Australia's Greenhouse Negotiations in Berlin
Australian Institute of Energy: Seminar

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Major Issues

The Conference of the Parties (CoP) to the Framework Convention on Climate Change held its inaugural meeting in Berlin during March/April this year. Australia’s negotiating position at the CoP created widespread interest in Australia. A seminar held in Canberra on 28 April, 1995 allowed the Berlin participants to describe the negotiations at the conference. Speakers included representatives from government, business, and the environment movement.

Questions remain over the adequacy of the commitments and the delivery of a complete solution to the climate change issue. The splitting of commitments between developed and less developed countries means that responsibility is assigned only to developed countries. A mandate (the Berlin mandate) for the development of a protocol (or international legal instrument) was achieved at the CoP.

The conference provided a step forward for the negotiating process and remains a basis for further equitable and effective communication. The Rio targets for developed countries were reiterated, while an explicit statement was made agreeing to no new commitments for developing countries.

A pilot phase for joint implementation (JI) was agreed upon following lengthy negotiations. JI would result in the transfer of technology which assists in greenhouse gas emission reduction from one country to another. Australia supported the concept of JI between two or more parties. A database is being prepared by the secretariat listing those technologies that could assist developing countries. The question of credits accruing to developed countries involved in JI technological assistance remains vexed.

A permanent base for the secretariat of the conference was discussed. Due to the availability of office space combined with financial incentives, Bonn, the former West German capital was decided upon over Geneva, Switzerland.

The Business Council of Australia believes that a solution to the issue will not be found by focussing only on the developed world. Unilateral actions will result in “emission leakage” to developing countries, resulting in higher overall emissions. Those industries targeted in the emission reduction campaign would merely relocate to countries without emission concerns or restrictions.

The Australian Conservation Foundation expressed concern that Australia failed to support legally binding targets at the CoP. The ACF opposed the Australian delegation’s insistence on linking the developed and developing nations. The language of the convention was poor and vague according to the ACF.
Introduction

The first meeting of the Conference of the Parties (CoP) to the Framework Convention on Climate Change was held in Berlin during March/April this year. As the negotiation process is ongoing the recent meeting will be known as CoP1. Australia’s negotiating position at the CoP created widespread media interest in Australia. The Australian Institute of Energy hosted a seminar in Canberra on 28 April, 1995 which provided an opportunity for the Berlin participants to explain the outcomes of the CoP. Speakers included representatives from government, business, and the environment movement.

The events at the CoP are part of an ongoing diplomatic process which will influence Australian policies on trade and technical competitiveness. The negotiations represent both a challenge and a national opportunity. Situated in a region of the world in close proximity to a number of rapidly developing countries, Australia will need to balance the legitimate needs of developing countries with the need to produce a reasonable and responsible Australian position. This balance will require input and support from all sectors of the economy and community.

Negotiations for the United Nations Framework Convention on Climate Change (UNFCCC) commenced officially in 1990 with the first meeting of the Intergovernmental Negotiation Committee (INC). The most recent INC was INC 11 held in New York in February 1995. A further development on the climate change negotiations was the recent meeting of those governments which have ratified the process.

A total of 128 governments have ratified the United Nations Climate Change Convention which was drawn up in Rio de Janeiro in 1992. The Berlin meeting of the parties was known as the Conference of Parties (CoP); with further meetings the nomenclature will become CoP1, CoP2, etc.

The critical issues of the CoP were joint implementation (JI) and the adequacy of commitments. Joint implementation involves projects financed and assisted by one country and carried out in another. Examples might be clean energy technology or the planting of forests to act as carbon sinks. A resultant credit system would count emission reduction efforts in the financing country. The adequacy of commitments was measured against the key objective of the Framework Convention on Climate Change which is to achieve “stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system...”. The agreement reached at the CoP, known as the Berlin mandate, states that the present commitment under the Rio de Janeiro climate convention is inadequate. The mandate establishes a procedure that will set voluntary targets for reduction of all greenhouse gases after the year 2000. A working group will be set up to design the protocol for approval in 1997. The group will consider quantified targets for limiting or reducing emissions within a time frame that is yet to be decided. The agreement mentions the dates 2005, 2010 and 2020 but makes no specific recommendation.
The CoP was not successful in making decisions regarding joint implementation and the adequacy of commitments, but the conference provided a framework for continued negotiations leading to solutions.

**Adequacy of Commitments**

Meg McDonald of the Department of Foreign Affairs and Trade (DFAT) stated that there was agreement prior to the meeting that current measures were not adequate. The Association of Small Island States (AOSIS) wanted specific details with the commitments. The final outcome of the conference was an agreed mandate, falling short of making clear quantified targets. As a result of its position Meg McDonald noted that Australia was subject to some public discussion at the meeting.

The AOSIS provided a draft for the conference which provided a clear message of rapid action with reduction targets. Ian Carruthers of the Department of Environment, Sport and Territories (DEST) noted that the convention is not yet robust enough to deliver an instant solution. Ian Carruthers believes that by comparison the Montreal Protocol (ozone depletion) and nuclear non proliferation (NPT) agreements were easy and there is no recipe book solution. Tony Beck of the Business Council of Australia (BCA), agreed that the long term effect of implementing the AOSIS draft protocol could have been the destruction of the convention.

Tony Beck noted that the existing mandate does not deliver the basis of a complete solution to the climate change issue. The splitting of developed¹ and developing countries means that the commitments are carried by only the former. Developing countries are adamant that they will not accept any commitments (even if their rate of development is strong). For example, the Chinese ambassador at the conference was quoted as saying “we would never give up that (developing country) status”. Note that the developing world is not economically equal, some developing nations having higher per capita GDPs than many developed (Annex I) countries.

Di Dibley of the Australian Conservation Foundation (ACF) expressed concern that there is no definite emission reduction objective, that is, no hard targets. The vagueness in the negotiation mandate leaves concern for the baseline of 1990, the ACF believing that the conference accounts for nought if this baseline is not held.

**Future Negotiations**

The view of Meg McDonald from DFAT was that there were several diplomatic achievements at the conference. Rules of Procedure are to be ‘applied’ rather than ‘adopted’, which affects voting until the second Conference of the Parties (CoP2), and also whether a seat will be made available for the OPEC countries. The climate change issue is not exclusively Australia’s responsibility for the issue is global. The application of joint

¹ Developing countries are known as Annex 1 countries, which includes member of the OECD, some other developed countries, and also some of the East European countries.
implementation efforts and general diplomatic efforts are one way for Australia to demonstrate its commitment. Meg McDonald noted that Australia received little publicity in the international press during the negotiations. It was recognised that Australia was seeking to pursue its own interest.

According to Ian Carruthers of DEST, a major outcome of the conference was the Berlin mandate for future commitments and continued negotiations. The problem and subsequent uncertainty remains: at what point is the basis of knowledge adequate to prove that the dangerous anthropogenic interference is real and at what point does the danger occur?

Ian Carruthers noted that the conference provided a step forward for the negotiating process, recognising the present commitments from the 1992 UNFCCC article 42 (signed at Rio de Janeiro and known as the Earth Summit). The Rio targets for developed countries were reiterated, that is a voluntary return to 1990 emissions of greenhouse gases by 2000. The Berlin mandate agrees to develop a protocol and commences with a recognition that the existing targets are not adequate. Agreement was reached on the recognised long term agenda, while the clauses bear upon the period up to 2000. The existing commitments are only for developed nations but growth in emissions is global.² The second CoP will be held in 1996 and negotiations for the protocol should be completed by the third CoP in early 1997. Australia was actively involved in the dialogue and negotiations for the mandate. During the second week of the conference it was not clear that an agreement was achievable, the conference standing a chance of stalling or even ending.

The conference recognised a growing basis for knowledge, especially through the Intergovernmental Panel on Climate Change (IPCC) according to Ian Carruthers. The IPCC provided a special report to the CoP, concentrating on the relationship between various emission scenarios and at what concentrations stabilisation would occur. To stabilise concentrations at current levels, emissions would have to be cut well back from today's levels. This will prove difficult for the global community; consequently, concentrations of greenhouse gases are unlikely to stabilise at less than two and a half to three times the present level.

Ian Carruthers stated that the mandate for the development of a protocol (legal instrument) was achieved at the conference. The Berlin mandate lays out features which start to set parameters for negotiation. The need for widespread commitment to negotiation was recognised but developing countries argued that the problem stems from historical emissions, i.e., the developed world. Consideration of the needs of developing countries is an important aspect in the maintenance of continued dialogue. Policy considerations for the UNFCCC remain open following recognition that all options need to be considered. The setting of quantified limitations and targets will probably only provide part of the solution. An explicit statement agreeing to no new commitments for developing countries was noted.

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² The G7 countries accounted for approximately 50% of world CO₂ emissions in 1970; 43% in 1980 and 37% in 1990. This downward trend will continue to accelerate. (Tayles, K. AMIC Environmental Workshop Karratha October 1994).
Joint Implementation

Meg McDonald noted that a pilot phase for Joint Implementation (JI) was agreed upon following lengthy negotiations. Australia supported the concept of JI between two or more parties. The financial considerations of technology transfer were discussed, as existing provisions are subject to intellectual property rights. A database is to be prepared listing those technologies which could assist developing countries.

Robert Crick of the Department of Primary Industries and Energy (DPIE) stated that, other than the negotiation of the mandate, the key issue discussed was that of Joint Implementation. Article 42 from the 1992 UNFCCC (Rio de Janeiro) provided obligations for developed countries in JI. The outcome from Berlin was that JI can be between any parties, i.e., a developing nation can assist an Annex I country.

The developed countries argued that taking action would be more effective in developing countries, and that the problem is global, requiring a global solution. The global nature of the issue is recognised in the key objective of the convention. Robert Crick noted that this requires developing nations to address their emissions, while developed nations can provide a range of technologies.

JI has been variously supported and criticised for some time. At the Intergovernmental Negotiating Committee (INC 10) meeting in New York developing countries discussed what should go into a pilot phase for JI. This negotiation was a major stepping stone, although the position of the developing countries was somewhat different to that of developed countries. For example, greenhouse gas emission reduction benefits in a developing country achieved through technology assistance from a developed nation could result in a reduction benefit on the emission balance of the developed country, known as a credit. Concerns from the developing countries centred around the possibility of all emission reduction efforts going into those countries with little or no commensurate efforts in the developed world.

The question of credits accruing to developed countries for greenhouse gas reductions due to technology assistance in developing countries remains vexed according to Robert Crick. Such credits would provide motivation for developed countries to provide technology transfer, but developing countries remain firmly of the opinion that they are not responsible for the greenhouse problem and thus should bear no responsibility. Similarly, developing countries are concerned that credits would provide a release from the commitments of the developed (Annex I) nations. All global greenhouse gas emissions must be addressed given it is a global problem. Developing countries voluntarily signed the convention and every party has accepted the Berlin mandate.

Robert Crick stated that agreement over the question of JI was not resolved even amongst the developed nations. The pilot phase of JI is limited for these reasons; there will be no credit allocation to Annex 1 countries during the pilot phase to the end of the decade; and no retrospective allocation is allowed. Developed nations agreed to removing the option of credit allocation because of the political sensitivities associated with the issue. By 2000 a substantive phase for JI may commence, since possibilities do exist for commercial and environmental opportunities.
Permanent Base
A permanent base for the secretariat of the conference was decided upon at the conference, to be situated in Bonn, Germany, according to Meg McDonald. The availability of office space rent free (due to the German government’s relocation to Berlin) was a key factor in this decision. Australia had argued for Geneva as the base for the secretariat due the location of other UN bodies in that location.

Business Community

Tony Beck of BCA provided a perspective from the viewpoint of Australian industry. The outcome of the convention was a basis for further equitable and effective communication. Importantly the range of policy options for addressing the problem remain open. The principle of comprehensive approach is to be maintained. All sinks or greenhouse gas reservoirs and sources of greenhouse gas emissions are to be considered. This is important, otherwise specific sectors with little overall impact are likely to be targeted. The option of JI is viewed as a positive policy measure with substantial benefits to developing countries along with involvement in the issue.

Tony Beck indicated that Australia’s position had been unfairly pilloried by the press and green groups within Australia. The rate of growth in emissions in developing countries is high and reductions in these countries offer the most cost effective option. Unilateral greenhouse mitigation measures would reduce the trade competitiveness of Australia due to increased production costs, while competitors competitiveness would increase. The question of emission leakage is relevant to Australia’s position, since increased manufacturing costs in Australia would lead to the relocation of industries. The countries to which the industries relocated would be those countries where there are no controls. The result would be more emissions of greenhouse gases for the same production, but the emissions would be occurring in a different country. The issue is not solvable by the developed world alone.

Tony Beck stated that the Australian business sector is willing to make voluntary ‘no regrets’ policy decisions as agreed with the federal government.

Australian Conservation Foundation

The concerns of the ACF expressed by Di Dibley include: Australia’s failure to support legally binding targets and the insistence by the Australian delegation on linking developed and developing nations. The ACF’s view was that developed countries have a large debit to repay because they are the source of most historic emissions. Concerns remain about equity issues and differential resources of developed and developing nations, especially when Australia argues for special treatment due to its reliance on fossil fuels. Di Dibley found the language of the convention poor and vague. Its loop holes are huge and widespread. Dibley saw Australia as protecting its fossil fuel industries at the expense of the environment and of Australia’s neighbours in the Pacific and Asia. Developed nations must make the
commitments themselves: it is incredibly arrogant for the developed world to be asking anything of the developing world.
Summary

The Conference of the Parties (CoP) meeting in Berlin produced a number of significant achievements. A mandate for the development of a protocol which should be approved in 1997 was reached. The issue of Joint Implementation (JI) was negotiated with a pilot phase approved. The permanent base of the secretariat was decided upon, being Bonn, Germany. Overall the CoP provided a step forward for the negotiating process and remains a basis for further equitable and effective communication. Each country is recognised as acting in its own interest and therefore presents its own point of view. No one point of view prevailed at the expense of others, thus maintaining the basis for further communication towards a resolution of the issue.