climate Change (IPCC), said that the IPCC's Fourth Assessment Report had specified that if temperature increase is to be limited to between 2 and 2.4 degrees C, global emissions must peak no later than 2015. Some may even question the goal of 2 degrees as a ceiling because this would lead to sea-level rise on account of thermal expansion of 0.4 to 1.4 meters. This increase added to the effect of melting of snow and ice across the globe, and could submerge several small island states and Bangladesh, he added.

Referring to the recent incident of the stealing of the emails of scientists at the University of East Anglia, Pauchauri said that this showed that some would go to the extent of carrying out illegal acts as an attempt to discredit the IPCC. He defended the work of the IPCC, which he said has a record of transparent and objective assessment stretching over 21 years.

UNFCCC Executive Secretary Yvo De Boer said that the cake that needs to come out of Copenhagen needs to have three layers. The bottom layer consists of an agreement on prompt implementation of action on mitigation, adaptation,

finance, technology, reducing emissions from deforestation and degradation (REDD) and capacity-building. The second layer consists of ambitious emission reduction commitments and actions, commitments on start-up finance in the order of \$10 billion per year, and long-term finance. The third layer or the icing consists of a shared vision on long-term cooperative action and a long-term global goal.

Following the opening ceremony, the opening plenary of the 15th Conference of Parties (COP15) was held. Connie Hedegaard, the Minister of Climate and Energy of Denmark, who was appointed President of COP15, said Denmark was committed to maximum progress in the two tracks – the Convention track and the Kyoto Protocol – and to ensure successful and ambitious outcomes. She said that the political will has never been stronger and warned that if Parties missed this chance, it could take years, if ever, for an ambitious outcome.

Ambassador Ibrahim Mirghani Ibrahim of Sudan, Chair of the G77 and China, said we are now being told that we will only get a “politically binding agreement” in Copenhagen but we should use the remaining time to fulfill the mandate given in Bali. “We reject attempts of developed countries to shift the responsibility of addressing climate change and its adverse effects on developing countries and their objective of concluding another legally binding instrument that would put together the obligations of developed countries under the Kyoto Protocol and similar actions of developing countries. This would revoke the principle of common but differentiated responsibility under the Convention by imposing these obligations as well on developing countries under the guise of a ‘shared vision’.”

The G77 and China said that the existing financial architecture has failed to deliver sufficient resources to address the threat of climate change. “We hope our partners will ensure the operationalisation of an effective financial mechanism under the Convention.”

Citing recent UNFCCC data on GHG emissions from Annex 1 Parties between 1990 and 2007, the G77 Chair said that GHG emissions of developed countries increased by 11.2% excluding land-use, land-use change and forestry (LULUCF) and increased by 12.8% including LULUCF. Many developed countries have yet to peak on their emissions, although having reached industrial development more than half a century ago. “On the contrary, developing countries are now being required to take the leadership in cutting emissions while developed countries are continuously increasing their emissions, and hence, over-occupying the global climate space.”

The Group also stressed the need for an inclusive, transparent and open process throughout the Conference that will ensure that no one will be excluded from deliberations. It said that no parallel tracks of negotiations should be created nor should there be any hierarchy of decisions.

Algeria, speaking for the Africa Group, expressed serious concern about the lack of progress in this process. It said that Africa will not put aside the historical responsibility of the developed world for climate change and the principle of common but differentiated responsibility which should not be undermined under any guise. Referring to the Kyoto Protocol, Algeria said that the UNFCCC has only one legally binding instrument and it must not be undermined. The Kyoto Protocol must survive and continue to function as the main and most important implementing instrument of the Convention. The Africa Group was firmly opposed to the re-negotiation of the UNFCCC, which could lead to the complete collapse of the fight against climate change. It also requested for a transparent and equitable High Level Segment at COP15 and this process must not be selective in nature.

Lesotho, speaking for the LDCs, wanted to see outcomes on the two tracks of the AWG-KP and the AWG-LCA. LDCs want an outcome that is fair, inclusive and equitable and that takes into account the vulnerability of the LDCs. Adaptation is of high priority. It said that all LDCs have done their National Adaptation Programmes of Action (NAPAs). It was discouraged that funds available for NAPAs was only USD200 million and hoped to see renewed pledges for the LDC Fund towards the USD2 billion that must be realized. Massively enhanced and scaled up financing was needed, with equitable arrangements for facilitating access by LDCs. Further, intellectual property rights must not be a barrier to the transfer of climate technologies.

Grenada for AOSIS said that an ambitious outcome must address the threat from climate change which is commensurate with the scale of the problem. It wanted an internationally legally-binding outcome and will not accept a “political agreement”. The final agreement must address the emissions by all major emitting countries based on the principle of common but differentiated responsibility. Temperature rise must be limited to well below 1.5 degrees C and GHG concentrations to 350 ppm.

Saudi Arabia also said that it cannot accept the re-negotiation of the Convention or alteration to the balance of rights and obligations between Parties. Any agreement must cover all subjects and it was not possible to resolve some issues and leave others behind. Referring to the East Anglia University

“climate-gate”, it said that the scandal was going to affect the level of trust and confidence in the IPCC. There was a need for an international independent investigation on this matter, on whether the original data was deleted and altered.

Australia, speaking for the Umbrella Group (comprising mainly of developed countries who are not part of the European Union), said that it wants a resounding success at COP15 with bold action and a strong outcome. There was a need for maximizing credibility and trust among Parties. Its vision was to limit temperature rise to 2 degrees C and for global emissions to be reduced by 50% by 2050, with the peaking of emissions as soon as possible. The Umbrella Group was willing to be subjected to the measuring, reporting and verification (MRV) that is robust. For a post-2012 agreement, quick and high-impact financing was needed especially for LDCs and SIDs who are vulnerable. This substantial increase in financing must also include the carbon markets. It said that there was an emerging consensus that for a Copenhagen accord, USD10 billion per year was needed by 2012 especially for LDCs and the most vulnerable. Referring to the various

developed and developing country announcements on mitigation actions, it said that there was a need to “internationalize” them so that Parties will stand behind them. To be environmentally effective, these actions should be subject to transparent reporting and review internationally. There cannot be a “business-as-usual” outcome. It said that there was a need for a new legally binding treaty as soon as possible with a decision in the Copenhagen accord.

Sweden, speaking for the EU, said it wanted a global and ambitious agreement that keeps temperature rise to less than 2 degrees C and covers all the elements of the BAP. It must provide a framework for all Parties and environmental integrity was important and it must build on the Kyoto Protocol. Emissions must peak no later than 2020 and developed countries must reduce emissions in the range of 80-95% compared to 1990 levels and developing countries must also contribute. All who have the capacity must increase their pledges. It said that the incremental cost for meeting the costs of adaptation and mitigation was USD 100 billion per year.

TWN

Copenhagen News Update 4

www.twinside.org.sg

Published by
Third World Network

8 December 2009

Developing Countries: No Successful Outcome Without Kyoto Protocol Commitment

Copenhagen, 8 December (Hira Jhamtani) – Developing countries reiterated their position that ambitious targets by developed countries for the second and subsequent commitment periods for greenhouse gas (GHG) emission reduction targets under the Kyoto Protocol are the basis for a successful outcome of the Copenhagen Climate Change Conference, which opened here on Monday, 7 December.

The 5th session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP 5) began with the issue of further commitments by developed countries (known as Annex I Parties) to reduce their GHG emission under the Kyoto Protocol (KP). The first commitment period, with a target of 5.2% reduction based on 1990 levels, will end in 2012. The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) has worked since 2006 with a mandate to conclude negotiations on the second and subsequent commitment periods of Annex I Parties so as to ensure there is no gap between the first and the second commitment periods.

Thus far developed countries have delayed the conclusion of the work and this has frustrated developing countries, and the former have even openly indicated they would like to abandon the KP. At the Barcelona talks in October the African Group refused at first to negotiate on other KP issues until the issue of emission reduction targets is resolved, stressing the importance of such sequencing.

The CMP 5 held its opening plenary on Monday afternoon, chaired by the President of the COP 15 and CMP 5, Minister Connie Hedegaard from Denmark, followed by the opening of the tenth session of the AWG-KP chaired by John Ashe from Antigua and Barbuda.

Sudan speaking on behalf of the G77 and China at the CMP 5 opening plenary said that in

Bali we agreed to forward the results of the AWG-KP work to the CMP 5 for adoption. For developing countries where climate change is already diminishing development prospects, we hope that the AWG-KP will forward ambitious quantified emission reduction targets for Annex I Parties for the second and subsequent commitment periods with more effective means of implementation, which will result in improved contributions to adaptation and development in our countries.

The Group reaffirmed that the core mandate of the AWG-KP is to define the second and subsequent commitment periods with ambitious quantified emission reductions for developed countries that will significantly contribute to minimization of future impacts of climate change.

However the process so far has taken us in circles. In the last two sessions it has become clear that our partners want to go far beyond this mandate and to dismantle the KP itself, the only legal instrument which elaborates the legal obligation for Annex I Parties to reduce their ever increasing emissions. We have seen that Annex I Parties have used delay tactics and have not met any of the agreements to reach conclusions on their emission reductions, it said.

According to the Group, these efforts completely reframe the Bali Road Map to have a two-track outcome in Copenhagen, with the continuation of the KP for legally binding mitigation efforts of developed countries (that have joined the KP) on one hand, and on the other hand an outcome under the Convention aimed at sustained and full implementation of its provisions. These efforts have the effect of undermining and reinterpreting the Convention, including the fundamental principles of equity, common but differentiated responsibilities and respective capabilities.

The Group vigorously opposed all attempts by developed countries to reach an agreement in

Copenhagen which could in any way result in the KP being superseded or made redundant. It insisted that a second commitment period under the KP is an essential requirement without which agreement in Copenhagen will not be possible.

The Group noted that there is a huge gap between the aggregate level of ambition put forward by Annex I Parties and what the science requires. So far we have not seen any real leadership from Annex I Parties in coming forward with credible commitments. Instead we have seen many developing countries taking the lead with announcements that they will take ambitious actions. Now is the moment for Annex I countries to show leadership that we have long been waiting to see and for them to shoulder their responsibilities, it said.

The Group insisted that there is nothing to stop Parties achieving an ambitious, momentous and historical international climate change outcome in Copenhagen.

(Prior to delivering this statement during the opening of the CMP 5, Sudan drew attention to the logo of the COP 15 which does not mention CMP 5. It hoped that this will be corrected, whether by the UNFCCC secretariat or the Presidency. It is concerned about the fact that CMP 5 is not mentioned along with COP 15).

Later at the opening plenary of the AWG-KP, **Sudan on behalf of the G77 and China** reiterated its concerns about the apparent positions of Annex I Parties in insisting on a single outcome in Copenhagen. Repeating the point about the low level of ambition of developed countries for GHG emission reduction targets that do not match the science, the Group said that Annex I Parties have rejected the use of science as a basis to determine ambitious Annex I Party quantified emission reduction targets for a second commitment period. This low level of ambition is further watered down by the unlimited use of offsets and LULUCF (land use, land use change and forestry).

The Group said some Annex I Parties have also proposed to “copy” the good parts of the KP into the outcome of the AWG-LCA (Ad Hoc Working Group on Long Term Cooperative Action under the Convention). It raised the question of what are the “bad” parts which are not to be transferred.

The Kyoto Protocol has proved and is proving to be extremely effective in delivering real emission reductions, the Group said. The task for us in Copenhagen is to build upon this success by setting more ambitious quantified emission reduction commitments for the second commitment period. In

this process we also need to ensure the effectiveness of the mechanisms and rules under the KP as well as develop means to address the potential consequences of Annex I policies and measures on developing country Parties. We look forward to a strong and effective outcome that would reaffirm our common commitment to keep, implement and extend the KP for subsequent commitment periods.

The Group appealed to all Parties, especially Annex I Parties, to engage faithfully in the negotiations to complete the mandate of the AWG-KP and build a strong KP which is the foundation and basis for a fair, just, effective and equitable outcome in Copenhagen.

Grenada speaking on behalf of the Alliance of Small Island States (AOSIS) said that the role of the CMP is to advance the work under the KP. It is important that we reflect on the fact that the KP is a central part of the international climate change architecture. The KP is a vehicle through which we have established an institutional infrastructure that addresses legally binding emission reductions for Annex I Parties. This includes the carbon market, the flexible mechanisms, the accounting procedures, compliance mechanisms, adaptation fund and others. These are the central architectural mechanisms that we have to preserve and build on.

AOSIS echoed concerns over what appear to be attempts to get rid of the KP. It emphasized the major task of the CMP as reaffirming the central importance of the KP, within the international climate change architecture. It sees the work of the AWG-KP as critical and its mandate to set new quantified emission limitations as central to the overall success of Copenhagen.

The current pledges by Annex I Parties are inadequate, and if accepted, will put the world on a track for a 3.5- degree temperature increase, stressed AOSIS. It means that many of us will cease to exist. Our islands will drown, our agricultural lands will burn.

The science has indicated that we have to limit long-term temperature increases to 1.5 degrees Celsius above pre-industrial levels, and return GHG concentrations in the atmosphere to well below 350 ppm. This will require that global emissions peak by 2015 and decline significantly thereafter.

AOSIS emphasized that this means that the targets for Annex I countries for the second commitment period have to be an aggregate reduction of at least 45% below 1990 levels by 2020 and more than 95% below 1990 levels by 2050. Anything less than this will not be true to science,

will not be true to the challenges we face, and will be an abdication of our responsibilities to future generations.

The eyes of the world are on us and our eyes are on you, AOSIS said to the Chair of the AWG-KP, John Ashe from Antigua and Barbuda. As Parties to the KP, we have responsibilities to the world. What we accomplish will be the true barometer of developed countries' willingness to address climate change.

It said that most Annex I Parties have shown commitment, but clearly an enormous gap exists. The pledges so far, if taken collectively, fall short of the figures mentioned in the IPCC (Intergovernmental Panel on Climate Change) report of 25-40% GHG emission reductions by 2020. It said developed countries can do more as this is technically and economically feasible. What is needed is the political will.

Millions are waiting expectantly for their government to act responsibly. We need unity. There is no time for delay, procrastination, cowardice or timidity. We are able to conclude, and we should do so. We must deliver an agreement on new and ambitious quantified emission reduction objectives. It is essential, or Copenhagen cannot be a success.

Lesotho speaking for the Least Developed Countries (LDCs) reiterated that the KP is the only protocol in place that addresses GHG emission reductions. It said that any amendments to the KP should spell out ambitious commitments of Annex I Parties to emission reduction targets as required by science. The KP is of great importance to LDCs and can be enhanced if Parties engage in a second commitment period.

Without commitments and reduction targets, there would be no successful Copenhagen outcome, it stressed. The call to terminate the KP is unacceptable as it means the loss of a regime that addresses emission reductions.

It asked the Chair to steer the KP process away from the LCA process and to achieve a two-track outcome as mandated.

Australia speaking on behalf of the Umbrella Group said that it is committed to bold action, a strong outcome, credibility and trust among citizens of the world. All its members are willing to commit to legally binding economy-wide targets. The 2020 pledges are on the table, but the group needs clarity on rules including the carbon markets and Land Use, Land Use Change and Forestry (LULUCF). It said a post-2012 outcome depends on broad participation of all countries and that it prefers a single new legally binding treaty as the outcome.

[The Umbrella Group is a loose coalition of non-EU developed countries which formed following the adoption of the Kyoto Protocol. Although there is no formal list, the Group is usually made up of Australia, Canada, Iceland, Japan, New Zealand, Norway, the Russian Federation, Ukraine and the US. The Umbrella Group evolved from the JUSSCANNZ group, which was active during the Kyoto Protocol negotiations. JUSSCANNZ is an acronym for Japan, the USA, Switzerland, Canada, Australia, Norway and New Zealand: Sourced from UNFCCC Secretariat website http://unfccc.int/parties_and_observers/parties/negotiating_groups/items/2714.php]

Switzerland speaking on behalf of the Environmental Integrity Group (Mexico, Republic of Korea and Switzerland) said all Annex I Parties have to take the lead in achieving the 2-degree (temperature increase) objective. The members are ready to undertake emission reduction targets, some as much as 30%. The principles of the KP are to be continued, among others the quantified emission reduction objectives, the carbon market and flexibility mechanisms, and the transparent monitoring system. The next step is to engage in ministerial negotiations to be sealed up by the heads of state.

It proposed that the negotiations should conclude by the end of the week. It invited the Chair to open from now on a continuous consultation and encouraged the group to conclude by Saturday (12 December). That would allow the ministerial text to be produced and be concluded. Starting from Saturday, it asked the Chair to invite consultations with ministers. Then the heads of state will conclude the negotiations and seal the deal. It said that we cannot miss this opportunity provided by COP 15 in which all countries can participate to address climate change.

Sweden speaking on behalf of the European Union said that we need a comprehensive and ambitious agreement. It must be more inclusive than the KP. It agreed that the KP is important and the EU will deliver its commitments under the KP. In 2007, the emission of the EU 15 (original members) was 5% below the 1990 levels. Most Annex I Parties have tabled a 2020 emission reduction target, but when added up, they are not sufficient. Collectively, Annex I Parties should cut emission by 30% below 1990 levels. The EU has already endorsed a 30% reduction provided other developed countries contribute in comparability and major developing economies also do their part.

It said the KP alone is not enough to achieve that target. The agreement from Copenhagen must be a universal, global and comprehensive legally binding agreement, based on the KP architecture, encompassing non-Kyoto Annex I Parties. The negotiations must make progress on KP substance, including clarity on LULUCF rules and flexibility mechanisms. We are here to save the climate and we cannot see a scenario from Copenhagen with a new binding agreement solely in the KP.

The Chair of the AWG-KP in his opening address said that the AWG-KP should not be distracted from its mandate which is to agree upon and forward the results of its work to CMP 5. The AWG-KP does not have a formal negotiating text. Thus it would be difficult to forward any results. This is a crucial issue and has to be resolved in order to come out with a tangible product by Wednesday

next week. The Chair proposed to establish an additional contact group (the AWG-KP has been working in four contact groups: the contact group on further commitments of Annex I Parties under the Kyoto Protocol known as the “numbers” group; the contact group on mechanisms, methodological issues and new gases known as “other issues”; the contact group on potential consequences, and the contact legal group which has hitherto not been working as it only meets if legal issues are raised by the other groups).

In his scenario note, the Chair foresees the need for the AWG-KP to come together in one group, to finalize the work and agree on how to forward the results to the CMP. The additional contact group is proposed to prepare the results of the work under the AWG-KP.

TWN

Copenhagen News Update 5

www.twinside.org.sg

Published by
Third World Network

8 December 2009

Proposals by Developed Countries Inconsistent with Climate Convention – G77 and China

Copenhagen, 8 December (Meena Raman) – The G77 and China said that during the past two years of the climate negotiations, developing countries faced proposals from developed countries that are incoherent and inconsistent with the principles and provisions of the United Nations Framework Convention on Climate Change.

Sudan, speaking for the Group, said that it had also faced a determined refusal by developed country Parties to engage directly on the concrete submissions that the Group had put on the table for negotiations and demands that would shift the responsibilities for emission reductions, financing and adaptation to developing countries.

The G77 and China also said that there had been a relentless media campaign to show that developing countries are the ones who are blocking this process.

These remarks were made at the opening plenary of the 8th session of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) which was held on 7 December and chaired by Michael Zammit Cutajar of Malta.

Cutajar in his opening remarks said that the work of the AWG-LCA (which is to fulfill the mandate of the Bali Action Plan) ends this year. Hence, this was a decisive session for the Working Group. He said that the Copenhagen Conference was “too big to fail” and that Parties must and can succeed in achieving success with content. Parties have to deliver the promises in the two tracks of the Convention and the Kyoto Protocol. He said that the closing plenary of the AWG-LCA will be on 15 December, for the adoption of the report of the Working Group to the Conference of Parties.

On the organization of work, the first meeting of the contact group will be held on Tuesday, 8 December and will launch drafting work on all elements of the BAP, with the objective of producing an agreed text for the Conference of Parties at the

conclusion of work of the AWG-LCA. Initial focus of the work will be on substance and that drafting work should aim to draft text in decision form, without prejudice to the outcome adopted by the COP and the right of Parties for text in other form or forms.

Sudan, speaking for the G77 and China, said that Parties must fulfill the mandate of the BAP. The Group said that it had engaged fully in this process in an open and constructive manner, and submitted proposals on all elements that fulfill the mandate of the BAP. It expected nothing less from the developed country Parties of the Convention but the same good faith in negotiations and a process conducted in an open, transparent and inclusive manner.

On the road to Copenhagen, the real objectives of shirking the responsibilities for emission reductions by developed countries were laid bare by the Group, which aims to gut the Kyoto Protocol of its vital elements in order to leave it meaningless and to shift these elements to the Convention process, the AWG-LCA, with the objective of transferring the responsibility of emission reductions to developing countries.

It added that developed countries slowly emerged with proposals to follow the failed delivery systems used for the implementation of commitments on the provision of financial resources and for transfer of technology outside the Convention and for these to be shared by developing countries themselves. It has also been shown that there was really very little on the table right now from developed countries that would fulfill the mandate of the BAP.

The remaining time left must be spent in fulfilling the mandate of the BAP. The Group reiterated that it rejected attempts by developed countries for another legally binding instrument that would put together the obligations of developed country Parties under the Kyoto Protocol and actions of developing countries. This would revoke the

principle of common but differentiated responsibility and historical responsibility under the Convention by imposing these obligations as well on developing countries.

The Group rejected plans for a new treaty projected to be negotiated post-Copenhagen that has been aggressively promoted from Barcelona to Copenhagen in various fora and through various statements made outside this process.

The Group said that in return, developing countries would get some adaptation assistance, in the form of “fast-track” financing that is at least fifteen years late. (Some developed countries have referred to an “emerging consensus” that USD10 billion per year by 2012 would be required for adaptation and mitigation).

The existing financial architecture has failed to deliver sufficient resources to address the threat of climate change and asked developed countries to ensure the operationalisation of an effective financial mechanism under the Convention.

The Group said that developing countries have been promised assistance if they undertake mitigation actions, provided they subject themselves to measurement, reporting and verification. What if these actions are found by some undefined standards to be inadequate? What about the promised financing then? asked the G77. What about the great majority of developing countries that still do not have the capability even to undertake these actions? Are the obligations under the Convention to provide the agreed full incremental costs funding going to be fulfilled, asked the Group further. It also asked when all of these are going to be implemented, even if it is assumed that all the Parties will also sign and ratify whatever new treaty is projected to be negotiated post-Copenhagen.

The Group also said that they had come to Copenhagen to engage fully and negotiate in good faith. It aimed to arrive at a substantive agreed outcome that would clearly demonstrate the way forward for the full, effective and sustained implementation of the Convention.

Cuba spoke for the ALBA Group (Bolivarian Alliance for the Peoples of Our America-Peoples’ Trade Treaty) and referred to the Special Declaration on Climate Change in the VII Summit of Heads of State and Governments in October 2009. It said that the UNFCCC and its Kyoto Protocol represent the current legal regime for addressing global warming. These legally binding instruments should be maintained and cannot be superseded or replaced by new agreements that erode established obligations. In this regard, it demanded the strict observance of the mandates established for the AWG-KP and the

AWG-LCA. It rejected all attempts to transfer responsibilities to developing countries. Developed countries have a climate debt due to their historical responsibility of emissions and this debt must be recognized and honoured through (a) substantial reductions in their domestic emissions to be determined based on the portion of global emissions required by developing countries to achieve their economic and social development needs, eradicate poverty and to fulfill their right to development; (b) honouring their commitments for an effective technology transfer and (c) guarantees in the provision of additional and necessary financial resources in an appropriate, predictable and sustainable manner.

Cuba said that the current proposals of the developed countries to address climate change are purely an economic affair distorting the principle of “polluter pays” to “the one who pays has the right to pollute”. It also said that the trust in the markets in which developing countries are being asked to rely on as a funding source has led to the devastation of the lives of millions and has demonstrated its failure. The need to provide adequate funding sources to face the challenges of climate change is not a market issue, but a legally binding international obligation.

India said that on process, the work of the AWG-LCA must complete work in Copenhagen on a legally binding outcome. To talk about a “political agreement” is counter-productive. Parties must use the time to deliver on the mandate of the BAP. Developing countries are doing much more than developed countries in responding to climate change although they are under no legal obligation to do so. In the work post-Copenhagen, Parties must ensure that the UNFCCC is the foundation of the efforts. Parties must guard against the undermining of the principles of the Convention in the name of deviation from business-as-usual. The mandate of work should not change even if work continues beyond Copenhagen.

Bolivia said that climate change is the result of the capitalistic system which is embedded in consumerism and over-exploitation of resources. It called for the recognition of the rights of Mother Earth. If Parties really wanted to preserve the planet, then reducing GHG concentrations to less than 350 ppm is key. It could not accept a 2-degree C target as this would not prevent glaciers from melting or islands from disappearing. It said that no one would send his or her child on a plane if it knew that there was a 50% chance of the plane not landing!

China said that developing countries have demonstrated their responsible attitude by declaring their national plans. The targets of some developed

countries are far from what is adequate and this is the core of the problem. They must put forward targets that are compatible with the scale of efforts needed, given their historical responsibility. China said that the USD10 billion figure for financing is being presented as if it has been accepted by Parties in Copenhagen. This figure is far from what is adequate and needed. Developed countries must be more constructive and avoid transferring the burden onto developing countries and divert the focus of the negotiations by addressing issues outside the mandate of the BAP.

Russia said that the inconvenient truth is that the future climate regime should not be tied to clichés of the past. In developing such a climate regime, there is a direct link between the AWG-LCA and the AWG-KP. It said that discussing matters separately is a lack of political far-sightedness and would be a fiasco for the whole process. There was a need for the development of a single all-encompassing post-Kyoto agreement which is legally binding on both developed and developing countries, taking into account the principle of common but differentiated responsibility.

Norway said that there is no excuse for not being bold and ambitious. The global goal should be limiting temperature rise to less than 2 degrees C, with a 2050 and 2020 goal for emission reductions for all except for LDCs. All major emitters must be included. It was flexible to having one or more Protocols.

The United States said that there will be new announcements next week by President Obama to create a deal. There must however be robust contributions by all major economies. The US target for emission reductions is 17% below 2005 levels by 2020, 83% by 2050; 30% reduction in 2025 and 42% reduction in 2030. These targets, it said, were consistent with the science and are open to review, transparency and accountability. There is an emerging consensus for a Copenhagen accord to provide for USD 10 billion a year by 2012 for adaptation and mitigation. The US will contribute its fair share. The US said that it alone cannot solve the climate problem. Participation from all the major economies was also key and there should be regular reporting and review of such actions.

TWN

Copenhagen News Update 6

www.twinside.org.sg

Published by
Third World Network

9 December 2009

Developing Countries Express Concerns over Global Environmental Facility

Copenhagen, Tuesday 8 December 2009 (Josie Lee) – Developing countries on Tuesday reiterated their concerns over the Global Environment Facility, while also stressing again that more finance needs to be provided for the implementation of adaptation and mitigation actions in their countries.

They emphasised again the major problems with the Global Environment Facility (GEF) including mandatory co-financing, lack of direct access to financing and the lack of predictability of financing for implementation of adaptation actions.

The Subsidiary Body for Implementation (SBI) under the United Nations Framework Convention on Climate Change (UNFCCC) met on Tuesday in two plenary sessions. The SBI is one of the subsidiary bodies under the UNFCCC, the other being the Subsidiary Body for Scientific and Technological Advice (SBSTA). It addressed a series of agenda items, including the report of and the guidance to the Global Environment Facility (GEF), which allocates funding and support to developing countries for mitigation and adaptation activities. The GEF is the operating entity of the financial mechanism of the UNFCCC with the World Bank as the trustee. The GEF implementing agencies are the World Bank, UNDO and UNEP. Negotiations on the 5th replenishment of funds for the GEF are ongoing and expected to conclude in early 2010.

A review of the UNFCCC financial mechanism is being considered by the Conference of the Parties.

The CEO and Chair of the GEF Monique Barbut reported that it is making progress and evolving. It is making reforms. The GEF said it is responding to guidance by (UNFCCC) Parties. For example, in response to guidance it had adopted a strategy/program at the 14th Conference of the Parties (COP) under the UNFCCC, it had expanded support for technological improvement activities, and that its top-priority has been financing the full cost for developing countries to comply with Article 2 of the UNFCCC, (which states that the ultimate objective of the Convention is to achieve ‘stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system’). Further, she

said that in response to a request at COP 12 the GEF has sped up funding for LDCs and proposes direct access to the GEF for national communications.

She said that in the past the GEF was seen as too bureaucratic. It has made reforms. The average preparation time of projects is 12 months, down from 24 months, and it can further improve.

She also said that the GEF seeks a long-term picture of financing, and that a strong replenishment of funds is needed. The GEF proposes to link the replenishment with increasing monitoring, reviewing and verifying of projects.

Sudan on behalf of the G77 and China said that the review of the GEF is closely linked to the process in the Ad-hoc Working Group on Long-Term Cooperative Action (AWG-LCA). It said the Group will ensure that no decision will undermine or prejudge the decisions in the AWG-LCA. This is the 4th review of the financial mechanism under the UNFCCC and it emphasised the words ‘financial mechanism’ as Parties are not just looking at the GEF, but assessing more broadly what should be the framework for a financial mechanism. Parties are looking to see if financial provisions, technology and capacity building have been adequately provided to developing countries. It stated that the Group will look at this issue in a comprehensive manner.

The Group also stated that they appreciate the reform program for the GEF, but noted that it has come 15 years after the implementation of the Convention. During this time a number of issues have arisen; importantly, that of co-financing, which punishes the poorest of the poor. If I need some money and I ask for a loan, co-financing says I will give you the money if I can find someone who will give me three times this. But I go to the GEF for help because I do not have any money. So the poorest can get no financing at all. So then the World Bank offers us loans from the global financing facility. This is a very serious concern for us. Has anything been done about that?

Another issue, it explained, is the predictability of financing. It explained that developing countries are dependent on how much replenishment of funds there will be. However, conditions are placed on

funds before pledges are even made. For example, mitigation is given priority in GEF funding over adaptation. \$233m was allocated for mitigation to leverage \$2.07 billion in co-financing. This also illustrates the scale of the co-financing. So you have to get loans before you can get the GEF money.

The Group also highlighted that adaptation is urgent, yet urgency is not part of the picture in the report. It said that good governance is essential for meeting commitments and ensuring predictability and should include recipient country participation.

Lesotho on behalf of the Least Developed Countries (LDCs) stated that the report of the GEF points out that the GEF is very much alive despite the LDCs' disappointment with the work program and work on national adaptation programmes of action (NAPAs). It explained that Decision 5 of COP 14 stipulated that the GEF should implement the full work program, not just LDCs' work with NAPAs but their work with other areas.

Lesotho stated that almost all LDCs have completed NAPAs, but it is concerned that there is not sufficient financing for full implementation of NAPAs. It said that it appreciates improved access to implementation, but said that the waiting for implementation is still long. It declared that co-financing is inappropriate for NAPAs. It said that changes in climate and climate change science mean that they will need to update their NAPAs.

China noted that review of the financial mechanism is not the same as reviewing the operating entity of the mechanism. It said that the big problem is the lack of funds from developed countries. Developed countries have not met their financial obligations under the Convention. It strongly requested developed countries to increase funding. It said it supports the GEF efforts to improve. The GEF needs further reforms to improve its capacity to operate as an operating entity of the financial mechanism under the Convention.

Algeria on behalf of the African Group said that although the reforms of the GEF are encouraging, they are still inadequate and need to be further strengthened. Work needs to be done on addressing urgent priorities and the functioning (of the GEF) is still complex. It said that the GEF should help people to better understand its functions and roles. The resources for financing are inadequate and the GEF alone cannot meet all the needs of developing countries. It only partially meets the needs.

Antigua and Barbuda noted that the ratio of loans to GEF financing is 3 to 1. It said that LDCs have been bearing the brunt of the loans. This is not the intent of the Convention. It said that the World Bank is not the best basis for environment projects. Yet it is used by countries as they do not have co-financing. The UNEP is better positioned to do these projects, but does not provide the loans. So the co-

financing gives negative incentives for countries to get financing from the GEF. It stated that the GEF reforms have taken care of the easier issues. The issues it needs to address are co-financing, direct access to financing and predictability, which are key.

Sweden on behalf of the European Union said it reaffirms the GEF as an operating entity of the financial mechanism of the UNFCCC and reaffirms support for reform of its work. Reform could help it play its role in the Convention. It said that Parties need to find the optimal role of the GEF in the financing architecture.

Switzerland on behalf of the Environmental Integrity Group said that the need for greater funding is apparent in the report. The GEF funding alone is not sufficient to meet the needs of developing countries, hence the financing discussions under the AGW-LCA. It reiterated support for the GEF as the catalyst for action on financing. It will support the 5th replenishment of funds.

Mali said that the implementation of NAPA projects for them is a priority. These action programs have been in existence since 2001, yet only 12 out of 48 have been implemented so far, so where is the urgency? It said that the need for co-financing is a very serious obstacle to the projects.

Gambia said that most LDCs have completed NAPAs, but the funding available for implementation is insufficient.

Uganda said voluntary contribution to funds should be reviewed. It should be made compulsory and should include timelines.

The SBI discussed various other implementation issues, such as technology transfer, capacity building, national communications from Annex I Parties, the Consultative Group of Experts for National Communications from non-Annex I Parties, and some other issues.

The Chair of the SBI established a Joint Contact Group between the SBI and SBSTA on the issue of technology transfer. She also proposed a contact group on Article 4, paragraph 8 of the Convention which addresses actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impact of the implementation of response measures.

A number of issues were delayed for discussion until the COP16. Some Parties, notably from developed countries such as Switzerland, had wanted to delay discussions of some issues saying that, "the shape and commitments under certain issues would look different depending on what is happening at the AWG-LCA". Delaying decisions at the SBI has been happening in the past two years as developed countries refuse to move forward on many important implementing issues such as technology transfer, capacity building and finance.

TWN

Copenhagen News Update 7

www.twinside.org.sg

Published by
Third World Network

10 December 2009

Leaked Danish Text Dominates Corridor Talk at Copenhagen

Copenhagen, 9 December 2009 (Meena Raman) – A major issue that has grabbed the attention of delegations, civil society and media alike at the Copenhagen Climate Conference has been news of a leaked draft document called the “The Copenhagen Agreement” for adoption by the Conference of Parties at its conclusion, as Parties were engaged in negotiations in the various processes under the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

The draft, which also contains annexes, was “leaked” in the website of the London-based *Guardian* newspaper.

The so-called “Copenhagen Agreement” is believed to be the initiative of the Danish government, as the President of the 15th COP. This document has sparked controversy, both in terms of the process and the substance, at least in the corridors and the press conferences of the Conference.

Ambassador Lumumba Stanislas DiAping of Sudan, speaking for the G77 and China at a press conference late evening on Tuesday, said that the revelation of the Danish text is “serious and unfortunate.”

He said that “the text threatens the success of the COP on two counts. From a procedural perspective, the UNFCCC is the only legitimate platform for negotiations and is the only place where all nations of the world are negotiating in an open and transparent manner. A more serious problem is substance of the text.”

“From the view of the G77 and China, the text merges two processes – the Kyoto process (under the Ad-hoc Working Group on the Kyoto Protocol) and the long-term cooperative action process (AWG-LCA). By doing this, it destroys both the UNFCCC and the KP,” said DiAping.

He said that the text is aimed at producing a new treaty; a new legal instrument that has the effect of throwing away the balance of obligations between

developed and developing countries; between the poorest and the highly industrialized countries. It creates a new set of obligations for developing countries on mitigation, adaptation, financing and has proposals for the protection of intellectual property rights in relation to technologies.

He said the text also divides developing countries and creates a new category of countries into the “poor and most vulnerable”. The result of all this is to rob developing countries of a just, equitable and fair share of the atmospheric space. It also treats developed and developing countries as equals and overturns the principle of common but differentiated responsibility, he added.

DiAping stressed further that the Danish text does not even pay lip-service to the proposals of developing countries. He believed that the strategic intent of the text and all efforts that have been going on for the last 6 months (referring to pre-COP meetings organized by the Danish government) is aimed at a solution at the level of political leaders.

Referring to the Danish Prime Minister, DiAping said that it was very unfortunate that a man trusted to lead the COP process in a balanced way for an equitable and just deal is bent on advancing the interests of developed countries. He called on the Danish Prime Minister to refrain from such attempts.

In the corridors and cafes inside the Conference centre, the Danish text has become the main issue of conversation, speculation and even heated discussion. Some quarters in developed countries have expressed that the initiatives of the Danish Presidency have not been secret meetings but are what COP hosts normally do, in terms of consulting with Parties and that the text has been circulating among delegations and others.

However, the view was different from developing countries. Several of their delegates who heard about the leaked text asked NGOs if they had

copies. One delegate said that the text was shown to him but no copies were given as it was not to be distributed. The pre-COP meetings held by the Danish government have not been open to all Parties but have been on the basis of invitations. It is not generally known who was at the pre-COP meetings or how many such meetings there have been.

The Danish Presidency has also not been mandated by the COP or any other official process under the UNFCCC to embark on the drafting of a text for the Conference. In fact in previous meetings of the UNFCCC many leading delegates have said “there is no Plan B”, meaning that there is no short text already prepared.

A reading of the text showed that it mainly reflects the proposals or positions of the developed countries, while neglecting the positions of the developing countries put forward in the negotiations and in the “non papers” that now form the main reference documents for the negotiations.

It proposes the adoption of a “political agreement”, while “affirming the need to continue negotiations with a view to agreeing on a comprehensive legal framework under the Convention” no later than a time-frame to be determined.

The issue of the form of the outcome has been most controversial. The G77 and China expressly stated at the opening of COP15 on Monday that it rejected attempts to have a “political agreement” and “plans for a new treaty projected to be negotiated post-Copenhagen that has been aggressively promoted from Barcelona to Copenhagen in various fora and through various statements made outside this process.” The text goes directly against this.

The text also proposes the inscription by developed country Parties to individual economy-wide targets for 2020 in an attachment that would expect to yield aggregate emission reductions by X per cent by 2020 versus 1990 levels or 2005 levels. This practically implies the replacement of the Kyoto Protocol as the commitments of developed countries that are Party to the Kyoto Protocol are mandated to be made in the Kyoto Protocol track, in a decision to be made by the Kyoto Protocol’s working group on further commitments of Annex I parties. These commitments are not meant to be made in a new agreement under the Convention.

The developing countries are strongly opposed to the “killing” of the Kyoto Protocol and its replacement by a new agreement which is likely to have much looser disciplines on the developed countries’ emission reductions, thus allowing these countries to escape internationally legally binding commitments.

The text is also contrary to the understanding reached in Bali, under which developed countries which are KP members are to make their emission-reduction commitments under the KP, while the USA which is not a member of the KP but is a member of the Convention would make its commitment under paragraph 1(b)(i) of the Bali Action Plan.

Developing countries have maintained in the course of the negotiations that under paragraph 1(b)(i), developed country Parties who are not Parties to the Kyoto Protocol (meaning the United States), would undertake comparable efforts as developed country Parties under the Kyoto Protocol.

In other words, paragraph 1(b)(i) is to deal with the US. The Danish text makes no reference to the comparability of efforts that is needed between the US and those who have to make commitments for mitigation in the Kyoto Protocol. The text does not refer to any commitments to be made in the KP, thus implying its abandonment.

In relation to developing countries, the Danish text distorts the understanding of the G77 and China as regards paragraph 1(b)(ii) of the Bali Action Plan. That paragraph of the BAP refers to nationally appropriate mitigation actions (NAMAs) which are enabled and supported by developed countries through finance, technology and capacity-building. Hence, NAMAs are mitigation actions which are enabled and supported and it is these actions that are then to be measured, reported and verified (MRVed).

The Danish text expects developing countries to reflect in an attachment, all the mitigation actions, including those that are not supported or enabled, referring to all actions as NAMAs. This clearly echoes the proposals of particularly the United States and Australia. In fact the text comes with an annex containing a table on how developing countries are required to list down their mitigation actions.

In addition, the Danish text proposes that the developing countries’ mitigation actions yield in aggregate, a specific percentage deviation in 2020 from “business as usual” and “yielding their collective emissions peak before [20xx] and to decline thereafter”.

Many developing countries have opposed the establishment of quantified emission targets for developing countries, which this proposal aims to do, and have said that this is contrary to the UNFCCC and the BAP.

The Danish text also proposes that all mitigation actions of developing countries (whether supported by finance or not) be inscribed in a Registry. The unsupported actions are to be subjected to a “consultative review”.

Such proposals are clearly beyond the mandate of the BAP. The text also commits developing countries to inscribe supported mitigation actions in a Registry and to indicate their expected emission outcomes.

The text also states that an effective mitigation response requires a well-functioning carbon market. It calls for work towards a transition from project-based to more comprehensive approaches. This issue is within the purview of the Kyoto Protocol, and is being discussed in the KP track. By placing the issue in an agreement under the Convention track, this is another indication of an attempt to replace the KP with a new agreement.

On the issue of technologies, the Danish text calls for the respecting of IPR regimes for environmentally sound and climate-friendly technologies. This language is clearly opposed to the position of the G77 and China and individual developing countries that have put forward language to review IPR rules, including to allow developing

countries to exclude patents on climate-related technologies.

As news of the leaked document swept through the halls of the Conference, African civil society organized a spontaneous march around the corridors. They were angry by the reference in the Danish text to temperatures being limited to a maximum of 2 degrees C.

Chanting “2 degrees is suicide and genocide” for Africa and “One Africa - 1 Degree” the groups made clear that they will not stand by while Africa gets divided up by “climate colonialism.” The large and diverse group moved into the main area of the Bella Center to spread their message. The march came as most attendees were leaving the venue and often swam against a tide of traffic but captured attention with its chanting and dancing.

Augustine Njamnshi of the Pan African Climate Justice Alliance said for Africans, these negotiations are a matter of life and death. As the protest broke up, Njamnshi was mobbed by reporters — some of them had just arrived.

TWN

Copenhagen News Update 8

www.twinside.org.sg

Published by
Third World Network

10 December 2009

COP 15 Meeting Suspended to Resolve Differences on Legal Outcome

Copenhagen, 10 December (Chee Yoke Ling) – The second meeting of the 15th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change was suspended on Wednesday when there was no consensus among the Parties to set up a contact group on proposed new protocols under the Convention.

Developing country proponents led by Tuvalu sought to have the Copenhagen Conference of Parties (COP) sign off on a new ambitious legally binding agreement (a protocol under the Convention) due to the urgency of climate change impacts and the need to not procrastinate anymore.

On the other hand, Parties that did not support the setting up of a contact group explained that such a move would open the door to the merging of the two distinct tracks of negotiations, the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) and the Ad-hoc Working Group under the Kyoto Protocol (AWG-KP). The result could be a weakening and possible termination of the existing legally binding Kyoto Protocol.

Five countries –Australia, Costa Rica, Japan, Tuvalu, and the United States – have formally forwarded their submissions to the Convention Secretariat by 5 June 2009 under Article 17 of the Convention, proposing new legally binding protocols. Article 17(1) states the Conference of the Parties may, at any ordinary session, adopt protocols to the Convention. Article 17(2) provides that the text of any proposed protocol shall be communicated to the Parties by the secretariat at least six months before such a session.

The submissions were first made prior to the negotiating session on 1-12 June 2009 in Bonn during the meetings of the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) and the Ad-hoc Working Group under the Kyoto Protocol (AWG-KP).

Among the different proposals are a new ‘Implementing Agreement’ under the Convention (proposed by the US, which is not a Party to the Kyoto Protocol) and a new protocol under the Convention (as proposed by Australia, Costa Rica, Japan and Tuvalu).

Australia and Japan have also submitted their proposed new protocols to the AWG-KP that would effectively merge actions under the Convention and the Kyoto Protocol, and create new commitments for developing countries. These proposals have also been submitted under Article 20 of the Kyoto Protocol to amend the Protocol.

[Some developing country Parties at the Meeting of Parties of the Kyoto Protocol on Thursday (10 December) said that some of the proposals submitted by developed countries for the amendment of the Protocol under Article 20 are outside the scope of the provisions of that Article. This would apply to the new protocols proposed under the Convention that have also been submitted under Article 20 of the Kyoto Protocol.]

Australia has submitted additional inputs to the AWG-KP on land, land use and forestry (LULUCF) and legal aspects of the second commitment period in the context of the Kyoto Protocol.

Tuvalu has submitted separate proposals to amend the Kyoto Protocol.

In its letter to the Secretariat proposing a new protocol, Costa Rica said that it “does not claim ownership of the full text of this Protocol. While reflecting some national positions, the text also incorporates in the entirety of the ‘Negotiation Text’ prepared by the (AWG-LCA) Chair” in response to an earlier request from the AWG-LCA. It proposed that this text “be the basis for negotiation, in the event that Parties collectively decide to adopt a Protocol” at COP 15. Costa Rica’s proposal for a legally binding agreement was submitted to the AWG-LCA and the COP.

At the second plenary meeting of the COP 15 on Wednesday morning, the five Parties introduced their respective proposals under agenda item 3 on “Consideration of proposals by Parties under Article 17 of the Convention”.

Tuvalu proposed that a contact group be set up to discuss its proposal, stressing that its proposed legally binding protocol closely follows the Bali Action Plan (BAP) and is not a replacement of but a complement to the Kyoto Protocol. It is prepared to sign two legally binding agreements next week in Copenhagen: an amendment to the Kyoto Protocol and a new protocol.

It said the provisions follow closely the BAP highlighting the importance of actions to maintain temperature rise below 1.5 degrees C and stabilization of greenhouse gases at 350 ppm, stressing that “our survival is contingent on these numbers”.

Japan also called for a formal contact group. It reiterated that it is indispensable to have a fair and comprehensive post-2012 framework where all major economies participate and adopt a new single protocol.

[There is no definition of “major economies”.]

A considerable exchange followed, reflecting views on the implications of having a contact group.

[Under UN procedures, a contact group can only be established with the consensus of all Parties and the work of a contact group would relate to an agenda item in its entirety. In this case a contact group under item 3 would have to address all five proposals some of which could amount to replacing the Protocol.]

Grenada, on behalf of the Alliance of Small Island Developing States (AOSIS), supported Tuvalu, reiterating that the Declaration of the Heads of States and Governments of AOSIS urged all Parties to work with an increased sense of urgency and purpose towards an ambitious, comprehensive and meaningful outcome that preserves the legal nature of the international climate change regime and the existing commitments under the UNFCCC and its Kyoto Protocol.

Other Parties that also supported Tuvalu’s proposal for a new protocol and a contact group included the Solomon Islands, Cook Islands, Jamaica, Marshall Islands, Sao Tome and Principe, Barbados, Fiji, Palau, Samoa, Sierra Leone, Senegal and Togo.

India said that we already have a good Protocol and referred to the ambitious plan adopted by Parties in Bali to advance implementation of the Convention. It characterised as premature proposals for new

protocols while we are still engaged in negotiating an agreed outcome in implementing the Bali Action Plan (BAP). We are all bound by the Kyoto Protocol and the BAP and any attempt to deviate from that would be not only a prejudgment but we should discourage this at this juncture.

China in supporting India said the main task of this COP is to adopt an agreed outcome of the BAP and we should focus on that. It stressed that it has full sympathy with some proposals made by Parties and understands that some of these are done with good intentions. However, it also doubts the intentions behind some of the proposals. We have the Convention and the KP and the BAP. There are important tasks to give full effect to the BAP and hopefully we can adopt an ambitious binding outcome for its implementation. It said proposals (such as new protocols) would distract from the BAP discussion and defeat the main purpose of the COP. Issues raised in various proposals can be discussed under the BAP as the building blocks are there already.

Other Parties that did not support new protocols stressed the need to focus on the two tracks (Kyoto Protocol and the Convention/BAP) and therefore did not see the need to set up a contact group, including Kuwait, Oman, Saudi Arabia, Algeria, Bahrain, Botswana and South Africa.

At the end of this first round of views, the COP President Connie Hedegaard proposed that a contact group be set up on this item. This was supported by **Grenada on behalf of AOSIS, Barbados, Tuvalu, Costa Rica, Dominican Republic, Belize, Bahamas, Senegal, Kenya, Solomon Islands, and Cook Islands.**

In response, **Saudi Arabia, India, Kuwait, Venezuela, Algeria, Kuwait, Oman, Nigeria, Ecuador and China** disagreed with this and proposed instead that the COP presidency conduct informal consultations.

This led to another round of views on how to proceed that provided more clarifications on the two different proposals from the Parties.

Tuvalu supported by a number of other Parties said that the issue was too important to be dealt with in a small room and that there should be open and transparent discussion. It asked for a suspension of the COP meeting if there is no contact group set up.

Barbados said that it has been a staunch supporter of the KP and the keeping of the two tracks (of negotiations). It wants the BAP agreed outcome to take the form of a legal nature, and wanted a contact group to consider all the proposals on the table.

Venezuela explained that while it totally agreed with the sense of urgency, it could not support the creation of a contact group because Article 17 talks about setting up new protocols and at this point we have a working group on a new commitment period of the KP. Issues like quantified emission reductions and compliance are part of that working group. “If we set up a contact group now what are we saying to the (AWG-KP)?” It said there are already legally

binding commitments that are not being fulfilled, so what is needed is political will.

China said that it fully understands, respects and supports the SIDS. The crux is not that we don’t discuss the issues but how to discuss them.

Developed countries remained silent throughout the exchange.

Since there was no consensus a contact group was not set up and informal consultations on how to proceed are still going on as of Thursday afternoon.

TWN

Copenhagen News Update 9

www.twinside.org.sg

Published by
Third World Network

10 December 2009

Emission Cuts: To Be or Not To Be?

Copenhagen, 10 December (Hira Jhamtani) – The discussion on emission reduction commitments by developed countries under the Kyoto Protocol almost went into a crisis on Wednesday when two developed countries said the announcement of pledges made by their government was not done in the context of their obligation under the Protocol.

This has angered many developing countries with Gambia (for the Africa group) challenging whether the developed countries will really deliver the numbers for the next commitment period (after 2012), and Brazil saying it is impossible to work in this way.

The debate occurred in one of the Contact Groups under the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) known as the numbers group. The group's task is to conclude the work on quantified emission reduction targets for the second and subsequent commitment periods by developed countries (known as Annex I Parties in the UN Framework Convention on Climate Change); the first commitment period is from 2008 to 2012, where Annex I Parties were to reduce greenhouse gas (GHG) emission by 5.2% below the 1990 level.

The decision on the second and subsequent commitment periods must be made in 2009 in order not to have a gap when the first commitment period expires in 2012. This is thus the last chance to do so, and there has been no agreement as yet on the numbers.

Developed countries have made announcements on the pledges of how much reduction they are willing to undertake by 2020. These announcements have been compiled by the secretariat of the UN Framework Convention on Climate Change (UNFCCC) in several informal notes since August 2009, the latest being 8 December, 2009. Based on calculations by the secretariat, the emission reduction in aggregate for

Annex I Parties (minus the US who is not a party to the KP) is expected to be between 16 and 23 percent below 1990 levels in 2020 without the use of LULUCF (land use, land use change and forestry) but including emissions from deforestation. If LULUCF is included, the figure would be between 16 and 22 percent.

The contact group on numbers was set to discuss the transparency around the numbers as pledged by developed countries, including the use of LULUCF and the market mechanisms (called flexible mechanisms in the KP, such as carbon trading and the Clean Development Mechanism). Prior to that the co-chair Gertraud Wollansky from Austria reported on the results of smaller groups that discussed the issue of the length and number of commitment period and the base year. These were some of the issues that have to be resolved in addition to the numbers for emission reduction.

Wollansky said the preference was for a single legally binding base year (1990 is the current one from which reductions are measured), but some Parties say it should be possible to pick different base years. A Party can then decide which base year would be most appropriate taking into account national situations. Many Parties want to use 1990 as base year but some Parties felt there should be freedom of choice if Parties want to join Annex B (taking on legally binding reduction commitments) at a later stage. There was an agreement to put a reference year in addition to the base year. There was a consensus that 1990 should be one of the reference years with other possible years such as 2000, 2005, 2006 and 2007. The group will meet again to continue the discussion.

It was at this point that **Japan** said it was among the Parties that support flexibility for base year, to reflect national situations. It said Japan made the suggestion in the context of not just a simple amendment to the KP. It is an input for a

comprehensive global framework on climate change, not merely an expansion of the KP. And Japan's input should be interpreted in that manner.

The **Russian Federation** said it wanted to clarify its position also about possible Quantified emission limitation and reduction objectives (Qelros) for Parties. Russia has been advocating for a single universal outcome of overall negotiations. On the emission reduction figures (10-15% based on 1990 levels in the secretariat paper) such as 20-25% as announced by its president, it is an important political statement by the president. It was made provided we arrive at a universal, comprehensive, substantive agreement.

It said that on the KP, we have to find the solution for the KP and LCA tracks, in view that we are at the important stage of deliberations. We would not be ready to subscribe to those figures in terms of the KP. The understanding was that the note by the secretariat is informal. We would not want to submit the figures (to the secretariat) announced by the president, as they are not intended for the KP.

South Africa speaking on behalf of the G77 and China asked if Russia's input is related to a set of numbers to which it is committing but is not prepared to put them in Annex B of the KP; that Russia is submitting figures to the international climate change conference but not for Annex B for the second commitment period.

In response the **Russian Federation** said that we do not have a formal subscription under the KP. The secretariat note is an informal note. A formal commitment is possible only when we arrive at that stage of negotiations.

Japan added that it wanted to make very clear that when its government announced the emission reduction pledges, it hopes that the targets would be part of an international framework with broad participation from all developed countries and major developing economies. It was not made in the context of the KP, and Japan wanted to make this very clear.

Gambia speaking for the Africa group said that it is very concerned about the repetition that the pledges are not part of the KP amendment. The figures (in the secretariat note) are meant for that and it cannot see why Parties are trying to back track. "We should discuss in good faith," Gambia said. Either you give us numbers or not; but do not give numbers and then say these are not for the KP.

Zambia said it is concerned with the withdrawing of pledges that have been discussed for some time. Now Parties are back tracking and informing us that the figures are not for the KP. But we sit in this room to discuss KP issues, with the black flags (Parties are indicated with two kinds of

flags. Those who are Parties to the UNFCCC but not Parties to the KP are given white flags; those who are Parties to both the UNFCCC and KP are given black flags).

China said its position is very clear, it expects ambitious emission reduction under Annex B of the KP. It has also submitted a proposal to that effect. It hopes that partners would respect what has been discussed. Since the atmosphere is already poisoned, China needs to clear up the poison by putting forward a legal argument.

It said that legally the commitment of Annex I Parties is under the KP, not dependent on any other Parties. Under the KP, they are to lead in emission reduction, and also in providing financial and technological support. These commitments should be done under no conditions. Now they are saying they want to put conditions. This is a legal commitment and that should be the basis of the discussion. Many non-Annex I Parties have announced their action plans, some of which are more ambitious than those by Annex I Parties. "So you are no longer qualified to make such excuses," China said.

It said that the proposals for conditionalities have also put prospects of the COP at a risk. Please do not do that. We need a success for the Copenhagen meeting (this was met with applause from observers).

Venezuela said this is a legal commitment made many years ago. Parties subscribed to this willingly, they are also free to leave willingly. If that is their intention, they should say so. We are here to discuss the second commitment period under the KP. It is strange for us to discuss other issues. Please let us get down to business.

Brazil said we are diverting completely from the mandate of the group. It is concerned about what Japan and Russia said. They are two of the largest economies in the world and should take responsibilities. The EU has a large historical emission, and several of the largest economies are in Europe. They are responsible for the success of the Copenhagen conference which is held in Europe. We hope they are not suggesting we forget the mandate of the KP and principles of the Convention. We think it is impossible to work like this.

Bolivia reminded Parties that we are here based on the mandate of a decision of the first Meeting of the Parties to the Protocol (in 2004), that was taken by all Parties. We are wondering if those Parties who said they want to do a second commitment period, have they changed their mind, and are not willing to do so now? For Bolivia, amendment of Annex B is a very important stepping stone to have a good outcome at the AWG-KP.

Australia said one of the duties of the AWG-KP is to have a good understanding and transparency around figures that countries have put forward as pledges. From the Australian perspective, we support the UNFCCC, every aspect of it. To refer to obligations, it said that under Article 4.1, all Parties have the commitment to take mitigation actions. We bear that in mind when we make our pledge. Australia's 2020 pledges were made in the context of the KP.

It said there are some possible outcomes for post-2012. First, is a single new treaty taking in the KP and the Bali Action Plan under the UNFCCC. Second is a continuation of the KP plus a balancing new treaty under the Convention. Australia's pledge is for that. It is a concern that our partners say they do not want legally binding targets under the Convention.

Sweden speaking for the EU said the mandate of this group is to achieve the ultimate objective of the UNFCCC. For the EU it is important to achieve environmental effectiveness. We believe the form of agreement contributes to that environmental effectiveness. We say we need something binding. But that needs a larger group, rather than just the KP parties, as the KP covers only 30% of global emission.

Other developed countries such as Canada, New Zealand and Norway were silent.

In response **China** said that this working group has been going on for almost 4 years. . We are still debating what is our mandate; this is strange to us. This is very, very ridiculous. The Berlin mandate is clear. The question is why the process is so slow, why we cannot achieve the objective of the mandate. It is because Annex I Parties are blocking the process; they are trying to renegotiate the UNFCCC, and trying to get away from their responsibilities.

South Africa speaking for the G77 and China said, in response to Australia, that indeed Article 4.1 stipulates that all Parties shall implement, publish and update programs concerning mitigation measures. But under the KP, what we talk about is the obligations of developed country Parties. Under Article 2 of the KP, developed countries specifically commit to further mitigation action. We plead for the work to be focused on the KP.

Algeria said that in the previous session in Barcelona, we have heard that the issue of numbers is a highly political issue for the EU and the developed world. We agreed since COP 11 to start the discussions on the ways and means by which they can achieve these purposes. Now we are hearing the same statement four years ago such as they do

not understand, need more clarification, need interpretation. What more they need, we do not know. If they are just not willing to put forward numbers, it would be difficult to reach an agreement in Copenhagen. Algeria asked the co-chair to stick to the mandate and to work on the KP developed Party numbers for emission reduction.

The co-chair then continued the discussion on transparency around the figures of emission reduction pledges. She asked for information and updates to make the numbers more transparent.

Sweden speaking for the EU said that it would like to contribute to this. But first it wanted to reassure Parties that the EU does not want to run away from its commitments. It has done some analysis and it goes into the direction of environmental integrity and effectiveness, where the scale of reduction is an important aspect.

It went on to show graphs and slides about the meaning of the pledges made by Annex I Parties.

One part was about the assigned amount units (AAUs) that are carried over from the previous commitment period. (AAUs are the carbon dioxide equivalent emissions of GHG allowed for each Party). There is about 10 GT of AAUs that have not been used up from the previous commitment period. If a 30% emission reduction is to be set, it would be 8 GT without the AAUs. By the time the AAUs carried over are consumed, there is still a surplus of about 2-3 GT.

If the current LULUCF rules are used, it would be about 2-3 GT. Thus in a 30% emission reduction scenario, we see emission actually rising.

(Note: The EU had argued that emission reduction figures would depend on the LULUCF rules and the use of mechanisms; now it has added the AAUs factors. Apparently there are a lot of AAUs carried over from the Eastern European countries and Russia due to the economic downturn. This will bring in huge amounts of credits).

In response **China** said it is obvious that what is being proposed is not enough. The question is how we want to increase that. We hope not to hear more excuses, but to roll up our sleeves and work on how to increase emission reductions.

Brazil said the discussion on carrying over the AAUs from a previous commitment period is a different level from the pledge for emission reduction. The rules for AAUs are through a CMP decision. It is easier to separate the two discussions.

Micronesia for AOSIS said that the EU is saying that 30% reduction is not enough. If we look at the pledges they do not even reach 30% in aggregate. We also need to know what offsets would

be used and the LULUCF rules. We also need to look at the surplus AAUs. We have found that the pledges on the table have included the AAUs. Our goal is to reduce emissions not to gain credits. Micronesia suggested that perhaps the secretariat can provide transparency around the AAUs.

The secretariat said that the first commitment period is 2008-2012. The data for the first commitment period would only be available next

year (2010). After 5 years, we can have solid data on the surplus of AAUs. The secretariat said it does not mean it cannot provide preliminary data about AAUs that can be carried over, but it would be based on many assumptions that would make uncertainties about the estimates. The secretariat questioned whether information surrounded by uncertainties would be helpful or not.

The contact group on numbers will continue its work until the end of this week.

TWN

Copenhagen News Update 10

www.twinside.org.sg

Published by
Third World Network

11 December 2009

Meeting on Kyoto Protocol Amendments Suspended Due to Disagreements

Copenhagen, 11 December 2009 (Meena Raman) – The fifth meeting of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) was suspended yesterday over an agenda item relating to the consideration of proposals by Parties for amendments to the Kyoto Protocol (KP).

The CMP was presided over by Denmark's Minister of Climate and Energy, Connie Hedegaard.

The UNFCCC secretariat informed Parties at the meeting that by 17 June 2009, 12 proposals to amend the KP had been submitted. The Parties who had submitted proposals were the European Union, Tuvalu (which submitted 2 proposals), the Philippines, Australia, New Zealand, China and 36 others in a joint submission, Colombia, Belarus, Japan, Bolivia on behalf of Malaysia, Paraguay and Venezuela, and Papua New Guinea.

(The proposals by developing countries were mainly for amendments to Annex B of the Kyoto Protocol according to the mandate of Article 3.9, which relate to the emission reduction targets of Annex 1 Parties in the second commitment period of the KP, while the proposals of Japan and Australia in particular, are for new protocols that would change the nature of the KP, and seek to merge the outcomes of the two-track processes of the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA).

In presenting its proposal, Tuvalu said that it attributes great importance to the KP as an important legal instrument for addressing climate change. It had provided amendments to the Protocol and included elements relating to emission reduction targets for Annex 1 Parties under the second commitment period from 2013-2017 of 45% emission reductions below 1990 levels. It also made proposals for amendments to procedures relating to

maritime and aviation. Based on its submission, it asked for the establishment of a contact group to consider its proposal.

The Tuvalu proposal was supported by several small island state countries, including the Alliance of Small Island States (AOSIS).

In supporting the proposal by Tuvalu, Barbados said that any perceived failure of the KP represents a failure of political will. Hence, there was a need for the KP to continue for the second commitment period.

Australia said that its proposal was for a unified Protocol (that merges the two tracks under the Convention and the KP) that would provide for all developed country Parties to register in their national schedules, an economy-wide quantified emission limitation or reduction commitment with a robust system for measurement, reporting and verification. For developing countries whose national circumstances reflect greater responsibility or capability, nationally appropriate mitigation commitments and/or actions aimed at achieving substantial deviation from baselines would be reflected in their national schedules. It also proposed that the flexibility mechanisms must be continued. It said that a unified Protocol has an advantage of being comprehensive and ambitious and would facilitate comparability. It would avoid interpretation difficulties with two protocols. (The Australia proposal is therefore not mere amendments to the KP but a new Protocol altogether that replaces the KP).

The European Union said that it had always been for a stronger KP system, with new commitments for developed countries and to ensure comparability of efforts. It said that its proposed amendments were to flexibility mechanisms under the KP and on land-use and land-use change and forestry. Its proposal for amendments also took into account the negotiations which were on-going under

the AWG-KP. Decisions must be taken in the context of a post-2012 situation. (The first commitment period of the KP that sets emission reduction targets for Annex 1 Parties is from 2008-2012). It said that safeguarding the essential elements of the KP is key. It did not see the need for a separate contact group for the consideration of its proposal.

Japan's submission for amendments to the KP was for the whole of the Protocol to be replaced by a new text. It said that the KP was a good vehicle which had brought Parties to considerable heights but its intention was to deal with the deficiencies of the KP, as it only covered the emission reductions of Annex 1 Parties. It said that non-Annex 1 Parties were responsible for half of the global emissions and hence, there was a need to rectify this institutional flaw. A simple extension of the KP would not lead to the reduction of global emissions and hence, a post-2012 regime needed the efforts of both developed and developing countries within a new single protocol. It said that there should be the participation of all major economies. Japan said that its intention was not to bury the KP or to ignore it and create something new, but was to expand its scope for both developed and developing countries.

Ethiopia for the LDCs said that the issue under discussion was controversial. It said that there were two types of documents prepared to determine the post-2012 period of the KP. One was being discussed under the AWG-KP which is in a multilateral setting, and another is submissions by individual Parties. There had been no effective involvement of the developing countries in the latter process. In this connection, it called for the establishment of the contact group to consider the proposals.

Brazil said that, together with 36 other countries, it had proposed amendments to Annex B of the KP in accordance with Article 3.9. The proposal establishes a solid base for addressing the second commitment period under the KP, which was crucial for the climate regime. The proposal was for Annex 1 Parties to reduce emissions by at least 40% by 2020, compared to 1990 levels. This was consistent with the high-end range mentioned by the IPCC. It also maximizes the level of ambition needed and reflects the historical responsibility of Annex 1 Parties for causing global warming. It helps stimulate strong domestic action by Annex 1 Parties and ensures sustainable development for developing countries, said Brazil.

China said that it was among the countries involved in the submission referred to by Brazil. It said that Parties were here to fulfill the Bali Roadmap and an important task of the AWG-KP was to address

the amendment to Annex B of the KP for setting the emission reduction targets for the second commitment period by Annex 1 Parties. China said that it was ready to discuss this under the AWG-KP. China also expressed strong opposition to proposals that contradicted the mandate of the KP and that related to efforts to change the KP and make it redundant and unable to exist. There was a need for the continuation of the KP, without which there could be no agreement in Copenhagen.

New Zealand referred to its proposal for amendments to the KP, which it said must lead to a single post-2012 treaty instrument that was comprehensive and addresses the two tracks (AWG-LCA and AWG-KP). It said that the advantages of a unified instrument included enhanced coherence and avoidance of duplication of efforts. Without prejudice to its position on the legal form of the Copenhagen outcome, New Zealand said that the KP should be extended for a second commitment period in substantially its current form with a separate but fully integrated agreement adopted under the AWG-LCA.

Bolivia said that it had submitted its proposal for amendment to the KP pursuant to Article 3.9, which was jointly endorsed by Bolivia, Cuba, Malaysia, Micronesia, Paraguay, Sri Lanka and Venezuela. Bolivia said that developed countries have appropriated much more than their fair share of a limited resource. With less than twenty percent of the world's population, they are responsible for around three-quarters of historical emissions; they have appropriated a disproportionate share of the Earth's environmental space and therefore have an emissions debt. The same rich countries now seek to appropriate a disproportionate share of the Earth's remaining environmental space.

By basing their future emission allowances on their past excessive levels of emissions, they seek an entitlement to continue emitting at 70% or more of their 1990 levels through until 2020 (i.e. consistent with reductions of 30% or less). At the same time, they propose limiting developing countries – which most need environmental space for poverty eradication, and sustainable development.

Bolivia, in explaining its proposal, said that it had three main concepts. First, it establishes the total emission reductions required of Annex 1 Parties (and the associated "assigned amount" of emissions). This amount is calculated to include the full extent of the historical responsibility of developed countries and the rights/needs of developing countries to a fair share of the remaining atmospheric space to achieve their right to development, and is referred to as the total "assigned amount".

Second, it establishes the minimum emission reductions that Annex 1 Parties are to achieve domestically (and the associated maximum “assigned domestic amount” of emissions). It proposed that they must reduce their emissions by more than 49% on 1990 levels in the commitment period 2013-2017. This amount reflects the actual emission reductions that are necessary and technically possible in developed countries – through technology, lifestyle changes and other means. It is referred to as the “assigned domestic amount”.

And third, the difference between these total and domestic amounts (i.e. between what developed countries must do and what they actually can/will do) provides the basis for dedicated and assured funding for adaptation and mitigation in developing countries, which can be provided to developing countries within the framework of the UNFCCC.

Nigeria said that a two-track approach was important, rather than the weakening or killing of the KP.

Egypt supported maintaining the KP, as it was the only reliable basis for emission reductions. Referring to the amendment proposals, it said that some of the proposals lead to the destruction of the KP and that this was not acceptable. The elements of the amendments presented coincided with proposals for protocols that were presented at the meeting of the COP under the Convention on Wednesday. They are also the same kind of proposals being made in the AWG-LCA. This was a triplication of work. It asked the CMP President to address this issue.

South Africa said that a second commitment period under the KP for post-2012 was the basis of comparable efforts of Annex 1 Parties. It opposed all attempts by developed countries that result in the KP being superseded or made redundant.

Gambia said that it could not support the “ditching” of the KP and wanted a two-track approach.

Malaysia also said that it could not envisage success that does away with the KP and merges the two tracks of the AWG-LCA and AWG-KP.

Following comments by Parties, the President of the CMP, Hedegaard, said that it appeared that some Parties preferred for the work of the AWG-KP to continue while others favoured the formation of a contact group. She said that there was no chance of agreement on the next steps and therefore suggested that the Chair of the AWG-KP, John Ashe, consult with Parties and report to the CMP on Friday, 11 December.

Tuvalu did not agree with the procedure proposed and insisted on the establishment of a contact group. It said there was a need for substantive discussion of the proposals so that it could be considered by leaders next week.

China in response said that while it was sympathetic to the Tuvalu concerns, there were also proposals which contradict the mandate of the KP and do not enhance the implementation of the Protocol. Therefore, only proposals that seek to enhance the implementation of the KP can be considered by a CMP contact group and there was a need to define the scope of the discussion. Proposals relating to the amendments of Annex B according to the Article 3.9 mandate are being considered by the AWG-KP.

Several developing countries supported China’s suggestion.

Sweden, speaking for the EU, said that it did not want to start an exercise that would limit the consideration of amendments to the KP but that it should reflect all comprehensive proposals.

Hedegaard suspended the meeting for consultations but after not being able to reach a consensus, the meeting was adjourned.

TWN

Copenhagen News Update 11

www.twinside.org.sg

Published by
Third World Network

11 December 2009

Chairs Present Two Draft Texts for Negotiations

Copenhagen, 11 December 2009 (Meena Raman) – There was an important turn of events at the Copenhagen Climate Conference on Friday when the Chairs of the two main working groups issued draft texts early in the morning which they proposed for negotiations among the Parties.

This caught most delegates by surprise because there had been no prior announcement or notice that there would be “Chair’s texts” and certainly not so early in the process.

The two texts were distributed by Michael Zammit Cutajar of Malta, the Chair of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) and John Ashe of Antigua and Barbuda, Chair of the Ad-hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP).

At around 11.30 am this morning, the Chairs of the two Working Groups convened a session with Parties at an informal session, to discuss the draft texts. Several countries were said to have given their preliminary views.

On the LCA text, diplomatic sources said that some countries indicated it could be the basis for further discussion on condition that the Chair’s text on the Kyoto Protocol also moves forward. A few countries had serious reservations, including Bolivia, which questioned the mandate and process, while the US said it had not had time yet to study the text but had found problems with some of the content. The EU and Russia apparently accepted the text for further discussion but had reservations that it assumed there would be a separate decision on the Kyoto Protocol when they wanted a single agreement, according to the sources.

The 7-page draft text of the Chair of the AWG-LCA states that “In the draft text, the outcome of the work of the AWG-LCA is envisaged as a package consisting of a core decision and thematic decisions

further elaborating enhanced action for the full, effective and sustained implementation of the Convention. The Chair states that this draft of a possible core decision is presented with the intent of facilitating progress in the AWG-LCA under the Convention negotiations toward a comprehensive and balanced outcome. The draft is not intended to prejudice the results of these negotiations or the form and legal nature of the agreed outcome to be adopted by the Conference of Parties in accordance with the Bali Action Plan. In its references to the Kyoto Protocol, this draft text assumes the adoption of a second commitment period under the Protocol.”

The Chair’s draft texts for the AWG-KP state that they are “intended to facilitate progress in the negotiations of the AWG-KP. They have been prepared under the responsibility of the Chair and should not prejudice the form of the results of the work of the AWG-KP session.” The Chair also noted that “nothing is agreed until everything is agreed.”

Meanwhile, it is learnt that several developing countries and their groupings have also prepared draft texts of a final outcome in Copenhagen. These proposed texts include one from China, with the support of India, South Africa and Brazil; another document by the LDCs; and a text by the Africa Group in the form of a Decision of the Conference of Parties; as well as a document in the form of a draft protocol by the Alliance of the Organisation of Small Island States. Some of these texts were circulated at the meeting of the G77 and China and it is learnt that there may be an effort to coordinate among these countries on how to proceed.

It has also been learnt that the Danish Minister for Climate and Energy, Connie Hedegaard, who is the President of COP 15, is convening a meeting to which Environment Ministers of 50 countries have been invited.

TWN

Copenhagen News Update 12

www.twinside.org.sg

Published by
Third World Network

14 December 2009

Deadlock at Copenhagen Climate Talks

Copenhagen, 14 December (Martin Khor) – More than half-way through the UN Copenhagen climate conference, the fate of the meeting lies in the balance between partial success and outright failure.

The conference has just completed its first week. The more difficult and tense part will come this second week, when a hundred Presidents and Prime Ministers are expected to attend on 17 and 18 December.

The hope is that they will be presented with a draft of an “agreed outcome” or Declaration that the officials and Ministers have prepared. But the way the talks have gone so far, it is more likely the political leaders may have to make some of the key decisions themselves.

There are just too many key issues still unresolved. The biggest contentious issue that has emerged in the last few days is the shape and structure of the future global climate regime.

The developed countries, especially Japan and Europe, are insisting that a new agreement be established that replaces the present Kyoto Protocol. Almost all members of the UN Framework Convention on Climate Change are members of this protocol, with the United States as a notable exception.

Since the US does not want to join, the other developed countries don’t want to continue being in it, and instead want to set up another treaty that includes the US but that also places new obligations on the developing countries to act on their emissions.

This is unacceptable to the developing countries, since the new treaty will most likely not place strict and legally binding commitments on the developed countries to cut their emissions, unlike the Kyoto Protocol.

Moreover the developing countries under the present rules are not obliged to take on legally binding emission-cutting commitments, and they don’t want to be pushed at this late stage into taking

on new obligations that are not mandated in the Bali Action Plan and that they fear will adversely affect their economic development, particularly since the promise of finance and technology transfer has not been fulfilled.

When new drafts of the decisions were issued last Thursday at the conference by the Chairs of the two main working groups (on further commitments to reduce emissions by Annex I developed countries under the Kyoto Protocol; and on long-term cooperative action under the Convention), Europe and Japan led an attack on them as they were based on the premise that the Kyoto Protocol would remain. For more than a day they even refused to engage in the talks on the Kyoto Protocol, and instead wanted consultations with the Chairs to see if their texts could be modified.

At a plenary meeting last Friday, Europe and Japan again voiced their opposition to the texts. The extension of the Kyoto Protocol won’t solve the need to reduce emissions, they said. A “single agreement” that also includes the US and the developing countries is needed instead.

At the same meeting, the developing countries insisted that the Kyoto Protocol continues and that the developed countries agree to cut their emissions of greenhouse gases by at least 40% by 2020, compared to 1990 levels. And that separately, through Decisions of the Conference of Parties (COP) of the Convention, the US should commit to a similar effort in a COP Decision, while the developing countries would take voluntary mitigation actions, supported by finance and technology transfers.

In the past weeks, some developing countries have been announcing national targets. For example, China stated it would decrease the emissions intensity of its GNP by 40 to 45% by 2020 compared to the 2005 level. For each unit of output, it would emit 40-45% less greenhouse gases. This is quite

an ambitious target, which is more than the developed countries themselves have achieved in recent years, according to a Chinese scientist at a forum on “Carbon Equity” held at the conference centre last week.

But the Europeans were not impressed, saying that the Chinese target is not enough. And at the Copenhagen conference, they and other developed countries kept stressing that the developing countries have to commit to do more, such as to deviate from their “business as usual” emission levels by 15-30% by 2020. There is no agreed definition or even common understanding of what is “business as usual”.

Such an obligation is not what was agreed to at the Bali COP conference in December 2007, and has been rejected by most developing countries, which are ready to make national targets voluntarily but do not want to bind these targets in a treaty. [The Convention and Kyoto Protocol are based on the principle of common but differentiated responsibilities, recognizing the historical responsibility of developed countries in causing global warming and their far greater ability to take emission reduction actions.]

Developing countries argued strongly for a “two-track” outcome in Copenhagen. Track 1 is an agreement for a second period of deep emission cuts by developed countries (except the US) under the Kyoto Protocol (starting 2013). Track 2 is a set of COP Decisions under the Convention in which the US will make an emission reduction commitment similar to the other developed countries, while developing countries agree to take mitigation actions backed by finance and technology (and these are subject to being measured, reported on and verified).

“The lack of progress in the negotiations and lack of will by developed countries to engage is unacceptable, and we are opposed to their intent to kill the Kyoto Protocol, the only legally binding instrument we now have,” said the chairman of the Group of 77 and China, which is currently Sudan.

Developing countries spoke up one after the other to support this, and reiterating that there must

be a 2-track process at the Friday meetings of the Convention Parties and the Kyoto Protocol Parties. These included Grenada (on behalf of the Alliance of Small Island States), Gambia (on behalf of the African Group), South Africa, Nigeria, Brazil, India, China, Malaysia, Saudi Arabia, Pakistan, Oman, Egypt, Papua New Guinea, Tuvalu, Afghanistan, Palestine, Kuwait, Micronesia and Bolivia.

“The sanctity of the two tracks must be maintained and we must avoid any side-stepping from our main work to conclude the second period of the Kyoto Protocol,” said India.

China also stressed that the twin track system was what was agreed by all the Parties to the Convention (including the US) in Bali, and now the world was watching again as the conference has only a few days left, while developed countries have not shown the political will to act.

Bolivia chided the developed countries, which are responsible for 75% of the historical emissions in the atmosphere, for wanting to kill the Kyoto Protocol in order to avoid repaying the climate debt they owe to developing countries and to Mother Earth. “Now they say they want to wait for others to pledge before they make their response. That’s not a responsible attitude.”

As the wrangling went on in the conference halls, over 100,000 people marched through the streets of Copenhagen, demanding action as well as “climate justice” from the world’s leaders.

The deadlock in the talks, especially on whether the Kyoto Protocol will survive and whether there will be an outcome in two tracks, or a new single agreement, is threatening a successful conclusion to the conference. Only days remain before the Presidents and Prime Ministers turn up on 17-18 December, hoping to sign a historic climate deal.

Whether there is a partial deal, which must at least include the architecture of the climate regime, or only an agreement to keep on talking, remains to be seen.

(Martin Khor is Executive Director of the South Centre.)

TWN

Copenhagen News Update 13

www.twinside.org.sg

Published by
Third World Network

14 December 2009

Impasse over Global Climate Architecture

Copenhagen, 12 December (Meena Raman) – The future of the climate regime hangs on a fine balance as the clash between developed and developing countries over the survival of the Kyoto Protocol prevails at the Copenhagen Climate Conference.

At the stock-taking meetings of the 15th session of the Conference of Parties (COP 15) of the UN Framework Convention on Climate Change (UNFCCC) and the fifth session of the Conference of Parties serving as the meeting of the Parties (CMP 5) to the Kyoto Protocol which met one after another on Saturday morning (12 December), developing countries were firmly opposed to what they saw as efforts by developed countries to “kill” the Kyoto Protocol through the creation of a new treaty that would replace it and impose new obligations on developing countries.

At the COP meeting, Connie Hedegaard, the Danish Minister of Climate and Energy who is the COP 15 President, said that Parties were at the mid-point of the Conference and that the second week of the meeting is crucial.

(Ministers have already started to arrive in Copenhagen and met with the COP President in informal consultations for all Parties on Saturday afternoon at the Bella Centre. On Sunday, another meeting with Ministers was held, but this time, it was not open to all Parties but only to a select number of countries. A joint high-level segment meeting of the COP and CMP is scheduled to take place on Wednesday, 16 December).

Michael Zammit Cutajar, the Chair of the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), presented his report to the stock-taking plenary. He said that work was going on in the different work streams of the Working Group, which aims to produce a text by Tuesday, 15 December. Most of

the texts will be decisions in a package (on the different elements of the 2007 Bali Action Plan).

To pull the package together, he had tabled a text to give shape to that package. One element that was conceptually and politically important was the shared vision, he said. It did not lend itself to decisions but is an inspiration for the whole to give more strength to the Convention in re-invigorating cooperation.

On the legal nature of the outcome of the Conference, he said that there were many views as to whether there would be one or two legal instruments, which was beyond the scope of one negotiating group (referring to the AWG-LCA and the AWG-KP).

The AWG-LCA Chair’s text assumes the adoption of a second commitment period under the Kyoto Protocol (KP) for Annex 1 Parties (developed countries) to make emission reductions under the Protocol.

Brazil, speaking for the **G77 and China**, said that it was willing to work with the text of the Chair, although there were issues that needed to be addressed. It said that the structure of the text reflects the continuity of the KP and this was an essential outcome for the Group which must be ensured.

Several developing countries also echoed the call of the G77 and China for the two-track process – for Annex 1 Parties to make emission reduction commitments under the KP for the second commitment period under the AWG-KP; and for a legally binding outcome under the AWG-LCA for enhanced implementation of the Bali Action Plan. They stressed the importance of the KP and for its sanctity to be preserved and for it to continue beyond 2012 when the first commitment period ends.

The **European Union** and **Japan** in particular found the Chair’s text unbalanced as regards

mitigation and did not want a two-track outcome as they insisted on a single legally binding agreement. They felt that having a second commitment period under the KP alone was insufficient, as the KP did not cover the United States and developing countries.

Sweden, speaking for the **European Union**, said that the Chair's text gave little certainty on how it will enable staying below 2 degrees C and is not sufficient for emission reductions. The text was not balanced as it had different requirements for developed countries and developing countries. On one side, there are developed countries which are Parties to the Kyoto Protocol, and on another side under the Convention are developed countries which are not legally bound as they are non-Parties to the KP (referring to the US) and loose frameworks for developing countries. Those who are under the KP account for only one-third of the global emissions, it said. A new binding agreement only under the KP is not acceptable and will not be an option for the EU. Hence, it wanted a new agreement that will build on the KP and take forward its essential elements. There must be common and transparent rules for measurement, reporting and verification (MRV). It must also encompass a robust compliance mechanism and new mechanisms. The EU said that it expects to conclude a political agreement to transform into a legally binding one.

Japan said that it could support the concept of a package deal but it had significant concerns over the current text. Its first concern was over the legal nature of the outcome, which it said prejudged the legal form for the "post-Kyoto" framework and assumes the continuation of the 2nd commitment period for Annex 1 Parties. It reiterated that a simple extension of the KP was not acceptable to Japan. Its second concern relates to the mitigation section of the current text which lacked balance. It did not provide a good basis for discussion. The mitigation section needed more important inputs. Its third concern related to the finance section as it would like a realistic discussion on how best to address the needs of developing countries. It wanted high-level informal consultations at the ministerial level to provide more clarity and focus on these issues.

Australia said that in considering the Chair's text, it was encouraged by the areas of convergence. It said that it had serious concerns on the existing gulfs between Parties. Credible efforts from all Parties were needed in relation to mitigation which is solidified into a legally binding treaty. The issue of the legal architecture remains vexed. It wanted a legally binding outcome that requires a transparent system to keep track of progress in relation to

mitigation. These issues required Ministerial action.

Canada said that the text was yet to make sufficient progress on mitigation. The commitments of developed countries and the actions of the developing countries must be expressed in a legal form which must be inscribed and subject to international review, for both supported and unsupported actions.

The **United States** said that the Chair's text inadequately reflects the contentious issues and there was a need for informal consultations on how to manage this and this was a conversation for the ministerial process. It hoped that by Monday (14 December) there would be more clarity on how to move with operational effect.

Similar sentiments were again expressed at the meeting of the CMP which followed the COP meeting.

Ambassador John Ashe of Antigua and Barbuda, who is Chair of the AWG-KP, presented his report to the stock-taking plenary. He said that he had prepared draft texts to capture the state of play of the negotiations in relation to the three contact groups on numbers (to deal with the targets for Annex 1 Parties in the second commitment period); other issues (relating to rules on land-use, land use change and forestry, the basket of gases etc.) and the potential consequences of response measures. He said that the contact groups which had suspended their meetings on Friday will resume their work and use the text as the basis of work.

Sudan, speaking for the **G77 and China**, welcomed the Chair's efforts and expressed concern over the slow progress of work in the AWG-KP. It said that it was unacceptable for the developed country Parties to dismantle or kill the KP, which it said was the only legally binding instrument to effectively address the emissions of Annex 1 countries. It said that the Chair's text could serve as a good basis for the work of the AWG-KP and to complete its mandate for targets to be set for the second commitment period. The Group said that to reach a deal in Copenhagen, it was important to maintain the two-track process so as to have a strengthened KP, and an agreed outcome under the Convention track in the AWG-LCA for the full effective and sustained implementation of the Convention.

South Africa (Coordinator of the G77 and China for the AWG-KP) supplemented Sudan's comments, on process for the G77 and China. It confirmed its understanding that the Chair's text provided a basis for work to proceed, while there were still a number of substantive issues in the text that would require

further work to finalise an agreement. It said that the developed country Parties had wanted a single undertaking outcome that would either make the KP redundant or superseded. It reiterated the Group's position that the Convention and the KP and all decisions reached represent a single undertaking and saw no reason why there cannot be agreement on the second commitment period under Article 3.9 of the Protocol as was the agreement reached in Bali by consensus. If the work of the AWG-KP was delayed or blocked, it would be difficult to continue work under the AWG-LCA.

Several developing countries and their groupings supported the G77 and China, emphasizing the two-track approach, the need for commitments of Annex 1 Parties in the second commitment period to be completed as the KP is a legally binding treaty and for its integrity to be preserved. They also stressed the need for balance in the progress of work of the AWG-KP and the AWG-LCA, expressing concerns over the slow pace of work of the AWG-KP.

Papua New Guinea welcomed the Chair's text but expressed concern over options that were in the text that allow for "fraudulent" practices in relation to accounting, while the "ethical options" were deleted.

Nigeria said that it will not succumb to pressure to dismantle the KP. It said that "You do not kill the

mother before a child is born", referring to proposals by developed countries for a new treaty to replace the KP.

Brazil said that negotiations of targets in the second commitment period should not be a condition for work to proceed in the AWG-LCA. It stressed the paramouncy of the Convention and the unambiguous continuity of the KP.

China said that the only reason why the AWG-KP was not making progress has been the lack of political will by Annex 1 Parties who have the historical responsibility to act.

Micronesia also stressed that the work in the AWG-KP must not be conditioned upon the work in the AWG-LCA and that the architecture of the Convention and the KP must be preserved.

The **EU** and **Japan** raised the same concerns that they did during the COP meeting and were not happy with the Chair's text, in relation to commitments of Annex 1 Parties for the second commitment period.

In addition, Japan said that for many months, Parties were confronted with very rigid mandate debates. The deficiencies in the KP which did not cover all developed countries and major emitters needed to be corrected, through a single and effective framework. It asked the CMP President to break what it saw as a "log-jam" in the process.

TWN

Copenhagen News Update 14

www.twinside.org.sg

Published by
Third World Network

15 December 2009

Climate Conference in Crisis as Developing Countries Press for KP

Copenhagen, 14 December (Meena Raman) – The climate conference in Copenhagen appeared to have slipped into a crisis on Monday as developing countries insisted that the process, that now includes Ministers, give top priority to developed countries committing themselves to emission reduction targets under the Kyoto Protocol and its second commitment period.

The Africa Group, supported by many other developing countries including China, India and Bolivia, announced they would not take part in drafting groups on other issues until they were assured that the Kyoto Protocol would continue and the developed countries that are members in it would honour their obligation to undertake a second period starting 2013 to commit to binding emission reduction targets.

At an emergency meeting between G77 and China leaders and the Danish Minister of Climate and Energy, Ms. Connie Hedegaard this morning, the developing countries were apparently assured that the Kyoto Protocol track would be given priority in the sequencing of issues to be discussed, and that the texts to be put before the heads of state and governments on 17 and 18 December would emerge from the current negotiations, and not new texts introduced by the Danish government.

Ms Hedegaard, who is President of the 15th meeting of the Conference of Parties (COP) to the United Nations Framework Convention on Climate Change and the 5th Meeting of Parties to the Kyoto Protocol (CMP), was supposed to hold an informal plenary meeting with Ministers which was scheduled to begin at 11.30 am. She was to have kicked off a Ministerial process to discuss six or seven issues on the Bali Action Plan track, dealt with in the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA).

The issues she listed include a long-term emission reduction goal, developed countries' mitigation, developing countries' mitigation, the role of market-based approaches in achieving mitigation, long-term financing, and other issues.

This plenary was however delayed as the G77 and China were in consultations with the Danish Minister, who later also met with developed country Parties.

The informal consultations finally got underway only at 2.30 pm. Meanwhile the talks in many AWG-LCA drafting groups were suspended, as were the contact groups under the Ad-hoc Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol (AWG-KP).

The G77 and China were unhappy with the Danish Minister's proposal for the open-ended informal consultations to seek solutions on issues relating to the work only of the AWG-LCA. They wanted the consultations to first begin on the work of the AWG-KP.

(Developed and developing countries are deadlocked over whether the Kyoto Protocol will survive, with the latter stressing that the continued survival of the Kyoto Protocol is essential for success in Copenhagen while the developed countries want a new treaty to replace the Protocol so as to also involve the United States and developing countries in emission reduction targets).

At the plenary, diplomatic sources said that the Danish Minister had conveyed that consultations with Parties had been intense. She informed delegates that Heads of States and Governments had been invited to meetings on 17 and 18 December to adopt decisions resulting from the COP and that her objective as the COP President was to deliver to the Heads of States decisions of the COP and the CMP for adoption by consensus on 18 December.

According to sources, the Danish Minister referred to rumors that a special declaration is being prepared for the Heads of States, and assured Parties that this was not the case and that decisions will result from the negotiations.

Ms. Hedegaard appeared to have agreed that the issues relating to the Kyoto Protocol (KP) on the developed country targets be considered first, and then the AWG-LCA issues would be considered. She announced that she has invited the German Environment Minister Dr. Norbert Röttgen and the Indonesian Minister R. Witoelar to facilitate consultations on the issue of the Annex I countries' targets under the KP. The two Ministers are supposed to hold consultations in the next 24 hours and will report to the COP President by tomorrow evening.

At 5 pm this evening, a plenary was convened to discuss work related to the AWG-LCA.

At the 2.30 pm plenary, several developing countries stressed the importance of outcomes in the two tracks of the AWG-KP and the AWG-LCA and that the work in the KP was paramount as regards the Annex 1 targets.

In relation to the issues defined by the COP President in relation to the AWG-LCA for the informal consultations this morning, according to sources, the G77 and China had informed the plenary that the Group did not endorse the original issues as identified by the COP President.

Several developing country delegates had also raised concerns about the process and about its transparency as to participation of their Ministers, referring to an informal meeting that was convened by the COP President on Sunday at the Bella Centre. Around 48 ministers were reported to have attended that meeting.

Earlier this morning, it is believed that the Africa Group and the Least Developed Countries (LDCs) had communicated to the COP President that the work of the AWG-KP on the targets for the second commitment period proceed first before all other work, including the work in the AWG-LCA.

News swept through the conference centre that when the AWG-LCA contact groups (such as on technology and on shared vision) met this morning, the Africa Group as well as other developing countries informed the groups that they would not engage in the groups for the time being until the KP issue was sorted out.

The Africa Group also did not want to take part in some contact groups of the AWG-KP (relating to land-use, land use change and forestry) as the focus should be on the KP working group on numbers, which is focusing on the emission reduction targets of developed countries under the KP.

Meanwhile in the KP contact group on numbers, there was also a dispute as to whether its work should carry on. Australia, in the numbers contact group asked for the contact group meeting to be suspended, as it had also heard that the Africa Group did not want to continue negotiations in the AWG-LCA. Japan and the EU supported Australia. They asked the Chair of the contact group for an explanation as to what was happening.

Gambia, speaking for the Africa Group, asked Parties to engage in the numbers contact group as did the G77 and China, who was represented by South Africa. Micronesia for the Alliance of Small Island States also insisted that work must proceed.

China supported Africa and said that a core part of any result that will emerge from Copenhagen was the work of the contact group on numbers. The more Parties delayed on this, the more negotiations in Copenhagen will be in danger.

Despite appeals by the Chair of the contact group to continue its work, Sweden for the EU said that if other parts in the KP process are not moving forward, it could not see how work can proceed in the numbers group.

India stressed the importance of the targets of Annex 1 Parties under the KP as the core of the work of Parties and that if Parties failed to come up with ambitious numbers for Annex 1 Parties, then the process was not something India would like to think about.

Russia said that the main purpose is discussions for a new regime as a whole and not just the numbers for Annex 1 Parties. It supported Australia's call for a suspension of the meeting.

Bolivia said that the work on numbers is a core issue for the KP discussion and urged Parties to see what happens at the informal consultations in plenary. The meeting of the contact group was suspended pending further clarification on the way forward.

As the Ministers and other heads of delegation were in intense discussions in the plenary hall, a group of NGOs held an impromptu demonstration chanting and holding placards that read "We support Africa" and "Annex 1 targets now".

TWN

Copenhagen News Update 15

www.twinside.org.sg

Published by
Third World Network

15 December 2009

Informal Plenary on Kyoto Protocol Discusses Issue of the US Not Being a Party

Copenhagen, 15 December (Meena Raman) – German Federal Environment Minister Norbert Röttgen co-chaired the informal consultations on the work of the Ad-hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol with Indonesia's former environment minister, Rachmat Witoelar, who is now head of the National Council for Climate Change.

The informal meeting commenced around 7 pm and was closed to observers. According to sources, the German minister said that all developing countries want the Kyoto Protocol to continue.

He asked if Annex 1 Parties to the Kyoto Protocol (KP) could agree to the amendment to Annex B of the KP to reflect the commitments for the second commitment period if the United States is not a party to the KP, the issue of land-use, land use change and forestry (LULUCF), and the allowable assigned units from the first commitment period to be carried over were dealt with.

Several countries intervened and in summing up the session in preparation for further consultations on Tuesday, the German Minister was to have said that no one categorically rejected the KP. The process was therefore to proceed to assume that the second commitment period continues.

He also referred to the individual pledges by Annex 1 Parties which ranged from 16-23% reduction of emissions from 1990 levels by 2020. He proposed that the question for Parties to address on 15 December is whether this target was sufficient or whether the ambition needs to be increased and

how this was to be done. He wanted Parties to focus on the aggregate level, range and pledges and ambition in the pledges.

Developing countries who spoke included South Africa, which stressed the principle of historical responsibility of Annex 1 Parties in relation to making further commitments under the KP.

Japan said that if one set of developed countries has to meet commitments under the KP and others do not, it is a problem as the KP covers only 30% of the global greenhouse gases.

The European Union (EU) wants to see progress from all major countries and welcomed the announcement by developing countries on their pledges before Copenhagen but there was no opportunity to discuss the pledges.

The EU and Japan said that the US needs to be on board and they must be treated in the same way with the same set of rules.

China said that in Bangkok, the killing of the KP became clear. This has damaged the political confidence of Parties.

Zambia, referring to the US, said we are being held up because of the US. Should we be held up just because of this? The 30% coverage of emission reductions of KP Parties is an excuse. The KP was born to respond to a situation where a small population of the world was causing climate change impacts.

Australia said that all the pledges for 2020 were on the table.

The informal consultations will continue on Tuesday, 15 December.

TWN

Copenhagen News Update 16

www.twinside.org.sg

Published by
Third World Network

15 December 2009

Confusion Reigns over Process at Climate Conference

Copenhagen, 15 December (Meena Raman) – Confusion reigns over the negotiations at the Climate Conference in Copenhagen as the Ministerial-level process led by the Danish Climate Minister Ms. Connie Hedegaard which started on Monday interfaced with and clashed with the negotiators' processes in two working groups.

[The two tracks are the Ad Hoc Working Group on Long-term Cooperative Action under the Framework Convention on Climate Change (AWG-LCA) and the Ad Hoc Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol (AWG-KP).]

Delegates involved in particular issues were concerned when the drafting groups involved in negotiating texts for decisions or for feeding into the overview paper of the AWG-LCA chair, Michael Zammit Cutajar, or the paper of the AWG-KP chair John Ashe found that Ministerial-level consultations were also taking place that covered the same topics.

At a plenary of the Copenhagen Conference on Monday, Ms Hedegaard, who is the President of the ongoing 15th meeting of the Conference of the Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC), had tried to allay fears of developing country delegates that the negotiating process would be taken over by the Ministerial consultations she was planning to hold.

The Minister assured the plenary that the drafting groups would continue their negotiations, while the Ministerial consultations would also take place as a kind of "providing guidance" mode, but not replace the negotiating process.

However, at some of the drafting groups it was announced that some of the key topics would no longer be negotiated there as the Ministerial consultations would instead deal with them. For example the drafting group of the vital issue of shared vision was asked to stop discussing the key contentious issues of long-term goal for emission

reduction and trade protection in the name of climate change, as the issues would now be dealt with in the Ministerial process.

There was also a distinct lack of clarity as to the outcomes being planned from the Ministerial consultations. Five consultation groups were formed to discuss long-term emission goal, mitigation by developed countries, developing countries' mitigation action, long-term financing, trade issues, and bunker fuels. Each subject matter is being facilitated by two Ministers – one from a developed and another from a developing country. The Ministers are to report back to the COP President.

But the Minister at the plenary did not clarify whether the Ministerial groups were supposed to look at papers and texts and to produce outcomes of their own, or whether their discussions were primarily to feed into the negotiating groups.

The confusion was apparent as Parties raised questions about what was going on as regards negotiations in the AWG-LCA, which is mandated to take forward work under the Bali Action Plan adopted by the UNFCCC Conference of Parties in 2007. The AWG-LCA met in a contact group on Tuesday morning (15 December) and was chaired by Michael Zammit Cutajar of Malta.

Cutajar presented two documents to the Parties. One was a document entitled "Draft Text on the AWG-LCA" on "the outcome of the work of the AWG-LCA under the Convention." The other document was a text on the draft conclusions proposed by the Chair. He also said that the various drafting groups had further texts from their work which would complement the main draft text. The work of the AWG-LCA is supposed to end today.

Cutajar said that the AWG-LCA would not be forwarding clean texts to the Conference of Parties (COP) on 16 December. This was his realistic assessment of the negotiations thus far. He informed that the closing plenary of the AWG-LCA will be

held on the evening of 15 December, for his report to be adopted and forwarded to the COP.

Cutajar explained the draft text and reported on the status of texts that were produced from the various drafting groups. He also pointed out that some paragraphs were still in “placeholders” as these were the subject of ministerial consultations which were launched by Ms. Hedegaard.

This was for example the case in relation to mitigation commitments of developed countries where the ministers are to provide political guidance on the matter.

(This issue has been most contentious in the negotiations, as it relates to the commitments by the United States who is not a Party to the Kyoto Protocol and other developed countries who are Parties to the Kyoto Protocol. The vexing issue has been whether the United States should be treated in a special way under the Convention while the developed countries in the Kyoto Protocol should commit to quantified emission reduction targets in the second commitment period under the Protocol and be subject to the Protocol’s rules and compliance system. Developed countries who are Kyoto Protocol Parties have argued that a new legally binding treaty was needed that would replace the Protocol to deal with all developed country Parties in the same way).

Sudan, speaking for the G77 and China, wanted clarity on how the political guidance from the Ministers was going to be taken into account by the drafting groups.

Venezuela said that informal Ministerial consultations were going on which are linked to the negotiations which are continuing in the AWG-LCA. The Ministers are to report the COP President. The President is supposed to report on the results to the Chair of the AWG-LCA. Venezuela asked if the Chair was then going to do a text. If the COP President is going to do the text, should she not have a mandate to do so?, it asked.

In response, Cutajar said that the Ministers will provide the political guidance and he will then share it with the Parties. The political guidance would be reported, he said. He will not provide a text, said Cutajar. On the question by the G77 and China, Cutajar said that the political guidance is forthcoming but the work of the AWG-LCA will end on the night of 15 December.

Brazil, in relation to the text on the outcome of the work of the AWG-LCA, expressed its strong concerns that there was a lack of balance in dealing with developed country mitigation commitments and nationally appropriate mitigation actions by developing countries. It said that meetings under the AWG-LCA have been scheduled for dealing with

the mitigation actions by developing countries but not for mitigation commitments of developed countries and that this is in a placeholder in the text. The mitigation actions of developing countries should be balanced with the mitigation commitments of developed countries which must be dealt with sufficiently and adequately.

China agreed with Brazil. It said that while the ministerial discussions would focus on political guidance, the text of the AWG-LCA is being worked on by the policy group. It asked how the developed country mitigation commitments were going to be dealt with in the text and how the political guidance would be reflected.

Cutajar in response asked Parties to ask the President in plenary as to what she plans to do.

Bolivia also asked what the process was regarding the drafting groups and what the value of their work was. It wanted to know what is the text that Parties are to bring before their Ministers.

Cutajar said that further discussions could be held at informal consultations that he is convening at 3 pm.

The European Union had questions on the Chair’s text. It expressed concern that there was nothing in the text on market-based approaches, which it said was an important issue for the EU and it wanted to see decisions in this regard. Market mechanisms and new market mechanisms were important to ensure the cost-effectiveness of mitigation, it said. It asked for this issue not to be postponed any further.

The Chair of the AWG-LCA was convening a meeting to get substantive feedback from the delegations to his overview paper in the late afternoon on Tuesday.

Several delegates were seen running from one meeting to another when they learnt that the report back from the ministerial consultations was also taking place at the same time. Some developing country delegates expressed their frustration and confusion about the entire process, as fresh rumours went around that the Danish Presidency has prepared a new text.

In the corridors, several developing country delegates expressed not only confusion but also serious concerns that the organizers of the Conference were now re-locating negotiations on critical and contentious issues from the negotiators who have expertise on the complexities of the issues, to the “political level” first of Ministers and then heads of state and heads of government. Developing country delegations would then be at a disadvantage because of the relative smallness of their delegations and the lack of capacity in comprehending all the technicalities of the issues.

TWN

Copenhagen News Update 17

www.twinside.org.sg

Published by
Third World Network

15 December 2009

Ambitious Greenhouse Gas Cuts Not Visible

Copenhagen, 15 December (Hira Jhamtani) – Late afternoon of 15 December sees no light yet at the end of the tunnel in the conclusion of the second commitment period of developed country Parties to the Kyoto Protocol.

The first commitment period of 5.2% greenhouse gas emission reduction below 1990 levels expires in 2012 and a new set of commitment figures must be put on the table in Copenhagen.

The discussion has gone into informal mode, closed to observers. Delegates are heard in the corridors saying nothing has moved, and that developed countries could not increase their level of ambition for emission reduction. Indeed in a contact group late last night (14 December), New Zealand confessed that the negotiators have no mandate to increase the level of ambition, and that the political leaders are the ones who can do it. Another source said that during the ministerial informal meeting, when the facilitator asked how the level of ambition could be increased, no developed country provided an answer.

Further emission cuts are one of the most important items that are stalling the talks at the Copenhagen climate conference. There are many issues surrounding the impasse in the negotiations of the emission reduction of developed countries.

First, governments of many developed countries have announced their emission cut pledges for 2020 but negotiators in Copenhagen have said these are not made in the context of the Kyoto Protocol (KP). They are made in the context of a “new, universal, comprehensive and effective international agreement on climate change”, indicating that the KP will be terminated and replaced.

Secondly, the pledges are far below what the science requires to stay below 2 or 1.5 degrees of temperature increase. In aggregate, based on the compilation of the secretariat of the UN Framework

Convention on Climate Change (UNFCCC), the range of emission cut pledged is between 16 and 23% of the 1990 levels by 2020. These low figures come with conditionalities and are not clear as to how much of the cuts will be undertaken through domestic measures and the use of offsets (buying credits from developing countries). Developing countries have asked for transparency around these numbers and issues but no clarity has been forthcoming, creating frustration that is increasingly voiced in the negotiation room.

Thirdly, Parties also have different views on the reference years and length of the subsequent commitment period. Many Parties wanted to continue to use 1990 as the base year (in the Kyoto Protocol) with flexibility for countries to use different reference years, but these would be adjusted to the base year. Some countries want multiple reference years to reflect national circumstances and to enable non-Kyoto Protocol Parties who are obliged to reduce emissions under the UNFCCC (i.e. the US that uses 2005 as base year) and developing country Parties to join the Kyoto Protocol or make comparable commitments.

Fourthly, is the clarity in the rules for Land Use, Land Use Change and Forestry (LULUCF) and the use of market-based flexible mechanisms (Emissions Trading, Joint Implementation, Clean Development Mechanism) to meet the reduction targets. An exercise was attempted to clarify these by asking Parties who put forward their pledges to also provide information on the impact of LULUCF rules and flexibility mechanisms on the reduction numbers. These have also not been clarified in full.

Fifthly, is the use of the Assigned Amount Units (AAU) carried over from the first commitment period. This is the amount of greenhouse gas emission allowed to each Party over the commitment period. If a Party has a surplus AAU at the end of the commitment period, there is a discussion for

carrying over to the next commitment period. These are bankable credits. If these are accounted for then there is a lot of “hot air” where Parties make emission reduction commitments but in reality emit more amounts of greenhouse gases.

Sixthly, is the issue of the United States, which is an Annex I (developed countries and countries with economies in transition) Party under the UNFCCC, but is not party to the Kyoto Protocol that sets the emission reduction numbers and has a compliance system. Annex I Parties say that the Protocol covers only 30% of the global emission and therefore it is not sufficient. It must bring in the biggest emitter in the world in order to create a balance of obligations, say some developed country Parties to the Protocol. The US has said in one of the contact groups that it has no intention of ratifying the Kyoto Protocol.

Developing countries are saying, however, that the bottom line is the lack of willingness and political intent of developed countries to actually shoulder their obligations responsibly. According to several developing country negotiators, many developed countries are using the US as a scapegoat to race to the bottom. They are not willing to lead in the international effort to tackle climate change for which they bear historical responsibility.

The mood in the Copenhagen conference is now one of uncertainty and confusion as the normally open and transparent UN process of intergovernmental negotiations shifts into closed meetings and small groups and even bilateral meetings. And with no ambitious emission reduction numbers in sight from developed countries to meet their Kyoto Protocol commitments.

TWN

Copenhagen News Update 18

www.twinside.org.sg

Published by
Third World Network

16 December 2009

Developing Countries Revolt against Danish Text Attempt

Copenhagen, 16 December (Meena Raman) – Developing countries launched a revolt in the opening of the Copenhagen high-level segment against an attempt by the Denmark government to introduce new texts of its own as the basis for negotiating the final outcome in the Climate Change Conference.

The Danish Prime Minister, Lars Lokke Rasmussen, was criticised strongly and in blunt terms, for trying to table proposed texts when there are already two texts (one for the Kyoto Protocol and another for the long-term cooperative action under the UN Framework Convention on Climate Change) prepared by the negotiators in the past ten days in Copenhagen, building on a few years of work.

Developing countries, including the G77 and China, China, Brazil, India, Bolivia, South Africa, and Ecuador, clearly stated their firm opposition to attempts by the Danish Prime Minister, as the President of the Copenhagen climate talks, to introduce new texts. The G77 and China was opposed to texts being introduced from “out of the blues” and China said that it could not accept texts “parachuted from the sky”. They also called the process “illegitimate, undemocratic and non-transparent.”

The sentiments of the negotiators from developing countries were backed by President Hugo Chavez of Venezuela, who was also at the meeting. President Chavez said that the move by the Danish Presidency to introduce “texts from the sky” was “undemocratic, top-secret and non-transparent”. He said that he and other ALBA leaders would reject such texts from the Danish Presidency.

(ALBA is the Bolivarian Alternative for the Americas and comprises Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Honduras, Nicaragua, Saint Vincent and the Grenadines and Venezuela.)

In contrast the Maldives President Mohamed Nasheed was willing to engage with the Danish proposed text.

Danish Prime Minister Rasmussen assumed the position as President of the Copenhagen Conference following the resignation of Connie Hedegaard, the Danish Climate and Energy Minister, just before the commencement of the joint high-level segment of the meeting of the Conference of Parties (COP) to the UN Framework Convention on Climate Change (UNFCCC) and the COP serving as the Meeting of Parties to the Kyoto Protocol (CMP).

Hedegaard, when closing the CMP that preceded the joint high-level segment, said that the Prime Minister will preside as the President and that she was appointed as a “special representative” to negotiate the outcome of Copenhagen and on the package to be adopted. She also said that the Presidency will table proposals for the outcome of the Conference.

When the Danish Prime Minister convened the joint high-level meeting, developing countries raised serious points of order.

Brazil said that the CMP was convened this morning but not the COP, to receive the report of the Chair of the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA). Brazil said that references were made to new texts that would be presented under the authority of the COP Presidency. It asked when the COP would be convened, when the Chair of the AWG-LCA would present his report and what the situation of the text was. It asked when the discussions will begin based on the text that was the outcome of the AWG-LCA.

The Danish PM then asked the Executive Secretary of the UNFCCC, Yvo De Boer, to explain. de Boer said that the COP plenary will convene later to hear the report of the Chair of the AWG-LCA and

to decide on how to proceed. He said that he was sure that the COP Presidency would consult Parties on how to take the documents forward, both from the AWG-LCA and the Ad-hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP). To facilitate the process, de Boer said that the COP Presidency will convene meetings of Parties on how to proceed on the text of the Danish Presidency if that was found to be desirable.

Brazil once again raised a point of order. It said that Parties had negotiated texts under the AWG-LCA into the early morning of Wednesday and it was the understanding of all Parties that it is the text from that process that would guide Parties forward. The idea of a new text clearly indicates that the Parties' text would not be the reference of the work forward and this was a concern for Brazil.

China, in raising a point of order, said that the issue was one of substance and not just procedure. It was about showing respect for the 192 Parties to the Convention and that since this was a party-driven process, there cannot be text introduced "from the sky". It said that the only legitimate negotiations are the outcomes of the respective Working Groups (the AWG-KP and the AWG-LCA).

China said that it was not obstructing the process but for the Copenhagen conference to be a success, a just process was needed. It said that the move by the Presidency to move on text before the COP hears the report of the AWG-LCA would be tantamount to obstructing the process and endangers the success of Copenhagen. It said that discussions were needed before proceeding further. China also expressed grave concern over the trust between Parties and the host country. It said that the process was not transparent and not driven by Parties. The outcomes of the Conference should be based on the work of the two Working Groups, it said.

India also raised a point of order. It said that the COP President had assured Parties that the process would be transparent, inclusive and party-driven, as this is the essence of multilateralism. It said that there cannot be "top-down" texts.

Sudan, speaking for the G77 and China, supported the interventions of Brazil, India and China. It said that the process, as agreed, was a party-driven, bottom-up and a double-track process. It said that the COP President should not be disrespectful of Parties and that the Group was not ready to engage in text or texts which are produced "out of the blues".

Ecuador echoed similar sentiments and said that the process lacked transparency and that each country must be consulted.

In response to the remarks by developing countries, the Danish Prime Minister said that the world was waiting for an agreement to be reached and that Parties should not be discussing procedure. He said that there was a need to move on the text. He said that on the one hand, there was a need to assure Parties that the process was transparent and inclusive but on the other hand, Parties must move forward. He said that his intention was not to produce any text "from the sky". He said that he was talking about two texts, reflecting the two-track process. He said that there was a need to get things moving as people were expecting something from the leaders.

Brazil once again raised a point of order. It said that it wanted an assurance that the basis of negotiations of the AWG-LCA issues is the negotiated text from the AWG-LCA. It was not true to say that the negotiators had no texts. It asked for assurance that whenever the issues of the AWG-LCA were raised, it will be the text of the AWG-LCA which should be the basis.

The Minister of Environment of South Africa emphasized the need for a party-driven process and had concerns over texts which were introduced outside of the process. South Africa said that this was a substantive matter.

India too took the floor again on a point of order and said that discussions had been held with the COP President (Connie Hedegaard), and that India had stressed the sanctity of the negotiating texts from the process. It said that the issue now was "about our text" and about "how to protect it".

The Danish Prime Minister responded that the Danish Presidency was built on transparency and that it respected "this process". He said that he had "a responsibility to get things moving" as leaders had started to arrive. From his "private consultations they (the leaders) expect us to make progress." Hence, he had to get started with the meeting and he was paving the way for a successful outcome.

China once again took the floor. It said that it was not about obstructing progress but that there were illegitimate moves by some Parties by putting forward texts from the COP Presidency, without consulting Parties. "That is the real issue which will obstruct progress", said China.

It said that progress had been made in the Working Groups and that it had hoped that that is the sole legitimate basis for the process. China said that the COP Presidency had "parachuted text from the sky." For China, it was a matter of justice of the process. "How can you put forward texts without receiving reports from both the Working Groups", asked China. It said that some Parties have intentions

to kill the Kyoto Protocol and this would endanger the whole process. It said that it took the Convention and the Kyoto Protocol seriously and came to Copenhagen not just for Copenhagen but for a clear purpose to fulfill the mandates of the Bali Roadmap and not to work on “hidden agendas”. It said that it was important to clarify that the outcomes of the AWG-LCA and the AWG-KP would form the basis of legitimate negotiations, leading to final outcomes.

Bolivia said that the issue was not just one of process but of substance. The content of the Danish text is a problem as it was not based on an outcome

that is democratic and participatory. The foundation for a good process was from the bottom-up, it said.

The Danish Prime Minister said that he had not presented any text from the Presidency. He said that the Presidency will consult with Parties. He said that the consultations could be productive based on the work of the two Working Groups, to move through a Danish proposal. It asked Parties to allow the statements by the Heads of States and Governments.

The meeting then continued with statements from Heads of States and groupings.

TWN

Copenhagen News Update 19

www.twinside.org.sg

Published by
Third World Network

16 December 2009

US Seeks Weak “Comparability of Efforts”

Copenhagen, 16 December (Chee Yoke Ling) – The United States has strongly reiterated its rejection of the Kyoto Protocol and any decision from the Copenhagen climate conference that may imply a structure like the Protocol that sets out legally binding greenhouse gas emission reduction targets backed by a system of measurement, verification and reporting.

In the closing plenary of the Ad Hoc Working Group on Long Term Cooperative Action under the Convention (AWG-LCA) that began at 4.45 am on Wednesday, US negotiator Jonathan Pershing focused on the need for a “very different structure” from the Kyoto Protocol, and bracketed phrases that his delegation felt refer to the structure of the Protocol.

The meeting to adopt the report and outcome of the work of the AWG-LCA was delayed for more than 4 hours because the US was very unhappy with the Chair’s text, especially the section on “Nationally appropriate mitigation commitments or actions by developed country Parties”.

The Bali Action Plan adopted in 2007 by the Conference of Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC) launched “a comprehensive process to enable the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012, in order to reach an agreed outcome and adopt a decision” at the 15th session of the COP in Copenhagen. The main building blocks are enhanced actions in mitigation, adaptation, technology development and transfer, as well as provision of financial resources and investment. The AWG-LCA was set up to reach such an agreed outcome.

After 2 years of intense work comprising 9 meetings between December 2007 and December

2009, the AWG-LCA concluded at 6.50 am on Wednesday with “unfinished business that remains open at the COP”, as described by chair Michael Zammit Cutajar. The COP began its 15th session a few hours later, attended by ministers and some heads of states (more heads of states are expected over these last 3 days of the Copenhagen conference).

The inability of the UNFCCC Parties to reach agreement, as the proposals of developed and developing country Parties are quite far apart in almost every key aspect, led to a Chair’s text being tabled for negotiations last Friday (11 December) in the final lap in Copenhagen.

In the early hours of Wednesday morning the US attempted to have the chair withdraw his draft decision document (FCCC/AWGLCA/2009/L.7) that was prepared after a number of meetings in contact groups under the AWG-LCA. The US objection centred primarily on draft decisions related to paragraph 1(b)(i) of the Bali Action Plan.

That sub-paragraph calls for:

“Enhanced national/international action on mitigation of climate change, including, inter alia, consideration of:

(i) Measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country Parties, while ensuring the comparability of efforts among them, taking into account differences in their national circumstances; ...”

This provision was designed with the US in mind in 2007, for it to undertake greenhouse gas emission reduction in view of its historical and current responsibility for global warming, and the fact that it is not a Party to the Kyoto Protocol. Nevertheless as a Party to the UNFCCC the US has obligations to reduce emissions albeit without

specified numerical targets. “Comparability of efforts” with the commitments of the Kyoto Protocol Parties is thus the compromise.

The AWG-LCA chair’s text met with US opposition. After the 10 documents making up the package of decisions to be forwarded to the COP were circulated to Parties and observers, the meeting was not convened for almost 4 hours. Speculation filled the plenary hall as there was no explanation provided by the UNFCCC secretariat.

Eventually Cutajar separately consulted the groupings of Parties outside the hall and news filtered through that the US wanted the main document (FCCC/AWGLCA/2009/L.7) to be withdrawn, amended and re-issued. According to several delegates, most Parties initially refused to accept this procedure and it was understood that the chair did not wish to re-open the document. Most Parties had their respective concerns and disappointments with the chair’s draft decisions but responded to the chair’s plea that time is running out.

The plenary was finally convened at 4.45 am. Following the chair’s explanation of the package of decisions that would be forwarded to the COP, the US was invited to make its comments and proposals from the floor. Pershing said that many in the room would have preferred it if Cutajar had indicated more brackets (in the chair’s draft decision) and he found himself “a bit disquieted”.

He proceeded to bracket numbers referring to the aggregate range of emission reductions in paragraph 12 of the L.7 document, preferring a bracketed option “[x]” with a footnote explaining that, “x is equal to the sum of the reductions by Parties”.

This is a reiteration of the US position that emission reductions should be determined by each country in a “bottom-up” manner and implemented domestically. The Kyoto Protocol sets a top-down aggregate number for emission reduction, and the chair’s text sets out Parties’ proposals of at least 25-40% or in the order of 30, 40 or 45% from 1990 levels by 2020.

The US bracketed 4 more paragraphs as follows:

“The efforts of developed country Parties to reduce their greenhouse gas emissions shall be comparable [in legal form, magnitude] of effort [and provisions for measuring, reporting and verification, and shall take into account their national circumstances and historical responsibilities.] (Paragraph 14: phrase in italics bracketed by the US.)

The Protocol has a compliance system and the Bali Action Plan provides for measurement, reporting

and verification. The US prefers a low level of comparability with Kyoto Protocol Parties’ commitments and does not want to factor in its historical responsibilities.

“Developed country Parties’ quantified economy-wide emission reduction objectives shall be formulated as a percentage reduction in greenhouse gas emissions [for the period [from 2013 to 2020] compared to 1990 or another base year adopted under the Convention] (Paragraph 14: phrase in italics bracketed by the US; the numbers are from the Chair based on Parties’ proposals.)

The US prefers the base year of 2005 instead of the current 1990 under the Protocol, with the former recording a higher level of emission.

Nationally appropriate mitigation commitments or actions by developed country Parties shall be measured, reported and verified in accordance with existing and any further guidelines adopted by the Conference of the Parties, [taking into account the relevant provisions of the Kyoto Protocol] (Paragraph 19: phrase in italics bracketed by the US.)

Pershing said that “it would come as no surprise” that the US brackets that phrase referring to the Kyoto Protocol.

He also asked for the word “shall” to be replaced by “should” – for example, paragraph 12 states that developed country parties “shall undertake, individually or jointly, legally binding nationally appropriate national commitment ...”.

Cutajar responded by saying that in previous discussions on this issue he had pointed out that the use of “shall” in the context of a COP decision was not legally binding. But there are different legal opinions on this and so he will put the shall/should question into the basket of issues (to be determined in the next part of the work) and that he will make sure the COP President is aware of all the issues.

On the section “Nationally appropriate mitigation actions by developing country Parties”, the US expressed “substantial discomfort” with it saying that a “fundamental revision” is needed. It proposed bracketing the entire section that contains 2 draft decisions and inserting the words “Option 1” before each one, followed by an insertion of “Option 2” after each one. Option 2 would be “alternatives suggested by Parties,” and according to the US this is to give a clear sense that there are different ways to think about this problem.

Sweden, speaking for the European Union, said that while it understood the time pressure it was disappointed with the paper. It wants the chair to convey to the COP “in no uncertain terms” that it

was unacceptable to leave other UNFCCC Parties (not Party to the Kyoto Protocol) with no legally binding requirements. It felt very strongly that developed country Parties' mitigation actions should be fully accountable and work within a system of measurement, reporting and verification. It also said that the draft decision related to "major economies" was too weak and unacceptable.

Japan said it also has serious concerns with the decisions on mitigation actions. It placed double brackets on paragraph 16 that states that for Parties to the Kyoto Protocol the quantified economy-wide emission reduction objectives shall be those adopted for the second commitment period under the Protocol Parties while for developed country Parties that are not Kyoto Protocol Parties, the agreed quantified emission reduction objectives shall be those listed in appendix 1 to the COP decision (the latter not being economy wide not subject to compliance requirements).

It also had problems with the term "shall" saying that this and "should" determine the legal nature of the COP decision.

The process issue was raised by Algeria, who wanted to know at the beginning if Parties were to go through the core decision documents and the 9 addenda on specific themes/topics.

The chair Cutajar said the draft text is the outcome of fair and balanced work of the AWG-LCA's two years of work to further elaborate enhanced action for the full, effective and sustained implementation of the Convention. He hoped to present the package as a "core COP decision" and a series of thematic decisions (FCCC/AWGLCA/2009/L.7 with Add.1-9) and made a plea for the package to be transmitted as a whole to the COP. It is without prejudice to the form and legal nature of the agreed outcome to be adopted by the COP in accordance with the Bali Action Plan.

He said no input had been provided from the informal ministerial consultations to the core COP decision. Some parts were discussed in depth by

Parties in the AWG-LCA while others were not. He emphasized that nothing is agreed until everything else is agreed. Paragraphs are bracketed and all are "unfinished business".

Tanzania expressed disappointment that there was no agreement reached after two years and took the L.7 documents as a reflection of agreement and disagreement.

China said the document would provide a groundbreaking basis for an outcome to be achieved.

Several Parties expressed dissatisfaction at the way the decision documents did not reflect issues of major concern to them, and proposed additions and amendments.

With the COP opening barely 3 hours away Parties agreed with the chair's suggestion to adopt the document and then record their reservations if they so wish.

Argentina made a reservation on Addendum 9 on sector-specific actions in agriculture.

Algeria placed its strong reservation on market-based approaches in section 2 of Addendum 8 (Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and promote, mitigation actions). Together with Saudi Arabia they inserted an option for alternatives suggested by Parties.

Bolivia said it was unfortunate that we had arrived at this point of no agreement and made a reservation on the whole package.

Sudan for the G77 and China stressed the Group's support for a Party-driven process. It said that this approach allows for a balanced development of the building blocks of the Bali Action Plan. A transparent and bottom-up approach is the only way to arrive at a fair and balanced result. While there is a great sense of urgency and mounting pressure, the Group also has serious concerns over the organization of work.

We do need the assurance that this work will be the basis of any outcome that results from Copenhagen, it emphasised.

TWN

Copenhagen News Update 20

www.twinside.org.sg

Published by
Third World Network

16 December 2009

Two-track Outcome amidst Confusion

Copenhagen, 16 December (Hira Jhamtani) – In an unexpected move, the Danish Presidency of the Copenhagen Climate Conference made an announcement that it intends to table a draft Copenhagen outcome consisting of two texts based on the prior work by Parties.

This signals a two-track outcome respectively under the UN Framework Convention on Climate Change (UNFCCC) and under the Kyoto Protocol. The two-track outcome has been pressed by developing countries: one track is the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) to determine the next commitment period for greenhouse emission reduction targets by developed countries. The second track is to enhance implementation of the UNFCCC under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA).

Most developed countries want a single outcome that they call a “global, universal, comprehensive” international agreement on climate change, effectively terminating the Kyoto Protocol and even attempting to rewrite the Convention.

The announcement was made by the COP President Connie Hedegaard towards the end of the plenary session of the fifth Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP 5) that opened on Wednesday morning (16 December).

However, this announcement was made in the midst of disappointments that Annex I Parties to the Convention (developed countries and countries with economies in transition) have not defined their emission reduction targets for the second commitment period under the Kyoto Protocol. This issue has been instrumental in stalling the Copenhagen conference, with developing countries saying right from day one that there will be no Copenhagen outcome without a defined figure for

the second commitment period. The first commitment period runs from 2008 to 2012.

During the plenary the chair of the AWG-KP, John Ashe, reported that while significant progress has been made on other issues discussed at the AWG-KP, the issue of numbers (emission cuts) has presented challenges. The AWG-KP had agreed to forward its report (which contains draft decisions that have many blank spaces, and brackets indicating many issues do not enjoy consensus) to the CMP 5 with a recommendation that the CMP consider giving it more time as the draft text would benefit from continuing work this week.

In their statements, many developing country groupings and individual developing countries expressed their disappointment at the lack of progress in defining the emission cut numbers and also recommended that the AWG-KP be allowed to work an extra day to further work through the technical issues, in order to prepare a text to be forwarded to the ministerial segment of the conference.

South Africa speaking for the G77 and China said it noted that the text presented to the CMP 5 is not yet in the form to be considered by the High Level Segment (HLS). The informal sessions with ministers that the COP President had conducted produced recommendations that the key political issues – the goals, targets and ambition level for greenhouse gas emission reduction – need to be subjected to further consultations.

In this context the Group recommends that the political issues already identified be considered by the HLS and that the technical aspects be referred back to the AWG-KP for further technical work. It said should the HLS make decisions on targets, goals and level of ambition, the texts on those issues at the moment are not ready, but would be ready after another day's work.

India said that any outcome from Copenhagen must contain solutions, and therefore the balance

between the AWG-KP and AWG-LCA tracks is important. The conference must prioritize the work on the AWG-KP as it has done for the AWG-LCA.

China said it regrets that a lot of issues are still to be settled by the AWG-KP. It hopes that on the basis of the progress, the AWG-KP can carry on negotiations and consultations, to undertake considerations of technical issues. This is to produce a more mature and perfect text. The proposals from the two working groups should be the basis of the documents of Copenhagen and this (the Kyoto Protocol) is the most important legal document. We hope the Kyoto Protocol shall be maintained and China is opposed to attempts to water down or scrap the Protocol.

Tuvalu speaking on behalf of the Alliance of Small Island States (AOSIS) said it is disappointed with the results of the AWG-KP. It does not see any legal or technical reason not to come to an agreement. We have a legal text in front of us. We have not been consulted on how to consider this legal text. I am feeling as if I am in the Titanic, and it is sinking, but a member of the crew decides that we are not sinking. It is time to have a life boat. Let us consider the legal text and move forward.

Algeria speaking for the African Group asked the COP President to ensure the same level of importance and consideration for both tracks and it insists on the two processes and outcomes as part of the Copenhagen outcome.

The Philippines, Zambia, Senegal and Oman said they supported the recommendation to do technical work on the text for one more day in order to improve the text and emphasize the need to have two separate agreements, in which the Kyoto Protocol track is considered as the core of the work and must be accorded equal importance.

Sweden speaking for the European Union said the text has been developed with many options and brackets. In many instances we have exhausted the technical work and it is time for political choice. There is ample room for political bargaining. The text might need work at the technical level, but Sweden wonders if it needs one day. The technical discussion could be in an informal setting and does not have to reconvene the AWG-KP in its previous format. The EU said the text is ripe for political

choices and it is time for ministers to come into the debate to clean up the text finally.

The COP President said that she had noted the comments and intended to consult Parties on how to proceed. She suspended the discussion to enable the session on national statements (by ministers or heads of states) to start.

Before closing the session, Yvo de Boer, the Executive Secretary of the UNFCCC, announced that the Secretariat had received a letter of resignation from the office of the COP President, and a second letter from the Foreign Ministry of Denmark that Prime Minister Lars Lokke Rasmussen will replace Connie Hedegaard, who is now special representative to continue the informal consultations with Parties on the Copenhagen outcome. This announcement was expected in view of the presence of many heads of states and heads of governments in this conference.

The presence of the dignitaries has created security issues causing many delegates to complain. The delegates of Brazil and India raised their complaints at the CMP plenary session.

The Brazilian representative who is the head of the delegation was delayed outside the conference room as the security would not allow him to come in. The executive secretary had to leave the room immediately to deal with the issue. The Indian representative complained about the massive confusion and struggle just to get into the meeting room. He said, "I am still feeling the pain of getting in". During the first days of the conference last week, the Chinese Minister of Environment had been denied entrance three times and his badges were confiscated by the security personnel.

The COP President said that tight security is needed to take care of everyone while the secretariat explained the process of the special badges to enter the meeting rooms.

But security is not the only issue of complaint. Delegates have complained about the undemocratic process being undertaken by the Danish Presidency and the secretariat. Many delegates do not know what the Presidency intends to do to move forward, how the text would look like, and feel they have not been consulted on these important issues.

With two days left for the conference, it is unclear what would be the Copenhagen outcome.

TWN

Copenhagen News Update 21

www.twinside.org.sg

Published by
Third World Network

17 December 2009

No Danish Text, Small Drafting Groups to Meet

Copenhagen, 17 December (Meena Raman) – The basis of negotiations at the climate conference would be texts that are outcomes of the Working Groups that had worked until Wednesday and not any texts prepared by the Danish Presidency.

This was confirmed during the resumed meetings of the Conference of Parties (COP) of the United Nations Framework Convention on Climate Change as well as the COP serving as the Meeting of Parties under the Kyoto Protocol (CMP) on Thursday, 17 December.

The Prime Minister of Denmark, Lars Løkke Rasmussen, who is the President of the COP and CMP, clarified the way forward as regards the negotiations, following heightened anxieties among developing country Parties that the Prime Minister would “parachute texts from the sky” in what they feared would be an undemocratic and non-transparent process.

With only one day remaining before the Heads of States meet on Friday, 18 December to adopt decisions, small drafting groups will now meet to work on draft texts from the Ad-hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) and the Ad-hoc Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol (AWG-KP). These have been agreed to by Parties and adopted as the basis for further work, as these texts contain many unresolved differences as reflected by options and square brackets in the texts.

The Danish Prime Minister first convened the meeting of the COP, which was then followed by the CMP. Rasmussen said that after consultations with the G77 and China and with other regional groups and Parties, the documentary basis for the decisions to be adopted by the Heads of States would be the draft texts from the AWG-LCA and the AWG-KP and there would be no other texts. As for the method of work, Rasmussen clarified that the

resolution of outstanding issues would be through the establishment of two contact groups – one relating to the work of the AWG-KP and the other of the AWG-LCA. Both these contact groups would be chaired by Minister for Climate and Energy Connie Hedegaard, who was appointed the special representative of the Prime Minister. The mandate of the contact groups is to work on any unresolved issues and the deadline would be short.

Ms. Hedegaard is to also convene open-ended drafting groups as needed and the intention is for the small groups to work efficiently and transparently. Co-chairs will be selected “from people whom we know and trust”, said the COP President. He also said that the contact group under the CMP (relating to the Kyoto Protocol outcome) will meet first, followed by the contact group under the COP (to work on the outcome of the Bali Action Plan).

Ambassador Lumumba Stanislaus DiAping of Sudan, speaking for the G77 and China at the CMP meeting, referring to the Danish Prime Minister’s reference to “people whom we know and trust”, said that Parties have in the process been working with co-chairs and facilitators for two years and their Ministers are also here in Copenhagen. DiAping expressed a preference for them to take on the job at hand, as they understand the issues and the nuances related to the issues. He said that unless these are the persons who will be tasked with the work, the G77 and China will not be able to agree on the matter, as these have been the people who have been guiding the Parties.

The G77 and China also wanted confirmation that the result of the process will produce two separate documents for the COP and the CMP and it is these documents that will be forwarded to the Heads of States. No other documents which have not been agreed to by Parties should be presented, said DiAping.

“This is what democracy, transparency and equal voice means in this house,” he added.

The G77 and China also wanted the prioritization of the agenda with the contact group on the KP to start work first, to be followed then by the contact group under the COP.

In the meeting of the COP Sudan, represented by Bernarditas Mueller who spoke for the G77 and China, wanted clarity on the “short deadline” mentioned by the COP President. She said that two precious days of negotiations on the text were lost as there was no clarity of the process. It was not the fault of the G77 and China that the process was unclear, she said. In the consideration of the deadline for negotiations, Mueller said that the lost days must be taken into account and Parties be allowed to work to ensure a successful outcome.

In response to the G77 and China, the Danish Prime Minister said that the contact groups can decide on the time needed. He confirmed that

negotiations will be carried out in the two-track process and that the KP contact group will be the first to start work.

In his concluding remarks, Rasmussen said that the Conference was at a critical juncture and there was a need to take the extra step to make a deal that is expected. He said that Parties have come a long way in identifying the “make-or-break issues”. Parties must address them, as in the next 36 hours, the Conference would be joined by “decision-making power that the world has never seen in many years”. There is a need to make the conference a turning point, he said.

Immediately following these two meetings, the 2 contact groups chaired by Ms. Hedegaard met to organize their work. Small drafting groups chaired by the same persons as in the AWG-KP and AWG-LCA went straight to work.

The drafting groups will report back to the contact groups late afternoon on Thursday.

TWN

Copenhagen News Update 22

www.twinside.org.sg

Published by
Third World Network

18 December 2009

Turmoil in Copenhagen – Outcome Uncertain

Copenhagen, 18 December (Meena Raman) – In the last remaining hours of the Copenhagen climate conference, turmoil prevails and whether there will be any outcome is uncertain.

At an informal high-level event convened by Danish Prime Minister Lars Loekke Rasmussen and attended by Heads of States and Heads of Government this morning, speeches were made by a list of pre-selected Heads of States who included the Presidents of the United States, Brazil, Ethiopia and Russia, the Prime Ministers of China, India, Grenada, Lesotho and Japan, and the Vice President of Sudan.

President Hugo Chavez of Venezuela and President Evo Morales of Bolivia, who were not scheduled to speak, asked to do so and went on to powerfully reject the pressure put on developing countries to reach a political agreement through an un-transparent and undemocratic process.

They were referring to a small meeting of Heads of States that was being conducted by Rasmussen, to finalise a “Copenhagen Accord” to which both the Venezuelan and Bolivian Presidents were not invited.

President Morales denounced this process where “there were small groups of Presidents working on a document.” He said that this was not inclusive where only a few Presidents were invited and not all Presidents, although some had been around the last few days.

President Chavez, who spoke for the nine ALBA countries, said that he had learnt that a “small group of friends of the President (of the Conference of Parties)” was meeting. He said that “we are not enemies but we have not been invited as friends. We were not even approached to seek our views. All countries are equal and we are all at the same level. There are no categories of Presidents who are first or second”, he stressed. “This move lacked transparency. No one can slip a document through

the door or try to do something in a fraudulent way.” He categorically rejected any document which was “cooked up” and announced he and President Morales were leaving the Conference, and stressed that their officials will reject any such documents produced.

(In the early hours of Friday morning, a small closed meeting of heads of delegation from selected countries met. For some delegations this was at head-of-state or ministerial level. Sources reported that a Danish text had been tabled for discussion. The meeting ended at around 7 a.m.)

Chavez also said that the “Kyoto Protocol cannot be named as dead”. He said that the United States should ratify the Kyoto Protocol. If the climate was a bank, it would have been saved, he said, referring to the bank rescues during the financial crisis. The USD10 billion per year for fast-track financing was a “joke”. Chavez said that half of the US military expenditure of USD700 billion could help save the planet. He said that developing countries have not come to Copenhagen to “beg for alms” but for solutions.

Referring to US President Barack Obama who said that the United States “had come to act and not talk”, President Morales also echoed the call for developed countries to fulfill their commitments under the Kyoto Protocol. He also said that the money spent on wars could be used to save the planet. Committing the world to a maximum of a 2-degree C temperature rise is to allow islands to be eliminated, and snows to melt in the mountains. (Bolivia is for limiting the temperature rise to 1 degree C).

Brazilian President Lula also expressed his frustration over the process of the negotiations. He said that he had participated in the meeting of Heads of States yesterday (Thursday, 17 December) till 2 am in the morning. He said that many Heads of States were present as well as “prominent figures”.

President Lula said that he had not witnessed such a meeting before to which Heads of States were subjected to “bargaining” (referring to his days as a trade union leader bargaining with business). He said that some leaders think that “money will solve the problem”. Money is important to address the climate challenge, but developed countries should not see this as doing developing countries a favour. “Developing countries are not begging for money and this was not a bargain between those who have money and those who do not. The money needed by developing countries is to address the climate impacts that have been caused by the historical emission of developed countries,” he said.

President Lula said that he did not agree that the world leaders should “sign any paper just to say we signed a document”. Any political statement must take into account the work of the negotiators and their working papers. He underlined three issues – the importance of the Kyoto Protocol, the implementation of the Convention and on the issue of measuring, reporting and verification, national sovereignty and national competence to have one’s own oversight was important.

President Obama said that the ability for collective action by Parties is in doubt. He said that he came to act boldly, and not to talk. He said that the US, as the world’s largest economy and second largest emitter, bears responsibility to act. President Obama said that it was in the mutual interest of all Parties to act together and hold each other accountable to the commitments.

He underlined the following actions needed: (1) All major economies need decisive national actions that would change the course of climate change. The US will fulfill its commitment to 17% reduction in emissions by 2020 and 80% by 2050 compared to 1990 levels. (2) There must be a mechanism to review and exchange information in a transparent manner, which must be credible. “Without accountability, these actions would be empty words,” he said. (3) Financing for developing countries for those who are most vulnerable, with USD10 billion in fast-start financing by 2012 and for a global effort for USD100 billion by 2020.

However, President Obama said that this would be possible only if it was part of a broader accord relating to mitigation and transparency. He said that the question is whether Parties will move forward from posturing to action. He said that developing countries want developed countries to act with no strings attached and no obligations. The advanced developing countries need to be held accountable as fastest growing emitters to share the burden.

He said that the “fault lines” exist because “we have been imprisoned by two decades of international negotiations. It is time to embrace the (Copenhagen) accord and take substantial steps and build a foundation where everyone will act or we can choose to delay. Parties have been falling back in the same divisions for years with the same state arguments months after months and decades after,” he said. He said that the US had made its choice, and it was now time for nations to come together in common purpose.

Chinese Premier Wen Jiabao began by stating China’s efforts at addressing climate change at the national level. He stressed that the Kyoto Protocol and the climate Convention served as the legal basis to guide international cooperation. He called for Parties to stick to these instruments and not deviate from them. Premier Wen said that in addressing climate change, developing countries act in the context of sustainable development and this should not be undermined. He said emissions from many developed countries have increased rather than decreased, and the mid-term reduction targets recently announced by these countries (for post-2012) fell short of the Convention and expectations of the international community. It was necessary to set direction for a long-term perspective, but it is even more important to focus on achieving near-term and mid-term reduction targets, honouring the commitments already made by developed countries. There should be no conditions set by developed countries to commit to these targets. There was a need to honour words with actions, he said. “We should give people hope by taking credible actions”.

Prime Minister Pakaliua Mosisili of Lesotho spoke for the LDCs. He said that after hard negotiations, an agreement could not be reached for a legally binding regime in the spirit of the Bali Roadmap. The Kyoto Protocol offered the best framework to address the root causes of climate change. A political statement is a compromise that it could live with, although it would have preferred a legally binding agreement. It hoped for the statement to be the basis for a legally binding regime in the future.

Prime Minister Dr. Manmohan Singh of India said that the outcome may well be short of expectations. He referred to three lessons that are important for future negotiations in 2010. The vast majority of the countries want what was envisaged in Bali for enhancing implementation and this should be followed through. To settle for diminished implementation is sending a wrong message, he said. The Kyoto Protocol should stand as a valid legal

instrument. He was against replacing this with a new agreement with a weak set of commitments. Also, equitable sharing of atmospheric space should underline an effective climate change regime.

President Meles Zenawi of Ethiopia, speaking for Africa, said that it was prepared to support the political agreement.

Japanese Prime Minister Yukio Hatoyama supported the political document and asked Parties to leave egoism aside.

The Vice President of Sudan, Nafie Ali Nafie, spoke for the G77 and China. He stressed the need

for the two-track outcome in both the Kyoto Protocol and the Convention and insisted on a party-driven, bottom-up process.

The Swedish Prime Minister, speaking for the EU, said that a political agreement was important and it was not just about process and procedure, as the time had come for Parties to deliver. He said, "If we are serious about an agreement all countries must make more ambitious commitments". He also said that the US and China must make more ambitious commitments as they account for half the world's emissions.

TWN

Copenhagen News Update 23

www.twinside.org.sg

Published by
Third World Network

20 December 2009

Copenhagen Ends by Only “Noting” an Accord after Much Wrangling

Copenhagen, 20 December (Martin Khor) – The Copenhagen Climate Conference ended in disarray because a secretive meeting of leaders of 26 countries held within the conference centre and convened by the Danish Presidency of the conference was seen as undemocratic by many developing countries, and the Copenhagen Accord arising from that meeting was thus only “noted” and not adopted.

The decision of the conference to take note of the Accord saved the conference from complete failure. In the media, there was ambiguity over what had happened, with initial statements from U.S. President Barack Obama and U.K. Premier Gordon Brown being reported as if a successful conference deal had been adopted. Such statements even before the text of the Accord had been shown to the full membership of the Conference of Parties (COP) of the UN Framework Convention on Climate Change infuriated many delegates, and became the subject of criticism during the meeting.

Even after the “takes note” decision was adopted, the UN Secretary General Ban Ki-moon in a statement to the plenary meeting stated, “you sealed the deal, now you must turn words into deeds” and at a press conference he also repeated that a deal had been sealed. This added to the general confusion.

Most confusing of all was the way Danish Premier Lars Rasmussen handled the Conference as a whole and its final plenary, which he chaired. There were many twists and turns and contradictions in the rulings that he made, especially his repeated overturning of decisions and conclusions over which he had conducted or that he made himself.

In the end, the COP did not adopt the Accord that arose from the “super green room” but made a decision to merely “take note” of it. In the language of the UN, “taking note” gives a low or neutral status to the document being referred to. It means that the document is not approved by the meeting (otherwise the word “adopts” would be used). “Taking note”

also does not connote whether the document is seen in a positive light (in which case the word “welcomes” would be used) or negatively (in which case “rejects” or “disapproves of” would be used). Thus there is no obligation, legal or political, for a Party to the Convention as such to implement the Accord.

Many other questions, however, arise, such as the extent to which the participants of the 26-country meeting are bound by the Accord. Some delegates pointed out, outside the conference room, that their agreement on the Accord was on the assumption that it would eventually be adopted by all the Parties to the Convention.

Following the adoption of the decision to simply “take note” of the document, more hours were spent on how to interpret the “take note” decision, with many of the developed countries trying to stretch its meaning. The intention of some of them seemed to be to convert the Accord into some kind of plurilateral agreement, which countries can sign on to, and with developing countries that take on the commitments being eligible to get funding.

The entire situation, legally and politically, remained murky and became more so during the conference and immediately following the end of the conference. Even the question of which forum adopted the “takes note” decision is an issue, because the decision was taken in the meeting of Parties of the Kyoto Protocol (of which the US is not a Party), whereas the Decision states that the COP (of the Convention of which the US is a Party) took note of the Accord. Moreover the Kyoto Protocol has no jurisdiction over most of the key points in the Accord, which falls under the mandate of the Convention and its COP.

The events of the dramatic last two days of the Conference will be debated for years to come, and what is already the subject of interpretation by diplomats and policy makers and politicians will

soon be the rich subject of lawyers' interpretations.

Some delegates of developing countries were also already looking ahead and considering the task of picking up the pieces and getting the global talks going again next year, as there is much at stake.

Little noticed in the final sessions was the passage of the reports of the Chairs of the two Ad Hoc Working Groups, on the Further Commitments for Annex 1 Parties under the Kyoto Protocol (AWG-KP) and on Long-term Cooperative Action under the Convention (AWG-LCA). These are the working groups within which the governments have been discussing and negotiating the range of climate change issues, for two years in the case of the AWG-LCA and four years in the case of the AWG-KP.

At Copenhagen itself, most of the delegations were involved in intense negotiations, often well past midnight, in drafting groups on such issues as mitigation, adaptation, finance, technology, capacity building, shared vision (in the AWG-LCA) and on the numbers for greenhouse gas emission reduction targets, rules for accounting for land use, land use change and forestry (LULUCF), and market-based mechanisms (in the AWG-KP). They were attempting to come to as much consensus as possible on texts on these issues, which together would form the basis of Decisions covering the Bali Action Plan (in the case of the AWG-LCA) and amendments to Annex B of the Kyoto Protocol (in the AWG-KP).

The delegates in this bottom-up approach were seriously concerned that their work, in the multilateral, inclusive and open-ended fora, would be undermined by the most important of their topics being discussed in an exclusive group of political leaders, working on a text provided by the Danish Presidency, which only a few would have access to.

Even as the Danish Presidency assured the Conference of Parties and delegates several times that there would be no Danish text and no secret meetings, the ground was prepared for the group of 26 leaders to meet. News of their meeting was scarce, and by the last day (18 December) various versions of drafts coming out of the "room upstairs" were leaked out, with NGOs sharing the texts with delegates and vice versa, and utter confusion as to which drafts were early or later versions.

Throughout the leaders' meeting that started on 17 December and went on to the evening of 18 December, there was non-confirmation that it was taking place, let alone which countries had been invited and what text they were discussing.

It was only later, and through media reports, that the delegates found out that the 26 leaders' talks had been on the verge of breaking down altogether, and that President Obama had barged into a room

where the leaders of China, India, Brazil and South Africa were meeting, and that over an intense period they had thrashed out the wording for the text on contentious issues, particularly whether and how the "verification" of developing countries' mitigation actions would be undertaken.

It was somehow assumed by some of the leading members of the 26-country group that once they had reached agreement among themselves, the Conference of Parties with its over 190 members would endorse it. After all, the small group comprised the top leaders of the most powerful countries, including the US, Russia, Japan, Germany, the UK, France, China, India, Brazil, South Africa, and others such as Ethiopia, Grenada and Saudi Arabia. Up till today, the Danish government has not released the list of participants.

So confident was Obama, or so ignorant of UN procedures, that he gave a press conference to US journalists before he left Copenhagen (which was broadcast to the conference centre) that a deal had been done, and how he viewed it.

This incensed some of the developing countries' delegates who had not been officially told about the 26 leaders' meeting nor shown any text of the "Copenhagen Accord". Indeed, even some of the 26 leaders had not seen the final draft of the text, according to a developing country official who had participated in the meeting.

When the full membership of the Conference of Parties was summoned to the closing plenary session to hear about the Accord for the first time (and they were kept waiting five hours until 3 a.m. on the morning of Saturday 19 December), the top-down 26-leaders "non-meeting" finally blended with the bottom-up membership of the Conference of Parties, with explosive results.

And this is where the Conference foundered in its last hours on the issue of international democracy and global governance. The question was: Can a "deal" patched up by leaders of 26 countries in a secretive meeting that was not supposed to be happening be simply presented to 193 countries to adopt without changes in the dying hours of what is claimed to be the most important international conference ever held on climate change?

The answer came in the early hours of Saturday morning, after many hours of high drama in the Conference hall, and it was "No".

When Danish Prime Minister Lars Rasmussen, who presided over the Conference's final days, convened the final plenary session at 3 a.m. on 19 December, he for the first time officially announced that a meeting had been taking place of leaders of 26 countries (whose names he did not give) and that

a Copenhagen Accord had been drawn up for the Conference to adopt.

As he tried to leave the podium after suspending the meeting for an hour for Parties to read the document, an attempt was made by a delegate to open the discussion on a point of order. When told of this by the Conference secretariat, Rasmussen was heard through the microphone to say “No point of order.”

But before he could stride off the stage, he was stopped by **Venezuela**’s delegate Claudia Salerno Caldera, who used her plastic country name plate to loudly bang on the table, for almost a minute. Numerous delegates joined her in a resounding protest.

“After keeping us waiting for hours, after several leaders from developed countries have told the media an agreement has been reached when we haven’t even been given a text, you throw the paper on the table and try to leave the room,” she said in a calm and determined voice to the silent and tense hall.

This behavior is against United Nations practice and the UN Charter itself, she stressed. “Until you tell us where the text has come from, and we hold consultations on it, we should not suspend this session. Even if we have to cut our hand and draw blood to make you allow us to speak, we will do so,” she added, referring to how she had banged on the table so hard that she cut her hand, in her effort to get the attention of Rasmussen before he left the podium.

Ian Fry, representing **Tuvalu**, a small island state that will be among the first islands to disappear as a result of climate change, told Rasmussen he had pressed the button on a point of order before the Prime Minister gavelled for a suspension of the meeting. “We are working under the UN, and it is good to see Mr. Ban Ki-moon on the podium. We are given respect under the UN, whether big or small countries, and matters are decided collectively in the Conference of Parties.

“But I saw on TV that a leader of a developed country said he had a deal. This is disrespectful of the UN.” He said negotiations by the media may be a norm in some countries but we want a process for the consideration of the document and time to be given for this.

Fry said a cursory review showed many problems with the Accord, mentioning several points. Noting that some money had also been mentioned in the document, he said: “We are offered 30 pieces of silver to betray our people and our future. Our

future is not for sale. Tuvalu cannot accept this document”.

Bolivia said it was offended by the methodology which is disrespectful, that a document is imposed on a majority of countries that have not had the chance to study it. “You put it that representative leaders of the world were consulted. But countries not consulted are not represented. Why have we not discussed this document before and why are we given 60 minutes to look at this document now, which will decide the lives of our people.

“This document does not respect two years of work (discussions that have produced draft texts in working groups) and our people’s rights are not respected, so we cannot endorse this document which is by a small group that think they can take the opportunity to impose on us”.

Cuba’s Minister of Foreign Affairs, Bruno Rodríguez Parrilla, told Rasmussen that the document that he repeatedly claimed did not exist has now shown up, and that drafts of it had been circulating surreptitiously and discussed in secret meetings.

“I deeply resent the way you have led this conference,” he said, adding that Cuba considered the text extremely inadequate and inadmissible. “The goal of 2 degrees centigrade is unacceptable and it would have incalculable catastrophic consequences...”

He said the document was also not binding in any way with respect to the reduction of emissions. He stressed that it is incompatible with the scientific view that developed countries have to cut their emissions by at least 45% by 2020. He added that any reference to continuing the negotiations must include continuing the Kyoto Protocol. Instead, the paper is a death certificate of the Kyoto Protocol.

He also criticised the President’s description of the participants of the small meeting as a group of “representative leaders” as a gross violation of the UN Charter’s principle of sovereign equality, and described the COP 15 as regrettable and shameful.

Costa Rica said that for reasons we have heard, this document cannot be considered the work of the AWG-LCA and cannot be considered for adoption. It can only be an information document (known as INF in the UN process).

Nicaragua, represented by Presidential Advisor Paul Oquist, declared that the UN’s democratic system had seen a deterioration here, with a (COP) President convening a meeting of 26 countries while neglecting the G192 (referring to the 192 members of the UN).

He said a number of countries had just now written to the UN Secretary General expressing deep sorrow that the Copenhagen Conference has not followed the UN's principles of transparency, inclusiveness and equality among states, by the Presidency holding a meeting limited to a small number of chosen parties.

"We cannot respect an agreement made by a few countries. The only agreements we respect are those made through an open process and adopted by consensus," said Oquist. He proposed that the Conference be suspended, that the mandates of the two ad hoc working groups be extended, and that talks resume next year for a final conclusion in June 2010. He also read out the text of two formal proposals from Bolivia, Cuba, Ecuador, Nicaragua and Venezuela (members of ALBA – the Bolivarian Alternative for the Americas) for having resumed sessions of the COP and the Kyoto Protocol's meeting of Parties in June 2010.

Rasmussen then referred to Costa Rica's proposal to make the Copenhagen Accord an INF document that would indicate the proponent Parties (of the document) and asked if Nicaragua would accept this and change its proposal to suspend this session.

Nicaragua responded that the Accord could be a MISC (miscellaneous) document as a submission of certain Parties. It would then withdraw its proposed Decisions and would accept the other two Decisions by the President to extend the work of the two working groups under the same mandate to finish their work at the next COP and Meeting of Parties of the Kyoto Protocol in November 2010 in Mexico. (*See Update #25 on the Decisions taken.*)

Following this, Rasmussen then said the mandates of the two working groups would be extended, the Copenhagen Accord would be a MISC document and we don't suspend the (Copenhagen) conference.

India said that with regard to the proposal to re-issue the Accord as a submission by countries, the COP President should first get the assent of the countries concerned before issuing the document on their behalf.

Rasmussen said this was not a problem and India was correct. Could Nicaragua withdraw its proposal (with these conditions)? Nicaragua then stated its group could agree to withdraw its proposal.

Sudan, represented by Ambassador Lumumba Di-Aping, said the document was one of the most disturbing developments in the history of the Convention. It threatens the lives and livelihoods of

millions of Africans. He said the Chair has advanced with a "circle of commitment" (started months before the conference) to agree to accept a solution based on a 2-degree C. temperature rise that would condemn Africa into a furnace as it would result in a 3- or 5-degree temperature rise in Africa, citing IPCC (Intergovernmental Panel on Climate Change) reports.

The pact would be a suicide pact to maintain the economic dominance of a few countries, is devoid of morality and based on values that got 6 million in Europe into furnaces. It is immoral for such a document to be issued by a UN-related body and the promise of funds should not bribe us to destroy the continent. He asked for the document to be withdrawn. He criticized Rasmussen for conducting his duties as President in a biased way, violating all the rules of transparency.

Several countries, including **Canada, Sweden, the United Kingdom and Norway**, expressed strong disapproval and in some cases disgust of what they considered to be Sudan's reference to the holocaust. Some developing countries also disapproved of the strong language used by Sudan.

Several developed countries spoke up to defend the work that had been done by the political leaders in the small group, which should be respected instead of vilified, and urged that the Copenhagen Accord be adopted. This was also the position of several developing countries, including the Maldives and Ethiopia.

Notably, China and India — the developing countries that were the most active in the small meeting – did not speak to urge others to adopt the Accord.

When it became clear there was no consensus to adopt the document, some developed countries, led by the United Kingdom and Slovenia, proposed that a vote be taken, or else that it be adopted with the names of dissenting countries placed in a footnote. These "adoption by non-consensus" views were rejected by others who pointed out that it was against the rules of procedure. Eventually a compromise was reached to "take note" of the Accord.

During the debate, President Mohamed Nasheed of the **Maldives** commended the Danish Prime Minister and said science suggests we have a 7-year window to act before reaching tipping points. The talks were not taking us to conclusions in two years. If these talks went on we would have lost the opportunity. The (COP) President selected a group to come up with a document, which is a beginning

and allows us to continue the negotiations in 2010. He appealed to not let the talks collapse and to back the document.

Egypt said that to accept it as a MISC document, the (list of) countries that had been consulted and are morally bound by it had to be inserted.

Some developed countries, such as **Spain, Australia and France**, said they were astonished or even “wounded” by how delegates at this meeting were portraying and belittling those who took part in the 26-country meeting. The efforts were to help those who are vulnerable to climate change. The people who need help will be frustrated again. Sweden supported the Maldives and said the Accord is a compromise for the way forward. Norway said there was no progress in the talks for one week and then the leaders came and made an unprecedented effort. Russia said the document should be adopted.

Ethiopia speaking for the African Union said the document is a compromise and it supported the document. **Senegal** supported Ethiopia but regretted certain points in the document, saying it did not want to see the funeral of the Kyoto Protocol and that we need a 1.5-degree C. target. **Gabon** endorsed the view that the document was made in good faith and it was not good to make insulting remarks. The **Philippines** also endorsed the document.

Grenada, speaking for the Alliance of Small Island States (AOSIS), and whose Prime Minister attended the small meeting, said it stands for the document and the process although it respected the credible opposition and those who have differences with the process but it was against an offensive portrayal of the work of its government, and asked for emotions to be controlled.

UK Secretary of State for Energy and Climate Change, Ed Milliband, said this institution faces a profound crisis, and has a choice of supporting a document produced in good faith with fast-start funds and a \$100 billion funding (in 2020) and ensuring responsibilities on mitigation, or to refer to the holocaust and wreck the conference. He said passing the document as an information document is inadequate and urged it to be adopted.

Rasmussen then asked who is against adopting the document, remarking that only four countries are opposing it. Venezuela stated that the procedures do not allow for a vote, and that it won't accept a document from a process that violates UN principles.

Rasmussen then apologized for counting the people against the document and urged every single country to sign up to it. Cuba told the President he was confusing the procedure. There is no consensus

to adopt this document. There had been hypocritical statements, with European countries offering money here to get this document. This is shameful and we should not go for a path with no solution.

Rasmussen then said Cuba was absolutely right, there is no consensus and we cannot adopt this draft.

Slovenia then suggested the paper be adopted with a footnote listing the countries against it.

Todd Stern of the **United States** said that it was disappointing to see the work by the leaders not recognized. Listing the elements of the Accord such as targets to be taken by developed countries, listing of mitigation actions by developing countries, a compromise on transparency, contributions to the fund, and a decision on a technology mechanism, all of which we will walk away from, he said it is disturbing for the existence of this body. He supported the UK proposal to adopt the document.

Bolivia made criticisms of the Accord, including the non-commitment to emission reduction, the 2-degree target and the inadequate funds. It said Bolivia had its own strong positions but did not come up with a surprise document without consulting the Parties, and this is the issue. There had been a non-democratic process. It urged Parties to respect the work in the working groups and get back to those groups to move forward.

Venezuela said only 25 of 192 members took part in the meeting and only 14 developing countries were involved, and the Parties did not give a mandate to the Presidency (to hold the small meeting). The Accord does not give any figures for Annex I emission cuts.

Sudan traced the developments of the past two weeks and said that when delegates in the AWG-KP and AWG-LCA tried to make progress on their work, many issues were taken out of our hands. The finance proposals in the Accord are proposals of the developed countries, and do not reflect the concrete proposals of the G77 and China especially on governance. The Accord denies historical responsibility and shifts the burden to developing countries. The negotiations were taken out of our hands and we only have the proposals of developed countries. It proposed a renewal of the AWG-LCA mandate and to continue the work there in a Party-driven manner.

Saudi Arabia said this was the worst plenary where nothing went right. It was part of the small group and associated with the Accord but it was against suggestions such as voting and asking Parties to sign on to documents, which break the rules on how we do things. The simple reality is there is no

consensus on the document and this is a body that decides on consensus. It is time to accept that and indicate a way to capture the document and to continue the work.

The UK reiterated its request to adopt the document and note those that are against it. Rasmussen then asked for reactions to this UK proposal.

Nicaragua replied that the least we can hope for is for the Presidency to be consistent and to carry forward the working groups as already agreed. "We don't agree to change the agreement reached tonight," it said.

Saudi Arabia said we operate by rules and under these rules you cannot put up a proposal for consensus and then put reservations in it. This is not how this body operates and we are not going to change it now.

Bolivia said that a few hours ago a compromise was reached, that allows the work to continue. No delegation opposed it then. The ALBA countries agreed to withdraw their proposed Decisions while the Accord becomes a MISC document. It recalled the conclusions that Rasmussen read out earlier and on that basis we withdrew our proposed Decisions. We have a commitment you made, let us not overturn this decision.

After the above wrangling, lasting hours, a break was called for consultations during which a compromise was reached, whereby a Decision was adopted in which the Conference of Parties "takes note of the Copenhagen Accord of 18 December 2009". The Accord, with the names of countries that took part in the small meeting, would be attached to the Decision.

In the language of the UN, "taking note" gives a low or neutral status to the document being referred to. It means that the document is not approved by the meeting and it does not imply whether the document is seen in a positive or negative light.

Following the adoption of the decision to simply "take note" of the document, more hours were spent on how to interpret the "takes note" decision, with the developed countries trying to stretch its meaning.

The United States, supported by a number of other developed countries, tried to interpret the decision as allowing for an "opt in" type of arrangement, with countries notifying their intention to join.

They tried to garner support for expanding the "takes note" decision into a system that seems styled after a plurilateral agreement, and linked it to the finance issue in an attempt to get support from developing countries.

Ed Milliband, the UK minister, was blunt about linking the funding of developing countries with accepting the Accord. Those that support the Accord have to register this support. The concerns he raised must be duly noted, "otherwise we won't operationalise the funds".

The US wanted an arrangement through which Parties can "associate" with the Accord. It said there are funds in the Accord, and "it is open to any Party that is interested". This implies that Parties that do not register their endorsement of the Accord would not be eligible for funding.

This attempted linkage of finance to the acceptance of the Accord is of course not in line with the rules of the Convention, in which the developed countries have committed themselves to provide developing countries with the funds needed for them to take climate-related actions. Funding the actions of developing countries does not require that a new agreement or an Accord be established.

The actual Copenhagen Accord itself is only three pages in length. What is left out is probably more important than what it contains.

The Accord does not mention any figures of the emission reduction that the developed countries are to undertake after 2012 when the first commitment period for emission reductions under the Kyoto Protocol expires, either as an aggregate target or as individual country targets. This failure at attaining reduction commitments is the biggest failure of the document and of the whole Conference.

It marks the failure of leadership of the developed countries, which are responsible for most of the greenhouse gases retained in the atmosphere, to commit to an ambitious emissions reduction target. While the developing countries have demanded that the aggregate target should be over 40% reduction by 2020 compared to 1990 levels, the national pledges to date by developed countries amount to only 13-19 per cent in aggregate.

Perhaps this very low ambition level is the reason that the Accord remains silent on this issue, except to state to give a deadline of 31 January 2010 for countries to provide their targets. It is hard to believe that this deadline will be met, since there has been so much foot-dragging on this in the last 3 to 4 years.

Another omission is the lack of assurance that the Kyoto Protocol would continue, with developed countries taking on emission reduction commitments in a second period starting 2013. The continuation of the Kyoto Protocol was a top priority demand of the G77 and China, while the developed countries have announced their intention to set up a new agreement altogether that would replace the Protocol,

which the developing countries fear will not have the strict disciplines of the Protocol.

The Accord recognizes the broad scientific view that global temperature increase should be below 2 degrees Celsius, and agrees to enhance cooperative action, on the basis of equity. This echoes the view recently affirmed by India that accepting a target of temperature limit, whether it be 2 or 1.5 degrees, has to come with a burden-sharing framework, with equity as its basis.

The Accord states the collective commitment of developed countries to provide new and additional funds of US\$30 billion in 2010-2012 through international institutions. It is unclear how new the funds will be, since the developed countries have already committed to contribute billions of dollars to the World Bank's climate investment funds.

It also states the developed countries will jointly mobilize US\$100 billion a year by 2020 for developing countries. This is weak as the commitment is for "mobilising" funds and not a guarantee or pledge of actual funds.

The actual quantum is also doubtful since the Accord also says that the sources of the funds will include public and private sectors, bilateral and multilateral and alternative sources. The US\$100 billion is not said to be "new and additional", so it may include existing funds or already planned funds.

The Accord also contains a lengthy paragraph on the mitigation actions by developing countries, and how these should be measured, reported on and verified (MRV). This was reportedly a heated topic at the small heads-of-state/government meeting, with US President Obama pressing the developing countries, particularly China, to undertake more MRV obligations.

The Accord is a thin document, containing hardly any new commitments by developed countries, with a weak global goal, and attempts to get developing countries to do more.

It is a sad reflection of the Copenhagen Conference that this thin document is being held up as its main achievement. Even then it was only "noted" and not adopted by the Convention's membership.

But in fact most of the work in the two-week stay in Copenhagen was carried out in the two working groups, on long-term action and on the Kyoto Protocol. There was some progress made in the long-term action group while the Kyoto Protocol group has hardly made any progress. The two working groups will resume work next year and the hope is that they will finish their work by June or December 2010.

Martin Khor is Executive Director of the South Centre, an intergovernmental think tank of developing countries.

TWN

Copenhagen News Update 24

www.twinside.org.sg

Published by
Third World Network

21 December 2009

Working Groups to Continue Work and Present Results in 2010

Copenhagen, 21 December (Meena Raman) – Parties at the Copenhagen climate meetings have requested the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) and the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) to continue their work and present results by the next meeting of the Conference of Parties (COP) and the COP serving as the Meeting of Parties under the Kyoto Protocol (CMP) in 2010.

The sixteenth meeting of the COP and the sixth meeting of the CMP are scheduled to be from 29 November to 10 December 2010 and is to be held in Mexico.

The Copenhagen COP adopted the decision to extend the mandate of the AWG-LCA to enable it to continue its work, with a view to presenting the outcome of its work to the COP for adoption at its

sixteenth session. It also requested the AWG-LCA to continue its work drawing on the report of the AWG-LCA presented to the COP at its fifteenth session, as well as work undertaken by the COP on the basis of that report.

As regards the AWG-KP, in order to ensure that there is no gap between the first and second commitment periods of the Kyoto Protocol and recognizing that Annex I Parties should continue to take the lead in combating climate change, the CMP requested the AWG-KP's work on Further Commitments for Annex I Parties under the Kyoto Protocol to deliver the results of its work for adoption by the CMP at its sixth session. It also requested the AWG-KP to continue its work, drawing on the draft text forwarded as part of its report during the Copenhagen meeting of the CMP.

TWN

Copenhagen News Update 25

www.twinside.org.sg

Published by
Third World Network

21 December 2009

Attempts to Make Copenhagen Accord a “Plurilateral Agreement”

Copenhagen, 21 December (Meena Raman) – During the final hours of the Copenhagen climate conference, after a decision to “take note” of the Copenhagen Accord, high drama and intense exchanges continued among Parties to the UN Framework Convention on Climate Change as developed countries attempted to stretch the meaning of “taking note” into forming some kind of a plurilateral agreement among Parties who had agreed to the Accord.

[The term is primarily used in the World Trade Organization. A plurilateral agreement implies that member countries would be given the choice to agree to new rules on a voluntary basis. This contrasts with the multilateral agreement, where all members are party to the agreement¹. The WTO describes such agreements as “of minority interest”².]

Danish Prime Minister Lars Rasmussen as current President of the Conference of Parties (COP) read out the decision on the Accord. He said that the “COP at its 15th session takes note of the Copenhagen Accord of 18 December 2009”. The names of the Parties that have agreed to the Accord will be stated in the Accord document.

This decision was mired in controversy because developed countries wanted the COP to facilitate the Accord’s implementation under Article 7.2(c) of the Convention.

[Article 7: The Conference of the Parties ... shall make, within its mandate, the decisions necessary to promote the effective implementation of the Convention. To this end, it shall:

(c) Facilitate, at the request of two or more Parties, the coordination of measures adopted by them to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Convention;...]

Confusion ran high as to which forum had adopted the decision [i.e. whether it was in the setting of the COP under the Convention or COP serving as the Meeting of Parties under the Kyoto Protocol (CMP)]. The decision to “take note of” was made at the CMP when the decision was read as having been adopted at the COP.

This “administrative error” had to be subsequently corrected. Whether the Accord was to be noted in the two tracks of the COP and the CMP was also unclear, with the Convention Secretariat expressing one view and Parties raising concerns on the other.

The whole way in which the decision was handled and adopted by the COP President clearly reflected a mishandling of established UN procedures.

In pushing for the Accord, the **United States** special climate envoy Todd Stern said that interested Parties will be informed about the Accord and they can associate themselves with it. He said that it was important for Parties to have an opportunity to associate with the Accord.

At this point, **South Africa** wanted a clarification as to where the decision about the Accord was made and wanted to confirm that the setting where the decision was taken was a COP setting.

The Secretariat clarified that while the proposal (regarding the Accord) was read during the meeting of the CMP (and not the COP), the text of the decision (on “taking note”) refers to the COP. It said that its understanding is that the decision would apply to both the tracks under the Convention and the Kyoto Protocol.

Bolivia stressed that the COP had taken note of the Accord and that it had not been adopted. The countries that want to associate with it will have a process, as the US has suggested. The list of the

Parties in a chapeau (introductory text in a treaty provision that defines broadly its principles, objectives and background) is the chapeau of the Accord and not the chapeau of the COP decision, said Bolivia, indicating that the Accord was outside the COP process.

Saudi Arabia said that while it was one of the 26 countries that met regarding the Accord, since there is no consensus among Parties, the Accord is already outside the process of the COP.

The COP did not decide to adopt the Accord. Saudi Arabia did not want to start a precedent here. “We cannot have countries to open a list (for signing). Whatever is done should not be part of our formal process. We need to respect the process. We should not go beyond what was done outside the UNFCCC. This is not acceptable even though we were part of that small drafting group. So we should take it as it is and we are strongly opposed to any further step to make it more formal than it is. We just took note of it (the Accord),” said Saudi Arabia.

Pakistan said that it has joined the consensus to take note of the Accord although it had concerns about the process. It said that it had no role in the process. One of the principles derived from the UN is transparency. There has been an absence of transparency. This is not what the UN stands for and is not what we are here for, said Pakistan.

It emphasized that Parties are here to reach an agreed outcome and not to cut deals. Such processes do not help but widen the chasms. Efforts were made in good faith but that does not necessarily mean good results. It said that the Accord should not be used as a precedent in future discussions, as there were several questions regarding it and there was no time for regional discussions.

China, referring to the clarification by the Secretariat, said that in reading out the decision (regarding the Accord), there was reference to the CMP. The Secretariat had clarified that the note (regarding the “takes note” of the Accord) would apply in the two tracks (of the COP and the CMP). China said that it was hesitant to take that view. It said that it was not sure about “taking note” of the same Accord twice. “If the CMP is to take note of the Accord, we will take note of that when we come to it (the CMP meeting),” it said.

The two appendices (in the Accord which separately refer to quantified economy-wide emission targets for 2020 and to nationally appropriate mitigation actions of developing countries) will cause problems especially in the CMP as it would be a way to bring new commitments and

obligations under the Kyoto Protocol. (The Protocol does not impose mitigation obligations on developing countries.) China stressed the need to be aware of the connotations and implications of this.

It also expressed its concern about the follow-up procedure in relation to the Accord. The Accord was something that was “taken-note” of. It is not a treaty to be signed or agreed to.

Venezuela stressed that Parties had agreed to take note of the Accord, notwithstanding the fact that the document did not enjoy consensus. That was an expression of extreme flexibility on its part, it said. It urged Parties to respect what was agreed to (in taking note of the Accord) and not use further ploys to soil decision agreed to.

The **United States** said that 5 countries out of 192 were not in favour of the Accord. It was a decision of the COP (to take note of the Accord). This kind of understanding is explicitly provided for under Article 7.2(c) of the Convention.

[Observers at the meeting noted that there were many Parties that had problems with the Accord and the process leading to the Accord, but these Parties did not raise their hands when the Danish COP President inappropriately asked for a show of hands of supporters and opponents in one of the many confusing moments of the meeting.]

The US said that all Parties can associate with the Accord and expected many Parties to do so and it was open to any COP Party. It hoped to have a “robust group”.

Australia, Norway, Sweden (for the European Union), Japan and Canada echoed the suggestion by the US to request the COP to facilitate measures to implement the Copenhagen Accord.

Saudi Arabia reiterated that although it took part in the Accord, it would not want the Accord to be a precedent as Parties must work on the basis of unanimity which must be approved by all. If there is a single expression of disagreement, it will not be possible to arrive at an agreement under the COP. To “take note” of does not mean that the document is part of a decision of the COP. The Accord is not binding on Parties. A Party is free to decide what it wishes to do with it.

Grenada, speaking for the Alliance of Small Island States (AOSIS), said that rightly or wrongly, Parties went ahead with the Accord. Its expectation was for the Accord to deliver and it looked to its rapid implementation of the Accord.

Senegal wanted to accede to the Accord and said that there should be a mechanism on modalities for accession. It asked the Secretariat to clarify matters.

Indonesia also asked for clarification on the 26 countries which were part of the Accord.

Bangladesh also asked for the Accord to be facilitated by the Secretariat.

South Africa said that there had been a procedural and administrative mistake. A COP decision was adopted in a wrong setting (at the CMP). There is a need to correct the record on what was adopted formally. It elaborated on what was needed. South Africa said that there was confusion around language adopted as read from the podium and this gave rise to different interpretations. There was a need to view the record to provide the exact language. It said there was a need for a correction with a footnote as a legal opinion on what a decision means, as there was extreme confusion, as if it was some sort of binding treaty. It was a decision to note the Accord. It was a process outside the Convention process and does not mean that in noting (of the Accord) there is any binding nature, said South Africa.

On the US question as to how Parties are to associate with the Accord, South Africa said that it could be done under the report of the COP. Parties can submit their intent to be associated.

The Secretariat once again read out what the decision was i.e. that “the COP takes note of the Copenhagen Accord of 18 December 2009”. To this decision would be attached the Accord. In the Accord itself, the chapeau would be modified to include the list of Parties who associate with the Accord, said that Secretariat.

On how Parties can associate with the Accord, the Secretariat said that there were two suggestions. First, as a communication from the Presidency, and secondly, as a recording in a list of the Parties. It said that the onus was on each Party to communicate its association to the Accord.

On the suggestion by several Parties regarding Article 7.2 (c) of the Convention for the COP to coordinate measures among Parties, the Secretariat said that proposals had to be made more formally in writing.

On the forum where the decision to take note of the Accord was adopted, the Secretariat said that the record would be corrected so that decision in the CMP earlier is deemed to have been adopted under the COP, as the wording of the decision did indicate that it was the COP that was taking note of the Accord.

South Africa also said that there were Parties that had participated in the discussions in developing the Accord, while there may be a separate list for Parties who may wish to associate with it.

The Secretariat said that it was not in receipt officially of Parties who participated in the Accord and suggested that the process be one of self-designation.

Cuba underlined that the Accord was not a protocol and is not legally binding. It was more like a declaration like the Millennium Development Goals or the Paris Declaration (on aid effectiveness). (The Accord) does not say that those who wish to associate with it can follow a procedure.

Tanzania said that it was not very clear as to what was adopted. It sought clarification on the link of the Accord to the extended mandate of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA). It asked if the Accord could merge with what is in the AWG-LCA.

China said that there was a need to be clear on a number of issues. It was not sure of the legal implications of something which was negotiated but not adopted, and which was just proposed by the President of the COP. Parties can express their views and can have follow-up activities. If they wish to associate themselves with the Accord, it was up to each Party. There was no need for a formal procedure. It would be up to each Party to communicate to the Secretariat or by other means that they have participated in discussions. The Accord has not been endorsed as it was developed by a small group of Parties. On the idea of a footnote, it said that it should not be part of the decision to take note but rather as a report of the COP.

In reference to Article 7.2(c), China did not think that it could apply to the Accord.

Australia did not agree with China and said that the article could be used.

Bolivia said that since the Accord was outside the Convention process, it had no formal identity and Article 7.2(c) should not apply. It did not see how the implementation of the Accord could be supported.

Saudi Arabia said that if Parties wanted Article 7.2(c) to be applied, this must be initiated by Parties and there must be an agenda item for it to be discussed. It said that many Parties who were part of the drafting of the Accord may now not wish to join the Accord as there is no consensus. The Accord should have no further life, it said.

Iran said that to the best of its recollection, to “take note of” has no negative or positive implication.

India said that the listing of Parties of the Accord was not part of the COP decision.

The **Russian Federation** said that “takes note” means we recognize the existence of the Accord

without taking an opinion on it. It said maybe it could be put on the Convention website.

The **US** said that the Accord was codified and it was surprised by comments by Parties, as the Accord says “Parties have agreed”. It will associate with the Accord which is in the context of a political agreement. It is happy to have a list of the Parties who are associated with it.

Ethiopia, speaking for the **African Union**, said that it supported the Accord.

The **Solomon Islands** said that it did not have any opportunity to study the Accord and its implications. “We have put our lives into the hands of 26 countries,” it said. The issue was not just about

finance but about survival. It said that there is a need to talk about environmental refugees and their relocation.

Papua New Guinea said that the Accord is not perfect but it is a quick start and begins to build architecture.

¹ http://wiki.answers.com/Q/What_is_the_difference_between_Plurilateral_agreement_and_Multilateral_agreement

² http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm10_e.htm

Climate Briefings for Copenhagen

Why We Need to Save the Kyoto Protocol

Lim Li Lin, Third World Network

The plot

Some developed countries are plotting the death of the Kyoto Protocol. The stage has been set. Misinformation has been circulated to the media and public that the Kyoto Protocol expires in 2012. The December 2009 UN climate change conference in Copenhagen, so the story goes, is to agree or lay the foundations of a new treaty to replace the Kyoto Protocol – the so-called “post-Kyoto” agreement.

The truth

Nothing could be further from the truth. As one senior negotiator put it, “The Kyoto Protocol is not yoghurt, it does not have an expiry date”. Only the first commitment period of Annex I (developed countries) Parties’ greenhouse gas emission reductions, which began in 2008, ends in 2012. All other provisions and elements of the Kyoto Protocol remain in force. This is the way the Kyoto Protocol is structured. Second and subsequent commitment periods for Annex I Parties are to be negotiated on an ongoing basis.

The truth should come as no surprise. For three years already (since 2006), the international community has been negotiating the next commitment period for Annex I Parties under the Kyoto Protocol in a working group known, quite fittingly, as the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP). These negotiations are scheduled for completion in 2009, so that the second commitment period can enter into force by 2013, thereby ensuring there is no gap between the two commitment periods. The negotiations are not about ending the Kyoto Protocol, but implementing it.

In Bali (December 2007), the international community launched a second track of negotiations in parallel under the ‘Bali Action Plan’ – The Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA). This working group aims to enhance the implementation of the UN Framework Convention on Climate Change (the framework agreement, under which the Kyoto Protocol sets out specifically how much Annex I countries should reduce their emissions by, and how). The AWG-LCA’s work is to be concluded in 2009, and the agreed action will be for “now, up to and beyond 2012”.

Two tracks, two outcomes

The AWG-KP is a negotiating track under the Kyoto Protocol. The AWG-LCA is a negotiating track under the Convention. There are to be two outcomes in Copenhagen, and they are to be legally and substantively distinct.

For the AWG-KP, the legal outcome is clear – an amendment of the Kyoto Protocol according to the mandate clearly set out in its Article 3.9 for the amount of emission reductions by Annex I Parties in their subsequent commitment period. Twelve proposals for amending the Kyoto Protocol have been submitted by Parties. These will be discussed in Copenhagen, where an agreed amendment should be adopted at the meeting of the Parties to the Kyoto Protocol.

For the AWG-LCA, the legal outcome is less certain. It is still a matter that is being discussed. The Bali Action Plan only specifies that an “agreed outcome” should be reached and a decision should be adopted in Copenhagen. There are a number of options ranging from a decision of the Conference of the Parties (COP) to the Convention or a set of COP decisions, to another international treaty or Protocol under the Convention. (Note: The term “ratifiable outcome”, sometimes used by the UNFCCC Secretariat and some countries, implies a new international treaty).

The plan

Some developed countries want to have one single agreement (or lay the foundations for it) in Copenhagen, merging the two negotiating tracks and outcomes. This will mean the termination of the Kyoto Protocol after 2012.

This position has been advocated by a number of developed countries including Japan and Australia. The United States has said it will not become a Party to the Kyoto Protocol.

The Conclusions of the European Union Council on its position for Copenhagen refers to a “single legally binding instrument” and emphasizes the need for “a legally binding agreement for the period starting 1 January 2013 that builds on the Kyoto Protocol and incorporates all its essentials, as an outcome from Copenhagen in December 2009”. In effect, the EU is calling for the end of the Kyoto Protocol after the first commitment period.

The reason

Initially, it seemed that the main motivation for this position by some developed countries is to force “major economies/emitters” or “advanced developing countries” – i.e. China, India, Brazil, South Africa etc – to also take on internationally binding commitments to reduce greenhouse gas emissions, by dismantling the distinction between Annex I and non-Annex I countries and lifting some developing countries to (or towards) the level of commitments taken on by the developed countries. (The Kyoto Protocol only sets quantified targets for Annex I countries, and the category of Annex I countries is established under the Convention.)

However, it now seems that the motivation may also be for some developed countries to lower the level of their commitments or avoid taking on internationally binding emission reduction commitments altogether. This mirrors the position of the US, which has recently been insisting on taking on emission reduction commitments/actions on a unilateral or domestic basis. By this, it means that it will only bind itself domestically through national legislation to reduce its emissions, and will not commit internationally (as all other countries have) to a multilateral system of emission reductions. It also means that its national target will only be what it determines itself, and is not subject to negotiation with the international community.

The US famously withdrew from the Kyoto Protocol, but it remains a Party to the Convention. Under the Bali Action Plan, which the US agreed to, it is required to take on comparable efforts to other Annex I countries under the Kyoto Protocol. (The details are being worked out in the AWG-LCA negotiations.) This is the concession the international community has already granted to the US, which should really just join the rest of the world in becoming a Party to the Kyoto Protocol, not least because it is the biggest historical emitter of greenhouse gases and continues to be among the most polluting on an absolute and per-capita basis.

It may be that the US position has spurred a race to the bottom — instead of drawing in the US to join the rest of the Annex I countries through the “comparability of efforts” provision in paragraph 1b(i) of the Bali Action Plan, the special treatment of the US may be instigating a “great escape” from the Kyoto Protocol by the other developed countries.

The implications

This has very serious implications. The Kyoto Protocol is the only legally binding international law that sets quantified commitment targets for each Annex I Party to reduce its greenhouse gas emissions. There is an aggregate target, which all Annex I Parties must collectively meet in a given commitment period, and an individual (or joint, in the case of the European Community) target for each country.

These specific targets must be met within a specified time period, and there are international compliance measures if the Parties do not meet their targets according to the timetable.

The Kyoto Protocol has many flaws, but the prospect of losing the only international treaty that requires specific amounts of emission reduction by Annex I Parties, with a binding timetable and compliance measures is very dangerous, especially since there is no better alternative in place and the prospects of achieving this seem increasingly slim.

A failure to agree on subsequent commitment periods is a violation of international law. Under the Kyoto Protocol, Parties are clearly bound to establish second and subsequent commitment periods for Annex I Parties. Article 3.9 provides that,

“Commitments for subsequent periods for Parties included in Annex I *shall be established* in amendments to Annex B to this Protocol, which *shall be adopted* in accordance with the provisions of Article 21, paragraph 7” (emphasis added).

These are existing treaty obligations. Failure to comply with these provisions by failing to agree on a second commitment period would be a breach by all Parties to the Kyoto Protocol - not merely Annex I Parties - of their legally binding obligations.

Under the single new agreement that some developed countries are proposing, the nature of the commitments may be different – nationally binding targets, as opposed to internationally binding targets. This would be a drastic downgrading of international disciplines, and would take the international climate change regime many steps backwards.

In addition, the new regime being proposed appears set to lock in very low levels of ambition. In the AWG-KP, Annex I Parties are promoting so-called “bottom-up” pledges that add up to aggregate targets that are far below what science and equity requires. Developing countries on the other hand are insisting on principled and scientific approaches to determining the level of aggregate emission reductions required. This aggregate figure should then be apportioned among the Annex I Parties. A system of national targets may mean that countries only do what they are politically prepared to do, instead of what science and equity requires, and this would not even be legally binding internationally.

If the Kyoto Protocol is abandoned and a single new agreement negotiated, this will mean risking that the new international climate change treaty may take many years to enter into force or may never enter into force, if insufficient countries ratify it. The negotiations will be more complicated and controversial, and could also likely take a very long time. This is something that the planet and the poor cannot afford.

The international compliance regime under the Kyoto Protocol also faces an uncertain future. While it can always be further improved, the risk is now the possibility of no longer having a system of international compliance.

The process

Legally, it is difficult to terminate the Kyoto Protocol because all Parties have to agree by consensus to end it. So what are the other options available to those who are plotting the Kyoto Protocol’s untimely demise?

Procedurally, developed countries are trying to merge the two working groups. They push for this in a step-by-step manner, asking for closer cooperation, coordination and collaboration, and for coherence and comprehensiveness. Rather than advance discussions under the AWG-KP they seem to be stalling them, while accelerating discussion under the AWG-LCA. At the same time, they are systematically transferring issues of interest to them from the Kyoto Protocol and the AWG-KP into the AWG-LCA.

For developed countries, there are a number of possible scenarios (which are not mutually exclusive). One is to formally collapse the AWG-KP into the AWG-LCA track, thereby effectively ending the negotiations for a second commitment period for Annex I Parties under the Kyoto Protocol and continuing with negotiations under the AWG-LCA track.

A second scenario is to fail to agree on a further commitment period under the Kyoto Protocol. This would be a breach by all Parties of their obligations under Article 3.9 of the Kyoto Protocol to establish subsequent commitments periods for Annex I Parties. In this case, the Kyoto Protocol remains on the books but risks becoming an “empty shell”.

A third scenario is to seek a legally binding outcome under the AWG-LCA with the goal of superceding the Kyoto Protocol. If the elements of the Kyoto Protocol are moved into the AWG-LCA, and are discussed and concluded as part of a legally binding instrument under the Bali Action Plan process, then the Kyoto Protocol may effectively be rendered dead or meaningless. The developed countries would have effectively cherry-picked the elements of the Kyoto Protocol that they like, such as the market mechanisms, and transposed them into a new legal instrument.

On ‘Termination or suspension of the operation of a treaty implied by conclusion of a later treaty’, Article 59 of the Vienna Convention on the Law of Treaties (1969) states that –

“1. A treaty shall be considered as terminated if all the parties to it conclude a later treaty relating to the same subject matter and:

(a) it appears from the later treaty or is otherwise established that the parties intended that the matter should be governed by that treaty;”

This means that a later treaty on the same subject matter could have the effect of terminating the earlier treaty.

The US?

The vexing question of the US, which is not a Party to the Kyoto Protocol, and which does not therefore have a quantified emission reduction commitment, is addressed in the Bali Action Plan in paragraph 1b(i) – there should be “comparability of efforts” between what it does under the Convention, and what other Annex I countries do under the Kyoto Protocol.

Developing countries have been insisting that the quantified Annex I Parties’ emission reduction commitments must be determined in the AWG-KP, as this is an issue under the Kyoto Protocol. The AWG-LCA should only then discuss comparable efforts by the US to the commitments determined in the AWG-KP for Annex I Parties.

The conclusion

The continued survival of the Kyoto Protocol is of the utmost importance, especially since there is no better alternative in place. In this regard, Copenhagen must deliver a legally binding outcome in the form of an amendment to the Kyoto Protocol for the second commitment period for Annex I Parties. This is the single most important component of the Copenhagen outcome.

Failure by Annex I Parties to agree to deep and binding targets under the Kyoto Protocol signals a departure by them from its legally binding provisions, from the agreed negotiating mandate, and from the legitimate expectation of all countries that have participated in good faith. It risks a “race to the bottom” towards a climate regime that lacks a scientifically sound aggregate target for Annex I Parties, internationally binding individual targets, and an international compliance system. All indications are that a far less robust climate regime is being drawn up by the developed countries.

At a time when the world needs and demands a fair and effective response to climate change, developed countries are walking away from the Kyoto Protocol, the only legally binding international law that sets quantified commitment targets to reduce greenhouse gas emissions in aggregate and for each Annex I Party. At the same time, they are passing the burden of mitigation and adaptation onto developing countries, denying their historical and current responsibilities. This is neither effective nor fair.

The Climate Convention calls on developed countries to exercise leadership in tackling climate change. For success in Copenhagen, developed countries must do so by honoring their legally binding commitment for a second commitment period under the Kyoto Protocol, and by honoring their other commitments under the

Convention relating to adaptation, finance and technology. They must implement their existing commitments, not shy away from them.

Success in Copenhagen and beyond requires an effort to bridge the implementation gaps that have undermined effective action and left a legacy of mistrust among the Parties. Nothing less than full implementation by developed countries will be required to secure success in Copenhagen and to provide the foundation for a genuine partnership among all countries to curb climate change and to achieve the ultimate objectives of the Convention.

Carbon Markets and Financial Risk

Michelle Chan, Friends of the Earth, US

UNFCCC Annex I Parties' negotiators may still be struggling to agree on major points of climate policy, but they are united in one goal: the establishment of a global carbon trading market. However, given the environmental ineffectiveness of carbon trading thus far, the quest to create a global market in carbon may instead only result in enriching "Wall Street" banks while posing new systemic financial risks.¹

1. Market risks from carbon trading

1.1 Carbon trading is derivatives trading

Most carbon trading, although it is rarely described as so, is actually derivatives trading. Currently, most carbon, especially offsets, are sold as simple futures contracts (a type of derivative). These contracts are promises to deliver carbon allowances or credits in a certain quantity, at a certain price, at a specified date. Today's carbon markets are small, but if the United States adopts carbon trading (on the scale envisioned by the climate legislation which was passed by the US House of Representatives), carbon futures will become what Commodity Futures Trading Commissioner Bart Chilton called the biggest of any derivatives product. Chilton conservatively estimates that within a few years of being launched, the US carbon futures market could reach US\$2 trillion in nominal value.²

1.2 Derivatives are poorly regulated

As the global financial crisis has shown, derivatives are not well regulated, and regulations are practically non-existent at a global level. Currently, national and international policy makers are debating on how to reform derivatives markets, particularly the so-called "dark markets" in over-the-counter derivatives (unreported and regulated financial deals made between two parties, rather than standardized contracts traded on exchanges). However, these regulations are in flux, and traders are aggressively lobbying to insert as many exceptions and loopholes as possible into emerging rules.

It would be imprudent to promote the creation of a large new global derivatives market without creating a robust set of global financial regulations to match.

¹ This briefing is summarized from two reports, *Subprime Carbon?: Re-thinking the World's Largest New Derivatives Market*, Friends of the Earth US, March 2009 at <http://www.foe.org/pdf/SubprimeCarbonReport.pdf>; and *Smaller, Simpler and More Stable: Designing Carbon Markets for Environmental and Financial Integrity*, September 2009 at <http://www.foe.org/sites/default/files/CarbonMarketsReport.pdf>.

² <http://www.cftc.gov/ucm/groups/public/@newsroom/documents/speechandtestimony/opachilton-14.pdf>

1.3 General derivatives regulations are not enough to govern carbon

Even if derivatives in general were excellently governed, they would not be enough to govern carbon commodities. Unlike other commodities, carbon allowances have one single producer with no marginal cost of production, and can be banked indefinitely with no costs. This makes it difficult for regulators to determine whether the price of carbon is tied to “market fundamentals.” Emissions trading schemes are also supposedly designed so that the supply of allowances is supposed to contract, making market surveillance activities (e.g. monitoring whether prices are being artificially manipulated) more difficult.

To make matters worse, policy makers around the world are designing carbon markets to be particularly complex, which makes them prone to gaming and even more difficult to regulate. For example, in the European Union (EU) free allowance give-aways and over-allocation have distorted carbon prices. In the US, policy makers are contemplating creating a “trigger price” for carbon (i.e. flooding the market with additional carbon if prices get too high), which provides additional opportunities for market manipulation and gaming.

Ultimately, carbon markets are supposed to be established with an environmental objective, and must be regulated as such. General derivatives regulations, which are designed to prevent fraud and manipulation, are necessary but not sufficient.

1.4 Conflicts of interest in the carbon market

Conflicts of interest are widespread in the financial sector, and carbon is no exception.

Conflicts of interest are particularly acute in the offset market, where project developers pay consultants to independently evaluate greenhouse gas reductions. If the verifier also offers project development consulting services, this replicates the conflicts of interest between accounting and management consulting in the Enron affair.

Offset crediting agencies may also be subject to corruption and pressure to approve credits generously and quickly. For example, in 2008 an offsets trade association slammed the Clean Development Mechanism (CDM) Executive Board over “unacceptable delays.”³ As carbon markets grow, especially secondary markets, crediting agencies may not only be bullied by offset providers and regulated entities, but also by institutional investors such as pension funds and sovereign wealth funds.

Carbon markets are a politically generated and managed market with a compliance requirement (e.g. company compliance with greenhouse gas caps). It is precisely these politically generated and managed facets of carbon trading, as well as its compliance aspects, which can make carbon markets especially vulnerable to lobbying and regulatory capture. For carbon trading to be successful from environmental, financial, and governance perspectives, policy makers and market regulators must be particularly insulated from corruption and political influence. In light of the catastrophic regulatory failures that gave rise to the current financial crisis, it is naïve to believe that carbon trading will be immune to corruption and conflicts of interest.

1.5 A market dominated by speculators

As carbon markets mature, the size of secondary markets (where individual or re-packaged carbon is sold for the second, third, or twentieth time) will vastly overshadow the primary markets (where carbon is bought and sold for the first time). That is because Wall Street financiers are likely to end up dominating carbon markets, even though they do not actually need the credits or allowances.

Some of these financial players will be traditional speculators, who want to make money by betting on whether the price of carbon will go up or down. Others will be “passive investors” such as pension funds which buy carbon and hoard it, hoping for — and forcing — the price to go up. If other commodities markets, such as oil and corn, are any guide, passive investors will probably end up owning about 40

³ “Carbon Industry Group Slams UN’s CDM Market Over Delays,” *Platt’s Emissions Daily*, September 18, 2008.

percent of outstanding commodities contracts. This distorts markets and creates excessive speculation, while providing little benefit to companies seeking to comply with carbon caps.

1.6 “Financial innovation” in the carbon markets

Another lesson learned from the financial crisis is that modern financial markets are sophisticated and creative. As carbon markets grow, Wall Street banks will not simply broker in plain carbon, but they will create complex new financial products based on carbon commodities. Even if policy makers adopt the most robust and best written derivatives regulation possible, “financial innovation” will likely outstrip the ability of regulators to keep up.

Already, financial engineers have developed carbon-backed securities (see box below), carbon index funds, carbon exchange traded funds, and other products for institutional investors such as pension funds and others. The proliferation of new financial products will drive more money into the carbon markets, while also spreading subprime carbon risks.

Financial innovation in carbon markets

In November 2008, banking giant Credit Suisse announced a securitized carbon deal that bundled together carbon credits from 25 offset projects at various stages of UN (CDM) approval, sourced from three countries and five project developers. These assets were then split into three portions representing different risk levels and sold to investors, a process known as securitization. Carbon-backed securities sound hauntingly close to mortgage-backed securities because they are indeed very similar in structure. Although the Credit Suisse deal was relatively modest, future deals could become bigger and more complex, bundling hundreds or thousands of carbon credits of mixed types and origins, perhaps enhanced with agreements to swap more risky carbon credits for safer assets (such as government-issued emissions allowances) as “insurance” against junk carbon.

1.7 Subprime carbon

“Subprime carbon” — called “junk carbon” by traders — are contracts to deliver carbon that carry a higher risk of not being fulfilled, and thus may collapse in value. They are comparable to subprime loans or junk bonds, debts that carry a higher probability of not being paid. Carbon offset credits can carry particularly high risks because many things can go wrong with offset projects. Not only do such projects face normal commercial and operational risks, but independent verifiers may find that a project has not reduced the projected amount of emissions, for example, or the CDM Executive Board may determine that a project failed to comply with relevant standards. Subprime carbon particularly can become a problem because sellers can make promises ahead of time to deliver carbon credits before the credits are issued, or sometimes even before greenhouse gas emissions have been verified.

1.8 The build-up of subprime carbon creates broader financial risks

In today’s interconnected financial markets, the build-up of subprime assets in one part of the economy can pose risks to the broader financial system. Subprime risks may particularly build up in carbon markets for two reasons.

First, the problem of subprime carbon is mostly associated with offsets, rather than government-issued allowances. In the US, Europe, Australia, and other economies, there is immense pressure to expand the use of offsets to meet emission reduction obligations. But the more carbon offsets are allowed into the trading system, the greater the risk of subprime carbon building up in the system.

Secondly, since carbon markets will be dominated by speculators, a carbon bubble may develop. Bubble mentalities can encourage excessive risk-taking and unscrupulous behavior. For example, in the current financial crisis, home loans that would never have been made under normal circumstances were pushed through because prices just kept going up, and banks could pass risky assets onto others. The same dynamic could happen in carbon markets as unscrupulous intermediaries overpromise on offset projects, selling

future credits based on projects that do not yet exist, do not meet standards, or which simply do not deliver promised greenhouse gas reductions. If that happened, those subprime carbon assets would collapse in value, leaving investors holding the bag.

2. *Riches for Wall Street, questionable environmental results*

While the world's largest carbon trading system, the EU Emissions Trading Scheme (EU ETS), has not produced its intended environmental results, one clear winner emerges when large carbon trading systems are established: big banks.

At a time when financial firms are suffering, big banks are still making money from their commodity trading desks. Carbon trading, especially if a global carbon market emerges, offers immense profit potential for banks. They can earn lucrative fees brokering in over-the-counter trades, and if they bet the right way, their proprietary trading desks can generate profits by gambling on carbon prices. Banks are also cashing in by buying shares in carbon exchanges and offset development companies. Their investment banking and asset management divisions are busy marketing carbon as a new "asset class" for large institutional investors and developing financial products to sell to them.

In fact, there are so many ways that Wall Street can profit from this system that in the US, the financial industry has employed 130 climate change lobbyists just to influence climate legislation.⁴

2.1 What Wall Street wants

Above all, big banks want *large and liquid carbon markets*, epitomized by a global carbon market. They argue that creating large and liquid markets is to allow markets to clear and to prevent a single trader from cornering the market.⁵ But in addition, higher volume markets obviously amount to more trades and increased fee revenue for brokers and traders.

Banks also want *unfettered access to offset credits*. Carbon offset trade associations naturally want "broad access to [both] domestic and international emission offsets."⁶ In April 2008, the Carbon Markets and Investors Association (CIMA) went so far as to request that the European Union adopt an amendment to their Emissions Trading Scheme to replace auctioned allowances with CDM credits.⁷ Although carbon offset credits run a relatively high risk of not delivering carbon reductions (potentially resulting in subprime carbon), one of the key rationales for allowing an unlimited proportion of offsets is to keep costs low. But clearly, large offset markets would also be more profitable for banks, which are building their offset business and carbon trading desks, especially for carbon derivatives contracts.

Finally, banks want as *little regulation as possible*, which means resisting calls to push carbon trading onto exchanges and preserving the ability to trade over-the-counter. Traders and speculators thrive in a market with price volatility, and strongly call for "full recourse to market-based risk management" tools for hedging,⁸ arguing that "OTC (derivatives) contracts will be needed for managing GHG price-risk under a cap and trade program."⁹ Carbon trade associations acknowledge the role that exchanges can play, but they also strongly advocate for a vigorous OTC market, as brokerage fees are likely to be higher for OTC deals.

⁴ Lavelle, Marianne, "An Army of Lobbyists Readies for Battle on the Climate Bill," Yale Environment 360, 16 March 2009 at <http://e360.yale.edu/content/feature.msp?id=2131>

⁵ Letter from International Emissions Trading Association to Representative Henry Waxman et al, April 16, 2009 at <http://www.iet.org/iet/www/pages/getfile.php?docID=3274>

⁶ Carbon Markets and Investors Association, "Market Design Principles," at <http://www.cmia.net/mdp.php>

⁷ Carbon Markets and Investors Association, "Industry Body Calls for Amendment to ETS Draft Directive to Safe-Guard CDM Market," at http://www.cmia.net/press_release.php

⁸ Letter from International Emissions Trading Association to Representative Henry Waxman et al, April 16, 2009 at <http://www.iet.org/iet/www/pages/getfile.php?docID=3274> and International Swaps and Derivatives Association, 2009 completed questionnaire to the Committee on Agriculture, U.S. House of Representatives, at <http://www.isda.org/speeches/pdf/ISDA-Response-House-AG-Committee-Questionnaire.pdf>

⁹ Letter from International Emissions Trading Association to Representative Henry Waxman et al, April 16, 2009 at <http://www.iet.org/iet/www/pages/getfile.php?docID=3274>

2.2 De-constructing the calls for liquidity, price discovery and risk transfer

In making their recommendations, Wall Street often invokes concepts that are almost sacrosanct in terms of free market principles, but not necessarily as applicable or important in a carbon market, depending on how it is constructed.

For example, market proponents argue that it is imperative to ensure *liquidity* for market functioning. Therefore, carbon markets should be interlinked and global, include as many sectors as possible under the cap, allow a large proportion of financial speculators to participate in the market, and not burden the investors with high margin requirements, etc. The call for liquidity is also logical in a system that relies heavily on carbon offsets. However, in a “textbook” emissions market (no offsets, limited to covered entities only), liquidity is actually designed to decrease as the emissions cap tightens. The argument that liquidity is paramount only makes sense if the market is designed in other ways that Wall Street wants (e.g. a large proportion of offsets). Leading carbon trading systems and proposals already offer companies a range of different options, including borrowing and banking allowances, to cope with potential liquidity problems.

Similarly, carbon trade associations maintain that *price discovery* is an essential market function, so policy makers should design a system with large secondary markets and vigorous amounts of speculation. For example, in making recommendations to the EU, the IETA warned that governments could potentially interfere with price discovery through auctions. They maintained that “Auctions should simply be a means to place allowances in the carbon market ...[they] are a powerful tool that may be used or abused [by governments] to manipulate or manage the price of carbon; this will undercut the value of the market in setting an accurate price for carbon.”¹⁰ However, unlike other markets, the measure of carbon price accuracy is not whether it best reflects “what the market will bear” at the time; but rather, whether the price is high, clear, and consistent enough to generate the intended environmental results.

Finally, carbon market proponents often point to the need to efficiently *transfer risk* to those investors who are most able to handle it, an objective that can be best met through the creation of secondary and derivatives markets. The objective of risk transfer has been so exalted that it has been used as an argument against general derivatives regulations, such as position limits, exchange-based futures trading, and higher margin requirements. It has even been argued that position limits are inefficient “because they limit the ability of speculators to absorb risks from [other] speculators.”¹¹

3. Conclusion

Proposals to make emissions trading units “fully fungible” (*Ad Hoc Working Group On Long-Term Cooperative Action, Non-paper No. 42: Various approaches to enhance the cost-effectiveness of, and to promote, mitigation actions*) are a clear move towards creating a global carbon market. Carbon market proponents argue that creating a global market will allocate capital to the most cost-effective emissions reductions.

However, linking trading schemes with different rules would instead encourage a “race to the bottom,” with capital migrating towards those with the weakest environmental protections and the loosest caps.

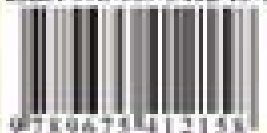
Given the environmental ineffectiveness of carbon trading thus far, the quest to create a global market in carbon may instead only enrich “Wall Street” banks while posing new systemic financial risks.

¹⁰ Presentation of Michela Beltracchi, European Policy Coordinator, International Emissions Trading Association “IETAR recommendations for the Design of EUA Auctions,” Brussels, 11 April 2008 at http://ec.europa.eu/environment/climat/emission/pdf/080411/ieta_auctioning.pdf

¹¹ Testimony of Craig Pirrong, Professor of finance, Bauer College of Business, The University of Houston, before the House Committee on Agriculture, July 7, 2008 at <http://agriculture.house.gov/testimony/110/h80710/pirrong.pdf>

TWN
Third World Network

ISBN 978-067-5412-15-8



9 789675 412158