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## CSC Briefing on the Commission Proposal for Post-Kyoto Negotiations

### EU COMMISSION COMMUNICATION IN PREPARATION FOR COPENHAGEN 2009

On 28 January 2008, the EU Commission published its proposals for the Post 2012 UN negotiations in its Communication to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions. Having gained agreement for the EU's own Climate Change Package in December 2008, the Commission's task was to prepare the EU's stance for the international negotiations to be held in Copenhagen [COP15] on 7-18 December 2009. It is anticipated that a new global climate change deal will be agreed to succeed the Kyoto Protocol in 2012.

The Environment and Finance Ministers of the EU Member States will discuss the Communication at their meetings on 2 March (Environment) and on 10 March (ECOFIN) with the expectation that Heads of State and Government will agree the proposals at the European Council of 19-20 March. In drafting the Communication, the Commission drew upon a public consultation process held in autumn 2008. Submissions from the Church of England, the Church of Sweden, COMECE, APRODEV, CIDSE and Tear Fund were among the 300 received. On 4 February, Stefan Agne, from the International Climate Negotiations Unit of the European Commission, briefed church representatives on the contents of the Communication and the next stages of the EU Post 2012 policy process.

### THE COMMISSION'S PROPOSALS FOR A GLOBAL DEAL

The Communication gives high profile to the EU's objective of 'limiting the global average temperature increase to no more than 2°C above pre-industrial levels'. It argues that action is required from both developed and developing countries. It also recognises that developing countries will require substantially higher funding from the developed world and that new multilateral institutions will need to be created to enable developing countries to deliver their contribution to addressing climate change. The Commission proposes the creation of an OECD-wide carbon market by 2015 and offers various options for international sources of funding related to countries' emissions and ability to pay.

### *Targets and Actions*

The Communication states that to meet the 'no more than 2°C target' global emissions will need to have peaked by 2020, before being reduced by 2050 to less than 50% of 1990 levels. Developed countries must continue to lead and cut their emissions by 30% of 1990 levels by 2020. Having unilaterally agreed to reduce its own emissions by 20% the EU will commit to increasing its reduction to 30% if other developed countries agree to comparable cuts. Emissions targets will need to apply to all OECD countries, the EU, EU candidate countries and potential EU candidate countries. Developing countries, including India and China but with the exception of the Least Developed countries should aim to restrict growth in their collective emissions to 15-30% below business as usual levels by 2020; this would include early reductions in emissions from tropical deforestation. By 2011, such countries would be required to submit national low carbon development strategies for evaluation by a new international mechanism that would coordinate external support where appropriate.

### *Finance*

To meet the emissions reductions targets additional net global investment may need to reach €175 billion per year in 2020, with more than 50% allocated to developing countries. Prior to 2020 the bulk of developing country actions should be at no or low cost. The cost of actions, which exceed developing countries capabilities, should be met internationally either by public funding or through new international carbon crediting mechanisms. All developed and developing countries would be required to implement national adaptation strategies. Again, the most vulnerable Least Developed Countries and small island developing states would be eligible for support from new sources of international funding. Such sources would be based on the ability to pay and the polluter pays principle. Member States would be able to use revenues generated by the EU Emissions Trading Scheme (EU ETS) to support developing countries.

### *Carbon Markets*

By 2015, the EU ETS should be linked with other comparable cap-and-trade systems to create an OECD-wide carbon market. This would both strengthen ETS as a means of mitigating climate change and as a mechanism for raising funds for adaptation and further mitigation. To date Australia and New Zealand have adopted cap-and-trade systems, while the USA is likely to design a similar scheme. The EU proposes that by 2020 the carbon market should be expanded to include the major emerging economies with the intention of creating a global carbon market. The Communication still permits EU member states to purchase substantial off-set credits from outside the EU. For advanced developing countries and highly competitive economic sectors, the Kyoto inspired project-based Clean Development Mechanism (CDM) should be gradually replaced by more predictable sectoral crediting mechanism and cap-and-trade systems.

## **RESPONSES TO THE COMMUNICATION**

**European Parliament** President Hans-Gert **Pöttering** (EPP-DE), gave a "strong welcome" to the proposals arguing that this is a further sign of how seriously the European Union is taking this question. John **Bowis** (EPP-UK), environment spokesperson for the UK Conservatives stated: "We now have an unparalleled opportunity to secure an ambitious global agreement on reducing emissions. The European Commission is right to point out that a fully-functioning carbon market must be extended to other developed nations if it is to be fully effective". Taking a more circumspect stance, Poul Nyrup **Rasmussen** (PES-DK), president of the Socialist group, commented "It is vital that it is not watered down over the coming weeks and months... What is needed is vision, and a determination to serve the interests of people and our planet, not lobbying on behalf of this industry or that..."

Finnish Green MEP and vice-chair of the EP environment committee Satu **Hassi** was very critical in her response: "The EU has its work cut out if it is to re-establish its claim to be a global leader on climate change. A credible EU negotiating position at the UN climate talks will imply making ambitious commitments on greenhouse gas emissions reductions, as well as on financing climate change adaptation and mitigation in developing countries". She continued, "the emissions reduction commitments must be both consistent with the scientific advice of the UN IPCC and reflect the historic responsibility of the EU for tackling climate change"... "In addition, EU and other industrialised countries need to commit to financing at least half of the reduction effort that needs to be achieved in developing countries. In this regard, we regret that Commission communication fails to set out an ambitious vision and merely rehashes existing targets. She concluded stating "...the Commission chose to dodge the bullet on the financing of climate change mitigation and adaptation in developing countries.... A realistic and credible international agreement would include industrialised countries providing at least €100bn by 2020... the EU must be willing to provide up to a quarter of this, with the funding to come outside of traditional development aid budgets".

Spokespeople for various **Environmental and development NGOs** argued that the Communication was weak on leadership and ambition and failed to offer developing countries the concrete financial means they need to make an effective response to climate change and which would ultimately prepare the ground for successful climate negotiations in Copenhagen. Tom **Sharman**, head of climate change at Action Aid stated, "The European Commission is proposing loose commitments to additional public funding but there no numbers." "Unless developing countries see hard cash on the table, there is a real danger they simply walk away," echoed Oxfam's Elise **Ford**. Greenpeace EU's climate and energy policy director, Joris **den Blanken**, added that industrialised countries need to commit to at least EUR 110 billion in annual public funding by 2020 for clean energy, forest protection and adaptation.

## THE KEY ISSUES

### *Alignment with the scientific evidence*

There is continued concern that the EU unilateral 20% emissions reduction target is insufficient in the light of the IPCC 4<sup>th</sup> Assessment Report. To date different churches have supported domestic reductions in the 30% to 40% range with additional commitments to finance developing country actions. Emerging scientific evidence has caused some NGOs to support at least 40% reductions in emissions from 1990 levels by 2020, with a minimum of 75%, or ideally all of these, being made by the EU domestically. They have also argued that the proposed review date of 2016 is too late.

### *Finance*

The main and most consistently offered criticism of the Communication is that it is strong on the possible architecture for future international funding mechanisms and weak in terms of the complete lack of any EU financial commitments in support of developing countries to meet their climate change responsibilities. Development and Environment NGOs have expressed concern that the funding figures included in earlier drafts were removed from the final Communication. A draft document published by EurActiv on 26 January includes a Commission proposal to spend €30bn a year in developing countries by 2020. Current NGO statements urge the EU to commit to spending at least €35bn a year in support of adaptation and mitigation actions within developing countries.

### *Carbon Markets*

Whilst the move towards global carbon markets is generally welcomed, there is widespread criticism of the continued intention for EU and other developed countries to be able to purchase extensive off-

set credits. This risks weakening the carbon price signal and damaging the polluter-pays principle. Such off-sets could also lead to double counting of emissions reduction efforts. There is also the risk that 'rich' countries may cherry-pick the cheapest CDM projects to off-set their emissions leaving the 'poorer' countries with only the more expensive options. It has been argued that developed countries should only be able to use off-setting credits to achieve reductions over and above the full achievement of their own domestic targets. Future off-setting mechanisms agreed at Copenhagen will need to ensure that off-setting achieves real, verifiable and additional emissions reductions.

### ***Negotiation Strategy***

The early draft conclusions for the European Summit of 19<sup>th</sup> and 20<sup>th</sup> March follow the text of the Commission Communication very closely. Like the Commission, the Council avoids making any specific financial commitments to helping developing countries adapt to climate change. In addition, some Member States argue that any proposals about financial mechanisms should give them as much room to manoeuvre as possible. *The European Voice* of 12<sup>th</sup> February recorded that this strategy is the source of disagreement between national diplomats. Some have argued that the EU should make clear financial pledges as a signal of its commitment to successful international negotiations. Others have responded that it would be imprudent for the EU to reveal its negotiating hand too early in the process. It is likely that the 'debate about negotiating strategy and whether it puts figures on the table - is likely to continue until the summit'.

The EU may have already ceded global climate change leadership to the USA and that it may already be in a weakened position when it comes to shaping a global deal to its liking. The very lack of financial commitments might provide the clear message, at the centre of a very complex issue that NGOs need to galvanise to their supporters. Some sections of the EU's political leadership may welcome the energetic activity of civil society to strengthen their hand when the international negotiations 'go live'.

### **ACTIONS**

The publication of the Communication initiated widespread NGO activity. It is recognised that the EU Spring Council is the next key staging point in terms of determining the EU's negotiating stance for Copenhagen. NGOs along with various Church-based agencies from across the Church traditions have worked closely to develop common or similar responses. Given that the next phase of policy development is at governmental level most have focused on making representations to the national governments of the member states.

The Commission Communication: Towards a Comprehensive Climate Change Agreement in Copenhagen (COM (2009) 39) [http://ec.europa.eu/environment/climat/future\\_action.htm](http://ec.europa.eu/environment/climat/future_action.htm)  
[Staff working document - Extensive background information and analysis - part 2](#)

Council conclusions:

<http://eu2009.cz/en/news-and-documents/council-conclusions/default.htm>



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