Stakeholder Consultation

The 2015 International Climate Agreement: Shaping international climate policy beyond 2020

- a preliminary assessment -

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Outline

- Consultative Communication
- Stakeholder conference
- Stakeholder consultation
- Next steps
Why this Consultative Communication?

• *Debate with MS, EU institutions and stakeholders on how to best shape the international climate regime between 2020 and 2030*

• *Questions to frame this debate*

• *Background information/scene setter in separate staff working document*
State of play, challenges and opportunities

- Reflect how the world has changed
  - Science
  - Role emerging economies
  - Remaining sustainable development challenges
  - Climate action opportunities
  - More inter-linked world
- Learn from successes and shortcomings current patchwork regime
- Attract participation of all major economies
- Build on current adaptation frameworks
- Bridge from current patchwork and bottom-up approach to legally binding agreement that combines bottom-up and top-down and puts world on a below 2°C pathway
Foundations for the 2015 Agreement

- Enabling the necessary ambition for reducing global emissions
  - Dynamic/flexible – will 2015 Agreement provide sufficient ambition to stay below 2°C
  - Reverse global growth of emissions before 2020, decline every year thereafter
  - Reduce to below 1990 levels by 2030 (25% below 2010)
- Enable the contribution of all major economies and all sectors in the mitigation effort
- Mainstream climate change and mutual reinforcement of processes and initiatives
Designing the 2015 Agreement

- Mitigation
- Adaptation
- Means of implementation
  - Finance
  - Technology
  - Market-based mechanisms
- Transparency and accountability
Preparing the path for the 2015 Agreement

- *Opportunities for strengthening UN negotiations?*
  - Rules of procedure/consensus
  - Frequency annual COPs
  - Rotating COP Presidencies
  - Frequency of meetings for technical work
  - Streamlining agenda
  - Contributions of stakeholders
  - Role Convention Secretariat

- *Parallel initiatives, including Ban Ki-moon meeting 2014, G20, MEF, general political momentum*

- *Leadership by example: the EU's 2030 strategy*
9 Questions

• How can the 2015 Agreement be designed to ensure that countries can pursue sustainable economic development while encouraging them to do their equitable and fair share in reducing global GHG emissions so that global emissions are put on a pathway that allows us to meet the below 2°C objective? How can we avoid a repeat of the current situation where there is a gap between voluntary pledges and the reductions that are required to keep global temperature increase below 2°C?
• How can the 2015 Agreement best ensure the contribution of all major economies and sectors and minimise the potential risk of carbon leakage between highly competitive economies?
• How can the 2015 Agreement most effectively encourage the mainstreaming of climate change in all relevant policy areas? How can it encourage complementary processes and initiatives, including those carried out by non-state actors?
• What criteria and principles should guide the determination of an equitable distribution of mitigation commitments of Parties to the 2015 Agreement along a spectrum of commitments that reflect national circumstances, are widely perceived as equitable and fair and that are collectively sufficient avoiding any shortfall in ambition? How can the 2015 Agreement capture particular opportunities with respect to specific sectors?
• What should be the role of the 2015 Agreement in addressing the adaptation challenge and how should this build on ongoing work under the Convention? How can the 2015 Agreement further incentivise the mainstreaming of adaptation into all relevant policy areas?
• What should be the future role of the Convention and specifically the 2015 Agreement in the decade up to 2030 with respect to finance, market-based mechanisms and technology? How can existing experience be built upon and frameworks further improved?
• How could the 2015 Agreement further improve transparency and accountability of countries internationally? To what extent will an accounting system have to be standardised globally? How should countries be held accountable when they fail to meet their commitments?
• How could the UN climate negotiating process be improved to better support reaching an inclusive, ambitious, effective and fair 2015 Agreement and ensuring its implementation?
• How can the EU best invest in and support processes and initiatives outside the Convention to pave the way for an ambitious and effective 2015 agreement?
Stakeholder conference
17 April 2013

- High level panel
- >220 participants
- Live webcast (>450 viewers on the day)

Interactive discussion on broad range of issues addressed in Communication
Stakeholder consultation

- Until 26 June
- Results on DG CLIMA homepage: http://ec.europa.eu/clima/consultations/0020/index_en.htm
- 98 submissions:
  - 13 individuals
  - 11 public authorities:
    - including 5 MS (BE, CZ, FR, NL, PL)
    - 2 separate submissions from Parliaments (Romania, Czech Republic)(not online)
  - 74 organisations (including all major NGOs and European industry organisations, overwhelming business response)
- From a broad range of Member States
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Key points

- Few question science/need to act, or <2°C
- Strong support for 2015 global agreement with global participation, move beyond firewall
- Links between EU targets and international framework
- Carbon leakage
- Support stepwise approach
- Broad support markets, but:
  - Reform
  - (Un)limited role?
- Growing business interest adaptation
- Finance...
- Process: role of stakeholders!
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Need for a global framework

• **Science and assumptions:**
  • Very few submissions question science and assumptions:
    • Human – natural component climate change
    • Solar activity
    • Adaptation more efficient than mitigation
  • Very few questioning below 2 (1.5) °C objective

• **Strong support for 2015 global agreement:**
  • Need for predictable policy framework
  • Comprehensive and legally binding
  • Cover all major economies, modernise CBDR-RC
  • Through UN, although leadership major economies, also all gases/sectors, but:
    • Support through G20, MEF, other fora
    • Sectoral agreements (both business and NGOs!)
    • Partial agreements (finance, forestry, techtrans, adaptation)
    • ICIs
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Conditionality

EU to take target unilaterally, show leadership

v.

No unilateral EU target, condition EU target on new agreement

- EU only absolute target if others do so, relative if others do so
- Any conditionalities must be clearly defined
Preliminary assessment - Carbon leakage

- Occurrence?
- Address through:
  - Global participation, level playing field
  - 100% free allocation ETS
  - Sectoral agreements
  - Targeted subsidies
  - Energy and climate clauses in all trade agreements
  - Sanctions against carbon dumping through WTO
  - Trade related measures:
    - State aid
    - Pricing and regulating imports other countries
    - Border tax adjustments/carbon levy imported goods
    - Role in bilateral trade agreements and determination of «market economy status»
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Ambition and coverage

- **Ambition:**
  - Stepwise approach to define targets, by 2014, followed by review
  - Regular check of ambition with science
  - Review every five years, and update without complex ratification measures

- **Coverage:**
  - Mainstreaming
  - Regional or global sectoral approaches
  - Include aviation, through ICAO
  - “bottom up” approaches, allowing ideas and solutions to emerge in specific forums on specific issues
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Policy frameworks and targets

- **Policy frameworks:**
  - Ambitious targets
  - Carbon pricing – but no carbon pricing aviation?
  - Sectoral approaches
  - Role of NAMAs
  - Right mix of incentives/discincentives
  - Incentives through access to markets, trade benefits, other trade measures
  - Set global carbon price
  - Upstream global trading system (energy suppliers) with performance standards for buildings and cars
  - Prioritise development and cheap power

- **Targets:**
  - Carbon consumption (carbon footprint) rather than carbon production targets (emissions)
  - Long-term zero emissions target, accompanied by strategy (not 5-10 year targets only)
  - Renewables targets at international level in new agreement
  - Intensity rather than absolute targets
  - Benchmarking, no absolute cap industry (“growth proof”)
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Sharing the effort

- Equity/Equity reference framework (tool, not a formula)
- Differentiation:
  - Four groups: Developed Countries, Major economies or advanced developing countries, Neither advanced nor least developed countries, LDCs
  - Reciprocity and equal burden on all actors competing on global market
  - Contraction and convergence
  - Sector-specific targets/agreements
- Principles:
  - Equity, transparency, economic incentives, global market pricing system
  - adequacy, CBDR-RC, Right to sustainable development, precaution
- Metrics:
  - GDP and per capita emissions
  - Related to population, distance to average GDP/capita
  - Not solely based on GDP/capita – sectoral
  - Budget back-calculated from 1990, shared on basis of share global population in 1990, tradable («sovereign emission rights framework»)
  - Benchmarks and best practices
  - Per capita benchmark for EU, G-20 and OECD of 7.1 tonnes
  - Use combination of formulas
  - Commitment to spend share (1-2%) of GDP
  - EU to define equitable share of global cap
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Adaptation

- **Strengthen role in framework**
- **Large business interest, involve business (opportunities)**
- **National adaptation plans, with additional initiatives**
- **Need loss and damage mechanism**
- **Share of proceeds**
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Markets

- **Broad support ETS and use of market mechs (very few exceptions)**
- **Fix global demand**
- **EU post-2020 target without use current CDM**
- **No quantitative restrictions on markets use v. respect supplementarity**
- **Need to develop existing and new market mechanisms, sector-wide abatement**
  - Remove LDC limit CDM, open to other low emitters
  - NMM as new, additional tool, sectoral coverage, engage individual companies
  - Pilot FVA and NMM asap
- **Revenue to be recycled to industry/individuals**
- **Link regional systems**
**Preliminary assessment - Land use, technology, MRV**

- **Land use**
  - Tackle EU “deforestation footprint”
  - REDD+ not in emissions trading schemes, but international climate finance
  - Global food supply

- **Technology, research**
  - CCS
  - Protect IPR

- **MRV:**
  - All underline importance
  - Sectoral/global performance metrics
  - Universal regime for all
  - Installation specific/carbon markets
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Finance

- **USD 100 BN, what after 2020?**
- **Public finance targets post-2020**
- **Innovative sources public finance**
- **Private capital/finance/investment frameworks**
- **Role of markets (share of proceeds, auctioning revenues)**
- **Guaranteed minimum amount public finance adaptation**
- **Additional to existing aid commitments**
- **Disbursement guided by equity**
- **Crowdfunding?**
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Negotiating process

• **Strengthen stakeholder involvement**
• **Involve leaders**
• **Involve local/regional authorities**
• **Do we need consensus? Voting?**
• **Shared 2/3-year presidencies, with specific tasks**
• **Increase capacity/involvement EEAS**
Specific ideas

- «Climate partnership groups» of heterogenous states that take a joint obligation (Bingler)
- «One human, one emission right»: fixed emission reduction goal combined with a European carbon price, revenues distributed to citizens (Ekard/Hövel)
- «Naming and shaming enforcement» through social network sites (Japzon)
- Border adjustments, revenue distributed through global fair trade organisation (Langlois)
- Formal mandate to ILO to green training and education and skills (ETUC)
Next steps

- *To be decided*
- *Link with 2030 climate and energy strategy at the end of the year?*
Consultation on the 2015 International Climate Change Agreement: Shaping international climate policy beyond 2020

More information: