



**Friends of  
the Earth  
Europe**

# Turning the page

## **What the European Union must do to secure an ambitious and equitable post-2012 regime to win the battle against global climate change**

Friends of the Earth Europe position paper  
COP/MOP1, 28 November - 9 December 2005

### 0. OVERVIEW

Climate change is proceeding apace with severe impacts to our societies. Tens of thousands of people die every year as a consequence of man-made climate change. Poor people in developing countries are suffering most, yet they have had no role in creating the problem. Hurricane Katrina sent a wake-up call around the planet, leaving no doubt that even the richest nations cannot duck away from the impacts. Current response by the international community is far behind real needs. The international community must beef up action to face the global crisis. Time is not on our side.

At the UN climate talks in Montreal/Canada, 28 November to 9 December, governments must start new negotiations for future commitments under the Kyoto Protocol. Such negotiations must end in 2008 latest and allow the next phase of commitments to begin in 2013. The future regime must put equity and justice at the heart of the regime. The Kyoto Protocol's principle of mandatory and absolute emission reductions for industrialised countries must be kept, as these countries have contributed most to (and benefited most from) using the atmosphere to take up their emissions, thus causing the crisis. The European Union must seek to engage some of the larger developing countries with emerging economies in order to tackle their growing emissions, supported by finance and technology transfer from the industrialised countries. As a consequence of the EU's role in causing the crisis and the expected impacts, the EU must also seek to strengthen support to those developing countries that are particularly vulnerable to climate change impacts.

# 1. ADEQUACY

**The EU should aim to make the 2°C threshold a common objective within the UNFCCC. The EU's own future commitments must be in line with this target, i.e. lead to cuts of 30% by 2020 and 80% by 2050, compared to 1990 levels.**

The overarching goal of the UNFCCC is the stabilisation of greenhouse gas concentrations at a level that prevents dangerous intervention with the climate system. The scientific community suggests that this requires the global average temperature increase to stay below 2°C over pre-industrial levels.

2°C is by no means a 'safe' level. Low-lying islands may be completely submerged; economic development particularly in developing countries will be substantially disrupted; millions of climate refugees will have to leave their homes as their lands become uninhabitable; billions of people will experience water shortages. Hundreds of thousands of people will die as a result of fierce heat waves and droughts. Freak weather events such as the floods in Central Europe or the extreme drought in Portugal clearly indicate the potential threats of climate change, causing billions of Euro in economic damages. We have already seen an increase of 0.7°C from the pre-industrial levels as a result of past emissions, leaving us a window of only 1.3°C. Yet the 2°C target is an absolute necessity if we are to avoid climate change of cataclysmic dimensions.

The European Commission has found that the benefits of not exceeding a global average temperature increase of 2°C will by far outweigh the costs of abatement policies<sup>1</sup>. The European Parliament, for its part, has concluded in a resolution from January 2005, that the 2°C threshold should be enshrined within the UNFCCC as an ultimate objective<sup>2</sup>. In March 2005, the Heads of State of the European Union have set the 2°C as an objective for the EU.

The EU must play a leading role in acknowledging the consequences of the 2°C objective for future commitments under the Protocol. To stay below the 2°C threshold with reasonable certainty<sup>3</sup> means global emissions must peak around 2015 and be reduced thereafter, reaching 50% of 1990 levels by 2050. *Industrialised countries* need to go even further, given their unproportionally large share in past emissions, not least to create space for some emission increases in poor countries to allow urgently needed development. Scenarios for industrialised countries show that they must cut their emissions by at least 30% by 2020 and by 80% by 2050, compared to 1990 levels<sup>4</sup>.

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<sup>1</sup> Winning the battle against global climate change, COM(2005) 35 final; February 2005; available at [http://europa.eu.int/comm/environment/climat/pdf/comm\\_en\\_050209.pdf](http://europa.eu.int/comm/environment/climat/pdf/comm_en_050209.pdf).

<sup>2</sup> Resolution P6\_TA(2005)0005 of the European Parliament; January 2005.

<sup>3</sup> Recent science suggests that concentration levels must peak below 500 ppm and then return below 400ppm. In contrast, a concentration of 550ppm has a 68% to 99% chance of exceeding the 2°C threshold. See: Malte Meinshausen, Swiss Federal Institute of Technology in Zurich: "On the Risk to Overshoot 2 °C"; <http://www.up.umnw.ethz.ch/~mmalte/simcap/data.html>

<sup>4</sup> The range of reduction acknowledged by the EU's Heads of State during the 2005 EU Spring Summit is inconsistent with these findings, as only the upper end (i.e. at least 30%) will actually do the job.

## 2. NEGOTIATIONS ON POST-2012

The EU must not only ensure that Montreal sees the start of new negotiations on future commitments of Annex B countries under the Kyoto Protocol. The EU should also make explicit from the beginning that such negotiations must result in deeper, absolute and mandatory emission reductions by Annex B countries, in line with the mid and long-term needs. Such negotiations must end in 2008 latest, and the next commitment phase must begin in 2013.

The EU aims to explore options to widen participation to some of the large developing countries with emerging economies. Obviously, developing countries will not be required to take on binding targets for absolute emission cuts. Possible forms of engagement will depend on different situations and development needs of individual countries. The EU should acknowledge and promote that most of the finance and technology needed for any developing countries' engagement will have to come from the industrialised countries, as a matter of equity and justice and the historic responsibility for causing the crisis.

Future negotiations can take place in two intertwined tracks. Article 3.9 requests negotiations on future commitments by Annex 1 countries to start in 2005, while Article 9 requests a general review of the Kyoto Protocol and indirectly also the UNFCCC to start in 2006. Article 9 that will be crucial when discussing increased engagement by developing countries.

Article 3.9 of the Kyoto Protocol requires Parties to begin negotiations on future commitments by Annex 1 countries in 2005. Given the urgency of the climate crisis and the length of time these negotiations are likely to take, it is of utmost importance that governments agree at COP/MOP1 a negotiating process under the Protocol, including setting the end date for these negotiations to be 2008, the year when the first commitment period of the Kyoto Protocol starts. Also, these negotiations must be firmly rooted under the umbrella of the Protocol, building on the agreed principles, in particular on mandatory, absolute targets for emission cuts.

It should be explicitly clear from the beginning, that future commitments will mean deeper, mandatory and absolute emission cuts by Annex B countries, in line with the mid- and long-term needs. Such a new phase of commitments must begin directly after the first phase ends, i.e. no later than 2013. This is crucial for a stable investment environment for clean technology industries, in order to put Europe and the rest of the world to a low-carbon development path<sup>5</sup>.

Article 9 of the Kyoto Protocol requests a review process of the Kyoto Protocol, in the light of the best available scientific, technical, social and economic information and assessments on climate change and the expected impacts. This review offers the possibility to not only review the adequacy of commitments, provisions for adaptation and technology transfer, but also to put stronger emphasis on equity and responsibility involving both the Protocol and the Convention provisions, as, for example, set out in the Climate Action Network's 'A Viable

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<sup>5</sup> Half of the EU's installed energy capacity needs renewal over the next 20 years. Today's energy investments, such as new power stations, have a life span of several decades and run the danger of locking us into dependence of fossil fuels for a long time.

Global Framework for Preventing Dangerous Climate Change<sup>6</sup> that establishes three tracks of action. The 'Kyoto Track' continues absolute and mandatory emission cuts for industrialised countries. The 'Greening Track' would drive decarbonisation in particular in developing countries with emerging economies, but still relatively low per capita emissions, and the 'Adaptation Track' meets adaptation needs for the poorest developing countries. As a matter of equity, most of the second and third track would be funded by the rich, industrialised countries.

Article 9 offers the possibility to consider deeper engagement e.g. by developing countries with rapidly emerging economies. Obviously such an engagement would not necessarily require these countries to take on reduction obligations; but it can mean, for example, that some of the more advanced developing countries take on other forms of commitments such as relative or sectoral targets. Industrialised countries would support this through finance and technology transfer, aiming at slowing emission growth while fostering sustainable development.

Any future climate regime will only be agreeable if it is perceived to be fair and equitable, strengthening the principle of common but differentiated responsibilities. Stronger emphasis is needed on past and present contribution for causing the climate crisis and undermining development opportunities in poor countries. The level of action required from parties in the future regime could be based e.g. on accumulated historic per capita emissions, as well as on economic, financial and technological capacity to act -- such as on per capita GDP. Eventually, any future regime should consider an explicit 'per capita' equity approach, i.e. in principle giving each world citizen an equal right to generate wealth by using the limited capacity of the atmosphere to take up greenhouse gas emissions<sup>7</sup>. Industrialised countries have overused their 'environmental space' in the past, thus borrowing from developing countries to build their wealth. This must be explicitly reflected in the future climate regime.

### 3. DEVELOPMENT RIGHTS

**The EU must acknowledge the role it had and continues to have in undermining poor countries' development rights through causing climate change and the need to limit it. A post-2012 regime must ensure that industrialised countries show more responsibility (linked to clear and binding targets based on historic responsibility and economic capacity) to enable poor countries to choose climate-friendly development paths, e.g. through providing finance and technology transfer.**

Global energy scenarios predict a massive increase in energy demand in poor countries to foster their development. While there is no sign of this development happening in the poorest regions, China will soon become the world's largest emitter, and India, Brazil, South Africa Mexico and other countries also greatly contribute to the increase in the developing world as a result of their rapid economic development. However, per capita emission levels in industrialised countries will, in the medium term, remain significantly higher than those of the

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<sup>6</sup> See [http://www.climatenetwork.org/docs/CAN-DP\\_Framework.pdf](http://www.climatenetwork.org/docs/CAN-DP_Framework.pdf).

<sup>7</sup> It should be noted that such a per capita approach would not mean *equal absolute per capita emissions* but promote *equal rights to generate wealth* from using the atmosphere. This takes into account different energy needs e.g. for heating in different geographic regions.

developing countries. And, much of the increase in developing countries originates from industrial production for consumption in industrialised countries and often contribute more to profits of Northern companies rather than to sustainable development in the South.

Meeting development rights and needs in a carbon-constrained world must be at the heart of the future negotiations of the global climate regime. Any future regime must clearly establish the link between sustainable energy and poverty eradication, especially because poverty is often linked to lack of access to energy -- renewable technologies can break that link through their decentralised and often small-scale nature and also reduce oil import dependency.

The bankrupting the global greenhouse gas budget the developed countries have built their wealth on means that development paths linked to a steady increase in emissions will not be available much longer. Instead, developing countries would have to cut back their own emissions long before their income levels even come close to that of the rich countries. On the other hand, developing countries lack the investments needed for massive deployment of energy efficiency measures or renewable energy technologies.

Developing countries must be motivated to decarbonise their emerging economies as rapidly as possible -- but the rich countries must provide the finance and technology. Through their historical and ongoing over-use of the atmospheric capacity the industrialised countries have accumulated a huge debt towards the rest of the world, which is the sum of the industrialised world's responsibility for climate impact damages, adaptation needs as well as lost development opportunities as a consequence of climate change and the need to limit it. Logically, industrialised countries must begin to reclaim these 'lost' development opportunities for poor countries, not as an act of charity but as a consequence for the industrialised countries' overuse of the environmental space. Only if developed countries accept this responsibility will the developing countries actively engage in the climate regime.

## 4. REDESIGN THE CDM

**The EU must accept the need to redesign the CDM so it really delivers sustainable development while strictly safeguarding additionality, making it a technology transfer tool for renewable energy and energy efficiency technologies. Robust rules need to be set up to ensure environmental and social integrity of projects, such as the 'Gold Standard'<sup>8</sup>. Nuclear power, tree plantations and large hydro power dams must be permanently excluded.**

It seems very likely that the CDM will not only be part of any post-2012 regime but also expanded to take on a greater role. While tougher reduction targets in a next commitment period are more likely to be agreeable if a tool like the CDM is available also in the future regime, the priority must remain to reduce domestic emissions in industrialised countries.

The CDM in its current form too often leads to environmentally and socially destructive projects. For example, the CDM allows large mono-culture plantations that seriously damage local biodiversity and often create a range of social problems, such as forcing indigenous people off their land. Large hydropower dams, another problematic project category, have

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<sup>8</sup> The Gold Standard has been initiated by WWF to safeguard high environmental and social quality of CDM projects. See <http://www.cdmgoldstandard.org>

been shown to be net emitters of greenhouse gases due to decomposing vegetation of the flooded areas; and the conclusion of the World Commission on Dams is that social and environmental problems grow with a dam's size. Yet, the CDM fails to establish any meaningful rules to ensure the environmental and social integrity of its projects.

Projects that undermine social and environmental integrity have no role to play in the portfolio of the future CDM. This is particularly valid for mono-culture plantations, large hydropower dams but also nuclear power with all its problems related to safety, long-term radioactive waste treatment or the proliferation of nuclear material.

The few positive examples of the use of CDM tend to be a result of public control and regulation. If left to the market alone, the CDM will always search for projects that deliver large volumes of cheap credits, rather than investing in clean energy projects that the poor countries so urgently need for their development. 60% of the emission reductions through CDM are from projects that capture or destroy waste gases with high global warming potentials at existing facilities, without additional sustainable benefits to host countries and without catalysing e.g. shifts in energy production and use. Figures from *CDMWatch* show that renewable energy projects amount to about 12% of the total credits generated through projects in preparation, energy efficiency projects even less, and only 7% of the credits will be generated in Africa, the continent that needs development more than any other<sup>9</sup>.

The CDM needs reliability on the long-term nature of the climate regime in order to be attractive for clean energy investments. Without, developers will always focus on projects that quickly generate credits to be used until 2012. Renewable energy projects, however, need such a long-term perspective if they are to attract investors. Such projects are also typically small, so the relatively high transaction costs associated with CDM projects make them less profitable for companies, and therefore less attractive.

Eventually, the CDM must become a targeted technology transfer mechanism, promoting renewable energy or energy efficiency technologies, with its rules and modalities designed to deliver this outcome, while safeguarding local sustainable development. Strict rules on additionality must remain in place to ensure the CDM leads to absolute reductions in global greenhouse gas emissions.

## 5. FUND ADAPTATION AND COMPENSATE VICTIMS

**The EU must embrace the Polluter-Pays-Principle and accept the obligation to compensate those suffering the impacts of climate change in developing countries, to the degree the industrialised countries are responsible for causing the crisis. The EU must increase contributions to the funding mechanisms under the Protocol and seek to make them a binding commitment for Annex 1 countries.**

Limiting the global average temperature increase to 2°C will not avoid climate change but only the most devastating effects. The future climate regime must provide a robust framework for the world to adapt to the level of climate change we cannot avoid, addressing both disaster prevention & relief and decreasing vulnerability and increasing resilience.

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<sup>9</sup> See CDMWatch at <http://www.cdmwatch.org/quick-stat.php>.

Acknowledging that developing countries need support to adapt to climate change (that they have little role in creating), the international community has established various funding schemes. Also parties agreed a 5-year adaptation programme, but action is limited to research, monitoring and similar 'soft' issues. The funds that the European Union is making available "to assist non-Annex-I parties in addressing climate change, including adaptation" are less than €300 million per year<sup>10</sup>. A thousand times higher, or about €300-500 billion<sup>11</sup>, is what development organisations estimate to be the annual costs of climate-related disasters in poor countries over the next 20 years.

A fair future climate regime must answer the question on the scope and scale of necessary adaptation and who pays for it. Industrialised countries must act according to the Polluter-Pays-Principle and acknowledge their responsibility for financing most of the necessary measures. This must include compensation for climate victims especially in developing countries, to the full degree the industrialised countries are responsible for causing the crisis. Again, climate disaster relief or prevention measures must not come under the heading of charity or aid, but rather as compensation for impacts that are being imposed on the poor.

## 6. EXCLUDE LARGE TREE PLANTATIONS

**The EU should aim to get tree plantations taken out of the climate regime and ensure the issue of deforestation is addressed in more appropriate fora. At the very least the EU should agree internally that it will permanently exclude the use of credits from plantations from the EU-ETS. The EU should also agree internally to ban credits from CDM plantation projects to meet Member States' Kyoto targets.**

The Kyoto Protocol allows countries to plant trees and then calculate the carbon dioxide uptake of these trees against the reduction requirements. But, firstly, it will remain difficult to verifiably quantify how such tree planting impacts the global carbon cycle, and secondly, the 'storage' is not permanent, since trees don't live forever. Even if these problems could be solved, any country attempting to offset a significant amount of its annual emissions would have to cover large areas with trees *every year*. The focus must remain on avoiding emissions rather than attempting to take them out of the atmosphere later.

Also, the Kyoto Protocol's emphasis on carbon *uptake* rather than carbon *storage* favours large-scale mono-cultures of fast-growing trees: The faster the trees grow, the higher their carbon uptake and the larger the area, the larger the credit volume, . These trees may absorb carbon, but they do so at a cost to biodiversity and create additional environmental problems. Also, too often the rights of indigenous peoples and local communities are disregarded, local livelihoods undermined and people forced off their land. A perverse situation arises when it becomes profitable to clear-cut old-growth natural forests and replace them by new mono-culture plantations e.g. for a large-scale biomass project. Yet, such large-scale monoculture and fast growth plantations can be financed as "sustainable development" in Southern countries through the Kyoto Protocol's CDM. Even if under the CDM the use of

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<sup>10</sup> Climate Change in the Context of Development Co-operation; Conclusions of the General Affairs and External Relations Council; November 2004.

<sup>11</sup> World Disasters Report 2001; International Federation of Red Cross and Red Crescent Societies; Geneva 2001.

sinks is restricted to 1% of the Annex 1 country's base year emissions, in absolute terms the damage to local ecosystems or societal structures can be devastating.

Countries, where forestry is a major source of income, need incentives to move away from clear-cutting and other destructive forest management practices. Yet it is unlikely that the climate regime can achieve this. Instead, plantation offsets will likely exacerbate the environmental and social conflicts associated with such tree plantations. At the same time, preserving the world's forests and strengthening forest resilience deserves much more attention, not least as an effective measure to reduce greenhouse gas emissions from deforestation. This should be negotiated in a separate international agreement for the protection of the world's forests.

## 7. INCLUDE BUNKER FUELS

**The EU should ensure that any mandate on negotiating future commitments under the Kyoto Protocol will aim to include international air and marine transportation in the next phase of the Kyoto Protocol. Full account must be taken on the global warming effect of emissions at high altitude.**

Emissions from both international air and international marine transportation are fast-growing yet not covered by the Kyoto Protocol. International aviation that the European Union accounts for has increased by 72% between 1990 and 2003<sup>12</sup>. If the effect of emissions at high altitudes is included in the equation, European aviation (domestic and international) is responsible for up to 10% of the EU's contribution to global warming<sup>13</sup>.

Assuming the European Union will embark on a downward emission path in line with its own 2°C target, emissions from air transport at current growth rates will use up the entire 'greenhouse budget' available for the European Union in 20-30 years from now, meaning that in theory all other emissions would have to drop to zero<sup>14</sup>.

Obviously, there are technical issues to be solved regarding how to account for aviation emissions, e.g. which country is responsible for an international flight, or what to do with flights to or from countries that do not have a reduction obligation or that decided to free ride on the planet by refusing Kyoto altogether.

Yet, aviation must contribute its share to reducing greenhouse gas emissions. Emissions from international aviation as well as marine transport should be included in the next commitment phases of the Kyoto Protocol, taking full account of the greenhouse warming potential, i.e. emissions at high altitudes must be penalised with a factor (e.g. a multiplier of 2.7 or 3.5) compared as if emitted at ground level.

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<sup>12</sup> Annex 1 and 2 of the Annual European Community Greenhouse Gas Inventory 1990–2003 and Inventory Report 2005; EEA 2005

<sup>13</sup> This figure is based on an 2.7 'uplift factor' for aviation emissions, in order to reflect the global warming impact of emissions at high altitudes.

<sup>14</sup> Growth Scenarios for EU and UK aviation -- Contradictions with climate policy, FoE England, Wales and Northern Ireland; June 2005. Summary at [http://www.foe.co.uk/resource/reports/aviation\\_tyndall\\_summary.pdf](http://www.foe.co.uk/resource/reports/aviation_tyndall_summary.pdf)

## 8. COMPLIANCE

**The EU must ensure that COP/MOP1 adopts a decision on the negotiated compliance procedures to make the Kyoto Protocol fully functional and have the compliance committee take up its work without further delay.**

As any regime negotiated and agreed between sovereign states, the climate regime must have strong procedures to enforce its provisions and rules in order to avoid legal uncertainty. Failing to secure the decision would jeopardise the whole implementation of the Protocol even before the year 2008 (including meeting the quality of emissions inventory and other obligations under the Protocol to begin with).

It has to be noted that the usefulness of the provisions of the compliance procedures are closely linked to the need for negotiating and agreeing a next phase of commitments of Annex 1 countries. Since a non-complying country would face additional reduction obligations in a subsequent commitment period, information on whether and to what degree a country will meet or not meet its Kyoto targets will naturally influence its willingness to agree deeper cuts in a subsequent commitments periods -- in order to minimise the additional burden. This is clearly undermining the environmental effectiveness of the climate regime.

## 9. WHAT DO WE DO ABOUT THE UNITED STATES?

**The EU must ensure that the United States (and Australia) can not undermine the start of new negotiations. Instead, the EU should make clear to the United States that Kyoto and mandatory emission cuts for industrialised countries are here to stay. The EU should showcase more actively how its society is already winning from existing mitigation measures, e.g. through avoided external costs of dirty energy, technological innovation in the renewables sector or the potential for reducing oil dependence through energy efficiency strategies.**

Yes, the United States must be part of the future climate regime. But the US Administration is constantly making clear that they will continue to free ride on the planet and reject any regime that is based on absolute and mandatory emission cuts, i.e. any regime that guarantees the environmental outcome. Instead, the US Administration is hyping technological research & development and business-friendly voluntary action that has been proven to be largely ineffective<sup>15</sup>. Hurricane Katrina's wake-up call has gone unheard, despite the obvious links between growing intensity of such hurricanes, increasing ocean temperatures and greenhouse gas emissions.

But not the whole country agrees with the US Administration. For example, the *US Mayors Climate Protection Agreement* unites 177 mayors representing nearly 40 million Americans, demanding action on the federal level; California, the fifth largest economy in the World, aims at an 80 per cent reduction from 1990 levels by 2050. Nine States aim at cutting back their emissions to 2000 levels. With a keen eye on the emissions trading market and the growing

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<sup>15</sup> Said the OECD in: Voluntary Approaches for Environmental Policy. Effectiveness, Efficiency and Usage in Policy Mixes. OECD 2003

demand for clean energy technologies, many US businesses would like to see the US re-join the climate regime sooner rather than later.

For the time being, however, it is of paramount importance to not let US (and Australia) block the negotiations on a robust post-2012 framework. Negotiations must therefore be held under the umbrella of the Kyoto Protocol, where the US and Australia can participate as observers but not block progress. The door to join the regime at a later stage will remain open for both, and it is likely they would eventually do so under the increasing pressure to reap the economic, environmental and social benefits of progressive action. The rest of the world, however, must not wait for that learning process to happen.

## CONTACT

**Friends of the Earth Europe**  
**Jan Kowalzig**  
**15 rue Blanche**  
**B-1050 Brussels**  
**Phone +32-2-5426102**  
**Mobile +32-473-510147**  
**[www.foeeurope.org/climate](http://www.foeeurope.org/climate)**

Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites thirty-one national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.



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