

## **GREENPEACE BRIEFING: BALI, THE PROCESS, AND THE KEY PLAYERS**

**December 2007**

*(Please refer to end of this document for discussion on NZ delegation's role)*

### **What does Greenpeace expect out of the Bali meeting?**

In Bali, governments must set a two year deadline to agree the action plan to effectively tackle climate change. This action plan must be ambitious – and decisive. Whilst this meeting will not single-handedly save the climate, it is a vital step in ensuring we win the fight to avoid dangerous climate change.

- In Bali, Governments must agree key elements of this action plan and create a detailed agenda to ensure negotiations are concluded over the next two years.
- By 2009, the outcome of these negotiations must be an agreement on the details of the second phase of the Kyoto Protocol, coming into force at the end of 2012.
- Developed countries must show that they are willing to lead and accept much more stringent binding emission cuts. So we expect that by 2009 this agreement will include:
  - Commitments to deeper cuts in emissions.
  - More countries agreeing to cut emissions.
  - Governments must negotiate a separate mechanism on tropical deforestation. Deforestation contributes approximately one fifth of global emissions. A reduction in emissions from deforestation is essential, but must be additional to cuts in other sectors.
  - Governments must agree on reliable and sufficient adaptation funding, including the formation of new sources of adaptation funding, directed towards the most vulnerable.

See the Greenpeace **Bali Mandate**<sup>1</sup> briefing for the details of the plan governments must agree to for the Bali outcome to be credible.

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<sup>1</sup> See <http://www.greenpeace.org/new-zealand/campaigns/climate-change/un-climate-conference>

## What will be the big issues on the table?

### 1. Whether governments will agree a “Road map” - or Bali Mandate - will be *the* big issue at the meeting.

- What goes in the Bali Mandate or not (emission cuts, adapting to climate change, financing for a climate-friendly energy system, deforestation) will also be key.
- How much detail is agreed and the process to get to a clear agreement by 2009 will be highly contentious. The Bali road map must be more than a wish list. It must be a detailed mandate for serious and tough negotiations.
- Finally, it will be key WHERE in the UN process the future negotiations happen. This may be under the Kyoto Protocol (which very few countries present have not ratified) or under the United Nations Framework Convention on Climate Change (UNFCCC) - which all countries present in Bali have signed (this includes the United States who have refused to ratify the Kyoto Protocol). Greenpeace wants the Bali Mandate to pave the way for the second commitment period of the Kyoto Protocol. If negotiations happen under the UNFCCC, therefore, it must be ensured that the results of these negotiations can be brought into Kyoto at a later date (e.g. at the 2008 climate negotiations during a meeting of what is called the “Committee of the Whole”)

### 2. Broadening the Kyoto Protocol

- There will be a discussion on how more countries can accept binding emission caps. Some countries, such as South Korea or Saudi Arabia, have per capita incomes as high as or higher than those who have accepted binding emission cuts under Kyoto. In Bali, these countries must signal that they will be willing to take on binding targets. They need to take on their share of the at least 30% emissions cut needed from developed countries by 2020.
- **Rapidly industrializing countries** (particularly Brazil, India, China and South Africa) also need to be brought into the Kyoto emission trading system. They are already supporters of – and have ratified - the Kyoto Protocol. The details will not be decided in Bali, but Bali must start negotiations of how these countries can join the global Kyoto emission trading regime, e.g. through binding national commitments to increase the use of renewable energy or by committing to reduce and end deforestation.

Furthermore, the following issues will be fought over and will all have to be part of the Bali roadmap for it to be a credible action plan to save the climate:

### 3. Other issues

#### a. Sufficient, reliable funding for adaptation:

- At least NZ \$64 billion annually is the acknowledged minimum requirement to meet developing country adaptation needs; current funding is simply not enough. Governments must agree in Bali to:
  - (1) recognise that the volume and size of current adaptation funding must increase dramatically alongside deeper emissions cuts from developed nations;
  - (2) create and develop desperately needed new sources of funding for adaptation, i.e. extending levies to other Kyoto flexible mechanisms, which should become operational by 2012; and

- (3) decide on the modalities and architecture of the Adaptation Fund (AF) to ensure that the most vulnerable countries play a decision-making role in the management of the AF which should also, among other principles, uphold the principle of public participation.

#### **b. Financing for clean development**

- Negotiations need to start for a New **Clean Technology Deployment Fund** designed to kick-start an energy revolution in developing countries based on renewable energy and energy efficiency.

#### **c. Deforestation**

- Negotiations need to start on **ending deforestation**, including on a finance mechanism.

#### **d. Transport**

- **Bunker fuels** – including kerosene used by airlines – need to be brought into the Kyoto system as they are a significant source of rising emissions.

### **Who are the main players?**

Now that the Australian government has changed, we expect to see the US isolated in its attempts to divert the international negotiating process and set up an alternative voluntary regime. They may get some support from the Canadian government, which is out of touch with Canadian public opinion, and the Japanese government that seems to have forgotten that Kyoto is in Japan.

#### **The USA**

President Bush has tried this year to pretend that he cares about the climate. He signed up to pious words on climate change at the G8 summit and held his own “Big Emitters” meeting in September. The September meeting was to set up working groups and start a separate process (outside the UN process) to agree long term emission targets. This was a complete failure.

At the G8, Bush had to agree that his meeting was in fact a contribution to the UN climate discussion. But the September meeting agreed nothing – no working groups and not even a place or date for a next meeting (though there will be another meeting in 2008).

Bush’s proposal for voluntary (“aspirational”) targets will bring us nowhere near the levels of reductions needed and while now formally part of the UN discussion, is an attempt to derail the international negotiations on a stronger post 2012 Kyoto Protocol. When Bush says he supports the UN process, he means the voluntary UNFCCC, not the stronger, legally binding Kyoto Protocol.

The Bush administration realises that it has lost the trust of the American public and the international community on this issue and is trying to look busy and concerned until Bush leaves office. The US has not ratified Kyoto and is virtually on its own now that Australia is coming into the fold. In Bali, therefore, the US should not be given a key voice on the future of Kyoto. The international community must agree on the best way forward globally. The US will then have a *good* international system to rejoin under a new President in 2009.

## The European Union

The European Union has been critical to Kyoto's success and in March 2007 agreed on an ambition to collectively reduce greenhouse gas emissions across the 27 European Union member states by 30% by 2020, compared to 1990 levels.

The 30% emissions reduction target is consistent with the EU objective of keeping global temperature increase below 2 degrees Celsius and, therefore, of protecting regions that are most vulnerable to the worst impacts of climate change.

However, while acknowledging that an EU 30% greenhouse gas reduction target is necessary to counter climate change, the EU has said that it will only adopt this if other non-EU countries take action as part of a global UN deal.

In the meantime, and to show good will, they have adopted a reduction target of 20%. Greenpeace criticised this 20% commitment, since it is lower than what science demands. The

Furthermore, experience suggests that international negotiations have a lowering effect on targets. For example, the EU entered the Kyoto Protocol negotiations in 1997 proposing a 15% reduction target for itself by 2010. It came out of the talks with an 8% target. Such slippage should not be allowed to happen for the second commitment period of Kyoto, if dangerous climate change is to be averted.

## The G77

The G77 group of developing countries was key to allowing the Kyoto Protocol to come into force. Their main demands for the next round of Kyoto will be for developed countries to deliver what they have promised under the Kyoto Protocol, to accept deeper emission cuts, to make proper financing available for the transfer of clean technologies, and to help developing countries to adapt to climate change..

Sadly, the G77 has been held hostage at times in recent years by oil exporting countries, especially Saudi Arabia, which has opposed real action against climate change. Saudi Arabia is rich enough in terms of its per capita income to take on a binding emission cap of its own, but instead has been suggesting that it needs to be compensated for potential losses in oil exports that it claims will result from stringent emission cuts. The G77 must ignore Saudi Arabia's special pleading.

**India, China, Brazil** and the rest of the developing world have a joint interest in avoiding the impacts of climate change, which will devastate their economic development prospects. Economic development and climate protection can go hand in hand in these countries as Greenpeace has shown.

In Bali, the focus will be particularly on China, India, Brazil and South Africa as they are rapidly industrialising and their emissions are rising fast. All these countries must and can do more to fight climate change. They can, for example, increase energy efficiency and expand the use of renewable energy drastically. Brazil must quickly end deforestation.

However, it is a common but false perception that these countries are now the biggest problem for the climate. Over 80% of emissions currently in the atmosphere have been emitted by the

G8 industrialized countries. The per capita emissions of China and India are still small. For instance, New Zealand has five times the per capita emissions of China. Furthermore, China in particular is already acting to combat climate change: **see our China briefing<sup>2</sup>** for details.

The Association of Small Island States (AOSIS) represents the most vulnerable countries. They demand climate justice, proper support and funding for adaptation, and drastic cuts in developed country emissions. Greenpeace supports these demands.

## **Why would a new process not work? Why Kyoto?**

It has taken years to set up Kyoto with its various mechanisms and trading schemes. According to the IPCC, Kyoto is working and has provided “the foundation” for future efforts. Just like the Montreal Protocol, which has been strengthened over the years, Kyoto can also be ratcheted up. We don’t have time to start an entirely new process. And Kyoto is doing what it was set up to do. What we need to do is to strengthen Kyoto. This is what this meeting in Bali is about – and why it is so important.

Binding targets are necessary to ensure that emissions remain within “safe” levels, keeping temperature rise as far below a two degree rise, compared to pre-industrial levels, as possible. The price of carbon needs to be high so that investments in clean technologies, such as wind and solar power, pay. This requires functioning carbon markets under the Kyoto Protocol.

## **What about the big developing countries? Don’t they have to do more?**

India, China and Brazil have all ratified Kyoto. By doing so, they have accepted that they will one day have to agree to binding emission cuts.

In Bali a process needs to start to allow Brazil, India, South Africa and China to start joining the Kyoto emission trading system. New market mechanisms need to be negotiated, that enable these countries to participate in the Kyoto emissions trading system through sectoral targets, e.g. for the electricity sector. These will need to be tailored to the different circumstances of each rapidly industrialising country but must ensure that additional action is taken and these countries do not receive credits for action that would have happened anyway.

Developed countries must support this additional action by leading the way through a commitment to more stringent emissions cuts as well as through providing technology and money to enable developing countries to leapfrog polluting stages of economic development and join a global energy revolution.

## **So why won’t voluntary agreements work?**

Take the Asia Pacific Partnership (AP6) process as an example of voluntary agreements not working. The Asia Pacific Partnership illustrates just how unsuccessful a voluntary process can be. In three years, the AP6 has nothing to show for itself in terms of binding agreements,

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<sup>2</sup> See: <http://www.greenpeace.org/new-zealand/campaigns/climate-change/un-climate-conference>

market frameworks or actual emissions reductions. With no targets and no market drivers, it makes no difference.

## **What part should the New Zealand delegation play in Bali?**

The New Zealand government has a crucial role to play in Bali, and its international reputation is on the line. In essence, our delegation must commit to a timetable to determine the make-up of Kyoto post-2012 and push for a global emissions reduction target that keeps warming below two degrees (the IPCC specifies a range of between 25 and 40 per cent reductions below 1990 levels by 2020 for developed countries like New Zealand). There is no excuse for the New Zealand delegation not to back this range.

Progress towards agreement of an overall cap on global greenhouse gas emissions is particularly crucial for New Zealand as this will determine the success of New Zealand's recently announced emissions trading scheme (ETS). The proposed scheme be constructed to be compatible with the international trading scheme already in operation under Kyoto. The international price of greenhouse gas emissions is therefore key. If the target is too weak and the international price on emissions not sufficiently high, it will be cheaper for polluters to continue polluting than to change their practices, and the New Zealand scheme will fail to achieve emission reductions. Alternatively, if the targets set under Kyoto are strong, then the global price of greenhouse gas emissions will rise. This will incentivise investment in cleaner practices and technologies. It is this redirection of investment that is needed to bring about actual emissions reductions within New Zealand.

The ETS (provided it's strengthened domestically) and New Zealand Energy Strategy put New Zealand in a strong position to go in to bat for the climate at Bali. How the delegation performs in pushing for the agreements outlined above represents a major test of the Government's long term commitment to tackling climate change.

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