

# **KYOTO PROTOCOL ISSUES**

Gebru Jember

# Status of the negotiations

- ❖ Several key decisions relating to the completion of the work of the AWG-KP have been adopted by **CMP7**.
- ❖ These include decisions that provide for the **adoption of amendments to Annex B to the KP at CMP 8 and that the 2CP is to commence on 1 January 2013**.
- ❖ Decisions relating to the methodological and accounting rules to be used in the CP2 were also adopted.
- ❖ The CMP also decided to forward a significant amount of technical work to the **SBSTA** and **SBI** for further consideration.

## Outstanding issues

- ❑ Despite the large number of issues either resolved in Durban or forwarded to the SBSTA and the SBI for further consideration, the AWG-KP still has several major issues to consider in order having its work completed in accordance with its mandate.
- ❑ The following are the outstanding work of the AWG-KP that needs to be completed in order to fulfill its mandate by the eighth session of the CMP:
  1. **Quantified emission limitation or reduction objectives (QELROs) for the 2CP.**
  2. **Carry-over of assigned amount units (AAUs).**
  3. **Proposed amendments to the KP, including the length of the 2CP.**

# 1. Quantified emission limitation or reduction objectives (QELROs) for the 2CP.

- ✓ Decision 1/CMP.7, paragraph 5, invited Parties included in Annex I listed in annex 1 to that decision to submit information on their QELROs for the 2CP under the KP by 1 May 2012 for consideration by the AWG-KP at its seventeenth session.
- ✓ The AWG-KP needs to deliver the results of its work on QELROs to the CMP at its eighth session for adoption of these QELROs as **amendments to Annex B to the KP**, while ensuring coherence with decision 2/CP.17;

# 1. QELROs

- EU, Norway, Switzerland, Liechtenstein have already submitted their QELROs – however have stated that these are **provisional**.
- Australia and New Zealand have argued that they will need time to **analyze the impacts of the final decisions on the rules for the CP2** on their QELROs. They are therefore calling for additional time to finalize their QELROs.
- Some Parties want to their QELROs to be established as a **range** instead of as a **single number**. The establishment of QELROs as ranges would make it difficult to establish a **carbon budget** over the commitment period, which is needed for **establishing the AAUs**. In turn, the AAUs and other units are necessary for the **flexible mechanisms and for measuring progress** toward commitments.
- The secretariat has already produced a table that converts pledged ranges into possible QELROs for Parties, so the hesitation on the part of Parties is one of political will rather than a technical issue.

## Recommendations

- The LDCs continue to encourage the adoption of QELROs at **the upper end of each Party's pledged range**.
- The LDCs encourage QELROs based on a **single numbers**, to enable the calculation of each Annex B Party's assigned amount for the 2CP (its AAU budget), or consider how assigned amounts could be calculated and accounted for if some Parties only bring forward ranges.
- The LDCs consider the proposed structure of a revised Annex B set out in 1/CMP.7 and whether all columns and rows are useful.
- The LDCs consider whether the **conditions** attached to Party QELROs and set out in footnotes to these QELROs are useful, or whether they undermine these QELROs.
- The LDCs consider how best to address the situation of those individual Parties that have already, or that may, bring forward QELROs for adoption that are likely to contain "**hot air**". This refers to a **QELRO that would translate to an Assigned Amount for CP2 that is above that Party's reasonably expected domestic emissions for CP2**. This may be the case for **Belarus, Ukraine, Kazakhstan and possibly Russia**.
- If a Party holding excessive allowances (AAUs) is permitted to transfer surplus units to other Annex I Parties for use toward their own compliance in CP2, this will **undermine international carbon prices and impact the aggregate reductions that will be achieved by all Annex B Party targets in aggregate in CP2**. Avoiding this situation may require high-level attention by the group.

## (2) Carry-over of assigned amount units (AAUs).

- ✓ Decision 1/CMP.7 requested the AWG-KP to **assess the implications** of the carry-over of AAUs to the 2CP on the scale of emission reductions to be achieved by Parties included in Annex I in aggregate for the 2CP with a view to completing this work at its seventeenth session.
  
- ✓ The AWG-KP will need to **recommend appropriate** actions in accordance with the results of the assessment to address such implications in time for the CMP to consider these recommendations at its eighth session;
  
- A number of countries will have a substantial surplus of AAUs remaining at the end of the first CP. Under existing rules, these units can be transferred to other Parties who may use them against their first CP targets, or they may be carried over to the 2CP for use or for transfer with other units.
  
- Many of these units do not represent deliberate emission reductions based on **national policies**, but instead the results of **rapidly declining industrial production in Eastern European countries in the early 1990s**. When these surplus units are acquired by other Annex B Parties and used toward their own commitments, this results in the **allowance of additional emissions** that would not have happened in the absence of these tradable units.
  
- The large surplus of AAUs in the Kyoto system threatens to undermine the effective emission reductions that the atmosphere sees from first CP targets as well as second CP targets if these units are allowed to be **carried over in full**.

## 2. Carryover of surplus AAUs contd

- A number of suggestions have been made to address this problem, these include:
  - ✓ **capping** the volume of units that may be carried over,
  - ✓ requiring that carried over units be held **domestically** by Parties in the second commitment period and **not transferred**, and
  - ✓ requiring the cancellation or discounting of a volume of these units after they are carried over.
  - ✓ Another proposal is that Annex B Parties should take **deeper targets, to use up a large portion of the surplus.**
- Carryover has been a sensitive issue because some countries that hold surplus AAUs see these as a **potential source of revenue**, regardless of their environmental impact on the integrity of Kyoto Protocol targets.

# Recommendations

- The LDCs support **limitations** on the carryover and/or use of surplus Kyoto units, because these units will have the effect of decreasing the effective emission reductions the environment sees from Annex I Party targets.
- The LDCs insist that a **solution to the surplus be found before the adoption of second commitment period targets**. Otherwise, it will be impossible to assess what these targets will actually deliver.
- The LDCs consider how best to address and **restrict both CP1 surplus and CP2 surplus**
- The LDCs ensure that **no new surplus is created in CP2**; Parties that have brought forward targets that are above their projected emissions should not be permitted to benefit from these pledges by selling surplus units into the market.
- The LDCs ensure that all questions around the interchangeability of PPSR units and other units are addressed, to be certain that measure put in place **to reduce the impact of surplus units are effective, and not circumvented through trading or the swapping of one type of unit for another**.
- Some accommodation need to be made for Parties that have cyclical emissions profiles due to their LULUCF sector, but this accommodation should not enable Parties to increase their domestic emissions in the second commitment period or erase any real reductions that these Parties should be contributing.



### ***3. Length of the Commitment period***

- This has not yet been resolved with:
  - ✓ some Parties calling for a 5-year commitment period (2013-2017) in line with the first commitment period (AOSIS, LDCs, G-77) and others
  - ✓ an 8-year commitment period 2013-2020 (EU, Norway, Australia, Switzerland, New Zealand).
- If countries retain the 5-year commitment period length, the beginning of the next round of negotiations would coincide with the 5<sup>th</sup> Assessment Report (AR5) published over the course of 2013 and 2014.
- However, if an 8-year commitment period was adopted, it would take a further six years (until after 2020) before countries could act on the new science in the AR5.

### ***3. Length of the Commitment period ctd***

- Countries are now saying that an 8-year commitment period corresponds to the Durban Platform and agreement on a single treaty in 2020. However, the date for the new agreement has not been decided, and in Durban it was agreed an 8-year commitment period would go to 31 December 2020.
- Commitment periods of longer than 5 years would mean that **political responsibility** would fall between election cycles. Keeping the commitments within some reasonable scope for action by the governments that have agreed them is necessary in order to ensure accountability.
- The EU have proposed that an 8-year commitment period could include a **mid-term review** to allow for the adjustment of targets in response to new science. The EU is advocating for an 8-year commitment period as this is in line with their legislation on the EU Emissions Trading Scheme.
  - However, changing a core commitment of any agreement will likely require re-ratification by governments before it could be considered binding as well as requiring some level of negotiation. Furthermore, previous reviews of this type in this process have not led to any substantive changes to legally binding commitments for parties.
  - For example the reports on “demonstrable progress” prepared by Parties simply rehashed national communications and had no impact whatsoever on those countries that are obviously off-track in terms of their first commitment period targets.

### ***3. Length of the Commitment period ctd***

- The length of the CP may well be a critical factor in determining whether or not global emissions can peak by 2020.
- It seems more plausible that action is taken in **a series of five year steps at present, sufficient to peak emissions in the period 2015 to 2020.**
- It is not certain that under the present circumstances if an agreement is reached for 8-year commitment periods, that in this period global emissions could halt and begin to decline after 2020.

## **Recommendations**

- Durban did not resolve CP length contrary to Annex I Party assertions; in fact it clearly stated that the 2CP shall be either 5 or 8 years.
- The LDCs remain consistent in their support for a 5-year CP and work to gather support in other high-level forums to demonstrate this commitment.
- Political input from the highest level within governments will be needed to maintain support for a 5-year CP.

**THANK YOU**