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Climate change: Questions and Answers on the UN climate conference in Durban

1. Why another climate change conference?

Parties to the UN Framework Convention on Climate Change (UNFCCC)¹ and the Kyoto Protocol² meet once a year at high level to discuss how to advance international action to combat climate change. South Africa is hosting this year's conference from 28 November to 9 December in Durban. It will be the UNFCCC's 17th 'Conference of the Parties' (COP 17) and the Kyoto Protocol's 7th 'Conference of the Parties serving as the Meeting of the Parties' (CMP 7). The high-level (ministerial) segment will run from 6 to 9 December.

The 2007 conference in Bali launched negotiations to draw up a global regime to combat climate change for the period after 2012, when the Kyoto Protocol's first commitment period will end. The negotiations were meant to conclude at the Copenhagen conference in December 2009, but this proved not to be possible. The Copenhagen conference resulted instead in the Copenhagen Accord, a non-binding document which was not adopted as a UN decision. However, the key elements of this accord were formalised as UN decisions and enlarged upon in the Cancún Agreements, reached at last year's conference in Mexico.

The Cancún Agreements, which among other things recognise the need to limit global warming to less than 2°C above the pre-industrial temperature, represent a step towards an eventual global climate framework, but many of their elements have yet to be made operational.

2. What can the Durban conference achieve? Will it deliver the global climate deal that Copenhagen and Cancún did not?

The EU strongly believes that an ambitious, comprehensive and legally binding global climate change framework which engages all major economies is needed if the world is to avert dangerous climate change. Europe was ready to agree such a framework in Copenhagen and Cancún, and remains ready to do so in Durban.

It is clear, however, that a number of other major economies are not prepared to take this step yet. For the EU it is therefore imperative that, as a minimum, Durban reach agreement on a detailed roadmap and timeline for finalising this framework as soon as possible and for implementing it no later than 2020.

¹ The UNFCCC currently has 195 Parties, including the EU and all EU Member States

² The Kyoto Protocol currently has 193 Parties, including the EU and all EU Member States. The main difference from the UNFCCC is that the United States has not ratified the Kyoto Protocol.

In order to accelerate climate action on the ground in the short and medium term, the conference must also take the follow-up decisions needed to make many elements of the Cancún Agreements operational and tackle a number of key issues which were left aside there.

All these elements should be tied up in a balanced package of decisions that is acceptable to all Parties.

3. What is the EU doing to reduce its own greenhouse gas emissions?

The EU recognises that developed countries have a responsibility to take the lead in combating climate change. Europe is committed to becoming a highly energy-efficient, low greenhouse-gas-emitting economy. It is working successfully to reduce its emissions of greenhouse gases, which account for around 11% of global emissions (including emissions from deforestation), and decouple them from economic growth.

With the help of policies and measures implemented at EU and national level over the past decade, the EU and its 27 Member States are on track to comply with, or even over-achieve, their emission reduction commitments under the Kyoto Protocol.

The 15 EU countries which were Member States at the time the Kyoto Protocol was agreed have committed to reduce their collective emissions during the **2008-2012** period to 8% below the level in a chosen base year (1990 in most cases). In 2010 emissions from these 15 Member States were provisionally 10.7% lower than base year levels while GDP growth was almost 37% higher. Ten of the 12 countries which have become EU Member States since 2004 have individual Kyoto Protocol reduction targets of 6 or 8%. Most of these Member States are also on track to overachieve these commitments. In 2010 their collective emissions were around 30% below base year levels while their economies grew by around 70% since 1990.

For **2020** the EU has made a unilateral commitment to reduce its greenhouse gas emissions to 20% below 1990 levels and has also set itself the target of obtaining 20% of its energy from renewable sources. It is the only region of the world that has put in place binding legislation to ensure its 2020 targets will be met. The EU has also made a conditional offer to scale up its 2020 emissions reduction target to 30% below 1990 levels if other major economies commit to doing their fair share as part of a global and comprehensive post-2012 climate agreement.

Scientific evidence shows that to prevent global warming of more than 2°C, global emissions will need to be cut by at least half of their 1990 levels by 2050. In line with this and in the context of the developed world's responsibility to lead, the EU has set itself the objective of reducing its emissions by 80-95% below 1990 levels by **2050**. Earlier this year the European Commission put forward a roadmap that charts a cost-effective pathway for making the transition to a competitive, low carbon European economy that this reduction will require.

4. What financial support is the EU providing to help developing countries combat climate change?

The EU is the largest contributor of climate finance to developing countries and the world's leading provider of official development assistance (ODA), responsible for almost 60% of all ODA in 2010.

In addition to its traditional development aid, the EU is committed to providing €7.2 billion in 'fast start' funding over the three years 2010 to 2012 to help developing countries adapt to climate change and mitigate their emissions. This commitment represents almost one-third of the total figure of nearly US\$ 30 billion in fast start funding pledged by the developed world for 2010-2012 under the Copenhagen Accord.

The EU delivered €2.34 billion of fast start funding in 2010 and, despite the difficult economic situation and tight budgetary constraints, has mobilised the same amount this year. This takes the total so far to €4.68 billion, or two-thirds of the total the EU will provide by the end of 2012. As it did in Cancún last year, the EU will make a comprehensive and transparent progress report on the implementation of its fast start commitment at the Durban conference.

In Copenhagen and Cancún developed countries jointly committed to mobilising climate finance of US\$ 100 billion a year by 2020 in the context of meaningful mitigation action and transparency on implementation from developing countries. The EU is ready to take on its fair share of this total.

The EU considers that both public and private flows are indispensable elements of climate finance but that the large financial flows required will be mostly private in the long run. International climate finance should be used as a lever to incentivise climate resilient and low carbon investments, complementing domestic resources in developing countries. The EU welcomes, as a good basis for discussion, the report prepared by international organisations for the G20 Finance Ministers on mobilising climate financing.

In Durban, Parties should seek agreement on a process for considering possible sources of climate finance to secure progress in the international negotiations. Market-based instruments to reduce emissions from international aviation and maritime transport should be among those considered as these sectors could be a source of significant climate finance.

5. Why is a global climate framework engaging all major economies needed?

In Copenhagen and Cancún the international community recognised the need to hold global warming below 2°C (3.6°F) compared to the pre-industrial temperature in order to prevent dangerous climate change. The Cancún Agreements recognise that deep cuts in global greenhouse gas emissions are required to achieve this. According to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), global emissions will need to be cut by at least 50% of their 1990 levels by 2050 for the world to have a fair chance of staying below 2°C.

Total emissions from the developing world already slightly exceed those from developed countries and this share will progressively increase in the future. Based on all countries' current commitments, it is estimated that by 2020 nearly two-thirds of global emissions will come from developing countries, in particular the major emerging economies amongst them – China, India, Brazil, Mexico, South Korea and Indonesia.

It is therefore clear that global action is needed to achieve the deep cuts in global emissions necessary to avert dangerous climate change. This action must be led by the major economies in both the developed and the developing worlds since they are the biggest emitters.

The Kyoto Protocol is an important first step towards tackling greenhouse gas emissions but it does not provide for global action since it requires only developed countries to limit or reduce their emissions. Because the US has not ratified Kyoto, the Protocol's first commitment period covers less than 30% of global emissions. Moreover, Japan, Russia and Canada have joined the US in stating that they will not engage in a second commitment period, so Kyoto is unlikely to cover more than 16% of global emissions after 2012.

A global climate framework requiring all major economies to take action is therefore needed as soon as possible. To be most effective, this framework should be ambitious, comprehensive and legally binding. Since such a framework is unlikely to be in place by 2013, the EU is open – provided certain conditions are met – to a second commitment period of the Kyoto Protocol as part of a transitional phase, together with more stringent pledges by Parties to limit or reduce their emissions by 2020, before the global framework takes effect.

6. What should the Durban roadmap for a legally binding global framework contain?

The roadmap needs to specify that:

- The outcome of negotiations on a global climate framework should be a Protocol or another legally binding rules-based instrument under the UNFCCC;
- Completion of the negotiations should be linked to the 2013-2015 review of the adequacy of the 2°C temperature ceiling and a deadline should be set for the entry into force of the global framework no later than 2020;
- The new legally binding instrument will be based on the elements set out in the Bali Road Map and agreed in Cancún and will preserve the essential elements of the Kyoto Protocol, such as binding emission targets, transparency through monitoring and reporting of emissions, and clear definition of the sectors and gases covered;
- The global framework will also include:
 - Emissions mitigation commitments by all significant emitters;
 - A robust international system of accounting for emissions;
 - A robust system of monitoring, reporting and verification (MRV) of national action, including processes of international assessment and review (IAR) to support developed countries and international consultation and analysis (ICA) to support developing countries;
 - One or more new market-based mechanisms for reducing emissions cost-effectively;
- Mitigation commitments should respect the UNFCCC's principle of "common but differentiated responsibilities and respective capabilities." However, this principle, which dates from 1992, should be applied in a way which reflects evolving global political and economic realities.

7. Will the EU engage in a second commitment period under the Kyoto Protocol? Under what conditions?

As part of a transition to the wider international climate regime that is needed, the EU is open to engaging in a second Kyoto period lasting no longer than 2020 on condition that agreement is reached on:

- The roadmap and deadline for negotiating a comprehensive and legally binding global climate framework;
- Strengthening Kyoto's environmental integrity through a robust accounting framework for forest management and through a solution to the issue of surplus emission budgets ("AAUs") from the first commitment period. This solution must be non-discriminatory and preserve incentives for the overachievement of emission targets;
- Establishing one or more new market-based mechanisms in order to boost the development of a robust international carbon market.

8. How should Kyoto's accounting rules for forest management in developed countries be made more robust?

Forests are huge stores of carbon. They naturally both emit and absorb (remove) carbon dioxide (CO₂) to and from the atmosphere.

Under the Kyoto Protocol, developed countries have to count emissions and removals related to afforestation/reforestation activities and deforestation towards their emission targets. However, they can choose whether or not to account for emissions and removals resulting from 'forest management', i.e. management activities such as harvesting and replanting of trees on land which was forested before 1990 and which remains forested today. The optional nature of this rule and the way in which accounting is done is a weakness of the Protocol; it can reduce the practical impact of emission reduction targets and creates little incentive for countries to increase the CO₂ uptake of their forests.

The EU favours tightening up the way forest management accounting is done to increase its environmental integrity and create a greater incentive for mitigating emissions. Europe also wants to make it mandatory for developed countries to account for emissions and removals from forest management provided they are granted certain flexibility in how to do so.

Negotiations under the Ad Hoc Working Group on the Kyoto Protocol are well advanced on revising the forest management accounting rules as part of a wider set of revised accounting rules for emissions from land use, land use change and forestry ('LULUCF'). The EU wants the revised LULUCF rules to be agreed in Durban.

9. What should Durban do about surplus emission budgets from Kyoto's first commitment period?

Under the Kyoto Protocol's accounting system, all developed country Parties have been allocated an emissions 'budget' – known as assigned amount units (AAUs) – corresponding to their emissions target for the first commitment period. Kyoto allows any surplus AAUs to be banked for use in subsequent commitment periods. Currently a significant surplus of AAUs has built up in a number of countries, reflecting primarily a decrease in manufacturing output but also emission reductions resulting from climate and/or energy policies. This surplus, estimated to be equivalent to 10-11 billion tonnes of carbon dioxide (CO₂), or more than twice the total annual emissions of the EU, could affect the environmental integrity of the Protocol if it is not addressed appropriately.

A solution needs to be agreed in Durban that maintains an ambitious level of environmental integrity and preserves incentives for overachievement of emission targets in the future. It must also treat EU and non-EU countries equally and without discrimination.

10. What should Durban decide on carbon market mechanisms?

For the EU, the establishment of one or more new market-based mechanisms for developing countries is essential to enhance the cost-effectiveness of global action and help ensure warming is kept below 2°C. Carbon market mechanisms are important instruments for reducing greenhouse gas emissions cost-effectively, mobilising finance from the private sector and driving investment in low-carbon technologies.

The new mechanism(s) should go beyond the project-by-project approach of the Clean Development Mechanism (CDM) by covering whole industry sectors. In requiring contributions to emission reductions by developing countries, according to their respective capabilities, the new mechanism(s) should also go beyond the CDM's pure offset-based approach.

The mechanism(s) should consist of a common core set of rules and procedures at international level to guide national implementation of the mechanism(s) in developing countries. Such a coordinated approach at UNFCCC level is critical to provide a framework for the variety of new mechanisms and pilot activities being developed at national level around the world and to prevent fragmentation of the international carbon market, which would reduce transparency and liquidity. However, flexibility could be retained for detailed design features, and national arrangements could differ between countries, for example on how crediting thresholds are reached.

11. What other issues should Durban address?

The Cancún Agreements found the appropriate balance between the interests of all Parties and made significant progress in establishing the processes and institutions needed to tackle climate change. However, much of the detail was left to be worked out later.

Durban must operationalise these processes and institutions by deciding on the key details. It must also fill in the gaps by addressing key issues that were left unresolved in Cancún. Another balanced package of decisions acceptable to all Parties should be the outcome.

For the EU, a number of elements concerning the mitigation of emissions are critical to this package:

- **Emission pledges:** Current emission pledges for 2020 are collectively inadequate to put the world on course to stay below 2°C. Durban must acknowledge and quantify this "ambition gap", identify options for addressing it and define a clear process to examine these in 2012 in order to make progress at COP 18/CMP 8.
- **Global objectives:** Consistent with the 2°C ceiling, Durban should set a global emissions reduction goal for 2050 and a deadline for global emissions to peak by no later than 2020.
- **Accounting:** Durban must decide that a rigorous, robust and transparent international emissions accounting system that builds on Kyoto's accounting system should be developed as soon as possible. This is important for ensuring the comparability of commitments and in particular for tracking developed countries' progress towards their targets. In Durban the key elements of the common accounting system should be identified and a process defined to elaborate its details, including a clear timeline.
- **Transparency:** Durban must make operational the enhanced system of monitoring, reporting and verification (MRV) established in Cancún. This means adopting guidelines on the biennial reports of Annex I and non-Annex I Parties and making progress towards finalising modalities for the new processes of international assessment and review (IAR) for Annex I countries and international consultation and analysis (ICA) for non-Annex I Parties.
- **Aviation and shipping:** To keep global warming below 2°C, all sectors will need to contribute. Emissions from international aviation and maritime transport, which are not covered by the Kyoto Protocol, are significant and steadily increasing. In Durban, Parties should agree under the UNFCCC to urge the UN organisations responsible for these sectors, ICAO and IMO respectively, to develop global instruments to tackle their emissions. This could also enable international aviation and shipping to become a significant source of climate finance for developing countries.
- **Agriculture:** Agriculture is relevant not only to emissions mitigation but also to adaptation to climate change and food security. Negotiations on a UNFCCC work programme on agriculture have been under way for some time and this should be formally established in Durban.
- **HFCs:** Durban should urge the Montreal Protocol on protection of the ozone layer to take action to phase out hydrofluorocarbons (HFCs), a family of industrial gases with extremely high global warming potentials. HFCs are increasingly used as substitutes for gases that damage the ozone layer.

The following processes and institutions need to be made operational through follow-up decisions in Durban:

- **The Green Climate Fund:** Operationalising the fund is important in order to complement the existing network of funding mechanisms. The proposals drawn up by the Transitional Committee are a good basis for a decision in Durban;
- **The Standing Committee on climate finance:** the Standing Committee should provide a periodic overview of financial flows of climate finance from all relevant sources, review the distribution of climate finance and encourage synergies and coordination. Durban should agree on the setup and functioning of the Standing Committee;
- **The Technology Mechanism and Climate Technology Centre and Network;**
- **The Adaptation Framework and Adaptation Committee;**

- **REDD+:** Cancún provided a general framework for policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation as well as promoting conservation, sustainable management of forests and enhancement of forest carbon stocks ('REDD+'). To make this operational as soon as possible, Durban should work on operationalising a financial mechanism to support capacity building and the implementation of result-based demonstration activities under REDD+ and on the modalities for assessing and rewarding the performance of countries participating in it.

12. Who will negotiate for the European Union in Durban?

As a regional economic integration organisation, the European Union is a Party to both the UNFCCC and the Kyoto Protocol. The 27 EU Member States are also Parties in their own right.

Poland, as current Presidency of the Council of the European Union, and the European Commission share responsibility for leading negotiations on behalf of the EU in Durban. However, representatives from several Member States are designated as lead negotiators for the EU on specific issues and therefore also speak on the EU's behalf in the negotiations on these issues.

The Polish Presidency will ensure that the EU position is coordinated so that the EU speaks with 'one voice' even if the message is delivered by different people.