UN Climate Negotiations: analysis of latest positions

by Oscar Reyes
Friday, 08 May 2009

A new global climate treaty is shaping up to have carbon trading at its centre, creating new loopholes to avoid cleaning up the climate, writes Oscar Reyes

Â

The US has played its hand, finally, if rather tentatively in the negotiations leading to a new UN climate treaty to be signed in Copenhagen this December. You can find them, with a range of other submissions, on the UNFCCC website. In fact, the US position remains thin on detail - other than to reiterate ObamaÂ´s previous statement that the US will reduce emissions to 1990 levels by 2020. To put this in some context, the Clinton administration had agreed to a 7 per cent reduction on 1990 levels by 2012 - before renaging on its promise. The cost extracted for this "generous" concession to binding targets at the time was a system of carbon offsetting, put on the table by Al Gore (the chief negotiator at Kyoto) that still plagues the talks today.

The EU and sectoral carbon markets

There is some admission that these offsets are not working. The European Commission, in particular, now claims that it wants to see "substantial reform" of the Clean Development Mechanism, the controversial system that allows credits from a serious of dubious corporate projects in the global South to be treated as equivalent to "reductions" in industrialised countries.

The EU acknowledges the failings of this system, but its actual proposals for reform currently take the worst aspects of the scheme and exacerbate them. In particular, it advances a proposal for sectoral carbon markets, which is presented as a move away from controversial offset projects. Yet these proposals for Â´sectoral creditingÂ´ are being made within the framework of the Clean Development Mechanism, and have the potential to massively increase its scope. At the same time, they would lower the already inadequate checks on environmental sustainability and social justice, bypassing the current requirement to assess each project individually. This has been the dream of dodgy offset developers the world over.

The EU is proposing that CDM offset credits can be generated by any practice that alters Â´business-as-usual trendsÂ´ in particular sectors - but this is not the same as a reduction. In most sectors, for example, the trend since 1990 (the usual baseline) has involved enormous increases, while the recent growth trends are slower. Depending on the baseline that is chosen, a baseline target could allow for continued increases over and above those that are currently being witnessed.

Another problem is that the existing data is often extremely poor - which means that assessments of business-as-usual are in the hands of the companies active in those sectors themselves. There is a clear incentive here for companies to talk up current emissions levels, in order to then maximise the number of carbon credits they would receive as a result. The over-allocation in the first phase of the EU Emissions Trading Scheme is a clear precedent for just such a practice.

The EU is proposing a separate "sectoral trading" scheme alongside this sectoral crediting - which is as confusing a mess as that sounds. One of the major failings of carbon trading has been this mix-and-match approach, where a finite "cap" is set with one hand, only for that to be lifted with the other hand by "offsets" that increase undermine it.

Since these credits can be sold on an international market, there is a very serious change they would further undermine the integrity of the EU ETS as well.

More new carbon market proposals

There are a serious of other proposals on the table too. These include a whole paper from Korea advocating a National Appropriate Mitigation Actions (NAMA) "crediting mechanism," ie. carbon market credits in relation to emissions benchmarks, which would be set in non-binding national action plans. Norway has a proposal on NAMA carbon credits that ostensibly looks quite similar.

The South Africa delegation, which appears to have swallowed an acronym dictionary, suggests that "NAMAs may comprise individual mitigation actions, sets of actions or programmes. Developing countries may choose from a variety of forms of action, including SD PAMS, REDD, programmatic CDM, no lose sectoral crediting baselines and others"

These are mostly market-mechanisms, although Sustainable Development Policies And Measures (SD PAMS) and REDD can be market-based or regulatory.

By contrast to all the above, Brazil seems to suggest that NAMAs should not generate offset credits.

Watering down EU ambition

Another new and re-iterated aspect of the EUÂ´s proposals relates to its emissions reduction target of 20 per cent to be achieved irrespective of the agreement - although most of this could, if the EU wanted, be met with reductions from abroad - and 30 per cent in the context of an international agreement.

In a joint submission with Australia, Belarus, Canada, Norway, Switzerland and Ukraine, it is reported that the EU defines the 30 per cent as "including Land Use, Land Use Change and Forestry." These emissions are notoriously difficult to verify, for which reason they are currently excluded from the EUÂ´s Emissions Trading Scheme. They also donÂ´t count towards the 20 per cent target.

Including LULUCF "reductions" would help the EU to meet its "more ambitous" target without making that task more ambitious, as a result of which they are included. To give a sense of scale of the difference that might make, the current figures on LULUCF from the European Environment Agency are as follows (countries can choose whether or not to count these towards their current Kyoto Protocol reduction target): "Overall, activities under Articles 3.3 and 3.4, thirteen EU 15 Member States are projected to remove 57.5 Mt CO_2 per year of the commitment period. This is equivalent to 17% of the EU 15 reduction commitment of 341 Mt CO_2 per year of the commitment period, or 1.3 of the 8% reduction target."

That needs decoding. Articles 3.3 and 3.4 relate to aforestation and reforestation (tree planting). 341 Mt is how much CO_2 per year the EU is commited to reduce. This means that LULUCF changes accounts for a net decrease of around 1.3 per cent of the EUÂ´s overall emissions, but this is almost one-fifth of the action needed to make a reduction.

In other news: binding reductions for China?

The emergence of a US negotiating position of sorts has been reported with a flurry of excitement about how it has, in turn, pushed China closer to a position from whichit could strike a deal. In fact, the Guardian report names an unofficial source, who floats a potential commitment to "intensity targets." These are not emissions reductions, but relate to the proportion of emissions per unit of GDP. If the economy grows, emissions will be carried along with it.

REDD plus

On deforestation, various countries make proposals for REDD plus. According to the Bali Action Plan of December 2007, which kicked off the current negotiation round, this means: â€œPolicy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countriesâ€•.

REDD-Monitor explains some of the drawbacks here

The best of these positions is from Bolivia which argues for this to be directly funded rather than tied to the carbon market. It says:

"1. A fund based mechanism allows for equitable distribution of funds.

2. It will not allow for off-set mechanisms.

3. Is more likely to ensure environmental integrity.

4. Is able to protect the rights of indigenous peoples and local communities as there is no transfer of rights of carbon ownership to the market.

5. Ensures sovereignty and national as well as local control over REDD-plus activities. Where the REDD plus activities must be framed under the national laws and policies and to not affect the national interests.

6. Forest conservation can be funded, including adaptation activities related to forests."

Climate finance

Some of the key debates concern financing. China, amongst other things, restates that:

"The developed country Parties shall fulfill their financial commitments under the Convention in a measurable, reportable and verifiable manner; any funds pledged outside the UNFCCC shall not be regarded as the fulfillment of commitments by developed country Parties for the implementation of Article 4.3 of the Convention and the Bali Action Plan."

The implication of this is that it still does not accept that controversial World Bank Climate Investment Funds would be counted as financial commitments from developed nations. These funds have the backing of (and funding from) the EU and US, amongs others.

EU Commissioner Stavros Dimas recently let slip that climate financing for development"will have to be both brand new funds and existing development monies." He then stressed that "mostly it should be new," but the fear lingers on that a lot of this money will be a repackaging of previous commitments, topped up by revenues from carbon markets.

Â