

Summary of the key issues under negotiation at COP 16 in Cancun

By Madeleen Helmer, Cancun 28 November 2010

The UN Climate conference COP 16 in Cancun (Mexico) that begins on 29 November, will not lead to a legally binding global agreement to address climate change. However, Cancun can bring decisions on key elements of such an agreement, and decisions that mark progress in the negotiations on the more difficult elements.

At COP 15 in Copenhagen (2009) and during the 'climate talks' this year, a number of these 'sub'-agreements were almost finalized. Agreements about forest protection, land use, technology transfer and the adaptation framework. There also seems to be agreement about the long term commitment for a maximum temperature rise of 2 degrees Celsius. These issues were addressed in the Copenhagen Accord and in the negotiations for a more detailed agreement originally aimed to be in place by 2012.

However there are three major issues that need further negotiations:

1. Emission reduction:

In the Copenhagen Accord it was agreed that the developed countries would announce their quantitative reduction targets for the year 2020. Developing countries, with the exception of the least developed countries and the small island developing states, would present the emission reduction measures they intend to take until 2020. The Accord also included a rather complicated decision that the emerging economies within the group of developing countries would agree with some sort of international control on their commitments, ('consultation and analyses') but with full acceptance of the national sovereignty of these countries. The exact nature of these control mechanisms is subject for further negotiations.

The discussion regarding the quantitative targets of the developed countries focuses on the questions 'how the different pledges of nations are comparable' and 'whether countries are willing to extend the Kyoto protocol with a second commitment period after 2012'. In the discussion about the international control mechanism on the commitments of developing countries the US and China have so far been each others opponents. The US has made the announcement that they are not willing to agree on other subjects within the negotiations if there is no agreement on this one (agree when we agree on everything).

Soon after the Copenhagen Agreement scientists and agencies like the International Energy Agency calculated that though it was agreed that the world should not warm beyond 2 degrees, the pledges made by countries will not be sufficient and will lead to a warming of approx. 3,5 degrees. The most vulnerable countries and many civil society organizations want this problem to be addressed too.

2. Fast start financing

In Copenhagen the developed countries committed themselves to finance mitigation and adaptation measures, including technology and capacity building in developing countries. For the period 2010-2012 they pledged 30 Billion US\$. The website www.faststartfinancing.org provides the latest updates on these commitments which indicates that countries will meet this commitment. The issue however is that most of these funds look like a relabeling of earlier commitments in particular ODA commitments.

Other issues are: who will have access to these funds? and how will they be organized?. How much will be implemented via multilateral agencies like the UN and the Worldbank? What are the criteria for access by developing countries? And is there room for civil society organisations? And what will the funds be spent on?

3. Long term financing

In Copenhagen it was agreed that the developed countries would mobilize \$100 billion a year by 2020 for mitigation, adaptation, technological cooperation and capacitybuilding in developing countries. Soon after Copenhagen the UN SG Ban Ki Moon established a high level panel to address this commitment. Early November the panel came with a number of recommendations. The main proposal is to have a price for carbon in the developed countries, through taxes or an emissions trading scheme. With a price of US \$ 20 – 25 per ton CO₂, this would generate approx. 300 billion annually, 10 percent of this could be earmarked for the long term finance commitment to developing countries. The panel estimates that US\$10 billion can be generated annually by a tax system on the emissions caused by international transport (air and sea). Other options presented are a financial transaction tax, a reform of the current subsidies for fossil fuel and a reform of the resources implemented through the Worldbank and regional development banks. The panel further outlines that efficient policies in developing countries regarding energy conservation, renewable energy, agriculture and forestry can stimulate international investments of a magnitude of US\$100-200 billion annually.

However, it is not to be expected that the conference in Cancun will lead to decisions regarding financing after 2012. But it is expected that decisions are made on the directions of the negotiations on this key element of a future agreement.

