

# Responding To Climate Change

## INTERNATIONAL EFFORTS TO REDUCE THE IMPACTS OF GHG EMISSIONS

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With Thanks to Michael Lufkin, Esq.

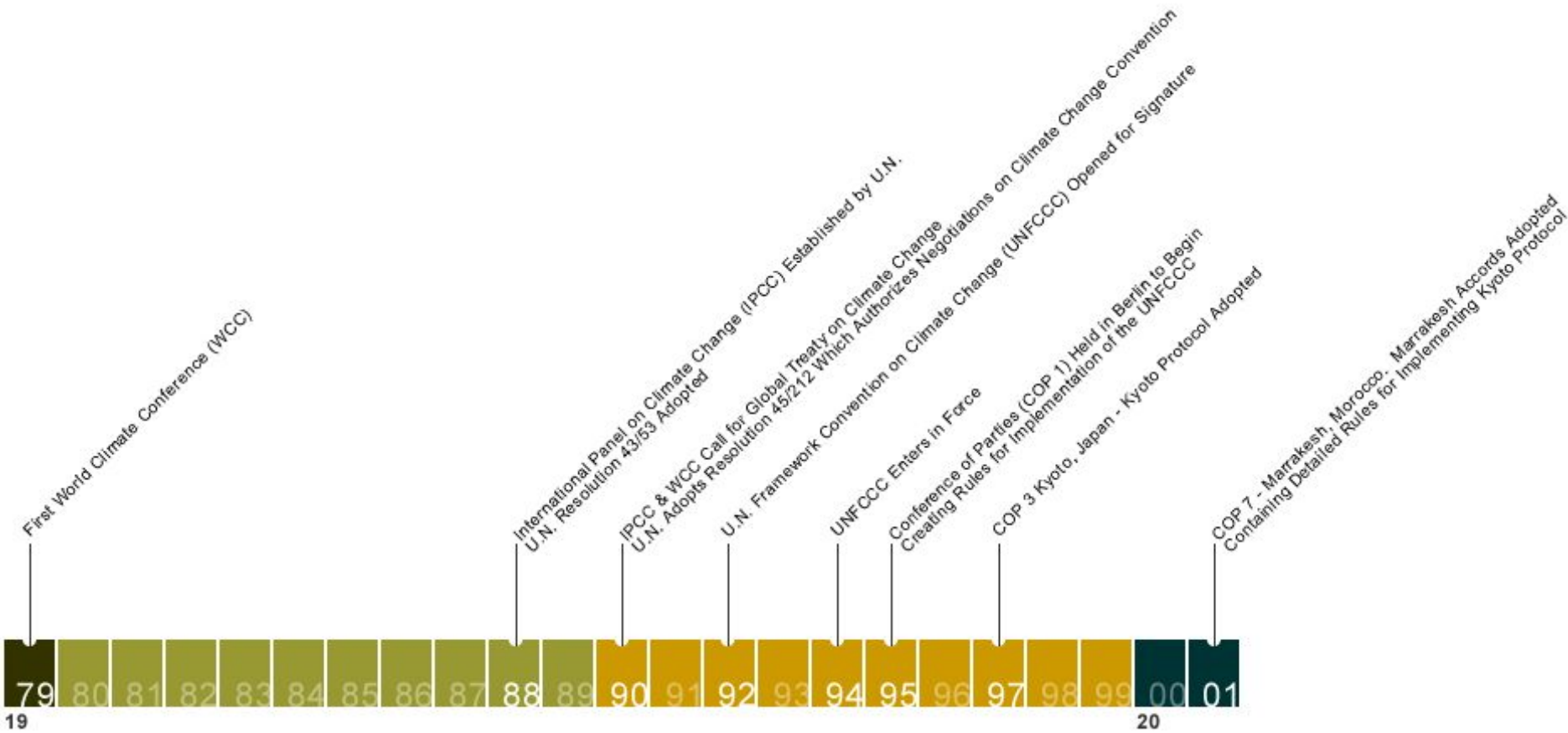


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# History of International Climate Change Policy



# United Nations Framework Convention on Climate Change (UNFCCC)

## Objective:

“ . . . to achieve stabilization of atmospheric concentrations of greenhouses gases at levels that would prevent dangerous anthropogenic (human-induced) interference with the climate system . . . ”

# UNFCCC

- Provides framework for action on climate change
- Spells out commitments for different groups of countries according to circumstances and need
- Establishes institutions to assist countries in implementing the Convention



# UNFCCC – Specific Commitments

## **Annex 1 Countries:**

Must adopt climate change policies with aim of reducing GHG emissions to 1990 levels

## **Annex 2 Countries:**

Required to provide financial resources to enable developing countries to undertake GHG reduction activities

## **Developing Countries:**

General commitment to respond to climate change



# UNFCCC – General Commitments of All Countries

- Compile inventory of national GHG emissions
- Adopt climate change mitigation measures
- Adopt provisions for developing and transferring environmentally friendly technologies
- Adopt provisions for sustainably managing carbon sinks
- Make preparations to adapt to climate change
- Engage in climate research and information exchange
- Promote education, training and public awareness relating to climate change

# UNFCCC – United States

- U.S. Signed UNFCCC June 12, 1992
- U.S. Ratified UNFCCC October 15, 1992
- Entry into Force March 21, 1994
- U.S. is Annex 1 and Annex 2 Country



# Kyoto Protocol

- Purpose of the Protocol is to supplement and strengthen the UNFCCC
- Sets legally binding emission targets for industrialized countries
- Includes novel implementation mechanisms
- Attempts to minimize impacts on developing countries
- Contains specific accounting, reporting and review requirements



# Kyoto Protocol – United States

- U.S. Signed Kyoto Protocol November 11, 1998
- No Ratification by U.S.
- Signature without ratification does not establish consent to be bound. However, signature creates an obligation to refrain, in good faith, from acts that would defeat the object and purpose of the treaty/protocol.



# Kyoto Protocol – Entry into Force

- In order for the Protocol to enter into force at least 55 countries must ratify it, including enough Annex 1 countries that account for 55% of all GHG emissions.
- 122 countries have ratified the protocol, representing 44.2% of worldwide GHG emissions.
- Either Russia or the U.S. must ratify in order for the Protocol to enter into force.
- Putin promised the EU that Russia will ratify.
- Likely Kyoto Protocol will enter into force this year.

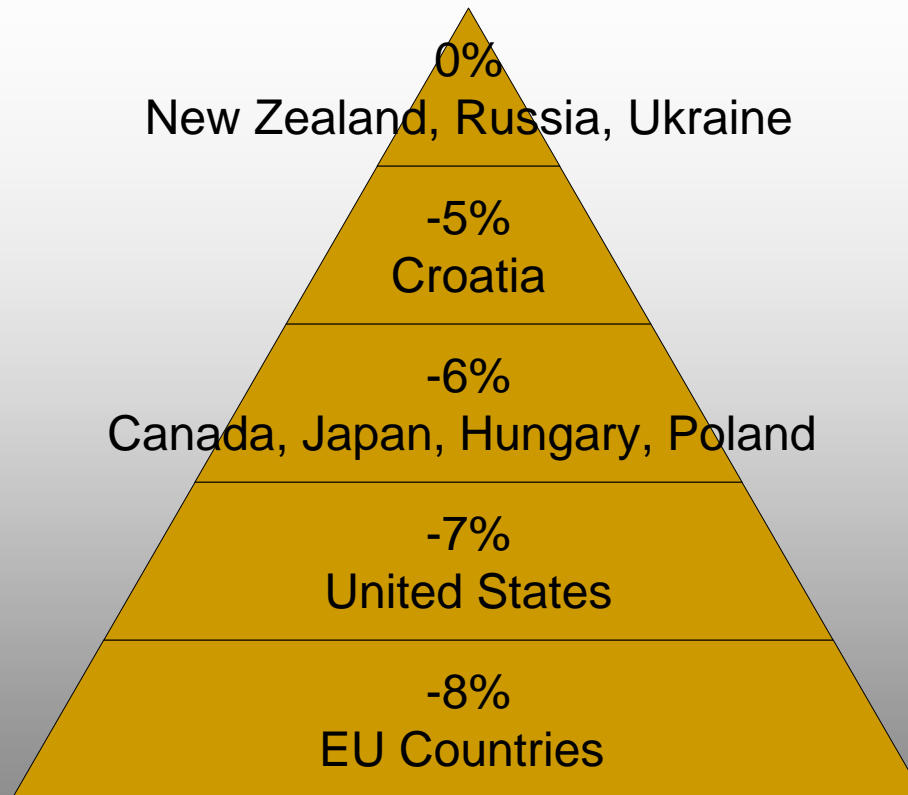


# Kyoto Protocol – Legally Binding Emissions Targets

- Parties must reduce or limit GHG emissions relative to 1990 levels
- Each Annex I Party has an individual emissions target
- Emissions targets must be achieved as an average over the first commitment period of 2008-2012
- If Party achieves emission target, it may carry over the difference to a new commitment period
- Protocol leaves to each Party the choice of policies and measures used to achieve emission target



# Kyoto Protocol – Emissions Targets Below 1990 Levels



# Kyoto Protocol – General Policies & Measures

- Enhancing energy efficiency
- Promoting renewable energy
- Favoring sustainable agriculture
- Recovering methane emissions through waste management
- Technological reforms
- Removing subsidies and other market distortions
- Protecting and enhancing greenhouse sinks
- Reducing transport sector emissions

# Kyoto Protocol – Innovative Mechanisms Joint Implementation, Emissions Trading, and Clean Development Mechanism (CDM)

- Allows parties to receive credit for emissions reductions that occur abroad
- Intended to lower cost of climate change mitigation
- Not intended to allow parties to avoid taking mitigation actions at home



# Kyoto Protocol – Joint Implementation (JI)

- Allows Annex 1 Parties to implement projects that reduce emissions in other Annex 1 countries
- Reductions generated by projects can be used to help meet a country's emission target
- Projects must lead to emissions reductions or removals that are in addition to any that would have occurred without the project
- Emission reduction units (ERUs) must be closely tracked to avoid double accounting



# Kyoto Protocol - Emissions Trading

- Allows Annex I Parties to acquire credits from other Annex I Parties that can more easily reduce emissions
- Emission credits may be acquired from JI projects, sink activities, or CDM projects
- This form of emissions trading is distinct from emissions trading as a domestic policy mechanism to reduce GHG emissions



# Kyoto Protocol - Clean Development Mechanism (CDM)

- CDM allows Annex 1 countries to implement sustainable development projects that reduce emissions in non-Annex I countries
- The certified emissions reductions (CERs) from a CDM project can be used by Annex 1 Parties to meet their own emissions target
- CDM Projects must be based on appropriate, transparent, and conservative baselines and must have a rigorous monitoring plan in place
- Goal of CDM is to generate investment in developing countries, enhance the transfer of environmentally friendly technology, and promote sustainable development



# Sinks and Sequestration

- Rules for estimating emissions and removals from the land use, land use change and forestry sector.
  - Principles to guide activities.
  - List of eligible activities.
  - Common definitions for the term “forest” and each of seven classes of activities (afforestation, reforestation, deforestation, forest management, cropland management, grazing land management, revegetation) .
  - Capping system
  - Further development of inventory methods.



# European Climate Change Programme (ECCP)

- Purpose: to prepare additional policies and measures, as well as an emissions trading scheme, to ensure that the EU achieves the 8% cut in emissions by 2008-2012 to which it is committed under the Kyoto Protocol.
- Member States are required to report to the Commission by 15 January 2005 on 'demonstrable progress' for the Commission to fulfill its reporting obligation to the UNFCCC by 1 January 2006. Linked to this, provisions are included for a review to be undertaken to assess the progress made and, if necessary, to propose suitable measures in order to ensure achievement of the EC target.
- The European Environment Agency (EEA) assists the Commission in the compilation of the annual EC inventory for both purposes, through the work of the European Topic Centre on Air and Climate Change (ETC/ACC). The activities of the EEA result in:
  - Draft EC inventory by 28 February
  - Final EC inventory by 15 April (to be submitted by the European Commission to the UNFCCC Secretariat).



# EU Emissions Trading Scheme (EU ETS)

- ... designed as an entity-based domestic cap and trade emissions allowance programme.
- ... governed by Community Law specifying specific conditions for trading between entities and using a special unit of trade – allowances – within the EU.
- ... compatible with international emissions trading under the Kyoto Protocol and contributes towards achievement of Kyoto Protocol target.



# EU Emissions Trading Scheme

## Timing

- Three-year mandatory “warm-up” phase from 2005 to 2007.
- Five-year mandatory Kyoto phase from 2008 to 2012.

## Coverage

- Five major downstream sectors with thresholds
- start with carbon dioxide

## Allocation

- Member States may auction up to 5% for 2005 to 2007 and up to 10% for 2008 to 2012.
- Each Member State draws up an ex-ante national allocation plan.
- Transparency and comments by the public.
- Scrutiny by the Commission.
- Member States observe common allocation criteria.

# EU Emission Trading Scheme

## Monitoring and reporting

- Companies will monitor and report emissions following the monitoring and reporting guidelines adopted pursuant to the Directive.
- Emission reports will be subject to independent verification.

## Registries

- Member States and the Community must establish and maintain electronic registries to track allowances.
- At Community level, a transaction log will be developed and maintained.

## Sanctions

- For every tonne of emissions that is not covered by an allowance, a company will have to pay a penalty of 40 Euro in 2005 to 2007 and 100 Euro thereafter.
- Companies will also have to surrender a compensating amount of allowances in the subsequent year.



# Japan – Climate Change Policy Programme

- Drawn up by various ministries, discussed in several advisory councils and adopted in March 2002 by the Global Warming Prevention Headquarters, which consists of cabinet ministers in charge of climate policy.
- Addresses the policies which contribute to both the environment and the economy, the step-by-step approach, actions by all sectors and international cooperation.



# Japan – Climate Change Policy Programme

Defines several subsidiary targets within the overall 6 per cent target:

- To return CO<sub>2</sub> emissions from the energy source to their 1990 level within the first commitment period;
- To reduce CO<sub>2</sub> emissions from non-energy sources, CH<sub>4</sub> and N<sub>2</sub>O by 0.5 per cent of total GHG emissions in the base year within the first commitment period;
- To achieve a further 2 per cent reduction as compared to the total GHG emissions in the base year within the first commitment period by innovative technological development and promotion of further activities involving various sectors and the public such as implementation of a national campaign to create a lifestyle suited to the global environment era, strengthening the basis for promoting regional measures, promotion of measures implemented by individual families, and promotion of awareness campaigns for global warming activities;
- To contain the growth of fluorinated gases to 2 per cent of the total GHG emissions in the base year within the first commitment period;
- To ensure removals of about 13 million tonnes of carbon through sink activities in Japan, corresponding to about 3.9 per cent of the total GHG emissions in the base year.



# Examples of Projects Under Kyoto Initiative

## Asia and the Pacific

- *Model City Plan (China 99-00)*
- *Port Dickson Power Rehabilitation (Malaysia 98)*
- *MRTA Initial System Proj (Thailand 98-00)*
- *Flood Control and Sabo Engineering (Philippines 00-03)*
- *Upgrading Meteorological Observation and Forecasting System (Mongolia 97-99)*

## Middle and South America

- *Flood & Erosion Control on Choloma River (Honduras 97-00)*
- *Industrial Energy Conservation (Argentina 95-00)*
- *Brazilian Amazon Forest Research Pro (Brazil 98-03)*

## Africa

- *Rehabilitation of Rural Seedbeds (Burkina Faso 99)*
- *Promotion of Greenery in Kareye-Gorou (Niger 93-01)*
- *Study on Dissemination of PV for Rural Electrification (Zimbabwe 99 and Botswana 00)*

## Eastern Europe

- *Regional Energy Efficiency Training Programme*
- *Energy Efficiency Centre Proj (Bulgaria 95-00)*
- *Energy Conservation Master Plan (Poland 98)*

## Middle and Near East

- *Introduction of Integrated PV System (Syria 98)*
- *Integrated Reforestation Proj. (Tunisia 99)*
- *Advanced Weather Observation (Saudi Arabia 98-99)*

## Least Developed Countries

- *Improvement of Weather Warning Services (Bangladesh 86-97)*
- *Water Induced Disaster Prevention Centre (Nepal 91-99)*
- *Kilimanjaro Village Forestry Proj (Tanzania 93-00)*
- *Renewable Energy Resources Development (Vanuatu)*

## Small Island Development States

- *Seawall Construction in Male (Maldives 93-01)*
- *Palau International Coral Reef Centre (Palau 98-00)*





# Implications of Kyoto's Entry into Force without U.S.

- Kyoto party could regulate emissions of U.S. multinationals to the extent they have subsidiaries or GHG-emitting operations in the Kyoto party.
- U.S. companies could not take advantage of low-cost emission reduction opportunities in the U.S. operations to meet requirements, since Kyoto does not recognize emission reductions achieved in non-parties.
- Could lead to negative public attitudes towards U.S. companies, consumer boycotts, and trade measures by Kyoto parties against non-parties.
- Limits U.S. ability to shape Kyoto protocol rules.



# COP 10

## Tenth Session of Conference of the Parties Buenos Aires, Argentina December 6-17, 2004

- 2004 is 10<sup>th</sup> Anniversary of entry into force of Convention



# Helpful Websites

- <http://unfccc.int/>
- <http://www.ipcc.ch/>
- [http://europa.eu.int/comm/environment/climat/home\\_en.htm](http://europa.eu.int/comm/environment/climat/home_en.htm)
- <http://europa.eu.int/comm/environment/climat/eccp.htm>
- <http://www.whitehouse.gov/news/releases/2002/02/climatechange.html>
- <http://www.pewclimate.org/>
- [http://gcmd.gsfc.nasa.gov/Resources/pointers/glob\\_warm.html](http://gcmd.gsfc.nasa.gov/Resources/pointers/glob_warm.html)
- <http://yosemite.epa.gov/oar/globalwarming.nsf/content/index.html>
- <http://yosemite.epa.gov/oar/globalwarming.nsf/content/ResourceCenterPublicationsUSClimateActionReport.html>

