

International Cooperation on Climate Change in the UNFCCC Framework

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UNFCCC Cornerstones

- Art. 2 – Objective:
Avoiding dangerous climate change
- Art. 3 - Principles:
Common but differentiated responsibilities
- Art. 4 – Commitments:
Monitoring and Reporting for all Parties
Annex I: Return to 1990 emissions
Annex II: Financial assistance and TT



Kyoto Protocol

- Binding emission targets for Annex I (total -5%)
- Flexible mechanisms
- Stricter reporting
- Compliance system
- Entry into force 16 Feb 2005
- COP/MOP 1 (Montreal) adopted the rules



Participation

- UNFCCC: 189 ratifications
- Kyoto Protocol: 163 ratifications
- Kyoto ratifiers represent about 75% of global GHG emissions

as of May 2006



Kyoto is on track ...

- Annex I: -5.9% (2003) while GDP +28% and population +5%
- Annex-I Kyoto Parties: -16.5% (2003)
- Use of flexible mechanisms adds to this (e.g. ~2.5%pts in the EU)



Growing Global Carbon Market

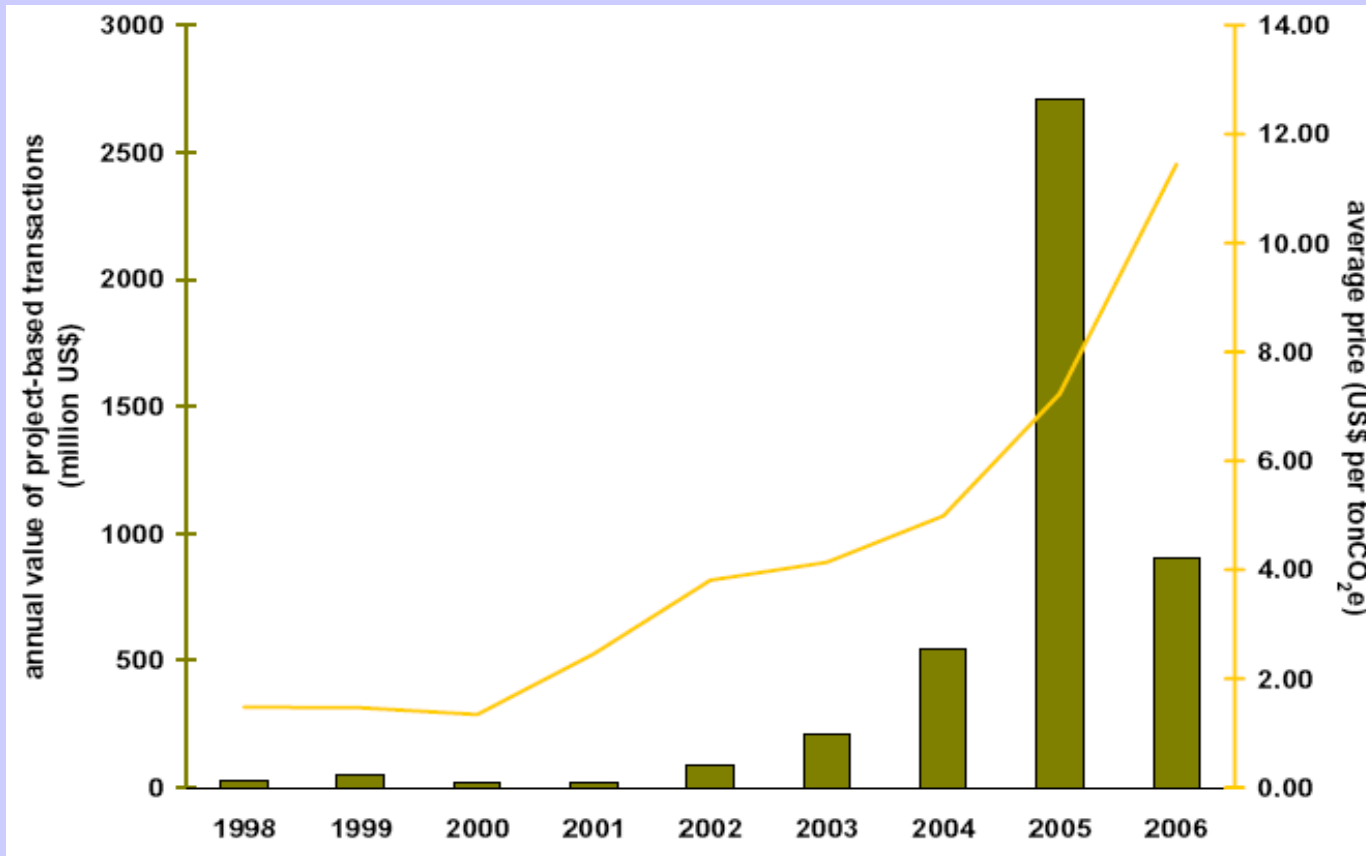
	2004	2005		1 st Q06	
	Volume (MtCO ₂)	Volume (MtCO ₂)	Value (MUS\$)	Volume (MtCO ₂)	Value (MUS\$)
EU ETS¹⁶	8.49	322.01	8,220.16	202.51	6,552.24
NSW	5.02	6.11	57.16	5.51	86.55
CCX	2.24	1.45	2.83	1.25	2.71
UK ETS	0.53	0.30	1.31	na	na
TOTAL	16.28	329.87	8,281.46	209.26	6,641.50

Source: World Bank/ IETA May 2006

Volumes transacted and corresponding values on the main carbon markets



CDM is highly dynamic



Source: World Bank/ IETA May 2006

Annual volumes of project-based emission reductions transactions and annual average price



... Kyoto is on track

... but:

- Mixed picture for individual countries
- Annex-I Kyoto ratifiers represent only 30% of global GHG emissions (2000)
- Commitments expire after 2012 – what next?



Current state of play

- Dialogue on long-term cooperative action under the UNFCCC
 - 4 workshops, no negotiations
- Ad Hoc Working Group on further commitments for Annex I Parties
 - Avoid gap between Cmt.-periods
- Review of the Kyoto Protocol (Art. 9)
 - To take place at COP/MOP 2



New Annex-I commitments

- Scope of the Ad Hoc Working Group
 - “... scientific basis for determining further commitments, including **Long-term vision – 2050 and beyond** *stabilization of atmospheric concentrations of greenhouse gases and on the implications of these scenarios ...*
 - ... emission trends for Annex I Parties, the **Country level scenarios & analysis** *mitigation potential of policies and technologies in different circumstances, including experience gained so far with the costs and benefits of emission reductions ...*” [AWG1, May 2006]

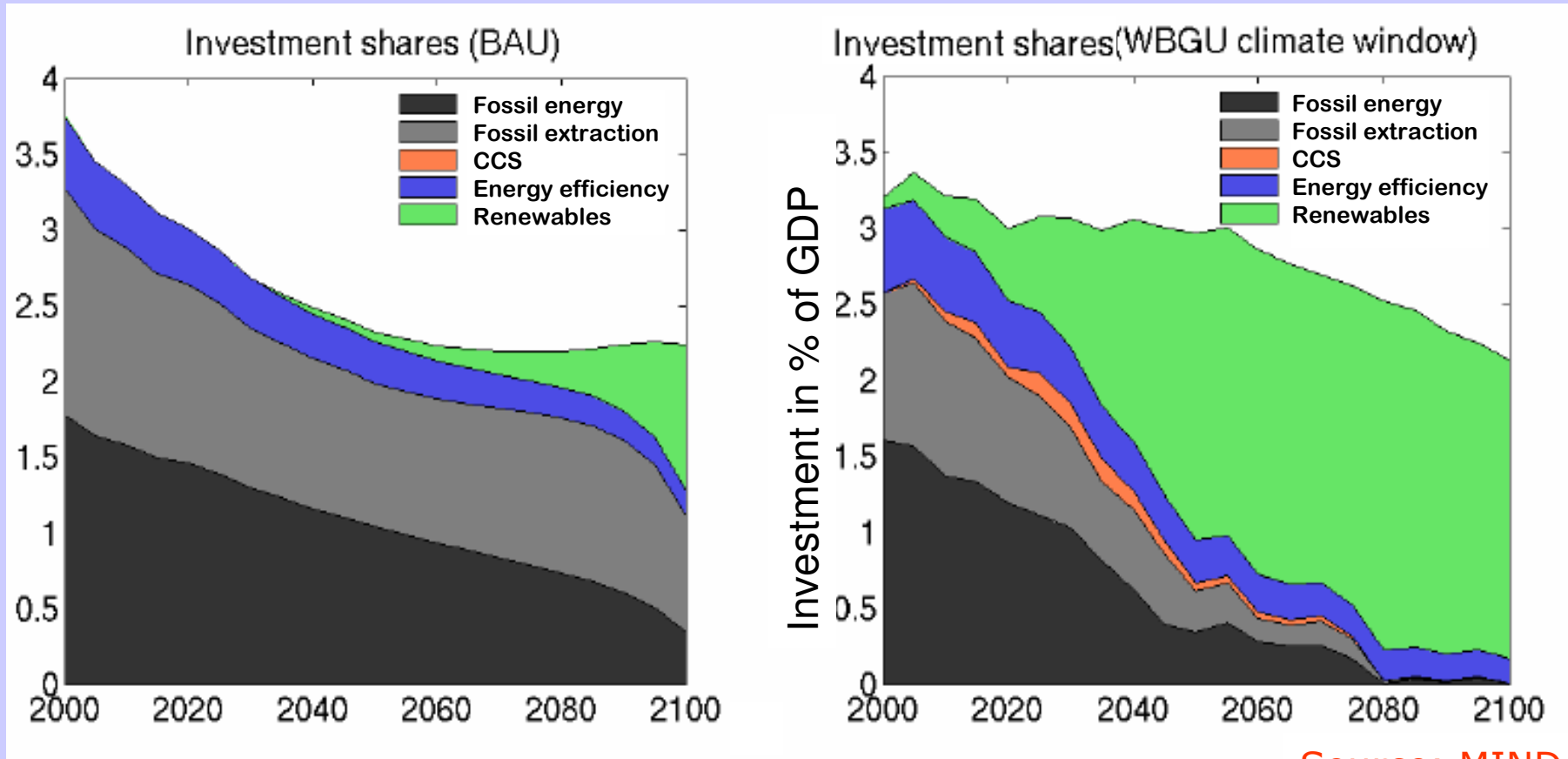


Post-2012 informally

- Aspirational Long-Term Goal: a non-negotiated vision
- Adaptation: Assistance and Mainstreaming
- Targets, Markets & Trading: Remain core, new types of Targets?
- Sectoral Approaches: e.g. intensity, no-lose, technology
- Sustainable Development (-Pams): Energy Security, Health, Poverty Eradication
- Technology Co-operation



Investment Challenge



Source: MIND



Lessons learned?

- The picture is bigger than climate ...
 - Energy
 - Development
 - Economics/Finance
 - ...
- G8, WEF, World Bank, OECD/IEA, Carbon Disclosure Project, ABI-Report, Stern Review (UK treasury)
- UNFCCC as a focal point and negotiating table – Avoid fragmentation



US - Reference

- Senate R 312 (Lugar/Biden), May 2006
 - “... (A) advance and protect the economic and national security interests of the United States;
 - (B) establish **mitigation commitments by all countries that are major emitters of greenhouse gases**, consistent with the principle of common but differentiated responsibilities;
 - (C) establish flexible international mechanisms to minimize the cost of efforts by participating countries; and
 - (D) achieve a **significant long-term reduction in global greenhouse gas emissions ...**”
- all explicitly in the UNFCCC context



EU - Reference

- European Council, March 2005
 - “developing a medium and long-term EU strategy ..., consistent with **meeting the 2°C objective**.
 - ... in line with the common but differentiated responsibilities and respective capabilities, ... **significantly enhanced aggregate reduction efforts by all economically more advanced countries** [are needed].
 - ... reduction pathways for the group of developed countries in the order of 15-30% by 2020, ..., and beyond, in the spirit of the conclusions of the **Environment Council [60-80% by 2050], should be considered. ...”**



LCS and the UNFCCC

Long-term orientation:

“As for the future, your task is not to foresee it, but to enable it.”

(Antoine de Saint-Exupéry)



Strategic Approach

- Private (and public) sector need certainty for investment decisions
- Early incentives for development and deployment of less emitting technologies
- Urgency: Closing window of opportunity for long-term objectives



Conclusion

- UNFCCC as a comprehensive framework to facilitate co-operation, but also broader view necessary
- Carbon Market offers tools for guiding investments – should be strengthened
- Vision for post-2012 just emerging – sustainable development centre stage
- LCS can be valuable input for Convention Dialogue and Kyoto AWG
- LCS as an Opportunity for trust building, capacity building and exchange





Thank You!

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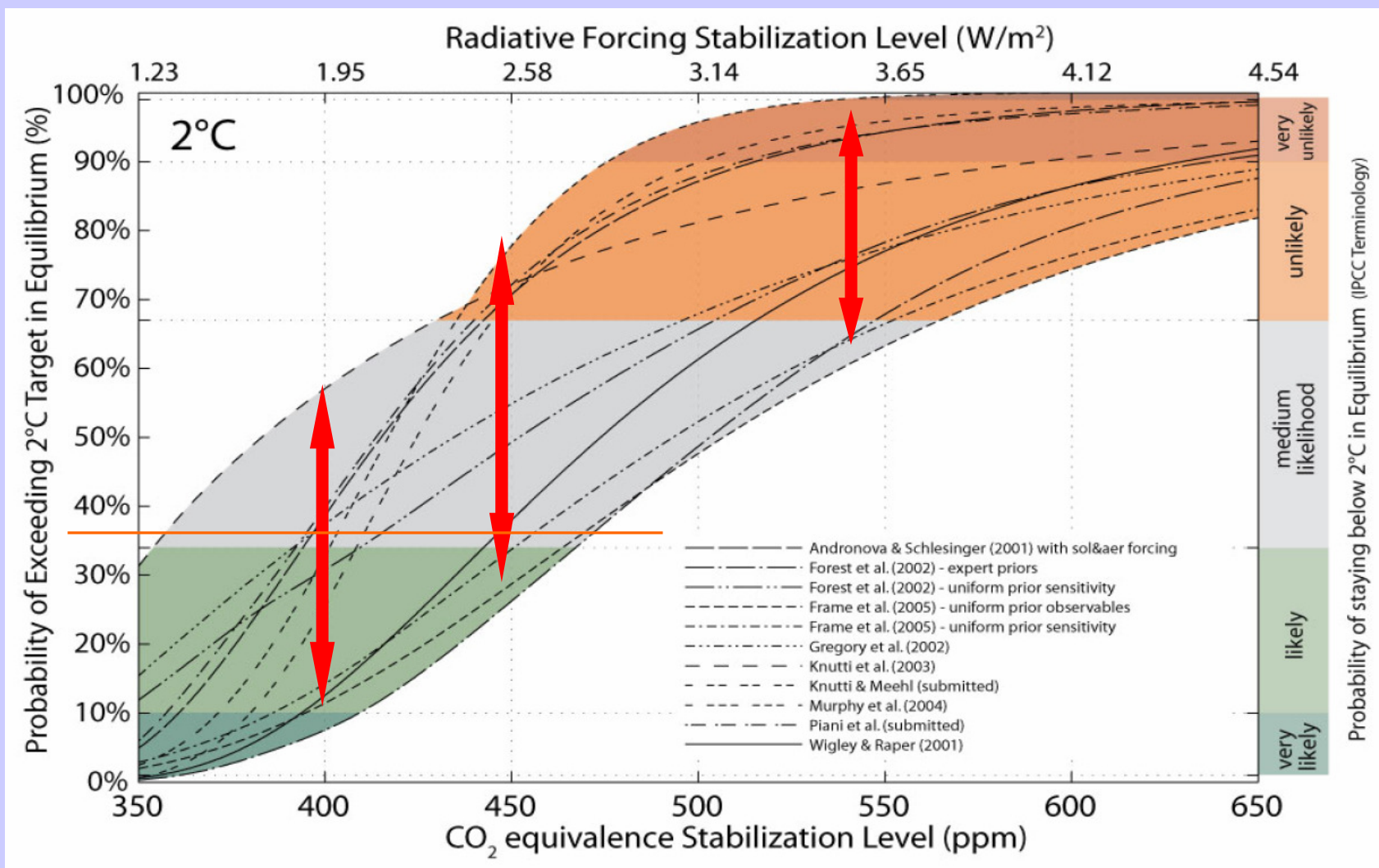


Umwelt
Bundes
Amt 
Für Mensch und Umwelt

Backup slides ...



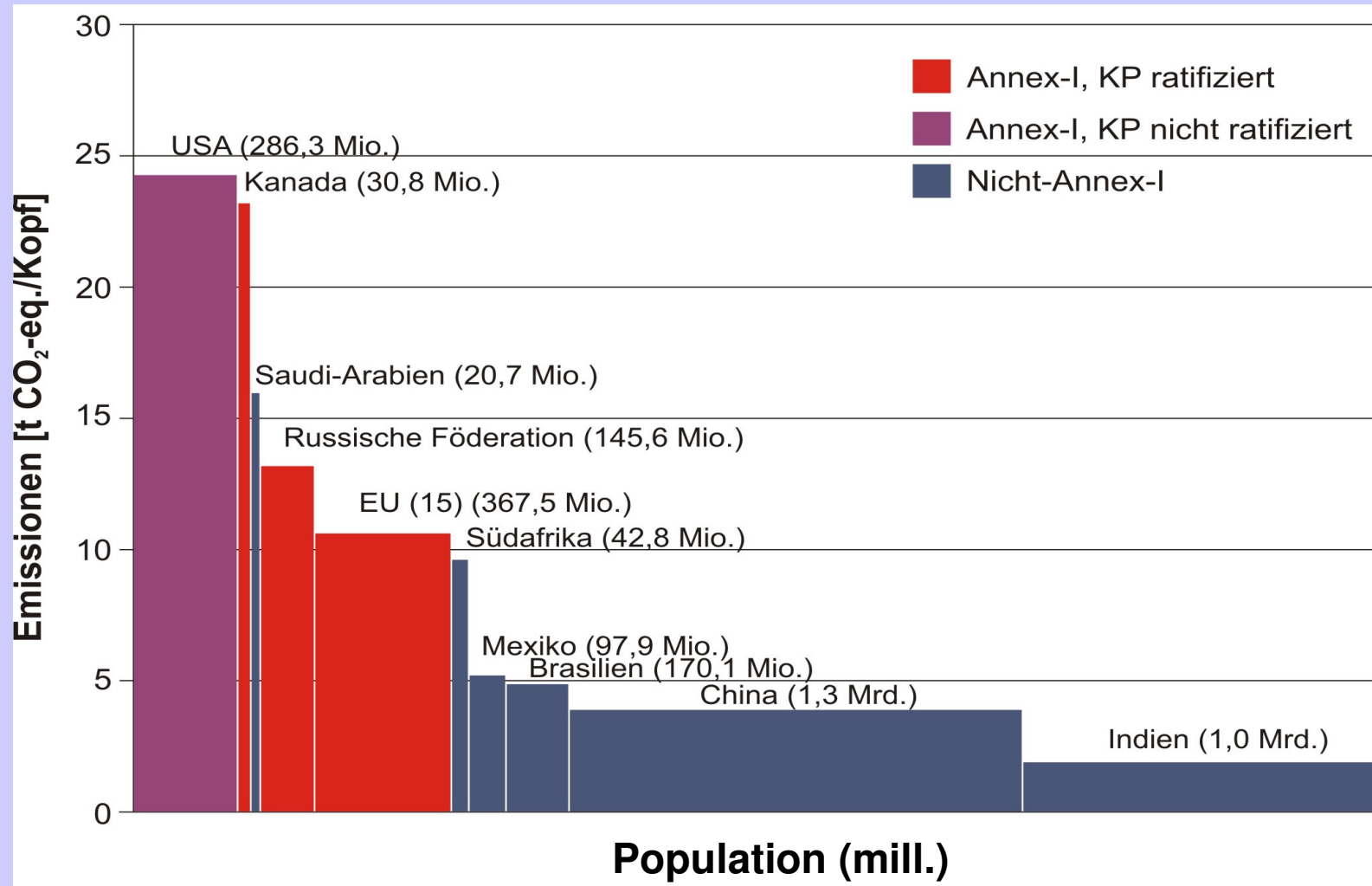
EU: 2°C temperature limit



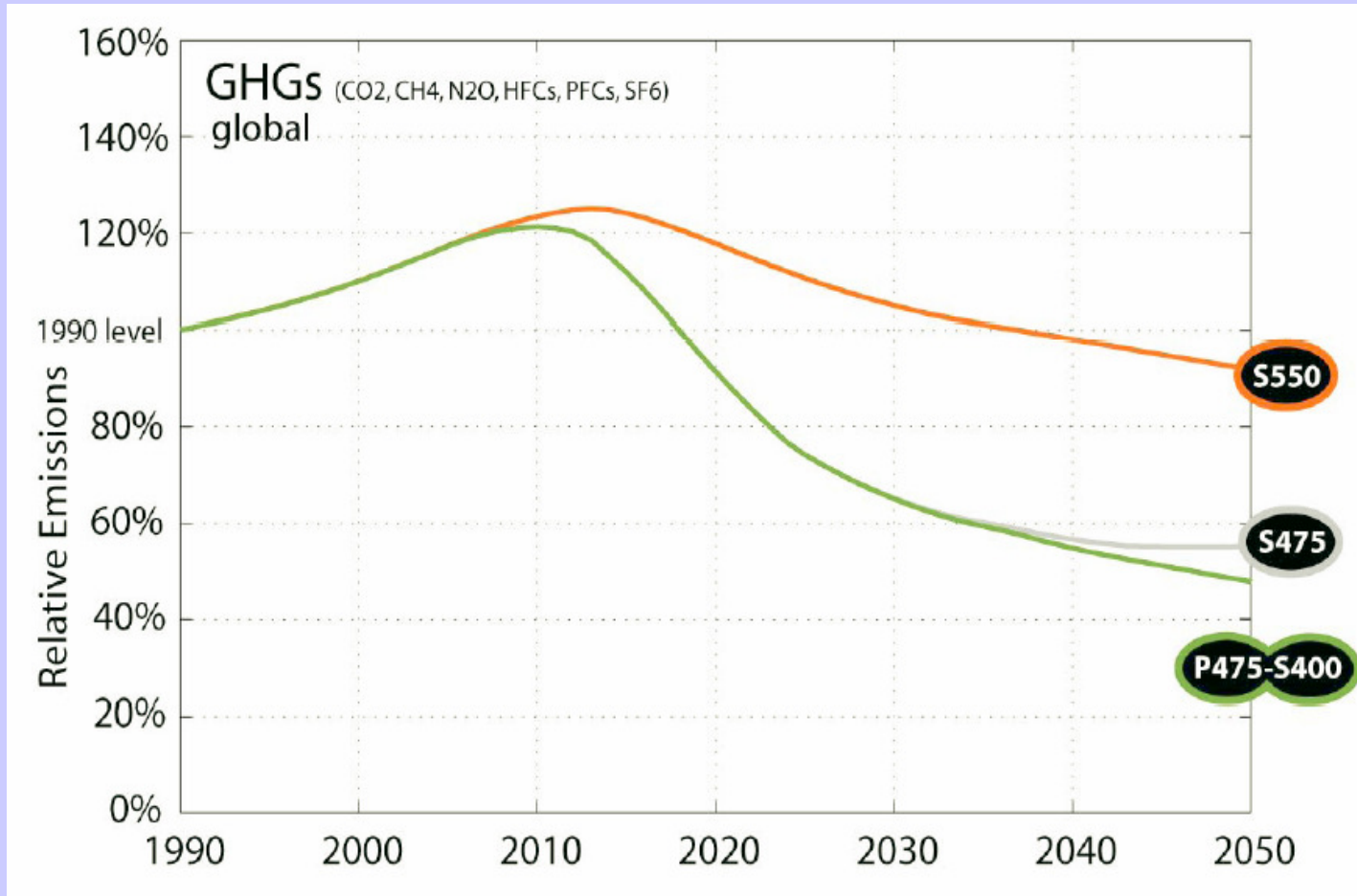
Source: Hare and Meinshausen 2005



Per Capita Emissions



Emission pathways (i)



Source: Meinshausen 2005



Income and emissions per capita

