

Statement of
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regarding
Copenhagen and Beyond:
Is There a Successor to the Kyoto Protocol?

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Mr. Chairman, Ms. Ros-Lehtinen, and members of the Committee, thank you for the opportunity to testify on the critical issues confronting the United States and other nations in the negotiations toward an international climate change agreement. My name is Eileen Claussen, and I am the President of the Pew Center on Global Climate Change.

The Pew Center on Global Climate Change is an independent non-profit, non-partisan organization dedicated to advancing practical and effective solutions and policies to address global climate change.¹ Our work is informed by our Business Environmental Leadership Council (BELC), a group of 45 major companies, most in the Fortune 500, that work with the Center to educate opinion leaders on climate change risks, challenges, and solutions.

Mr. Chairman, I would like to focus my testimony on three questions: the type of climate agreement we ultimately need; the type of agreement we might hope to see in Copenhagen; the central issues in the climate negotiations. In the course of addressing these topics, I also will speak to the role of the United States in helping to deliver a strong and effective climate agreement.

An Effective Post-2012 Climate Agreement

The 2007 UN Climate Change Conference in Bali marked a significant turning point in the international climate negotiations. The United States and other parties to the UN Framework Convention on Climate Change (UNFCCC) adopted the Bali Action Plan, launching a two-year process with the aim of reaching a comprehensive “agreed outcome” at the UNFCCC Conference of the Parties to be held in December in Copenhagen.

The Pew Center believes that, to be effective, a post-2012 climate framework must establish binding, verifiable international commitments for all of the world’s major economies. Mobilizing to effectively address climate change is a serious long-term challenge for all nations.

¹ For more on the Pew Center, see www.pewclimate.org.

Each nation is likely to deliver its strongest possible effort only when it is confident that its counterparts and competitors are as well; this confidence is best instilled and maintained through mutual and verifiable commitments.

An agreement on commitments for all major economies will be feasible, however, only if it allows some flexibility in the types of commitments taken by different countries. We believe all developed countries should commit to absolute economy-wide emission reduction targets. They are effective and efficient, and are the foundation of a global greenhouse gas market. For reasons both political and practical, however, most developing countries cannot be expected at this stage to assume economy-wide targets. For these countries, the framework should allow for a broader range of policy-based commitments. These would be commitments to implement nationally defined policies – such as energy efficiency standards, renewable energy targets, sustainable forestry plans, or other sectoral policies – that will yield reductions in greenhouse gas emissions. These commitments must be quantified, and verifiable.

In addition, a post-2012 framework must provide incentives to developing countries to reduce their emissions, through market-based mechanisms and public finance, and it must help the poorest and most vulnerable countries adapt to the impacts of climate change.

I will elaborate on many of these core elements of a post-2012 framework later in my testimony.

A Copenhagen Agreement

We have believed for some time that it would not be feasible to achieve a full, final, ratifiable agreement in Copenhagen. While parties have made significant progress since Bali in clarifying issues and tabling concrete proposals, major differences remain on many of the core issues. For some parties, including the United States, domestic political processes have not advanced far enough for them to be able to bind themselves to specific and binding commitments of the type needed to form a final agreement.

We believe that, despite those constraints, the Copenhagen conference might still present an opportunity to significantly advance the international climate effort. It could do so by producing an agreement on the fundamental architecture of a post-2012 framework, which would provide a basis for then negotiating towards specific commitments in a final legal agreement. Ideally, this interim agreement would:

Set ambitious goals. It should recognize the imperative of limiting warming to 2 degrees Celsius and set an aspirational goal of reducing global emissions at least 50 percent by 2050. As mid-term markers, developed countries could collectively declare the range of reductions they intend to achieve by 2020, and developing countries could agree on a peaking year for their aggregate emissions.

Establish a legal framework for mitigation commitments. The agreement should clearly define the nature of mitigation commitments and how they are to be reflected in a final agreement. Consistent with the principle of “common but differentiated responsibilities,”

it should allow varying forms and levels of commitments appropriate to national circumstance, as I outlined earlier.

Create a new architecture for climate finance. The agreement must broadly establish the mechanisms, sources, and levels of support to be provided in a final agreement for adaptation, capacity building and technology deployment in developing countries. It also should provide immediate support for developing mitigation actions and for high-priority adaptation needs in highly vulnerable countries.

Establish a sound system of verification. The interim agreement must establish basic terms for the measurement, reporting and verification of countries' mitigation actions, and of support for developing country efforts, as called for in the Bali Action Plan. This verification system should lead to a clear determination of whether countries are in compliance with their obligations.

In addition, an interim agreement should set a clear mandate for concluding a final legal agreement by a date certain. We believe an agreement of this type would settle fundamental legal and design issues. Further, by specifying the level of effort they are prepared to undertake, and the level of support they are prepared to deliver, developed countries would in essence be placing a concrete and comprehensive offer on the table. This would create the necessary conditions to then negotiate the specific terms of developing country action, the major additional element needed to form a ratifiable agreement.

Key Issues

I would now like to focus more closely on five core issues that must be considered in the context of both an interim and a final agreement: the adequacy and comparability of developed country emission targets; the nature of developing country commitments; the appropriate means of supporting developing country actions; how an agreement should address verification and compliance; and the legal form a new agreement.

Developed Country Targets – All developed countries except the United States have adopted or proposed emission reduction targets for 2020. Some targets, like the one recently adopted by the new Japanese government, are contingent on a satisfactory international agreement being reached. The European Union and others have adopted emission ranges indicating the reduction levels they will achieve either unilaterally or with an international agreement. As they negotiate the emission targets in a new agreement, countries will assess proposed numbers in terms of both their adequacy and their comparability.

Within the negotiations, the generally accepted frame of reference for the adequacy of developed country targets are figures from the most recent assessment of the Intergovernmental Panel on Climate Change indicating that developed country emissions must decline to 25 to 40 percent below 1990 levels in 2020 in order to stabilize global greenhouse concentrations to 450 parts per million (ppm).² According to figures compiled by the UNFCCC Secretariat, the targets

² See *Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*, Chapter 13, page 776.

now proposed by other developed countries would reduce their collective emissions to 16 to 23 percent below 1990 levels. If the target levels now under consideration in the United States are factored in, the collective range falls to 11 to 18 percent below 1990.³ Negotiations may produce stronger targets for some parties. However, if, as appears likely, the aggregate reduction falls short of the range cited by the IPCC, any shortfalls would have to be made up in later years in order to stabilize concentrations at 450 ppm.

Under the Bali Action Plan, a new agreement is to ensure the “comparability of efforts” among developed countries. Comparability can be assessed on the basis of quantified metrics such as relative emissions, population, and gross domestic product, but also depends on specific national circumstances such as resource base, climate, geography, and patterns of trade. Given the multiplicity of factors, countries are unlikely to agree on an explicit formula to assess the comparability of targets, but rather will make their own assessments employing the criteria they deem most relevant.

One critical variable is the choice of base year against which reductions are measured. For instance, viewed against a 1990 baseline (the base year employed in the UNFCCC and the Kyoto Protocol), the European Union’s present target for 2020 (a 20 percent reduction) appears very much at odds with the 2020 cap-and-trade target contained in the American Clean Energy and Security Act (H.R. 2454), passed earlier this year by the House (a 4 percent reduction). Measured, however, against a 2005 baseline, the two targets appear considerably more comparable: a 14 percent reduction for the EU, and a 17 percent reduction under the House bill.

A related issue is whether targets should be measured according to internationally agreed accounting rules or individual countries should be allowed to set their own. (Such rules would relate, for instance, to the use of international offsets and the accounting of land use-related emissions and removals). National accounting would give countries far greater flexibility in designing their domestic policies, but would compromise the integrity of the international agreement, making it more difficult to compare and to verify countries’ targets, and to link domestic emissions trading programs.

Developing Country Commitments – A major step forward in Bali was the agreement by developing countries to negotiate “nationally appropriate mitigation actions” (NAMAs). A central challenge in the negotiations is defining these actions in a way that is acceptable to developing countries and can be accepted by the United States and other developed countries as establishing genuine commitments.

Most of the major developing countries have now adopted national climate strategies outlining steps they are taking that help reduce their emissions and, in some cases, additional steps they could take with international support. China’s National Climate Change Program describes a range of efforts, including ambitious energy efficiency and renewable energy targets, and President Hu Jintao recently announced that the government plans to set carbon intensity goals. India has adopted a National Action Plan on Climate Change outlining existing and planned actions in eight areas, and recently adopted detailed programs to promote energy

³ The U.S. range is based on the targets proposed by President Obama (14 percent below 2005, the equivalent of 1990 levels) and in the Kerry-Boxer bill (20 percent below 2005, or 6 percent below 1990).

efficiency and large-scale solar power. Brazil's National Plan on Climate Change includes policies to increase renewable energy and cut electricity consumption 10 percent by 2030. It also calls for reducing deforestation rates about 70 percent by 2017, with support from the international community.

Mexico has set an aspirational goal to reduce emissions 50 percent below 2002 levels by 2050, and is developing sectoral targets with the aim of launching an emissions trading system by 2012. Finally, South Africa, following a detailed analysis of its mitigation options, has set a goal of stopping greenhouse gas emissions growth by 2020 or 2025, with absolute reductions to begin ten years later. The government intends to achieve its goals in part with an escalating price on carbon through a tax, emissions trading, or a combination of market mechanisms.

The fundamental question is how to "internationalize" the actions of, in particular, the larger developing countries with greater responsibility and capacity to reduce emissions. Critical issues within the negotiations include: the process, if any, for developing NAMAs and matching them with support; whether NAMAs include only actions receiving international support, or also actions that countries will undertake on their own; how actions are inscribed in an agreement; how ambitious they must be; and whether and how to differentiate expectations for different categories of developing countries.

Some developing countries have proposed, in various forms, the establishment of a "registry" where countries could list their actions. The listing could be for the purpose of international recognition, or as a step toward lining up support for specific actions, either through public finance or through emissions crediting. Other proposals from the United States and Australia would establish common formats for inscribing the actions of developed and major developing countries (called an "appendix" by the U.S., and a "schedule" by Australia), indicating a legal symmetry in their respective commitments.

These proposals could be usefully combined: an interim agreement could launch a registry process whereby countries propose and seek support for their actions; and the final actions, both unilateral and supported, could be reflected in a common schedule or appendix in a final agreement. What is critical is that these actions be quantifiable and be described with sufficient specificity to allow for their verification and review.

Support for Developing Country Efforts – Agreement in Copenhagen will not be feasible without major progress on the question of incentives and support for developing country efforts. The Bali Action Plan makes developing countries' mitigation actions at least partially contingent on support from developed countries. Developing countries need assistance in analyzing their mitigation potentials, developing and implementing effective policies, deploying climate-friendly technologies, and measuring and verifying their emission reductions. In addition, the Bali Action Plan calls for stronger support for adaptation in vulnerable countries.

There is broad recognition that the majority of investment for mitigation will come from private flows, in part through greenhouse gas markets. But additional public finance is needed to supplement private flows for mitigation and to address adaptation. Donor countries have been reticent to propose funding levels without greater consensus on the nature of any new funding

mechanisms. Issues include: whether any new fund or funds should be administered by the U.N. or an existing multilateral financial institution such as the World Bank; the roles of donor and recipient countries in governing new funds; whether public finance should be generated through an international mechanism such as a carbon levy, whether countries should generate their contributions internally, or both; whether contributions should come from both developed and major developing countries; and whether contributions should take the form of commitments or pledges.

H.R. 2454 would set aside some of the emission allowances under a domestic cap-and-trade system to generate support for reduced deforestation, adaptation, and clean technology deployment in developing countries.⁴ These provisions would use allowance value to provide ongoing support from the United States for these critical international purposes, on the order or tens of billions of dollars through 2050. Similar provisions and allocations are contained in the Clean Energy Jobs and American Power Act (S. 1733), introduced by Senators Kerry and Boxer. A comprehensive and effective international climate agreement will be most feasible with predictable financial support from developed countries. We believe it is essential that U.S. climate legislation retain these provisions, and that on that basis, the United States should be prepared to commit substantial support for an initial period under a new climate agreement.

Measurement, Reporting and Verification – The Bali Action Plan introduced a critical new construct into the climate negotiations with the requirement that the mitigation efforts of both developed and developing countries, as well as support for developing country actions, be “measurable, reportable and verifiable” (MRV). Credible approaches to MRV will be essential to establish and maintain parties’ confidence in their respective efforts and in the overall regime.

Established mechanisms under the UNFCCC and the Kyoto Protocol – in particular, the rigorous reporting and review requirements for developed country emission inventories – provide a valuable starting point for the verification of mitigation efforts under a new climate agreement. However, existing practices would need to be strengthened and adapted, and new ones established, to provide credible verification within a framework that is likely to incorporate diverse mitigation actions and commitments.

We recommend the following approaches: annual emission inventories from all major-emitting countries, required immediately for developed countries, and phased in, with support, for major developing countries; national verification of mitigation commitments and actions, in accordance with international guidelines; regular implementation reports providing detailed information on a party’s implementation, and verification, of its mitigation commitments or actions; and expert review of parties’ GHG inventories and implementation reports.

We believe that, in addition, an agreement should provide for a clear determination of whether parties are fulfilling their obligations. We recommend the establishment of an Implementation Committee appointed by parties and empowered to make determinations of parties’ compliance or non-compliance on the basis of expert review reports and other input from

⁴ For reduced deforestation, the bill sets aside 5 percent of allowances in 2012, declining to 2 percent in 2040. The set-asides for adaptation and clean technology are each 1 percent of allowances in 2012, rising to 4 percent in 2030.

parties. This compliance procedure should be largely facilitative, rather than punitive, geared toward helping to identify and overcome obstacles to implementation.⁵

Legal Form of a New Agreement. One overarching question is the very form of a new agreement. The present negotiations are proceeding under two parallel tracks, one under the UNFCCC and a second under the Kyoto Protocol (the United States is a party to the former, but not the latter). Some parties, in particular many developing countries, strongly favor retaining the Kyoto Protocol and adopting any additional provisions in some form of parallel agreement under the UNFCCC. If this parallel agreement took the form of an amendment or protocol, it would be legally binding. It would not be binding, however, if it took the form of a decision or decisions by the Conference of Parties, as some parties favor.

Alternatively, most developed countries now favor merging the two tracks in a single comprehensive agreement. Such an agreement could take the form of a new binding protocol, and could incorporate elements of the Kyoto Protocol. Developed countries differ, however, on what features of Kyoto should be retained. For instance, the European Union and others favor maintaining an international system of accounting for emission targets, while the United States supports allowing the option of national accounting.

The United States has proposed an “implementing agreement” with many of the same legal characteristics as a protocol. The proposal differs significantly from the Kyoto Protocol in that it would establish mitigation commitments for major developing countries, which, as I noted earlier, would be reflected in a common “appendix” alongside the targets (and any other commitments) of developed countries. An implementing agreement could be structured to succeed or to stand alongside the Kyoto Protocol.

We believe the best outcome would be a single, comprehensive, binding instrument, such as a protocol or an implementing agreement. We further believe that in the interest of comparability, verifiability and a smooth-functioning international greenhouse gas market, this agreement should set common accounting standards for emission targets.

Conclusions

We have seen recent progress, in the United States and in many other countries, toward stronger action to address climate change. Copenhagen presents an opportunity to build on that momentum by beginning to erect a post-climate framework that can give countries confidence that all are contributing their fair share to the global effort. In Copenhagen, governments must get as far as possible in hammering out the basic architecture of this post-2012 framework.

What can be achieved in Copenhagen will depend in part on what the United States is able to bring to the table, in terms of both emission reduction figures and financing. But it is important to point out that many issues will require resolution in order to reach a comprehensive

⁵ For additional details, see *Verifying Mitigation Efforts in a New Climate Agreement* at <http://www.pewclimate.org/docUploads/brief-verifying-mitigation-efforts-in-new-climate-agreement-october2009.pdf>

agreement on a post-2012 framework. Developing countries must agree to make commitments that can be internationally verified; the legal form of a final agreement must be agreed; a financing mechanism must be accepted and at least initial financing must be brought to the table; and an approach to verification and compliance must also be accepted and agreed. If the world can make progress on these issues, and a broad framework successfully negotiated, we believe this would be substantial progress. If this is not possible, a political declaration, with a long-term objective of 2 degrees Celsius and perhaps resolution of some of the outstanding issues, may be all that is possible. In all cases, it would be important to establish a new end date for the negotiations in 2010.

Mr. Chairman, I thank the Committee for the opportunity to present our views on these critical issues. I would be happy to answer your questions.