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eco

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ALL ABOARD ISSUE

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Time to Review the 1.5º Track

A group of workers were building a railway between two towns. Let's say one town was called Copenhagen and the next was called Ourcommonfuture. The railway workers had assembled sleepers (crossties) and rails and knew the distance between the towns.

After a while, some of the railway workers looked at the pile of construction materials. Some of them realised there weren't enough materials, and those who most needed to arrive at platform 1.5 in the next town asked for a review of the problem. If you were working on the new track would you agree to the review?

The railway bosses at Copenhagen secured broad agreement that we must limit warming to below 2º C, with a review of implementation and levels of ambition (considering 1.5º) by 2015. So ECO's question for delegates is this: If your political leaders are serious about the Copenhagen goal and the review, then a workshop under SBSTA is a good way to focus on the technical and scientific challenges of reaching the goal, the size of the gap between current abatement efforts and the goal, and the opportunities to make up that shortfall. These are essential elements to making sure we can reach our common future.

If there's a gap in abatement effort, we need to understand it and find ways to resolve it. The world needs to look at sources like bunkers and industrial gases, consider the role of finance, and seek other ways to reduce the gap between what is happening and what needs to happen. ECO looks forward to a 1.5º review coming out of SBSTA today. That will give us greater hope that we may reach the final destination.

The 30% Solution

Last week ECO talked about the paper published last month by the European Commission, which analyses what a move to a 30% emissions reduction target on 1990 levels by 2020 would mean for the EU. The paper makes a good read and leads to a quite unequivocal conclusion.

The recession has made emission reductions much cheaper than originally estimated. At €81 billion per year by 2020, the total costs of a 30% reduction would be only €11 billion more per year than originally estimated for a 20% decrease. A move to 30% would also reduce spending on pollution control by €3 billion annually. In addition, health co-benefits would be as much as €8 billion in 2020.

Furthermore, the current 20%-by-2020 emissions trajectory would require major and expensive catch-up later on to attain the legislated emission reductions of 80-95% by 2050 at optimal cost.

Shorter-term economic impacts would also result from staying with the 20% target. Cash-strapped EU governments may rightly be scared by the estimate that revenues from the auctioning of emissions allowances may fall by up to €70 billion. Conversely, achieving a 30% emissions reduction target would reduce imports of oil and gas by €40 billion in 2020 at a reference price of $88 per barrel.

Keeping the 20% target would further perpetuate the low carbon price that has resulted from reduced production and over-allocation of emission permits to industrial sectors. The lower the carbon price, the lower the incentive for change and innovation. While Europe traditionally considers itself a leader in green technologies, this cannot be taken for granted. Other countries are catching up fast.

The conclusion is loud and clear: the EU should move to the 30% target level without further delay. Unfortunately the same old voices are doing their best to stifle Europe's lean, green future, using the same old threats about job cuts and production losses if Europe moves to a higher target and others don't. But this is empty rhetoric.

First, the economic models used in the communication cast doubt on these claims, estimating an impact on production under a 30% reduction target at around 1% for most sectors if other countries stay with their low end pledges under the Copenhagen Accord. That is the worst case scenario.

Second, how much can you really trust stakeholders who are clearly profiting from the current EU climate regime whilst being required to make minimal

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Your LULUCF Glossary

Recently the mysteries of 'land use, land use change and forestry' (LULUCF) have come to broader attention.

ECO feels that full appreciation of the wonders of LULUCF is often hindered by the technical jargon that surrounds the subject. To help move the process forward, we offer delegates this glossary of commonly used terms in the debate on forest management.

Forest management: Logging.
Sustainable forest management: Mostly logging.
Harvesting: Logging.
Temporarily destocked: Logged (usually logged natural forest).
Age class structure: Age of forest.
Wrong age class structure: Old trees = needs logging.
Conversion: Logging a natural carbon and biodiversity-rich forest and replacing it with a low carbon, low biodiversity forest with no penalty (see also 'temporarily destocked', 'empty forest', 'displaced local and indigenous people' and *Australia*).
Unique national circumstances: Need to log (often thought just to apply to *New Zealand* but can apply to any country wanting to log).
Forward looking baseline: A means of hiding logging emissions (see also *Canada* and others).
Bar with a band to zero: A means of hiding logging emissions (see also *Russia*).
Incentive: Not penalising logging emissions and/or allowing them to be hidden, as in 'give us an incentive (logging loophole) and we will take on a more ambitious target'
Voluntary: If you might have a high emission from logging then you can opt not to tell anyone. Notable as being the only term that means roughly the same in English. (See also 'not electing for forest management' and *Austria*.)
Cap: Term used by the *G77 and China* but not understood by *Annex I*.
Harvested wood products: The logging industry's little joke.

– EU 30%, from page 1 –
emissions reductions?

Analyses by the European Commission and the IEA indicate that emissions of the EU ETS regulated sectors will be about the same level in 2020 as in 2008 if the EU sticks with the 20% target. Industry would make virtually no emissions reduction effort but still reap huge profits.

A recent study cited evidence of windfalls for energy-intensive industries from effectively charging customers for allowances they received for free, to the tune of €14 bn for the refining, iron and steel sectors during 2005-2008.

Another trick has been to accumulate piles of unused emission allowances that can be banked and resold. It is estimated that 10 of the EU's most polluting firms alone are sitting on stashes worth over €3 billion.

With profits like these, it's small wonder that these are the voices fighting so hard to maintain the 20% regime. At the same time complaining about the lack of a level playing field, some companies are actively trying to undermine climate action outside of the EU. Members of the industry group Business Europe, for example, have been exposed for lobbying against the regulation of greenhouse gas emissions by the US Environment Protection Agency (EPA), and in favour of offshore drilling in the draft US climate legislation. One European company is responsible for the worst oil spill disaster ever in the US.

The actions of these companies are a cynical ploy to undermine all climate action on an international scale. The EU must heed the message of the recent Commission document, and not fall foul of the same lobby tactics which led to the weak outcome of Copenhagen.

Next Steps for Japan

ECO congratulates Mr. Naoto Kan on his appointment as the new Prime Minister of Japan.

We wonder if Japan's financial initiative to support developing countries, the so-called 'Hatoyama Initiative', will now be changed to the 'Kan Do Initiative'?

Last year in Copenhagen, ECO welcomed Japan's $15 billion pledge for fast start finance. This represents half of the $30 billion commitment from the developed countries under the Copenhagen Accord.

And here in Bonn, Japan announced that $5 billion out of their 15 billion pledges has already been spent. This is certainly impressive! But it is often said that this is mainly relabeled money, so it would be even more impressive if the actually additional amount is revealed.

The new initiative, now run by Prime Minister Kan, must have increased transparency and describe the extent to which the resources are new and additional. Last but not least, we expect Japan to provide strong support to an innovative mechanism for long term finance.

Whatever the name is, ECO hopes Japan will continue a 'can do' policy to lead the world on fast start finance.

Fossil #1: Saudi Arabia

Saudi Arabia received the 1st Place Fossil for ingeniously linking carbon capture and storage (CCS) to reducing emissions from deforestation and degradation in developing countries. In today's debate there was general agreement on having additional public funding for REDD; the Saudis said they would only consent if there were funding windows for all other mitigation activities, including CCS. That would not only mean that they can 'compensate' for emissions from the oil they produce, but also get money for it, holding REDD hostage in the process.

Fossil #2: Russian Federation

Russia received the 2nd Place Fossil for very significant weakening of its emissions reduction commitment from 25% to 15% of 1990 levels if land use, land use change and forestry (LULUCF) is not counted. The Russian president announced the 25% target as unconditional, but the Russian delegation converted this to being conditional in yesterday's Numbers+LULUCF contact group. In addition, Russia's proposal to account for LULUCF would hide huge quantities of emissions.