

ECO



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ECO email: ecopaper@hotmail.com – ECO website: <http://www.climatenetwork.org/eco> – Editorial/Production: Nithiyanthan Nesadurai/ Sander Wijsman

Seeing the Forest for the Trees

The negotiations this past week seemed to lack a sense of urgency. The divergent viewpoints over the Article 9 review of the Kyoto Protocol are mired in conflict, which threaten to block progress on this all important agenda item. ECO wants to remind Parties of the fundamental objectives and asks them to put aside these disagreements.

In Montreal it was agreed, in the context of the Article 3.9 review, that the Kyoto commitment periods should be contiguous, i.e. there shall be no gap. This is critical to the success of our efforts to prevent dangerous climate change. As a consequence of the simultaneous imperative to broaden and deepen action in reducing emissions, the Article 9 review is essential. This review must be completed in time for ratification of the amended Kyoto Protocol so that there is no gap between commitment periods. To achieve this goal, the resulting amendments from both reviews to the Protocol need be negotiated and agreed upon no later than 2008.

ECO has noted before that the Article 9 and Article 3.9 reviews are complementary and need to be mutually informative. In order to achieve this, COP/MOP3 in 2007 would have to agree a set of decisions that relate the Article 3.9 review process to outcomes of the Article 9 review, and in effect mandate the terms of negotiations and a timetable for these to be completed by 2008. A later start to the negotiations would render the objective of contiguous commitment periods meaningless.

For a successful mandate negotiation in 2007, the issues beyond those covered by the

Article 3.9 review need to be developed and scoped out. So far at COP/MOP2 insufficient preparatory work has been done on the Article 9 review to allow for a credible assessment, when compared against the ultimate objective of the Convention. In order to prepare for the adoption of a mandate at COP/MOP3 that initiates full negotiations on the next stage of Kyoto, COP/MOP2 needs to agree to start the Article 9 review now and to reach concrete conclusions at COP/MOP3 that can feed into the mandate decision.

A basic starting point must be that this review builds on the architecture of the Kyoto Protocol and its enabling Marrakech Accords, specifically the legally binding Quantified Emissions Limitation Reduction Objectives structure for Annex I Parties and the trading mechanism. Furthermore, the review must be aimed at identifying the necessary range of amendments, including enhancements and structural changes, to the Kyoto Protocol and Marrakech Accords. These must be fully consistent with the principles of common but differentiated responsibilities and equity that underpin the UNFCCC. And of course inputs into the Article 9 review must be informed by the work of the Ad Hoc Working Group on the Kyoto Protocol.

Accordingly, decisions on Article 9 here at COP/MOP2 should be aimed at supporting the adoption of a mandate at COP/MOP3, fully taking into account the substantive issues discussed above. Timetables should not extend beyond 2007. This is a challenging task but the

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Where is the EU?

At the beginning of week two, one can be forgiven for being confused about where the EU stands on the key issues facing the Nairobi COP. If the EU is going to exercise its much-vaunted leadership, then now would be a very good time. The waffling and mixed signals that characterised its performance in week one are unacceptable.

As ministers begin arriving, CAN urges the EU to speak up loudly in favour of moving rapidly ahead with preparations for a post-2012 negotiating mandate to be agreed at COP/MOP3 next year and then completed by 2008. This timeline is necessary as a response to the urgent calls from across the globe for rapid action to send the right signal to the private sector in particular about the future of the carbon markets.

It is especially necessary in the case of the EU as it will take years for Europe to ratify, agree burden-sharing arrangements internally and, most importantly, to put the policies and programmes in place to implement their new commitments.

No gap means NO GAP. Also, any considerations of extending the current commitment period must be abandoned now.

Developing countries are rightly sceptical about whether or not Annex I countries are living up to their part of the bargain. The EU could alleviate some of that scepticism if it put its cards on the table.

France, Germany and the UK have very publicly called for an EU emissions reduction target of 30 per cent by 2020. Dutch Prime Minister Jan Peter Balkenende has just experienced a global warming epiphany (thanks to Al Gore) and is supporting urgent

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All Forests Matter

It is universally recognised that tropical deforestation has a huge influence on the climate system as well as catastrophic impacts on biodiversity and forest communities.

The initiative to address deforestation in developing countries was therefore welcomed by Parties and NGOs alike. Several specific policies to address deforestation emissions have been proposed. Most, however, are better suited to developing countries with high deforestation

rates and, as such, provide no incentives to regions with low levels of deforestation, such as the Congo Basin, to protect their forests.

In other words, those with high deforestation rates can be compensated through current proposals, but those that have conserved their forests may not.

As the Congo Basin countries pointed out in their SBSTA plenary statement, this is unfair. A range of policy approaches should be

considered to provide incentives both for countries with high existing deforestation emissions and for those with a high potential for future increases.

Delegates should carefully consider inclusive policy approaches which take into account the range of country circumstances. This will enable and encourage developing countries with large forested areas to make a substantial contribution to the international efforts in avoiding dangerous, anthropogenic interference with the climate system.

Annex B Entrants Need Clear Processes

The Belarus proposal has highlighted the need for a credible process for Parties joining Annex B in the first commitment period. There also needs to be a clear process on how targets are approved by other Parties. Both are essential for the integrity and transparency of the Protocol. This should be discussed by the SBSTA at its next session. The terms on which their involvement is agreed will also set a precedent for other Annex B entrants and for the post-2012 framework.

The target proposed by Belarus is 95 per cent of its GHG emissions compared to 1990 levels. This target, however, is two per cent higher than the worst-case scenario calculations made by Belarus itself (93 per cent), while current emissions are more than 45 per cent lower than those in 1990.

There is no doubt that some of this has been achieved by prudent GHG reduction measures. Much of it has been achieved through a switch in the fuels used to generate energy. Be that as it may, the high projection of its future

emissions entails that additional "hot air" will enter the system. This would diminish the environmental integrity of the Kyoto Protocol.

Furthermore, Belarus' proposal may reduce the market price of Certified Emissions Reductions and the competitiveness of Clean Development Mechanism projects. Also, because of US' withdrawal from the Protocol, the potential demand has decreased from when other, similar targets were negotiated by existing Annex B countries.

ECO acknowledges Belarus' efforts to increase the use of renewable energy, adopt energy efficiency measures and decouple its gross domestic product growth from the growth in its emissions, which have stayed almost stable since 1995. It is also noted that Belarus prepared drafts of the Joint Implementation (JI) legislation and is willing to follow JI track II procedures. Nevertheless, ECO encourages Belarus to put forward a target, which is more in line with this decoupling.

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least the world can do in face of the extreme and urgent nature of the dangers it is threatened with.

For those who have most to lose from climate change, not least of all many in the developing world, there are two compelling reasons to support a decision at this meeting on the Article 9 review that is strong but time-limited and consequently a full Mandate at COP/MOP3. Firstly, only by that does the world stand a chance to prevent dangerous climate change. Secondly, only the increased financial flows and technology transfer driven by deeper targets for Annex I countries and enhanced mechanisms can serve the multi-billion dollar needs of developing countries on adaptation as well as clean energy investments. These financial flows will never materialise without such a clear mandate decision.

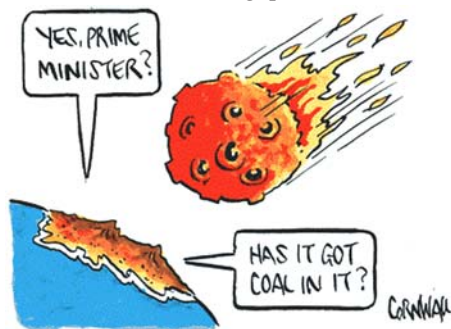
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action. Are Denmark, Sweden, Belgium, Austria and other traditionally progressive countries behind this target? This issue will be decided at EU Heads of State and Government level in March next year.

With emerging impacts, the Stern Report and an unprecedented public call for urgent action, perhaps it is time for member states to play their part in "encouraging" the EU to get its act together, clarify its position on timing and targets, and do the right thing.

Dodgy Australian Debate

Remember the ridiculous debate of a number of years ago to get nuclear power as part of the Clean Development Mechanism (CDM)? Parties resisted pressure from the nuclear industry and kept nuclear power out of the CDM and out of the Kyoto Protocol.

There are interesting parallels with the



current carbon capture and storage (CCS) in the CDM debate. Australia, the world's largest exporter of coal in the world, appears delighted with the development. As must be the coal corporations, because CCS in the CDM would ensure a foot in the door of the Kyoto Protocol for the non-ratifier.

Let's get a bit of "Australian" reality into the debate from the Australian Government's own research agency, ABARE. They assume the widespread global deployment and adoption of energy efficiency, and the utilisation of CCS technologies in key regions, with global greenhouse gas (GHG) emissions projected to be about 26 per cent below reference case levels at 2050.

Sounds reasonable until it is realised the reference case is more than 25 Gt carbon-

equivalent. In other words, under this CCS scenario, there would be a 70 per cent increase in GHG emissions by 2050, when the science is stating there needs a reduction in global emissions by 50 per cent over the same period. Cheers.

So Australia, tell us how CCS, whether in or out of the CDM, is going to significantly reduce global emissions? What about spending as much time talking about how to significantly ramp up energy efficiency and renewables rather than business-as-usual coal?