



State of Play in the International Climate Negotiations An EU Perspective

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Geneva

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Overview

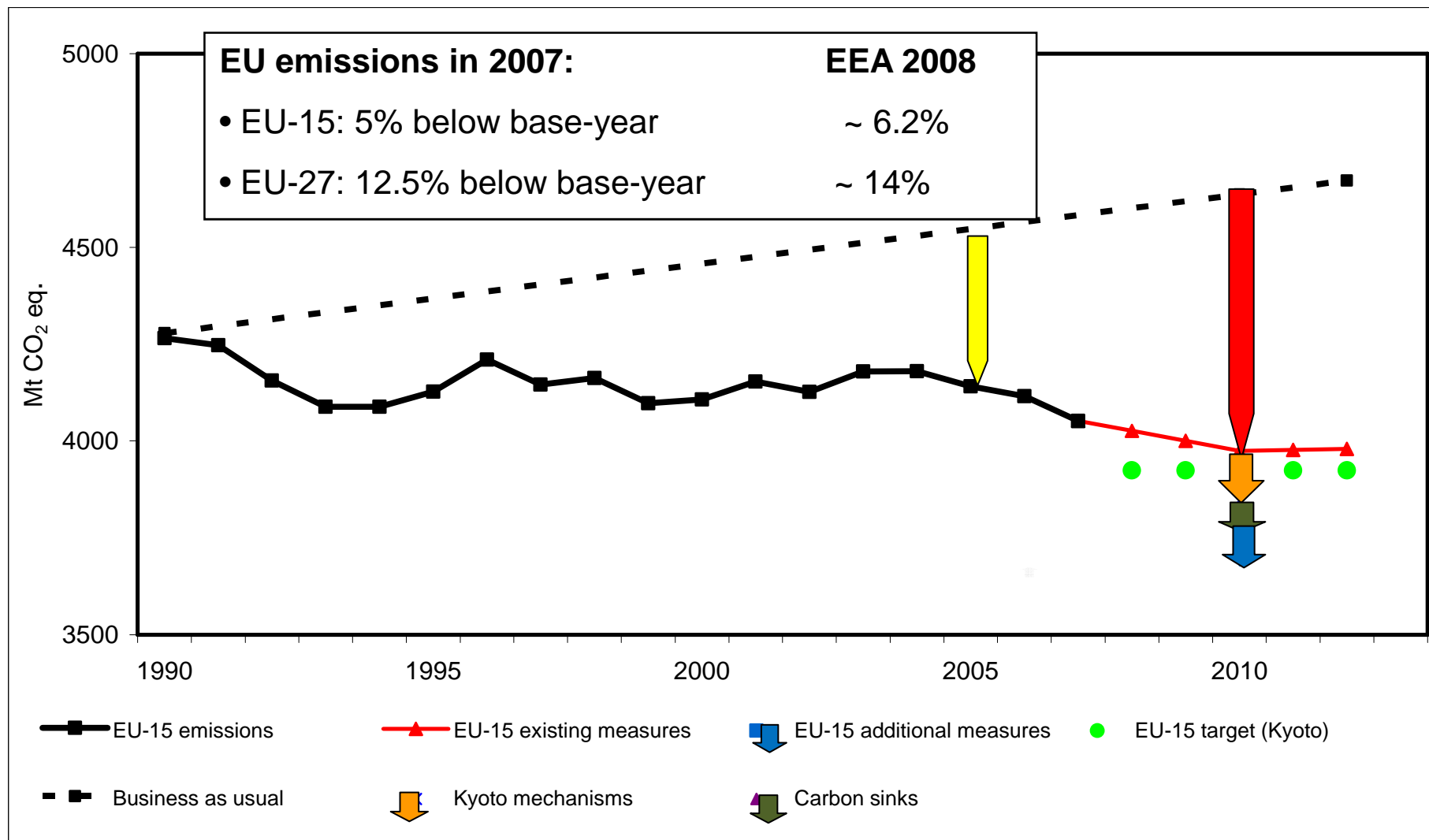


1. **EU action on climate change**
2. **Background on negotiations**
3. **Key issues in the negotiations and country positions**
4. **Towards Copenhagen**

1. EU action on climate change

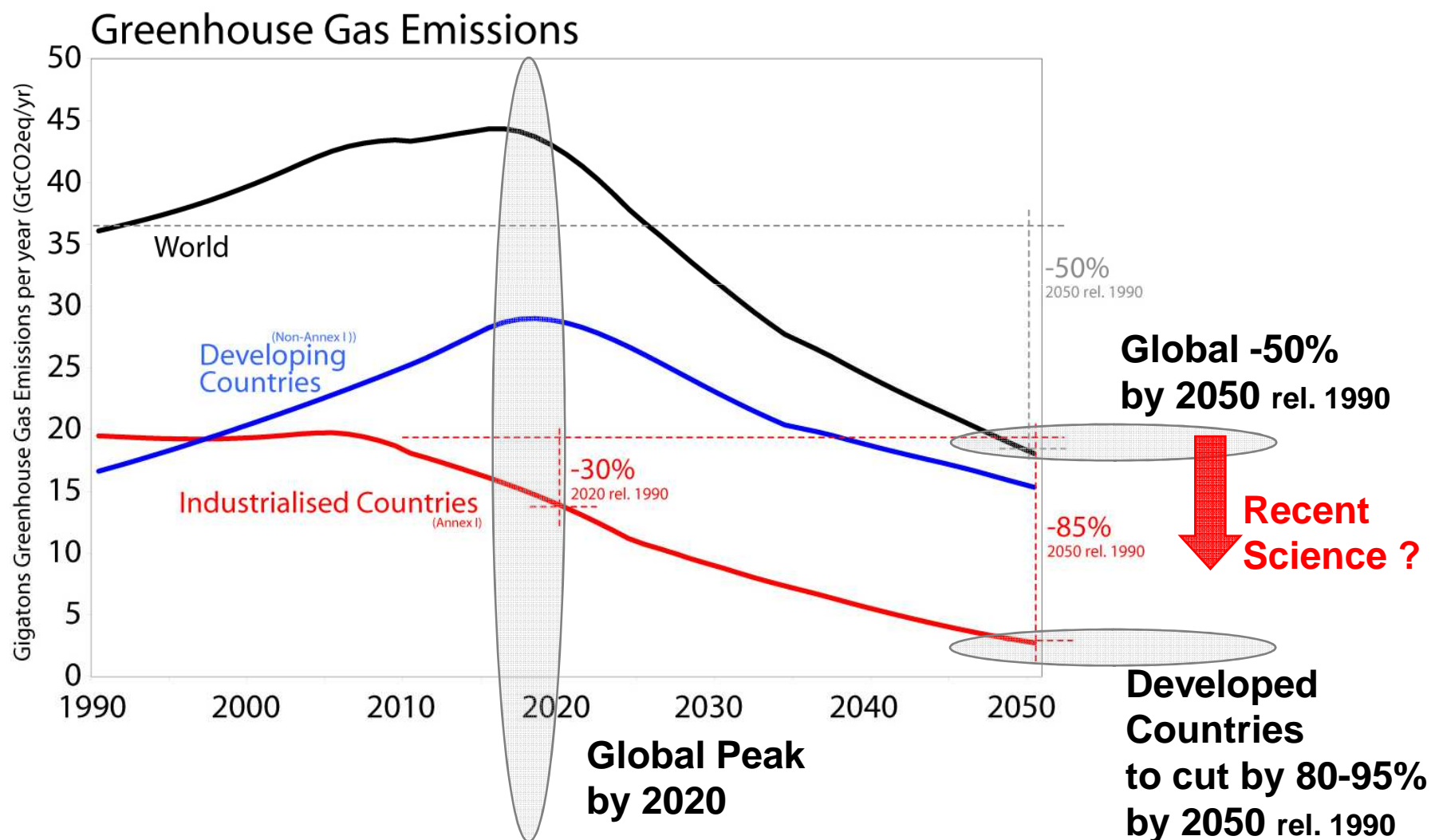
EU action on climate change

Performance thus far



EU action on climate change

< 2°C above pre-industrial levels





EU action on climate change

Climate change and energy package (1)

English edition

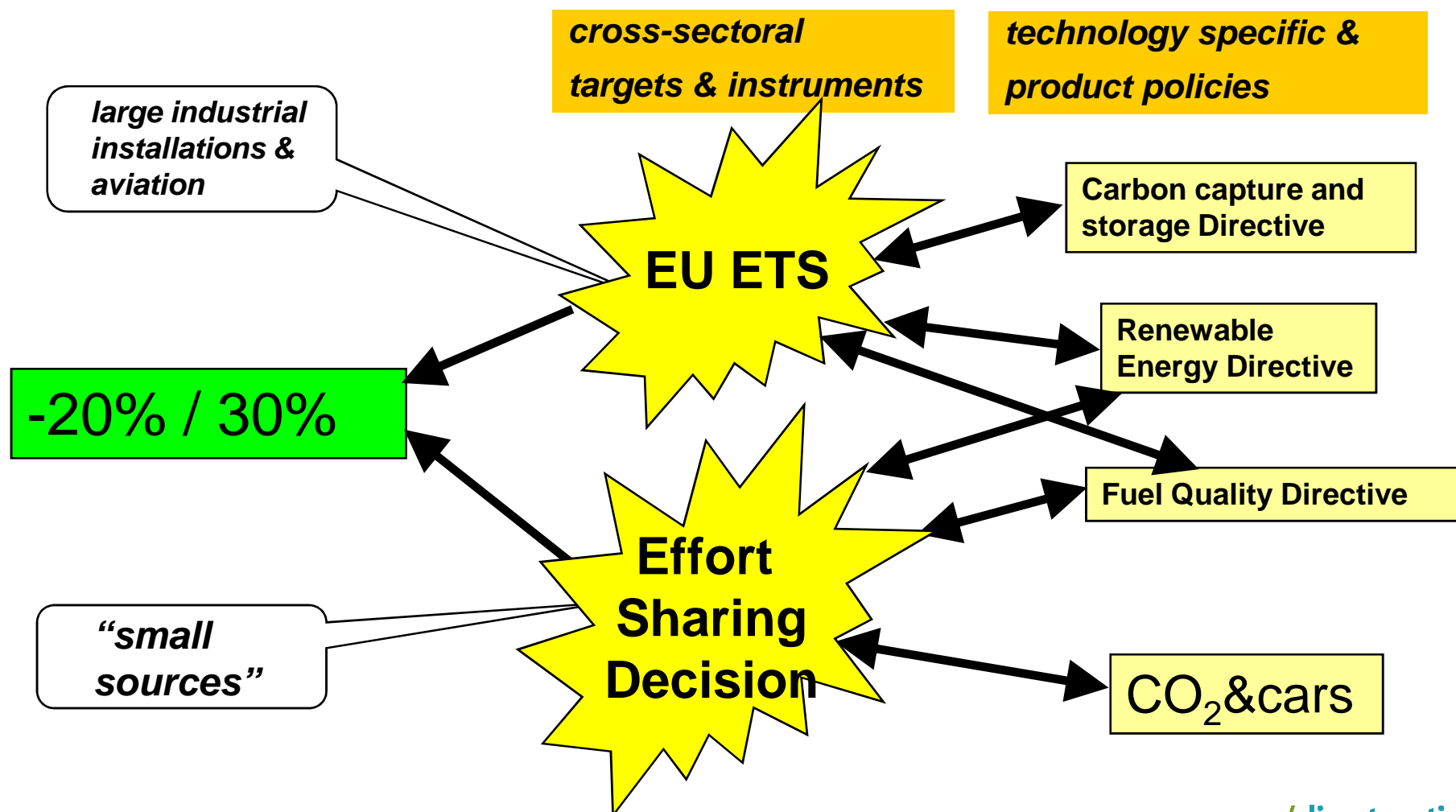
Legislation

Content:

- Objectives:
 - Limit global average temperature increase to 2°C above pre-industrial level
 - Strengthen EU's energy security
 - Strengthen EU's competitiveness
- EU Heads of State and Government, March 2007:
 - 20% renewable energy
 - 20% increase energy efficiency
 - 20% reduction greenhouse gas emissions – increasing to 30% in the case of a robust international agreement
- ⇒ by 2020
- Heads of State and Government agreed legislation in December 2008, entered into force on 25 June 2009

EU action on climate change

Climate change and energy package (2)



State of play in 2005:

- **-6.5% GHG emissions compared to 1990**
 - Including internal and outbound aviation
- **8.5% renewable energy**
 - mainly through large scale hydro and conventional biomass

Package targets for 2020:

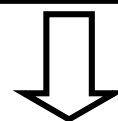
- **-14% GHG compared to 2005, including aviation**
- **+11.5% renewable energy share**

EU action on climate change

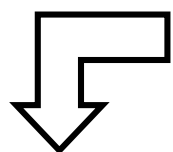
Climate change and energy package (4)

GHG Target by 2020:

-20% compared to 1990

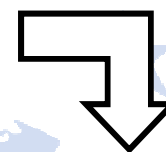


-14% compared to 2005



EU ETS

**-21% compared
to 2005**

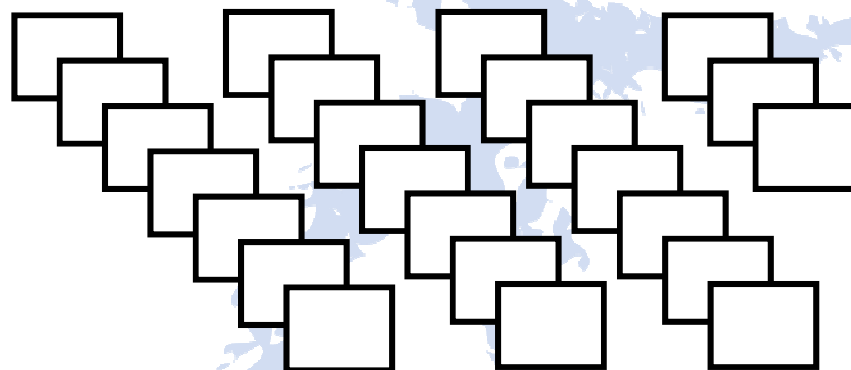


Non ETS sectors

-10% compared to 2005



27 Member State targets, from -20% to +20%



2. Background

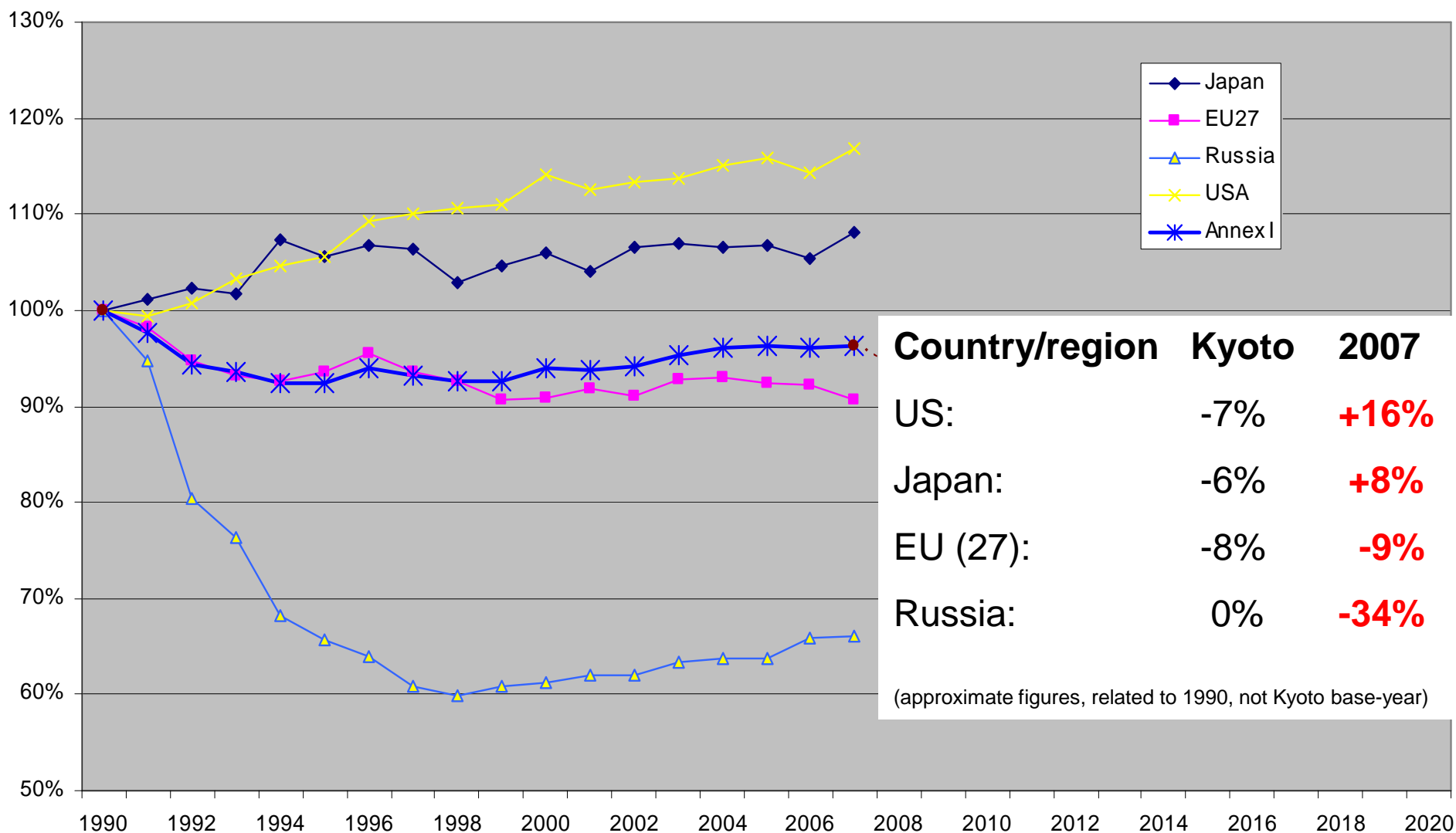
Background (1)

The treaty framework

- **UN Framework Convention on Climate Change (UNFCCC)**
(agreed in 1992, entered into force in 1994)
 - “**Ultimate Objective**”
 - **Common but differentiated responsibilities and respective capabilities**
 - **Developed countries return to 1990 levels by 2000**
 - **Institutional framework (Conference of the Parties)**
- **Kyoto Protocol to the UNFCCC**
(agreed in 1997, entered into force in 2005)
 - **Developed nations >5% below 1990 in 2008-2012 (EU: 8%)**
 - **Market-based mechanisms**
 - **United States not a Party**

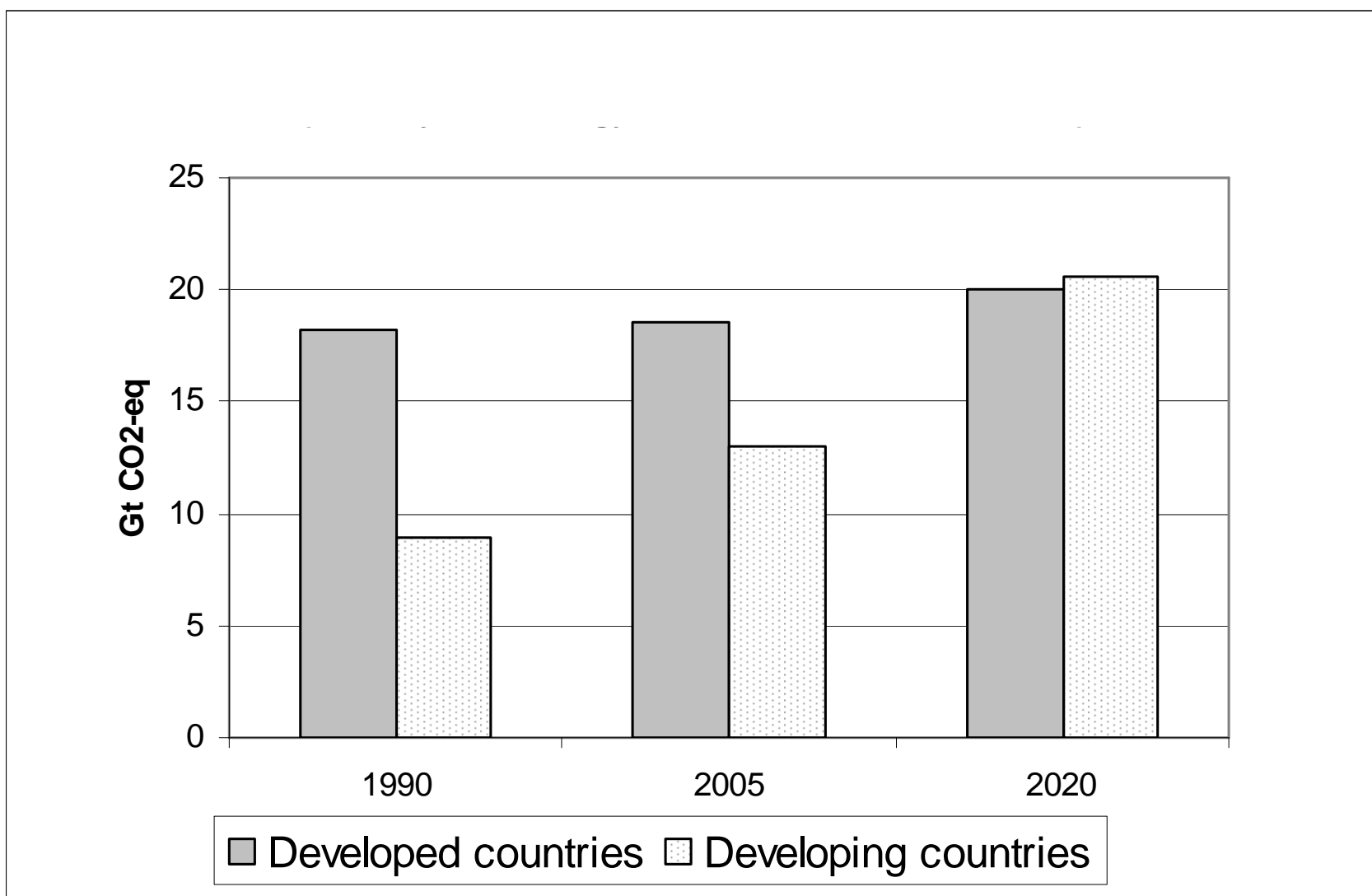
Background (2)

Developed Country emissions



Background (3)

Developed v Developing Country emissions





Background (4)

Post-2012 negotiations

“Kyoto Track” (Montreal, December 2005):

- Developed country emission reductions (25-40% below 1990 levels by 2020)
- Only targets or also tools? (forestry, market-mechanisms)
- Kyoto Protocol only, US does not participate

“Convention Track” (Bali, December 2007):

- A shared vision for long-term cooperative action, including a long-term global goal
- Comparable efforts all developed countries
- Appropriate actions by developing countries, with support
- Forestry, adaptation, technology, financing

3. Key issues in the negotiations

Key issues in the negotiations

- **Main issues in negotiations:**
 - “shared vision” including long-term goal
 - Developed country targets
 - Developing country actions
 - Financing – amounts and governance
 - Adaptation
 - Deforestation
 - Technology

Key issues in the negotiations

Developed country reduction pledges

- IPCC: 25-40% below 1990 by 2020
- Pledges thus far: at most 9-15% below 1990 by 2020

Party	Information relating to possible QELROs		Inclusion of LULUCF (forest emissions)	Status
	Range or single value by 2020, percentage	Reference year		
Australia	-5% up to -15% or -25%	2000	Y	Officially announced
Belarus	-5% to -10% ¹	1990	TBD	Officially announced
Canada	-20%	2006	TBD	Officially announced
European Union	-20 to -30%	1990	N for -20% Y for -30%	Adopted by legislation
Iceland	-15%	1990	Y	Officially announced
Japan	-15% ²	2005	N	Officially announced
Liechtenstein	-20 to -30%	1990	N	Officially announced
Monaco	-20%	1990	--	Officially announced
New Zealand	-10 to -20%	1990	Y	Officially announced
Norway	-30%	1990	Y ³	Officially announced
Russian Federation	-10 to -15%	1990	TBD	Officially announced
Switzerland	-20 to -30%	1990	Y	Consultations in progress
Ukraine	-20%	1990	TBD	Under consideration

*Abbreviations: N = no; TBD = to be determined; Y = yes

Key issues in the negotiations

G8 & Major Economies Forum

- G8 Summit in L'Aquila (8 July)
 - 2 degrees Celsius
 - 50% by 2050
 - 80% or more by developed countries by 2050 compared to 1990 or more recent years
 - Robust mid-term targets for developed countries are required
- Major Economies Forum: 3rd Meeting in Mexico (22-23 June), Leaders' Summit in L'Aquila (9 July)
 - 2 degrees Celsius
 - No 2050 figures
 - Next meeting G20 Summit in Pittsburgh
 - Danish PM Rasmussen invited Leaders to Copenhagen on 18 Dec

Key issues in the negotiations

EU position (1)

- **EU position:**
 - **2°C objective:**
 - **Global peak in emissions around 2020, at least 50% below 1990 by 2050**
 - **Developed countries 30% below 1990 by 2020 and >80% by 2050**
 - **Developing countries 15-30% below BAU by 2020**
 - **Developing country plans and actions to unlock support**
 - **Global carbon market is key**
 - **Deforestation funding mechanism**
 - **Copenhagen Protocol to succeed Kyoto**

Key issues in the negotiations

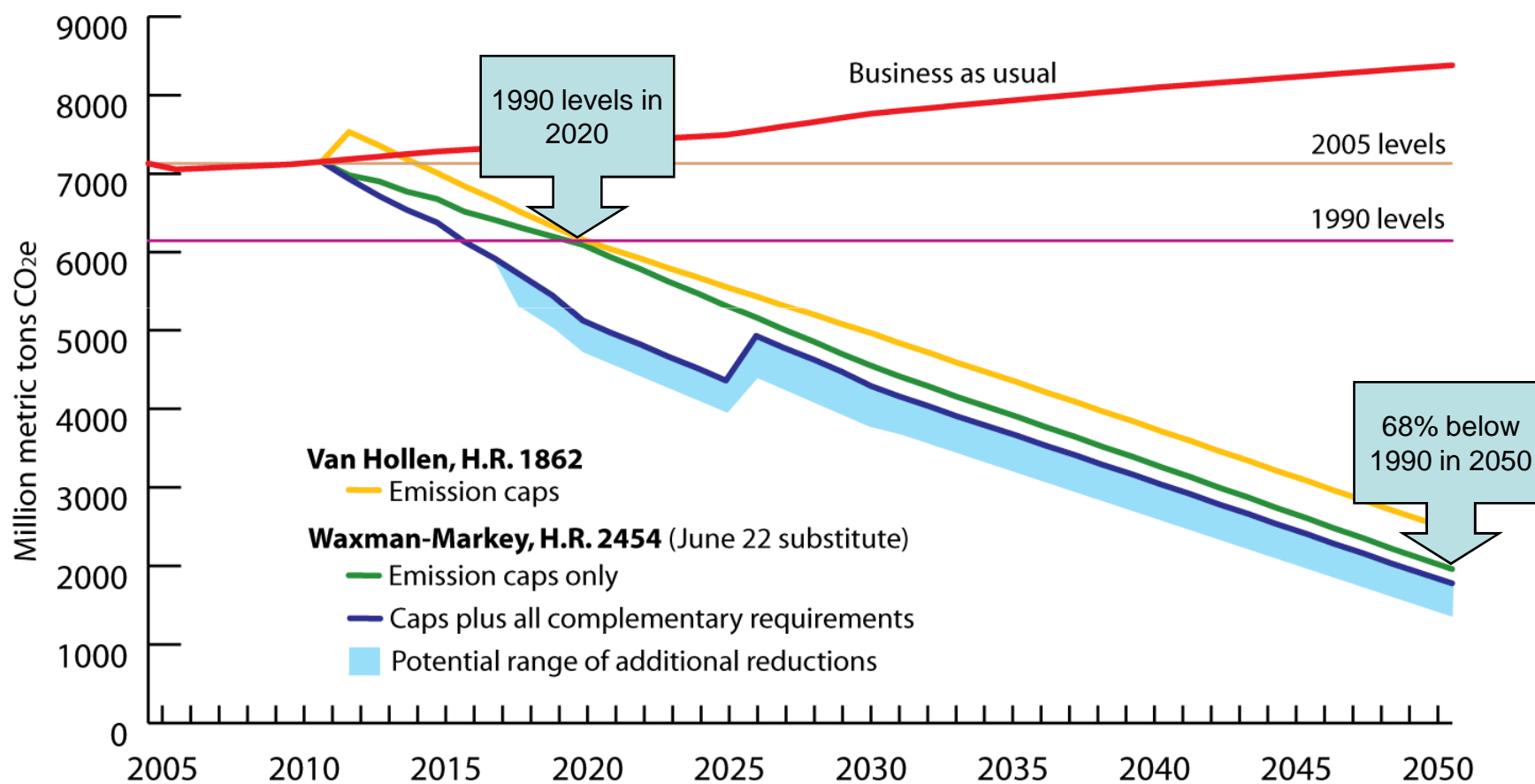
EU position (2)

- **EU position (2)**
 - Financing needed, but no figure or mechanism yet
- **Work ahead:**
 - European Commission paper on financing (10 Sept)
 - “Super-Week”:
 - 20 October: EU Economic and Finance Ministers (ECOFIN Council)
 - 21 October: EU Environment Ministers Council (ENV Council)
 - 29-30 October: EU Heads of States and Government (European Council)

Key issues in the negotiations

US position (1)

**US house of reps agrees Waxman-Markey draft bill on 26 June 2009
(ACESA: American Clean Energy Security Act)**



- **US position:**

- Ambition linked to that in Waxman Markey
 - Clarity before Copenhagen?
- Will not ratify Kyoto, proposes “implementing agreement” – 67/100 votes in Senate!
- China, China, China, China, China, etc.
- Developing country commitments key: same commitment framework as developed countries, different shape of commitments
- Recognises need for financing, no figures, no proposals governance. Finance only for the poorest, focus on adaptation

Key issues in the negotiations

Developing countries' position

- **Developing Country views**
 - Increasing support 2 degrees Celsius objective
 - Adaptation, and funding for it, priority
 - “firewall” between developed and developing country participation
 - No global 2050 target without 2020 target for developed countries
 - Developed country 2020 target >40% below 1990
 - Developing country action conditional upon financing
 - New public financing 0.5 - 1% of GDP/year
 - Governance and predictability of finance is key
 - Technology: transfer, including IPR

4. Towards Copenhagen

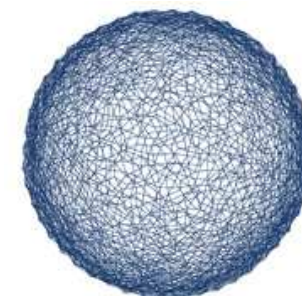
Towards Copenhagen

Negotiating timetable

- **UN Negotiating tracks** (Bonn in February, June, August)
 - Bangkok (28 Sept – 9 Oct)
 - Barcelona (2 – 6 Nov)
 - Copenhagen (7 – 18 Dec)
- **Flanking negotiating tracks:**
 - G-8 (Hokkaido, L'Aquila – 8 July)
 - Major Economies Forum (L'Aquila – 9 July)
 - 17-18 Sept (Washington), ? Oct, ? Nov
 - G-20
 - Pittsburgh, 24-25 Sept
 - UN Secretary General Ban Ki-moon summit
 - 22 Sept (New York)
 - “Greenland” Dialogue (Greenland - 30 June – 3 July)
 - 19-20 Sept (New York)
 - Pre-COP informal ministerial
 - ? November (Copenhagen)
 - Bilateral summits (US, India, China, ...)



25 days formal negotiations left!



Towards Copenhagen

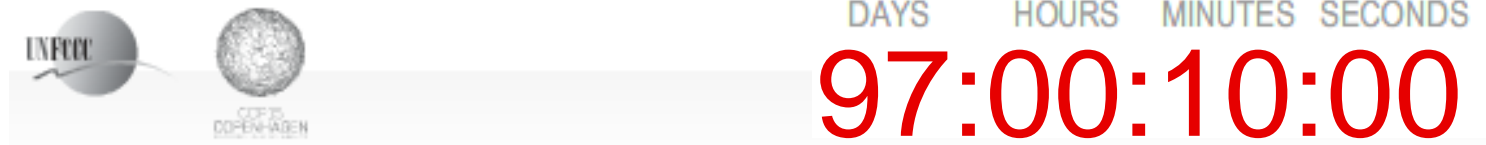
Work ahead

- > 230 p. negotiating text
- 2 parallel negotiating tracks
- Slow convergence of views, agreement on all key issues outstanding
- 5 weeks UN negotiations left, but many parallel processes



- Where/when will compromise emerge?
- Shape of compromise: Treaty or political agreement?
- The unknown factor: the United States

COUNTDOWN TO COPENHAGEN

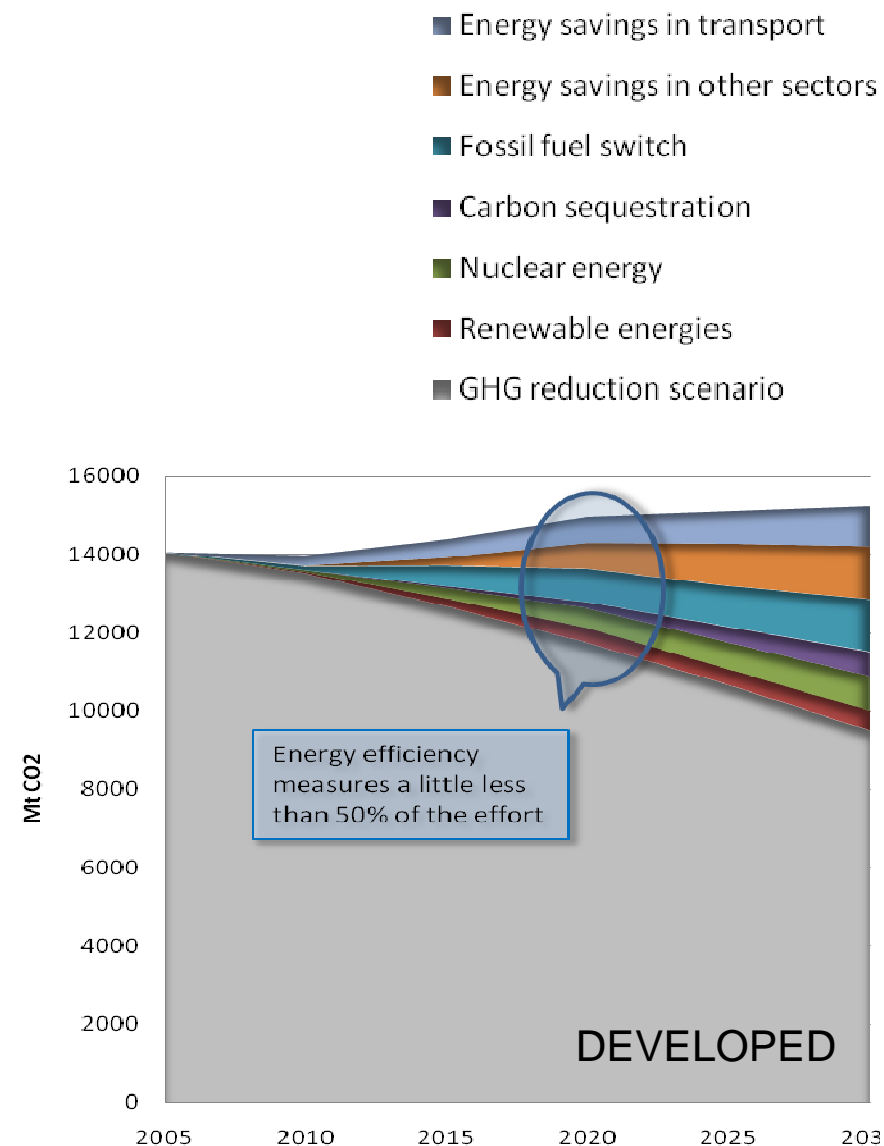
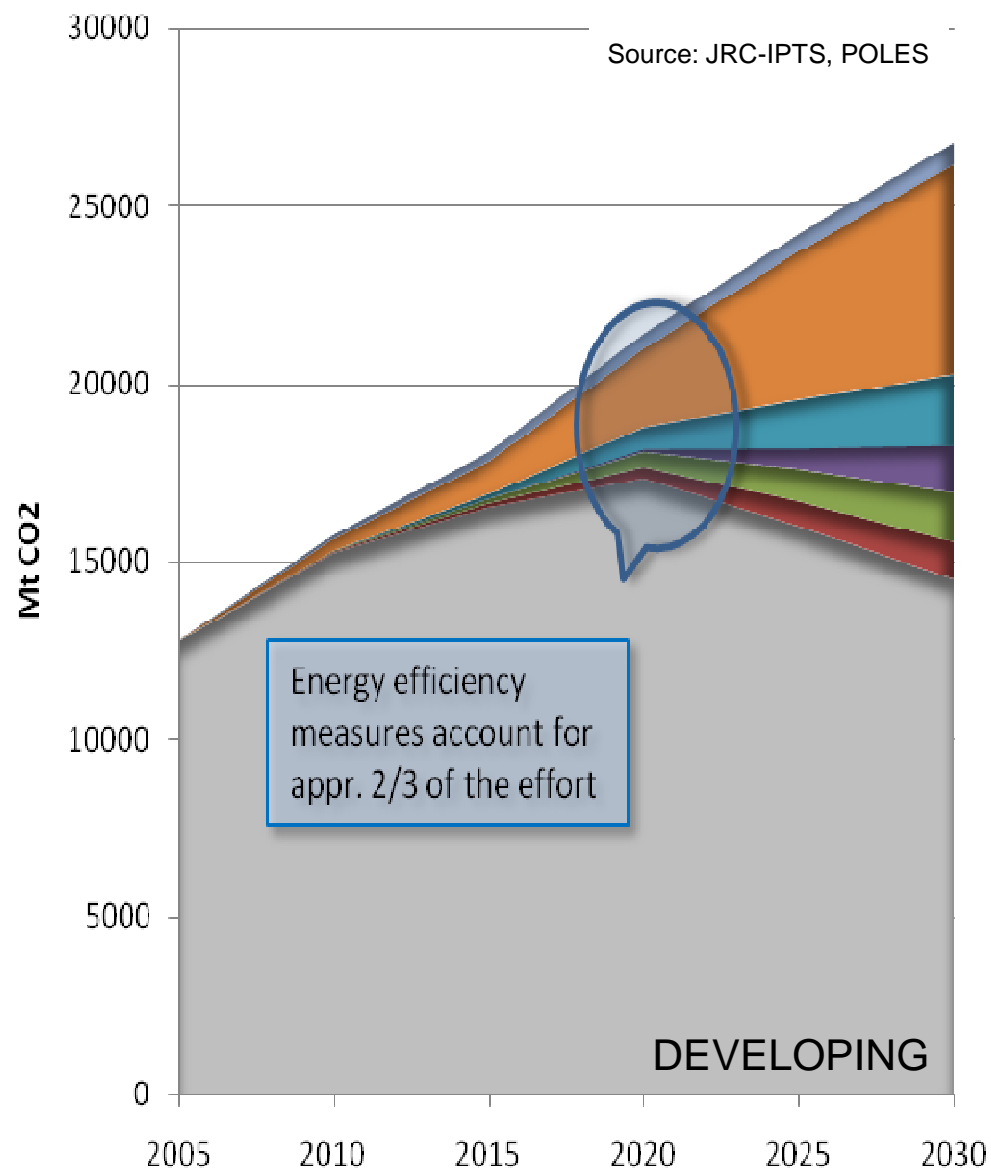


More info on EU climate policy:

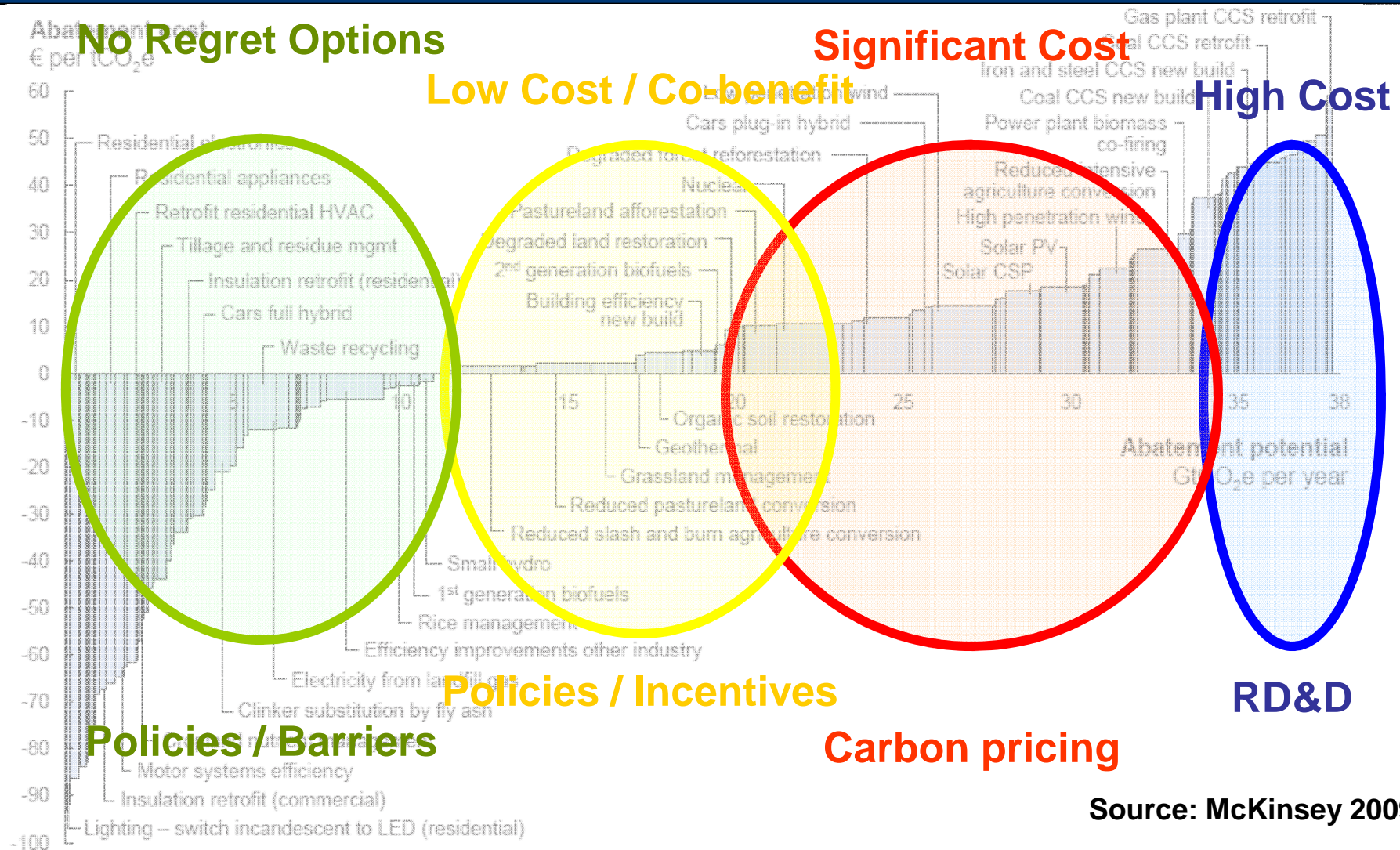
http://europa.eu.int/comm/environment/climat/home_en.htm

Backup slides

Technologies for a 2 degrees scenario

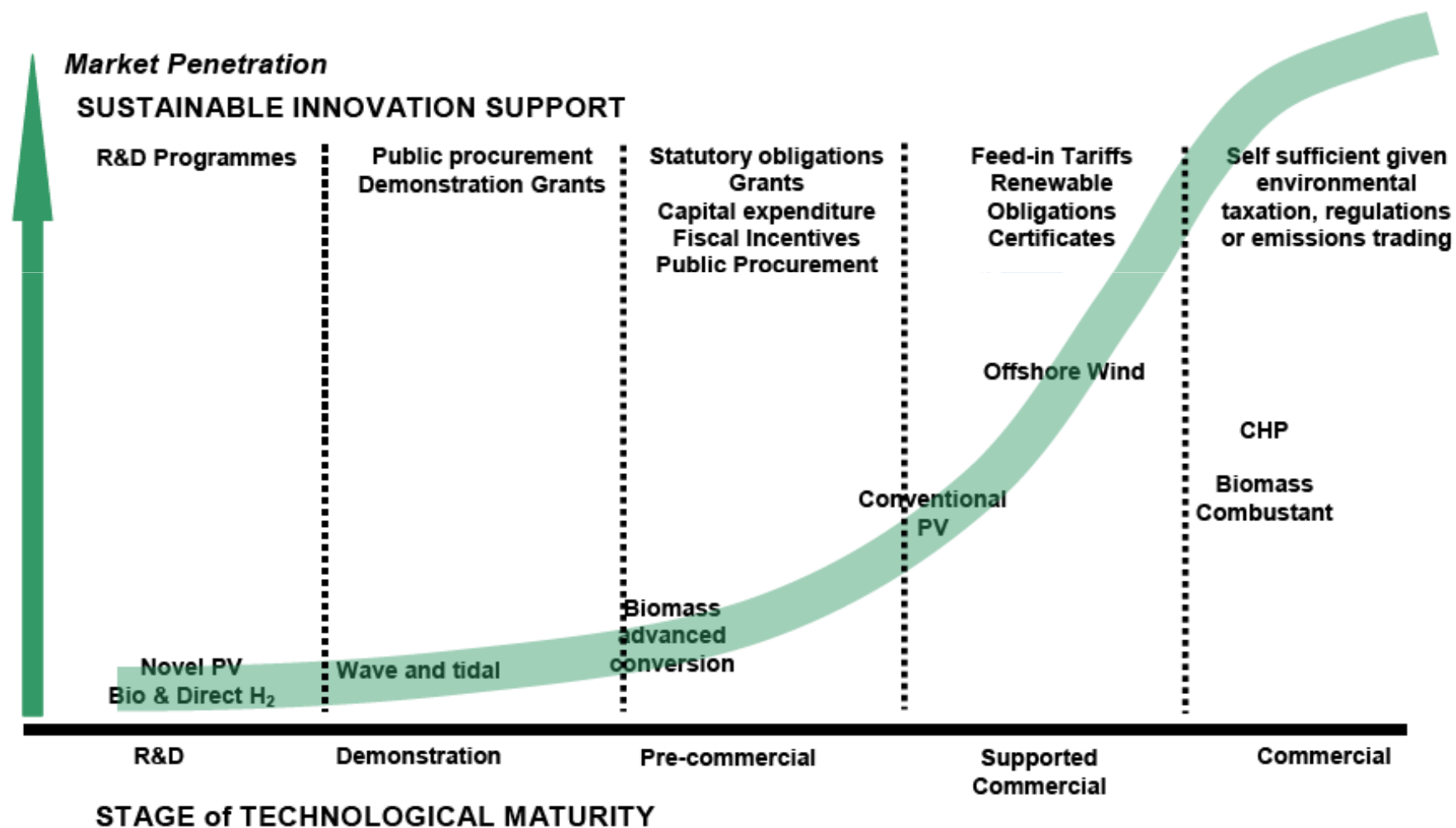


Different tools needed to tap all potentials

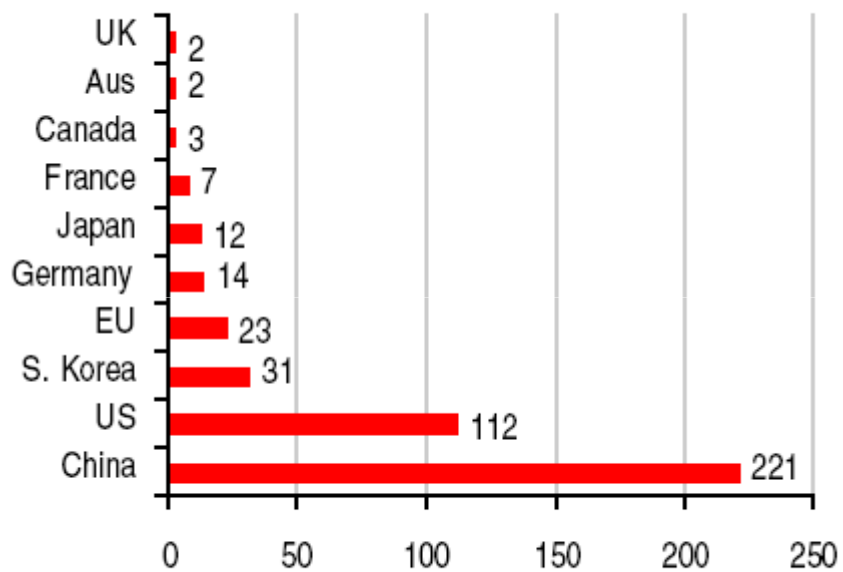


Source: McKinsey 2009

Towards technological maturity

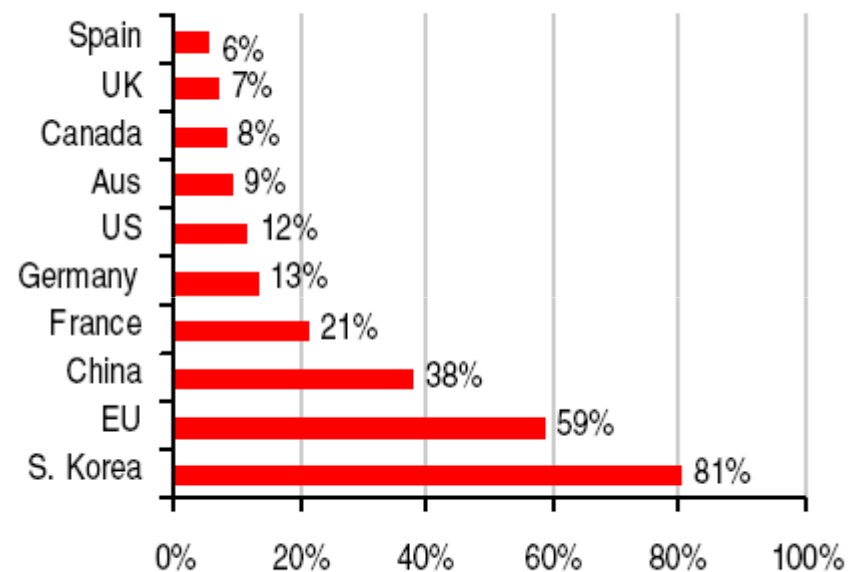


Green stimulus regional ranking (USDbn)



Source: HSBC estimates

Green stimulus regional ranking as a % of total stimulus



Source: HSBC estimates