

Briefing Paper: Loopholes in the Emissions Targets of Industrialized Countries

In the context of the Copenhagen negotiations, developed countries are proposing (insufficient) emissions reductions targets for the post 2012 period. At the same time, negotiations are taking place on a range of elements of the future climate agreement post 2012. These include the contribution of the land-use sector, mainly forests, and the role of emissions trading. This briefing paper will discuss potential loopholes in industrialized countries' emissions targets, which threaten to weaken the actual emissions reductions they should achieve.

LULUCF¹

Under the Kyoto Protocol, the land-use sector is not directly included in the emissions reduction targets of industrialized countries. Put simply: if a country's forest absorb more CO₂ from the atmosphere compared to historical levels, countries can account for this incremental increase in sequestrations towards their emissions reduction targets, and this contribution is limited by a so-called cap on emissions "credits" from the forestry sector.

Currently in the negotiations, countries are proposing new "reference levels", against which sequestrations and emissions from the forest sector would be accounted for post-2012. Almost universally, industrialized countries have proposed reference levels significantly lower than historical levels of sequestrations from the forest sector.

If sequestrations are above the reference level, this can be accounted for as a credit towards countries' emissions targets. If sequestrations drop below the reference level, this is accounted negatively towards the reduction target.² By proposing reference levels so far below historical levels, i.e. 1990-2007, industrialized countries can either:

- 1) decrease the amount of CO₂ sequestered by their forests by increasing harvesting, without accounting for this as an emission to the atmosphere,³
- 2) AND/OR, generate windfall emissions credits from "business as usual" forest sequestrations compared to an artificially deflated reference level.

As an example: the reference levels proposed by Sweden, Austria and Finland would allow emissions worth circa 20 percent of their total emissions in 1990 levels to go unaccounted for. This would overwhelm the environmental effect of their emissions reduction target, and represent an unfair advantage compared to some other countries. For the EU as a whole, this loophole could be as large as 15 percentage points of their currently proposed emissions reduction target. For industrialized countries, this loophole represents circa 5 percent of their emissions in 1990, or a very significant portion of their current proposed aggregate target of 13-19 percent below 1990 levels.

¹ Land-use, land-use change and forestry.

² i.e. as an "emission" that must be compensated for elsewhere by an emission reduction.

³ One can think of reduced sequestrations as an "emission" to the atmosphere, because it speeds the rate of build-up of greenhouse gases in the atmosphere.

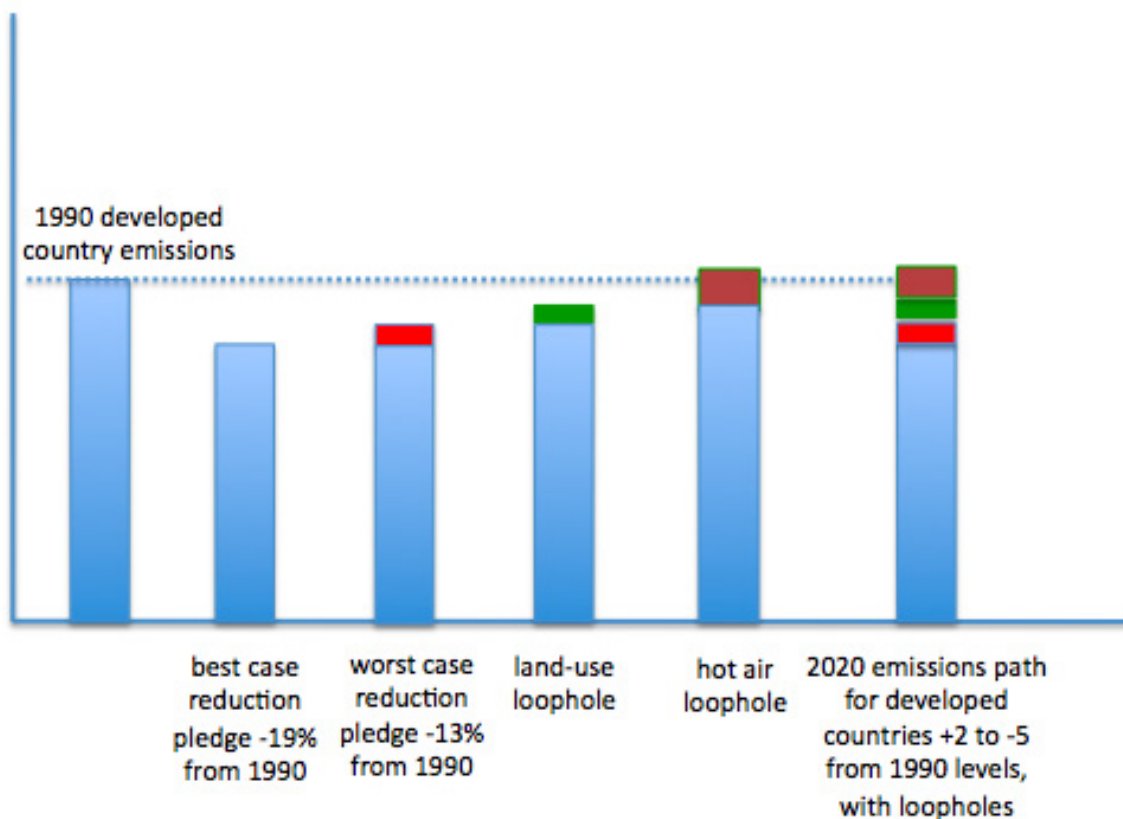
Surplus Emissions Permits

After 1990, the emissions of ex-Soviet countries collapsed; nonetheless, emissions permits under the Kyoto Protocol were allocated according to 1990 emissions levels. Thus Russia, Ukraine, and new member states of the EU have significant surplus of emissions permits, which can either be sold to other countries or saved for future use. If these surplus emissions permits, sometimes known as “hot air”, are sold to other countries and used to achieve their targets, this could undermine industrialized countries’ emissions reduction targets by a further 9 percent.

The Total Effect

Taking both loopholes together, the aggregate emissions reduction target for industrialized countries is +2 to -5 percent from 1990 levels. For comparison, the Kyoto Protocol required an aggregate reduction of 5.2 percent from 1990 levels, for the period 2008-2012, by industrialized countries; current loopholes could allow them to increase their emissions from 1990 levels, in a worst case. Emissions could thus even be higher than 1990 emissions, and far higher than the -40 percent by 2020 from 1990 levels by industrialized countries, required to peak warming well below 2 degrees compared to pre-industrialized levels. This is represented by the graph below.

Figure. 1: Emissions reduction pledges from developed countries and loopholes. All numbers are as percentage points compared to 1990 emissions. (Thomas Spencer/Germanwatch, from Climate Analytics and own analysis)



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