

Cancún, 28 November 2010

Climate change: Questions and Answers on the UN climate conference in Cancún

1. Why another climate change conference?

Parties to the UN Framework Convention on Climate Change (UNFCCC)¹ and the Kyoto Protocol² meet once a year at high level to discuss how to advance international action to combat climate change. Mexico is hosting this year's conference from 29 November to 10 December in Cancún. It will be the UNFCCC's 16th 'Conference of the Parties' (COP 16) and the Kyoto Protocol's 6th 'Conference of the Parties serving as the Meeting of the Parties' (CMP 6).

The 2007 conference in Bali launched negotiations to draw up a global regime to combat climate change for the period after 2012, when the Kyoto Protocol's first commitment period will end. These negotiations were meant to conclude at the Copenhagen conference in December 2009, but this proved not to be possible. The Copenhagen conference did, however, result in the Copenhagen Accord, which has been endorsed by 140 countries, including the European Union and its Member States.

The negotiations on a post-2012 global climate regime will therefore continue in Cancún. Early global action is needed for the world to have a chance of holding global warming to less than 2°C above the pre-industrial temperature, as the Copenhagen Accord recognises is necessary.

2. What can the Cancún conference achieve? Will it produce the global climate deal that Copenhagen did not?

The EU was ready to agree an ambitious, comprehensive and legally binding global climate change framework in Copenhagen, and remains ready to do so in Cancún. It is clear, however, that a number of other major economies are not.

For the EU it is therefore important that Cancún becomes a significant intermediate step that delivers decisions on a number of substantial issues leading to immediate action and takes the world closer to establishing a global and comprehensive legally binding framework as soon as possible. The package of decisions should build on the Kyoto Protocol and incorporate the political guidance given in the Copenhagen Accord. They should capture the progress achieved in the negotiations so far and lay down some major elements of the 'architecture' of the future global climate regime.

3. What does 'balanced' mean here?

The negotiations on a post-2012 global regime are taking place on two parallel 'tracks'. One concerns long-term action by all UNFCCC Parties, including the US, while the other is discussing future emission reduction targets and related rules for developed countries that are Parties to the Kyoto Protocol.

1 The UNFCCC currently has 194 Parties, including the EU and all EU Member States

2 The Kyoto Protocol currently has 192 Parties, including the EU and all EU Member States. The main difference from the UNFCCC is that the United States has not ratified the Kyoto Protocol.

For the EU a balanced package of decisions is one that captures the progress made on various issues within and across both tracks and that addresses the concerns of all Parties.

A balanced approach also means defining which actions will be undertaken by all countries, especially regarding the mitigation of emissions, and how support for such actions will be provided.

4. Which issues should the Cancún package of decisions cover?

The scope of the Cancún package has yet to be agreed. For the EU, the decisions should address a number of specific issues and contribute to the establishment of a post-2012 global climate regime. Some decisions should lead to immediate action on the ground to combat climate change, particularly in developing countries.

The issues that the EU wants to see addressed as part of a balanced Cancún package include the following:

- Bringing emission pledges made under the Copenhagen Accord into the UN process
- Transparency rules (monitoring, reporting and verification – MRV)
- Reform and expansion of carbon market mechanisms
- Deforestation in developing countries
- Forest management accounting rules for developed countries
- Adaptation to climate change
- Governance of the future Copenhagen Green Climate Fund
- Technology cooperation
- Capacity-building for developing countries
- Emissions from international aviation and maritime transport

Information on these issues is given in points 9 to 18 below.

5. Does the EU favour establishing a second commitment period under the Kyoto Protocol?

The EU would prefer a post-2012 global climate framework to take the form of a single, new, legally binding instrument that includes the essential elements of the Kyoto Protocol. However, the EU stands ready to accept an outcome based on separate legal instruments for each of the two negotiating 'tracks' as long as the instruments contain consistent, comparable and legally binding rules. The EU is willing to consider a second Kyoto commitment period on condition that this forms part of such a 'two track' outcome engaging all major economies, and provided that weaknesses in the Protocol which undermine its environmental integrity are satisfactorily addressed.

6. What are the EU's conditions for agreeing to a second Kyoto commitment period?

A second Kyoto commitment period should be part of a global and comprehensive framework that engages all major economies in taking action to combat climate change. The Kyoto Protocol alone will not prevent dangerous climate change since it covers only 30% of global emissions, and this share will fall in future.

Current weaknesses in the Kyoto Protocol which undermine its environmental integrity should be addressed. The two main problems are the possibility for Parties to carry over surplus emission budgets - known as Assigned Amount Units (AAUs) - from the first commitment period (see point 19 below), and its rules for accounting for emissions from forest management (see point 13 below.) If not addressed these weaknesses would reduce the impact of developed countries' current emission reduction pledges to virtually zero or even lead to a small emissions rise.

Progress should be made on reforming the Clean Development Mechanism and establishing new carbon market mechanisms (see point 11 below).

7. What is the EU doing to reduce its own greenhouse gas emissions?

The EU recognises that developed countries have a responsibility to take the lead in combating climate change. It is committed to becoming a highly energy-efficient, low greenhouse-gas-emitting economy. It is working successfully to reduce its own emissions of greenhouse gases, which account for around 11% of global emissions (including emissions from deforestation).

Thanks partly to policies and measures implemented at EU and national level over the past decade, the EU and its 27 Member States are on track to comply with, or even over-achieve, their emission reduction commitments under the Kyoto Protocol.

The 15 EU countries which were Member States at the time the Kyoto Protocol was agreed have committed to reducing their collective emissions during the **2008-2012** period to 8% below the level in a chosen base year (1990 in most cases). By 2009 emissions were almost 13% lower and projections of future emissions indicate the reduction achieved could eventually be as much as 14.2%. The 10 other EU Member States which have individual Kyoto Protocol reduction targets of 6 or 8% are also well on track to achieve these.

For **2020** the EU has made a unilateral commitment to reduce its greenhouse gas emissions to 20% below 1990 levels and has also set itself the target of obtaining 20% of its energy from renewable sources. It is the only region of the world that has put in place binding legislation to ensure its 2020 targets will be met. The EU has also made a conditional offer to scale up its emissions reduction by 2020 to 30% below 1990 levels as part of a global and comprehensive post-2012 climate agreement and provided that other major economies commit to doing their fair share. The EU will reassess the situation after the Cancún conference, including options for moving beyond a 20% reduction by 2020.

Scientific evidence shows that to prevent global warming of more than 2°C, global emissions will need to be cut by at least half of their 1990 levels by 2050. In this context, and in line with developed countries' responsibility to lead, the EU has set itself the objective of reducing its emissions by 80-95% below 1990 levels by **2050**. A roadmap setting out a strategy for achieving this goal and completing the transition to a low-carbon society is in preparation and will be presented in early 2011.

8. How much financial support is the EU providing to help developing countries combat climate change?

The EU is the world's biggest donor of financial aid to developing countries, providing almost 60% of global Official Development Assistance (ODA) each year, or around US\$ 60 billion. In 2008 the EU accounted for more than 60% of all climate change-related ODA.

In addition to its traditional development aid, the EU is committed to providing €7.2 billion in 'fast start' funding over the three years 2010 to 2012 to help developing countries adapt to climate

change and mitigate their emissions. This commitment represents almost one-third of the total figure of nearly US\$ 30 billion in fast start funding pledged by the developed world for 2010-2012 under the Copenhagen Accord.

In 2010 the EU has mobilised €2.2 billion of the €7.2 billion of fast start funding it will provide by the end of 2012. It will submit a comprehensive and transparent report on the implementation of its fast start commitment at the Cancún conference and annually in the coming years.

Under the Copenhagen Accord, developed countries have also jointly committed to mobilising US\$ 100 billion a year in public and private climate funding support for developing countries by 2020. The EU is ready to take on its fair share of the international public funding part of this total.

9. What decisions does the EU want to see taken in Cancún regarding the mitigation of global greenhouse gas emissions?

Under the Copenhagen Accord many developed and developing countries, including the EU (see point 7), have made pledges to reduce or limit their greenhouse gas emissions by 2020. These pledges are a welcome start but collectively they fall well short of delivering emission reductions of the magnitude needed to hold global warming below 2°C.

Given the non-binding, political nature of the Copenhagen Accord, the EU wants the Cancún conference to take decisions that "anchor" these pledges in the UNFCCC negotiation process. Cancún should also initiate discussions to clarify uncertainties surrounding some of the pledges, mobilise support for their implementation and consider options for strengthening the collective ambition level in line with respecting the 2°C ceiling.

The EU also wants to see decisions taken in Cancún in several other areas that are important for mitigating emissions, including:

- reforming the Clean Development Mechanism and agreeing to establish new carbon market mechanisms (see point 11);
- establishing the operational basis for a mechanism to reduce emissions from tropical deforestation and forest degradation (see point 12);
- revising forest management accounting rules for developed countries (see point 13
- establishing a global policy framework for reducing emissions from international aviation and maritime transport (see point 18).

10. What needs to be decided in Cancún regarding transparency of action?

The EU wants to see tangible progress made in Cancún towards establishing a stronger system of monitoring, reporting and verification (MRV). This would provide greater transparency on whether countries are delivering on their emission pledges and whether developed countries will meet their commitments to providing long-term financial assistance to developing nations. It would also make it possible to track global progress towards respecting the 2°C ceiling. The increased transparency that a stronger MRV system would bring would help to increase trust between Parties, and between North and South more generally.

The Copenhagen Accord provides useful guidance on establishing an enhanced MRV system but this needs to be further elaborated. Cancún should take decisions which provide the framework for a coherent and balanced system of MRV and enable guidelines for such a system to be finalised next year. While ensuring a consistent approach, the system must take account of the

different responsibilities and capabilities of developed and developing countries and respect the different nature of their commitments.

In this context, all countries will need to enhance their provision of information, based on the existing system of regular "national communications" but in a differentiated manner. Information provided by developed countries is already subject to a thorough international "review" process; as a complement to this, and in line with the Copenhagen Accord, Cancún needs to make operational a facilitative process of "international consultation and analysis" of the information that will be provided by developing countries.

Overall, the MRV system should provide a common framework for rigorous, robust and transparent accounting in which all countries share information, learn from each other and build mutual trust.

11. What should Cancún decide on carbon market mechanisms?

Carbon market mechanisms are important instruments for reducing greenhouse gas emissions cost-effectively, mobilising finance from the private sector and driving investment in low-carbon technologies.

The EU wants to see progress made in Cancún towards reforming the Kyoto Protocol's Clean Development Mechanism (CDM) to improve its environmental integrity, efficiency and governance and the regional distribution of CDM projects in the developing world.

Cancún should also provide a basis for establishing new, scaled-up carbon market mechanisms for advanced developing countries and for recognising emission credits generated by them. This basis could include promoting pilot schemes. The new mechanisms could cover whole economic sectors – 'sectoral mechanisms' - or could be other types of market mechanisms that go beyond the CDM's project-by-project approach of offsetting emissions in developed countries through emission savings in developing countries.

12. What should Cancún do about tropical deforestation?

Deforestation and forest degradation in tropical regions are responsible for an estimated 15-20% of global greenhouse gas emissions. There is international consensus that this situation must be addressed through a programme for reducing emissions from deforestation and forest degradation in developing countries (known as 'REDD'), while also promoting conservation, sustainable management of forests and enhancement of forest carbon stocks ('REDD+').

The Copenhagen Accord called for establishing a 'REDD+ Mechanism' to enable the mobilisation of funding from developed countries. As part of a balanced package, the EU wants to see a decision taken in Cancún to make the mechanism operational. This should be done by rapidly developing sound rules, guidelines, objectives and modalities for REDD+ actions which ensure the mechanism's environmental integrity.

The objectives should be set of at least halving gross tropical deforestation from current levels by 2020 and halting global forest cover loss entirely by 2030. The decisions must also safeguard the biodiversity of tropical forests, ensure fair benefit sharing among stakeholders, recognise indigenous peoples' and local communities' rights and knowledge and improve forest governance structures.

Of the €2.2 billion in 'fast start' funding that the EU has mobilised in 2010, €362 million has been allocated to support REDD+ activities in developing countries.

13. What about accounting rules for forest management in developed countries?

Forests are huge stores of carbon. They naturally both emit and absorb (remove) carbon dioxide (CO₂) to and from the atmosphere.

Under the Kyoto Protocol, developed countries have to count emissions and removals related to afforestation/reforestation activities and deforestation towards their emission targets. However, they can choose whether or not to account for emissions and removals resulting from 'forest management', i.e. management activities such as harvesting and replanting of trees on land which was forested before 1990 and which remains forested today. The optional nature of this rule and the way in which accounting is done is a weakness of the Protocol; it can reduce the practical impact of emission reduction targets and creates little incentive for countries to increase the CO₂ uptake of their forests.

The EU favours tightening up the way forest management accounting is done to increase its environmental integrity and create a greater incentive for mitigating emissions. Europe also wants to make it mandatory for developed countries to account for emissions and removals from forest management in a post-2012 regime provided they are granted certain flexibility in how to do so.

Negotiations under the Kyoto Protocol are well advanced on revising the forest management accounting rules as part of a wider set of accounting rules for emissions from land use, land use change and forestry ('LULUCF'). The EU wants the new LULUCF rules to be agreed in Cancún.

14. What should Cancún decide on adaptation to climate change?

Every country needs to adapt to climate change but this is a particularly big challenge for the poorest and most vulnerable developing countries. As part of a balanced package, Cancún should decide to establish a framework for international cooperation to enhance national action on climate adaptation. The determination of priorities, needs and actions under the Adaptation Framework should be driven by countries themselves.

The Cancún decision should set out the guiding principles of the framework. It should also ensure the necessary financial support for adaptation and means of monitoring and reviewing the implementation of adaptation action. The decision should reflect the urgency and importance of support for adaptation, with priority being given to particularly vulnerable countries, especially the least developed countries (LDCs), small island developing states (SIDS) and countries in Africa prone to drought, desertification and floods.

In 2010 the EU has delivered €735 million in fast start funding for adaptation activities in developing countries.

15. What needs to be decided on the Copenhagen Green Climate Fund in Cancún?

The Copenhagen Accord decided that a 'Copenhagen Green Climate Fund' will be established. The Fund will support projects, programmes, policies and other activities in developing countries related to mitigation of emissions (including combating deforestation), adaptation, capacity-building, and development and transfer of technology. It will be established as an operating entity of the UNFCCC's financial mechanism.

As part of a balanced package, the EU wants to see agreement reached in Cancún on key principles regarding governance of the Fund. The EU supports the launch of a process to set up

the Fund with a view to making it operational at the next UN climate conference, at the end of 2011.

16. What should Cancún decide on technology?

The development, diffusion and use of technologies to help society adapt to climate change and reduce greenhouse gas emissions needs to be accelerated. It is therefore envisaged under the Copenhagen Accord to establish a Technology Mechanism.

As part of a balanced package, the EU wants the Cancún conference to decide to establish the mechanism and make it operational as soon as possible. The mechanism should consist of:

- a Climate Technology Centre and Network for assisting developing countries in building up their capacities to devise strategies and projects, and to facilitate research and sharing of knowledge; and
- a Technology Executive Committee for assessing technology priorities, gaps and needs and providing advice and recommendations to the Conference of the Parties.

17. What should Cancún do about capacity building?

The EU recognises that developing countries, particularly the poorest, require support in many fields to build up their capacities to adapt to climate change and mitigate their emissions. The EU is providing financial support for capacity-building through its Official Development Assistance and its fast start funding (see point 8).

As part of a balanced package, the EU would like to see recognition given to the importance of capacity-building and its cross-cutting nature.

18. What about greenhouse gas emissions from aviation and shipping?

International aviation and maritime transport are two of the fastest-growing sources of greenhouse gas emissions. Together they account for over 4% of global emissions, but emissions from these sectors have not been adequately addressed to date.

The international organisations responsible for the two sectors are the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO). The EU wants the Cancún conference to send a strong political signal to ICAO and IMO to develop a global policy framework for reducing emissions from these sectors that is consistent with keeping global warming below 2°C.

19. What should Cancún do about developed countries' surplus emission budgets?

Under the Kyoto Protocol certain countries in central and eastern Europe, in particular Russia and Ukraine, were granted a higher level of emission allowances than they have needed. The Protocol currently allows them to carry over their surplus allowances, known as Assigned Amount Units (AAUs), for use in a second commitment period after 2012. The surplus that has built up is considerable – it is estimated to be equivalent to 10-11 billion tonnes of carbon dioxide (CO₂), or more than twice the total annual emissions of the EU. This surplus poses a major threat to the environmental integrity of a post-2012 climate framework; if used, it would cancel out a significant proportion of the emission reductions pledged by Parties.

Cancún may not be able to settle this issue but the EU wants the conference to recognise its importance and make further progress in exploring options for managing the surplus appropriately. This must be done in a fair manner that does not discriminate between EU and non-EU countries.

20. Who will negotiate for the European Union in Cancún?

As a regional economic integration organisation, the European Union is a Party to the UNFCCC and the Kyoto Protocol. Its 27 Member States are also Parties in their own right.

Belgium, which currently holds the Presidency of the Council of the European Union, and the European Commission share responsibility for leading negotiations on behalf of the European Union and its 27 Member States in Cancún. However, representatives from several Member States are designated as lead negotiators for the EU on specific issues and therefore speak on its behalf in the negotiations on these issues.

The Belgian presidency will ensure that the EU position is coordinated so that the EU speaks with 'one voice' even if the message is delivered by different people.

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