

CLIMATE CHANGE¹

It is the old fear in industrialized countries that aggressive action on climate change could lead to local economic disadvantages. Environmentalist, politicians and academics have long been calling for the establishment of a global emissions trade when ideally poorer countries would automatically make money, and rich countries would at the same time have a financial incentive to reduce their Co2 emissions. However, such a system would only work if all states participated and industrialized countries for years have feared that just won't happen. People are longing for a fair climate agreement, but the EU, the US and China still are frustrating this process.

Background

European Commission sets out strategy to reinvigorate global action and proposes that the EU swiftly begin implementing December's 2009 Copenhagen Accord, in particular 'fast start' financial assistance to developing countries. In parallel the EU should continue to press for a robust and legally binding global agreement that involves all countries in real climate action. This will require integrating the Copenhagen Accord into the UN negotiations and addressing the weaknesses in the Kyoto Protocol², which is an international agreement linked to the United Nations Framework Convention on Climate Change. The major feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing greenhouse gas (GHG) emissions. These amount to an average of five per cent against 1990 levels over the five-year period 2008-2012.

Active outreach by the EU will be key to promoting support for the UN negotiations and the European Commission will undertake this effort in close contact with the European Council and with the support of the European Parliament to propose a roadmap for negotiating process.

¹ Paper presented by PtP in February 2011

² The Kyoto Protocol <http://unfccc.int/resource/docs/convkp/kpeng.html>



The Copenhagen Accord

The Copenhagen Accord³, a non-binding political statement introduced at the 11th hour of the Copenhagen summit in December 2009, has been praised by some for garnering stronger commitments from major developing nations, which could in turn deliver a binding global climate treaty. Yet its formulation has also threatened to destabilize the nearly 20-year old process developed under the UN's Framework Convention on Climate Change (UNFCCC), the leading international body for climate change negotiations.

The United States, Brazil, South Africa, India and China formulated the Accord with the understanding that the text would later be adopted by all 193 nations. But many participants considered this outcome to be undemocratic and a departure from a UN process meant to offer equal voice to every nation. The political guidance in the Copenhagen Accord needs to be integrated into the UN negotiating texts that contain the basis of the future global climate agreement. EU is ready but the world might not be, and therefore EU approach has to be step-wise.

The 140 nations represent almost 75% of the 193 countries that are parties to the UN climate change convention and, accord supporters like to point out, are responsible for well over 80% of current global greenhouse gas emissions.

Large emerging economies like China and India could blow off climate protection and give their businesses competitive advantages in the global market. The failure to reach an international climate change agreement in Copenhagen on December 2009 has done little to dampen such worries.

Since Copenhagen, there has been confusion over how a legally binding treaty to reduce greenhouse gas emissions can be achieved. All observers are now clear that no such deal will be signed, a meeting in South Africa in December 2011 now seen as the earliest date. Good news are that in 2010 China and India wrote to the UN's climate secretariat and agreed to be "listed" as a parties to the Copenhagen Accord.

³ The Copenhagen Accord: unfccc.int/resource/docs/2009/cop15/eng/l07.pdf



At the heart of the disagreement is whether a new global treaty, like the existing Kyoto protocol, must be agreed unanimously by all UNFCCC members and be a continuation of Kyoto, which enshrines binding carbon cuts on industrialized nations but not on developing ones.

The Cancun Agreements

The United Nations Climate Change Conference in Cancun, Mexico (29 November - 10 December 2010) resulted in the adoption of the Cancun Agreements⁴. These are a set of decisions by the international community to address the long-term challenge of climate change collectively and comprehensively over time and to take concrete action now to speed up the global response. The agreements represent key steps forward in capturing plans to reduce greenhouse gas emissions and to help developing nations protect themselves from climate impacts and build their own sustainable futures. The finance package was a deft compromise on short and long-term finance, transparency of financial contributions. The overall package will create a solid foundation to build progress to address climate change.

The conference established the Green Climate Fund (in Copenhagen it had been called the Copenhagen Green Climate Fund). The elements of the finance deal struck a balance between the need to quickly establish a major fund to move multi-lateral resources efficiently to the developing world, and the need to provide a robust structure that would ensure funds are governed properly.

GREEN CLIMATE FUND [Copenhagen Accord]

"We decide that the Copenhagen Green Climate Fund shall be established as an **operating entity** of the financial mechanism of the Convention to support **projects, programme, policies and other activities** in developing countries related to mitigation including REDD-plus, adaptation, capacity-building, technology development and transfer".

"The collective commitment by developed countries is to provide **new and additional resources**, including forestry and investments through international institutions, approaching USD 30 billion for the period 2010 - 2012 with **balanced allocation** between adaptation and mitigation".

"This funding will come from a wide variety of sources, **public and private, bilateral and multilateral**, including alternative sources of finance. New multilateral funding for adaptation will be delivered through effective and efficient **fund arrangements**, with a governance structure providing for **equal representation** of developed and developing countries. A significant portion of such funding should flow through the **Copenhagen Green Climate Fund**".

⁴ The Cancun Agreements <http://cancun.unfccc.int/>



The fund will serve a critical role as a mechanism to deliver support for urgent climate actions like reducing emissions through protecting forests, and shifting to greener energy technologies. The fund will also deliver resources to the newly established technology centers which will offer research, scientific exchange and technical support for countries looking to improve efficiency and reduce emissions from sectors like energy production, transportation, and buildings.

Many countries during Cancun Conference highlighted the value of the fund to deliver needed resources on scaled up level for vital adaptation activities. Developing countries are rightly concerned that they have to act fast to adopt new approaches to agricultural, land and water management, education and training, communications, and health systems.

In Kenya for example, a country where many people live in rural areas, changing precipitation patterns are already having a damaging effect on crop production and food supplies. Kenya needs support for better precipitation observation systems, improved water efficiency for agriculture and tools to shift to new crops or new areas if necessary. In their remarks on the agreement struck Kenya noted that though the deal was not perfect – the new fund was critical to their ability to adapt to the impacts of climate change and therefore they supported the package⁵.

The next round of the United Nations Climate Change meetings, as well as workshops pursuant to the Cancun Agreements, will take place in Bangkok on April 2011.

Climate Change and the Responsibility of the EU

People living in developing countries often depend heavily on their natural environment, and will be hard hit by the effects of climate change, for example: lower agricultural yields, growing water stress, flooding of low-lying lands, spread of infectious diseases to new, warmer areas. The EU helps developing countries find ways to adapt to these changes and reduce their vulnerability.

⁵ Final Results at the Cancun Climate Talks: Clear Progress on Climate Finance
http://switchboard.nrdc.org/blogs/hallen/cancun_climate_talks_final_res.html



The EU action plan on climate change and development ensures climate change is incorporated into all aspects of EU development policy. It will help developing countries implement the UNFCCC and the Kyoto Protocol, and support more research into tackling climate change. Its four priorities are: raising the political profile of climate change, support for adaptation in developing countries, support for mitigation and sustainable development paths, developing administrative capacity in vulnerable countries.

The action plan is funded through the European Commission's geographical programs for countries and regions, and its program for the environment and sustainable management of natural resources⁶.

The UNFCCC refers to the need for the international community to support and further develop climate research and systematic observation systems, taking into account the concerns and needs of developing countries.

Action Plans were subsequently developed and are now being implemented for developing country regions including Eastern and Southern Africa, Western and Central Africa, East and Southeast Asia, Central Asia, South and Southwest Asia, South America, Central America and the Caribbean, and the Pacific Islands.

The plans highlight the need for a better knowledge base, better forecasting and climate services and a need to improve observations at all levels to enhance countries' ability to adapt. They emphasize that effective adaptation planning requires improved observations; improved regional, national and global data, as well as denser networks; the recovery of historical data; building of support among the user communities that have a demand for climate information; and promoting greater collaboration between the providers and users of climate information⁷.

⁶ Adapting to Climate Change in Developing Countries www.parliament.uk/documents/upload/postpn269.pdf

⁷ Climate Change Impacts, Vulnerabilities and Adaptation in the Developing Countries <http://unfccc.int/resource/docs/publications/impacts.pdf>



Climate change impacts in developing countries*

Environmental Impacts

- Changes in rainfall patterns
- Increased frequency and severity of:
 - Floods
 - Droughts
 - Storms
 - Heat waves
- Changes in growing seasons and regions
- Changes in water quality and quantity
- Sea level rise
- Glacial melt

Socio-economic resources and sectors affected

- Water resources
- Agriculture and forestry
- Food security
- Human health
- Infrastructure (e.g. transport)
- Settlements: displacement of inhabitants and loss of livelihood
- Coastal management
- Industry and energy
- Disaster response and recovery plans

* Adapting to Climate Change in Developing Countries <http://www.parliament.uk/documents/post/postpn269.pdf>

European Climate Policy

A variety of climate-related initiatives have been implemented at EU and national levels since the early 1990s. The European Commission launched the European Climate Change Program (ECCP) in 2000, working with industry, environmental organizations and other stakeholders to identify cost-effective measures to reduce emissions.

A cornerstone of EU climate change policies is the EU's Emissions Trading Scheme (ETS) launched in 2005. EU governments have set limits on how much Co2 some 10,500 power plants and energy-intensive factories are allowed to emit each year, accounting for almost half of the EU's total Co2 emissions. The ETS gives a financial incentive to reduce emissions by establishing a market-based trading system. Plants that emit less Co2 than their limits can sell their unused emission quotas to other companies that have emissions higher than their allowances. Companies that exceed their emission limits and do not cover them with emission rights bought from others have to pay hefty penalties. The ETS makes sure that emissions are cut where it is cheapest, and lowers the overall costs of reducing emissions. 70% of the energy used by households in the EU is spent on heating homes and another 14% on heating water.



Other ECCP measures include improving the fuel efficiency of cars and the energy efficiency of buildings (better insulation can reduce heating costs by 90%); increasing the use of renewable energy sources, such as wind, sun, tidal power, biomass (organic material such as wood, mill residues, plants or animal droppings) and geothermal power (heat from hot springs or volcanoes); and reducing methane emissions from landfills.

A second phase of the ECCP was launched in October 2005. The focus is on strengthening the EU ETS by tackling emissions from aviation and road transport, developing carbon capture and storage technology and funding measures to adapt to climate change. Proposals to include airlines in the EU ETS and reduce Co2 emissions from new cars have been agreed.

European leaders adopted a Climate and Energy Package in 2008, with a series of proposals for concrete actions and a set of ambitious targets. The package strengthens the ETS to cover all major industrial emitters and introduces more auctioning. In sectors not covered by the ETS – such as buildings, transport, agriculture and waste – emissions are to be reduced emissions by 10% below 2005 levels by 2020. Other measures boost carbon capture and storage technologies, cut Co2 from cars and will introduce tighter fuel quality standards.

Experts, however, warn strongly against eco-punitive tariffs. Measured by the carbon dioxide emissions incurred in the production of goods, China is undisputedly the world's largest emitter of Co2. Punitive duties would hardly change that. An adjustment of tariffs would likely never be high enough to substantially alter the demand in the West for goods from China and China will remain the workbench of the world. Punitive tariffs would therefore have almost no environmental impact, but would come with enormous risks.

European Parliament resolution approved in November 2010 states that setting a target to reduce Co2 emissions by 30% by 2020 (based on 1990 levels) would be in the interest of the future economic growth of the European Union. The EU also highlights forest protection and climate aid commitments to developing countries. Forests are critical to climate because of their capacity to absorb carbon dioxide. Members of European Parliament want strong EU support for "REDD+", an initiative designed to reduce emissions from deforestation and forest degradation, which account for 20% of the global total. Tighter definitions of forests are needed to ensure funding is not sidetracked to commercial plantations.

What needs to be done?

The focus in this case study is around three main elements: the worldwide emission targets that has to be set, the question of financing climate change in developing countries and the western responsibility in this case and the development of an international carbon market.

International negotiations are under way to draw up a United Nations agreement to govern global action on climate change after 2012, when the first commitment period of the Kyoto Protocol expires. The European Union has taken a leading role in these negotiations and wants them to result as soon as possible in a comprehensive, ambitious, fair and science-based global agreement that is legally binding

The Copenhagen Accord and the Cancun Agreements are a step towards the goal of a legally binding global climate agreement, which should take effect in 2013 at the end of the Kyoto Protocol's first commitment period. The Accord endorses the EU's core objective of keeping global warming below 2°C above the pre-industrial temperature in order to prevent the worst impacts of climate change. To achieve that is need:

- :: to date industrialized and developing countries representing more than 80% of global greenhouse gases emissions inscribe their emission targets or actions in the Copenhagen Accord. This shows the determination of a majority of nations to step up their action against climate change;
- :: to implement the Copenhagen Accord in EU countries and provide €2.4 billion in 'fast start' financial assistance to developing countries annually in 2010-2012 essential both to the EU's credibility and to enhancing recipient countries' capacities to address climate change;
- :: to continue work to advance the development of the international carbon market, which is essential for driving low-carbon investments and reduce global emissions cost-effectively. The carbon market can also generate major financial flows to developing countries.

The European Commission believes the EU must show leadership by taking tangible action to become the most climate friendly region of the world as part of the Europe 2020. The EU has



committed to a 20% emissions cut below 1990 levels by 2020, and to scaling up this reduction to 30% if other major economies agree to do their fair share of the global effort.

The European Commission has to outline a pathway for the EU's transition to becoming a low-carbon economy by 2050. Consistent with the EU 2020 strategy, the goal is to come with intelligent solutions that benefit not only climate change, but also energy security and job creation⁸.

European Parliament members highlights in November 2010 that the EU and the rest of the industrialized world must fulfill their responsibilities vis-à-vis developing countries, the EU has to show its willingness to continue in a second commitment period of the Kyoto protocol from 2013.

Members of the European Parliament call on EU Member States to make good on their €7.2 billion pledge of "fast-start" financing to help developing countries adapt to - and mitigate - the effects of climate change.

By 2020, the EU should contribute €30 billion per year (on top of other overseas development aid), towards a global climate fund⁹.

⁸ Climate change: European Commission sets out strategy to reinvigorate global action after Copenhagen: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/255&format=HTML&aged=0&language=EN&guiLanguage=en> and http://ec.europa.eu/clima/policies/international/negotiations_future_en.htm

⁹ European Parliament resolution of 25 November 2010 on the climate change conference in Cancun (COP16) <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0442+0+DOC+XML+V0//EN> and http://communicate-europe.co.uk/index.php?id=6811&tx_ttnews%5Bpointer%5D=12&tx_ttnews%5Btt_news%5D=4372&tx_ttnews%5BbackPid%5D=9676&cHash=f513d453b6edca35bc6a473a018c77cb



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Copenhagen Accord

unfccc.int/resource/docs/2009/cop15/eng/l07.pdf

European Commission strategy to reinvigorate global action after Copenhagen

http://ec.europa.eu/clima/policies/international/negotiations_future_en.htm

The Cancun Agreements

<http://cancun.unfccc.int/>

European Parliament resolution of 25 November 2010 on the climate change conference in Cancun (COP16)

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0442+0+DOC+XML+V0//EN>

Document on "A vision for an enhanced Monitoring, Reporting and Verification (MRV) system" at the meeting of the Major Economies Forum

http://ec.europa.eu/clima/policies/international/docs/mef_en.pdf

