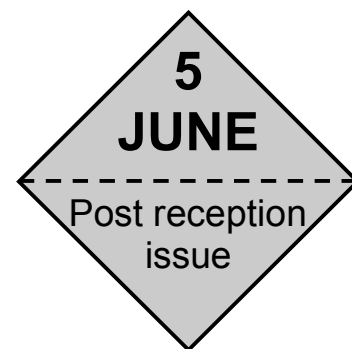


eco



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Oh Canada!

During his European tour last week, Canadian Prime Minister Stephen Harper lectured several EU leaders for their overly ambitious position at these negotiations. Judging by his comments and assertive pitches of Canada's economically 'realistic' climate plan, based on intensity targets, one might have assumed he was speaking on behalf of Canadians.

However, it's becoming increasingly clear the federal government is the one that is out of touch. Prime Minister Harper's minority government is having a difficult time preventing the inexorable march of Canada's public, Parliament and many of its provinces towards hard caps on emissions and meaningful greenhouse gas reduction targets. Three Canadian provinces have already joined U.S. states in the Western Climate Initiative, which is working towards devel-

oping a regional cap-and-trade system. On Monday, Canada's largest province, Ontario, also announced that it intended to be part of a hard cap with neighbouring Quebec and rejected the federal government's fatally flawed "intensity based" proposal for regulating industrial emissions. This means that roughly 75% of Canada's population now lives in jurisdictions committed to hard caps.

While the federal government's head remains stuck in the Alberta Tar Sands, as it refuses to acknowledge the inadequacy of its approach, the provinces are leaving it behind.

Yesterday, Canada's House of Commons put another nail in the coffin when they voted to approve a bill mandating greenhouse gas reductions of 25% below 1990 levels by 2020 and 80 percent by 2050. The Government of Canada has

worked hard to convince the world that these targets are unrealistic, but it appears that the parliamentarians aren't believing a word. More than 60 percent of Canada's MPs voted in favour of the bill despite opposition from PM Harper's minority government that had worked hard to stop it as it made its way through the legislative process.

These are tough times for a delegation that is trying to convince the world that it is serious about climate change while not taking serious action. Canada's provinces are moving on and the parliament is demanding meaningful targets.

ECO hopes that the federal government gets the message soon and is looking forward to its whole-hearted embrace of the 25-40% range for Annex I parties.

Umbrellas: A+ for optimism, D- for geography

ECO was concerned to hear rumors earlier this week that the Umbrellas might be seeking to coordinate positions for Annex I as a whole. It seems that some participating Parties were prepared to treat the meetings as common or garden bilaterals; a useful and legitimate chance to exchange views.

Evidence for this lies in the difference in support between an early draft text, and the actual statement given by Australia in the SBI Article 9 discussions yesterday afternoon. Not that the content of the text changed; the interest is in the lists of countries supporting the statement.

The draft optimistically lists a veritable wealth of nations that the Brollies¹ hoped would support the statement, - a little cheeky, as there is nothing on the draft to indicate the tiny detail that agreement had not yet actually been reached.

As well as the Umbrellas, the countries listed included Monaco, Liechtenstein and MOST of the EU, with its usual support from Croatia, FYR Macedonia, Bosnia and Herzegovina and Serbia. MOST of the EU, that is, as it appears that the Umbrellas had forgotten who holds the rotating EU presidency (Slovenia), man-

aged to overlook the home nation of one of the co-chairs of the LCA (Malta), and simply ignored Cyprus.

In yesterday afternoon's SBI session, the eventual supporters of the Umbrella statement were listed*, and the EU (not forgetting the Balkan countries' support) read out its own statement, which was constructively rather more detailed on substance and timing.

* Australia, Canada, Iceland, Japan, New Zealand, Norway, Russia, Switzerland, Ukraine

¹ Australian slang for umbrella

Protect Our Climate: Follow the Money

The urgency and enormity of the challenge we face to organize financial flows to face climate change could be summed up as follows: governments must set the global economy on course to shift overall investment in energy, rapidly and radically enough to peak global emissions by 2015 and reduce them by 50-80 percent by 2050 (from the 1990 baseline).

That means creating new international instruments to influence investment in energy infrastructure and industrial production. The IEA has estimated investment needs at US\$23 trillion worldwide over the next 25 years. Furthermore, adaptation will require additional resources for the most vulnerable countries and groups: UNEP, Oxfam, the World Bank, and others estimate adaptation costs to range from \$50 to 85 billion per year. Technology transfer and forest protection will also require substantial funds.

Unprecedented new and additional public finance is essential, as is creative thinking. The carbon market and flexibility mechanisms may provide important tools for redirecting private financing towards a low-carbon economy, however, the carbon market alone cannot create either the necessary shift in investments or raise the necessary funds.

In Bonn, governments must agree on the elements of a global deal to be finalized in Copenhagen. They must also agree on what substantive work is needed to reach an agreement that is environmentally adequate and developmentally effective by end of 2009. On finance, we therefore have to decide on the elements of a future financial mechanism, what work needs to be done to arrive at a decision on these elements, and the subject and timing of submissions and workshops.

Establishing robust financial mechanisms is essential for any new global climate deal, not to mention fulfilling legal commitments by Annex I countries. However, contributions to funds outside of the UNFCCC, such as the

World Bank CIF, should not be counted as delivering measurable, reportable and verifiable actions by developed countries unless the funds operate in accordance with criteria to be set by the UNFCCC.

In addition, any new multilateral fund must:

- Balance equitable representation by Parties in a transparent process open to civil society;
- Provide adequate funds born by Annex I countries;
- For mitigation, use clear scientific criteria and prioritize maximum emission reductions for low-carbon development;
- For adaptation, prioritize support for climate resilience among the most vulnerable communities;
- Deliver results that are measurable, reportable, and verifiable; and
- Establish a regular review process for the mechanism.

Governments should explore all options for raising revenues, such as auctioning certificates in the aviation and maritime transport sectors, auctioning a percentage of AAUs of Annex I countries, or levying aviation fees on Annex I countries.

Higher priority should be placed on creating enabling environments for

low-carbon economies by phasing out subsidies that undercut the competitiveness of energy efficiency and clean, renewable energy resources.

Since dramatic reductions in greenhouse gas emissions are in fact our goal, we must move quickly to eliminate these subsidies, and instead shift resources towards promoting clean energy solutions. Another area to address is intellectual property: if IP is indeed a problem, then governments must come up with a breakthrough solution so that access to technologies is ensured in an affordable manner.

ECO wonders, based on Tuesday's workshop on technology transfer, who is to be held accountable for foreign investments that continue the old GHG intensive habits? The answer should be simple: All investments must be fully consistent with sustainable development aims, and low carbon goals, in all countries.

Our planet's future will be determined by the direction of financial flows over the next few years, and the rules guiding decisions of private investment and public finance require our full focus if we are to achieve an adequate and equitable outcome in Copenhagen.

LUDWIG

Ludwig was interested to hear the opinion that CCS in the CDM would help Annex 1 countries to achieve their commitments.

Let's ponder on this for a moment.

Industrialised countries continue business as usual while earning credits for testing a technology in developing countries.

Ludwig sees this as a win-win for everyone ... er ... except developing countries.

Could they have an ulterior motive ... perhaps selling more coal!?!?