



First Intervention on Ad hoc Working Group on Article 3.9 of Kyoto Protocol

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Distinguished delegates, today's starting meeting of the Ad Hoc Working Group represents a fundamental, and perhaps historic, next step in the development of the international response to the global threat of climate change. The Kyoto Protocol was designed as a dynamic instrument, to be built upon and improved over successive commitment periods and now we are on the threshold of starting the next stage of this agreement. We should build on the Kyoto framework.

The urgency for action is clearer today than ever before. We are *already* suffering dangerous climate impacts due to the build-up of global warming pollution that has already occurred: stronger hurricanes, melting ice caps, killer heat-waves, floods, and severe droughts. Scientists have recently detected accelerated melting of the Greenland and West Antarctic ice sheets – much faster melting than anyone had expected. If *either* of these ice sheets melts away, sea levels will rise more than *7 meters*, with utterly disastrous implications for island nations and low-lying regions from Bangladesh to Louisiana.

Climate disruption on this scale is a direct threat to sustainable development. Resources we consume responding to disasters are not available to build new infrastructure and improve people's lives. On the other hand, investing in a low-carbon energy future supports both climate security and sustainable development, in both developed and developing countries.

Though it is past time to avoid all damages, we can still prevent the worst. The guiding principle for these negotiations must be to limit global warming below a 2°C increase. To do this, global emissions need to peak by the 2020s at the latest. The challenge is enormous, no doubt about that. But it can, and must, be done.

To this end, an equitable and effective bargain for the next period needs to involve three elements:

- deeper reductions from developed countries,
- broader participation by significant emitters, and
- expanded market mechanisms to knit countries together for mutual benefit.

Let's discuss each element in turn.

Deeper Reductions

Developed countries must take the lead. They are most responsible for the historic build-up of greenhouse gas concentrations and have the most capacity for reductions. To allow developing countries a fair share of the global emissions budget, developed countries need to reduce their emissions by 15-20% below 1990 levels by 2015 and 30-35% by 2020.

Broader Participation

Success, however, cannot be achieved by the developed countries alone. All significant contributors to global emissions – both developed and developing – need to play their part.

Accordingly, the AWG should explore ways of applying the principle of “common and differentiated responsibilities” to broaden participation.

For example, based on a variety of indicators, the South-North Dialogue on Equity in the Greenhouse identified some 15 countries with high levels of economic development and emissions – including South Korea, Mexico, and Singapore – that should begin taking on emission targets in the second commitment period.

In addition, other developing countries with rapidly growing emissions should consider taking on new ideas, such as “no-lose” targets built on baselines that slow business-as-usual growth, which can open vastly greater access to the market mechanisms.

Expanded Market Mechanisms

To make this work for both developed and developing countries, market mechanisms need to be expanded. Even before the first commitment period has started, we can see that they have the potential to mobilize capital to support emission reductions and sustainable development.

We are talking billions of dollars each year, hundreds of times larger than what realistically can be expected from traditional technology transfer and financial assistance provisions. The CDM has already generated more capital in less than two years than the GEF has over its entire lifetime.

The market mechanisms can be a win-win-win. They enable developed countries to make deeper emission cuts, by reducing the cost of making those cuts. They will enable developed countries to undertake cleaner development. And they enable countries acting together to reduce global emissions.

But we must think bigger. CDM can be scaled up from the project to the sectoral level. Emissions trading can be expanded to include developing countries.

Length of the Next Commitment Period

Many Parties have commented on the appropriate length of the next commitment period. The five-year period gives enough flexibility against year-to-year emission spikes while still providing a basis for assuring compliance. Setting longer-term indicative target to guide the next commitment period negotiations could be one way of showing to industry the longer term intent of Parties, without extending the commitment period.

Process Lessons from Kyoto

There are several lessons to learn from the Kyoto Protocol negotiations.

First, to assure that there is no gap between the first and second commitment periods, it is necessary to complete these negotiations early enough to allow for the ratification process. Experience shows that the agreement will take several years to enter into force. For this reason, the AWG should specify a concrete date for the end of the negotiations in 2008 to ensure that there is indeed no gap.

Lesson two is that negotiating the Kyoto Protocol took eight and a half meetings over the space of just 18 months. Clearly this implies that the AWG must schedule additional, inter-sessional meetings to negotiate the second period agreement.

Lesson three is from the Kyoto negotiations is to organize subgroups to address specific areas of work. In our opinion, a logical structure of subgroups would cover:

- Establishing the levels and differentiation of emission reduction commitments.
- Expanding the market mechanisms.
- Addressing land use change and forestry – this time *before* other commitments are finalized.
- Addressing maritime and aviation emissions, which cannot be left out again.

Dealing with the Duck

An effective agreement must involve the world's largest emitter. But it would be a fatal mistake to tailor your negotiations to that country's present demands. The Americans have an expression: "If you build it they will come." There is an enormous groundswell in the United States towards mandatory emission limits and market-based mechanisms – a return to ideas the U.S. originally brought to Kyoto. The AWG should design the next agreement the right way without delay.

Conclusion

This first session of the AWG, together with the dialogue on long-term cooperative action mark the start of a new era in the further advancement of the international response to climate change.

Reducing global GHG emissions to stay below the 2°C threshold is possible, but it requires much deeper emission reductions by developed countries, increased contributions by developing countries, and expansion of the market mechanisms.

We hope that you will conclude this first AWG session next week with a concrete work plan for the next two and a half years that will be able to deliver the results needed to avoid dangerous climate change.