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## On the road to Copenhagen

Point Carbon , May 2009

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## Trading mechanisms

- The Kyoto Protocol
  - Cap-and-trade between industrialised countries
  - Joint Implementation (JI), projects in industrialised countries
  - Clean Development Mechanism (CDM), projects in developing countries
- EU Emissions Trading Scheme (EU ETS)
  - Allocation to 13.000 installations in 27 EU countries
  - Use of credits from JI and CDM

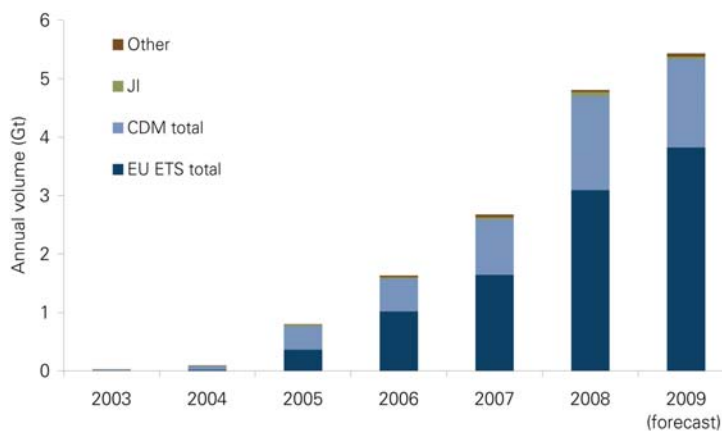
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### Not exponential anymore?

Reported and estimated contracts, 2003-08; forecast for 2009, in Gt CO<sub>2</sub>e



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Source: Carbon Market Analyst, "Outlook for 2009":  
Figure 1, page 3, 19 February 2009

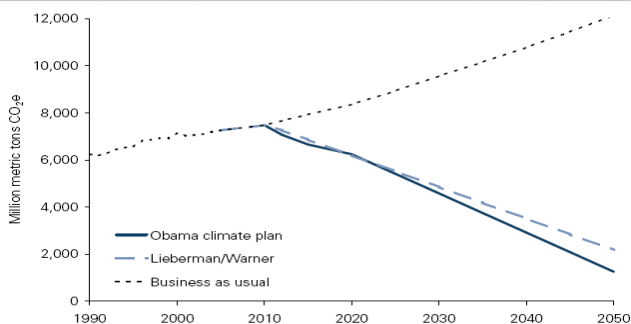
## Negotiation tracks after Bali

- AWG-LCA (Ad-hoc working group on long-term cooperative action)
  - Shared vision
  - Mitigation
  - Adaptation
  - Technology and financing
- AWG-KP (Ad-hoc working group on the Kyoto Protocol)
  - Review, of the trading mechanisms
  - Annex B commitments

## Poznan: Something was in the air...



## Obama's widening gap



- 1990 levels by 2020, 80% below 1990 levels by 2050
- Economy-wide cap-and-trade program, covering 80%
- Auction all allowances, estimated at \$13.70
- Waxman: large reductions through forest activities

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## US positions in Bonn April 2009

- Will not sign on to something that will not be ratified
  - Not aiming to sign the Kyoto Protocol
  - "Waxman's paper is one of many proposals, but by a talented legislator"
- Expected that the US will take on binding quantified commitments under the UNFCCC, not the Kyoto Protocol
- Engaged in the reform of the flexible mechanisms (AWG-KP)
- Engaged in creating a long-term pathway for global emissions (Shared vision) and forestry issues (REDD)

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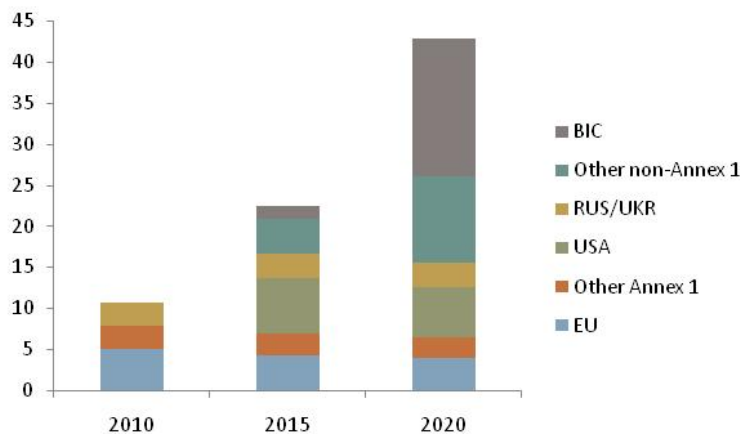
## EU's positions

- 30 per cent reduction from 1990 levels by 2020, collectively for developed countries
- Low carbon development strategies for developing countries, including reporting and verification of national actions
- Graduation of advanced non-Annex I countries
- Sector crediting and trading for developing countries
- (Unilateral: pledge to expanded use of CDM and JI, from 1800 to 2900 Mt under a satisfactory agreement)

## Coverage 2013-2017

- Country targets (100%)
  - Annex I countries (with Kyoto Protocol targets)
  - Korea
  - Mexico
  - Israel
  - Belarus
  - Kazakhstan
  - Turkey
  - Former Yugoslavia
  - Chile
  - Argentina
  - And some smaller countries
- Sector targets (% coverage)
  - BIC (Brazil, India, China): 5-10%
  - Other non-Annex I: 10-15%
  - LDC: 0%
- 2018-2022
  - China and Brazil take on country target, India a broader sector target
  - Many other non-Annex I countries take on country targets
  - A few LDC takes on limited sector targets

## Allocation (Gt/year)



## The Copenhagen "package"

- Shared vision
- National obligations, but not for all annex I
- Sector targets, in principle
  
- Crediting of NAMAs under CDM, in principle
- Maybe sector crediting under the CDM, in principle
- New REDD mechanism, in principle
- New funding mechanisms, in principle
  
- Timetable for further negotiations

## Towards 2020

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- Massive expansion of commitments
- Integration of markets
- Modest prices
- Global emissions will not peak before 2020

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**Thank you!**

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