



12-04-2011

Submission to The House of Representatives Standing Committee on Climate Change, Environment and the Arts into Carbon Credits (Carbon Farming Initiative) Bill 2011

The Organic Federation of Australia (OFA) broadly supports the current bill.

The one concern that we have is the reference to Kyoto Credits. The current discussions that have occurred in the UNFCCC Climate Change Conference from April 3 to 8 indicate that there is little chance that the 2nd Commitment Period of the Kyoto Protocol of being agreed to and signed off as a legally binding document. Even if it does get agreed to in a modified fashion it will be an ineffective document as it will not include the majority of the world's major GHG emitters.

There is a major impasse over the 2nd Commitment Period of the Kyoto Protocol. The G77+China want the Annex 1 countries to commit to larger reduction targets.

The Annex 1 countries have stated they have several major objections to doing this. The critical one, put forward by Japan, is that Kyoto only covers 27% of the world's GHG emissions, and this percentage will decrease as the majority of emitting nations are not covered by the protocol.

Japan stated that they will not support the 2nd Commitment Period of the Kyoto Protocol. The Russian Federation has taken the same position as Japan.

Canada, Australia and many other Annex 1 countries have stated that they will not commit to 2nd Commitment Period of the Kyoto Protocol unless it includes all significant emitting economies.

The EU has stated that the new protocol and reduction targets must cover the whole world. The rationale is that as the Annex 1 countries increase their GHG reduction targets through caps and carbon taxes, many of the most affected industries will simply relocate their activities to non Annex 1 countries and continue business as usual. This 'leakage' will simply shift the problem and not result in any real GHG reductions.

Given that the KP does not include world two largest emitters, China and the USA, and significant emitters such as South Korea, India, Taiwan, Brazil, South Africa, Indonesia and the Gulf States have refused to sign onto the 2nd Commitment Period of the Kyoto Protocol with agreed target reductions, it is highly unlikely that there will be a new agreement when the KP expires in 2012.

The Long-Term Co-operative Action (LCA) track will be the principle document for future agreements as there is a high level of agreement amongst the parties.

Nationally Appropriate Mitigation Actions (NAMA's) will become one of the primary methods for reducing GHG gases and will be a focus of the Bonn meeting in June. These will include carbon markets

The new legislation should mention NAMAs as a future market source of carbon credits and should also refer to 'Post Kyoto Credits' in the event the Kyoto Protocol expires and is replaced by the LCA track at the Durban meeting.

Yours Sincerely,

Andre Leu, Chairman

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