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**2nd Standing Committee on Economic, Social and
Environmental Cooperation**

Special Task Force on Environment and Climate Change

“The Road to Copenhagen”

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I. Introduction

Going back to 1992, our world’s history was marked by the Earth Summit in Rio de Janeiro, the place where the United Nations Framework Convention on Climate Change (UNFCCC) was opened for signature. The Convention on Climate Change entered into force in 21 March 1994, after being signed by more than 150 countries at the Conference itself. The Convention did not set binding targets, however it expressed the political will of the world’s leaders to undertake actions which would prevent the catastrophic effects of greenhouse gases¹, on the basis of “common yet differentiated responsibility”. **The Convention differentiates between Annex I and Annex II (sub-group of Annex I) countries.** While the heaviest burden –in terms of technology transfer and cost bearing- was being put on the shoulders of developed countries, the so-called Annex II countries (OECD countries) developing countries were also encouraged to introduce gas emissions cuts. The benchmark was set to be year 1990.

The first addition to the Convention was made in 1997 in Japan where the Kyoto Protocol was initiated.

¹ Detailed reference on Climate Change impacts was made at the previous report of the rapporteur which was adopted by the Plenary of the PAM in Monaco, November 2008.

II. The Kyoto Protocol

The Protocol is an international agreement which sets binding emission targets for the 37 industrialised countries and the EU², entered into force on 16 February 2005 and as of 2008, it has been ratified by 183 parties. It is worth mentioning that a group of countries (among them USA) has ratified the Convention but not the Kyoto Protocol! Under the Protocol, industrialised countries (Annex B³) undertook the responsibility to reduce collectively the greenhouse gas emissions (GHG) by 5.2% compared to 1990 over the period 2008-2012. The following table describes explicitly the set targets:

Country	Target (2008/2012)
EU-15*, Bulgaria, Czech Republic, Estonia, Latvia, Liechtenstein, Lithuania, Monaco, Romania, Slovakia, Slovenia, Switzerland	-8%
U.S.A.	-7%
Canada, Hungary, Japan, Poland	-6%
Croatia	-5%
New Zealand, Russian Federation, Ukraine	0
Norway	+1%
Australia	+8%
Iceland	+10%

* With the exception of Cyprus and Malta from the Kyoto Protocol (as non-OECD countries), the EU member states were assigned to different objectives: while Germany and Denmark were bound to -21% emissions' target, Italy was bound to -6.5%, Greece to +25%, Portugal to +28%, Spain to +15% and France to 0%.

The Protocol provided for three flexible mechanisms, explained below, which could help industrialised countries to meet -part of- their emission targets, on the one hand, and on the

² The European Union is being treated as an entity.

³ The difference between Annex I of the UNFCCC and Annex B of the Protocol is the exclusion of Turkey and Belarus from the latter.

other hand, to encourage the developing countries to contribute to combating the climate change:

- a) **The International Emissions Trading**⁴ (IET) mechanism which gives the possibility to a country which is left behind its targets to buy credits from another country which has a surplus of CO₂ quotas.
- b) **The Clean Development** mechanism (CDM) through which projects in developing countries generate certified emission reduction credits (CER) equivalent to one tonne of CO₂. CERs could be used by industrialised countries, supplementary to their efforts, to meet their reduction targets or could be traded in the market.
- c) **The Joint Implementation** mechanism (JI) which generates CER through the implementation of “green” projects in industrialised countries.

Contrary to the limited activity of JI projects (22 by October 2008), the 1.100 CDM projects approved by summer 2008 represent about 220 million tons of CO₂.

Besides mitigation measures, the Kyoto Protocol provides for adaptation measures, in order to deal with the threats associated with the temperature rise (droughts, floods, etc). The financing of concrete adaptation projects is being facilitated by the **Adaptation Fund**, in cooperation with the Global Environmental Facility⁵ (GEF), which is financed, with part of the proceeds from CDM projects, as well as other sources.

III. The Post-Kyoto negotiations

As the first commitment period (2008-2012) will expire in about three years time, the negotiations have already started, with focus on reviewing the Protocol and on achieving an international agreement which will introduce deeper cuts in GHG and will involve further the developing countries.

It was in Bali in December 2007, during the 13th Conference of the Parties to the UNFCCC (COP13) where the world's leaders acknowledged that global warming due to anthropogenic

⁴ EU ETS is the largest market currently working.

⁵ GEF is a semi-independent partnership of the UN's Environment and Development Programs and the World Bank.

GHG could cause severe catastrophes – rises in temperature, rises in sea levels, droughts, floods etc- as was pointed out by the latest report of the Intergovernmental Panel on Climate Change (IPCC). The Conference concluded with an Action Plan, the “Bali Road Map” which aims to an international agreement for the post 2012 period at the 15th Conference of the Parties in Copenhagen in December 2009. Additionally, an Ad Hoc Working Group on the Long-Term Cooperative Action under the Convention (AWG-LCA) was established and meets regularly.

Important factors under consideration are the demographic changes, the industrialisation of developing countries and the energy consumption needs as well as all the details related to the funding of mitigation and adaptation measures. The world’s population is projected to increase from 6.75 billion to about 9 billion by 2050, with developing countries making up nearly 90% of it. Changes in the “polluter’s score-map” are noticeable over the last few years, with China replacing U.S.A. as the world’s top polluter country. India is set to hold the third position in the map.

Following Bali, the Parties were met in Poznan, last December 2008. They agreed on the operating details of the Adaptation Fund and the expansion of the CDM to include Carbon Capture and Storage (CCS). However, no agreement on targets came out from that Conference. Despite the common and well embedded knowledge that climate change has turned into a serious global threat, developing and developed countries seemed to be organised around “camps” asking from the other side to take the lead in a binding international agreement. “Key” developing countries like China and India seemed unwilling to take on quota obligations unless “key” developed countries (like U.S.A.) do so.

Undoubtedly, the Kyoto Protocol will have great effects on the economic development of the world. With conflicting views, the reluctance of the developing countries to reduce emissions, under the fear to see a curbing down of their growth rate and finally, the deep financial crisis in the West, the negotiation process has been a long, difficult and complicated process.

Early this year, during the **World Economic Forum** in Davos, the Secretary General of the UN, Mr Ban ki-moon, addressing the world’s political and business leaders, called on them to support investments in “green economy” and turning, thus, today’s crisis in tomorrow’s sustainable growth.

Beside the recession of all our world's economies, problems have been identified in the auditing process of CDM projects and have led to delays in their implementation and to unexpectedly high transaction costs. Questions have been raised on abandoning the project-based approach and moving towards a sectoral one. This position is actually included in the communication of the European Commission, entitled “**towards a comprehensive climate change agreement in Copenhagen**”. The Communication, which was released in January the 28th, reiterates the European Union's official position that, if an international agreement is to be reached, the EU will be committed to a 30% target by 2020, stabilising, thus, the global average temperature to 2 degrees above 1990 levels. The agreement should consist of comparable targets on behalf of all OECD countries as well as limits to the increase of emissions of developing countries (15-30% below the business as usual). The efforts should also aim at halving the emissions from deforestation by 2020. Moreover, the international aviation and maritime transports –which are not covered by the Kyoto Protocol-, should also be part of an agreement. National adaptation policies, as well as research and development should be promoted. Finally, an OECD-carbon market option is suggested to be explored as a way to give a boost to international funding.

If not for the international agreement, the EU will proceed with 20% cutting GHG gases, the 20% use of renewables and the 20% increase in energy efficiency. On the other side of the Atlantic, the new US Administration pledged to take the lead in combating climate change, while an announcement has been made that efforts will be taken for an 80% cut in CO2 emissions. Australia has announced its target for a -1%-15% reduction in GHG emissions, Norway has also announced a reduction by 30% until year 2020 and Japan a 50% cut by 2050. Brazil committed to a reduction of 70% on deforestation by 2017, a target which could be translated in about 30% of CO2 emissions' reduction. These announcements were made during or immediately after the Poznan Conference, and could be a sign that Parties have realised that time is pressing.

A **draft agreement** is expected to be available in June 2009 when the second major UNFCCC meeting will be hold.

IV. The challenges for the Mediterranean

The population of the 21 Mediterranean countries amounted in 2006 461 million inhabitants. The demographic and economic trends of the region differentiate between the Northern Mediterranean countries (NMCs) and the Southern and Eastern ones (SEMCs). The NMCs are characterised by a low population growth rate, mature –industrialised- economies and account for 2/3 of CO₂ emissions of the region⁶. The SEMCs emit less (about 3% of global GHG emissions), however, their emissions are increasing rapidly. The rapid demographic growth of the SEMCs combined with a raise in the socio-economic development needs are leading to a growth in energy demand and consumption. The energy sector is the main source of GHG emissions. By 2025 it is expected that the SEMCs will emit almost as much as the NMCs.

The EU Mediterranean countries have undertaken clear emissions' targets, due to their commitments generated by the ratification of the Kyoto Protocol and the EU membership. While some of the European countries face difficulties in reaching their targets, the EU as an entity is very positive for the outcome. In addition, the EU-OECD countries should make efforts for providing developing countries with funding and low-carbon technology.

The other shore of the Mediterranean is facing the challenge of promoting its socio-economic growth without sacrificing the degradation of the environment and the future of our planet. Without any specific targets arising from the Protocol –under the current state- the SEMCs are entitled to financial resources for green investments as well as participating in the “carbon market” by selling CERs to countries that face difficulties in meeting their emissions cuts.

However, despite the fact that the big majority of the SEMCs are eligible for proposing CDM projects (non-Annex B countries and ratification of the Protocol), out of over 3.150 CDM validated or in the process of being validated projects by early 2008, only 44 were claimed by these counties! Egypt, Morocco and Israel are leaders in CDMs related to renewables projects, while Turkey will be eligible when ratifying the Protocol. In addition to renewables, projects are assigned towards energy efficiency. The financial instruments that have been mobilised

⁶ The Mediterranean contributes about 8% of the global GHG emissions.

are mainly the ODA (Official Development Aid), the GEF and the FEMIP (Facility for the Euro-Mediterranean Investment and Partnership).

It is clearly noted that there is a need for better involvement of all partners in the decarbonisation of the Mediterranean economies. Financial incentives like the Feed-In Tariffs should be initiated in order to secure investors' return on capital. The law-makers should also prioritise the institutional and legal reforms that are necessary to provide for a secure and viable investments' environment. **The creation of a well-functioning carbon and energy market in the Mediterranean consists one of the greatest challenges in the region towards sustainable development.**

Finally, it is left for the Copenhagen Conference to see if the developing countries will be part of an international agreement driven –not by “responsibility” reasons but- by moral or ethical reasoning.

V. Conclusions

Climate Change poses serious threats to human life. Developing countries are the most vulnerable, subject to environmental threats which will lead to large population movements unless the world acts now! The GHG emissions that the Kyoto Protocol has targeted amounted to only a 20% of global emissions as of 2005! The world's leaders have to recall the motives, the spirit of cooperation, and the political will that seventeen years back led to the signing of one of the most known UN Conventions. All nations bear their own share of responsibility. What the era of post-Kyoto needs is a today's leadership with vision!

After all, the myth that reducing the GHG emissions is not cost-effective has been exploded. As pointed out in the recent report of Sir Nicholas Stern, delay is both risky and expensive!

Concluding this report, I would like to highly commend all parliaments and Parliamentary Assemblies and N.G.O.s for effectively not only participating but actually leading the campaign towards global commitment.