



## CRS Report for Congress

# Global Climate Change: Status of Negotiations

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### Summary

In December 2007, the parties to the United Nations Framework Convention on Climate Change (UNFCCC) held their 13<sup>th</sup> annual meeting in Bali, Indonesia, and began the process of working toward an agreement/treaty that would succeed the Kyoto Protocol to the UNFCCC when it expires in 2012. The Protocol includes a mandate for a reduction of greenhouse gas (GHG) emissions by 38 developed/industrialized nations to an average of some 5% below their 1990 levels over the commitment period 2008-2012. The outcome of this “conference of the parties” (COP-13) in 2007 was the “Bali Action Plan,” outlining considerations to be taken up in negotiations during the following two years. A “decision” is to be negotiated and finalized at the parties’ meeting (COP-15) at the end of 2009 in Copenhagen, Denmark. Whether this decision can encompass a follow-on treaty or instead reflect only progress toward such a treaty remains a question, given the short time until the 2009 deadline and the complexity of the issues involved. The broad array of these issues, briefly discussed in this report, has been described by some as comprising perhaps the most complex negotiations ever undertaken internationally.

### Overview<sup>1</sup>

Concerns over climate change, often termed “global warming,” have emerged both in the United States and internationally as major policy issues. Reports in 2007 by the United Nations Intergovernmental Panel on Climate Change (IPCC) provided scientific underpinnings for these concerns, and the number of proposals and international meetings devoted to these issues has grown, as discussed in this report.

In December 2007, the 13<sup>th</sup> Conference of the Parties (COP-13) to the United Nations Framework Convention on Climate Change (UNFCCC) convened in Bali,

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<sup>1</sup> For more detailed background and discussion of these issues, see CRS Report RL33826, *Climate Change: The Kyoto Protocol, “Bali Action Plan,” and International Actions*, by Susan R. Fletcher and Larry Parker.

Indonesia, and agreed on the “Bali Action Plan” to guide negotiations over the next two years, with the goal of formulating by 2009 a decision concerning the next round of commitments by the nations of the world to address climate change. The third “meeting of the Parties” (MOP-3) of the Kyoto Protocol was held concurrently; the annual meetings are termed “COP/MOP.”

During 2008, several “Ad Hoc Working Group” meetings were scheduled to work on these issues, beginning with a meeting in Bangkok, Thailand, in April that formulated a work plan for the negotiations. Subsequent meetings in Bonn, Germany, in June, and Accra, Ghana, in August, will precede the annual UNFCCC/Kyoto Protocol meeting in Poznan, Poland, in December 2008. An increased intensity of effort is expected during 2009, culminating in the year’s end COP-15/MOP-5 in Copenhagen, Denmark. By mid-2008, the variety of positions across the participants was evident in the meetings in Bonn, reflecting many conflicting concerns that have been present from the beginning of the process in 1992. Major challenges involve finding agreement on the nature of legally binding commitments, if any, that would prove acceptable to all major players: developed nations that are subject to Kyoto Protocol restrictions, developing countries that are major emitters, and the United States. Other large issues include setting a long-term goal for atmospheric concentrations of greenhouse gases; agreeing on “flexible” mechanisms for meeting goals — including future emissions trading systems; financial assistance to developing countries for mitigation and adaptation to climate change; technology transfer issues; and how to deal with land use change and forests as “sinks” that absorb carbon from the atmosphere.

## **Background**

The first treaty to address climate change, the UNFCCC was completed and opened for signature in 1992. The over-riding objective of the treaty is “... to achieve ... stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.” It includes voluntary commitments for developed countries to establish national action plans that would reduce greenhouse gas emissions to 1990 levels by the year 2000. The United States was one of the first nations to sign and ratify this treaty, and it entered into force in 1994. However, it was soon concluded by parties to the treaty that mandatory reductions in emissions of the six major greenhouse gases (of which carbon dioxide, mainly from burning of fossil fuels, is the most prevalent) would be required in order to meet the UNFCCC objective.

The resulting Kyoto Protocol, which was completed in 1997 and entered into force in February 2005, committed industrialized nations that ratify it to specified, legally binding reductions in emissions of six major greenhouse gases. The United States has not ratified the Protocol, and thus is not bound by its provisions. In March 2001, the Bush Administration rejected the Kyoto Protocol, and subsequently announced a U.S. policy for climate change that relies on voluntary actions to reduce the “greenhouse gas intensity” (ratio of emissions to economic output) of the U.S. economy by 18% over the next 10 years. Under the Kyoto Protocol, the collective commitments of the industrialized nations are to reduce the Parties’ emissions by at least 5% below their 1990 levels, averaged over the “commitment period” 2008 to 2012. The 38 nations with such commitments are listed in Annex I of the UNFCCC, and usually referred to as “Annex I” parties (developing countries are generally referred to as “Non-Annex I parties”). As of

May 13, 2008, the UNFCCC Secretariat listed 181 nations (including the European Union) as parties to the Kyoto Protocol. Australia announced its ratification at the December meeting in Bali.

During 2007, several high-level meetings focused on the need to deal with climate change, including the G-8 meeting in June 2007 and meetings at the United Nations. President Bush announced on May 31, 2007, that the United States would convene a series of Major Economies Meetings (MEMs) to begin in Washington, DC, through 2008 to find a voluntary framework for dealing with energy security and climate change. In April 2008, President Bush announced a U.S. climate change policy that would aim for an end to the *growth* of U.S. emissions by 2025.

During 2007, climate change gained widespread attention as a critical issue facing the nations of the world, and the negotiations held in Bali, Indonesia, December 3-14, 2007, were widely regarded as a key next step in continuing to chart an international course to mitigate global warming and deal with its impacts. The Kyoto Protocol was always intended to be a first step in moving toward reducing global accumulations of greenhouse gases in the atmosphere. Negotiators recognized that the goals of the Protocol, even if met by all the parties, would not produce the stabilization of atmospheric greenhouse gases posited as the goal of the UNFCCC. The Protocol set forth a timetable for reviewing progress of actions undertaken to meet the Protocol's goals and to consider "next steps." It has been generally anticipated that next steps after 2012 would include measures to be taken by both developed and developing countries. Throughout the process, developing countries have been unwilling to make binding commitments on greenhouse gas limitations or management.

## **The Bali Action Plan**

The outcome of negotiations at the Bali COP-13/MOP-3 was expected to be, at best, what was termed a "road map" for future negotiations. It was agreed by all parties that negotiations following from decisions at Bali need to be completed by the end of 2009. Some observers have noted that this is a very tight time frame, in that many parties are aware that the current U.S. administration continues to reject mandatory greenhouse gas emissions reductions, and they expect that further progress on mandatory GHG limitations cannot be made unless a new administration in 2009 is willing to participate. Further, it appears unlikely that major developing — and even developed — countries will be willing to make legally binding commitments in the absence of such a commitment by the United States.

Four key "pillars" or elements of the Bali Action Plan guided the negotiations in late 2007, and continue as the focus areas of follow-on meetings: 1) mitigation of climate change (primarily finding ways to reduce greenhouse gases going into the atmosphere); 2) adaptation to impacts of climate change; 3) financial assistance issues; and 4) technology development and transfer. These four areas of consideration, plus the question of a shared vision for long-term goals and action, constitute the five key elements of the Bali Action Plan. While future negotiations will likely grapple with the effort to obtain some form of legally binding, mandatory commitments from all parties, the recognition of differing national circumstances and differing abilities of nations to take on various types of commitments, will continue to be major elements in the discussions.

Major elements and issues of the Bali Action Plan<sup>2</sup> include the following:

***Need for deep cuts in global emissions.*** The decision at Bali recognized “that deep cuts in global emissions will be required to achieve the ultimate objective of the Convention [avoiding dangerous climate change] and emphasiz[ed] the urgency to address climate change as indicated in the Fourth Assessment Report” of the IPCC. Some developed countries, notably EU members, had argued that specific goals should be articulated in terms of atmospheric concentrations of GHG that should not be exceeded, but this was opposed by others, including the United States, and as a compromise, the limits discussed by the IPCC were referenced in general, with a footnote citation to the specific numbers.

***Negotiations process.*** A two-track negotiating process was launched:

(1) an Ad Hoc Working Group on Long-Term Cooperative Action (AWG-LCA) was established as a subsidiary body under the UNFCCC to conduct the process of negotiating agreement by 2009 on measures to be undertaken by all parties to the Convention — developing and developed. This was regarded as a breakthrough because it established a body that could negotiate a “decision” (not just, as previously, carry on a “dialogue”) that would include developing countries and would address mitigation measures (emissions reductions), as well as the other items listed for consideration; and

(2) the Ad Hoc Working Group under the Kyoto Protocol (AWG-KP) will continue to consider action by developed countries to succeed the 2012 conclusion of the Kyoto Protocol (no explicit reference to this AWG was made in the Bali decision document, thus it simply continues).

***Shared vision for long-term cooperative action and differentiated responsibilities.*** A need to develop a shared vision for cooperative action was agreed, “including a long-term global goal for emission reductions, to achieve the ultimate objective of the Convention, in accordance with the provisions and principles of the Convention, in particular the principle of common but differentiated responsibilities and respective capabilities, and taking into account social and economic conditions and other relevant factors.”

***Mitigation action.*** The actions to be considered for/by developing country Parties in the negotiations under the Bali Action Plan proved to be one of the most controversial points, and almost led to breakdown of negotiations on the final day in Bali. The document outlining the Bali Action Plan contains two separate paragraphs for mitigation considerations — (i) for developed country considerations, and (ii) for developing countries. Initially, both paragraphs stated that “Enhanced national/international action on mitigation of climate change” would include consideration of: “Measurable, reportable and verifiable nationally appropriate mitigation actions” — by both developed and developing parties. Some developing countries objected that this language was not what had been agreed to, and a reversal of clauses in the language of paragraph (ii) regarding actions by developing countries was proposed by India. This was opposed by the United

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<sup>2</sup> See [[http://unfccc.int/meetings/cop\\_13/items/4049.php](http://unfccc.int/meetings/cop_13/items/4049.php)] for the full text of the Bali Action Plan.

States, nearly causing the breakdown in negotiations.<sup>3</sup> The phrase as adopted is as follows: “(ii) Nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable manner; ...”

Those supporting this language argued that the financing, technology transfer and capacity building actions by developed countries should also be measurable, reportable, and verifiable. As the language was debated in the final plenary session, some of the developing countries reassured participants that they had made a commitment to consider mitigation actions in the negotiations that would follow. This debate underscored the continuing tensions between developed and developing nations over the issue of financial and other assistance, and the degree to which such assistance must be made available through international agreement.

***Emissions from deforestation and forest degradation.*** The decision to include reducing emissions from deforestation and forest degradation among the considerations in the negotiations to follow Bali is widely regarded as a major positive step by many participants in the process, opening the door to discussions of incentives for developing countries to reduce and avoid deforestation. The decision states that mitigation considerations in the negotiations should include “(iii) Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.”

***Other major elements in the action plan.*** Adaptation considerations were also listed among considerations for negotiations, including international support for adaptation actions; risk management and risk reduction strategies; disaster reduction strategies and means to address loss and damages associated with climate change impacts in developing countries; and ways to strengthen the role of the Convention in encouraging multilateral bodies and all sectors of society to support adaptation activities. Considerations for ways to improve access and provide support concerning technology development are also included in the action plan, as well as enhanced action on provision of financial resources and investments to spur both mitigation and adaptation activities.

## Next Steps

The Bali decision mandates that the Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC is to complete its work in 2009 and present the outcome to the 15<sup>th</sup> COP/MOP-5, which is due to meet in Copenhagen, Denmark, November 30 to December 11, 2009. No statement is included concerning the Ad Hoc Working Group under the Kyoto Protocol, but many observers expect that at some point, the two working groups will find a way to connect their considerations. The question of making this linkage has not been directly addressed in negotiations to date, but will be important if a comprehensive agreement is to be achieved. The two Ad Hoc Working Groups meet concurrently at each of the negotiating sessions, often along with the two long-standing subsidiary bodies that address a variety of technical and implementation issues: the Subsidiary Body on Implementation (SBI), and the Subsidiary Body on

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<sup>3</sup> Agreements at COP meetings, like most international negotiations, are made by consensus, not through voting. Thus, objections by any Party can serve as an effective veto, by preventing consensus.

Scientific and Technological Advice (SBSTA). The latter two bodies also meet between COP/MOP meetings, and met in their 28<sup>th</sup> sessions during the meetings in Bonn, Germany, in June 2008.

The first session of the UNFCCC Ad Hoc Working Groups met March 31-April 4, 2008, in Bangkok, Thailand. A broad work plan was agreed upon, including a series of eight workshops to discuss specific issues such as measuring, reporting and verifying (MRV); sector approaches; finance; risk management; and others. All five “key elements” of the Bali Action Plan are to be on the agenda and considered at each future session of the Ad Hoc Working Groups. It was also agreed that the AWG-LCA will finalize its work program for 2009 no later than at its fourth session in December 2008. Discussions in Bangkok involved in large part a continuation of the often conflicting approaches taken by countries in the past, signaling the challenges faced by negotiators; however the meeting ended on a positive note, according to reports from those attending.

The second in the series of Ad Hoc Working Group meetings in 2008 was held in Bonn, Germany, June 2-13, 2008. The meetings in Bonn continued to illustrate the growing complexity of the issues under discussion and negotiation,<sup>4</sup> and included concurrent sessions of SBI and SBSTA. As in past such gatherings, each day contained a multitude of specialized meetings on specific subjects, often in “contact groups” that offer the opportunity for informal interactions that can iron out (or sometimes exacerbate) differences and pave the way for future agreement on some of the more contentious issues. No decisions were expected in Bonn, but the array of meetings, in which several groups often took up the same issue, revealed not only the complexity of the issues at hand, but also the slow pace that led to major concerns as to whether resolution can be found over the next 18 months.

Major issues continue to focus on finding an agreed-upon “shared vision” for reducing the threat of climate change; the role of financial assistance and technology transfer — what developing countries regard as essential and both the mechanisms and funding levels regarded as acceptable by developed countries; adaptation to climate change; a multitude of issues under the Kyoto Protocol such as “flexibility mechanisms” and role of forests and land use as sinks; and how the issues and concerns being discussed in the two Ad Hoc Working Groups will be linked as the time period proceeds. In most of the discussions, the participants ended by agreeing on technical papers or workshops that should be created.

The next meetings will convene in Accra, Ghana, August 21-27, 2008. At the end of the year, the two Working Groups will meet concurrently with the COP-14/MOP-4 meeting in Poznan, Poland, December 1-12, 2008. The work program for 2009 was addressed in Bonn, with a decision that four sessions should be held in 2009: in March/April; in June in conjunction with SBI and SBSTA sessions; in August/September; and the fourth in conjunction with COP-15/MOP-5 in Copenhagen, November 3 to December 11, at which time “decisions” will be reached about how to proceed concerning the post-2012 period after the Kyoto Protocol expires. The possibility of two additional sessions in 2009 was discussed, but no decision was made at Bonn.

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<sup>4</sup> For a detailed summary of this meeting and the issues discussed, see the Earth Negotiations Bulletin at [<http://www.iisd.ca/download/pdf/enb12375e.pdf>]. For daily reports and summaries of previous meetings, go to [<http://www.iisd.ca/vol12>].