

H-064 Study on Architecture and Process for a Multilateral Agreement on International Climate Policies Beyond 2012 (Abstract of the Final Report)

Contact Person Yasuko Kameyama
Senior Researcher, Center for Global Environment Research
National Institute for Environmental Studies
Onogawa 16-2, Tsukuba, Ibaraki, 305-8506 Japan
Tel: +81-29-850-2430 Fax: +81-29-850-2960
E-mail: ykame@nies.go.jp

Total Budget for FY2006-FY2008 69,239,000Yen (**FY2008**; 24,015,000Yen)

Key Words climate change, Kyoto Protocol, UN Framework Convention on Climate Change, international negotiation, future regime

[Abstract]

The purpose of this research project was to develop a proposal on future international institution for years beyond 2012. The framework should be environmentally effective, and at the same time be agreeable to all key nations. The research project consisted of two approaches. The first approach was to investigate the most preferable building-blocks of the international framework. The second approach focused on negotiating process to formulate a comprehensive climate regime that was to be indicated by the first approach. Participation of major economies was considered to be indispensable. A regional framework at Asia-Pacific region was also considered.

After three years of research, the team developed a concrete proposal on future international framework for years beyond 2012, in addition to specific forum in which the agreements could be reached.

The framework consisted of four main pillars:

- (1) Long-term goal: Countries should develop a shared vision on the ultimate objective of climate change, either in terms of global temperature rise or atmospheric concentration of greenhouse gases. A long-term target for 2050 should be directed. This goal can be included in one of the COP decisions.
- (2) Emission reduction targets for the developed countries: emission reduction targets that are sufficient to reach the long-term goal, are to be determined as the second commitment period of the Kyoto Protocol.
- (3) Emission mitigation activities for the developing countries: implementation of policies and measures that are sufficient to reach the long-term goal, is to be determined by revising the UN Framework Convention on Climate Change (UNFCCC). For several energy intensive industries that could be affected by emission reduction policies, sectoral agreements across countries could be considered. Such agreements could be reached outside the UN forum.
- (4) Key mechanisms that could support countries fulfill their commitments: utilization of carbon

markets, etc.

1. Introduction

The Kyoto Protocol has currently been the only multilateral agreement that calls for legally-binding emission target for greenhouse gas (GHG) emissions from the developed countries. The Protocol sets emission targets only for the five years between 2008 and 2012, and targets for years beyond it need to be negotiated in the future. As the current Protocol does not involve the U.S., and it does not hold any emission limitation requirement to the developing countries, there are stronger voices that such countries should be a part of international effort to mitigate climate change. At COP13 and CMP3, held in Bali, Indonesia in 2007, delegates agreed on starting a new process to deal with this “future regime” issue.

2. Research Objective

The objective of this research project was to develop a concrete proposal on the future climate change framework beyond 2012. To reach this aim, the research set two pillars. The first pillar was a set of studies on certain elements of future climate regime. Any future architecture was likely to be an architecture that consists of elements such as emissions target, carbon market, technology transfer, etc. The second pillar was a set of studies on processes to achieve the proposed international regime. Negotiation processes affect their outcome, the regimes. Multi-track processes were likely to arrive at plural number of agreements. Are such fragmentations preferable?

To reach such objective, this research project set up two sub-groups. The first group dealt with elements of institutions, including evaluation of Kyoto Protocol and proposals for future regimes, effects of emissions trading, etc. The second group dealt with decision making process and procedures to reach an agreement. The latter group consisted of two studies, one focusing on major economies such as the United State (U.S.) and emerging economies, and another focusing on the Asia-Pacific region. The future regime would need to incorporate developing countries’ participation. Thus, the institution needed to be compatible with sustainable development of those countries. The group dealt with ways to activate such actions.

3. Research Output

(1) International Institution

We organized 1) a literature review, 2) a group discussion workshop, 3) a questionnaire survey on future climate international regime, and finally 4) developed a concrete proposal on the future climate regime, especially focusing on specific arenas and procedures in which the parts of the regime were to be agreed.

The framework consisted of four main pillars:

- a. Long-term goal: Countries should develop a shared vision on the ultimate objective of climate change, either in terms of global temperature rise or atmospheric concentration of greenhouse gases in the atmosphere. A long-term target for 2050 should be directed. This goal can be included in one of the COP decisions.

- b. Emission reduction targets for the developed countries: emission reduction targets that are sufficient to reach the long-term goal, is to be determined as the second commitment period of the Kyoto Protocol.
- c. Emission mitigation activities for the developing countries: implementation of policies and measures that are sufficient to reach the long-term goal, is to be determined by revising the UN Framework Convention on Climate Change (UNFCCC). For several energy intensive industries that could be affected by emission reduction policies, sectoral agreements across countries could be considered. They could be reached outside the UN forum.
- d. Key mechanisms that could support countries fulfill their commitments: utilization of carbon markets, international cooperative scheme for technology transfer and adaptation, new scheme to protect forests in the non-Annex I countries, etc. are effective tools to motivate countries to commit to and reach ambitious emission reduction targets.

(2) Adaptation

We examined how international community could enhance adaptation policy in a future multilateral climate regime, based on related literatures and UNFCCC documents. We concluded that: 1) At the international level arrangements should facilitate links between international, regional and national entities and stakeholders, and should channel support towards enhanced adaptation planning and implementation at the regional and national levels; 2) At the national level, arrangements should be put in place for preparing and implementing national adaptation plans, which would be supported by rigorous vulnerability and adaptation assessments.

(3) Inventory

Looking into inventory procedures, in addition to any related procedural matters regarding monitoring, reporting and verifying procedures, was considered to be important when discussing any commitments of Parties, because any types of commitments that could not be verified with reliable data were considered to be ineffective. It was suggested that current inventory schemes were not sufficient to support plausible commitments of Parties that had been proposed by various literature. Especially for non-Annex I Parties, accumulation of experience of developing emission inventory data was considered to be important to discuss almost any type of commitments that could be agreed in the future climate regime.

(4) Burden sharing of GHGs reduction among member countries of European Union

To obtain suggestions concerning an international burden sharing of GHGs emission reduction cost, the two allocation of GHGs emission target among member countries of the European Union from 2008 to 2012 and beyond 2012 was investigated. It seemed that there was a reversal of principle for the burden sharing. There had been, however, already the principle of ability to pay implicitly in the former burden sharing. It came to be able to set the target in consideration of only ability to pay by introducing emissions trading and cooperation mechanisms of energy from

renewable sources. In addition, for the purpose of level playing field of the internal market, the initial allocation of allowance of emissions trading was separated from the concern of burden sharing.

(5) Compliance procedure: from legal perspective

While the compliance procedure under the Kyoto Protocol, like the ones under other multilateral environmental agreements (MEAs), has been elaborated in a way that thoroughly seeks to ensure compliance, it has two specificities. First, it institutionalizes and quasi-jurisdictionalizes the process. Second, it is oriented towards a stronger response to non-compliance in order to deter countries from free-riding and to keep the market mechanism operating soundly. Criticisms exist about adequacy and effectiveness of consequences to be adopted by the Compliance Committee to non-compliance with quantified emission reduction commitment under the Protocol. In effect, these consequences, even though non-binding, would be implemented in most cases. If not, non-compliant parties and their authorized entities would lose their eligibility for the Kyoto Mechanisms, leading to great economic losses. Expanding carbon markets considerably heightens the incentive to comply, and that has become a driving force for compliance. From such perspective, framework of a climate change regime beyond 2012 as well as its compliance procedure much depends on whether market mechanisms will continue or not and in what way.

Empirical study on compliance procedures under other MEAs indicates some common features. Firstly, they have been elaborated in a way that thoroughly seeks to ensure compliance through cleverly avoiding judging whether an act of non-compliance is legal or not and thus non-compliant country in question is internationally responsible or not. Secondly, in practice, compliance procedures under MEAs adopt a mixed (hybrid) approach: depending mainly on consultative and facilitative approach, they provide for some enforcement against deliberate noncompliance. Utilizing such consultative and facilitative approach is important so as to give incentive for countries of good faith making best efforts towards compliance to participate in the regime.

Border adjustment is now being considered as one of possible effective tools both to tackle carbon leakage and to give incentive for non-participating countries to participate in global mitigation efforts. However, in addition to technical difficulties, attention is to be paid for possible conflict of such measures with free trade rules under the WTO agreements.

(6) Rules concerning land-use, land-use change and forestry

It is important to consider the function of forests to absorb CO₂ within the concept of the comprehensive forest management. In order to come up with the proposal for the accounting method; 1) analyzed the movements and activities implemented under the international frameworks, which aim to maintain various functions of forests comprehensively, then investigated the relationships of those movements and activities with the treatment of forests as carbon sink under the UNFCCC; 2) collected case examples which evaluate the functions of forests in a quantitative manner, as basic information for the accounting method. For 1), it was found that the UNFF, which is involved with discussion on the setting of ITTO and the basics and indicators to make the sustainable forest management concrete, is not currently being able to play a significant role in establishing the

international legal framework which requires the sustainable forest management. Whereas for 2), this study investigated the appropriateness of the case examples by governmental organizations and private consultants.

Regarding the strategy to include forests in developing countries into the future framework of the Kyoto Protocol, this study mainly investigated the “Reducing Emissions from Deforestation and Degradation in Developing Countries (REDD)”, which was started being discussed after the COP13 intensively, and the CDM for afforestation/reforestation (A/R CDM). It was highlighted that the A/R CDM, which was originally highly expected to be actively implemented in developing countries, has not really been put into practice in those countries, and as a result of that, there exist two types of developing countries: one which can host (participate in/ receive benefits through) the A/R CDM and the other which cannot. Moreover, the result of this study pointed out that even in REDD, there is possibility that only a limited portion of developing countries may receive benefits by participating in the REDD mechanism. Furthermore, it was stressed that, in order to utilize REDD as one of the tools for the Kyoto Mechanisms, it is necessary for developing countries to consider the importance of the people living with forests substantially. Also, excessive emphasis on the function of forests to absorb CO₂ should be avoided, which is similar to the treatment of forests in industrialized countries under the Kyoto Protocol.

In the case of domestic forest resources, this study could explain the present situation and problems of forest role as sink in Japan. For the next commitment period, there are three accounting systems to be discussed on their theoretical and applicable property. These systems are Net-Net, Gross-Net and Baseline accounting approaches.

This study made clear the Gross-Net accounting system would be suitable to enhance the multi forest functions. In addition to this, Japanese forest situation also got advantage under the Gross-Net accounting system rather than others.

(7) Process to develop agreements among major economies

The objective of this study was to examine how international negotiations over a post-2012 climate regime can promote the proactive participation of major countries. In conducting research on processes which can facilitate proactive participation of Asian countries, we held a series of policy dialogues. At the policy dialogues, we identified and examined eight themes, in which Asian developing countries had keen interest in the international negotiation over a post-2012 climate regime. Such themes included: 1) energy security and development; 2) co-benefits; 3) Clean Development Mechanism (CDM); 4) sectoral approaches; 5) technology development and transfer; 6) financial mechanisms; 7) reducing emissions from deforestation and degradation (REDD); and 8) inventories. As to each theme, differences in expectations and concerns between developed and developing countries were considered, and concrete proposals for how to reconcile such differences were made. This study also considered the climate policy-making process of the U.S. from viewpoints of political science and legal study.

(8) Process to develop agreements in Asian region

We conducted a comparative analysis among countries in Asia, such as Bangladesh, China, India, Korea and Thailand. It was concluded that domestic politics in most of those countries had not yet been prepared to participate in international negotiation on climate regime. In most of those countries, institutions to be host of CDM projects were most of what could be called “climate policy institution” of the governments. It was suggested that development of inter- ministerial coordinative mechanism within those governments to discuss climate change regime was important for those countries to build capacities to negotiate future climate regime at international level.

Major Publications

- 1) Tamura, Kentaro (2006) “Climate Change and the Credibility of International Commitments: What is Necessary for the U.S. to Deliver on Such Commitments?” *International Environmental Agreements: Politics, Law and Economics*, 6(3): 289-304.
- 2) Koakutsu, K., and Watanabe, Rie (2006) “Energy Security and Developmental Needs” In Ancha S. ed. *Asian Aspirations for Climate Change Regime Beyond 2012: Energy Security and Developmental Needs, Clean Development Mechanisms, Technology Development and Transfer, and Adaptation*, Hayama, Kanagawa: Institute for Global Environmental Strategies.
- 3) Kameyama, Yasuko (2007) “Process Matters: Building a Future Climate Regime with Multi-Processes”, *Climate Policy*, 7(5), 429-443.
- 4) Amano, Masahiro (2008) “Expectation of LiDAR on Forest Measurement in Kyoto Protocol” *Forest Planning*, Vol. 13, 275-278.
- 5) Amano, Masahiro (2008) “Climate Change and Forest Resources Management” *Strategy to Combat Climate Change and the Pacific*, IGES, 65-69.
- 6) Kameyama, Yasuko, Sari, Agus P., Soejachmoen, Moekti H. and Kanie, Norichika eds. (2008) *Climate Change in Asia: Perspectives on the Future Climate Regime*, Tokyo: United Nations University Press.
- 7) Lee, Hyun-Young, Matsumoto, Mitsutaka and Kanie, Norichika (2008) “A Multi-Agent Model Approach to Analyze the Roles of Domestic Actors in International Climate Change Politics”, *Journal of Environmental Information Science* 36(5), 1-10.