

16 August 2007

ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

**Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention**

**Fourth workshop**

**Vienna, 27–31 August 2007**

**Dialogue working paper 10 (2007)**

**Submission from Portugal  
on behalf of the European Community and its member States\***

---

\* This submission was submitted on 16 August 2007 and 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 BY PORTUGAL  
ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES**

Lisbon, 16 August 2007

**Working paper for the UNFCCC Secretariat on the Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention (Decision 1/CP.11)**

1. Portugal on behalf of the European Community and its Member States welcomes the opportunity to submit its views on the building blocks for long-term cooperative action to address climate change and on steps to be taken to coherently integrate these into an appropriate and effective international response to climate change.
2. The EU's views are informed by the statement of its Heads of Governments at the Spring Council of 9 March 2007 that 'negotiations on a global and comprehensive post-2012 agreement [...] need to be launched at the UN international climate conference beginning at the end of 2007 and completed by 2009', as well as on their statement on the key elements or building blocks of a future framework<sup>1</sup>, including:
  - a shared vision to reach the ultimate objective of the Convention;
  - deeper absolute emission reduction commitments by developed countries;
  - further fair and effective contributions by other countries, including incentives set by new and flexible types of commitments, to reduce the greenhouse gas emission intensity of economic development;
  - extending the carbon market, including innovative and enhanced flexible mechanisms;
  - increasing cooperation on technology research, development, diffusion, deployment and transfer;
  - enhancing efforts to address adaptation, including risk management instruments, finance and technologies for adaptation;
  - addressing emissions from international aviation and maritime transportation, making further use of the expertise, experience and work of relevant international organisations;
  - reducing emissions from deforestation and enhancing sinks by sustainable forest management and land use practices.
3. The EU strongly believes that, in order to coherently integrate the above elements into an appropriate and effective response to climate change, COP13 and COP/MOP3 in Bali need to lead to the engagement of all Parties in a comprehensive negotiation process including both the Convention and Kyoto Protocol tracks agreed at COP11 and COP/MOP1, with a view to reach a global and comprehensive post-2012 agreement by 2009 at COP15 and COP/MOP5 in Copenhagen, making full use of the IPCC Fourth Assessment Report. This negotiation process should further specify:

---

<sup>1</sup> See also EU Environment Council on 20 February 2007.

- The level of ambition to guide the negotiation process and its outcome, including the need to limit the global average temperature increase to not more than 2 °C above pre-industrial levels and a 2050 goal/yardstick of low carbon development to reduce global emissions to at least 50% below 1990 levels that provides guidance for setting interim milestones for peaking and reducing global emissions, taking into account the results of the IPCC Fourth Assessment Report.
  - The key elements of the post-2012 framework as referred to above aiming at an agreement on the level of ambition and contributions for the next stage/period immediately following 2012.
  - The conversion of the Convention Dialogue into a process that allows for the further development of and negotiations based on the ideas already brought forward at the Dialogue for strengthening the effective implementation of the commitments of all Parties under Article 4 of the Convention through further fair and effective contributions by countries, taking into account the principle of common but differentiated responsibilities and respective capabilities.
  - A roadmap leading to a global and comprehensive post 2012 agreement among all Parties at COP15 and COP/MOP5 in Copenhagen, including an accelerated work programme that contains all substantive tracks and agenda items on the key elements, including the review of the Kyoto Protocol at COP/MOP4 and the preparation for it before COP/MOP4, in accordance with decision 7/CMP.2 (review of the Kyoto Protocol pursuant to its Article 9), and interim milestones such as to review progress on all elements at COP14 and COP/MOP4 in Poznan.
  - The interlinkages between the tracks within the process to ensure that synergies will be exploited and that they all work towards the shared timetable culminating in political agreement on a comprehensive package in 2009.
4. The EU is strongly committed to achieving results in the AWG that are in line with its objectives, set out by EU Heads of State and Government in the Spring Council of March 2007, for Annex I commitments. Developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990. They should do so also with a view to collectively reducing their emissions by 60% to 80% by 2050 compared to 1990.
  5. The EU fully recognises that to ensure that negotiations on a global post-2012 arrangement are comprehensive, we will also need to address a range of cross-cutting issues such as exchange of information, education, investment in the development and use of cleaner technologies (both in mitigation and in adaptation), infrastructure, financing and capacity building. The EU also believes the UNFCCC must be a catalyst for investment in technology and adaptation yet implementation will take place mainly through other relevant processes and organisations.
  6. As the EU recognised in its first submission on the Convention Dialogue, the improvement of the investment environment is a cross-cutting issue that will need to be addressed in future international climate change policy making. The right investment choices – in other words in sustainable and efficient technologies and infrastructures and technologies that are compatible with future improvements –

will facilitate the transition to a low carbon future. This is particularly true for long-lived investments in energy systems, infrastructure, human settlements/housing and urban planning, etc. The choice of unsustainable or inefficient technologies and infrastructures, or options that are not compatible with future improvements, will lead either to stranded capital, or to “lock in” which will limit future options to tackle climate change.

7. The EU considers that a number of factors that have already been raised in the Dialogue and in other processes dealing with the post 2012 framework will be particularly important, such as:

- Providing a signal on the short, medium and long-term future of the climate regime and the carbon market that private and public investors can integrate into all their investment decisions.
- The catalyst role of the UNFCCC in “climate-proofing” investments, signalling vulnerabilities to ensure these are considered in both public and private investment decisions.
- Further developing the carbon market and policies and measures that create an explicit or implicit carbon price so as to provide the greater visibility and certainty needed to influence these urgent and globally crucial investment choices, particularly in sectors where there is a long period for capital stock turnover.
- There exists a portfolio of mitigation and adaptation policies, as well as a portfolio of technologies, that are commercially available today with a number of other technologies that are expected to be commercialised in coming decades, including many mitigation opportunities with negative costs. Accelerated deployment of low-carbon technologies yields economic benefits in terms of new investment and through the creation of new and sustainable employment.
- Exploring innovative ideas to engage business in a way that unlocks significant private sector capital and addresses the gaps in the innovation, deployment and diffusion chain. Provided the right price signal is set, the carbon market is by far the strongest tool that can deliver in this field. Additional opportunities include the involvement of business in international and bilateral cooperation on technology development, deployment and transfer, and in initiatives of international financial institutions. In this context, the EU looks forward to the paper on financial flows, being elaborated by the Secretariat.
- Co-benefits of actions to reduce GHG emissions can be substantial and may offset a substantial portion of mitigation costs.
- Full integration of climate change considerations (mitigation and adaptation) in the investment decisions of the international financial institutions. Many of these, such as the World Bank, regional development banks and export credit agencies, are already developing tools that can contribute to this change.

-----