

Success or Failure in Copenhagen – A Moment of Truth for New Zealand – December 2009

Introduction:

New Zealand's Prime Minister, John Key, will now attend the UN climate talks in Copenhagen, and is relying on New Zealand's emissions trading scheme and a highly conditional 10-20% emissions reduction target to show New Zealand is doing its bit. But is it? How do we stack up compared to other countries going into the negotiations, and will Copenhagen actually result in a legally binding agreement, or just an agreement to agree?

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1. Background - NZ a laggard in the negotiations.

New Zealand has one of the fastest rates of increasing emissions in the developed world – a higher rate than the United States since 1990. It has the fifth highest per capita emissions in the developed world.

Although New Zealand's negotiators are very well respected in the negotiations, New Zealand has performed poorly because of the instructions Cabinet has given to the negotiating team.

From the outset of the negotiations, the New Zealand Government adopted a strict "rules before targets" negotiating stance that meant it missed a promised March deadline for offering a target. The Parliamentary inquiry into climate change added to the delay, and New Zealand didn't propose a target until August. It was one of the very last countries to do so.

New Zealand's Environment Minister objected to a proposal from Pacific Small Island States for a target that would ensure their survival, saying that it was easy for small island states to propose targets they didn't have to achieve; a stunning statement given that each New Zealander emits up to 40 times as much as individuals from Pacific Small Island States.

The highly conditional target announced by New Zealand of 10-20% was later revealed to be a 'nothing to 20%' under questioning from other country delegations and the media. What emerged from both New Zealand's policy changes and statements made in the negotiations, was that the Government was not proposing to actually cut emissions, but rather looking to promote forestry and any available carbon offset credits from developing countries.

Recently New Zealand Prime Minister John Key downplayed the expected outcome of Copenhagen, calling the leaders' session a "photo opportunity" while also reportedly objecting to a binding Copenhagen outcome in discussions at APEC.

In the lead-up to CHOGM (Commonwealth Heads of Government Meeting), New Zealand's Foreign Affairs Minister said that he didn't want CHOGM taken over by "Copenhagen Issues." At CHOGM John Key snubbed the UK Prime Minister and many developing countries by initially refusing to put money on the table to help developing countries respond to climate change. He later made a public u-turn after being lobbied by climate change bad-boy, Canadian Prime Minister Stephen Harper.

Now, after weeks of refusing to attend the Copenhagen negotiations, and after almost 90 leaders had agreed to go, John Key finally did the right thing and agreed to attend Copenhagen.

2. The ETS, New Zealand climate policy and Copenhagen.

The New Zealand Government intends to present its recently amended Emissions Trading Scheme (ETS) at Copenhagen. It hopes to use this as a demonstration of the fact New Zealand is taking action on climate change. Unfortunately, the amendments to the scheme mean New Zealand's gross emissions will keep rising well beyond 2020, and the Government doesn't appear to anticipate adopting any significant complementary measures to reduce emissions.

Given that the New Zealand ETS has no cap, is largely intensity based, and will allow emissions to keep rising whilst passing the pollution bill to taxpayers, it would be counter-productive for New Zealand to take it to Copenhagen.

The proposed changes to the scheme put us out of step with the rest of the world, which is increasingly willing to take real measures to make real cuts in emissions. Copenhagen is about reducing emissions, but New Zealand's scheme is about allowing emissions to increase, not reducing them. A negotiator from one of the key countries in the talks actually laughed when he heard about the amendments being rammed through the New Zealand parliament, "But New Zealand's emissions will just keep going up and up!" he cried.

Vague talk of an ETS for "all sectors all gases" won't work at Copenhagen, where people will want to know, "how much will it actually cut emissions?" Telling them that it'll allow emissions to keep going up won't endear New Zealand to anyone except perhaps Russia. New Zealand negotiators already carefully skirt around the subject by saying it's impossible to know for sure how much emissions will change under our ETS.

As for taking the proposed agricultural research programme to Copenhagen, if New Zealand's plans were all they were cracked up to be, surely John Key would be very keen to attend. New Zealand's current 'leadership' on agricultural research looks more like a way of getting other countries to fund New Zealand's research agenda, rather than a noble contribution to the cause.

Over the long term, the ETS creates a substantial cost to New Zealand, as it has to purchase credits to cover rising emissions. This will drive New Zealand to push hard for rules that minimise the fiscal burden to New Zealand of rising emissions. These rules include:

- Changes to forestry rules (LULUCF) to enable forest to be converted to dairy farms without penalty,
- Other changes to forestry rules to increase the fiscal benefit of forestry to New Zealand, Changes to free credits to governments (AAUs), to increase the amount given to countries with increasing emissions,
- Unlimited access to offsets from developing countries.

New Zealand's position looks even worse when other policies - such as raiding the public transport budget to build more roads, abandoning a partial ban on thermal power stations, scrapping the phase out of incandescent light bulbs, and introducing new fossil fuel subsidies - are considered.

Finally, New Zealand's long-term target is to reduce net emissions (i.e. including forestry and possibly offsets) to 50% below 1990 levels by 2050. This falls far short of the 80%+ below 1990 levels that scientists say developed countries must achieve by 2050.

What's the difference between the ETS and the commitments New Zealand is expected to make at Copenhagen?

At Copenhagen, developed countries will be expected to commit to a certain level of emission reductions. In order to avoid catastrophic climate change, developed countries like New Zealand must commit to emission reductions of at least 40% by 2020. Developing countries are also expected to reduce emissions by 15-30% below business as usual, with financial and technological support from developed countries. Greenpeace is calling for the New Zealand Government to commit to 40%, and over 180,000 people have joined the Sign On campaign in support of that ask (www.signon.org.nz). The Government's current offer is a highly conditional 10-20% by 2020.

Whatever reduction we commit to will be called our "target". But how we GET to that target is another matter. The emissions trading scheme could have been one tool to help us reach whatever target we

sign up to. Unfortunately, it will be no help at all in the quest to reduce emissions, as it will allow them to keep climbing.

i. 100% Pure New Zealand?

The New Zealand Government's poor position in the negotiations is a threat to New Zealand's clean and green international reputation. The New Zealand Government needs to lift its game if it is to avoid a future backlash against New Zealand goods and services. John Key's attendance at Copenhagen is a good start, but he will have to make bold commitments at Copenhagen too. He said as much himself at a recent address to Federated Farmers in Wellington, "*As a trading nation we simply cannot afford to get it wrong. Our international reputation with our overseas consumers is at stake.*"

3. The crunch issues.

The real key to progress in Copenhagen is resolution and agreement on the crunch issues; those crucial elements that will put the world on a path to staying as far below a 2 degree C temperature rise as possible. That is what the science demands and what is required to ensure the survival of the world's most vulnerable countries and people and, ultimately, all of humanity.

In that respect:

Industrialised countries, which are historically responsible for greenhouse gas emissions and have the most capacity to reduce them, must commit, as a group, to reductions of at least 40% on 1990 levels by 2020. The current 'pledges' from this group total a laughable 18% at best. This is unjust and completely inadequate. Commitment is required from industrialised countries to provide predictable funding to the tune of \$140 billion annually, to assist developing countries onto a clean energy pathway, protect tropical forests, and adapt to those climate change impacts that are now unavoidable.

Major developing countries should agree to reduce their projected emissions growth by 15-30% by 2020 with financial and technological support from the industrialised world.

A funding mechanism must be established for ending gross deforestation and associated emissions in all developing countries by 2020, and achieving zero deforestation by 2015 in priority areas such as the Amazon and Congo Basin. Priority protection should be given to areas with high conservation value, and those areas which are important for the livelihoods of indigenous peoples and forest communities.

These are the things that will put the world on track to peak emissions in the next few years, from where they must decline rapidly to at least 80% below 1990 levels by mid-century. They are the first essential steps to getting the deal the world needs. With the momentum that has built over the last two years, there is no convincing argument as to why these steps cannot be taken in Copenhagen. For those industrialised countries - like New Zealand - citing lack of time, the truth is it's not about can't, it's about won't.

4. Ratifiable Legal Instruments.

Once agreement has been found on these key matters, they must be written down by governments in legal text. The most secure, legally and politically sound outcome of Copenhagen would be the adoption of ratifiable legal instruments, in the form of an amendment to the Kyoto Protocol and a new Copenhagen Protocol.

In the event that not every 'T' is crossed and every 'I' is dotted in Copenhagen, governments must agree to a strong, unambiguous mandate for the completion of the legal text, including a detailed work plan and a strict time line. The agreement reached in Copenhagen should be enshrined in a 'protocol framework', the details of which will be filled in at the latest over the next 6 months.

In other words, the agreement struck in Copenhagen must be open only to further refinement that strengthens the deal, and not for renegotiation. To maintain the momentum, Heads of States will need to remain engaged until the treaties are signed.

5. Unacceptable Outcome.

A political declaration, COP decision(s) or any language that leaves open the question of what countries are committed to, or what the legal nature of their commitments are, would be a grave waste of the momentum of the Copenhagen process, and an unacceptable outcome.

The "Copenhagen political agreement" currently being promoted by the Danish Presidency suggests that key elements could be put into a legal form after Copenhagen. This could result in a long, indeterminate process with unclear results that would also run the risk of losing the essential architecture of the Kyoto Protocol. This option is far too weak as a framework for a future climate regime, and must be taken off the table.

If Heads of State fail to agree to a legally binding outcome as defined here, it will be an indication that they have not managed to solve the crunch issues that make up the substance of a fair, ambitious and binding agreement. It is industrialized countries that hold the key to rebuilding the shattered trust that pervades the international negotiations, and unblocking these issues.

i. Conclusion: Copenhagen is the moment of truth for New Zealand.

Very strong political momentum has been built up around the Copenhagen summit. The world is waiting for world leaders to make the breakthrough they have promised on climate change. It is crucial to make full use of this moment. New Zealand must stop trying to drag its feet, and get with the new global reality on climate change.

9. Key contacts.

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