



# NTS ALERT

## Global Unity in Bali?

### A Post-Mortem of the UNFCCC Meeting on Climate Change

#### The Bali Roadmap

The United Nations (UN) Climate Change Conference in Bali in December 2007 was attended by more than 11,000 people from 192 nations, making it the largest UN climate change meeting ever held. High on agenda was the need to discuss a framework on how to reduce greenhouse gas emissions after the current Kyoto Protocol expires in 2012. The result was the “Bali Action Plan” which served as a roadmap for a two-year process of negotiations in devising the specifics for a post-Kyoto Protocol agreement. While some quarters have criticized the meeting as being an insignificant talkshop, others felt that it was a success given the extreme complexity in coming to a global consensus on such a pertinent issue. This edition of NTS Alert takes a look at the issues raised during the Bali Conference and what lies ahead for Mother Earth.

#### **Framework “Yes”, Specific Emissions Targets “No”**

The most hotly contested issue was whether developed countries would be able to set for themselves a target post-2012. The European Union had proposed rich nations to cut greenhouse gas emissions by 25 to 40 percent by 2020, which was included in a draft text of the conference, written by delegates from Indonesia, Australia and South Africa as an unofficial guide for delegates. This emission reduction range has been scientifically verified by the Intergovernmental Panel of Climate Change (IPCC) as an appropriate range to reduce the potential impacts of Climate Change.

*“This is a real breakthrough, a real opportunity for the international community to successfully fight climate change... Parties have recognised the urgency of action on climate change and have now provided the political response to what scientists have been telling us is needed,”*

- *Yvo de Boer, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC)*

This proposal was, however, rejected by the United States delegates on the grounds that it would “prejudge the outcome of negotiations” and slow down its economic growth. As a result of this deadlock between the EU and the US, the EU threatened to boycott the US-led “Major Economies Meeting” in January 2008. Scheduled to be held in Hawaii, the meeting would also discuss climate change issues. EU Environment Commissioner Stavros Dimas maintained his organisation’s position by noting that the EU has set a target of 30 percent (by 2020) provided that other developed countries follow suit, or commit even more than 30 percent if it is necessary.

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After long extended hours of negotiations, the final text of the Bali Action Plan does not mention specific emissions targets but does acknowledge that “deep cuts in global emissions will be required to achieve the ultimate objective” of avoiding dangerous climate change and that delaying the process would only made the impacts more severe. At a press briefing, UNFCCC Executive Secretary Mr. Yvo de Boer noted that the emission reduction range of 25% to 40% by 2020 would serve as a guideline to states during their negotiations. He also added that the conference was not set out to produce an agreement on specific targets per country. To do so would have been highly unrealistic given the complex negotiations thus far. An Ad Hoc Working Group would, therefore, be established to reach a detailed global agreement by 2009 that will set “measurable, reportable, and verifiable” commitments to reduce greenhouse-gas emissions over the next two years.

### ***Knowledge and Technology Transfer***

Delegates at the meeting commended the sound work of the UNFCCC thus far in facilitating efforts to mitigate carbon emissions, primarily via the Kyoto Protocol’s Clean Development Mechanism (CDM) – which essentially allows developed countries to “pay to pollute” while developing countries benefit from attaining environmentally friendly technology to utilize in their economic development. Mr de Boer noted that in just a matter of 2 years since it was set up, the CDM has issued its 100 millionth certified emission reduction (CER) credits thus proving its ability to reduce greenhouse gas emissions and stimulate green investment in developing countries.

Such efforts should therefore be continued and further enhanced under the post-Kyoto arrangement. The Bali Action Plan noted the need to extend the Expert Group on Technology Transfer’s mandate for a further five years. The Expert Group has been asked to pay particular attention to the assessment of gaps and barriers to the use of, and the access to, financing resources. Furthermore, the Expert Group will begin work on performance indicators that can be used to

regularly monitor and evaluate progress on the development, deployment and transfer of environmentally sound technologies. The work of the Expert Group provides important input into the discussions on technology transfer for the new post-2012 climate change deal.

### **What is CDM?**

Developed countries can invest in environmentally friendly technology in developing countries and receive credit for the resulting emissions reductions, thereby reducing the cutbacks needed within their borders. While the CDM lowers the cost of compliance with the Protocol for developed countries, developing countries will benefit as well – not just from the increased investment flows, but also from the requirements that these investments advance sustainable development goals. The CDM encourages developing countries to participate by promising that development priorities and initiatives will be addressed as part of the package. This recognizes that only through long-term development will all countries be able to play a role in protecting the environment

Under the CDM, projects that reduce greenhouse gas emissions and contribute to sustainable development can earn saleable certified emission reduction (CER) credits. Countries with a carbon emission quota under the Kyoto Protocol can use the CERs to meet a part of their obligations under the Protocol. China and India account at least half of the most of the CERs based on the registered projects in their country.

The plan also calls for increased knowledge transfer to enable poor countries to adopt environmentally sound technologies. One way in which this is done is via the recently launched website, CDM Bazaar ([www.cdmbazaar.net](http://www.cdmbazaar.net)). This web portal has been designed to facilitate the exchange of information among buyers, sellers and service providers engaged in CDM. CDM Bazaar was designed by the carbon finance team at the United Nations Environment Programme (UNEP) Risoe Centre in Denmark in cooperation with the UNFCCC secretariat. The website allows stakeholders in the CDM to post information, such as potential emission reduction projects in search of financing, CERs available

for sale, buyers looking for carbon credits to purchase, services available, carbon market related events, and employment opportunities. According to Achim Steiner, UN Under-Secretary-General and UNEP Executive Director, CDM Bazaar is therefore a “new networking initiative with the potential to complement and perhaps broaden the impacts of the physical carbon fairs and exhibitions now emerging in various parts of the world.”

Despite the CDM’s success, the financial gain from it is far from sufficient. For instance, the Adaptation Fund, which is financed by a 2 percent levy on revenues generated by the CDM – with the aim of assisting poorer countries adjust to a warmer world – has drawn a mere \$67 million. The World Bank, however, estimates the costs to be tens of billions of dollars a year. According to Kate Raworth, a senior researcher with Oxfam International, there is therefore a need to broaden the Adaptation Fund’s revenue sources by including other industries such as aviation taxes or direct taxes on all fossil-fuel use.

#### ***Inclusion of other industries/methods to control carbon emissions***

Regarding methods in reducing carbon emissions, delegates acknowledged the need to expand their options. The Bali Conference was significant in this aspect as, for the first time, parties considered the possible inclusion of carbon capture and storage (CCS) in geological formations as CDM project activities. They agreed to do further work on this and established a workplan for 2008. The plan will include receiving and considering input on technical, legal, policy and financial topics associated with CCS. This input will be considered at the next Climate Change Conference in Poznan, Poland. CCS is widely regarded as an important technology to enable the continued use of fossil fuels in a clean way.

On the issue of small-scale afforestation and reforestation, delegate parties agreed to double the limit in size of small-scale afforestation/reforestation project activities to 16 kilotonnes of CO<sub>2</sub> per year. This move will

expand the number and geographical reach of the CDM to countries that have thus far been unable to take part in the mechanism for this category of project activities.

To ease the US’s concerns over fears that their industries would suffer competitive disadvantage against those in countries that had not agreed to emissions cuts, it was noted that the post-2012 framework will include a provision for “global sectoral agreements” aimed at various industries. According to a report by the Financial Times, this would require leading companies in certain sectors to meet and agree on targets to cut their carbon dioxide emissions. By establishing these global sectoral agreements, big companies in a given sector must be committed to cut their emissions by similar amounts to their peers thereby erasing any competitive disadvantage.

Setting up such agreements was one of the least contentious items in the discussions at Bali, so is almost certain to form part of any post-2012 framework. Many industries are in favour of such agreements, viewing them as preferable to alternatives such as a patchwork of emissions regulations across the world. Work has begun in the paper, steel and cement industries to measure their emissions and develop a framework for cutting them. Bjorn Stigson, president of the World Business Council for Sustainable Development, which has pioneered such agreements, said they worked best in industries concentrated in the hands of a few companies, citing car manufacturing, steel, aluminum and cement.

Another key area that would be considered in the post-Kyoto arrangement is the *reduction of emissions from deforestation in developing countries* (REDD). This proposal, spearheaded by Indonesia other forest-rich countries, entails paying countries to keep their forests, which act as carbon sinks by absorbing carbon emissions. In a news report by Indonesia’s *Tempo*, scientific studies in international forestry journals have quoted Indonesia’s forests of being worth between US\$7 and US\$25 per matrix ton carbon that can be absorbed every year. Including REDD would therefore provide countries such as Indonesia with a much-needed economic boost to





address its many socio-economic as well as environmental concerns.

Parties at the Conference thus adopted a work programme for further methodological work on REDD. That programme would focus, for example, on assessments of changes in forest cover and associated green house gas emissions, methods to demonstrate reductions of emissions from deforestation and the estimation of the amount of emission reductions from deforestation. The decision furthermore encourages Parties to support capacity building and to undertake efforts, including demonstration activities, to address the drivers of deforestation. This is important to address the needs of local and indigenous communities who depend on forests for their livelihoods. What also needs further consideration is whether financial incentives for REDD are to be provided through market based or fund based mechanisms.

The REDD proposal therefore has a long way to go in addressing the specific scientific, financial and administrative details, especially in Indonesia, to put such a mechanism into practice. In his comments to the Jakarta Post, Frances Seymour, Director General of the Bogor-based Center for International Forestry Research (CIFOR) noted that the danger lies wherein “policy makers will fail to appreciate that forest destruction is caused by an incredibly wide variety of political and economic factors that originate outside the forestry sector and require different solution.”

Other civil society groups were more critical of Indonesia’s proposal. Speaking to *Tempo*, Mr Agus Affianto, Executive Director of the Java Learning Center (JAVLEC) noted that the price offered by Indonesia – US\$4 per metric ton of absorbable carbon for its forests each year – was too low. In addition to this, Affianto criticized Indonesia’s policy which only made mention of four types of forest in the REDD mechanism – industrial, conservation, peat soil and palm oil forests. This leaves out forests used by local and indigenous communities.

Mr Agung Djojosekarto, Director of Forestry Governance Program from Kamitraan, further

commented on the potentially high operational costs born by the Indonesian government that would likely be deducted from the REDD fund, thereby leaving only about 60 to 70% percent of the actual REDD funds for use. “In practice, the reduction of the operational costs can reach 90 percent,” he said. Agung cited Costa Rica, which has conducted a mechanism similar to REDD from European Union countries, which only received 10 percent of the total fund due to operational costs.

### ***Where to now?***

The Bali Conference was thus significant in setting the stage for negotiations over the next two years. While it is obvious that something must be done to address Climate Change, the problems arises in negotiating amongst states the extent to which they can play a part in addressing the issue. The guiding motto of “Common yet differentiated responsibilities” still fails to hold due to the highly complex and interconnected economic links amongst various industries across the world.

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## *Small Island States Speak Up*

*"If for some reason you are not willing to lead, leave it to the rest of us... "Please, get out of the way."*

That was the response of Papua New Guinea delegate, Kevin Conrad, when US negotiator Paula Dobriansky, threatened to block a deal that would have led to a new climate treaty at the final plenary session. Such a feisty and direct tone was apparent amongst many delegates from developing countries, in particular those from small island states. The Alliance of Small Island States, or AOSIS, has criticized the UN goal of limiting the temperature rise to 2 degrees Celsius, (3.6 degrees Fahrenheit), calling it "insufficiently ambitious." According to Rajendra Pachauri, chairman of the Intergovernmental Panel on Climate Change (IPCC), scientists and politicians from developing nations "were playing a much more active role" than ever before. During the year of negotiations that led up to the release of the synthesis report in November 2007, these developing states frequently argued that the science be stated in the starkest terms and that its wording not be diluted.

Such an attitude amongst AOSIS members is understandable as the impacts of climate change are deemed life-threatening to them. There are 3 reasons why; First, such island states are low-lying places whose cities are often ports. Their most populous areas - in some cases their whole territories - are at risk of being swallowed up. For the Maldives, a one-meter rise in sea level amounts to the complete disappearance of the nation. Other countries on atolls like Kiribati, the Marshall Islands and Tuvalu are also at risk of being swallowed by the sea, since their land

rarely reaches more than two meters above sea level. Even if they are not completely inundated, they will most likely become uninhabitable because their "inland" fresh water supplies will be contaminated by storm surge and seepage from the encroaching sea.

Second, many island states are small and poor, so they have little ability to adapt to climate change, either physically or financially. While populations living in bigger countries are able to migrate to areas unaffected by climate change within the country or build up their flood defenses, poor island states do not have this option.

And third, small island states are hugely at the mercy of big players in the climate game, since the emissions that will drown them come from afar. According to an AOSIS report, "Small island developing states have contributed little to concentrations of greenhouse gases in the atmosphere, yet are directly and negatively affected by the impacts of climate change. The largest historical emitters must now take aggressive action to facilitate the reduction of global emissions."

### **Source**

For some, climate fight is about survival, *International Herald Tribune*, 19 December 2007

*Papua New Guinea's Carteret islands are believed to be among the world's first "climate refugees." Rising sea levels have been engulfing the Carterets, which are a sandy atoll of a half-dozen islands. Its 3,000 people are preparing to abandon the islands over the next several years, resettling on designated land on nearby Bougainville island.*

- *Aid scarce for countries vulnerable to climate change,*  
*International Herald Tribune, 4 December 2007*





## *Current Initiatives on Climate Change*

### *Flying the (carbon) friendly skies*

EU environment officials have promoted an airline bill that would regulate emissions from any airline landing in or taking off from Europe. Given the fact that airlines are not included in carbon trading under the Kyoto Protocol, this bill would form the centerpiece of a European effort to lead the world in reducing greenhouse gas emissions. According to João Vieira of Transport and Environment, a group based in Brussels that campaigns for sustainable transport, existing aviation rules have allowed the aviation industry to pollute 90 percent more than it did in 1990 - even as other industrial sectors in Europe are making progress toward lowering their emissions compared with 1990 levels.

The ministers also proposed that carriers buy 10 percent of the permits they need under an auction system, with the rest distributed free of charge - although the parliament had recommended that airlines should be obliged to buy a quarter of all permits. The legislation must still go back to the parliament for a second reading before final approval by governments, expected by the end of 2008. The system would set a limit for how much carbon dioxide airlines will be able to emit, allowing them to sell surplus permits if they fly less or use greener technology, and punishing them with extra costs if they want to use more fuel.

Such an initiative has, however, received much criticism despite several revisions of the draft bill, which include delaying the start date by one year and reducing the amount of permits that airlines would have to buy. Airlines for instance noted that the legislation could cost billions of euros and drive up ticket prices. In addition to this, spokesman for the German carrier Lufthansa, Aage Dünhaupt, noted that the high levels of congestion over European skies have forced Lufthansa airplanes to emit more than was necessary. Hence it would be better to lobby for simplified air-traffic control systems as a precondition for final approval of the legislation.

Another point of contention is the fact that under the draft bill, airlines will be regulated by the EU country in which they run the majority of their flights. With regards as to how revenue from the auction system would be spent, governments agreed to put funds raised from the auctions toward national climate-protection programs - although spending the money on those programs would not be mandatory. The airline industry has again rebutted this by branding the moves by Europe as an ineffective regional attempt to tackle a problem that requires a global solution. U.S. government officials have said that the Europeans risk breaking rules on international aviation rules if they force non-European airlines into the system. An international agreement within the airline industry would therefore be needed to ensure any substantial reductions in carbon emissions. Any limits on airline carbon releases, for example, should be negotiated through the International Civil Aviation Organization (ICAO).

Despite such criticisms, EU ministers are still determined to implement the key measures within five years. Whether this has any effects in substantially reducing carbon emissions still remains to be seen. Moreover, given the rise in low-cost carriers and growing centres of air travel - such as the expansion of Dubai International Airport and the building of the United Arab Emirates' second airport, Al Makhtoum International Airport - the task of controlling global aircraft emissions is even more daunting.

### *Sharing knowledge*

Despite the likely increase in carbon emissions from the United Arab Emirates (UAE), it is still doing its part for the environment. As the world's 5th largest oil producer, Abu Dhabi, is taking the lead in addressing the need for developing alternatives for cleaner and safer sources of energy by hosting the inaugural World Future Energy Summit (WFES) in Abu Dhabi from 21-23 January 2008. Since the dramatic UN conference on climate change in Bali, this will be the first major summit, where Government,

Business and NGOs convene to address energy alternatives and progress global co-operation on future energy. The Summit promises to be the largest and most comprehensive event on future energy to date and will include 78 high profile speakers. Over 180 leading international exhibitors from energy, finance, green construction, government and environment sectors will be on show.

### ***Increase Scientific Knowledge***

Australian and U.S. scientists have also been working together to send an unmanned submersible 2.5 km deep into the ocean off Australia to track climate change by studying coral at unprecedented depths. The joint project will film live and fossilized deep-sea coral off the coast of Australia's southern island state of Tasmania, studying coral growth rings which like tree rings can store centuries of information about the environment. According to Ron Thresher from the Australian government's Commonwealth Scientific & Industrial Research Organization (CSIRO), 'Deep ocean corals are a litmus test of the deep ocean when it comes to identifying how temperature and salinity have changed over decades and centuries'.

### ***To Fund or not to Fund?***

In Southeast Asia, the Asian Development Bank (ADB) has announced that it would conduct a yearlong study on what six Southeast Asian countries can do to cut their greenhouse gas emissions. The 900,000 dollar study, funded by Britain, will estimate the costs of reducing the emissions and look at ways Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam can work together to mitigate the impact of climate change. According the ADB, the IPCC estimates that Asia's booming economies will raise the continent's contribution to global greenhouse gas emissions to 29 percent by 2030 from 24 percent in 2003. At the same time, much of the region's coastal and low-lying areas are highly prone to flooding.

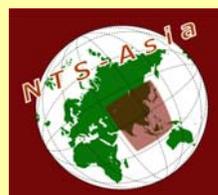
Efforts in the African continent have not been as intensive given Rwanda's recent announcement to delay the unveiling its national programme to

fight desertification has been put off until next month. The programme is required by the UN Convention to Combat Desertification (UNCCD) to which Rwanda is a signatory since 1998. According to the director of forestry in the Ministry of Lands and Environment who is also UNCCD Focal Point in Rwanda, Claudien Habimana, experts needed more time to put the final touches to the plan. He added that the experts are still relating it with the global desertification fight approach before making any possible changes on its final version.

In addition to this, financial strains seem to be the root cause of the delay as, according to Christophe Bazivamo, the Minister of Lands and Environment, the UNCCD Secretariat failed to keep its promise to provide \$80,000 for the exercise. The delay to unveil NAP keeps Rwanda on the list of African countries that have not yet submitted their national documents to the UNCCD secretariat. Other countries behind schedule include Cameroon, Angola, Somalia, Libya, Ivory Cost and Central Africa

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