



Views regarding Article 9 of the Kyoto Protocol: Review of the Protocol

CAN International Submission August 2006

The Climate Action Network International (CAN) welcomes the opportunity to provide recommendations to the COP/MOP regarding Article 9 of the Kyoto Protocol, as provided for in FCCC/KP/CMP/2005/8, para. 77, addressing issues related to the first periodic review of the Protocol to begin at the second meeting of Parties to the Protocol.

CAN is a coalition of more than 360 environmental and development non-governmental organizations in 85 countries worldwide, committed to limiting human-induced climate change to ecologically sustainable levels. This submission represents a summary of CAN's position on and recommendations for the key issues to be decided under Article 9.

CAN's position reaffirms the Network's strong commitment to the ultimate objective of the Convention: the prevention of dangerous anthropogenic climate change. Based on the best available scientific evidence, CAN believes that the peak in global average temperature must be kept below 2°C, compared with preindustrial levels, to be consistent with this objective. For this to be achieved, global emissions will need to peak by the middle of the next decade and begin to decline thereafter. A delay in action of only 5 to 10 years will require much greater rates of emission reductions later to achieve the same target, at significantly higher cost.

To allow developing countries a fair share of the global emissions budget, developed countries need to reduce their emissions by at least 30-35% by 2020¹. It is clear that dangerous climate change cannot be avoided by industrialized countries' actions alone. Differentiated and appropriate actions by developing countries will be required, based on the Convention's principles of equity, historical responsibility and capability to act.

The Kyoto Protocol contains the core elements necessary to address the challenges of climate change including, but not limited to, binding emissions reductions for Annex I countries, the use of flexible mechanisms, and successive commitment periods of five years. An equitable and environmentally effective agreement for the next commitment period will need to expand and extend this architecture, so that it includes differentiated and different types of action to enable broader participation. New and expanded flexible mechanisms are needed to drive the transfer of technology and finance. The agreement for the next commitment period must be founded upon the three fundamental elements:

- deeper absolute emission reductions by Annex I countries, with emissions reductions achieved primarily by domestic action

¹ Den Elzen, MGJ and Meinshausen, M, 2005, *Meeting the EU 2°C climate target: global and regional emission implications* Netherlands Environmental Assessment Agency

- broader participation by all significant emitters, driven by positive incentives, according to the principle of equity and levels of responsibility and capability
- expanded adaptation mechanisms, involving assistance and compensation funded by industrialized countries, to deal with impacts of climate change

The Montreal Action Plan Processes

CAN sees the Article 3.9 and Article 9 processes under the Protocol as complementary and intimately interconnected: achievement of a post-2012 regime relies on success being achieved in both fora. It is important that the Article 9 working group is given equal status to the *Ad Hoc* Working Group on Article 3.9. To achieve a seamless transition into the second commitment period, it is essential that the two processes:

- are tightly coupled, to avoid replication of work and to ensure a coherent and fair agreement on future action
- build on the existing Kyoto architecture of absolute emission reductions and flexible mechanisms
- are orientated around the amendments needed to the Kyoto Protocol for the second commitment period
- ultimately merge to create a single, coherent post-2012 instrument

The third process on post-2012, the Dialogue on Long-Term Cooperative Action, is also a notable component of the discussions and a positive outcome from this forum may help achieve positive progress on the Article 3.9 and 9 discussions. The work of the three tracks must be mutually informative, and together, must facilitate the negotiation of a single, coherent agreement with commitments adequate to address the enormity of the challenges presented by climate change.

The Role of Article 9

As Parties are in the midst of fulfilling the Montreal Action Plan (MAP), CAN seeks to ensure that all processes under the MAP are based on sound scientific information and analysis and are informed by lessons learned from the first commitment period. Such information will benefit both the Dialogue and the Article 3.9 negotiations, bringing forward information in a sound, effective and balanced fashion. Article 9 provides an opportunity to bring this information together and then apply it according to the decision of Parties. This applies to all relevant articles of the Protocol and Convention and provides an excellent opportunity to step back and assess how Parties are responding to and implementing both instruments. Whether this be the provisions on the CDM, adaptation, absolute emission reductions or technology transfer, scientific analysis should be the basis for any negotiations or discussions under the UNFCCC or Kyoto Protocol.

This analysis phase should, however, not last longer than one year and should precede and inform the formal negotiating phase for the post-2012 agreement, which should begin immediately thereafter. Intersessional meetings will be required during both phases. CAN believes that this work will be most efficiently and effectively achieved through the formation of thematic subgroups. As a guide to the number of meetings that will be required, CAN notes that the Ad Hoc Group on the Berlin Mandate required eight and a half meetings over two and a quarter years to do the preparatory work for the Kyoto Protocol.

The work plan for both analysis and negotiating phases will need to be well-planned and well-resourced to allow the participation of all Parties and relevant stakeholders. The process must be conducted as transparently as possible and all documents should be published on the

UNFCCC website. The work must be carried out expeditiously: it is essential that negotiations are completed in time to ensure that there is no gap between the first and second commitment periods. This continuity is required to signal to the carbon markets the international community's continuing commitment to emission reductions. Based on the experience of the Kyoto Protocol, which took three and a half years to come into force following the negotiation of the Marrakech Accords, the post-2012 negotiations will need to be completed by the end of 2008.

Elements to be Included

To ensure that all processes under the MAP are based on sound science, CAN has undertaken a stock-taking exercise to identify key areas where further information is needed now, or in the future. How this information will be used is a question for Parties to answer at a later point in time. The key aspect currently is to ensure that this information is available to all Parties in an easily accessible fashion and can be utilized at the appropriate time in the 3.9 and Dialogue processes. Elements to be discussed include:

- *Article 2*

A review of the most recent evidence on projected impacts of climate change would inform the Parties' consideration of the ultimate objective of the Convention in relation to the scale of emissions reductions required. The results of the 2005 Exeter conference and the IPCC's Third Assessment Report would provide substantive input. The Fourth Assessment Report, when it becomes available, would also inform the review.

- *Required scale of emission reductions*

Analysis of the global emission pathways consistent with Article 2, taking into account scientific uncertainties, and focused on the three five year commitment periods 2013-2017, 2018-2022 and 2023-27. Additional input from the IPCC may be required.

- *Differentiation of allowed emissions*

Analysis is needed on the fair and equitable division of commitments between and within Annex I (to be negotiated under Article 3.9) and contributions between and within Non-Annex I Parties within the global emissions pathways consistent with Article 2.

- *Character of action*

The qualitative character of action undertaken by each Party in the common effort to implement Article 2 will depend on its circumstances (economic development, per capita emissions etc). Absolute emission reductions are inappropriate for countries with lower levels of economic development than those currently include in Annex I. A compilation of ideas for different types of action and their qualitative implications for Parties should be undertaken to provide a basis for a transparent process for determining the respective characters of action to be undertaken by all Parties. These will need to include discussion of new and expanded flexible mechanisms and the transfer of technology and finance.

- *Flexible mechanisms*

To facilitate the necessary deep cuts in emissions a by Annex I Parties and to encourage the greater participation of developing countries, the development of new and expanded flexible mechanisms will be necessary from the second commitment period. As well as evaluating lessons that can be learned from the existing mechanisms, possible new mechanisms that should be discussed include: sectoral targets, sustainable development policies and measures (SD-PAMs). Discussion should also address their effectiveness in terms of mitigation, their

compliance and facilitation features, and institutional requirements, including provision of data and capacity requirements.

- *Technology transfer and finance*

The scale of technology transfer and finance needs to be appropriate to the scale of required emissions reductions to meet the 2°C objective. An analysis and synthesis of the options, available to scale-up technology transfer to meet this objective is needed, including discussion of the appropriate fora to manage and enable this. Also required will be a consideration of related international property rights/ patents issues. This analysis will need to inform and be informed by the work on flexible mechanisms.

- *Legal and architectural issues*

Questions to be addressed include: how to add new mechanisms to the Protocol, and the implications of doing so for Articles 5, 7 and 8; the Annex B amendment process; and review of entry into force issues.

- *Scientific and methodological issues*

Issues in need of discussion include: changes needed to emissions accounting, reporting and verification systems based on scientific developments and the IPCC 2006 Guidelines.

- *Land Use, Land-Use Change and Forestry*

An analysis of the options, and their data needs, will need to be undertaken for LULUCF accounting under Articles 3.3 and 3.4, including national estimates of projected stock changes, emissions and removals. Analysis is also required on options for accounting tropical deforestation and the implications thereof for the scale of emission reduction units generated in the second commitment period and beyond.

- *Adaptation*

Expanded adaptation mechanisms are needed in the second commitment period, involving assistance and compensation funded by industrialized countries, to deal with impacts of climate change. Analysis is needed of the feasibility and costs of adapting to impacts, with special attention given to the needs of the most vulnerable countries, as well as the increasing risk of irreversible threshold effects at higher temperature levels.

- *International aviation and marine transport emissions*

Analysis is needed of the trends in emissions in this area and the different allocation options and their application within the second commitment period.

CAN looks forward to working with Parties to develop an equitable and environmentally effective post-2012 response to the challenges posed by climate change.