



**Keynote address for the commemorative event
to mark the entry into force of the Kyoto Protocol
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It is such a pleasure and an honour to be here today on the historic grounds of Kyoto. Just over seven years ago the Kyoto Protocol was concluded in this very conference centre. And today the world celebrates its entry into force, here in Kyoto and in many other places all over the world. I express my sincere gratitude to the Government of Japan for having invited us back to the cradle of the Kyoto Protocol to jointly commemorate this major step forward in the battle against human-made climate change.

I recognize several faces of people who provided leadership and exhibited incredible resilience in those difficult negotiations and continue to strive for progress now. One of them could not be here today, very much to his regret: I mean my predecessor Michael Zammit Cutajar whom I greatly admire for what he has done in this wonderful city, as well as before and after. Michael asked me to convey to the Government of Japan, the Prefecture of Kyoto and the City of Kyoto and to all his friends in the process, of which he has such fond memories, his very warm regards.

In the seven years that have gone by, we witnessed further indications of climate change. The impacts of a changing climate are already being observed in many sectors of society and ecosystems. Changes to polar ice, glaciers and rainfall regimes have already occurred. We see an increasing number of extreme weather events, such as droughts, floods and hurricanes. While more research is needed, these alarming signals confirmed by the scientific community keep climate change high on the political and business agendas in many countries.

In 1997, the foundation of the future climate regime was laid down here, and in the subsequent seven years our UNFCCC process further developed the rulebook needed for an effective and transparent implementation of the Protocol. COP 7, in Marrakesh was an important milestone, which paved the way for its ratification that culminates today in the long awaited entry into force of a new unique multilateral instrument. Very many countries have already shown their support for this instrument: As of today, 141 Parties across the globe have ratified the Protocol and others will surely follow.

The salient innovative features that make the Kyoto Protocol unique are well known. In particular:

- It sets legally binding targets for emissions of six major greenhouse gases in industrialized countries and defines a specific time period for achieving those targets;

- Through genuinely new international market-based instruments it created a new commodity that can be traded: carbon;
- It is designed to facilitate sustainable development and to provide additional support to developing countries in achieving this goal.

I will briefly touch on each of them.

In the period 2008-2012, the famous first commitment period, industrialized countries that are Parties to the Protocol have to reduce their emissions jointly by around 5% compared to 1990 levels. Although some say this is not enough to make a difference, even this will be quite a challenge. Fortunately, entry into force ends a period of uncertainty, and since emission targets become legally binding as of today, one may expect business to increasingly make the investment decisions that are needed for more climate-friendly operations and to follow proactive companies that are already reaping the benefits of being early movers. The Kyoto Protocol has already made a difference: According to the latest data, in a number of industrialized countries the growth in emissions started to slow down, or the emissions have slightly decreased. More efforts are needed for sure, but these are encouraging signs especially taking into account huge inertia of economic systems. We may just start seeing the results of measures taken to meet the Kyoto targets, many of which are based on the introduction of technological changes.

Technologies to address the climate change challenges are already available today. Implementing the emission reductions of the Kyoto Protocol will provide useful experience and a better understanding of the costs of abatement. Cost of some of the measures may actually be lower than expected: Already now, many companies report that investing in new low-carbon technologies pays off. While much can be done with existing technologies, it is also important to expand the range of options that can reverse the trend of increasing greenhouse gas concentrations. Now that the Kyoto Protocol has become a reality today, investing into new technologies should become even more attractive.

Implementation of the Protocol obligations will be closely monitored, and the compliance system, which will give added legal muscle to the process of holding Parties to their commitments, will be put in place very soon.

It is up to each country to design and implement its policy to reduce emissions. Over the years, we have seen that Parties, in anticipation of fulfilling their commitments, have used a wide variety of policies and measures. The Kyoto Protocol opens the possibility to obtain credits for emissions that are reduced abroad as part of the strategy to meet the targets cost-effectively.

Early emissions trading activities by Parties, for instance within the European Union, but also within companies, are underway. A sound development of this budding market is of paramount importance for the success of the Kyoto Protocol.

Credits obtained through the Clean Development Mechanism (CDM) – a unique “baby” conceived and born in Kyoto – can also be sold on the international emission trading market. Studies show that by 2012 the size of the CDM market could well grow to a total of 1,250 millions tonnes of CO₂ equivalent. The CDM is one of the most innovative features of

the Kyoto Protocol. It encourages investments in developing country projects that promote sustainable development while limiting emissions. The active involvement of the private sector is critical for the success of the CDM. The CDM is already fully operational, as it was given a “prompt start” in 2001 and the first projects have been approved. Many others are under development across the globe promoting renewable energy, energy efficiency, fossil fuel switching, landfill-gas capture, as well as reforestation and afforestation.

The regulatory infrastructure to deal with this flow of projects has been set up, with the CDM Executive Board at its centre. This is again, in my view, a new and innovative way of doing intergovernmental business. The Board, which is accountable to Parties, must ensure the integrity of the implementation of the CDM, while responding to the needs of the business community in all sectors of the world economy. The challenge to regulate in such an environment is well appreciated!

Besides funding sustainable development projects, the CDM will also generate resources for developing countries to assist them to adapt to climate change. Given the amount of greenhouse gas emissions that has already accumulated in the atmosphere, some climate change is inevitable and countries must be prepared to adapt to its impacts. The tenth session of the Conference of the Parties last December underlined the importance of adaptation by adopting the Buenos Aires programme of work on adaptation and response measures. Two percent of the credits earned from CDM projects will go into an Adaptation Fund that will support particularly vulnerable developing countries.

So the Kyoto Protocol sets a lot in motion: legally binding emission targets, a market in which carbon can be traded and support for the sustainable development in developing countries. We have good reasons to celebrate. At the same time we must realize that the Kyoto Protocol is the first step that sets action in motion but that by itself is not enough to deal with the problem. More is needed to come closer to the objective of the Convention: “to achieve [...] stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.” (UNFCCC, Art. 2)

Let’s build on the experience that is now being gained to design the multilateral framework that will lead to a climate friendly future for all!

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