Theme

Climate change action during the transition to a new post-2020 international agreement

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Introduction

We are now in the final year of the first commitment period of the Kyoto Protocol. This provides an opportunity to take stock of what has happened over the last two decades and to look at where we might be headed up to and after 2020. We have had a decade of implementation of the Kyoto Protocol, firstly involving domestic legislation followed by ratification and then development of New Zealand’s domestic response to its international commitments. New Zealand plays a generally well-respected and effective role internationally on climate change matters. This is in no small part because we have put in place a domestic emissions trading scheme, which is world-leading in its coverage of sectors; because we are non-threatening and take a pragmatic approach to finding solutions; and because we have a credible national system for tracking our greenhouse gas emissions and removals.

Looking back

It is now almost exactly twenty years since the United Nations Framework Convention on Climate Change (UNFCCC) was finalised and then adopted at the Rio Earth Summit in June 1992. The UNFCCC contains commitments for all countries to reduce greenhouse gas emissions and to protect and enhance forest sinks and reservoirs, but with the expectation that developed countries would take the lead and aim to return greenhouse gas emissions to 1990 levels by 2000. On the understanding that the provisions of the UNFCCC on their own were not sufficient to meet the objective of the UNFCCC, a mandate was given in 1995 to develop a new agreement by which developed countries would take on legally binding targets (and at the same time the mandate stated that there would be no new commitments for developing countries). Hence the Kyoto Protocol was negotiated and finally agreed in late 1997, with its first commitment period spanning 2008 to 2012. However it did not enter-into-force until February 2005 as the many rules and guidelines under which the Kyoto Protocol would operate were still to be negotiated. It wasn’t until after these detailed rules for the implementation of the Kyoto Protocol were agreed in 2001 (the so-called Marrakesh Accords) that developed countries began the process of ratification that would eventually trigger entry-into-force.

International developments

The international process continued on after 2001 including the bedding in of the Kyoto Protocol. Experience of regular reporting and review of national greenhouse inventories was gained by developed countries, and governance structures to support the emissions trading mechanisms under the Kyoto Protocol were put in place. At the same time the Intergovernmental Panel on Climate Change (IPCC) continued its regular assessments of climate change science, impacts and mitigation where each successive report provided further confirmation that humans are affecting the Earth’s climate and the imperative to act was becoming more and more urgent. Negotiations under the UNFCCC also continued with multiple dialogues and working groups established to address (in various guises) future action on climate change.

Notable steps along the way included:

- the Bali Action Plan in 2007 that in effect set the agenda for negotiations on mitigation, adaptation, technology and climate finance for the next few years;
- the Copenhagen Accord in 2009, which while not formally adopted as a decision of the conference, became a reference point for political agreement and also established a process by which countries made pledges regarding their mitigation actions;
- the Cancun Agreement in 2010 which referenced the pledges in official UNFCCC documents and elaborated on other aspects of the Copenhagen Accord including mitigation, adaptation, technology, climate finance, and transparency provisions (reporting and review).

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1 Article 2 of the UNFCCC: The ultimate objective of this Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.
The climate change summit in Durban, South Africa in December 2011 represented the culmination of many years’ work and is an extremely important milestone for the progress of international negotiations towards a comprehensive global agreement. The Durban summit resulted in agreement to a second commitment period for the Kyoto Protocol together with agreement to negotiate the Durban Platform for Enhanced Action. The latter is a post-2020 agreement that will apply with equal legal force to all Parties. In the transition period (2013 to 2020) actions to reduce emissions will continue whether under the second commitment period or under the Convention (as per pledges that have been tabled by both developed and developing countries), and there will be a review of the global goal from 2013 to 2015 which will bring with it pressure for increased ambition on mitigation. Other important outcomes of the Durban meeting include setting up a number of standing bodies (on adaptation, climate finance, and technology), improving the international reporting and review systems, agreeing to a new market mechanism under the UNFCCC (but not at the detailed level), and opening the door to a potential work programme on agriculture (covering both mitigation and adaptation).

What exactly was agreed in Durban regarding the second commitment period?

The Kyoto Protocol second commitment period will begin in January 2013 even though in legal terms formal entry-into-force2 will not have occurred by then. Parties have not agreed when it will end but have narrowed the options to 2017 or 2020. Rules dealing with the carry-over of surplus assigned amount units from the first to the second commitment period are also still being debated. Agreement to a second commitment period removes any doubt about whether or not the Clean Development Mechanism will continue and this together with agreement to a new market mechanism under the Convention sends a positive signal to the carbon market. Revised rules for forestry, coverage of greenhouse gases and new global warming potentials were also agreed.

There is an invitation for Parties to table by 1 May 2012 details of their quantified emission reduction objective for the second commitment period. The United States is not a Party to the Kyoto Protocol and has no intention of changing that stance for the second commitment period. Prior to the Durban meeting it was already known that Canada, Russia and Japan would also not be taking on a second commitment period target. Most of the remainder of the developed countries already part of the first commitment period – largely made up of member states of the European Union – already indicated in Durban their intention to be part of the second commitment period. Australia and New Zealand are evaluating options and have yet to decide.

However those developed countries that will be outside of the second commitment period of the Kyoto Protocol have all indicated that they will be taking commitments under the Convention instead and have begun the process of identifying the rules and assumptions unpinning their targets.

Forestry rules

Much of the readership of this Journal will be keen to know what was and what wasn’t agreed in Durban on forestry accounting rules for application in the Kyoto Protocol second commitment period. Given that the Marrakesh Accords adopted forestry rules for the first commitment period only, there has been an intensive negotiating process extending over several years to agree on the new rule set. In summary these rules3 are as follows:

- The definitions of forest, afforestation, reforestation and deforestation remain unchanged.
- Accounting for forest management of pre-1990 forests (optional now) will be mandatory in the second commitment period. Such accounting will be based on a “reference level” approach that covers both natural and planted forests. The reference level may be based on a business-as-usual projection, an historic year or a country-specific approach. Most countries have selected the business-as-usual projection approach. A reward or penalty will be created if the actual harvest from pre-1990 forests does not match the projected harvest volume. A cap applies on the potential credits received (3.5 percent of the 1990 levels) – such as from lower levels of net emissions from harvesting and replanting than specified in the reference level, but deficits (liabilities) are uncapped if net emissions are greater.
- Flexible land use (offsetting) is permitted,

2 Formal entry-into-force takes place ninety days after instruments of acceptance are deposited by three fourths of Parties to the Protocol. Theoretically it is only after this threshold is reached that the agreement can become operational. This year Parties will continue to discuss how the second commitment period will operate in the absence of formal entry-into-force.

3 The full detail on definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under the Kyoto Protocol for the second commitment period can be found on the UNFCCC website annexed to Decision 2/CMP.7 Land use, land-use change and forestry: http://unfccc.int/meetings/durban_nov_2011/meeting/6245/php/view/decisions.php
provided that an equivalent area is replanted, and an equivalent carbon stock of the deforested forest at the time of harvest is achieved within the usual rotation of the harvested forest. Natural regeneration cannot be used to meet offsetting obligations.

- Accounting for emissions from harvesting can reflect the carbon stored in the wood products (harvested wood products) and exported round wood can be included if transparent and verifiable information is available. There are agreed "half-lives" for categories of product (paper, wood panels and sawn wood). National factors can replace these agreed half-lives provided that detailed and accurate methodologies are applied and that data is verifiable and transparent.

- Natural disturbances to forests (e.g. wildfire, extreme weather events, and insect disease) over a defined base level can be excluded from the accounting. Parties need to indicate their intention to take up this provision and if so, provide specified additional information in their national greenhouse gas reports for international review.

New Zealand argued for the continuation of the current afforestation-reforestation debit-credit rule (ARD). Under this rule for the first commitment period the amount of debits resulting from harvesting a post-1989 forest cannot be greater than the credits accounted for on that unit of land. However, we were not successful in securing this rule and it will not continue in the second commitment period of the Kyoto Protocol.

**Where to now?**

As a result of the Durban meeting the New Zealand government is now in the process of considering its options, including how the forestry rules will be translated domestically as part of its consideration of the recommendations of the New Zealand Emissions Trading Scheme Review Panel. As this journal goes to print announcements will either have been made or will be imminent.

The government will need to take a decision about whether to join Europe in taking our next set of international commitments within the Kyoto Protocol, or join all the developing countries, the United States, Canada, Japan, Russia and others in making those commitments by way of alternative transitional arrangements under the Convention. It is not a question of whether New Zealand will take action to address climate change post-2012, but rather a question of where it will take that commitment. No matter where New Zealand takes its next commitment the period from 2013 to 2020 can be regarded as a transition from an agreement for developed countries only - one that covers a shrinking proportion of global greenhouse gas emissions - to a post-2020 agreement that will be applicable to all countries. And either way New Zealand will need to provide clarity for both international and domestic stakeholders on its target and the rules that will apply.

This year we will be working with other countries to flesh out the work programme for the Ad Hoc Working Group on the Durban Platform for Enhanced Action. Given that the working group is supposed to complete its work no later than 2015 in order that the new agreement can come into effect from 2020, the elaboration of a work programme will be a challenging exercise. There are risks that there will be back-tracking from the Durban agreement, that we will end up with duplicating agenda items that are already well in hand in other parts of the process, and that the agenda becomes so overloaded that it becomes impossible to complete the work in the time available.

But starting a new negotiation provides many opportunities. We can learn from the implementation of the Kyoto Protocol at both the international and domestic levels, including with respect to carbon markets and emissions trading. We can look at what should we preserve in some form for the future agreement and what we should avoid. We need to look at the balance between incentives and hard compliance. And importantly we need to continue with approaches that provide sufficient flexibility to deal with national circumstances.

Producing an international climate change agreement that will apply with equal legal force to all Parties perhaps seems an impossible task and there are likely to be some who are motivated to try to undermine the process. All Parties to the UNFCCC agree that there is an urgent need to address climate change and that this calls for the widest possible cooperation. The milestone outcome from the Durban summit shows that Parties are willing to work towards this. Taken together with the mitigation actions that countries currently have underway or planned; the growing interest in carbon markets both at the national and sub-national level; and the amount of effort going into ways to reduce deforestation in developing countries, there seems to be at least a starting place for some innovative thinking.
When Piers invited me to contribute an article on where the carbon market stands post-Durban it reminded me of someone at the Blue Greens Conference asking Tim Groser “How are the international negotiations going Minister?” He replied “Quite well” and moved on. Tempting, but I will try to elaborate a little more. That said I will also, inevitably, leave questions unanswered.

I agree with Tim Groser’s summation, particularly for the forest sector. Durban provided a satisfactory conclusion to several issues NZ had been prosecuting for years.

The industry’s involvement in international climate change negotiations, and as part of the official New Zealand delegation, goes back some distance. Originally the Forest Industries Council (FIC) took the lead on this and involved people like Bruce Chapman from Carter Holt Harvey. Over the last few years the FOA has taken up the cudgels. FOA participation has been assisted by some government funding with the endorsement of other parts of the industry. FOA has taken the lead more recently largely because the half dozen key issues all impact the growing sector.

The industry has not always agreed with the government position. It opposed signing up to Kyoto under rules that effectively divided the forest industry. In more recent times government and sector objectives have been more aligned. The close collaboration within the delegation has included Maori representation, especially on forestry issues.

So why was Durban a good outcome?

The world is not used to dealing with issues that require a global fix and asking 150 countries to agree is going to need more than a quick chat over a cup of tea. Durban could have imploded but it didn’t and the Kyoto Protocol was extended, so that’s progress. However:

• the time period (5 or 8 years) for a 2nd “Commitment Period” (CP2) is still to be decided:
• quite a few countries (including New Zealand) have yet to decide whether they will be join the EU and sign up to a target under CP2, or pursue alternative courses of action
• Any further commitments will only be through voluntary pledges

So, if we are trying to prevent 2 degrees global warming by 2050 this probably doesn’t even rate a C-.

On the other hand this went hand in hand with a compromise between developing and developed countries on a successor to Kyoto. It became clear that although developed countries needed to continue to lead, they were not going to make further cuts

About the Author

Helen Plume is a Principal Analyst in the Climate and Risk Directorate at the Ministry for the Environment. She has represented New Zealand at international climate change negotiations since 1992 and in this time has had an influential role in the development of the reporting and review guidelines under the Kyoto Protocol, the establishment of the UNFCCC work programme on impacts, vulnerability and adaptation to climate change, and on the new transparency (i.e. reporting and review) provisions agreed at the Durban meeting (December 2011). During 2008 and 2009 Helen chaired the Subsidiary Body on Scientific and Technological Advice, one of the permanent subsidiary bodies of the UNFCCC. Being a qualified lead reviewer for the annual greenhouse gas inventory review process under the UNFCCC and the Kyoto Protocol gives Helen an excellent working knowledge of the Kyoto Protocol reporting and compliance rules.

International work has also included being a member of the IPCC Task Force Inventories Bureau from 2002 to 2008 during which time Helen was a Review Editor for the Agriculture, Forestry and Other Land-Use volume of the 2006 IPCC greenhouse gas inventory guidelines. Previous roles at MfE include being the national greenhouse gas inventory compiler (1997 to 2003) and Manager of the Science and Inventory team in the New Zealand Climate Change Office (2003 to 2005).