



The State of International Climate Change Negotiations: Towards Bali and Beyond

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Focus of Briefing



- 1) Current status of the multilateral climate change process (UNFCCC, Kyoto Protocol, IPCC) – where we're at and how we got here;
- 2) Next steps and possible directions, particularly the **Bali conference** in December and negotiations on what happens post-2012 (when Kyoto's "first commitment period" expires).

Major conclusions



- a) **A new phase has begun** in UN negotiations aimed at securing a deal on a multilateral agreement for **post-2012**. The current phase is likely to last at least two more years;
- b) **Bali will be a major test for the new phase**, and will be buoyed by several events that seem to have generated positive momentum (IPCC Fourth Assessment Report, changes in public opinion, political changes in US and elsewhere);

BUT....

Major conclusions II



c) The likely **outcome of this phase remains uncertain**, in spite of recent grounds for optimism;

d) Success even at Bali is by no means assured;

And finally:

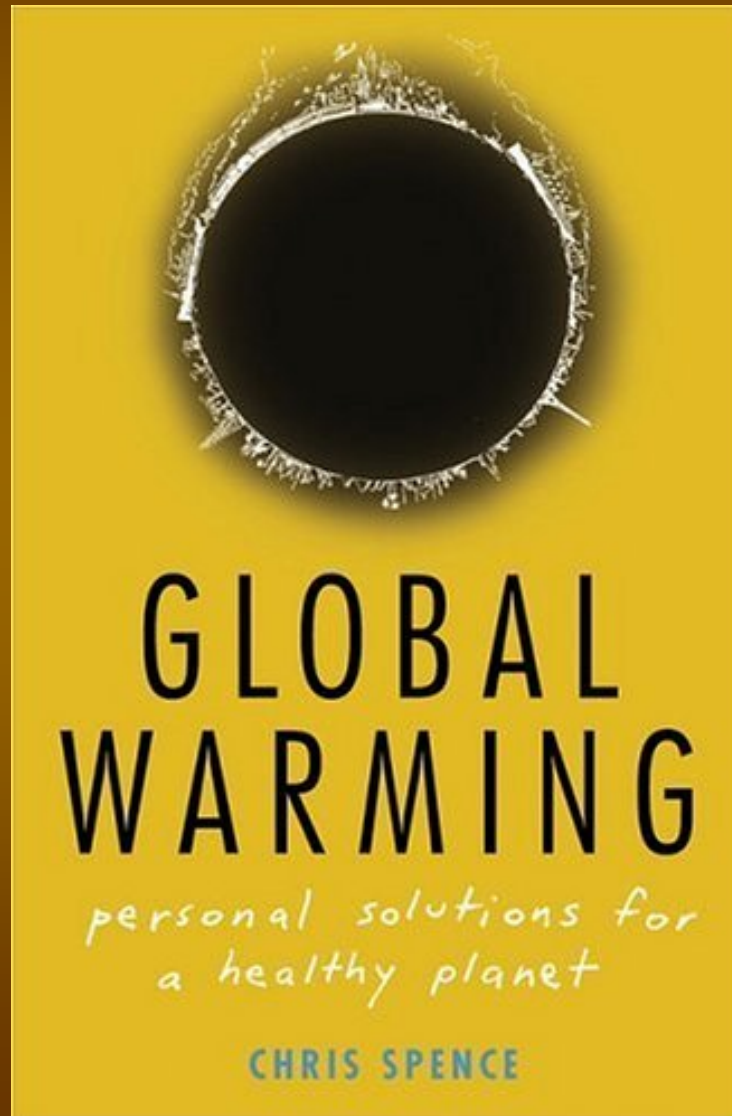
e) The next 2 years will give individual governments a **unique opportunity to influence the direction of global negotiations in formulating a winning medium- to long-term response.**

Background Information

Who am I and why am I here?

- ✓ Working on environmental issues since the early 1990s, first in NZ, then in Europe and the US for various organizations (IISD, IUCN, UNDP, etc).
- ✓ Attending and writing from UN climate negotiations since Kyoto (1997).
- ✓ Currently Deputy Director of IISD Reporting Services, publishers of the *Earth Negotiations Bulletin*, which reports from multilateral United Nations negotiations on environment and development issues. Manager of its climate change team since 1999.

Instructions from publisher! Mandatory plug for book...available in *some* good book stores





Background on IISD Reporting Services

What is IISD RS? Who are we and what do we do?

- ✓ International Institute for Sustainable Development (IISD) is a non-governmental organization headquartered in Canada and with offices in NY, Geneva, Ottawa etc;
- ✓ Known for its research and policy work on SD;
- ✓ 160 staff/associates, annual budget of CAN\$13 million



Background on IISD Reporting Services

- ✓ **IISD Reporting Services** is based out of New York
- ✓ Founded in 1992
- ✓ Provides **neutral, independent and balanced** reports and analysis from major multilateral environmental agreements (MEAs): climate, biodiversity, CSD, desertification, chemicals, water, oceans, forests, UNEP...
- ✓ Reported from every major UN climate negotiation since 1994



Background on IISD Reporting Services II

- ✓ Readership of 50,000 policy makers, experts from governments, UN, IGOs, NGOs, academia, private sector
- ✓ Website: www.iisd.ca (41 million hits 2006)
- ✓ Main publications:
 - ✓ *Earth Negotiations Bulletin* (ENB),
 - ✓ *Your Meeting Bulletin*,
 - ✓ *African Regional Coverage*,
 - ✓ *Linkages Update*,
 - ✓ MEA Bulletin,
 - ✓ Peer-to-peer listserves (eg Climate-L)



Background on IISD Reporting Services II

- ✓ Report writers: 80 consultants from 32 countries who are experts in different MEAs (range from retired diplomats to young PhD students)





SUMMARY OF THE UNFCCC SEMINAR OF GOVERNMENTAL EXPERTS: 16-17 MAY 2005

The Seminar of Governmental Experts was held on 16 and 17 May 2005, at the Maritim Hotel in Bonn, Germany. The decision to hold a Seminar was taken by Parties at the Tenth Conference of the Parties (COP-10) to the UN Framework Convention on Climate Change (UNFCCC) in December 2004. The decision, which followed lengthy discussions at COP-10, sought to address the question of how to engage on some of the broader issues facing the climate change process. Foremost among these for some Parties was the question of a future framework and commitments to combat climate change in the post-2012 period (the Kyoto Protocol sets emissions targets for the years 2008-2012). There was also some interest in other issues, such as how to respond to the increasingly strong evidence of climate change, address the differences of opinion over Kyoto, and move forward in dealing both with climate change mitigation and adaptation.

The issue of a post-2012 framework proved to be particularly sensitive at COP-10. While the Kyoto Protocol requires Parties to begin considering the post-2012 period by 2005, many developing countries have objected in the past to attempts to expand the group of nations that have binding emissions targets from Annex I Parties into the ranks of the Group of 77 and China (G-77/China). Developing countries argue that industrialized countries should take the lead, based on the principle of common but differentiated responsibilities. There was also the question of how to include non-Parties to Kyoto in talks on subsequent commitments.

As a result of these concerns, the terms of reference set for the Seminar were kept broad and general, with no specific reference to a post-2012 framework or other controversial matters. Parties at COP-10 agreed that the Seminar should encourage an "informal exchange of information on: (a) actions relating to mitigation and adaptation to assist Parties to continue to develop effective and appropriate responses to climate change; and (b) policies and measures adopted by their respective governments that support implementation of their existing commitments."

While the Seminar had no formal outcome, such as recommendations or a negotiated text, many participants felt that it had been a very constructive and open dialogue that had demonstrated a willingness among Parties to understand others' positions and circumstances, and to begin the search for innovative ways to accommodate them. However, while being widely viewed as a step in the right direction, there were few signs that the differences between Parties had actually narrowed.

REPORT OF THE SEMINAR

UNFCCC Executive Secretary Joke Waller-Hunter welcomed participants to the Seminar of Governmental Experts on Monday morning, 16 May. Stating that this Seminar was the "first of its kind in UNFCCC history," she said time would tell if it will be remembered as an historic event. She suggested that, following the entry into force of the Kyoto Protocol in February 2005, this was an opportune moment to consider the implementation of the UNFCCC and Kyoto Protocol. She said participants would be informed about the broad range of approaches Parties have taken to tackle climate change, reflecting countries' diverse circumstances, and highlighted that the Seminar was taking place against a backdrop of rising atmospheric greenhouse gas concentrations.

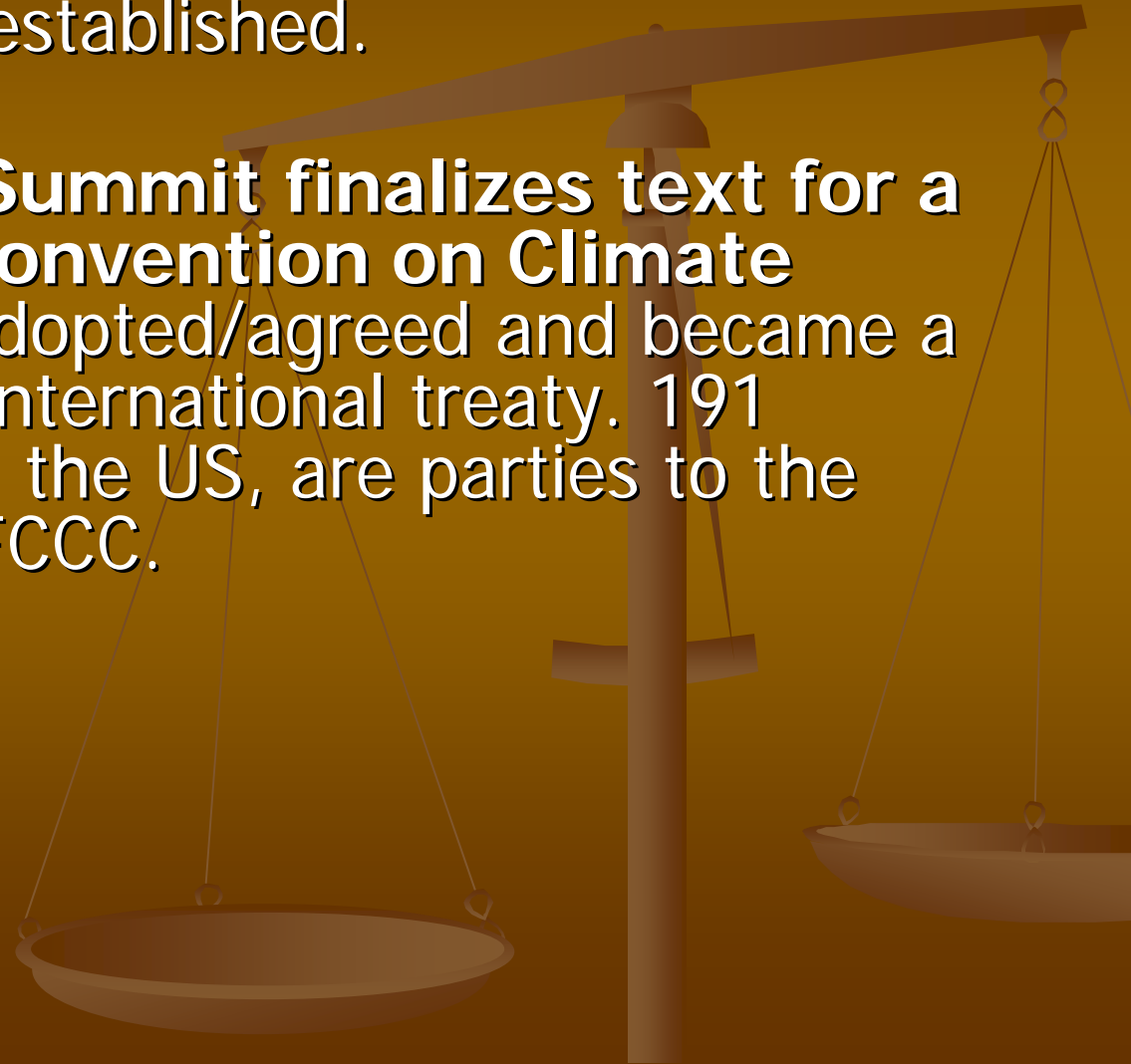
Delegates then heard two keynote presentations. Jürgen Trittin, German Federal Minister for the Environment, Nature

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Brief History of the UN Climate Process I

- **1980s: concern grows about human impact on climate. IPCC established.**
- **1992: Rio Earth Summit finalizes text for a UN Framework Convention on Climate Change.** Quickly adopted/agreed and became a legally-recognized international treaty. 191 countries, including the US, are parties to the Convention, or UNFCCC.



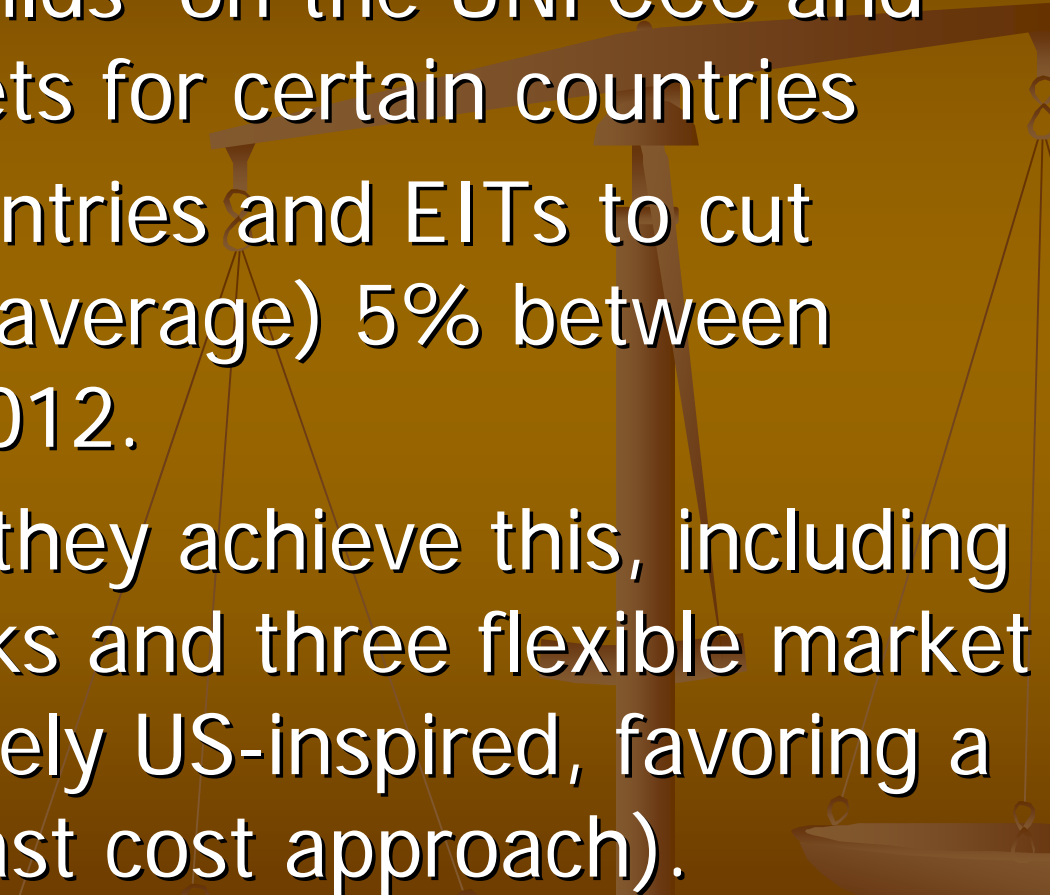
Brief History II

- **1994: UNFCCC a “first step” by global community.** Countries recognize climate change as a major threat and undertake to stabilize the levels of greenhouse gases in the atmosphere to avoid “dangerous anthropogenic interference” (Art.2).
- The **UNFCCC** establishes that all countries need to act, but that industrialized countries need to lead (“common but differentiated responsibilities”). (Art. 3.1) Action includes regular reporting, mutual cooperation, support for developing countries, etc.
- Sets up a framework for further work, reviews and additional agreements that build on this treaty (a “COP” to meet each year, subsidiary bodies (SBSTA and SBI), a staff Secretariat, etc

Brief History III

- **1997: Kyoto Protocol** agreed. It built on the UNFCCC by recognizing the need for specific targets/goals for OECD and former Soviet Bloc countries, but not for developing countries. This was considered historically fair.
- **1998-2005:** While basic text for Kyoto agreed, many details still to be worked out (for instance, accounting for emissions cuts, how the Protocol's flexible mechanisms will work, what countries do with their forests and other carbon "sinks"). Negotiations become very complex, but all these details were finally agreed.
- **2005:** Kyoto Protocol ratified by enough parties to become a legally-binding treaty on those countries who have ratified it.

What does Kyoto do?

- Kyoto Protocol builds on the UNFCCC and sets specific targets for certain countries
 - Industrialized countries and EITs to cut emissions by (on average) 5% between 1990 and 2008-2012.
 - Flexibility in how they achieve this, including use of carbon sinks and three flexible market mechanisms (largely US-inspired, favoring a market-based, least cost approach).
- 

Current Status of Multilateral Process I

a) **The Kyoto Protocol's short-term future is now secure**

Confirmed at the first meeting of Parties to the Kyoto Protocol in Montreal in December 2005. The rules negotiated for the Protocol's first commitment period (2008-2012) are adopted.

- ✓ COP/MOP 1 adopt the 2001 Marrakesh Accords (LULUCF, accounting, inventories, reporting);
- ✓ compliance mechanism for the flexible mechanisms adopted (objections from certain countries overruled);

Current Status of Multilateral Process II

B) In 2006, a new phase began, focused on securing a multilateral agreement for post-2012, when the Kyoto Protocol's first "commitment period" expires.

Montreal conference agreed on various "tracks" to consider the future under the Protocol and UNFCCC:

- i. UNFCCC: a dialogue (a series of workshops) under Convention process (so includes US) through to Bali (COP 13)
- ii. Protocol *Article 3.9* (future commitments) – AWG. Focus on industrialized countries' commitments.
- iii. Protocol Part II: discussions under *Article 9* (a wider review of Protocol some hope will open door to some sort of commitments from developing countries)
- iv. "Russian proposal" for some sort of voluntary commitments from developing countries

Current Status of Multilateral Process III

BONN AND NAIROBI

MAY AND NOVEMBER 2006, MAY 2007

- Began the UNFCCC long-term process and the Kyoto 3.9 process (Ad Hoc Working Group) without any hitches.
 - “Uncertain” Russian proposal did not derail talks. Workshop in May 2007.
 - Article 9 talks were held in Nairobi. Further review 2008.
 - New ideas aired: this is the time in the process to try new ideas, “float kites”. Many new ideas starting to surface (eg avoided deforestation in developing countries, stepping up industry involvement, CCS and carbon trading). Also, a “confidence building” period of open dialogue.
- BUT... some concerns that more urgency needed to move talks forward.

Current Status of Multilateral Process IV

BUILD UP TO BALI, 2007

- Recognition of need to consider next steps – UNFCCC Dialogue set to end by Bali.
- IPCC Fourth Assessment Report reaches completion – Working Groups adopt reports in early 2007, to great media fanfare. Reports confirm clear science on climate change. IPCC recognized by Nobel Prize. Synthesis report due in Valencia on 17 November.
- Polls show increase in public awareness and support for action on climate change.
- Corporate sector interest and acceptance of need for action, tending towards market friendly options (carbon market)

Current Status of Multilateral Process V

BUILD UP TO BALI, 2007

- **Growing political and public recognition of the issue reflected in a series of meetings:**
 - EU Summit endorses emissions targets for 2020 (20/30 target, March)
 - two ministerial meetings (Sweden in June, Bogor in October)
 - UNGA informal dialogue raises "roadmap" issue (July-August, NY)
 - AWG 4 and UNFCCC Dialogue 4 (Vienna, August)
 - UN high-level meeting (September, NY)
 - Bush administration meeting (September, Washington, DC).

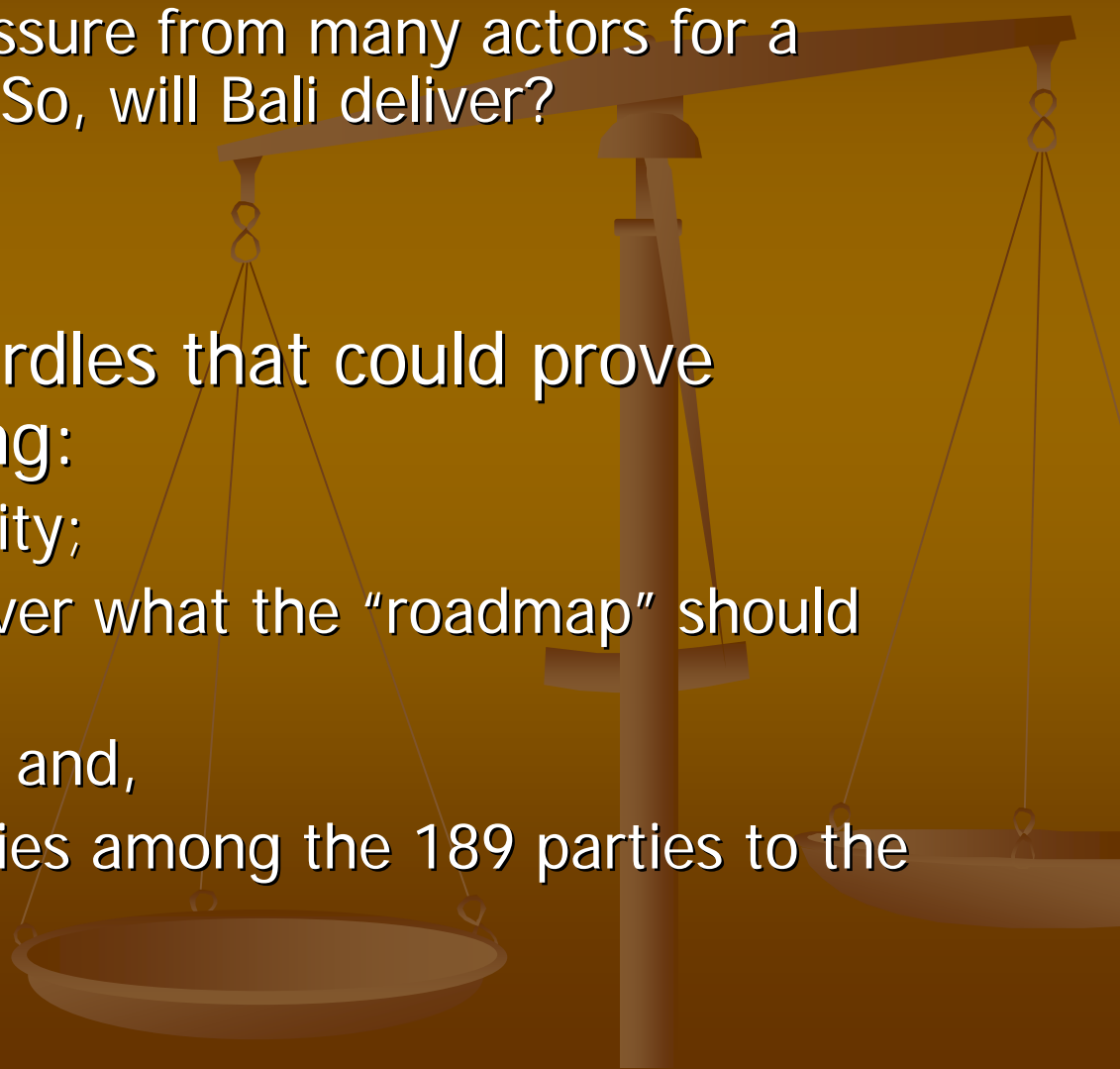
- **Momentum builds for a strong Bali outcome:**

These meetings seem to endorse the need for a strong Bali outcome, with many talking about a clear roadmap that mandates a process culminating in 2009:

 - *"a breakthrough in the form of a **roadmap** for a future climate change deal [is needed]."* (Yvo de Boer)
 - *"Bali needs to launch a negotiating agenda, decide that negotiations need to begin on a post-2012 climate change policy, launch that process formally, decide what the main elements that need to be negotiated are, set a timetable for negotiations and like every good timetable, set an end date.... [which] should be 2009."* (Yvo de Boer)
 - *"calls on all parties to actively and constructively participate in the UN Climate Change Conference in Indonesia in December 2007 with a view to achieving a comprehensive post 2012-agreement (post Kyoto-agreement) that should include all major emitters."* (G8 outcome)
 - *"the Bali summit at the end of this year stands as a milestone, where we expect the international community to launch an ambitious **roadmap** for negotiations and a global comprehensive climate change agreement"* (Jose Socrates, Portuguese PM, for EU)

Prospects for Bali I

- ✓ Fated to succeed?
 - ✓ Certainly, strong pressure from many actors for a successful outcome. So, will Bali deliver?
- ...Not necessarily
- Bali faces several hurdles that could prove problematic, including:
 - (a) meeting complexity;
 - (b) different views over what the “roadmap” should include
 - (c) issue complexity; and,
 - (d) political sensitivities among the 189 parties to the UNFCCC.



Prospects for Bali II

(a) MEETING COMPLEXITY

What is the Bali event?

Bali is a scheduled event – or series of events - of the UNFCCC and Kyoto Protocol. Regular, mandated meetings that serves multiple purposes – review progress in implementation, consider national communications, etc.

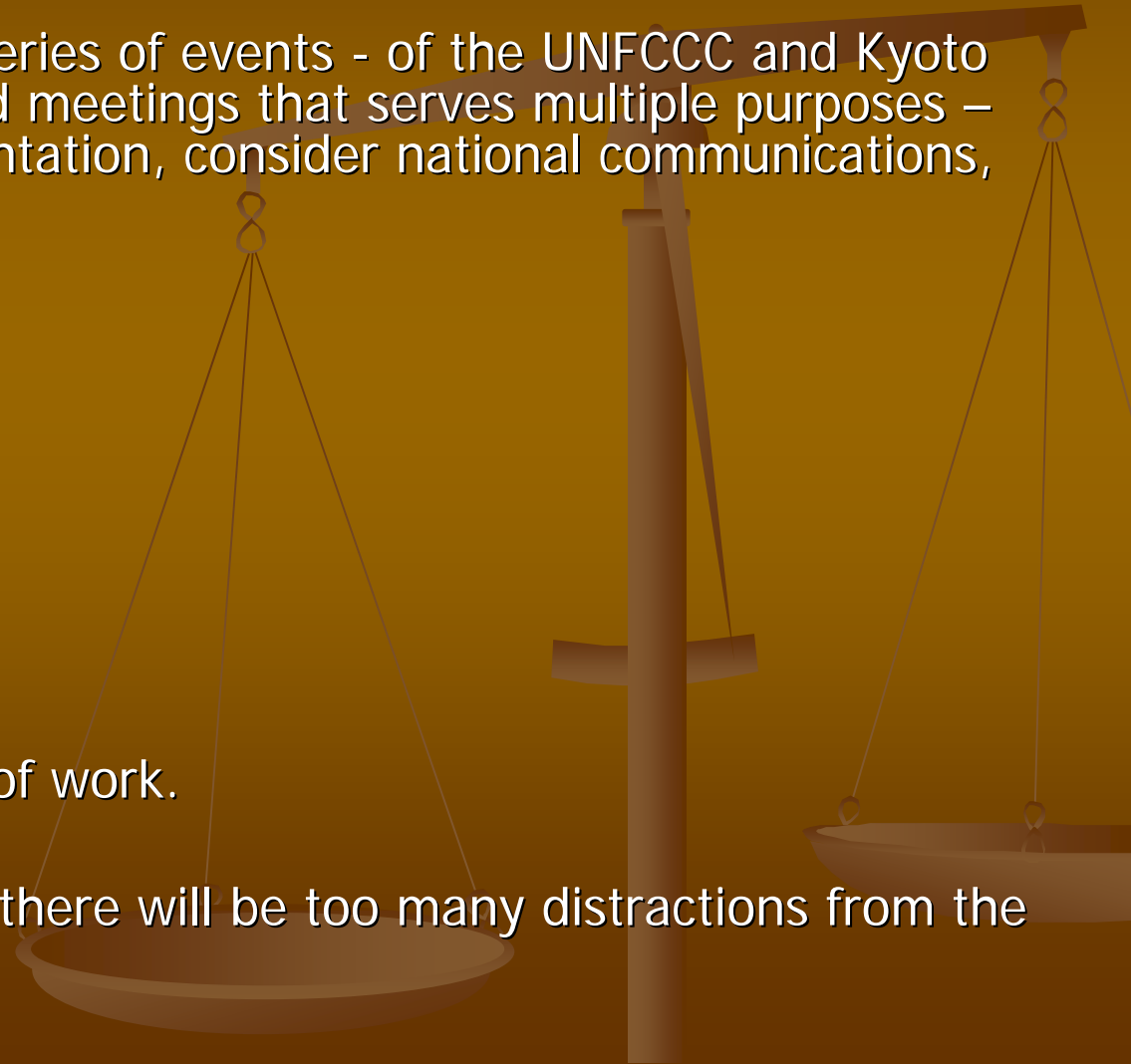
Agenda is heavy and complex.

List of meetings:

- COP 13
- COP/MOP 3
- SBSTA 27
- SBI 27
- AWG 4 (resumed)
- Side and parallel events

2+7 rule, so massive amounts of work.

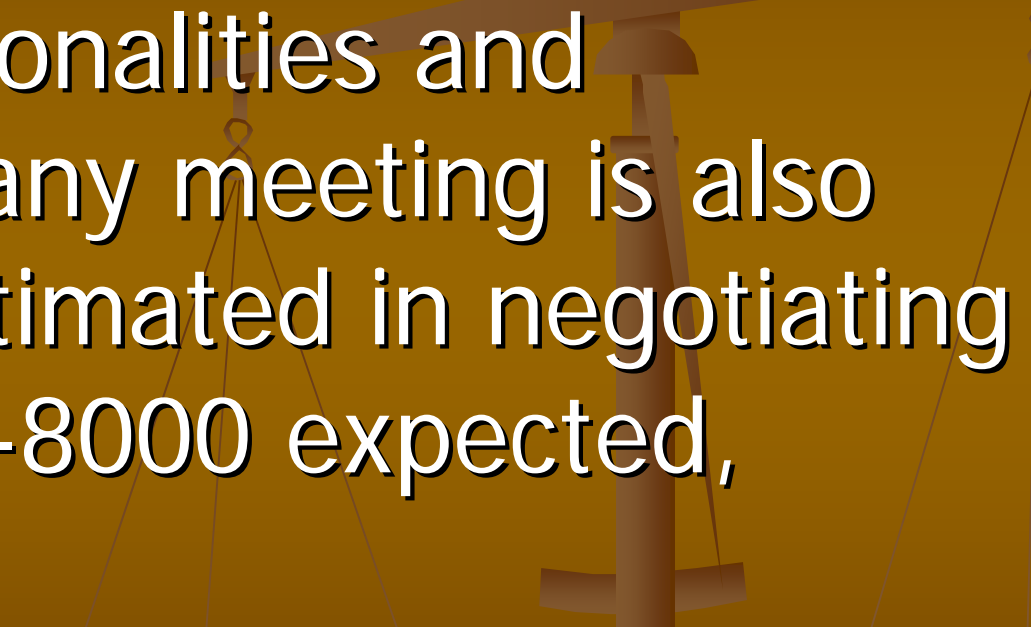
RESULT: Some concerned that there will be too many distractions from the critical work on post-2012.



Prospects for Bali II

(a) MEETING COMPLEXITY (continued)

The role of personalities and organizers at any meeting is also often underestimated in negotiating theory... 6000-8000 expected, including:



Prospects for Bali II



Prospects for Bali III



(b) DIFFERENCES OVER PROCESS: what should the “roadmap” should include (or even if it should be a “roadmap”?)

Key questions:

- What happens to the UNFCCC Dialogue and AWG?
(UNFCCC involves US, so many support a continued UNFCCC; others want a Kyoto focus, since it places the focus more squarely on industrialized countries)
- Should the roadmap have an end date? (2009?)
- How many meetings will be required – will more conferences than usual need to be held?
- What happens to the Kyoto Article 9 review in 2008?
- What happens to the Russian proposal?
- How does the US proposal for a separate major emitters’ process fit in?

Prospects for Bali III

(b) DIFFERENCES OVER PROCESS (continued)

Bogor meeting demonstrated various differences.

For instance, regarding the Dialogue and AWG:

- Japan wants to merge the Convention dialogue and AWG into one process;
- India doesn't want the convention dialogue to continue at all, and prefers a focus on the AWG.
- China suggested a WG to continue the dialogue, but on condition that there was no end-date or linkage with AWG.
- Yvo de Boer outlined three options: continue in an informal process; establish a negotiating process in a new body under the Conference of Parties (COP) of the UNFCCC; or establish a fully integrated process in a new body under the COP and the COP/Meeting of the Parties (of the Kyoto Protocol).

On the Bali outcome:

- EU favors a COP decision that mandates a process of further work
- G77 concerned that this would create a Bali Mandate rather than a Bali Roadmap. Also, fears that a negotiated decision could be weakened.
- SA proposed a Political Declaration, developed by a Friends of the Chair group. Hopes for a continued Convention Dialogue and AWG. Declaration would allow for stronger language than a decision?
- A statement by the COP president that clearly states the outcomes and the process forward has been proposed as another option. Weakest option?

Prospects for Bali IV

(c) ISSUE COMPLEXITY AND POLITICAL SENSITIVITIES

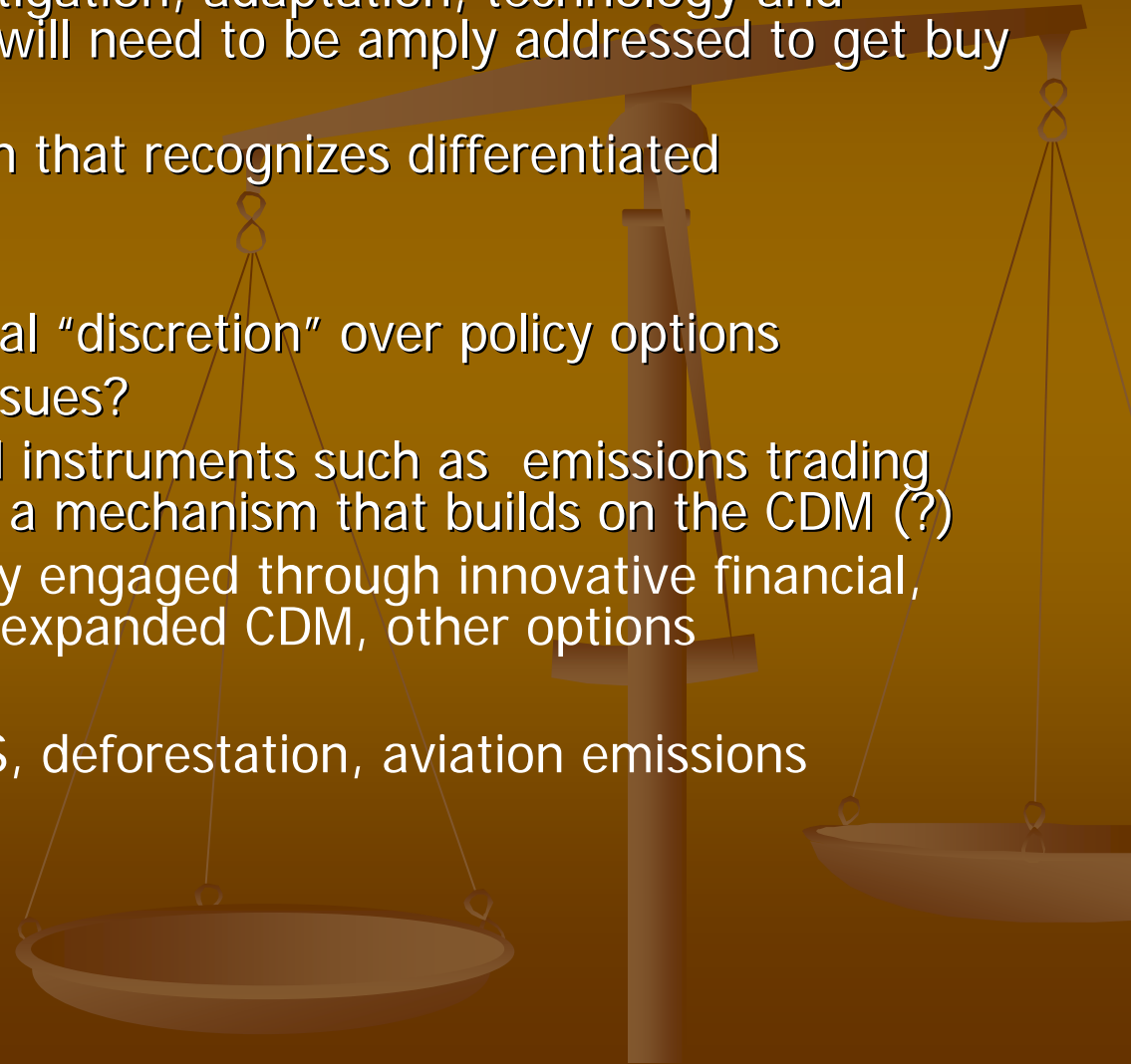
Process connects to substance. These issues are complex and highly sensitive. Underlying some process questions are some highly complex and difficult issues, including:

- 1) How to develop a regime that actually delivers the massive changes in global emissions levels/trajectory required (fundamental question)
- 2) How to engage the US and ensure it is part of a future regime (Bush administration still pro-voluntary, anti-trading; also who to engage?)
- 3) How to engage developing countries, particularly major emitters, who are essential to any future treaty but are suspicious that the North is trying to make the South take on emissions targets and constrain their right to development
- 4) How to keep current Kyoto-committed countries on track for post-2012

Features of a post-2012 agreement?

Features of a post 2012 (highly speculative):

- Four building blocks - mitigation, adaptation, technology and finance/investment – all will need to be amply addressed to get buy in from all parties.
- Broad-based participation that recognizes differentiated responsibilities
- Longer deadlines?
- Flexible goals and national “discretion” over policy options
- Addresses stabilization issues?
- The use of market-based instruments such as emissions trading (increasing support) and a mechanism that builds on the CDM (?)
- Developing countries fully engaged through innovative financial, investment instruments, expanded CDM, other options
- Sectoral approach
- “New” areas such as CCS, deforestation, aviation emissions



Conclusions...



- a) **The next 2-3 years will be critical** for the global community to formulate a long-term agreement.
- b) likely **outcome uncertain and first major test is Bali** – if it fails, it could mean a gap between first and second commitment periods... long term failure could mean a reversion to bilateral, regional solutions (inadequate for a global problem)
- c) Some parallels to 95-97
- d) this period will give individual governments and organizations a **unique opportunity to effect the direction of global negotiations.**