

Mitigation of developed countries – Voluntary pledges or aggregate targets for emissions reductions?

Bonn, 4 June (Meena Raman and Hilary Chiew) – The contact group of the Tenth session of the Ad-hoc Working Group on Long Term-Cooperative Action (AWG-LCA) under the United Nations Framework Convention on Climate Change (UNFCCC) resumed negotiations on 3 June in the afternoon, focusing on the mitigation commitments or actions by Annex-1 and associated monitoring, reporting and verification (MRV).

A key issue that arose during the discussion was whether and how a collective goal for emission reductions be set. The choice was between two different approaches, with one option outlining a pledge approach to setting economy-wide quantified emission reduction commitments for each individual Annex 1 Party. This assumes that the collective goal would be arrived at by adding up the individual pledges. This option reflects the Copenhagen Accord, while the second option outlines an approach which sets the collective goal through a process of sharing of effort among developed countries and as advanced in the Kyoto Protocol to which the United States is not a Party to.

While developing countries favoured the latter approach of a collective or aggregate target to be set developed countries expressed divergent views. The European Union was in favour of an aggregate target to be set, proposing a 30% emissions reduction level by 2020 compared to 1990 levels. The United States did not refer to an aggregate target for developed countries but referred to a “collective goal” of limiting temperature levels to 2 degrees C by 2050, while Russia explicitly favoured a bottom-up approach where the collective goal would be arrived at by adding up the individual pledges of all developed countries.

The Chair Margaret Mukhanana Sangarwe invited Parties to deliberate on the five questions to guide

the discussions which were on how the quantified economy-wide emission reduction objectives or targets should be established; should a collective goal for emission reductions be set, and if yes what should this goal be; how should principles such as ‘comparability of efforts’ (between developed countries) be addressed; what was the overall scope of MRV for developed country Parties and what role should land use, land-use change and forestry (LULUCF) and off-sets play in implementing the mitigation commitments and actions.

Speaking for G77-China, Brazil welcomed the reference to compliance included in the Chair’s treatment of comparability, in item 7, Option 2, paragraph 3 of the text. It said that this reference to compliance should also be included in item 9, option 2, paragraph 1, where the rules of MRV are treated. The Group was also of the view that the reference to the Kyoto Protocol as the basis for MRV and compliance should be reflected in stronger language than the current indication of “taking into account”. Brazil said that the reference to the relevant provisions under the Kyoto Protocol should be detailed, through the indication of Articles such as 5, 7 and 8.

(Item 7, Option 2 paragraph 3 of the Chair’s text reads as follows – “The efforts of developed country Parties to reduce their greenhouse gas emissions shall be comparable in [legal form, [magnitude] of] effort [and provisions for measuring, reporting and verification [and compliance], and shall take into account their national circumstances and historical responsibilities].)

(Item 9 option 2, paragraph 1 reads –“ Nationally appropriate mitigation commitments or actions by developed country Parties shall be measured, reported and verified in accordance with existing and any further guidelines adopted by the

Conference of the Parties [at its XX session (20XX)] [, taking into account the relevant provisions under the Kyoto Protocol] [which may be [enhanced] [further elaborated ensuring transparency and environmental integrity]].

Brazil said that it was important to introduce operational definitions regarding MRV and compliance, thus improving the balance in operational language between the treatment of mitigation by Annex I countries and mitigation by Non-Annex I countries in the text (referring to the recording and support mechanism for Non-Annex 1 Parties). It recalled, in this context, the G77 proposal on a technical panel on comparability that should be part of the operational strengthening of the text.

In relation to the question of the establishment of commitments of Annex 1 Parties, their magnitude for example, should reflect the science basis. They should be defined top down, and not through a pledge process, which does not ensure the joint-level of ambition that is needed. These commitments should be part of the formal outcome of our negotiations, not presented informally.

Brazil said that a collective goal for emissions reductions by Annex I should indeed be set. Comparability should be addressed through the definition of commitments that are comparable in magnitude, legal form and compliance requirements and through the application of the same rules for MRV. The G77 and China did not see comparability as a “principle”, but as a requirement to be operationalized, using instruments such as the proposed technical panel on comparability.

As regards the scope of MRV, Brazil said what is MRV’s is compliance with quantified economy-wide emission reduction commitments. Regarding the instruments that could serve as a basis for this, it believed that the essential basis is defined in the rules of the Kyoto Protocol, such as those indicated in articles 5, 7 and 8, in a context of the strengthening of such rules. Regarding new elements to be added, it referred to the proposal of a technical panel on comparability. The application of Kyoto Protocol rules should also guide the role of LULUCF in implementing mitigation commitments, also in a context of the strengthening of such rules.

Barbados, representing the Alliance of Small Island States (AOSIS) supported the setting of a collective goal for emission reductions as this was a matter of great concern and frustration to them. It

said AOSIS’ long-held position is that Annex-1 should reduce in aggregate up to 45% below 1990 levels by 2020 and 85% by 2050.

The Annex 1 commitment must be science-driven and has to be a top-down approach and not pledge system that did not offer any comfort to ensure the survival of small islands, it said. It also maintained that the two-track negotiation process should be maintained.

It wanted to see comparability efforts in a legally-binding form and said the current reporting and review system under the Kyoto Protocol is a sound basis for rules of operationalising MRV and could include economic-wide emission reduction objectives.

AOSIS also indicated willingness to discuss in a common space the aggregate level of emissions reductions of Annex 1 countries as there was a link to the discussion in the working group dealing with the Kyoto Protocol but said that this must be limited to the scale of ambition of the Annex 1 targets.

South Africa, on behalf of the **African Group** noted that the choice between option 1 and 2 of paragraph 7 is a choice between 2 different approaches, with option 1 outlining a pledge approach to setting economy-wide quantified emission reduction commitments for each individual Annex 1 Party. This assumes that the collective goal would be arrived at by adding up the individual pledges, while option 2 outlines an approach, which sets the collective goal which implies that individual targets will be arrived at through a process of sharing the effort among Annex 1 Parties.

South Africa said that these appear to be two diametrically opposed approaches, which force a choice between one or the other. However, the African Group offered a proposal for a possible way forward in combining these 2 options as follows: to first insert a collective mid-term goal in the shared vision (2nd sentence of paragraph 3) which outlines the long term goal for Annex 1 Parties. If this is agreed to, then Africa could accept a process of negotiating pledges (paragraph 7 option 1 with an amendment directly referencing Article 4.2 of the Convention aimed at reaching the collective mid-term target detailed in paragraph 3.

With regard to the level of ambition of the collective goal, Africa’s stated position is at least 40% below 1990 levels by 2020. However, it recognised the calls by others for more ambitious levels and was willing to engage on these proposals.

With respect to how the principles such as comparability of efforts be addressed, South Africa stressed that in order to address comparability of

efforts, it is essential to set common accounting standards and rules. Therefore the text should elaborate the operational mechanisms and rules guiding implementation, common accounting standards and MRV of Annex 1 economy-wide quantified emission reduction commitments.

On what was the overall scope of MRV for developed countries, South Africa said that in terms of the BAP, the scope of MRV for developed countries is two-fold. Firstly the MRV of their mitigation targets, which should use and build on the existing system of reporting, expert review and compliance. Africa is of the view that the current systems in both the Convention and Kyoto, in particular those elaborated under Article 5, 7 and 8 of the Kyoto Protocol, provide a basis for this MRV system. Secondly, the MRV of their support provided, still need to be elaborated.

On what role should LULUCF and offsets play, South Africa said that it supported the principle that LULUCF is part of the Annex 1 GHG accounting system and is of the view that the current negotiations under the Kyoto Protocol to improve and close current loop-holes in their rules of accounting should be used as a basis.

With regard to offsets, South Africa was of the view that this mechanism is purely supplementary and that they should not be used to replace ambitious domestic mitigation targets. In this regard, Africa insists that there must be absolute transparency on what proportion of the Annex 1 Party target is made up of LULUCF, offsets and actual domestic emission reductions.

China stressed that it was of utmost importance that there are strong and ambitious commitments from Annex I Parties to reduce their GHG emissions. Hence, an aggregate emission reduction target should be determined and this figure should reflect the historical emissions, science, as well as political will and conscience of Annex I Parties. It believed that at least 40% of GHG emission reduction compared to their 1990 levels is a starting point, preceded by individual quantified reduction commitment based on historical responsibilities and capacities. This is a top-down approach that is well, while voluntary pledges are far from adequate to address the formidable problem we are facing. For those Annex I Parties that are also parties to the KP, their emission reduction targets for the 2nd commitment period under the KP should be counted as their obligations under 1bi of Bali Action Plan.

It said that the comparability of mitigation efforts between Annex I Parties that are Parties to the Kyoto Protocol and non-Kyoto Protocol Parties is the core of 1b(i) in the Bali Action Plan. The comparison of

mitigation efforts should be judged against the following criteria: adoption of commitments of same nature and scope, i.e. legally-binding, economy-wide quantum reduction; magnitude and intensity of reduction commitments and related policies, measures and actions; the use of same MRV and compliance regime; the use of same provisions for third party review of annual emissions inventories and any supplemental information required.

With regard to the overall scope of MRV, it should cover the implementation and progress of Annex I's quantified emission reduction targets and associated policies and measures. The requirement on and operation of MRV should be in line with the existing and enhanced provisions, guidelines, rules and procedures of measurement, reporting and verification under the Kyoto Protocol, on the grounds that the system and expertise are well established, hence effectiveness and efficiency will be achieved.

On the role of LULUCF and off-sets, China said in the case of Annex I Parties that are not Parties to the Kyoto Protocol, undertaking comparable emission reduction target under 1bi of Bali Action Plan, the rules on LULUCF and offsets of KP should apply *mutatis mutandis*.

United States said that the quantified economic-wide emission reduction objectives has already been established and can be inscribed in the text. On whether a collective goal for emission reduction reductions should be set, the US said "yes" and said that most countries who had associated with the Copenhagen Accord already established a global goal of limiting temperature rise to 2 degree Celsius and that this would strengthened it in review in 2015. (The US did not refer to any aggregate or collective emissions reduction target for Annex 1 Parties). On the issue of comparability of efforts, the US said that each Party determines its efforts based on its national circumstances and capabilities. Inserting rules for compliance is not applicable, it said.

It also said that existing guidelines provide for a robust review of comparability efforts in in-country processes. It recognised the need for further guidelines following the Copenhagen Accord. Agreeing on MRV and international consultation and analysis of mitigation actions in detail was essential, it added.

Switzerland, representing the Environmental Integrity Group (EIG consists of Liechtenstein, South Korea, Monaco and Switzerland) said to hold increase in temperature below 2 degree C would require substantial effort from developed and developing countries. Developed countries must continue taking the lead and emission reduction

targets must be set against the IPCC's recommendation, it said. It proposed that the secretariat compile the pledges from all developed countries similar. It said LULUCF is part of economic-wide emission reduction objectives under Kyoto Protocol and provided incentive for sound use of resources, adding that market-based instruments are important to achieve the goal as long as it is supplementary to domestic efforts and ensure environmental integrity.

Japan said AWG-LCA was the right place to discuss mitigation for all Parties both in and out of the Kyoto Protocol to analyse overall greenhouse gas emissions. It said both developed and developing countries numbering around 130 Parties and accounting for over 80% of global emission had submitted national mitigation actions and commitment under the Copenhagen Accord. Mitigation contributions from developed countries alone is not enough. It should be done in a broader context. LULUCF and market mechanism continue to play important role and need some improvement including new market mechanism to achieve low emission development strategies, it added.

Spain, speaking for the **European Union** said that for the developed countries, mitigation reductions are through economy wide-caps. The commitments should be in a legally-binding instrument and it should be a collective goal. The EU proposed a 30% emissions reduction level by 2020 from 1990 levels. It also asked the secretariat for assistance in compiling current pledges to assess the level of ambition of the Annex 1 Parties. On the issue of comparability, the EU said that the best way to address this is through an MRV system, which is transparent. The MRV under the Kyoto Protocol is a valuable basis for further guidelines. It also said that it was essential to provide clarity on LULUCF and offsets. In relation to carbon markets and the use of offsets, it said that provisions are needed to determine which type of units from which mechanisms are to be used.

Bolivia said Kyoto Protocol is the only legally-binding instrument for reducing emission of greenhouse gases and should remain for subsequent commitment periods. Therefore, negotiation on further implementation of the Kyoto Protocol is the first lock that has to be solved and for a clear order of negotiation to be able to fulfil a mandate of comparability. To be able to obtain an equitable allocation of global atmospheric space between developed and developing countries, the Annex 1

party that is not Party of the Kyoto Protocol should undertake ambitious economy-wide binding targets for quantified emission reduction committed similar to those Parties of the Kyoto Protocol. Bolivia proposed an aggregate number of 50% reduction in emissions during the period 2013 to 2017 and by more than 100% by 2040 compared to 1990 levels, through domestic reduction and without the use of carbon markets or other offsetting mechanism.

Bolivia said those who believe that the Copenhagen Accord pledges are enough to solve the climate change problem are misleading others. Instead of limiting the temperature increase to 2 degree Celsius, every study since December has shown that the temperature will increase by 3, 4 and 5 degrees. These pledges at this stage are irresponsible for the planet and Mother Earth.

Nicaragua said it is important to establish mid- and long term commitments of reduction of greenhouse gases recognising the historical responsibility of developed countries. The target must be realistic but ambitious if Parties want to avoid a great catastrophe. The Kyoto Protocol must be complied with. It appealed to Parties not to kill the Protocol. Establishing a voluntary decision of developed countries to guarantee some unknown and dangerous commitment is to kill the Kyoto Protocol, it added. It also said that emissions reduction must be domestic without transferring the historic responsibility to market mechanism or offsets.

The Russian Federation said that a bottom-up approach is feasible and durable in determining the commitments of Annex 1 Parties. Commitments of developed countries alone are not sufficient. There was need for common and joint-exercise of all Parties. It said that it did not believe that a collective goal should set taking into account a bottom-up approach. It stressed that transparency was the core of the regime. It said that LULUCF can contribute to the fulfillment of national targets and it did not favour artificial caps that would diminish this ability.

In conclusion, the Chair said that the South African proposal provided food for thought and encouraged Parties to liaise or consider the solution offered in bridging Option 1 and 2 of paragraph 7 by linking Option 1 to Paragraph 3 with a view that it could form basis for compromise.

Sangarwe said that at the moment, there was no basis for her to revise the text as Parties had repeated their positions.