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Response to
Consultation on the 2015 International Climate Change Agreement:
Shaping international climate policy beyond 2020

We welcome the Commission's consultation on its desired outcomes of the negotiations for an International Climate Agreement in 2015.

We share much of the analysis of fellow environmental NGOs. Therefore we have, in the interests of efficiency, provided responses to the questions posed in the consultation only where we feel we have a particular perspective.

1. How can the 2015 Agreement be designed to ensure that countries can pursue sustainable economic development while encouraging them to do their equitable and fair share in reducing global GHG emissions so that global emissions are put on a pathway that allows us to meet the below 2°C objective? How can we avoid a repeat of the current situation where there is a gap between voluntary pledges and the reductions that are required to keep global temperature increase below 2° C?

The requirements for a successful 2015 Agreement as regards mitigation are that key elements of the UNFCCC itself are operationalised in the Agreement. These are:

- the emissions reductions committed to are adequate to meet the Convention goal of stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system (Art. 2),
- the Parties protect the climate system on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities (Art 3.1), and that
- Parties have a right to and should promote sustainable development. (Art 3.4)

Guidance on adequacy will come from the forthcoming report of the IPCC.

What remains to be done is to ensure that that guidance on necessary emissions reductions is enshrined in an overall cap, and that the effort of reaching that cap is fairly shared.

2. How can the 2015 Agreement best ensure the contribution of all major economies and sectors and minimise the potential risk of carbon leakage between highly competitive economies?

We are struck by the link made by the Commission between two distinct issues in this question – (a) *the contribution of all major economies and sectors* and (b) *minimising the potential risk of carbon leakage*.

It is correct to make this link. However it is striking that the Commission often (for example in the recent stakeholder conference) seems not to acknowledge, even in theory, that concerns about carbon leakage have validity. (Of course, in practice, invalid concerns about carbon leakage are frequently expressed by industry looking for handouts. However that doesn't mean that valid concerns don't exist already. *A fortiori*, they could arise should emissions limitations representing fair shares of the necessary reductions be adopted on a non-universal basis.)

A fair agreement covering all emissions will not give rise to distortions of competition and therefore carbon leakage will not be an issue. However, in the absence of a fair and adequate agreement, carbon leakage is a central issue and the EU should take a position on it.

The EU needs to have an effective negotiating strategy. For Copenhagen the negotiating strategy was to commit to 20% and to offer 30% if other parties came on board. This strategy lacked both incentives and disincentives; it should be no surprise that it failed.

A correct negotiating strategy would be to commit to emissions reductions which are an equitable share of an adequate global cap (in practice this means maximum feasible decarbonisation plus support for mitigation in developing countries) and to commit also to protecting EU industry/agriculture from unfair competition from countries which are unwilling to similarly commit. The dynamics of the negotiations would then change entirely; there would be a real disincentive for inadequate commitments - unlike in the negotiations to date.

The Commission's response to date to this option has been that no-one wants a trade war. If that is correct then threatening trade sanctions constitutes a real incentive.

At the moment however, the EU appears not to be afraid of trade wars. It seems as if EU is willing to risk a trade war with China to protect solar panel manufacturers. However, it will not risk a trade war with anyone to protect the climate.

Within the last few weeks, the EU has opened negotiations with the USA, which has effectively stood outside the UNFCCC process since refusing to ratify the Kyoto Protocol, seeking to agree a Transatlantic Trade and

Investment Partnership. Logically the EU should link the finalisation of this agreement to the adoption by the USA of emissions reduction commitments commensurate with its obligations as determined by the principles of the Convention.

We note that the text refers to all major economies and *all major sectors*. There is a lack of attention to biosphere emissions in the document. The EU's negotiating position should pay more attention to the emissions and the sequestration potential of the natural environment, addressing the requirement for full coverage of biosphere emissions under LULUCF, or, ideally, under an integrated global approach (i.e. the same rules applying to Annex 1 and non-Annex 1 Parties).

3. How can the 2015 Agreement most effectively encourage the mainstreaming of climate change in all relevant policy areas? How can it encourage complementary processes and initiatives, including those carried out by non-state actors?

During the recent ADP negotiations in Bonn, AOSIS made a proposal on pre-2020 mitigation ambition which can assist the Commission's thinking in this regard¹. In essence, it recognises something already demonstrated in EU policy-making, that emission targets can and should be complemented with other actions. (Thus the EU has for 2020 renewable energy and energy efficiency targets as well as emissions targets.)

Measures in this regard can be particularly valuable when they covers split incentive problems which often arise with simple emissions targets. We want people to take actions which will benefit the climate even if they are not going to receive the accounting benefits themselves. For example, we want countries which make machinery to sell highly efficient machinery to all other countries even if they don't themselves get any credit for the resulting emissions reductions.

This situation is paralleled in the EU. Given that Member States are not responsible directly for ETS emissions, they have no direct incentive to reduce emissions in the ETS sector; this presumably is part of the thinking behind the EU's complementary initiatives of RE and EE targets.

The AOSIS proposal recognises that having targets is not enough; many parties can do with all the policy and technical help they can get in actually implementing low carbon development strategies etc. Complementary processes similar to those operating in other MEAs can help.

¹<http://aosis.org/wp-content/uploads/2013/05/AOSIS-ADP-Pre-2020-Mitigation-Ambition-Proposal-2-May-2013-.pdf>

4. What criteria and principles should guide the determination of an equitable distribution of mitigation commitments of Parties to the 2015 Agreement along a spectrum of commitments that reflect national circumstances, are widely perceived as equitable and fair and that are collectively sufficient avoiding any shortfall in ambition? How can the 2015 Agreement capture particular opportunities with respect to specific sectors?

We urge the EU to remember that equity is not simply a matter between Parties to the agreement. It is a matter between people. The atmosphere is a common global resource pool and should be managed as a global commons. Cap and Share² or Cap and Dividend³ are approaches to the global climate commons which ensure equity and which coincide with recent analysis of the beneficial development impacts of paying dividends to all citizens⁴.

9. How can the EU best invest in and support processes and initiatives outside the Convention to pave the way for an ambitious and effective 2015 agreement?

The EU needs to make an adequate 2015 agreement a fundamental foreign policy goal. At the moment it clearly is not. If it was it would affect and influence the EU's relationships with other countries. What have been the consequences for the USA's relationship with the EU of its behaviour at UNFCCC over the last two decades?

The unwillingness of the EU to insist that climate protection is as important a goal of EU policy as trade is one of the many causes of the failure of the UNFCCC process to date. The result of this is now a weakening of commitment on the part of a number of member states to climate action, leaving the Union in a situation where for 2020 it cannot even commit to achieving the 26% or so reduction which it can reasonably expect to reach. This is a process of ramping *down* commitment and leaves little hope for a meaningful agreement in 2015.

²<http://www.sharingforsurvival.org/index.php/chapter-3-cap-share-in-pictures-by-laurence-matthews/>

³http://en.wikipedia.org/wiki/Cap_and_dividend

⁴<http://www.oecd.org/dev/pgd/46240619.pdf>