

Doha/COP 18: Gateway to a New Climate Change Agreement

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The 18th Conference of the Parties (COP 18) to the Climate Change Convention that took place in Doha, Qatar (26 November – 7 December 2012) had been called an ‘intermediate’ COP because the decisions made in Doha enabled the start of a new negotiating process aimed at delivering a new global climate agreement. In spite of modest results, it was an important and necessary step in the revolution, first ignited at the Montreal COP in 2005, that rejected the top-down Kyoto Protocol (KP) model in favour of a bottom-up climate change regime.

Doha delivered what was expected of it: namely ‘closing down’ a number of negotiating tracks and opening/focusing on the next, post-2020 climate change agreement. It adopted the Second Commitment Period (SCP) of the Kyoto Protocol that will run until 2020, with absolute emissions reduction targets set for the EU, Australia, Norway and Switzerland. Russia, Canada, New Zealand and Japan had already announced that they would not do so. This is the start of the final phase of the old, top-down style KP-type agreement, which has now clearly a finite life to 2020.

At the same time, it also completed the process that started at the Montreal COP in 2005, and then was formalised at the Bali COP in 2007, which set the basis for developing countries to also get involved in mitigation action. The KP only required developed countries to take action.

Having closed these two tracks, attention can now focus on negotiating a new climate change agreement. This should culminate, according to the mandate from the 2011 COP in Durban, with a “protocol, another legal instrument, or an agreed outcome with legal force” in 2015, to be implemented starting in 2020.

What was surprising was the way the Conference ended with the veto of the final package by the Russian Federation, Ukraine and Belarus being publicly ignored and the Conference President (from Qatar) adopting the documents. This situation will undoubtedly have implications for future climate change negotiations, and possibly for other international processes. Following this outcome, Ukraine and Belarus are less likely to ratify the SCP of the KP. It seems that this development is not divorced from other current international political developments in the region.

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The way in which the meeting was concluded also left some questions unanswered. For example, parts of the KP text (FCCC/KP/CMP/2012/L.9) that were presented for adoption are contradictory. As a simple illustration, the conditions for Ukraine's commitments are directly contradicted by the approved KP text. In addition, the text referring to the existing market mechanisms – Joint Implementation and the Clean Development Mechanism – are unclear, in spite of potential direct impacts on the carbon market starting 1 January 2013.

Several other developments are worth noting: the US is still largely not proactive, perhaps due to uncertainties associated with a new Administration; Brazil is shaping up as an increasingly strong voice; and OPEC countries are developing strategies that take into account the impact of climate change (we see more and more renewable energy initiatives and diversification strategies, even if they are in their infancy). The EU continues to be the engine of the process, while China has been constructive.

The strong and very effective alliance that was struck at the Durban COP between the EU, small islands, the Least Developed Countries and some progressive Latin American countries, through the Cartagena Dialogue, has not held at this COP. From the side of developing countries, this may be seen as the result of failure to make progress on financial support for mitigation and adaptation, as well as failure to move to more ambitious targets.

Many developing countries are now developing low-carbon development strategies that involve national approaches and projects that involve GHG reduction, energy, water, sanitation and social development.

Three different climate change processes are now running in parallel:

1. *Second Commitment Period of the KP (2013-2020) with legally binding targets for a smaller number of countries than the First Commitment period (2008-2012).*
2. *Voluntary climate change commitments reached in 2010 under the Cancun Agreements (countries taking commitments that are not legally binding, such as the US, China, etc.) and which run to 2020.* It is unclear at this stage, and one of the issues that will strongly be argued in the future, is what type of units can these countries use for compliance. The US, among others, feels that they should have the freedom to make that decision, while developing countries feel that only UNFCCC-approved units can be used for compliance with obligations under a UNFCCC agreement.
3. *The negotiation of a new climate change agreement that will be completed by 2015, and will enter into force in 2020.* This is known as the Ad Hoc Working Group under the Durban Platform (ADP). Under the ADP, ALL countries will have to make a legally binding contribution towards combating climate change, even if their commitments take different forms (absolute caps on GHG emissions for some, intensity targets for others, energy efficiency targets, renewable targets, etc.).

Among the most salient outcomes of Doha, one would cite the following:

1. Restrictions have been introduced on which countries can use the market mechanisms under the KP for the period 2013-2020. Only those countries that are signatories of KP2 can issue and use credits under the CDM and JI (market mechanisms under KP) as well as transfer these units internationally. Japan and New Zealand, which are buyers, cannot purchase CDM and JI units, except by using indirect routes. Big sellers of JI units, such as Russia and Ukraine, will not be able to produce or sell.
2. The use of any surplus of Assigned Amount Units (AAUs) – units that were allocated to all developed countries under the First Commitment Period of the KP, of which Russia, Ukraine, etc. have a huge surplus – will be very restricted for purposes of national

compliance for the period 2013-2020, and they will disappear in the post-2020 period. The EU, Australia and other potential users have made clear pledges not to use such units in meeting their KP compliance for the period to 2020.

3. Doha did not reach a final decision on the way that billions of dollars could be channelled and invested in projects to cut carbon emissions through stopping deforestation and degradation of rain forests known as REDD+. For the first time, negotiators agreed that emissions cuts from forest projects must take into account non-carbon issues, such as biodiversity and indigenous peoples' rights. However, this remains a promising sector.
4. New market mechanisms will be developed by the end of 2013, under the UNFCCC, for use with obligations under all three processes described above, such as sectoral crediting and trading, REDD+, etc. (FCCC//CP/2012/L.14/Rev.1). They are intended to cover broad sectors of the economy, as opposed to CDM and JI, which are project-specific mechanisms. At the same time, a way to give recognition for use in international compliance to new markets approaches developed domestically will be developed in the form of a framework. This is expected to provide additional incentives for emissions trading schemes to start up, in different models, in countries such as China, Korea, Colombia, Mexico, etc. The text was intentionally left ambiguous on the role of the UNFCCC in proving recognition to domestic mechanisms, and the units derived from them, for compliance with international obligations. This is a critical matter to ensure both environmental integrity (Who decides that "a tonne is a tonne"?) and for allowing comparability of efforts and common accounting standards for compliance with an international agreement. In the end, the decision text is highly minimalistic, devoid of substance and only details a work programme for next year. It became very quickly clear that the EU and a few others wanted to progress into substance, while most countries at the table were very happy, for different reasons, to postpone this discussion for 2013. The only significant paragraph was meant to refer to the role of the UNFCCC in recognising units for international compliance. The text uses unusual UN language, which is so ambiguous that it is likely to make matters more complicated in the next round of negotiations.
5. There will be an important review of the CDM during 2013, including its application to the new international climate change architecture. All important issues that could have had impact on the CDM were not treated in this meeting, but were postponed for next year's debate.
6. There is no concrete agreement on climate financing, which will continue to be discussed next year. Of great importance, however, will be initiatives such as the existing "Sustainable Energy for All", which is currently being developed under the guidance of the UN Secretary General. The issue of mid-term finance - i.e. how do we ramp up from the current level of finance support that developing countries receive (roughly \$10 billion/year), to the \$100 billion per year that is to be mobilised by 2020 (according to the Cancun Agreements) - was not addressed. It will be discussed next year at a Ministerial-level meeting under the COP.
7. The KP text also provides for a review of the level of ambition in reduction targets for developed countries in 2014. This is somewhat difficult to reconcile with a parallel discussion regarding targets for all countries that will take place for the agreement to be reached in 2015 under the ADP.
8. The Green Climate Fund (FCCC/CP/2012/L.17) discussion concluded with endorsement that its headquarters be located in the Republic of Korea. It also approved the Board's work programme, which includes the development of the Private Sector Facility in 2013, mobilisation of funds, establishment of an independent Secretariat, etc.

9. The text of the Ad Hoc Working Group under the Durban Platform (ADP) (FCCC/CP/2012/L.13) adopted the work programme that decides that a negotiating text for this agreement will be available in May 2015.

While no breakthroughs were expected or achieved, the UNFCCC process was kept on track. The failure of Doha would have had strong reverberations. It is almost like this process MUST win every battle to stay alive.