



**Friends of the Earth  
Les Amis de la Terre  
Amigos de la Tierra**

## **Friends of the Earth International Climate Change Briefing**

# **THE POLITICS OF CLIMATE CHANGE**

## **The UN Climate Convention, the Kyoto Protocol and Why the next Climate Summit (COP6) is crucial**

### **INTRODUCING CLIMATE CHANGE**

Climate change is the most serious environmental threat the world faces today [1]. It has taken nations a long time to notice the problem, and Governments are still failing to take action to stop emissions of greenhouse gases (GHG), which are predominantly caused by burning coal, oil and gas - known as fossil fuels.

As long ago as 1896 a Swedish Scientist pointed out that the release of carbon dioxide (CO<sub>2</sub>) from coal burning could result in large scale warming of the planet. In 1979 the first World Climate Conference called on the world's governments '*to foresee and prevent potential man-made changes in climate*'.

Another decade later, in 1990, the Intergovernmental Panel on Climate Change (IPCC) established by the World Meteorological Organisation and the UN Environment Programme (UNEP) recommended the launch of negotiations on a global climate change agreement to tackle the alarming increase in greenhouse gas (GHG) concentrations in the atmosphere. This was a recommendation of their first report, representing the international scientific consensus on climate change and it had major impacts on policymakers. In 1992 the UN Framework Convention on Climate Change (UN FCCC) was adopted, and in 1997 the Kyoto Protocol followed, obliging industrialised countries to substantially reduce their emissions of GHGs. This briefing describes these international treaties and gives

Friends of the Earth International's position on various policy issues.

### **THE 1992 UN CONVENTION ON CLIMATE CHANGE**

The United Nations Framework Convention on Climate Change (UNFCCC) was signed at the 1992 Earth Summit in Rio by 154 nations. The Earth Summit was a major gathering on the Environment and Development where, in addition to the FCCC, the nations of the world adopted the Biodiversity Convention, the Agenda 21 and other documents. The FCCC entered into force on 21 March 1994 after ratification by 50 signatories and was ratified by 181 countries which are therefore called 'Parties to the Convention'. Parties meet regularly at the Conference of the Parties (COP) to review the implementation of the Convention and continue talks on how best to tackle climate change. The FCCC's status as a framework convention means that so-called protocols can be added to specify reduction targets or particular measures to reduce GHG emissions.

### **THE ULTIMATE OBJECTIVE: PREVENT DANGEROUS CLIMATE CHANGE**

The FCCC's ultimate objective is '*the stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system*'.

The concentrations of GHGs in the atmosphere determine how much heat is trapped, resulting in the man-made greenhouse effect. Since pre-

industrial times the concentrations of the main GHG carbon dioxide (CO<sub>2</sub>) have risen from about 285 to 366 part per million (ppm) today.

A 'sustainable level' has not been defined by the FCCC, but climate scientists and politicians have suggested thresholds of 450 or 550 ppm. If no major cuts are made, atmospheric concentrations of GHGs are projected to rise far beyond these 'sustainable thresholds' within the next few decades.

## PRINCIPLES

The FCCC is based on four main principles:

**i) Equity** - the global climate and the atmosphere belong equally to every human being. Until now, emissions have occurred mainly in Europe and North America. These countries are responsible for 85 percent of the *human-induced* CO<sub>2</sub> in the atmosphere today.

**ii) Precautionary action** - all climate science is based on estimates with associated uncertainties. However, Parties must act now to protect the climate and cannot wait until they have absolute scientific proof of what exactly the impacts of climate change will be.

**iii) Efficiency** - policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost.

**iv) Sustainable Development** - the exact meaning of this principle is still disputed, but it was first described as '*development which meets the needs of the present without compromising the ability of future generations to meet their own needs*'[2].

The FCCC divides countries into two groups: those who are listed in Annex 1 of the Convention and those who are not (known as 'non-Annex 1 Parties'). Annex 1 Parties are the industrialised countries, who have historically contributed the most to climate change. For example, North America and the EU are jointly responsible for 85 % of the *man-made* CO<sub>2</sub> in the atmosphere today.

## TARGET MISSED, EMISSIONS KEEP RISING

Accordingly, the FCCC called only on Annex-1 Parties to stabilise their GHG emissions at 1990 levels by the year 2000. This aim, which was not legally binding, was only fulfilled by three Parties in the EU, plus some countries in Central and Eastern Europe (whose emissions have fallen substantially due to the breakdown of economies after 1990, resulting in less industrial production).

In fact, global emissions keep rising at an unsustainable rate of 1.3% per year [3]. In 1995 for example, the emissions in the USA had risen by 5% compared to 1990 levels, in the Netherlands by 8% and emissions in Canada even by 10%. Overall, the western OECD countries were 8% above 1990 levels, with the figure coming down to 4% if the new members of Central and Eastern Europe are taken into account.[4]

Environmentalists criticised the Parties to the FCCC for not setting legally binding targets and timetables to cut GHG emissions. This failure was mainly the result of heavy lobbying and threatening by the fossil fuel lobby (oil, coal and car companies). For the sake of their commercial interest, these companies systematically tried to undermine scientists and Governments that worked to save the global climate. They claimed that hard reduction targets would wreck economies and result in massive job losses - a claim that was refuted by green academics and NGOs alike. Many governments such as Japan, USA, Canada, Australia, and New Zealand (the so-called JUSCANNZ group) listened to the 'grey lobbyists'. Moreover, oil producing nations (OPEC) were afraid that a strong climate treaty could lessen their income from oil sales and did their best to scupper the proceedings with claims for compensation. Therefore, the FCCC lacked teeth. The need for further action to tackle climate change was obvious.

In 1995, three years after the FCCC was adopted in Rio, the IPCC published its second

major report on climate change research. It found that evidence indicated a ‘discernible human impact on the global climate’ [5] and that the climate might have already started to change. Scientists and economists also pointed out that there were many cost-effective strategies available to reduce GHG emissions.

### THE 1997 KYOTO PROTOCOL: HOPE FOR THE CLIMATE?

As the IPCC had indicated that a 60-80% reduction in CO<sub>2</sub> emissions was necessary to limit GHGs in the atmosphere to sustainable levels, Parties had to take further action. At the first COP in Berlin in 1995, they decided that the specific commitments in the FCCC for Annex1 Parties were not ‘adequate’ and launched a new round of talks to decide on stronger and more detailed commitments for these countries. After over two years of negotiations, the Kyoto Protocol was adopted at COP 3 in December 1997. It is not in force and will most probably not enter into force until after 2002.

### ENTRY INTO FORCE - A PROBLEM

For an international treaty to bind countries, they have to sign and ratify it, which means usually that national parliaments have to give their consent. In order to enter into force the Protocol must be ratified by 55 Parties, including Annex 1 Parties accounting for 55% of CO<sub>2</sub> emissions in 1990. Many Parties (including the EU) wish to bring the Protocol into force by 2002, in time for the tenth anniversary of the Earth Summit in Rio. The USA, Canada and other countries threaten not to ratify the Protocol, if the rules adopted at COP6 do not suit them. This could mean that the Protocol never enters into force. This (or even a long delay) is not an option and an irresponsible threat because the atmosphere needs global action on climate change now. So far, 84 countries have signed the Protocol and 22 have ratified it. No Annex 1 Party has yet ratified it but some like France and New Zealand are getting ready to ratify as soon as

possible after COP6.

### THE KYOTO TARGETS

Industrialised countries (Annex I) promised to cut GHG emissions by at least 5% from 1990 levels in the period 2008-2012 (the so-called ‘first commitment period’). The targets cover six GHGs, namely: CO<sub>2</sub>, methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). The individual targets for each country are listed in the Protocol’s Annex B, ranging from an average 8% cut for the EU to a 10% increase for Iceland.

The EU has allocated the 8% reduction amongst its member states (known as the EU bubble), resulting in a range of different targets for the different countries. At the upper end, Germany and Denmark have to reduce their emissions by 21% over 1990 levels and Luxembourg by 28%, Finland and France only have to bring emissions back to 1990 levels and at the lower end, Greece and Portugal can increase their emissions by 25% and 27%.

#### Overview of national emission trends of GHGs

Country	Kyoto Target	% Change 1990-1995	% Change 1990-2000
Australia	+8	+6	+13
Canada	-6	+10	+8
France	0	0	-7
Germany	-21	-12	-14
Italy	-6.5	+2	na
Japan	-6	+8	na
Spain	+15	+2	+12
UK	-12.5	-9	-11
USA	-7	+5	+11

Note: Targets for France, Germany, Italy, Spain and the UK are burden-sharing targets (EU-target is -8%); 1990-1995 reflects actual changes; 1995-2000 are predictions based on 1996 or 1997 emission data; Source: UNFCCC, official national data

## EMISSION TRENDS: LOOKING GRIM IN THE NORTH...

Since 1990, emissions have risen in many countries so that the Protocol targets are tougher to meet. Therefore, for the developed countries as a whole, the 5% Protocol target represents an actual cut of around 20% of emissions levels that are projected for 2010 if no action is taken. As mentioned before, trends show that industrialised countries emissions in 2010 are likely to be 8% above 1990 levels in the absence of action to implement the Kyoto Protocol. The OECD members [6] of Annex B are projected to be 16% above 1990 levels in 2010, whilst Russia, the Ukraine and Central and East European countries are projected to be 12% below 1990 levels in 2010.

## TARGETS: INADEQUATE AND NOT EQUITABLE

The targets agreed in Kyoto will not save the global climate. They are environmentally inadequate and represent a political deal rather than an equitable solution to climate change:

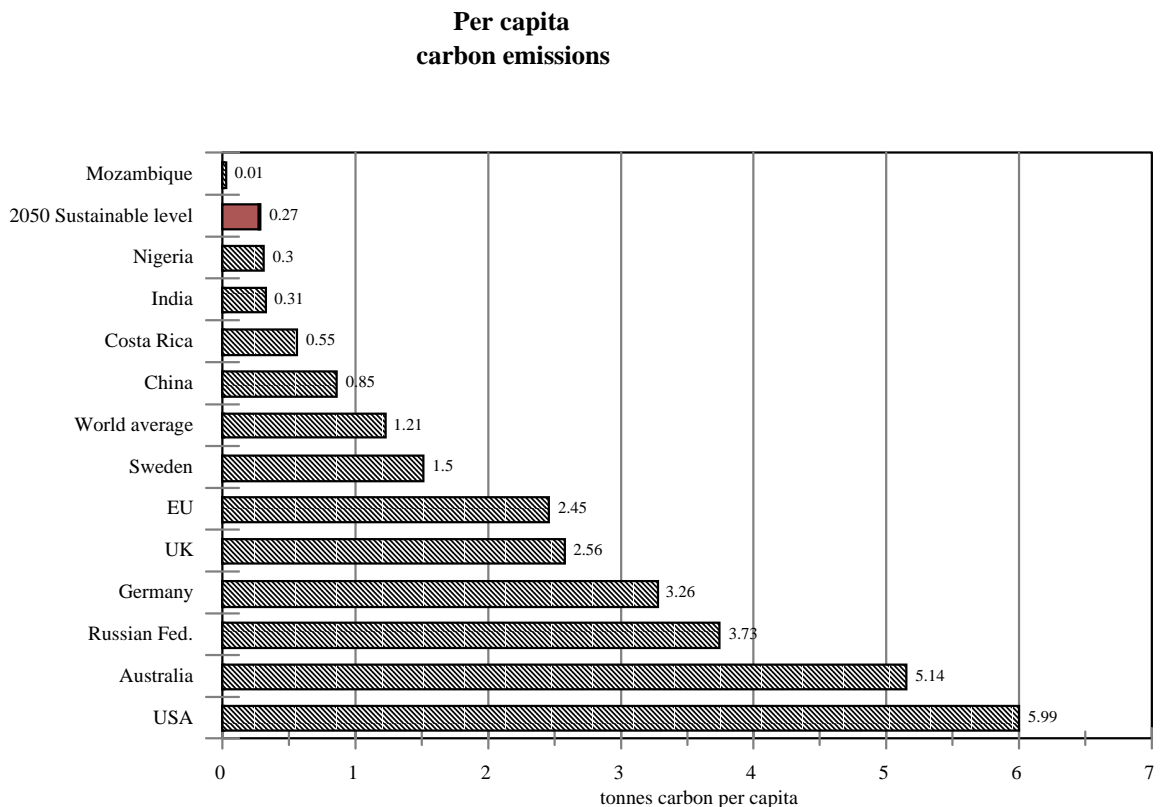
- Even if Parties achieved their targets fully, this would only slow the projected rise in global temperatures by a fraction of a °C - not enough to really halt climate change.

- The levels of CO<sub>2</sub> in the atmosphere, projected to be up 8% above 1990 levels by 2010, will only be about 0.4 % lower if all the Kyoto targets are met.

- With or without the Protocol, after 2012, citizens in USA, Canada or the EU will still emit much more than citizens in poorer countries such as India or Mozambique.

*FOEI calls for longer term targets based on equity - equal rights to the atmosphere for everyone within the boundaries of what the environment can bear. That is the only way towards a fair and sustainable climate change treaty.*

**Graph: Per capita emissions in 2000 and 2050 sustainable level [7]**



## WAYS TO ACHIEVE THE TARGETS

Another problem with the targets is that they can be achieved in many ways - unfortunately not just by cutting emissions from fossil fuels or other sources. Parties can for example enhance and protect carbon sinks, which means that they use forests or soils as carbon storage to reduce their net emissions. They can also implement reduction projects in other countries or buy emission credits from abroad to meet their targets by using the so-called 'Kyoto mechanisms' or 'flexible mechanisms'. The rules for how exactly they will do this will be agreed in The Hague at COP6.

## THE PROBLEM WITH 'SINKS'

Sinks are the reverse of emission sources, i.e. systems that store carbon, the main GHG. The inclusion of sinks in the Protocol makes sense in way because the biosphere and the oceans do store and release carbon and are part of the global carbon cycle. However, planting trees rather than reducing emissions from fossil fuels will not save the global climate. For one thing, it is scientifically proven that the biosphere cannot store all the carbon we could release, which is currently underground in the form of oil, gas and coal ('saturation'). Also, there are huge uncertainties and accounting problems involved with the use of sinks to meet the targets. And if, as science indicates, forests globally will become sources of GHGs rather than sinks - how can we be sure that a forest project will actually reduce the amount of GHGs in the atmosphere in the long run? Planting trees is also not necessarily environmentally friendly: a monoculture plantation soaks up much more carbon than an old-growth forest but might destroy biodiversity. In the long term, we cannot rely on trees and soil to soak up carbon, but we must stop burning fossil fuels.

*FOEI opposed the inclusion of sinks in the Protocol. As they are included now, we argue for accounting rules that will make it impossible for Parties to count activities such*

*as normal forest harvesting activities as climate protection measures. We must make sure that reducing fossil fuel emissions remains the main focus of the treaty.*

## THE FLEXIBLE MECHANISMS: JOINT ACHIEVEMENT OR JOINT FAILURE?

The so-called 'flexible mechanisms' were created to enable industrialised countries to achieve or buy emission credits elsewhere. The main argument was that climate change is a global problem and that it therefore does not matter in which country emissions are cut. There are three of these mechanisms: Joint Implementation (JI), the Clean Development Mechanism (CDM) and International Emissions Trading (IET).

JI involves a project to reduce emissions in another developed country (between Annex 1 countries), while the CDM allows for similar projects in developing countries (Annex 1 with non-Annex1 countries). Both those will enable Annex 1 countries to claim emission credits. IET will allow Annex 1 countries that have achieved emissions reductions over-and-above those required by their Kyoto target to 'sell' the excess to countries finding it more difficult or expensive to meet their commitments.

The purpose of these mechanisms is to reduce the costs incurred by Annex I countries in meeting their targets. At Kyoto, these market-based mechanisms (as opposed to action at home) were the only way to make the US and other negligent countries agree to binding targets. But since then, they have halted real action to stop climate change as Parties have become completely caught up in the complex and almost incomprehensible detail of these mechanisms. The US, Canada and others argue for maximum use of emissions trading - 'unfettered trading'. They argue that to limit its use will undermine the effectiveness of emission cuts by increasing costs. In contrast the EU has proposed a 'concrete ceiling' to the use of the Kyoto mechanisms - a complicated

system which would mean that countries meet at least 50 % of their emissions reductions at home while having the option to use the flexible mechanisms for the remainder.

*FOEI argues that the overwhelming majority of reductions must be made at home in industrialised countries. This means that Annex 1 countries should only be allowed to use the mechanisms for max. 20% of their reduction target. Otherwise, sustainable development and equitable use of the atmosphere for all the people in this world will never become a reality.*

### **JOINT IMPLEMENTATION (JI)**

In accordance with Article 6 of the Kyoto Protocol, Annex I countries (and in fact private companies) can engage in projects aimed at either reducing emissions of GHGs in the atmosphere or removing these gases from it through the enhancement of natural sinks (e.g. sequestering CO<sub>2</sub> by planting trees, an example of using sinks). These projects must save emissions compared to what would have happened otherwise (additionality). These savings are then called emissions reduction units (ERUs) and they can be used to meet Annex I countries targets. In a typical example, a UK company may invest in a coal-intensive East European economy to build a gas-fired power station. In the absence of the investment by the UK company, the normal course of action for the Eastern European country would be to build a coal-fired power station. Expressed in tons of CO<sub>2</sub>, the reduction in emissions resulting from producing energy by using cleaner gas instead of carbon-intensive coal provides the basis for the calculation of the allowances (ERUs) to be transferred to the UK company.[8]

*FOEI argues that only clean technologies such as renewables and energy efficiency should be allowed as JI projects. Nuclear in particular must be excluded and the use of sinks projects must be restricted. Stringent criteria for the preservation of biodiversity must be adopted by*

*the Parties before any sink JI project receives credits. All projects must ensure public participation and transparency. Under these conditions, Parties could start implementing good projects now ('Early Start').*

### **THE CLEAN DEVELOPMENT MECHANISM (CDM)**

In accordance with Article 12 of the Kyoto Protocol, an Annex I country can engage in projects in non-Annex I countries. The principle is pretty much the same as with JI, but the projects must: i) reduce emissions of GHGs into the atmosphere and ii) help non-Annex I countries to achieve sustainable development. The savings generated through CDM projects are called certified emissions reductions (CERs) and can be used to meet the Kyoto targets. An example of a CDM project would be to replace GHG-producing diesel generators with GHG-free photovoltaic cells for the provision of electricity to a rural village in a developing country. The Protocol allows CDM projects to go ahead from the year 2000 and the CER generated can be 'banked' by the Annex 1 countries. The main difference between JI and the CDM is that CDM host countries do not have any reduction target. The Kyoto targets are calculated on the basis of Annex 1 emissions and there is a 'budget' for maximum emissions, which is basically the Annex 1 emissions in 1990 minus the reduction targets (this is called assigned amount). But every CER generated in a non-Annex 1 country will be practically added to the overall Annex 1 budget and will increase the overall amount of GHGs that may be emitted in the commitment period there. Simply speaking, every ton of carbon reduced under the CDM might mean another ton of carbon emitted in the Annex 1 countries. This is called the inflation of the Annex 1 country budget.

Because of this, it is very important that only clean and 'safe' projects come under the CDM. If money is invested in renewables in a non-Annex 1 country, it provides 'safe' emission reductions for decades to come. But at the

moment, Parties are still talking about allowing non-sustainable projects under the CDM such as coal fired power plants and nuclear, and - very problematically - sinks projects. The problem with sinks projects is not only that they will potentially be so cheap that no one invests in renewables, but that the best carbon sinks are not the best habitats for wildlife. In addition, it is very difficult to prove how much carbon a project actually saves (stores) and - more importantly - whether the carbon will remain stored. Sinks are not a safe option for meeting the Kyoto targets. And every dollar invested in such projects will mean more emissions from fossil fuels in Annex 1 countries. This will keep us locked in dependency on fossil fuels and it is not fair to the people in the South who are often deprived of land and are then expected to soak up the excess carbon the North produces.

*FOEI argues that Annex 1 Parties should not be allowed to achieve more than 3% of their overall target through CDM projects. We also oppose sinks (forest) projects under the CDM. The CDM should be used to kick-start renewable energy and energy efficiency technologies only.*

## **EMISSION TRADING (ET)**

Article 17 of the Protocol allows industrialised countries and economies in transition to participate in emissions trading. The idea is that Country A can buy credits from Country B to count against its target and vice versa. This mechanism may involve private companies, which could trade amongst each other. Two countries likely to have credits for sale are Russia and Ukraine, whose economies have contracted since 1990. Put simply, they have fewer factories burning less fossil fuel. These emission savings are called 'hot air' as they do not stem from real improvements in the economy. Thus, the USA could buy reductions from Russia that would never have occurred anyway. Developing Countries such as Argentina are starting to show an interest in participating in the trading regime. However,

such participation could result in so-called 'tropical hot air' - these countries may end up selling fictitious emissions reductions because their emission inventories are not clear. The main problem with this mechanism is that it will work on an inequitable basis. So far, there is no commitment to cut aggregate global emissions by the 60-80% that most climate scientists agree is necessary. Trading could then be used to bridge the time until the North has brought down its emissions to sustainable levels. But unless it is conducted within a universally agreed framework of meaningful reductions, a carbon market alone cannot function to stop dangerous climate change. It just means that another inequitable global market is established.

*FOEI argues for an exclusion of 'hot air' from trading. Only countries with sound emission inventories and proper national systems to deal with trading should be allowed to participate. Emission trading is only one instrument to reduce emissions - and this will most likely only involve one sector - energy supply and manufacturing industry. Therefore countries should not be able to meet more than 20% of their target through international trading - the rest must come from action at home. Countries that do not agree to strong compliance rules and financial penalties in the case of non-compliance should be excluded from trading per se.*

## **COMPLIANCE: SERIOUS COMMITMENTS OR NOT?**

Tackling climate change means changing the way we produce and use energy. There is resistance amongst Parties to come up with a system that can monitor compliance and punish parties should they not meet their targets (compliance system). There is a need for binding, legal consequences of non-compliance with the requirements and emission targets and there needs to be a strong institution to sanction Parties should they not meet their targets. Some Parties have suggested that if they do not meet their targets this time, they will in the next

period. So they would just add the tons they have not saved to future targets. This is called banking and it is another example of Parties not seeing the light.

Another problem here is that we probably won't be able to say whether or not a country has met its targets before 2015. This is due to the complexity of reporting and accounting, in particular for the transfer of credits under the mechanisms and accounting for sinks activities. It takes years until the emission data has been reported and reviewed. The Protocol asks Parties to show that they have made 'demonstrable progress' by 2005. This is a clear signal that countries should show that they are actually reducing emissions *soon*. But countries like the USA, Canada and Australia do not even want to discuss this issue seriously. Again - these Parties want the international community to trust them, but why should we? We have not seen any serious action yet.

*FOEI is in favour of a strong compliance system with financial penalties for countries that do not meet their targets. There should be an international forum sanctioning these Parties, comprised of all Parties equally. 2015 is too late to determine whether action is really being taken to combat climate change. Therefore, Parties must come up with a system to show that emissions are falling by 2005 at the latest.*

## **THE MAIN PLAYERS - BAD GUYS AND GOOD GUYS**

In the Climate Change process countries group together in order to have more political clout. The countries which usually try to prevent a good deal for the climate, being more concerned about the interests of their oil, coal and car industry are the USA, Canada, Australia, New Zealand, Japan, Norway etc., called the JUSCANNZ group. After COP3, Russia and the Ukraine joined these countries. Jointly, they are called the 'Umbrella Group'.

Developing countries try to coordinate their

interests in the 'Group 77 +China' (G77) even though a common interest is often hard to detect. For example, oil exporting countries such as Saudi Arabia and Venezuela usually try to halt progress while small island States such as Samoa and the Marshall Islands are among the most progressive forces in the whole FCCC. The latter have their own group, called AOSIS, the Alliance of Small Island States. Finally, there is the EU, trying to coordinate with some eastern European countries like Poland and Hungary, which have applied for EU Membership. The EU has been trying to get a fair deal for the climate in the past, but even its position has weakened and been fudged.

## **NOTES**

1. Klaus Töpfer, Head of the United Nations Environment Programme, Global Outlook 2000, UNEP 1999
2. World Commission on Environment and Development (Brundtland Commission), Our Common Future, 1987
3. Global Environmental Outlook 2000, p.25
4. Figures taken from OECD, Action Against Climate Change, Paris, 1999
5. IPCC, 2<sup>nd</sup> Assessment Report, Cambridge, 1995
6. OECD Members are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Guam, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Puerto Rico, Spain, Sweden, Switzerland, Turkey, Virgin Islands, UK, US.
7. Year 2000 carbon emissions/ estimates, source: official estimates from FCCC Parties and <http://www.gci.org.uk/>
8. Some text taken from ACBE 'Assessment of Joint Implementation and the Clean Development Mechanism: Potential opportunities for UK Business' (May 2000), see <http://www.environment.detr.gov.uk/acbe/index.htm>

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