



SUBMISSION BY POLAND AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

This submission is supported by Albania, Croatia, Iceland, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia.

Warsaw, 20th September 2011

Subject: options and ways to increase the level of ambition of global mitigation actions

Summary

Mitigation action must be guided by the common objective of keeping temperature increases below 2°C. Whilst mitigation commitments and actions pledged so far take us part of the way towards a 2°C trajectory, a significant "ambition gap" exists.

This "ambition gap" problem is one of the most important issues for Durban – mitigation is an essential cornerstone of long-term cooperative action and Parties must take action to bridge the gap and deliver their common objective of staying below 2°C. In this context, to move forward global action on mitigation without delay, it is essential that Parties in Durban:

- acknowledge and quantify this "ambition gap";
- identify a list of options of potential means to address the gap (see suggested options in Annex 1 to this submission);
- agree on a clear process to examine these options with a view to a decision by COP18.

In addition, the processes of workshops to clarify pledges initiated in Durban should continue and become more focused.

Annex 2 to this submission outlines a proposal for draft decision text for Durban on these matters.

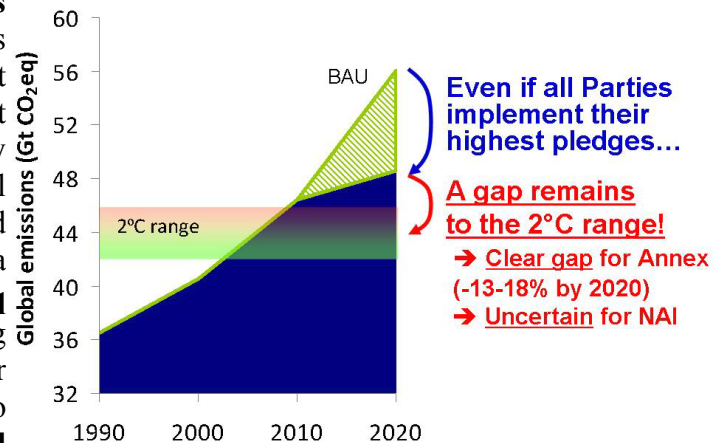
Our common objective to stay below 2°C must define our level of ambition

1. **The EU holds firmly to the commonly agreed objective of keeping the global mean temperature increase below 2°C.** It is fundamental that all countries cooperate to deliver this objective, and do their utmost, while respecting the principle of common but differentiated responsibilities and respective capabilities (CBDR and RC).
2. **This overarching goal must guide the level of ambition of mitigation action at the global level.** Consistent with the latest scientific findings, in particular the Fourth Assessment Report of the IPCC, staying below 2°C requires global emissions to peak by 2020 at the latest, and to be reduced by at least 50% by 2050 compared to 1990 levels. Developed countries should take the lead by reducing their emissions in the order of 30% by 2020 compared to 1990 levels (which is consistent

with the range mentioned by the IPCC of 25-40%), and by reducing their emissions by 80 to 95% by 2050 compared to 1990 levels. But ambitious commitments by developed countries will not be sufficient and a substantial deviation from business-as-usual is required from developing countries, in the range of 15-30% by 2020.

Current pledges only take us part of the way and still need to be clarified

3. **The pledges put forward by Parties so far, in particular in the context of the Cancún Agreements, are a useful step forward** and they demonstrate the willingness of a large number of Parties to proactively engage in tackling climate change.
4. **However, we still need a lot of effort and international dialogue to understand these initial pledges**, as was made evident by the process of workshops initiated in Bangkok (April 2011) and Bonn (June 2011). The EU supports the continuation of these workshops to further understand the current pledges. At this point the EU draws the following initial conclusions from the analysis of pledges made so far.
5. **Clearly current pledges are insufficient at a global level. A significant "ambition gap" remains to stay below 2°C**, even if all Parties implement the highest pledges put forward so far and apply strict accounting rules, we would only achieve around 60% of the global effort required¹. It means we would still have to identify ways to close a **remaining gap of about 5 GtCO₂eq** to have a likely chance of staying below 2°C. Therefore, to meet our objective there is a clear need to **explore ways to increase the overall level of ambition**.



6. **For Annex I Parties, the insufficiency is clear and documented. Current pledges add up to a range of 13-18% by 2020 compared to 1990 levels**, which is far below the 25-40% expected.

¹ The "Emissions Gap Report" from UNEP estimated that pledges if delivered at the high-end of ranges and with strict accounting rules would lead to a 2020 global emission level of 49 GtCO₂, representing a 7GtCO₂ reduction from BAU, or 60% of the way to 44 GtCO₂, a level consistent with a "likely" chance of staying below a 2°C increase.

7. **In addition, conditions are attached to several of the pledges**, including conditions regarding the contribution of other Parties to mitigation efforts². Finally, a number of **uncertainties have to be lifted**. Preliminary estimates show that without a decision to address AAU surplus from the first commitment period under the Kyoto Protocol, the aggregate mitigation efforts could be reduced by up to 16% of Annex I 1990 emissions or up to an equivalent 2.3 GtCO₂e. emission reductions by 2020; accounting rules for land-use emissions to be used by Annex I Parties also contribute to uncertainty – the mitigation effect of Annex I pledges could be lessened by up to around 4% of Annex I 1990 emissions or up to 0.7 GtCO₂e, depending on future LULUCF accounting rules.
8. **For Non-Annex I Parties, there is also a shortfall, and proposed emission reductions are uncertain. A lot of clarifications are needed** to be able to understand how far these proposed actions will take us. Preliminary estimates from various sources indicate that reductions below baseline levels will fall short of the 15-30% expected deviation from baseline trends – at this point, **best available estimates indicate that the deviation would be around 8% below BAU**, on the basis of NAMAs identified so far by Non-Annex I Parties. However, as more countries are in the process of elaborating NAMAs further and uncertainties get clarified, this estimate will have to be revised.
9. In addition, **a number of factors contribute to the uncertainty** about the extent of the shortfall, such as:
 - a. Conditions and assumptions attached to NAMAs (including where pledges are formulated as ranges), e.g. provision of international support and reliance on the carbon market, and conditions regarding the contribution of other Parties to mitigation efforts³;
 - b. Uncertainty about the scope of the pledge (e.g. sectors and gases covered) and baseline emission developments in "BAU" scenarios⁴;
 - c. Uncertainties associated with pledges formulated as intensity targets⁵;
 - d. Uncertainties about mitigation effect of proposed NAMAs⁶.
 - e. Uncertainty about the possible contribution from REDD+ actions⁷;

² Both low-end and high-end estimates of Annex I reductions from pledges include the conditional pledges by Canada, Japan, US assuming conditions would be met; alternative assumptions would significantly reduce expected emission reductions (by up to 1.4 to 2 GtCO₂e depending on projections).

³ E.g. both low-end and high-end estimates of the gap to stay below 2°C include conditional pledges by Non-Annex I countries, assuming conditions related to international participation are met. Under alternative assumptions, the gap would marginally increase by around 0.3-0.5 GtCO₂e.

⁴ From country submissions, it is not always clear what baselines are referred to in pledges put forward, even when the choice of baseline is critical to deliver the intended contribution. Baselines in national communications, in national plans announced but not necessarily part of national communications and in national studies from governmental institute may differ. The uncertainty created by unclear baselines is sometimes as large as the estimated emission reductions from pledges.

⁵ E.g. emission intensity improvements referring to growth rates expressed in PPP or MER terms may translate in +/-30% uncertainty in terms of expected emission reductions.

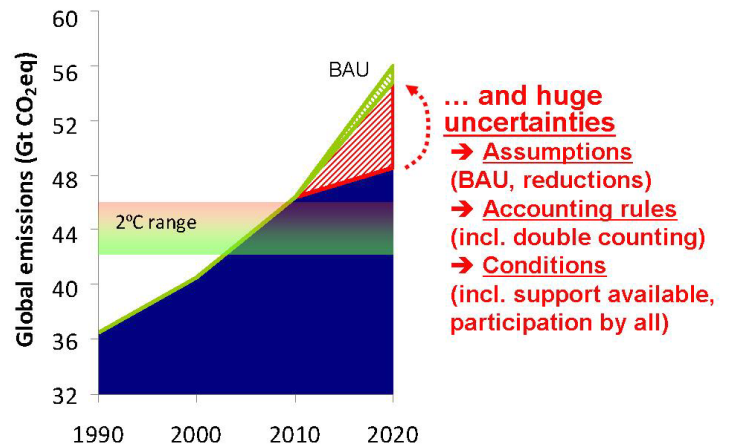
⁶ Accounting rules attached to Non-Annex I Parties pledges are generally not specified, making most of these reductions highly uncertain.

⁷ REDD+-related NAMAs could have a potential to cut by around 30%-35% projected 2020 LULUCF emission levels; however uncertainties on LULUCF emission levels are prevalent, and could make around half of Non-Annex I contributions to emissions reductions by 2020 highly uncertain.

f. availability of international support.

10. Finally, **progress with implementing the pledges is uneven across countries.** Securing the full and timely implementation of pledges is fundamental, as UNEP report estimated partial delivery of the pledges risk to increase by 2 GtCO₂e the 5GtCO₂e gap we need to close to stay below 2°C.

11. **Overall, proposed emission reductions by Annex I and Non-Annex I are still highly uncertain,** and accounting together for the different sources of uncertainty, there is a risk to face a wider gap in 2020: 9 GtCO₂ instead of 5 GtCO₂.



12. **It is critical, thus, to secure ex-ante transparency on the level of ambition of the pledges put forward;** at this point we do not have any common international accounting system⁸ to have common rules and metrics to compare the pledges and assess their associated emissions outcome. A lot of work remains to be done. The process of workshops to understand pledges has initiated this, but sustained efforts will still be necessary to ensure transparency. The processes of International Assessment and Review (IAR) and International Consultation and Analysis (ICA) defined in Cancún can also to contribute to this international dialogue.

Durban must acknowledge and quantify the "ambition gap"

13. **The "ambition gap" problem is one of the most important issues for Durban –** mitigation is an essential cornerstone of long-term cooperative action and Parties must take action to bridge the gap and deliver their common objective of staying below 2°C.

⁸ See also our submission on the need for a robust, rigorous and transparent international accounting system

14. **Acknowledging the existence of this "gap" at the global level will be a necessary step towards agreement on action to address this gap.** The Cancún Agreements already affirmed⁹ that "scaled-up overall mitigation efforts that allow for the achievement of desired stabilisation levels are necessary" in a general way; but it is now clear that the specific pledges put forward so far are insufficient at the global level, and this should be recognised officially in Durban.
15. **Parties should also agree, in Durban, on a shared understanding of the quantified scale of the problem of this "ambition gap".** It is worth noting that while the Cancún Agreements already "urge developed countries to increase the ambition of their economy-wide emission reduction targets"¹⁰, the scale of the problem has not yet been internationally quantified. [The abovementioned elements of quantification can contribute to this discussion.]

Durban must identify options to bridge the gap and define a clear process to do so

16. **A further step forward in Durban will be for Parties to identify a list of clear options that could contribute to bridging the ambition gap.** The EU has identified (see Annex 1) a number of possible options which could contribute to bridging the gap and which should be part of the elements to be identified in Durban.
17. **Parties should agree at Durban on a clear process to discuss how to address the "ambition gap" and prepare a decision for COP18 on this matter.** Durban should secure an agreement over a clear work programme, and a detailed timeline, to address the various options identified. This work programme should include working towards a shared understanding of the mitigation potential of each of these options. Such a work programme could consist of a process including technical papers to be compiled by the Secretariat, workshops with expert input focusing on emission reduction potentials and related means, consideration of means of cooperation and support to incentivize the implementation of additional mitigation actions.
18. It should be noted that **the 2013-2015 review will play an important role on these topics**, but discussions on options to increase the ambition level are essential and should be initiated immediately after Durban.
19. **To help in this quantified assessment process before Durban, Parties should consider giving a mandate to the UNFCCC Secretariat to compile existing information on the current ambition gap** (including research made by UNEP), and on the potential possible options for closing that gap, with a view to making it available to Parties. This should be decided in Panama and this information should be made available before Durban.

After Durban, we should also continue the processes of workshops to clarify pledges

⁹ Decision 1/CP.16, paragraph 2(a).

¹⁰ Decision 1/CP.16, paragraph 37.



20. **In parallel, the EU supports the continued organisation of workshops on mitigation pledges**, initiated in Cancún, in order to continue clarifying the pledges formulated so far. These workshops should move into a more specific and streamlined phase, focusing on detailed questions. In this context the EU would also see merit in Secretariat updating the technical paper detailing developed countries' pledges, and the compilation of a new paper, by the Secretariat, structuring the information provided by developing countries on their pledges.

Annex 1 – initial list of possible options and ways to increase the level of ambition:

On top of the effort to implement current pledges, EU proposes the following initial list of possible options and ways to increase the level of ambition:

- a. **Stepping up and over-performing on the current mitigation proposals in each country.** Parties that have formulated their pledges as ranges should be encouraged to move to the highest end of their pledge, and all Parties should be encouraged not to see these pledges as a straightjacket and to go beyond them – in many cases, significant low-cost mitigation opportunities exist with significant co-benefits that should be identified and tapped¹¹, and support mechanisms at the international level can be activated. Parties should therefore be encouraged to explore domestically what possible additional actions they could take¹², and to strengthen their mitigation proposals. It is also worth noting that some Parties have planned more ambitious mitigation actions domestically than they have communicated officially to the UNFCCC¹³ – there too we could find room for more clarity on each Party's intentions.

- b. **Encouraging those countries that have not yet done so to formulate pledges.** Countries with pledges currently represent around 83% of global emissions. This leaves around 8 GtCO₂ of emissions in countries with no mitigation pledges. Among these countries, some have domestic policies which may contribute to reduce national and global emissions. This potential is poorly known, however first conservative estimates indicate countries without pledges could contribute close the gap by around 0.5 GtCO₂ by 2020. Besides, many non-Annex I parties have formulated NAMAs for a few specific sectors of their economy, more countries could be encourage to formulate REDD+-related NAMAs, to reduce non-CO₂ emissions in waste or agriculture, etc.

¹¹ For instance, G20 initiative about energy subsidies reform, driven by fiscal and economic policy considerations, revealed a potential to reduce global emissions by 2.4 GtCO₂ by 2020. There is still a significant potential to tap REDD+ opportunities and contribute to halve deforestation by 2050 reaping environmental, economic and social co-benefits attached.

¹² Bottom-up assessment confirmed it would be feasible to identify and implement mitigation measures in developing countries that would achieve at least as much as 4.5 GtCO₂ emissions without jeopardising growth, meaning that a 15 to 30% deviation from BAU by 2020 is feasible. See for instance the World Bank study on Brazil's low-carbon potential.

¹³ The UNEP report estimated 0 to 1.5 GtCO₂e additional emission reductions could be delivered by national plans more ambitious or comprehensive than pledges submitted.

- c. **Increasing mutual trust to achieve a collaborative step-up of the level of ambition in all countries**, as it would ensure that the ambition gap is reduced from 9 to 5 GtCO₂e. Many Parties have indicated their intention to step up their pledges in the context of meaningful actions to be undertaken by other Parties¹⁴. To promote such collaborative moves, Parties should engage fully in providing transparency on their current pledges. Beyond that, the EU also believes that a global legally-binding agreement, by guaranteeing a long-term legal certainty, predictability and reciprocity, is the best tool to contribute to a collaborative step-up of ambition.
- d. **Further developing the global carbon market.** The EU has long advocated that market-based mechanisms are a very useful tool to increase the global level of ambition, by enhancing cost-efficiency thus enabling increased mitigation action in all countries, by involving developed and developing countries in a collaborative effort, and by generating significant financial flows to support action. The EU supports the improvement and reform of existing market mechanisms and the introduction of new market mechanisms to support actions at increased scale. At this point, most pledges formulated by developing countries do not explicitly refer to the intention to make use of such mechanisms, although many developing countries are engaging in pilot experiences or readiness activities. To make the best of these opportunities developing country Parties should be encouraged to come forward with proposals for market-based nationally appropriate mitigation actions; Durban should also establish a new market-based mechanism setting up clear common rules, and thus allowing a streamlined and efficient development of such tools at the national level in developing countries.
- e. **Providing appropriate support for NAMAs.** Developing countries should act based on their own resources, but the EU is convinced that they can also go further or act quicker when provided appropriate support. The EU, as the world's largest donor and a key provider of fast-start funding, already supports NAMAs and stands ready to continue to do so. Developing countries should urgently articulate their needs and solicit support wherever needed, to allow them to go further and contribute to bridging the ambition gap. Such support should complement their national efforts and help lift barriers to NAMAs, in line with their CBDR and ensuring cost-efficiency.
- f. **Addressing emissions from international aviation and maritime transport.** To stay below 2°C, all sectors should contribute. But at this point international aviation and maritime transport are not contributing their fair share¹⁵, whereas significant reduction potential exists, in many cases from negative cost measures. A 2009 IMO report estimates that 250 MtCO₂ reductions in 2020 are achievable with no-regret measures (with an uncertainty range from 130 to 360 MtCO₂).

¹⁴ The EU itself has articulated an offer to move to a 30% reduction below 1990 levels by 2020, provided that other developed countries undertake comparable commitments and that more advanced developing countries contribute adequately according to their responsibilities and respective capabilities.

¹⁵ Emissions from international aviation are due to triple by 2020 compared to 1990 (ICAO) and emissions from international maritime transport are due to more than double by 2050 (IMO)

The potential in the international aviation sector is not yet fully estimated; preliminary conservative estimates indicate the sector could achieve at least 110 MtCO₂ reductions by 2020. The EU has been pursuing reductions through ICAO / IMO and UNFCCC to develop robust targets and measures to reduce emissions in these sectors. While the EU welcomes progress made at the recent IMO MEPC 62 meeting, more efforts are needed to tap emissions from these sectors. The UNEP report estimates a potential to close the gap by 1.3 GtCO₂e with mitigation actions considered by ICAO/IMO. Active engagement by all Parties to find solutions to address these sectors will be required to contribute to bridge the global ambition gap. In addition, these sectors have a significant fund-raising potential (USD 3-25 billion yearly according to the Advisory Group on Finance's assessments).

- g. **Addressing emissions from HFCs.** Similarly, the EU considers that to bridge the ambition gap, urgent action is required to tackle emissions from HFCs (hydrofluorocarbons) – the increase in use of HFCs as substitutes to ozone depleting substances phased out under the Montreal Protocol is representing a major threat for the climate system, and its phase down could represent up to 8.5 GtCO₂-eq by 2050, i.e. between 9 and 19% of projected global emissions. However, environmentally sound alternatives are already available for most sectors, and the EU is convinced that the Montreal Protocol can drive a global transition of the relevant sectors to low-carbon technologies by incorporating a phase-down schedule for production and consumption of HFCs based on the model followed for ozone depleting substances. HFCs can contribute significantly to bridging the gap by 2020: up to 1.3 GtCO₂ could be saved annually by 2020 if we act now. And the reductions of HFCs are foreseen to be even greater after 2020, and could add around 25 GtCO₂ saved between now and 2030 and more than 100 GtCO₂ saved between now and 2050. All Parties in the UNFCCC should therefore encourage this highly effective action.

Annex 2: elements for a draft decision text (could be part of a broader mitigation decision)

The Conference of Parties

1. *Recalls decision 1/CP.16* that deep cuts in global GHG emissions are required according to science with a view to reducing global average temperature below 2°C above pre industrial levels;
2. *Takes note* of the proposals for mitigation commitments and actions currently put forward by Parties;
3. *Calls* on Parties to take steps without delay towards the implementation of mitigation policies, with a view to progress towards achieving the 2°C objective;
4. *Acknowledges* that these proposals do not add up to the necessary level of ambition to achieve the objective established in the Cancún Agreements (decision 1/CP.16) to hold the increase in global average temperature below 2°C compared to pre-industrial levels, and that a significant gap of [X Gt / X%]* remains to be bridged between the mitigation commitments and actions put forward by Parties to 2020 and this objective;
5. Urges Parties to consider the adequacy of their proposals in light of the overall global efforts required for cost effective global emissions pathway that is consistent with the 2°C objective;
6. *Decides* to establish a process to discuss how to address this "ambition gap" and prepare a decision for COP18 on solutions to that end, based, inter alia, on the options outlined below and *notes* that Parties should, in the process, strive to reach a shared understanding of the mitigation potential of each of these options:
 - a. Encouraging over-performing on or stepping up of the current mitigation proposals in each country;
 - b. Encouraging those countries that have not yet done so to formulate pledges;
 - c. Increasing mutual trust to achieve a collaborative step-up of the level of ambition in all countries;
 - d. Enhancing and broadening the global carbon market;
 - e. Providing appropriate support for nationally appropriate mitigation actions;
 - f. Addressing emissions from international aviation and maritime transport;
 - g. Addressing emissions from hydrofluorocarbons;

* Cf Updated UNEP report on the mitigation gap.

7. *Requests* Parties and observer organizations to submit their views on options to increase the level of ambition, including on the issues above, before XX 2012,
8. *Requests* the Secretariat to prepare a synthesis paper on current information on the scale of the emissions gap, and on the potential of various options to bridge this gap, including on the views submitted above, with the aim of facilitating the understanding of Parties on these matters;
9. *Decides* that the processes of workshops on mitigation pledges initiated in decision 1/CP.16, paragraphs 38 and 51, should continue, in order to provide concrete examples from Parties and inform the negotiation process;
10. *Further decides* that these workshops will be made more specific and streamlined, focusing on detailed questions to be circulated in advance of each workshop by the UNFCCC Secretariat;
11. *Requests* the UNFCCC Secretariat to update the technical paper detailing developed countries' pledges, and to set up a new technical paper structuring the information provided by developing countries on their pledges so far.