

FERN Rue d'Edimbourg 26,
1050 Brussels
Phone: +32 2 894.46.94
hannah@fern.org
www.fern.org



FERN'S CONTRIBUTION TO 2015 INTERNATIONAL CLIMATE CHANGE AGREEMENT: SHAPING INTERNATIONAL CLIMATE POLICY BEYOND 2020

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FERN welcomes the Commission's Consultative Communication on the 2015 International Climate Change Agreement. We are grateful for the opportunity to comment on the issues in the consultation's remit.

FERN is a European non-governmental organisation. We work to achieve greater environmental and social justice in the policies and practises of the European Union, with a focus on forests and forest peoples' rights. We will deal with Qu.3 and Qu.6.

Question 3: How can the 2015 Agreement most effectively encourage the mainstreaming of climate change in all relevant policy areas?

Introduction

As the Commission has expressed in its communication, climate change policy cannot stand alone. This communication mentions the importance of integrating climate policy across all areas and highlights the need for climate policy to form a key component in the design of, among others, forestry policy. Since FERN works primarily on forest issues, we will focus on this section.

It is true that forests play an important role in mitigating climate change, and conversely, that land-use change, mainly due to deforestation, has important climate impacts, releasing carbon into the atmosphere. It is estimated that deforestation causes between 12 and 20 per cent of global emissions. Avoiding and reducing land carbon emissions is therefore an integral part of any comprehensive approach to solving the climate change



problem. The 2015 Agreement could give real impetus to key measures that tackle deforestation.

We believe it is key, however, that *'mainstreaming climate change in policy areas, such as forestry and agriculture'* is based on policies that tackle forest loss through reduced European consumption and improved community rights over forests rather than schemes to quantify forests in terms of carbon. **The 2015 Agreement could be a key moment to encourage demand-side measures such as tackling consumption in industrialised countries and preventing the trade of goods with high levels of embodied deforestation. Other measures could be to improve forest governance and the land rights of forest dependent peoples and local communities, who play an important role in reducing deforestation.**

Evaluating existing forest & climate policies

The existing climate agreement under the Kyoto Protocol mainstreams land-use change and forestry through the policy of Land Use, Land Use Change and Forestry (LULUCF). The UNFCCC is considering the possibility of a second mechanism called Reducing Emissions from Deforestation and forest Degradation (REDD+). We will first take stock of these existing mechanisms and policies before detailing how the 2015 Agreement could be used to encourage forestry policy (as well as related policies such as agricultural policy) to reduce deforestation.

- **LULUCF**

LULUCF requires countries to account for changes in stock between the first commitment period (2008 to 2012) and 1990. Under Article 3.3, parties have to report all afforestation, reforestation and deforestation (that is, where there is a change of land use to or from forest land to another land class, such as grassland or cropland).

LULUCF rules were negotiated after the overall target was agreed (5% global reduction from 1990 levels by 2012), and as a result of clauses in Article 3.4, countries can decide how they follow the rules, including how they account for emissions and sinks. LULUCF is therefore widely seen as a flexibility mechanism that countries could use to account for emissions from land-use in the way that was most favourable to them. In reality, most countries have accounted for sequestration but not emissions. In addition, there has been a significant lack of clarity and transparency, with some countries withholding reference level data. According to United Nations Environment Programme (UNEP) (2011), the loopholes for weak LULUCF rules could amount to 0.6 t CO₂ annually, and may well mean that some Annex 1 countries are not in compliance with the Kyoto Protocol targets.

Though there has been some progress in improving LULUCF rules, FERN believes that land-use emissions and industrial emissions should not be conflated for the following reasons:

First, it is not possible to conflate the emissions released due to land-use change with those released due to the burning of fossil fuel in industrial processes. Emissions from land use change are part of the terrestrial carbon cycle, and as such are constantly moving from, the atmosphere to land, water and plants and back to the atmosphere; carbon emissions from fossil fuel on the other hand **are safely locked away for millennia unless dug up and burnt.** When fossil fuels are burnt, they therefore add carbon to the atmosphere, which would otherwise have not been interacting with the climate system.

Second, due to the lifetime of industrial, fossil-fuel based emissions and the lifetime of the average forest sink or stock, it is not possible to offset industrial emissions through forest sinks. This is due to the length that industrial emissions remain in the atmosphere in comparison to the average life-span of a forest sink.¹ It is a popular myth that industrial emissions remain in the atmosphere for only a century. Research shows that whilst about 60% of CO₂ is removed from the atmosphere on a time scale of 100 years, it takes a very long time to remove the remaining amount. Scientists have shown that CO₂ emitted to the atmosphere is only fully removed when it has completely dissolved in the deep ocean *“a process requiring the concurrent dissolution of carbonate from ocean sediments (about 5,000 to 10,000 years) and enhanced weathering of silicate rocks (around 100,000 years).”*² Scientific modelling indicates that 20–35% of CO₂ emitted will still be in the atmosphere after 2–20 millennia. For all practical purposes, fossil fuel emissions are irreversible and should not be conflated with trees ability to temporarily store CO₂.

Third, land-use change emissions are minimal (2%)³ in comparison to fossil-fuel related emissions, and land-use change must not be used to take the attention off the need to cut industrial emissions.

Fourth, forests can do nothing to minimise other harmful pollutants that are emitted into the atmosphere and that have significant health impacts on humans, and especially on the communities that live near industrial processing units or fossil fuel extraction and combustion sites.⁴ Coal combustion is known to be particularly harmful,

¹http://www.sciencedaily.com/releases/2013/05/130530095020.htm?utm_source=Daily+Carbon+Briefing&utm_campaign=c71f79c1e2-DAILY_BRIEFING&utm_medium=email&utm_term=0_876aab4fd7-c71f79c1e2-303421281

² [Archer, D. et al. Atmospheric lifetime of fossil fuel carbon dioxide. *Annu. Rev. Earth Planet. Sci.* 37, 117–34 \(2009\).](#)

³ <http://link.springer.com/article/10.1007/s10584-012-0584-4>

⁴ <http://www.psr.org/resources/coals-assault-on-human-health.html>

since it releases mercury, particulate matter, nitrogen oxides, sulphur dioxide, and many other substances known to be hazardous to human health.

For this reason, we believe it is important to keep forestry and land use accounting separate from accounting industrial emissions.

- **REDD+**

The UNFCCC is currently discussing ways of reducing deforestation in tropical forest countries, most notably through REDD+, the premise of which is to put a value on the level of carbon that forests capture and then sell carbon credits based on the “protection” of these forests to industrialised countries seeking to comply with their emissions reductions targets. However, by focussing almost exclusively on pricing the carbon, REDD+ has missed an opportunity to address key drivers of deforestation.

Active civil society participation is a necessary precondition of tackling the drivers of deforestation in a meaningful way. However, REDD+ negotiations, have been dominated by government, industry and international consultancies to the detriment of local civil society and community representatives. National level REDD+ plans and strategies are developed in a top down way without proper participation of communities and people relying on forests.

REDD+ plans often present biased analyses of the causes of deforestation by blaming communities for driving deforestation, and fail to properly address the underlying governance problems such as corruption and the lack of transparency.

Moreover national REDD+ plans do not provide adequate measures to protect land and resource rights of communities. Instead there is a worrying trend that REDD-related legal reforms lead to increased state control over forest resources and tend to improve legal security for foreign investors, and reduce tenure security and customary rights of forest-dwellers and indigenous peoples. This is particularly worrying given the level of landgrabbing presently happening in Africa, and threatening the food security and livelihoods of millions of people.⁵

Forests play a crucial role in conserving biodiversity and maintaining the lives and livelihoods of forest dependent communities and local communities that depend on them. Any solutions to tackle deforestation must take the multiple roles and uses of forests into account.

This does not mean that forests are not important in tackling climate change, nor does it mean that urgent action is not needed to tackle deforestation. On the

⁵ <http://www.guardian.co.uk/world/2012/may/20/land-grab-ethiopia-saudi-agribusiness>

contrary, FERN believes that strong action must be taken to reduce deforestation, regardless of whether forests are part of climate targets. It is essential though that if they do form part of a climate agreement, then their protection should not be allowed to reduce industrial emissions targets.

New proposals for forests & climate

First and foremost, the EU should tackle its own consumption through demand-reducing policies. The EU's own research has shown that it has the single largest 'deforestation footprint', which means there is an onus on the EU to act swiftly to tackle consumption.⁶ The EU announced in its 7th Environmental Action Plan (7EAP) that it is considering developing an *EU action plan on deforestation and forest degradation*. The EU has also commissioned a study looking at its forest footprint, which shows that the EU's consumption has caused 9 million hectares of deforestation. The 7EAP says that the EU will be looking at *policy options to reduce the impacts of EU consumption on the global environment, including deforestation and forest degradation*. These are a good basis for proposing action to reduce deforestation in line with the drivers of deforestation in a future climate agreement.

Second, the EU should be committed to continue improving forest governance through its Voluntary Partnership Agreements (VPAs) under the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, put in place to combat illegal logging. The EU's flagship FLEGT policy has taken important steps towards improving forest governance in tropical forest countries as a significant step towards preventing illegal logging.⁷ This should be built on at the international level, and used as a model for decreasing forest loss globally.

VPAs are legally-binding trade agreements with timber exporting countries that focus as much on issues of environment and development as on trade issues. These agreements hold the potential to improve forest governance as civil society is involved in agreeing forest and land rights related legal reforms, and monitoring compliance. Moreover several VPA legality grids have strong social and environmental dimensions, which should –if respected- lead to a stronger recognition of customary rights, improved social obligations, and compensation of damaged goods, etc. Poor governance is an important driver of legal and illegal deforestation and the VPA approach should ensure forests are managed from a point of view considering legality, sustainability and forest peoples' rights issues.

⁶ <http://bookshop.europa.eu/en/the-impact-of-eu-consumption-on-deforestation-pbKH3013331/?CatalogCategoryID=5VEKABstjOAAAAEj8pAY4e5L>

⁷ <http://www.fern.org/improvingforestgovernance>



Several studies indicate that increased community tenure security is the best way to maintain forests and hence to reduce emissions.⁸

Question 6: What should be the future role of the Convention and specifically the 2015 Agreement in the decade up to 2030 with respect to finance, market-based mechanisms and technology? How can the existing experience be built upon and frameworks further improved?

The only way to effectively reduce emissions in the timeframe required is through aggressive binding reductions of fossil fuel emissions in industrialised countries. This requires changing the EU's energy mix from being dominated by fossil fuels towards sustainable renewables. Though there are various market mechanisms which might contribute to this, such as feed-in-tariffs, it is important to highlight that carbon trading does not reduce emissions, but only moves them from one place to another. Introduced as a cost containment mechanism, there is clear evidence that carbon trading is not meeting its objective of cost mitigation, and is certainly not reducing emissions.⁹

This consultation document states that *"the fight against climate change will only succeed if the 2015 Agreement can be implemented in a cost-efficient way... therefore, there will need to be an increased focus on the use of market-based instruments."* However, this statement is ignoring the evidence that the EU Emissions Trading Scheme (ETS), the world's largest carbon market, has by no means been cost-efficient. The CEO of E.ON, Johannes Teysen explains: *"Right now, in Europe we protect the climate by the most expensive and inefficient means possible."*¹⁰

The EU ETS contains many hidden costs that accrue to the public, while generating a very poor income stream for Member States. Permits were initially handed out free, and carbon prices are now so low that subsequent auctions cannot hope to generate the revenue once envisaged. Meanwhile, the public must cover the cost of legislation and regulation for the markets as well as the cost of law enforcement to pursue fraud, theft, corruption, and tax- and revenue-evasion scams conducted through carbon markets.¹¹

The cost-effectiveness argument is particularly weak when the windfall profits received by polluting industries are taken into account. In all three phases of the EU ETS, carbon 'costs', that in reality were never incurred by the businesses have been passed on to consumers.¹² Research by CE Delft estimates that almost all of the supposed 'cost' of the permits given

⁸ Bowler, D., Buyung-Ali, L. et al. (2010) The Evidence Base for Community Forest Management as a Mechanism for Supplying Global Environmental Benefits and Improving Local Welfare: Systematic Review. CEE review 08-011 (SR48). [Environmental Evidence](#)

⁹ <http://www.fern.org/ETSmthbusting>

¹⁰ <http://www.eurelectric.org/media/50465/Teyssen.pdf>

¹¹ See <http://www.fern.org/book/trading-carbon/fraud-and-crime>

¹² <http://www.endseurope.com/31092/uk-airlines-to-gain-4767m-from-ets-derogation>

for free to steel and iron factories and refineries were passed through to consumers, and suggests that the windfall profits accrued from passing through these 'costs' reached EUR1 billion between 2005 and 2008.¹³

The track-record of the EU ETS, the world's largest carbon market shows that it has not lived up to its intentions: to reduce emissions cost-effectively. Quite the opposite, in fact. Since the adoption of the EU ETS, emissions have risen; there is increased reliance on coal; the price of consumer energy has risen along with the profits of many industrial actors (as a direct result of the EU ETS) and millions of Euros of public money have been lost in Value Added Tax (VAT) fraud.

Despite its many flaws, the EU ETS is being held up as an example for other countries to follow. In the midst of panicked discussions about how to save the EU ETS, the EU continues to encourage other countries to adopt Emissions Trading Schemes as the best tool to reduce emissions. One example of such encouragement is the Partnership for Market Readiness (PMR), a joint EU and World Bank initiative that provides funding and technical assistance to 16 'middle-income' countries to set up emissions trading systems.¹⁴

At the 19th Conference of the Parties (COP19), in Warsaw, countries will discuss the importance they give to new market mechanisms in the new climate convention. This goes against evidence that shows that trading based market mechanisms are not strong enough to take important decisions about our future. At the latest intercessional of the UNFCCC in Bonn, a large group of developing countries, including the Africa Group, China, the Philippines, India, Tuvalu, Saudi Arabia, Bolivia and Cuba emphasised the need to learn from the current collapse of carbon markets to inform any discussion on new markets, and to understand the relationship between markets and ambition. Countries in Annex II are concerned that any new market mechanism should not shift the mitigation burden to developing countries.

In discussions on non-market-based approaches, many countries have put forward a wide range of ideas, including fossil fuel subsidy reform, feed-in tariffs, and technology and energy efficiency standards. In addition to this, there is a need to address unsustainable consumption patterns. To phase out fossil fuels requires the EU re-thinks the way it consumes and produces. It is a political and societal project that must discuss how to reduce energy needs (addressing all sectors such as mobility, industry, agriculture etc.), become more efficient (such as in housing, appliances) and switch to sustainable, locally owned and governed renewable energy. These issues should be the focus of the 2015 climate agreement.

¹³ 35 http://www.ce.nl/publicatie/does_the_energy_intensive_industry_obtain_windfall_profits_through_the_eu_ets/10

¹⁴ These countries are Brazil, Chile, China, Colombia, Costa Rica, India, Indonesia, Jordan, Mexico, Morocco, Peru, South Africa, Thailand, Turkey, Ukraine and Vietnam.
<http://www.thepmr.org/content/about-pmr>

