



*EU Environmental Policy Briefing**

Communication on a Post-2012 UN Climate Agreement

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On 28 January 2009 the European Commission published a Communication entitled 'Towards a comprehensive climate change agreement in Copenhagen' (COM(2009)39)¹. This paper comes at a critical junction in climate policy – the United Nations negotiations on a post-2012 agreement are meant to culminate in December of this year at Copenhagen, with a number of very thorny issues yet to be resolved.

The new Communication puts the EU's cards on the table regarding three of the most important questions facing the UN negotiations (in addition to several smaller points), albeit in quite general terms: emission reduction target ranges to be agreed, both for developed and, significantly, developing countries; the outline of a methodology to divide those reductions among countries; and the financial flows needed to ensure targets are met.

The Communication's conceptual framework hangs on a reiteration of the scientific basis for action – namely a commitment to avoiding greater than 2 degree warming, which the paper importantly notes may require lower stabilisation levels in the atmosphere than previously thought (350ppm rather than 450ppm). Europe's continuing emphasis on maintaining this scientific view, and revising targets as necessary, sets an important general precedent.

The Commission reiterates the view that developed countries should cut emissions to 25-40 per cent below 1990 levels by 2020, and 80-95 per cent by 2050. Most of this should be achieved domestically, with an (unspecified) amount coming through action supported in developing countries. Distribution of these targets should be based on GDP per capita, greenhouse gas (GHG) emissions per unit of GDP, the trend in GHG emissions between 1990 and 2005, and population trends from 1990 to 2005. The base year should remain 1990 (perhaps a reference to the notion that by changing the base year to 2005, the United States would appear much better off, given emissions growth from 1990-2000). Furthermore, these targets should apply to the OECD, not just current Annex I countries. This would add a handful of rich developing countries to the list; Mexico has publicly objected to the proposal.

The Commission argues that developing countries should cut emissions by 15-30 per cent below 'business as usual' emissions in 2020, excluding the impact of offsets used for

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compliance in developed countries (since this is not a net cut of emissions, just a transfer). There should be differentiated commitments and actions, given the wide range of circumstances. A portion should be own-action, a portion supported by international funding, and a portion through the carbon market. Developing country action is the third rail of UN politics, but is at the same time known to be indispensable – the paper is circumspect about specifying requirements, but even these general ideas are useful for advancing negotiations.

Net incremental investments needed to ensure the targets are met are estimated to be in the order of €175 billion by 2020. ‘More than half’ would have to go to developing countries. The paper recognises both ‘internal’ and ‘external’ sources of finance. ‘Internal’ refers to the private sector and households, perhaps leveraged by government policy, investing in actions which pay for themselves or are low cost. ‘External’ finance will be needed when requirements go beyond internal resources; these could include public funds and carbon crediting. In addition to mitigation funding flows there will need to be increases in funding for adaptation and research and development (R&D).

Developed country funding for these actions should come from both the carbon market and public funds, with contributions determined through one of two methods: a formula based on ability to pay and amount of emissions; or a certain percentage of allowed emissions could be set aside and auctioned back to governments – an amount that could rise depending on a country’s GDP. In either case a robust system of management and compliance would be necessary.

The paper goes on to advocate the EU forming the backbone of a new OECD-wide carbon trading scheme, and calls for reform of the clean development mechanism (CDM). It recognises the importance of achieving an agreement at the upcoming Copenhagen talks, taking advantage of other processes for dialogue – bilateral meetings, the G8, and the Major Economics process among them.

Central to the follow-up process of this Communication will be, on the domestic side, securing commitments from Member States to support the funding proposals with more specific numbers, yielding credible contributions from Europe; on the international side, the same question on funding as well as target ranges will imply hard discussions in both developed and developing countries. Significantly, the day after the Communication was published, two senior Commission climate officials flew to Washington to discuss it there.

References

1. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Towards a comprehensive climate change agreement in Copenhagen, COM(2009)39, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0039:FIN:EN:PDF>

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