

Developing countries question pledges of Annex 1 Parties

Bangkok, 5 April (Meena Raman) – In a very lively exchange of views between developed and developing countries at the pre-session workshop held on 3 April in Bangkok under the UN Framework Convention on Climate Change (on the emission reduction targets by developed country Parties), developing countries questioned the “wait and see” approach of the developed countries in expressing their pledges.

Developing countries questioned the conditions attached to some of the pledges of developed countries, such as “major developing economies ” restraining their emissions and for access to new market mechanisms and reliance on international carbon offsets.

They also expressed concern over the uncertainties in the pledges in relation to accounting rules and use of offsets and with the very low level of ambition of the pledges.

Brazil and Pakistan said that many countries have presented numbers that depend on what other countries would do. Countries were adopting a “wait and see” approach and this was a key political issue when Annex 1 Parties are supposed to take the lead in mitigation reductions.

Brazil said that there was a dangerous situation of uncertainty and willingness to act on the part of developed countries.

In an intense exchange of views between Brazil and Australia on the claim by Australia that the Kyoto Protocol would not take Parties to limiting temperature rise to 2 degree C, Brazil said that an issue that must be clear is that the deficiencies attributed to the Kyoto Protocol are due to the low level of mitigation in the first commitment period (that will end in 2012). That was not the fault of the Protocol and the Kyoto Protocol structure could put

Parties back on track for the second commitment period.

It said that “abandoning the Protocol does not put Parties on a better track.”

Another issue of concern raised by Argentina and Egypt was the proposal by the European Union to introduce the international aviation sector into its Emissions Trading Scheme, which would affect carriers from developing countries.

The workshop heard presentations from the United States, the European Union, G77 and China, Norway, Australia, France, Switzerland, the Alliance of Small Island States, New Zealand, Germany, Russia, India, Sweden, Japan, Poland, Bolivia, United Kingdom and Iceland.

The **European Union** reiterated that its pledge by 2020 was 20-30% emission reductions compared to 1990 levels. The 20% offer was independent and it was prepared to move to 30%, which includes both domestic reduction and international credits through the use of the carbon markets. Its 30% target reduction is conditional on all Parties contributing to their fair share to a cost effective global emission reduction pathway.

It was also working towards reducing domestic emissions in the EU up to 80-95% by 2050. This was not going to be achieved by reducing the GDP or by de-industrialising the EU. The EU said that its legislation to meet its 20% emission reduction was more ambitious than the Kyoto (Protocol)/Marrakech (2001 decision) rules, e.g. inclusion of international aviation, LULUCF, single base year etc.

The ambition level is to stay below 2 degree C and reduce global emission levels by 50% by 2050, based on 1990 levels. This it said required efforts by all with developed countries doing minus 25-40% reductions by 2020 and 80-95% reduction by 2050.

It said that the developed country commitments now only amount to a minus 13-18% by 2020, which is not in line with the less than 2 degree C scenario.

For the EU, the comparability of efforts (among developed countries) is important and that one size does not fit all. Market based approaches are key for cost-efficiency and to close the ambition gap, said the EU.

It said that accounting rules are key. Rules matter for comparable commitments (regarding start point, base year, sectors, gases); comparable reporting that is robust and brings confidence that is needed; on how targets are to be achieved (re: market-mechanisms, land-use, land use change and forestry rules) and rules under the Kyoto Protocol on banking. In the AWGLCA (Ad Hoc Working Group on Long Term Cooperative Action under the UNFCCC), Parties must ensure that “a tonne is a tonne”, referring to emission reductions. There is need for common transparent accounting rules to ensure comparability and (Parties) can build on the rules of the Kyoto Protocol.

Argentina in reference to the EU presentation, asked how the EU efforts took into account equity and common but differentiated responsibilities (CDR) in relation to the policies regarding the implementation of the European Emissions Trading Scheme (ETS) on civil aviation and maritime transport. It said that the costs of mitigation would be transferred to developing countries and asked how the EU would ensure that this is consistent with the CDR principle and the need to support an open and supportive economic system. It wanted to know if non-European airlines will be obliged to take on the obligations of the EU ETS.

Egypt referred to the EU aviation legislation and asked for further clarification. It also asked what the EU meant in terms of increasing its level of ambition subject to a global agreement.

The Philippines in response to the EU said that the EU roadmap for 2020 shows that a 25% emission reductions can be achieved by existing policies and targets. The 20% unconditional target was already above the EU business as usual and the EU should therefore move to unconditional target.

China asked what the EU meant by “all Parties having to do their fair share” and what this meant and what was the criteria. Since the EU said that comparability was key, the Kyoto Protocol should be the reference.

In response to the questions, the **EU** said that it did not think there was need to have a single metric for

comparability but has to do with political judgment. On the question of the Kyoto Protocol as reference, that was a simplistic approach and there was need to look at different metrics. On compliance, the starting point is under the Kyoto Protocol, which has a compliance system and an enforcement mechanism.

On international aviation, of the EU 20% target, 1% to 2% will be covered by aviation emissions. On the issue of supplementarity in relation to its 20% target, up to 4% of that is from international credits. 80% of the effort is domestic and 20% is from credits abroad.

On the EU roadmap, it was true if all legislation was implemented, it could reach 25% emission reductions but this was not easy.

In response to the question by Argentina, the **EU** said that the aviation and shipping sectors are competitive and have a level playing field. Hence, there is no differentiation here (between developed and developing countries). In the ETS system, all carriers are treated in the same way and have a common responsibility and there is no discrimination among them. There is a *de minimis* rule where countries that have few flights to Europe (whose administrative costs are larger than the gains) are excused. The revenue collected from the airlines would be used for actions not only in Europe but also for developing countries.

Norway said that global GHG (greenhouse gases) emissions must be reduced by 50-85% by 2050. Its pledge is in the context of an ambitious global agreement which could be a new agreement or under the Kyoto Protocol as part of a dual track (under the Convention and the Kyoto Protocol). Its target is an emissions reduction of 30% by 2020 based on 1990 levels. This includes the use of flexibility mechanisms with two-thirds of the emission reductions being through domestic efforts. In the context of a global agreement, its emission reductions target would be 40% by 2020 and it would reduce emissions by 100% by 2030 and be carbon neutral.

It said that there was a need for common rules for accounting especially LULUCF and use of international credits. It said that it intends to revise its commitments in accordance with rule changes, with the aim of keeping the overall high ambition level unchanged.

Switzerland said that its pledge is between minus 20% and 30% by 2020 compared to 1990 levels. The 30% target is if other developed countries commit to comparable emission reductions and developing countries contributing adequately according to their responsibilities and respective capabilities. On offsets,

one third of the reductions will be done abroad and two-thirds will be domestic reductions. An increase in the reduction target from 20% to 30% involves an increase in the use of offset mechanisms. It said that these proposals are under Parliamentary debate.

New Zealand said that its target for 2020 is 10-20% reductions below 1990 levels and this was conditional on a global agreement to limit temperature levels to 2 degree C; there is a comparable effort by developed countries; advanced and major emitting developing countries taking action in line with their capabilities; full recourse to broad and efficient markets and an effective set of rules for LULUCF.

Germany said that it had an unconditional 40% reduction target based on 1990 levels. The 30% EU-wide reduction in GHGs by 2020 translates to a 40 % reduction for Germany and requires a reduction of 250 million tonnes per year of GHGs compared to emissions volume in 2007. Its actual emissions today are 26.5% below 1990. It said that what it had learnt was the need for a legally binding frame with a clear perspective and conditions for reaching its targets. Financing and incentives are key for developing green technologies as well as for a robust monitoring system.

Russia said that its main condition related to its pledges is to return to the pre-crisis rate of economic growth. It said that the Russian development was very far from other developed countries and cannot be compared to US, Germany, Japan or even South Korea.

Russia said that its leaders have pledged a target of minus 15-25% reductions in emissions compared to 1990. The main assumptions are that there will be a growth in energy efficiency by 40% in the period 2007 to 2020 and an increase of share of coal in the energy balance from 19% in 1990 to 22% in 2020.

The decision of the Government is for low-carbon growth with a decrease of energy intensity by 40%. If everything is realized the target is to reduce by 28%. If not it would be 14%. Hence, the range would be 14-28%, depending on the on the political situation.

Japan referred to the tragedy of the earthquake and tsunami of March 11 and said that the scale of damage was unprecedented and tremendous. It was starting reconstruction and was concentrating on relief efforts and to seek all possible measures to control the damaged nuclear power plant. It said that it was resolved to make all efforts on climate change and aimed for a single and effective framework for all major countries.

Australia said that its target for emissions reductions is between 5-15% below 2000 levels. The 5% below target is the minimum and is an unconditional commitment while the up to 15% below is subject to global agreement; all major economies substantially restraining their emissions and advanced economies take on comparable commitments to Australia's. The other alternative target for Australia was 25% below 2000 levels conditional on an ambitious global deal capable of stabilizing levels of CO2 equivalent at 450 ppm or lower. This presents access to offsets and the need for flexibility, given that its per capita emissions are high and it is heavily coal reliant.

Australia in response to questions said that on offsetting, no figure has been determined yet as to what proportion of the reductions this would be.

Egypt said that there appeared to be common conditionalities in the pledges of developed countries which is relying on the markets, on the idea that carbon pricing is the most cost effective to assume reductions. This may be profitable but is not necessarily beneficial to all Parties. It asked what the effect was of offsets (international credits) in increasing the cost of abatement in developing countries. Developing countries are undertaking nationally appropriate mitigation actions and the opportunity for their own mitigation would be more costly.

Venezuela expressed concern that it had not heard developed countries Parties say how they are going to achieve the aggregate target needed for collective effort. It asked for clarification on the market mechanisms as the developed countries saw this as a panacea to achieve their pledges. It said that there has been no decision for new market mechanisms and there is no provision (for this).

Brazil said that it was important for Parties to indicate in relation to the pledges, what are domestic efforts, what are through LULUCF and of offsets. Indications are that the picture is quite hazy and difficult to be clear about the final implications of the pledges once all conditionalities and assumption are resolved.

Brazil said that on the issue of offsets, it was important to point out the difficulty in considering the mitigation contributions on the continuity of the Kyoto Protocol if Parties formulate their own set of rules. The issue is that Parties are establishing protections regarding the uncertainty of future rules. There are many references to rules as if they do not exist. It was concerned that existing definitions and frameworks were not being used for calculations of the pledges.

Brazil also said that many countries brought in elements in their pledges, which are more political and economic definitions such as the possibility of what all major economies will do or advanced economies will do. In reference to Australia's presentation, it found it difficult to understand the characterization of "substantive contributions of major economies". It asked if there was a more specific formulation of this.

Brazil said that many countries have presented numbers that depend on what other countries would do. Countries were adopting a "wait and see" approach and this is a key political issue when Annex 1 Parties are supposed to take the lead in mitigation reductions. There was a dangerous situation of uncertainty and unwillingness to act.

Australia in response said that these were political judgments made by the Prime Minister and Cabinet. The question was how to persuade the domestic constituency. It disagreed that countries were waiting and seeing as they were acting.

Brazil in reply to Australia said that there were political judgments in developing countries too and that was the continuity of the Kyoto Protocol. It was not clear as to what is the mid-term level of ambition and what are the rules and what is the mitigation obligation and the use of offsets. To what extent are Annex 1 Parties relying on offsets, asked Brazil. This creates a situation of extreme political difficulty for developing countries. There is no clarity on the second commitment period of the Kyoto Protocol and what is going to define the mid-term aggregate target.

Australia in a further response said that the Kyoto Protocol will not take Parties to limiting the temperature rise to 2 degree C and there was need to work on how major emitters come into the post-2012 structure.

In reply, **Brazil** said that an issue that must be clear is that the deficiencies attributed to the Kyoto Protocol are due to the low level of mitigation in the first commitment period. That was not the fault of the Protocol and that the Protocol structure could put Parties back on track for the second commitment period. Abandoning the Protocol does not put Parties on a better track.

The **US** said that on the issue of offsets, the simple solution is to ensure environmental integrity and with no double counting. **Switzerland** also said that there

should not be double counting in international offsets.

Pakistan said that the workshop showed that the global effort remains seriously deficient to meet the 2 degree C limit in temperature rise. One observation is that Parties are saying that "I will do more if you are going to do more." Hence, those who suffer from climate impacts will continue to do so with such an approach. On the future steps needed, there must be rules of comparability and compliance. National instruments have been suggested (referring to the US approach) but if Parties are to limit the temperature rise, then international rules are what must be constructed for the emission reductions of developed countries.

Saint Lucia said that it was clear that there was need for improved accounting rules and the Kyoto Protocol rules must be central to the architecture and the rules have to be multilateral and not national and must ensure environmental integrity.

Egypt said that the workshop was meant to clarify assumptions and conditions about the pledges and the level of ambition as well. There was need for the classification of the different assumptions and for unified rules. It expressed concern on the way the Kyoto Protocol is selectively applied. At the next workshop, Egypt said there was need to define options for the future and put the targets and the aggregate amount of reductions.

The **US** in response to Egypt said that some Parties wanted common rules while others may not. The US said that it was not a Party to the Kyoto Protocol and that is not the basis to move forward.

On the issue of offsets, **Bolivia** said that it is not just about double counting. If Parties were going to raise the level of ambition on emission reductions, with more market-mechanisms, the developing countries will be expected to do more. Developing countries are already doing more and those who are historically responsible for the emissions are not doing enough and this is imbalanced. It stressed that the discussions on emission reductions should be taking place under the Kyoto Protocol track and there should not be the merging of the two tracks (under the Convention and the Kyoto Protocol).

Ethiopia stressed the need for comparability of efforts among developed countries so that Parties could say how they were approaching the commitments undertaken to limit temperature rise to 2 degree or 1.5 degree C.