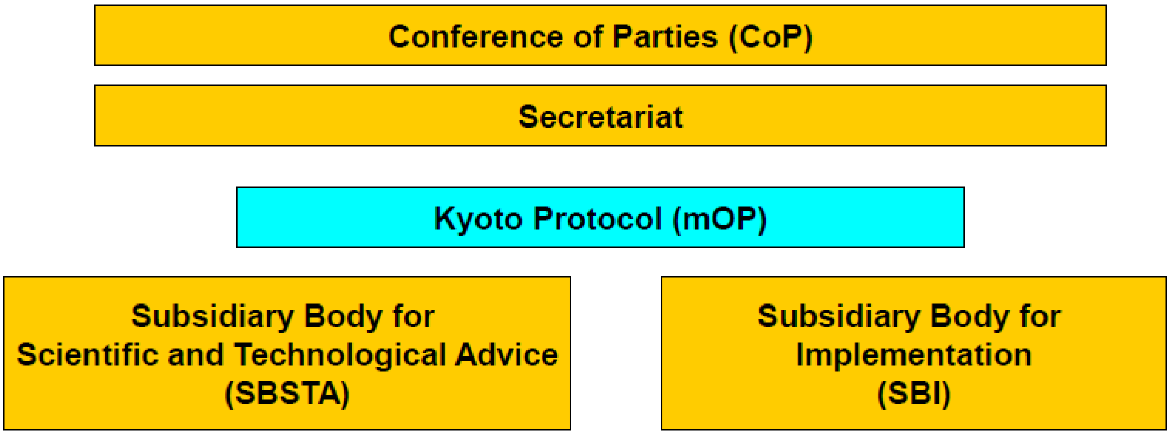
UN Climate Negotiation Framework

The common framework for the global climate negotiations is United Nations Framework Convention on Climate Change (UNFCCC). The convention was signed in Rio in 1992 by most countries worldwide. The convention entered into force on 21 March 1994.

In 1997 the Convention was expanded to include the Kyoto Protocol, that sets binding targets for emissions reduction in industrialized countries. Some countries that ratified the Convention did not ratify the Kyoto Protocol, among these the US.

The structure of UNFCCC and Kyoto Protocol can be explained by the following figure



Conference of the Parties is the highest authority - the supreme body - of the Convention. It is an association of all the countries who are parties to the Convention. The COP meets once a year, the COP meeting. The COP is served by its secretariat.

The Convention has established two permanent subsidiary bodies, SBSTA (Subsidiary Body for Scientific and Technological Advice) and SBI (Subsidiary Body for Implementation), who give advice to the COP.

In SBSTA, two of the key work areas are to promote the development and transfer of environmentally friendly technologies and to conduct technical work to improve the guidelines for preparing national communications and emission inventories. Methodological work on vulnerability and adaptation and LULUCF is also carried out in SBSTA.

SBI give advice in relation to the implementation of the Convention. One task is especially important, to examine the national communication and emission inventories to assess the Convention's overall effectiveness.

There are a number of other groups and bodies setup, but they are not described here. Only the two Ad-Hoc Working Groups established to ensure that an agreement is reached in Copenhagen will be described in the following.

Negotiations after Bali

Kyoto Protocol (KP) sets targets for emission reduction from 2008-2012. At COP13 in Bali, it was decided to work for a new agreement to cover the time period after 2012. The Bali Action Plan that aims at reaching the long term post 2012 agreement, and plans to get an agreement at the COP15 in Copenhagen.

The main points from the Bali Action Plan

- All nations are committed to participate in the climate negotiations.
- All nations support that a new agreement will be signed in 2009.
- All nations agree on defining a 'Shared Vision' which includes a long term global goal for GHG emissions reduction.
- Main focus in the negotiations will be strengthen mitigation and adaptation actions, and strengthen technology transfer and financing.

The negotiations that will lead to a post 2012 agreement are organized to follow two 'Ad-hoc Working Groups', each following a distinct track, namely;

1. Kyoto Protocol (AWG-KP) on further emission reduction for annex 1 parties under the Kyoto Protocol.
2. Long-term Cooperative Action (AWG-LCA) (Under UNFCCC).

The first group was established at COP11 in 2005, the second was set up at the COP13 in Bali as part of the Bali Action Plan. Both groups are to complete their work by December 2009 at COP15 in Copenhagen.

AWG-KP discusses how future commitments for the industrialized countries under the Kyoto Protocol (KP) can be designed in order to ensure a follow-up on KP after 2012. This group consists of the countries who ratified the KP.

In AWG-LCA, work is done to clarify the possibilities for a new long term cooperation within the framework of UNFCCC – covering both the definition of a long term goal and technical details as e.g. financing. In this group, all countries are represented, including US.

Milestones:

3-14 Dec. 2007	Bali (COP 13):Start of UN climate negotiations on post-2012 framework.
23 Jan. 2008	Commission tables climate and energy package, including EU ETS review.
Nov./Dec. 2008	Poznan (COP 14): Midway point of negotiations.
20 Jan. 2009	Barack Obama becomes the 44th President of the United States.
Dec. 2009	Copenhagen (COP 15): Projected completion of UN climate negotiations on post-2012 framework.

At the COP14 in Poznan in 2008, no major results were achieved and the meeting was seen as a step on the way towards Copenhagen. As expected, none of the nations were willing to reveal their positions at this point.

Negotiations are now extremely close to actually turn into an agreement. However, there are still a large number of outstanding issues. Some of the most difficult areas to reach an agreement are:

- Definition of a global reduction target. Even though the G8 and MEF agreed on a 2 degree temperature increase, no base year or plan how to reach this target is in place.

- Establishment and control of an adaptation fund. This matter is of great importance to SIDS and disaster prone LDCs. At COP13 in Bali it was agreed to establish a climate adaptation fund aiming at facilitate and finance climate adaptation projects in developing countries. How to manage these funds creates a dispute, especially between developed and developing countries.

- Financing mechanisms. New financing mechanisms to ensure capital to future climate funds are also a central point in the negotiations. Today, 2 pct. of the proceeds from CDM projects are allocated to projects in LDCs but there is no agreement on further allocations and allocation post 2012.

- Further development of flexible mechanisms. It is no secret that the current mechanisms CDM and JI have received a lot of criticism. It is extremely time consuming to develop and register projects, plus the projects are not evenly distributed geographically, with majority of the projects in India and China, and only a few in Africa. Furthermore, it is being discussed if and how CCS and LULUCF could be included.

The difficulties in discussing these issues and reaching momentum should also be seen as a way countries keep their strategic positions before Copenhagen meeting. It is expected that the largest disputes are to be faced in Copenhagen.

For Danish business, the outcome of these negotiations will have decisive influence on future business conditions. With a common global agreement, we will be closer to a leveled playing field, not only within EU but on a larger global scale.

It is the opinion of DI that all technologies should come into play, and all technologies and measures, including LULUCF and CCS, should be included in CDM. The flexible mechanisms are a technology neutral market based instrument that will ensure deployment of the best solutions and cost effective emissions reductions. An expansion of CDM is an advantage for business both in and outside the emission trading systems as well as for suppliers of technology.