

# CLOSE THE CREDIBILITY GAP

## Bonn III – An Assessment

**Developed countries' proposed cuts are unfair and risk dangerous climate change. They must increase their level of ambition and close loopholes in the Kyoto Protocol.**

### What is the issue?

Over the course of the last two Bonn negotiating sessions it has become clear that developed countries are making a strong effort to dismantle and re-design the global climate regime. The continuation of discussions in Bonn this week under the Kyoto Protocol represents a critical moment, and included a workshop presenting new information on the adequacy – or otherwise – of the current Annex I pledges.

A number of Annex I Parties have said they will not commit to a second commitment period under the KP – suggesting they intend to violate their legally binding obligations. In addition, many developed countries are opposing a science- and equity-based aggregate target under the KP. Rather than honor the Bali bargain, they are now seeking to migrate favored elements of the Protocol (e.g. market mechanisms) into a new agreement under the AWG-LCA, and to establish a system of voluntary pledges as envisaged in the Copenhagen Accord. Such a voluntary system offers no guarantee that the collective global effort will be sufficient to curb climate change, or that the contributions of individual countries will be adequate and fair.

### Why does Bonn matter?

The UNFCCC Secretariat recently released analysis of current pledges by Parties, and found that pledges to date will result in a cut of only 17–25% below 1990 levels by 2020. That does not account for U.S. emissions, which will further undercut global emissions reductions, diluting them toward the range of 12–18%. Not only are these pledges dangerously unambitious, but independent studies by several research institutes confirm that various loopholes could allow developed countries to shirk even these inadequate pledges.

New analysis by the Stockholm Environment Institute finds that even a conservative estimate of the aggregate impact of these loopholes suggests Annex I countries could increase emissions well above 1990 levels (see graphic). Under the rules of the Kyoto Protocol, developed countries are free to use these loopholes strategically over the coming commitment

period, allowing them to **increase** their emissions more than 21% over their stated pledges. (See figure). **The loopholes, in other words, are larger than the pledges themselves.**

The system advanced by many developed countries offers the worst of both worlds: no binding science- and equity-based, top-down aggregate target for developed countries, and inadequate pledges, expansive loopholes, and carbon markets that will allow them to further displace the burden of climate change on developing countries. If a weak pledge-based approach is adopted we risk a 4°C rise in global temperatures or higher, which will lead to much higher regional temperature rise in areas such as Africa and South Asia. This Bonn meeting needs to get back on track and address the following issues.

**Surplus allowances** During the first commitment period of the KP many countries received surplus “hot air” allowances based on inflated estimates of the greenhouse gases they expected to release. As a recent Nature article puts it, some countries' Kyoto targets were thus so weak that “large amounts of surplus allowances have been and will be generated over the 2008–2012 period, even without any environmental policy effort.” According to the article this, adds up to 11 gigatons of CO<sub>2</sub> equivalent of surplus allowances, more than half a year's worth of emissions by all the developed countries put together. This constitutes a loophole that will allow developed countries to increase their emissions to 14% above their stated pledges by 2020.

**Land-use loopholes** Annex I Parties are pushing to include weak land-use and forest accounting rules that would allow them to increase their emissions. This could be achieved partly by allowing countries to set their own reference levels (or “baselines”) for their emissions. Some countries are also proposing that accounting for forest management remains voluntary, thereby allowing Annex I parties to simply not account for any emissions increases. The Nature article estimates land-use loopholes could result in an additional 0.5 gigatonnes per year of emissions, that is, another 3% in excess of their pledged amounts.

**Carbon market surplus and non-additional credits** Additionally, by using carbon markets to “offset” their emissions in developing countries, Annex 1 Parties obtain credits that allow the rich to pollute at higher levels at home. Offsets are to be calculated against a hypothetical baseline, often without any real proof of additional reductions. This also shifts the burden of reducing emissions to developing countries. In addition to surplus credits from the first commitment period, non-additional credits in the second commitment period are estimated to be enough to amount to a loophole of more than 2% of Annex I Parties’ 1990 emission levels by 2020.

**International aviation and shipping** Emissions from international aviation and shipping are large but are currently not accounted for under the Kyoto Protocol. As such, Annex I Parties’ emissions from this sector can continue to increase without affecting compliance with their emission reduction commitments. Based on projections from the international aviation and shipping authorities, growth in emissions are estimated to amount to another loophole of more than 2%.

**Equitable burden sharing** Measured against scientific analysis and the demands of developing countries, the pledges and the weak rules proposed by Annex I Parties are insupportable. Rather than cutting emissions, Annex I countries may increase them. Thirty-seven developing countries have proposed cuts by Annex I countries of at least 40% by 2020 below 1990 levels. AOSIS, LDCs and the Afri-

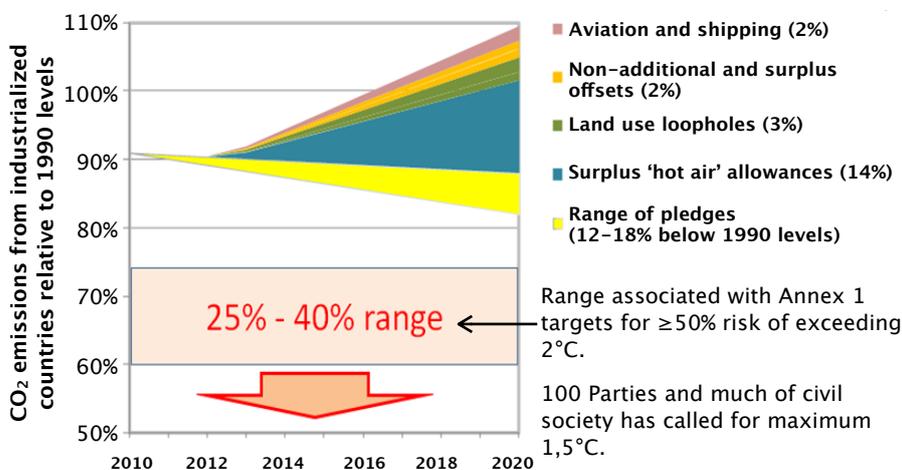
can Group in Copenhagen have proposed 45% cuts by 2020. Bolivia and a number of other countries have officially proposed 49% domestic cuts by 2017. Based on more recent analysis, Bolivia is now proposing 50%. Clearly, Annex I Parties must face this reality.

### What needs to happen in Bonn?

Negotiations under the Kyoto Protocol must close the “mitigation gap” between developed countries’ pledges and what science and equity require. The paradigm reflected in the Copenhagen Accord risks a shift away from a science- and rules-based approach favored by many countries - including traditionally the European Union - towards a “bottom-up” or “pledge-based” approach favored by the United States and other developed countries. Developed countries must recommit to a second KP commitment period, and accept an adequate and equitable top-down emissions target, based on sound scientific analysis.

Imbalances in the negotiating text have implications not merely for the development prospects of millions of people, but also for the adequacy of the collective global climate effort. If developed countries are unwilling to shoulder their fair share of the burden - based on their historical responsibilities and capabilities - then prospects of an effective outcome are low, and dwindling daily. There remains much to do to rebalance the text in favor of an adequate and fair outcome. Discussion in these negotiating sessions must rectify these issues, and set us on course towards a successful outcome in Cancun.

## "The loopholes are bigger than the pledges themselves"



### Links

Addressing the credibility gap. By Lim Li Lin, TWN  
A principled approach to setting Annex I aggregate reductions and closing loopholes in the Kyoto Protocol.  
[http://unfccc.int/files/kyoto\\_protocol/application/pdf/twn\\_notes.pdf](http://unfccc.int/files/kyoto_protocol/application/pdf/twn_notes.pdf)

Addressing credibility gap: ppt presentation:  
[http://unfccc.int/files/kyoto\\_protocol/application/pdf/twn\\_presentation.pdf](http://unfccc.int/files/kyoto_protocol/application/pdf/twn_presentation.pdf)

Assessing the current level of pledges and scale of emission reductions by Annex 1 Parties in aggregate. By Sivan Kartha, SEI  
[http://unfccc.int/files/essential\\_background/library/application/pdf/awg\\_southcentre.pdf](http://unfccc.int/files/essential_background/library/application/pdf/awg_southcentre.pdf)

Presentation by Ambassador Pablo Solon, Bolivia:  
[http://unfccc.int/files/kyoto\\_protocol/application/pdf/awgkp\\_bolivia.pdf](http://unfccc.int/files/kyoto_protocol/application/pdf/awgkp_bolivia.pdf)

Integrity gap: Copenhagen pledges and loopholes. Sustainability council of New Zealand:  
<http://www.sustainabilitynz.org/docs/CopenhagenPledgesandLoopholes.pdf>

Climate deal loopholes 'make farce' of rich nations' pledges. Article in The Guardian by John Vidal, 4 Aug 2010.  
<http://www.guardian.co.uk/environment/2010/aug/04/climate-deal-loopholes-rich-nations>