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IN BRIEF

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The Kyoto Protocol: Progress at Bonn

Background

In 1992, an international agreement was reached that, even though uncertainties remained regarding predictions of human-induced global warming, indicated a precautionary approach to the problem. From this agreement came the United Nations Framework Convention on Climate Change (FCCC) that called for a stabilization of worldwide emissions of greenhouse gases (GHG) at 1990 levels by the year 2000. Over the next five years, the world community met numerous times to negotiate a binding agreement for meeting the FCCC's goal. In December 1997, such an agreement was reached in Kyoto, Japan. The Kyoto Protocol included a commitment to reduce average global GHG emissions by 5.2% between 2008 and 2012. Canada's individual commitment was to reduce emissions by 6% from 1990 levels. It also outlined a number of mechanisms that could be used by countries to meet their targets. Details of the rules that would govern use of the various mechanisms were left for future Conferences of the Parties (CoP).

The subsequent negotiation process has been marked by widely differing demands and approaches to the basic implementation rules. Often, the European Union has been pitted against the "umbrella group" that includes Canada, Japan, Australia, Norway and, until early 2001, the United States. At CoP6, held in November 2000 in The Hague, differences over key issues could not be resolved. These issues included the treatment of "carbon sinks," the rules governing the international trading of emission credits, and the best means of providing help to developing countries to address climate change. The talks ended in failure, putting the survival of the Kyoto Protocol in doubt. When the United States announced in March 2001 that it was withdrawing its support for the Protocol, the situation looked bleak. Not wanting to let the Protocol

die, the countries still involved in the process agreed that CoP6 negotiations would "continue" in Bonn, Germany in July 2001. This time, compromises were found and the talks ended in success, with a political agreement being reached on the basic rules for implementation of the Kyoto Protocol.

Decisions from Bonn

The industrialized countries of the world, except the United States, agreed to maintain their Kyoto commitments for GHG reductions. For Canada, emissions have, in fact, increased since 1990. If they continue to climb as predicted, by 2012 Canada will have to make an actual reduction of about 26% in order to adhere to the Kyoto commitment to reduce emissions by 6% from 1990 levels.

In Bonn, it was agreed that countries would exclude the use of nuclear power for projects implemented under the Clean Development Mechanism (CDM) and Joint Implementation (JI) agreements. In other words, the export of nuclear power plants to developing countries will not result in a reduction credit for the exporting country. This was a point on which Canada had to compromise, despite having been a strong advocate of allowing such a credit.

Parties to the Kyoto Protocol also agreed to proceed with establishing a system for emission credit trading between developed countries. Under such a system, a country that exceeds its emission reduction target will be credited for the extra reductions. It can then sell those credits to another country that has not met its own targets, and needs the credits to do so. Prior to the Bonn meeting, the EU had insisted that there be a cap on how much of its domestic emission reduction commitment a country could satisfy by credit trading. The EU compromised on this point, agreeing to removal of the cap.

Industrialized countries agreed to contribute additional funds for the existing Global Environment Facility Fund, and two new funds were established to complement its work. More than US \$410 million per year will be put into the three funds by 2005.

The two new funds are:

- The Special Climate Change Fund, which will help developing countries support a variety of projects related to: the transfer of technology; adaptation to the expected impacts of climate change; emission reduction activities in sectors of the economy such as energy, transportation and forestry; and economic diversification.
- The Least Developed Countries Fund which is, as the name states, for only the very least developed countries of the world. It will be used to help them develop national adaptation plans and related emission reduction programs.

For Canada, the most significant agreement reached in Bonn relates to the treatment of carbon sinks, particularly forests and agricultural land. Article 3.3 of the Kyoto Protocol allows credit to be given for only a limited range of forestry and agricultural practices. For example, it specifies that credits will be

given for afforestation and reforestation only (defined as planting trees where there is no forest). Also, debits will be incurred when trees are cut and the cleared land is used for another purpose (roads, housing, etc). This article does not deal with harvesting and replanting of forests or disturbances such as forest fires. However, Article 3.4 of the Kyoto Protocol does allow for the future addition of other forest and agricultural activities. The application of this article has been the focus of contention between various industrialized countries. In Bonn, Canada won its battle to have the broader concepts of “forest management,” “cropland management,” “grazing land management” and “revegetation” accepted as eligible carbon reduction activities. Although there is a limit to the emission credits that countries can claim through carbon sinks, Canada received a generous annual quota of 12 million tonnes (Mt) of CO₂. Only Russia (17.6 Mt) and Japan (13 Mt) received larger quotas. In addition, sink credits can now also be earned through CDM and JI activities, such as planting trees in a developing country, to a maximum of 5% of base year emissions. Some observers have commented that under the Bonn agreement, Canada will be able to achieve 25% to 30% of its target through carbon sinks alone.