



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 3 March 2009

7128/09

**ENV 163
ENER 77
FISC 28
DEVGEN 55
TRANS 91
FORETS 23
AVIATION 33
MAR 40
ONU 18
RECH 59
COMPET 120
ECOFIN 172
POLGEN 43**

INFORMATION NOTE

from : General Secretariat of the Council

to : Delegations

Subject : Climate Change

- Contribution to the Spring European Council (19 and 20 March 2009): Further development of the EU position on a comprehensive post-2012 climate agreement
 - = Council conclusions
-

Delegations will find attached the conclusions adopted by the Council (Environment) on 2 March 2009.

**Contribution of the Council (Environment) to the Spring European Council
(19 and 20 March 2009): Further development of the EU position
on a comprehensive post-2012 climate agreement**

- Council conclusions -

The Council of the European Union,

I. Introduction

1. RECALLS the Bali Action Plan, in particular on enhanced action on the provision of new and additional financial resources and investment to support action on mitigation and adaptation and technology cooperation, *inter alia* through improved access to adequate, predictable and sustainable financial resources and financial and technical support as well as positive incentives for the enhanced implementation of national mitigation strategies and adaptation action for developing countries.
2. REAFFIRMS its commitment to reach a global and comprehensive climate agreement in Copenhagen in December 2009 and WELCOMES progress on the Bali Action Plan and in particular the outcome of the Poznań Conference, including the 2009 work programmes which effect the transition to full negotiating mode and provide for the introduction of negotiating texts in the second quarter of 2009.
3. REAFFIRMS that economic and social development and poverty eradication are global priorities.
4. STRESSES that the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol are the key instruments for tackling climate change at the global level; RECOGNISES that processes outside the UNFCCC will support and feed into the UNFCCC negotiations.

5. RECOGNISES that full implementation of the UNFCCC requires all Parties to take swift and ambitious action in accordance with its objectives and principles and EMPHASISES the EU's determination to take such action, as set forth in the EU climate and energy legislative package agreed in December 2008, which contains the legal framework for the EU to achieve its independent commitment to reduce its emissions to 20% below 1990 levels by 2020; REITERATES its commitment to move to a 30% reduction as its contribution to a global and comprehensive agreement for the period beyond 2012 provided that other developed countries commit themselves to comparable emission reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities.
6. UNDERLINES the opportunity and the need to build on the synergies between action on climate change and economic recovery actions and to seek a long-term financial and economic architecture that will encourage growth and sustainable development for all countries compatible with avoiding dangerous climate change and coping with the impacts of unavoidable climate change.
7. RECALLS its intention to strengthen its alliances and partnerships with developing countries, in particular with Africa, the Latin American countries, the Least Developed Countries and the small island developing states; WELCOMES the adoption of the Africa-EU joint declaration on climate change of December 2008 as well as the establishment of the EUroCLIMA programme with Latin America and COMMITS itself to furthering this cooperation.

II. Mitigation

8. REITERATES that the Copenhagen agreement must be based on the best available scientific evidence as presented by the Intergovernmental Panel on Climate Change (IPCC) in its Fourth Assessment Report (AR4) as well as by scientific studies published since then, which indicate that averting dangerous anthropogenic interference with the climate system requires the increase in global mean surface temperature to be kept below 2°C compared with pre-industrial levels, which in turn requires that global greenhouse gas (GHG) emissions peak by 2020 at the latest and be reduced by at least 50 % as compared with 1990 levels by 2050 and continue to decline thereafter.
9. ACKNOWLEDGES the information provided in the IPCC's AR4 that to achieve a global emissions trajectory consistent with these requirements and with the lowest levels of stabilisation assessed, developed countries should collectively reduce their GHG emissions by 25 to 40 % by 2020 compared to 1990 levels, through domestic and international efforts, and transform their economies over the coming decades in order to collectively reduce their GHG emissions by 80 to 95% by 2050 compared to 1990 levels.
10. CALLS on these countries to propose, as soon as possible and not later than mid-2009, quantified emission limitation or reduction commitments for the medium-term that are consistent with the achievement of the objectives for this group as a whole and to enact as soon as possible policies and measures to achieve these targets, such as the EU climate and energy legislative package.

11. In this context, STRESSES that the Copenhagen agreement should contain binding quantified emission limitation or reduction commitments for at least all Parties listed in Annex I to the UNFCCC and all current EU Member States, EU candidate countries and potential candidate countries that are not included in Annex I to the UNFCCC; CALLS UPON other non Annex I Parties that are at levels of development and GDP/capita comparable to those of the group of developed countries, notably OECD member countries and candidates for membership thereof, to consider making similar commitments commensurate with their responsibilities, capabilities and national circumstances; PROPOSES that the Copenhagen agreement include an appropriate level of ambition of measurable, reportable and verifiable mitigation commitments and actions by Parties.
12. STRESSES that the overall target for developed countries must be distributed in a manner that is fair and ensures the comparability of efforts; CONSIDERS that the distribution of the overall target for developed countries should be guided by considerations of capability and responsibility, making use of a balanced combination of criteria, such as:
- the capability to pay for domestic emission reductions and to purchase emission reduction credits from developing countries;
 - the GHG emission reduction potential;
 - domestic early action to reduce GHG emissions;
 - population trends and total GHG emissions.
13. NOTES that, based on available elements such as current population projections, global average greenhouse gas emissions per capita should be reduced to around two tonnes CO₂ equivalent by 2050, and that, in the long term, gradual convergence of national per capita greenhouse gas emissions between developed and developing countries would be necessary, taking into account national circumstances.

14. STRESSES that the rules for the treatment of land use, land-use change and forestry in the future commitments of developed countries should stimulate additional actions in those countries, ensure permanence and the environmental integrity of the contribution of land use, land-use change and forestry, and CONSIDERS that these rules should be taken into account in individual developed countries' targets.
15. CONSCIOUS that greenhouse gas emissions from developing countries as a group are projected to increase in the medium term in line with their growing population and development; UNDERLINES that opportunities exist for them to follow a low greenhouse-gas-development pathway building on national development strategies and plans; STRESSES that the latest scientific research indicates that achievement of the necessary global emissions trajectory to keep the 2°C objective within reach will require developing countries as a group, in particular the most advanced among them, to achieve a substantial and quantifiable deviation below the currently predicted emissions growth rate; and further NOTES that recent analysis indicates that such deviation will need to be of the order of 15 to 30% below business as usual by 2020, respecting the principle of common but differentiated responsibilities and respective capabilities.
16. CONSIDERS that, in accordance with this principle, developing countries should commit to integrate low-carbon development strategies and plans covering all key emitting sectors into national and sectoral strategies and plans and to update them as soon as possible and by no later than 2012 so as to be consistent with the achievement of the 2°C objective; PROPOSES that those strategies and plans should differentiate between those actions which can be undertaken autonomously and those which require support, particularly those which will result in positive incremental costs that cannot readily be borne by the country itself; further CONSIDERS that low-carbon development strategies and plans for the least developed countries should be supported financially and technically.

17. To ensure a sufficient level of ambition, PROPOSES to explore the establishment of a coordination instrument, including a registry of nationally appropriate mitigation actions, to provide an efficient process whereby appropriate levels of support, taking into account the capability of each developing country, can be directed to the proposed actions contained in the low-carbon development strategies in proportion to the associated emission reductions in such a way as to maximise the emissions reductions achieved with regard to the support provided.
18. CALLS on developing countries, in particular the most advanced amongst them, to propose ambitious low-carbon development strategies and plans, or meaningful actions that will form part of these, already before Copenhagen and that will become the underpinning structure of enhanced contributions by developing countries to the global effort consistent with the level of global ambition required to keep the 2°C objective within reach.
19. RECALLS that deforestation accounts for some 20 % of global carbon dioxide emissions and therefore that reducing emissions from deforestation and forest degradation will be essential in order to achieve the objective of limiting global warming to 2°C above pre-industrial levels; REITERATES, as already set out in its conclusions of 5 December 2008, the objective, within the UNFCCC, of developing financial mechanisms, taking into account existing arrangements, to support developing countries to reduce emissions from deforestation and forest degradation in order to reduce gross tropical deforestation by at least 50% by 2020 compared to current levels and to halt global forest cover loss by 2030 at the latest.
20. RECOGNISES that the international aviation and maritime transport sectors are large and growing sources of GHG emissions; REITERATES that emission reduction targets for these sectors should be incorporated into the Copenhagen agreement and that Parties should commit to work through ICAO and IMO to enable an international agreement that does not lead to competitive distortions or carbon leakage, that is agreed in 2010 and approved by 2011; in this context, ACKNOWLEDGES that market-based instruments can ensure cost-effective emissions reductions.

21. RECOGNISES that the accelerated phase-out of HCFCs mandated under the Montreal Protocol may lead to a rapid increase in the use of HFCs, many of which are very potent GHGs; therefore, PROPOSES that the Copenhagen agreement include an international emission reduction arrangement for HFC emissions; NOTES that this arrangement will contribute towards meeting the EU's 30% commitment.

III. The Carbon Market

22. REITERATES its view that putting a price on carbon through the establishment of domestic cap-and-trade systems for greenhouse gas emission allowances represents the most economically efficient way of ensuring that future private and public sector investments in all countries are consistent with achievement of the global mitigation objectives; in this context, WELCOMES the development of cap-and-trade legislation in a number of OECD countries; PROPOSES to build, as soon as practicable and preferably by no later than 2015, a robust OECD-wide carbon market through the linking of cap-and-trade systems which are comparable in ambition and compatible in design, to be extended to economically more advanced developing countries by 2020, including through the adoption by these countries of no-lose or binding targets which could be linked to participation in sectoral crediting and trading mechanisms; accordingly, EXPRESSES its willingness to share experience and work cooperatively to this end with OECD and other countries; RECOGNISES the collaboration already taking place under the International Carbon Action Partnership (ICAP).

23. CONSIDERS that an increasing proportion of global mitigation efforts will be needed in developing countries; therefore, PROPOSES the creation of new sector-specific mechanisms to enable developing countries to strengthen their mitigation contribution, to access carbon markets and to promote sustainable development, including the adoption and implementation of cap-and-trade systems for installations in advanced industrial sectors in these countries by 2020 as the most appropriate means of ensuring cost-effective action; EXPRESSES its willingness to assist interested developing countries in designing and making operational such sectoral crediting and trading systems, particularly by providing appropriate capacity-building support to this end.

24. UNDERLINES that the EU climate and energy legislative package and comparable emission reduction commitments by other developed countries will contribute, in the context of a global agreement, to a substantial increase in demand for emissions reduction credits over the period 2013-2020; subject to the sovereign right of Member States to determine the use of auctioning revenues, UNDERLINES the contribution of this package to EU efforts to provide finance for actions to mitigate and adapt to climate change, in particular through the carbon market in the context of a wider international agreement.

25. TAKES THE VIEW that, to enable the transition to a global carbon market, there is a strong continuing role for the Clean Development Mechanism (CDM), Joint Implementation (JI) and IET (International Emissions Trading) and EMPHASISES that:

- the CDM should be improved in order to strengthen its environmental integrity, enhance its contribution to sustainable development, broaden the participation of developing countries, in particular least developed countries, and improve its governance;
- the JI should be improved in effectiveness and efficiency by extending its timing, guaranteeing its environmental integrity and preparing for new participants;
- specific arrangements are needed to ensure an orderly transition in the longer term to a sector-specific carbon market mechanism, and, for advanced developing countries and highly competitive economic sectors, cap-and-trade systems.

IV. Adaptation to the negative effects of inevitable climate change

26. STRESSES that climate change is already occurring and that keeping the increase of global mean surface temperature below 2° C will not be sufficient to prevent the adverse effects of climate change; and therefore EMPHASISES that adaptation must be comprehensively addressed in the Copenhagen agreement and adequately reflected in ongoing and future development planning.

27. RECOGNISES that adaptation is a global challenge; REITERATES its proposal that the Copenhagen agreement provide a Framework for Action on Adaptation (FAA), which, on the basis of an international partnership and solidarity:

- recognises the need for all countries to adapt, thereby implementing actions to build a more climate-resilient society with support for doing so being provided to developing countries and priority being given to the most vulnerable ones;
- strives for effective adaptation action, making full use of opportunities for sustainable development through a process which integrates adaptation into sustainable development policies and strategies at all levels and into development cooperation; and
- proposes to improve the tools for adaptation strategies, including technologies in support of adaptation, scientific techniques, particularly monitoring and forecasting, access to improved climate data and regional climate models, capacity building and approaches to risk management and risk reduction.

28. In order to prepare the ground for the implementation of the FAA, PROPOSES:

- that further technical and economic assessment under the UNFCCC on impacts, vulnerability and adaptation to climate change be mandated;
- continued support for the identification, elaboration and refinement of the adaptation actions required and their integration into relevant national development plans and policies;
- continued support for the Nairobi Work Programme; and
- strengthened cooperation between relevant international, regional and other organisations and the private sector, with the UNFCCC playing a catalytic role.

29. NOTES that estimates for adaptation costs vary widely, but that the ranges cited by the UNFCCC Secretariat provide an indicative scale of need in developing countries in the order of EUR 23 - 54 billion per year in 2030.

30. WELCOMES the decision of the Poznań Conference to enable the Kyoto Protocol Adaptation Fund to start its operations; ENCOURAGES the Board of the Fund to develop strategies and procedures to enable it to meet the costs of specific priority adaptation projects and programmes in the most vulnerable countries, and RECOGNISES that further financing from appropriate sources will be needed to cover the costs of adaptation in developing countries.
31. PROPOSES that multilateral insurance options to cover disaster losses should be explored to complement existing funding mechanisms in the event of climate-related natural disasters.

V. Financial Support, technology cooperation and capacity building

32. HIGHLIGHTS that the latest estimates from the Commission indicate that the net global incremental investment, both public and private, to reduce global greenhouse gas emissions to a level compatible with the 2°C objective needs to increase to around EUR 175 billion per year in 2020; RECOGNISES that current analyses also indicate that more than half of this will have to be made in developing countries; STRESSES that many actions have low incremental costs or even generate a net benefit in the medium-term; RECOGNISES nonetheless that substantial support of an appropriate scale from both private and public sources will be required in order to ensure the necessary investments are made.
33. UNDERLINES that adequate, predictable and timely financial support for implementation of a Copenhagen agreement is crucial and that the EU is prepared to take on its fair share, in the framework of a global and comprehensive Copenhagen agreement which entails appropriate and adequate contributions by Parties; EMPHASISES that the international financial architecture providing this support must be governed by the principles of effectiveness, efficiency, equity, transparency, accountability, coherence, predictability and sound financial management; RECOGNISES that the financial architecture should ensure strong coherence and effectiveness between the mechanisms under the UNFCCC and promote synergies with efforts outside the UNFCCC framework, in particular with the Multilateral Development Banks and bilateral institutions.

34. REAFFIRMS the role of the Global Environment Facility as the financial mechanism of the UNFCCC and its Kyoto Protocol and the importance of improving its mechanisms so that it can reinforce its effectiveness and efficiency and NOTES that such reforms would allow it to play a key role in the implementation of the Copenhagen agreement and would contribute to achieving an adequate and successful replenishment.
35. Without prejudice to the future international architecture of the Copenhagen agreement, WELCOMES the establishment at the World Bank of the Climate Investment Funds, which will help to gain experience of mobilising finance and investment to support transformational low-carbon, climate-resilient activities in developing countries.
36. REITERATES its willingness to explore in more detail the practical means for financing mitigation, adaptation, technology support and capacity building; INVITES the forthcoming Spring European Council to consider the options for generating financial support which should be the focus of future discussion, including *inter alia*:
- a contributory approach whereby the overall level of support to be provided by individual Parties, excluding LDCs and SIDS, is determined according to an agreed scale;
 - a market-based approach whereby a proportion, established according to an agreed scale, of the assigned amount units allocated to Parties are subject to an international auctioning arrangement; or
 - a combination of these and other options.

NOTES that these options could potentially be complemented by funding resulting from a global instrument addressing international aviation and maritime transport.

37. RECOGNISES the importance of supporting appropriate specific financial support for the forest sector and in particular for the reduction of emissions from deforestation and forest degradation and ADVOCATES that the support be performance-based and provided on the basis of verified results in terms of avoided emissions from gross deforestation and forest degradation, while promoting the role of conservation, sustainable forest management, and enhancement of forest carbon stocks; HIGHLIGHTS the need for the incentives provided and the measures taken under these provisions to ensure achievement of co-benefits, including the protection of biodiversity, increased resilience and improved livelihoods in forest regions; EMPHASISES the need for fair and transparent consultation processes with the stakeholders concerned, including local communities and indigenous peoples when measures for reduced emissions from forest degradation and deforestation are being assessed, planned and implemented.
38. REITERATES its view that all funding for climate change from bilateral and multilateral channels inside and outside the UNFCCC will remain important and, therefore, EMPHASISES the need for provisions to promote the effective and efficient coordination of all support for mitigation and adaptation, including with all other streams of development funding; PROPOSES to review and explore options for international climate finance governance arrangements, including the regular review of funding availability and expenditure as well as the performance of the financial architecture and the means for improving its operation, including the potential to bring together key decision makers from the public and private financial sector, as well as international financial institutions.

39. RECOGNIZES that a range of barriers, lack of policies and measures related to private and public investment and behaviours, poor access to information and insufficient institutional and human capacities hamper the development, transfer, deployment and diffusion of technologies for adaptation and mitigation in developing countries, many of them related to the enabling environment in those countries; CONSIDERS that support for these technologies in developing countries should be based on assessments of their needs in their low-carbon development strategies; HIGHLIGHTS the important role of public policies and finance in creating an enabling environment to redirect and scale up private investments in safe and sustainable low greenhouse-gas-emitting technologies and RECOGNISES the value of establishing national and regional centres of technological excellence to promote technology development and transfer, stimulate capacity-building and improve access to information; NOTES that cooperation on RD&D efforts between developed and developing countries is essential in achieving common technology goals and COMMITS to working with developing countries to explore how joint research efforts shall be taken forward as part of the Copenhagen agreement.
40. STRESSES that private investment will play a major role in driving economic and technological changes and towards the deployment of low greenhouse-gas-emitting technologies and investment in infrastructure for clean and climate-resilient development and REAFFIRMS that a key objective of the international financial architecture would be to scale up and orient private investment and financial flows to combat climate change in an effective, efficient and equitable way and that market-based instruments will play a key role in ensuring this engagement.

41. STRESSES that significantly enhanced research, development and demonstration (RD&D) as well as deployment and diffusion of low-carbon mitigation and adaptation technologies are needed to support the practical implementation of mitigation and adaptation efforts by all countries; EMPHASISES that provisions on financing technology research, development, deployment and diffusion should form an integral part of the Copenhagen agreement, with the aim of a substantial increase of private and public energy-related RD&D compared to current levels, working towards at least a doubling of global energy-related RD&D by 2012 and increasing it to four times its current level by 2020, with a significant shift in emphasis towards safe and sustainable low greenhouse-gas-emitting technologies, especially renewable energy.

VI. International climate change governance and MRV (Measurement, Reporting and Verification)

42. RECOGNISES that the current international architecture, specifically for finance, needs to be examined, and where necessary reformed, in order to ensure its capacity to deliver in the future; in this regard, SUGGESTS that the Copenhagen agreement should aim at building on existing elements of the current architecture and establishing new bodies where these are needed, particularly to effectively match support to mitigation and adaptation actions.

43. STRESSES the need, at global level, for more robust and transparent measurement, reporting and verification of mitigation and actions, for both developed and developing countries, as well as of support for mitigation efforts in developing countries through financing, technology and capacity-building; in this context, SUPPORTS independent review processes for both developed and developing countries, building on and strengthening wherever possible the existing processes under the UNFCCC and its Kyoto Protocol.

44. PROPOSES that developing countries provide as soon as possible and by no later than 2011 annual emission inventories, at least for the key emitting sectors of their economies, facilitated by comprehensive capacity-building and technical and financial support; UNDERLINES that future emission inventories of both developed and developing countries should be prepared on the basis of the improved 2006 IPCC guidelines and subject to independent review.

VII. Further Developments

45. UNDERLINES the need for a periodic review of overall progress towards the ultimate objective of the Convention and actions related to mitigation, adaptation and means of implementation forming an integral part of the Copenhagen agreement, including a comprehensive review not later than 2016 with consideration of future emission reduction requirements and targets in light of the Fifth Assessment Report of the IPCC.

