



Economic and social consequences of response measures

Joint SBI/SBSTA 34 forum
13 June 2011



RM in the broader mitigation context

- EU is continuing to implement its commitments under the Convention and Kyoto Protocol on issues relating to response measures.
- We believe that a comprehensive and global regime with broad coverage of sectors offers the best option to address at the root the issue of response measures/ potential consequences.
- Visibility on mitigation objectives will provide a degree of predictability of any potential impacts.

Information is key

- There is a need to better understand the actual impacts being felt, both positive and negative
- Consider how existing channels, especially National Communications could be improved and built upon
- A1 Parties are already reporting in their Nat Coms, but in order to complete the picture there needs to be a better understanding of impacts being felt by NA1

EU legislation addresses RM

For all new policy initiatives:

- Impact Assessments
 - Guidelines specifically address both positive and negative impacts on third countries and also issues related to international relations
- Stakeholder consultations
 - EU policy-making encourages stakeholder involvement
 - In particular this is an obligation for every impact assessment: all affected stakeholders should be engaged, using the most appropriate timing, fora and tools to reach them.
- Double objective to maximize positive impacts and to minimize adverse impacts



EU Efforts – Positive impacts

- Directive on the promotion of the use of renewable energy
 - addresses the risk of adverse impacts by pioneering "sustainability criteria" for biofuels
 - First global initiative to address the climate change and sustainability issues surrounding crop production
 - Third countries benefitting from lower costs due to economies of scale in production of renewable energies
- “CO₂ and cars” Directives – fuel performance standards for new cars and light vehicles
 - Significant improvement of air quality as a co-benefit
- Inclusion of aviation in the EU emission trading scheme

Example: Aviation in the EU ETS

- All sectors should contribute – including international aviation
 - Emissions due to triple from 1990 by 2020
- The EU has been pursuing reductions through ICAO and UNFCCC to develop robust targets and measures, but no mandatory measures agreed to date
- The EU law includes aviation in the EU ETS (-5% below 2005 by 2020)
- ‘De minimis’: smallest aircraft operators exempted from system – excludes airlines from over 100 developing countries
- If third countries implement equivalent measures incoming flights can be excluded

Aviation in the EU ETS cont.

- In EU ETS, 100% revenues from aviation auctions should be used for climate action, including in DCs
- Consistent with position that CBDR & RC could be taken into consideration in distribution of potential revenues from international transport
- Operators can buy from each other, from stationary sectors, at auction and can use international credits
- If carbon price is €17 a tonne then, if airlines pass on the full value of carbon to passengers
 - London – New York return approx €14
 - Brussels – Beijing return approx €19
- If airlines only pass on the cost that they pay – ie that are not allocated for free – the costs are very much lower – around €2.50 for a return to Beijing



Questions

- What issues concerning response measures/potential consequences are already being addressed by current channels, institutions and work programmes?
- What value would an additional work programme have in enhancing the use of existing channels of information?
- How could an additional work programme allow us to bring together existing channels and institutions into one central place?

Outlook

- The need for a possible forum on RM and a work programme remains to be discussed.
- General considerations on a possible forum:
 - The way to add value is to bring together existing workstreams and discussions in a central place, and to avoid duplicating existing work
 - Discussions should move from process to substance
- General considerations on a possible work programme
 - Should be guided by para. 92 of 1/CP.16
 - Enhance existing channels of information
 - Focus on poorest and most vulnerable countries