

28 November 2008

ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

**AD HOC WORKING GROUP ON FURTHER COMMITMENTS
FOR ANNEX I PARTIES UNDER THE KYOTO PROTOCOL**

Sixth session

Accra, 21–27 August 2008, and Poznan, 1–10 December 2008

Agenda item 6

**Analysis of mitigation potentials and identification of ranges
of emission reduction objectives of Annex I Parties**

**Information and data related to paragraph 17 (a) (i) and (ii) of document
FCCC/KP/AWG/2006/4 and to the scale of emission reductions by
Annex I Parties, and views on the organization of an
in-session workshop on these issues**

Submissions from Parties

Addendum

1. In addition to the six submissions contained in document FCCC/KP/AWG/2008/MISC.4, one further submission has been received (on 24 November 2008).
2. In accordance with the procedure for miscellaneous documents, this submission is attached and reproduced* in the language in which it was received and without formal editing.

* This submission has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

SUBMISSION FROM AUSTRALIA

Mitigation

Submission to the AWG-LCA and the AWG-KP

This submission provides the further views of Australia on the matter of mitigation of global greenhouse gas emissions. It addresses a number of policy matters pertinent to mitigation including the collective mid-term and long-term ambition; the approach of common but differentiated responsibilities and respective capabilities; comparability of effort; and measurable, reportable and verifiable national commitments and actions. It also addresses several technical matters that are central to defining the way forward, such as the application of assigned amounts, base years, and the possible length of a second commitment period.

A collective mid-term and long term ambition

It is desirable that countries agree on a mid-term ambition for constraining global emissions. An integral part of this goal should be a collective mid-term emission reduction goal for developed countries. Both should be expressed as a percentage by which Parties aim to collectively restrain their emissions by a certain date.¹

Such collective mid-term goals would help define the trajectory for emissions reductions towards the long-term emissions reduction goal, a key part of the Bali mandate. As such these goals should be developed in conjunction with, and not in isolation of, work to define the long-term global goal for emissions reductions. Work on developing the mid-term and long-term goals should begin in earnest at Poznan.

In terms of collective effort, each collective goal should incorporate a single percentage ambition, a base year from which this ambition is measured against, and a target year by which this global aspiration may be achieved. This follows past precedent.²

A spectrum of effort

The approach of taking into account common but differentiated responsibilities and respective capabilities is an important part of a core principle of the Convention.

All countries have a common responsibility to address climate change. A key objective for the post-2012 outcome for all should be for as many countries as possible, including all major economies, to agree to deliver national mitigation actions. Such actions should be measurable, reportable and verifiable.

The participation of all major economies in an effective post-2012 outcome is particularly critical. The top six emitters (China, United States, EU, Indonesia, Brazil and Russia) account for

¹ An example is Australia's pledge to reduce national emissions by 60 per cent by 2050 on 2000 levels.

² For example, in the first commitment period, Annex I Parties agreed to a collective goal of trying to reduce their overall emissions by five per cent over 1990 levels.

some 60 per cent of global emissions. The top 20 emitters, including Australia, account for more than 80 per cent of global emissions.

The extent of individual commitments as part of a post-2012 outcome would naturally differ according to national circumstances. We should strive to achieve concerted global action with countries committing to individual actions in a way that is comparable across the spectrum of national circumstances. Broader participation is most likely if countries are able to adopt different types and levels of commitments.

Australia and other advanced economies should continue to take the lead in mitigating climate change. All developed countries should agree to economy-wide targets as part of the post-2012 outcome. These targets should represent a comparable mitigation effort taking into account national circumstances, such as population growth, economic growth, energy production structure and natural resource endowment. This follows the approach that underpins the Kyoto Protocol.

A significant number of advanced economies are currently not members of Annex I. Examples of such include Singapore, Malta and Korea among others. Australia invites all advanced economies to take comparable actions under item b(i) of the Bali Action Plan. It is desirable also for all advanced economies that have not yet nominated to join Annex I to do so.

In addition to the reduction commitments by advanced economies, many studies demonstrate that developing countries will need to soon put in place effective policies and measures to reduce emissions below business as usual if the climate is to be stabilised at moderate levels. Thus, as part of the post-2012 outcome, as many developing countries as possible should make policy commitments implementing a range of mitigation actions.

Many developing countries have already adopted national programs that address climate change. Australia welcomes these efforts and looks forward to seeing these, and other measures and further efforts reflected appropriately in the post-2012 outcome.

Australia thus supports the recognition in the post-2012 outcome of a broad range of policies and measures, and encourages those with the national capacity to do so adopting more ambitious commitments. While incentives for clean development will continue to be important, self-funded national actions by developing countries will be also necessary.

There are also a number of Parties whose circumstances allow them to make a substantive national contribution as part of a post-2012 outcome. These countries may wish to work towards committing to a blend of actions under both b(i) and b(ii).

These actions by non-Annex I countries should lead to a substantial deviation in emissions from what they would otherwise be to allow global emissions to peak and then decline steeply thereafter.

Comparability of effort

Mitigation will be best enhanced by countries making a comparable effort to others at a similar stage of development taking into account differing national circumstances.

Comparable effort would be represented by the entire portfolio of a country's effort. Mitigations commitments and actions could include:

1. economy-wide targets for advanced economies;
2. binding national actions by developing countries in a measurable, reportable and verifiable manner; cooperative sectoral approaches;
3. support for research, development and diffusion of clean technologies; and
4. support for clean development, including assistance to build capacity of less developed countries to implement climate change policies and measures.

For advanced economies, the most important component of their effort will be the nature of their individual economy-wide targets. For the Kyoto Protocol's first commitment period, it was agreed that what represented comparable effort by individual Annex-I Parties resulted in a spread of different national targets.

Discussion of a collective mid-term ambition will help guide Parties in their efforts to individually determine their ambitions. The individual effort by advanced economies would reflect national circumstances and when inscribed into commitments will be spread in a band above and below the collective ambition.³

Measurable, reportable and verifiable mitigation

The Bali Action Plan calls for measurable, reportable and verifiable (MRV) mitigation by developed and developing countries.

(a) Measurement

MRV commitments and actions should focus on actions capable of achieving quantifiable emissions limitation or reduction outcomes. This includes actions for which outcomes are not directly measurable, but can be extrapolated or projected based on agreed methodologies. In many cases it would not be necessary to measure the quantifiable outcomes of individual actions; these could be combined to produce an aggregate result.

Actions that cannot easily be measured in terms of emissions limitation or reduction outcomes should not be ignored. For example, actions relating to technology research and development, capacity building, education, behaviour change or enabling environments can all deliver important mitigation benefits. In these cases it may be appropriate to consider measurement, reporting and verification as individual concepts (i.e. excluding "measurement" as a requirement)

³ For example, the amount by which Annex-I Parties individually pledged to limit their emissions in the first commitment period ranged from 92 per cent below 1990 levels to 110 per cent above 1990 levels. This is a spread in national commitments of 18 percentage points. The 15 original members of the European Union (EU) later negotiated a bubble agreement that recognised the differing national circumstances of its members. In collectively meeting the EU target, some members pledged to take deeper cuts than others. As a result targets within the EU bubble for the first commitment period ranged from 72 per cent below 1990 levels (Luxembourg) to 127 per cent above 1990 levels (Portugal). This is a spread of 55 percentage points.

or to consider “measurement” in relation to alternative indicators, such as inputs or implementation.

(b) Reporting

The current reporting system under Articles 4 and 12 of the Convention provides a good foundation for the MRV of commitments and actions under 1(b)(i) and 1(b)(ii) of the Bali Action Plan.

Enhancements to strengthen Article 12 and the reporting guidelines for both developed and developing countries will be necessary, building on existing national communications and greenhouse gas inventories as mechanisms for Parties to fulfil their MRV requirements. Improving the quality, consistency and transparency of information communicated by Parties will be an essential step toward meeting Parties’ MRV requirements under the Bali Action Plan. This will also allow national mitigation efforts to be better recognised and considered as part of the global effort.

Annual Annex I greenhouse gas inventories provide a reliable basis for tracking overall emissions and emissions trends of Annex I Parties. However these account for less than half of global emissions.

There is a clear need to move towards standardised reporting requirements across both developed and developing countries. In particular, more regular and comprehensive reporting of inventory data will be fundamental to enable mitigation potential to be better identified and assessed, to ensure progress towards the implementation of the Convention and towards our medium-term and long-term goals.

Moves towards more comprehensive, regular and reliable inventory reporting by all major and emerging economies will be necessary in the future multilateral regime. Those countries that lack the current capacity to prepare robust economy-wide greenhouse gas inventories should work to put such systems in place. In the first instance effort could focus on regular and comprehensive inventories of emissions in key sectors. Reporting requirements for LDCs should be light.

Continued technology, financing and capacity-building support to improve reporting will be necessary. In addition to Annex I Parties, a number of more advanced developing countries have significant experience through the development of their national communications, and will be well-placed to assist less capable countries to enhance their capacity. Similarly, international organisations with experience collating emissions data will be a useful source of expertise.

(c) Verification

Appropriate verification will be important to build confidence among Parties, as well as ensuring that the COP has adequate information to assess progress against the objectives of the Convention and the Bali Action Plan. In order for Parties to meet the “verifiable” element of their MRV requirements, third party review of MRV actions will be essential.

An approach that builds on the current ‘in-depth review’ for Annex I national communications will be necessary to enable all Parties to meet their MRV requirements. The standard of

verification required for actions supported by MRV technology, financing and capacity-building, and for actions capable of generating credits, will be higher than for national actions. The overall verification requirements for LDCs would be lighter than the standard expected of others.

(d) International support

The current reporting system provides a good starting point for measuring, reporting and verifying technology, financing and capacity-building support for mitigation commitments and actions.

Annex I Parties are already required to report information on the “new and additional” financial resources provided by them, including through bilateral, regional and other multilateral channels, and steps they have taken to promote, facilitate and finance the transfer of technology and to support the development and enhancement of the endogenous capacities and technologies of developing countries.

The reporting guidelines for both developed and developing countries should be revised to ensure more comprehensive and consistent reporting to meet MRV support requirements. Parties should also provide information on efforts to encourage technology, financing and capacity-building support from non public sources.

Annex I and Annex II

Since the Convention was adopted in 1992 no work has been done to better differentiate the responsibilities of Parties beyond the simple list of Parties in Annex I and Annex II to the Convention. Annex II is based on which States were members to the OECD in 1992, and Annex I included additional States that were undergoing the process of transition to a market economy. Neither list reflects current realities (the attachments provide some sense of this).

Given the considerable variation in the circumstances of the 192 countries in the UNFCCC, there can be many different approaches to differentiating and grouping countries according to such circumstances. The development of a set of indicators would help assist Parties in applying the principle of common but differentiated responsibilities.

Base years and assigned amounts

For countries, like Australia, with mitigation commitments under the Kyoto Protocol, the critical obligation is a country’s assigned amount. This is the total tonnes of carbon dioxide equivalent that a nation is allocated for the commitment period.

For the first commitment period a base year was used to help determine the assigned amount of emissions for each country. Although the base year used most commonly for this purpose was 1990, a number of Parties used different years for their base year. This was mainly to allow for the use of more accurate data.

Over time, and as part of the post-2012 outcome, more countries may assume obligations in the form of assigned amounts. For the purposes of measuring and reporting mitigation efforts, countries that are making commitments for the first time should use the latest comprehensive data possible to establish a base line. This will provide the highest confidence in the fidelity and

robustness of the data. If the most accurate and robust data available is for 2005, for example, then this should be used in preference to earlier years.

For countries that already have assigned amounts the original base year is, in a sense, superfluous. The most important factor in judging comparable effort for the second commitment period will be the amount by which individual countries strive to reduce their assigned amount relative to that provided in the first commitment period⁴.

Australia will announce a national mid-term goal for reducing emissions by 2020 in December 2008 in advance of the AWG-LCA and AWG-KP moving into full negotiating mode in 2009. It will greatly assist the negotiations if individual countries nominate a national ambition early in 2009 in a similar fashion to Australia. To date very few countries have done this.

Indicators to guide comparable effort

The assigned amount by which a country nominates to be bound as part of the post-2012 outcome will be a national decision. It was agreed, as part of the Bali mandate, that economy-wide targets should represent comparable effort by all advanced economies while taking into account national circumstances.

A country's physical, economic and energy situation are key determinants of national circumstance. These structural factors are difficult to quantify in an easily comparable way as the data sets relate to individual aspects of country circumstances. For example, a country's physical size is an important natural determinant of how efficient its power distribution network can be made, or the amount by which road and rail transport emissions can be lowered. The amounts of heating and cooling days are also an important natural determinant.

Mitigation costs will vary widely across economies, both in terms of aggregate economic costs and the marginal cost of reducing each tonne of emissions. Aggregate costs and marginal costs have different determinants. Aggregate costs largely depend on the share of energy- and emission-intensive industries in the economy (as this determines the share of economic restructuring required). Marginal costs depend on the nature of emission reduction opportunities in the economy.

Two general factors that can provide general guidance on the matter of comparability of effort are:

- (a) Per capita effort (the amount that countries aim to reduce emissions per capita in the second commitment period over the first commitment period).
- (b) Aggregate economic costs (the aggregate economic costs of mitigation action that countries may face in the second commitment period over the first commitment period as expressed as a percentage of GNP).

The AWG-LCA and AWG-KP should address the above indicators and country circumstances as part of the ongoing negotiations in 2009. This should be reflected in the relevant work plans at Poznan.

⁴ Australia's assigned amount for the five years of the first commitment period is just under 3 billion tonnes CO²-e.

Length of a second commitment period

A critical matter that has yet to be addressed by the negotiation is the length of the second commitment period. If the second commitment period is the same five-year length as the first it would run from 2013 to 2017, with the nominal target averaged to 2015. The assigned amount should continue to be expressed as covering the entire commitment period. The preferred length of the commitment period will depend on the breath and depth of commitments made by all major economies as part of the post-2012 outcome.

Attachment A 'Ukraine' List

According to the IMF, the following 44 countries had a higher GDP per capita (PPP) in 2007 than the Ukraine, an Annex I country.

Antigua and Barbuda	Libya
Argentina	Malaysia
Bahamas	Maldives
Bahrain	Malta
Barbados	Mauritius
Bosnia and Herzegovina	Mexico
Botswana	Nambia
Brazil	Oman
Brunei Darussalam	Panama
Chile	Qatar
China	Saudi Arabia
Colombia	Seychelles
Costa Rica	Singapore
Cyprus	South Africa
Dominican Republic	St Kitts and Nevis
Equatorial Guinea	St Vincent and the Grenadines
Grenada	Thailand
Iran	Trinidad and Tobago
Israel	Tunisia
Kazakhstan	Turkmenistan
Korea	United Arab Emirates
Kuwait	Uruguay

Attachment B 'Portugal' List

When Annex II was drafted the Party that set the benchmark in terms of GDP per capita (current) for inclusion in Annex II was Portugal. 15 Parties in 2007 had a higher GDP per capita than Portugal, as follows:

Bahamas
Bahrain
Brunei Darussalam
Czech Republic
Cyprus
Israel
Korea
Kuwait
Malta
Oman
Qatar
Saudi Arabia
Slovenia
Singapore
United Arab Emirates

Attachment C 'Turkey' List

According to the United Nations Development Program, the following 43 non-Annex I Parties had a greater Human Development Index (HDI) in 2005 (latest year) than Turkey, an Annex I Party.

Albania	Libya
Antigua and Barbuda	Macedonia, FYR
Argentina	Malaysia
Bahamas	Malta
Bahrain	Mauritius
Barbados	Mexico
Belize	Oman
Bosnia and Herzegovina	Panama
Brazil	Qatar
Brunei Darussalam	Samoa
Chile	Saudi Arabia
China	Seychelles
Colombia	Singapore
Costa Rica	St Kitts and Nevis
Cyprus	St Vincent and the Grenadines
Dominica	Tonga
Dominican Republic	Thailand
Grenada	Trinidad and Tobago
Israel	United Arab Emirates
Kazakhstan	Uruguay
Korea	Venezuela
Kuwait	
