



Workshop on developed country targets

Bangkok, 3 April 2011

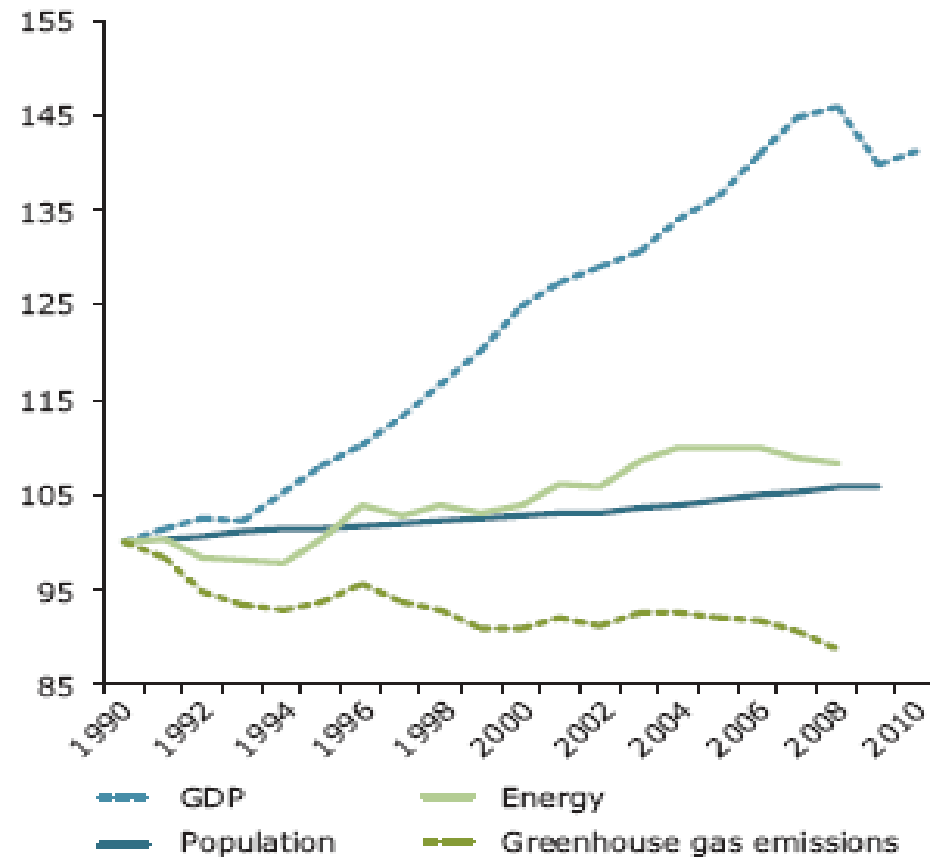
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EU contribution

EU action so far: significant reductions, decoupled from GDP growth



Index, 1990 = 100 (EU-27 — cumulative change)



- **EU will meet the Kyoto target**
- EU domestic emissions reduced by 16% between 1990-2009
- EU GDP grew > 40% and EU manufacturing grew by 34%
- Policy implementation drives mitigation (e.g. moving down from -7% in 2005 to -10% in 2008)

EU action so far: EU ETS as our flagship policy



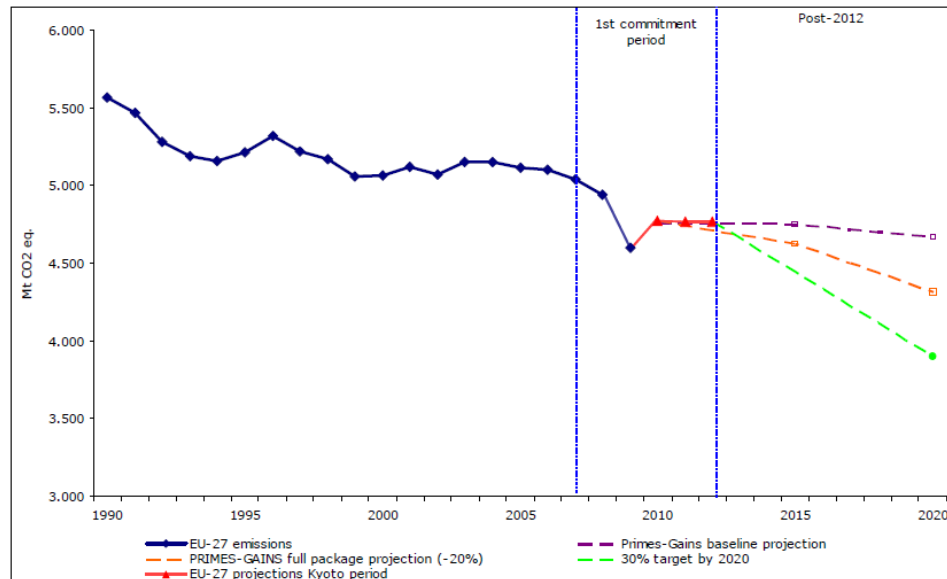
- **The world's largest cap-and-trade scheme**
 - covers more than 40% of EU emissions (from industrial installations, aviation and more gases from 2012).
 - main driver of international carbon markets (80% of demand comes from EU)
- **The EU ETS accounts for a significant part of the EU effort**
 - 2005-2007: -2% to -5% emissions reductions due to ETS (Ellerman et al)
 - 2007-2009: -13.7%
 - Will reduce ETS sectors emissions to 21% below 2005 in 2020, using cap and phase-in the auctioning of allowances, fostering innovation.
- **The EU ETS has a concrete influence on investments made**
 - In 2006, 5% of participants took future cost of carbon into account for investment (Point Carbon Survey)
 - By 2007, this had risen to 65%
 - By 2010, long term carbon price a decisive factor for new investments for 47% (61% for large polluters). 54% say 'EU ETS has already caused emissions reductions in my company'

EU pledge for 2020: 20/30%

The Climate and Energy Package



- **EU ambition: to become the leading climate friendly region in the world**
- **EU pledge: independent target of 20% below 1990 by 2020 + offer to move up to 30%** (this includes both domestic reduction and international credits).
- **Our legislation is already in place since 2009 to meet a 20% emission reduction: the “Climate and Energy Package”**
- **More ambitious than Kyoto/Marrakech rules:** e.g. inclusion of international aviation, LULUCF, higher CDM quality standards, supplementarity defined, recognition of early action (Kyoto bonus), no carry over of AAUs, single base year 1990, annual compliance cycle, higher penalties for non-compliance in emissions trading sectors, take account of direct and indirect effects of biofuels on land use change.



Note: 2009 emissions are preliminary estimates from the European Environment Agency
Source: European Commission

A lot of legislation already in place incl.:

1. Monitoring Mechanism Decision (1999, 2004)
2. EU emissions trading system (2003, 2008)
3. Effort sharing decision (2008)
4. Renewables & biofuels (2008)
5. CO2 and cars (2008) and CO2 and vans (2010)
6. F-gases regulation (2006)
7. Fuel quality directive (2008)
8. CCS regulation (2008)
9. Ecodesign Directive (2010)
10. Buildings Directive (2010)

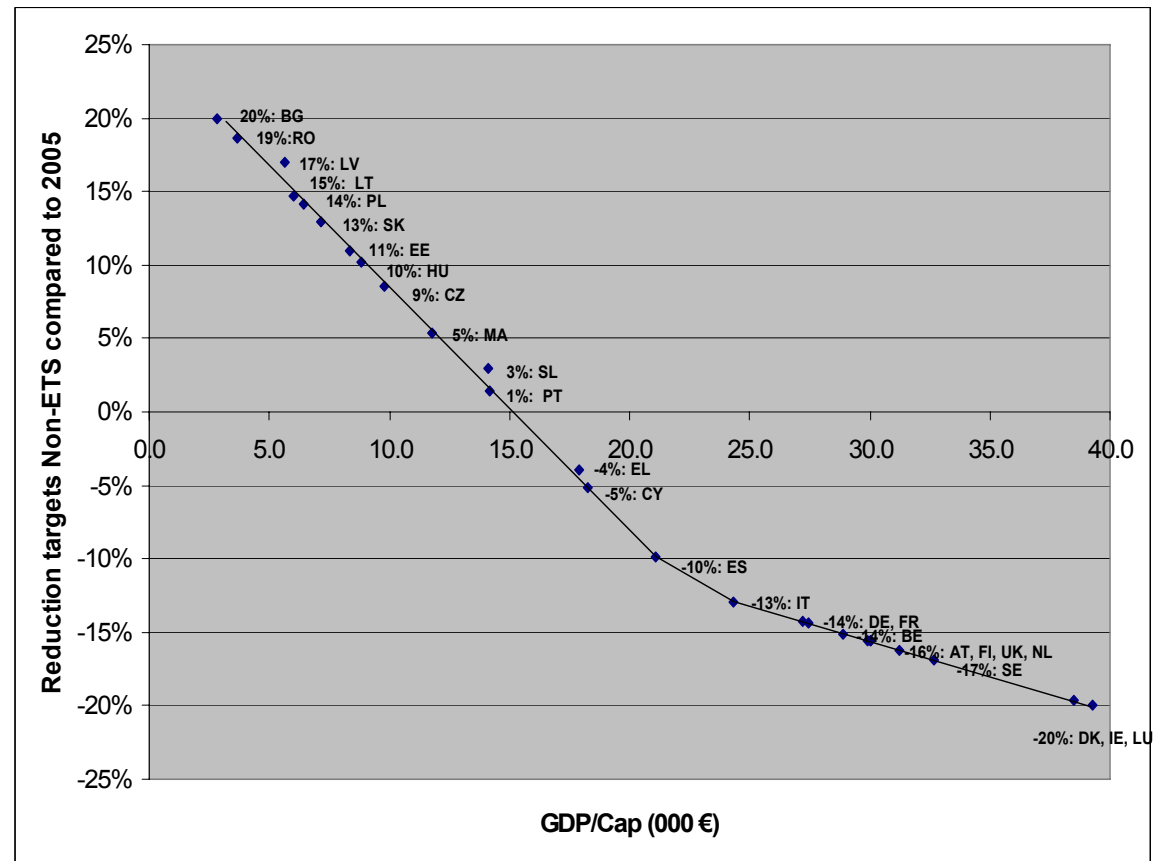
EU pledge for 2020: 20/30%

Differentiated efforts respecting national responsibilities



In non-ETS sectors, need to take into account the wide divergence of GDP/capita in the EU-27

- GDP/capita as criterion for differentiation (ability to pay)
- Limitation: between -20 and +20%
- Consequences:
 - Member States with lower GDP/capita can continue to grow in sectors such as transport
 - overall cost increases marginally compared to cost-effectiveness
 - but significant equalisation of overall effort between Member States



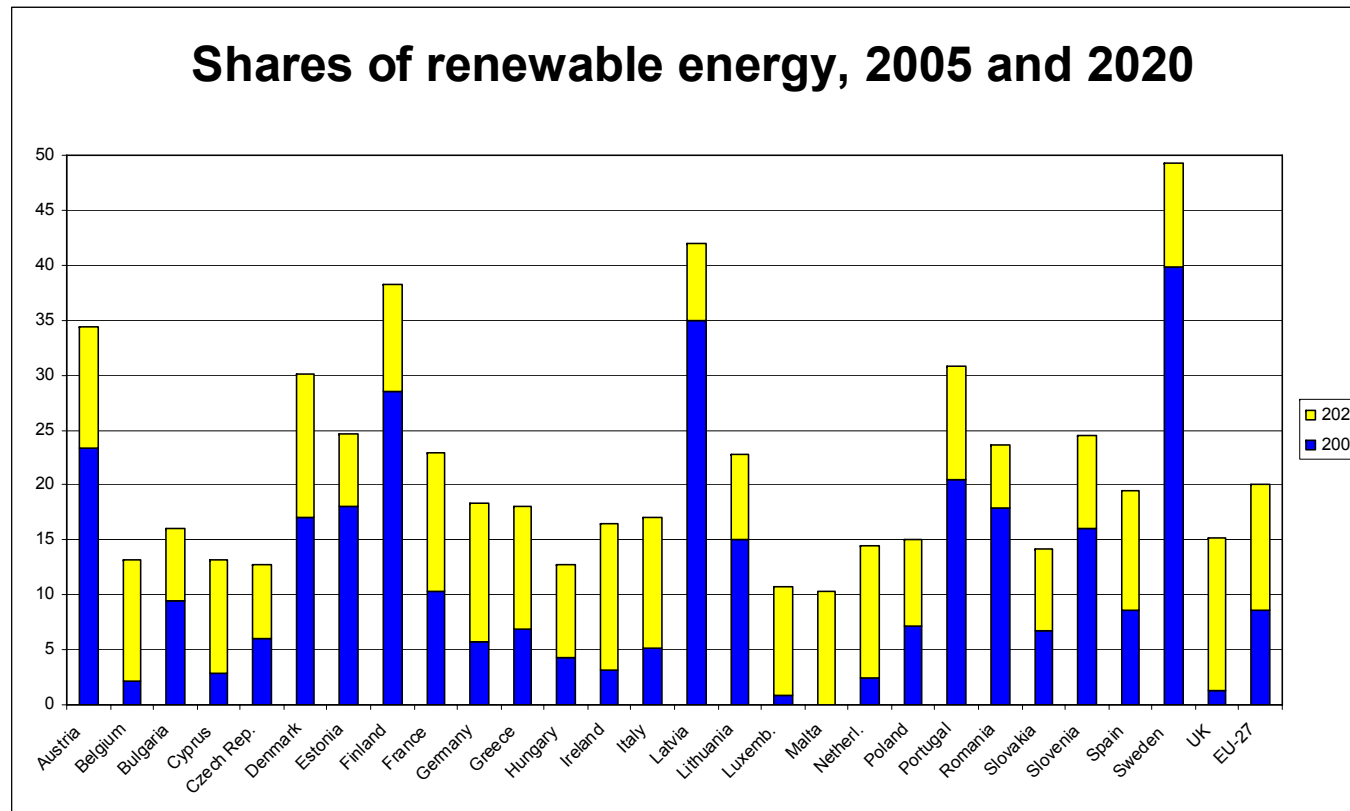
EU pledge for 2020: 20/30%

National renewable energy targets



Binding national targets for renewable energy to collectively **lift the average renewable share across the EU to 20% by 2020** (including 10% biofuels share in 2020; from 8.5% to 20% for the EU overall)

Respecting national choices on energy mixes and national potential for renewable energy.
The targets will contribute to **decreasing the EU's dependence on imported energy.**



EU pledge for 2020: 20/30%

Implementation is now the priority



- ❑ **Ambitious! – we are committed to deliver**
 - EU has now integrated EU climate and energy targets in its overarching policy framework “**Europe 2020 Strategy**” guiding economic, regional development, innovation policy making.

- ❑ **Framework legislation in place for 2020, focus on implementation**
 - EU Emissions Trading System (3rd phase preparation, e.g. benchmarks for industry, auctioning platform); Effort Sharing Decision (preparatory work for 2013-2020); Engine efficiency; Fuel Quality Directive

- ❑ **New initiatives already in preparation**
 - **Proposals:** White paper on transport; Energy Efficiency Plan (March); Multi-Annual Financial Framework 2014-2020 (mid 2011), Land use, land use change and Forestry (mid 2011), Revision of Monitoring Mechanism Decision (mid 2011)
 - **Preparatory work:** Heavy Duty Vehicles, Maritime transport
 - **Review:** F-gases
 - **Internal progress report** to European Parliament and Council (October) towards meeting Kyoto objectives

EU pledge for 2020: 20/30%

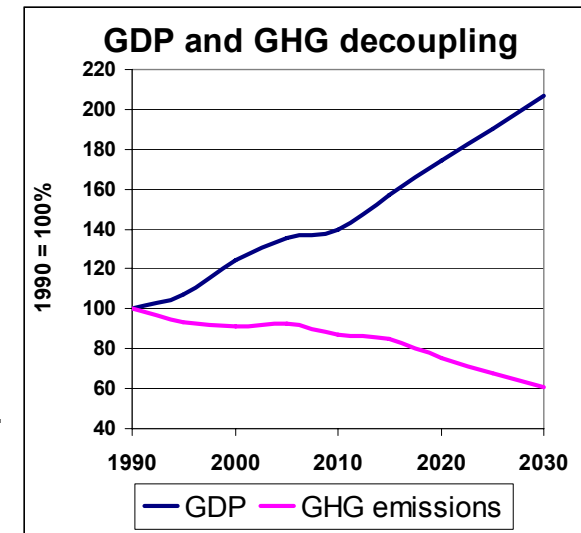
The broader context



- ❑ **Our conditional target: move to a 30% reduction by 2020**
 - ❑ Provided all Parties contribute their fair share to a cost effective global emission reduction pathway.
 - ❑ The existing policy framework can be adjusted to deliver higher ambition

- ❑ **The longer-term perspective: working towards an EU Low-Emission Development Strategy**
 - ❑ EU 2050 objective: 80-95% (in context of developed country reductions as a group)
 - ❑ Discussions kickstarted by European Commission's "2050 roadmap" (published 8 March)
 - ❑ The roadmap explores a cost efficient pathway for the EU towards 2050 and EU long term investment needs.
 - ❑ Discussion scheduled in Council (June), in Parliament and with stakeholders

- ❑ **Investment with benefits** : green growth, jobs, competitiveness, health
 - ❑ Investment: € 270 billion annually during 2010-2050
 - ❑ Fuel savings (€175-320 billion on average annually during 2010-2050)
 - ❑ Primary energy consumption about 30% below 2005, energy security
 - ❑ Air quality and health benefits: €27 bn in 2030, €88 bn in 2050



Key considerations to address this year: Ambition level: stay below 2°C

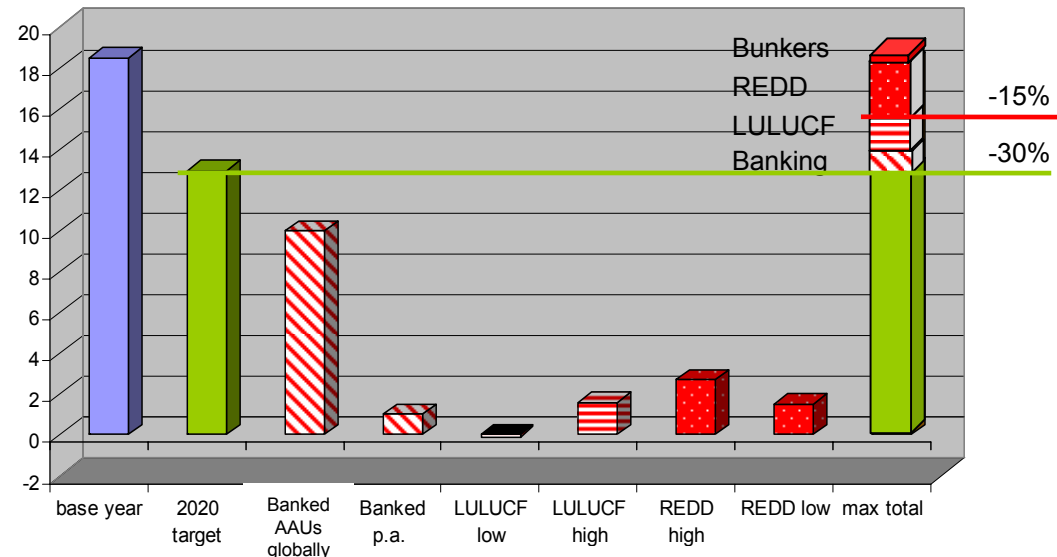


- **Keeping average global temperature increase below 2°C confirmed as global objective**
 - Requires « global 2°C pathway » – GHG emissions to peak by 2020 at the latest, reduce by at least 50% by 2050 below 1990 levels
 - Requires efforts by all – and leadership by developed countries (-25-40% by 2020, -80-95% by 2050 below 1990 levels)
- **EU pledge decided in the context of ambitious international action to stay below 2°C**
- **Developed countries must close their "ambition gap"**
 - Developed country commitments in INF.1 add up to -13-18% by 2020 below 1990 levels – not in line with <2°C
 - Comparability is important – one size doesn't fit all! (depends on multiple criteria)
 - Market-based approaches are key for cost-efficiency and to help close the ambition gap

Key considerations to address this year: Rules matter: Accounting is key



Comparing banked AAUs, LULUCF, REDD to the scale of Annex I emissions



- **Rules matter**

- **to translate pledged targets into comparable commitments** (cf. starting point, reduction rate, period of commitment, base year, sectors, gases, GWPs)

- **to ensure comparable reporting and build trust** (cf. MRV, compliance systems)

- **on how targets are achieved**

- **Market mechanisms:**

- Access to global carbon markets is indispensable but need to ensure complementarity

- EU supports development of the global market – EU ETS, bilaterally linking compatible systems, support continuation of flexible mechanisms, improving them, and establishing new mechanisms in Durban.

- Need to discuss and define common rules to ensure international comparability of efforts

- **LULUCF rules**

- **Banking rules**

- **Rules considerably influence the ambition of pledges.**

- **In LCA too we must ensure that “a tonne is a tonne”**

- We need common and transparent accounting rules to ensure comparability

- Build on KP rules

Conclusion



The EU's contribution:

- The EU is making serious efforts
- Climate, economic and energy goals are mutually supportive
- Robust legislation supports delivery
- Work on 2050 pathways supports implementation

Next steps – Essential points to look into further:

- Use workshops to understand pledges, inform our discussions
- Assess scale of the “gap” to 2°C and explore ways to increase ambition
- Robust, rigorous and consistent accounting rules