

eccc



The New Stealth Mechanism: The Bush Development Mechanism (BDM)

While most delegates are busy tracking compliance, mechanisms and the 5,7&8 fun house, an interesting proposal is being shopped around the Palais that would create a whole new market for CDM-like credits. But, most surprisingly, via the very country that needs the least assistance with developing clean energy – the United States.

That's right folks. The Great Emitter would be sent "clean" energy from Canada, which in turn would receive credits that could be used to meet its Kyoto commitments (and with some left over).

On the final day of Bonn, Canada proposed a FCCC workshop to discuss the concept of "Clean Energy Exports". The idea was: where a country exports energy to another country that replaces "dirtier" energy in the recipient country, the emissions reduction that occur as a result would be turned into credits to be used by the exporting country. For example, natural gas exported to the US which would offset coal-powered electricity would generate credits for Canada.

Although the proposal did not get the FCCC stamp of approval, a workshop was held in Calgary in October to discuss how this might be implemented. And having gained the initial centimetre, Canada is in Marrakesh asking SBSTA to hold another workshop. It appears to have appeased a few troublesome Parties, particularly Saudi Arabia, which have suddenly gone silent on this new initiative.

So what is really going on here? By selling "clean" energy south, Canada in effect gets to renegotiate its target. And others are sure to

follow. Canada is already anticipating meeting up to one-third of its Kyoto commitment via the BDM (approximately 70 million tonnes of CO₂ equivalent), and that was its pre-Bush energy plan. Even better – just like CDM – the mechanism only works one way.

Canada would get rewarded with credits for hydro, natural gas and perhaps even nuclear energy sold south and not get debited for all of the coal-powered electricity coming north. And unlike the CDM, this could allow credits to be generated for nuclear power.

If this were allowed to go forward, we know Parties will not be happy for a Canadian-only loophole. It will create the potential of offering something for everyone. Some examples:

- OPEC – capture the natural gas currently being flared and send it via LNG Denmark. It could get credits for selling wind turbines used in Iowa.
- Japan – credits for PV and hybrid vehicle sales to US.
- The Netherlands – credits for exporting Philips CFLs for use in New York city schools.

It is the grand conspiracy. The penny finally drops here. It all makes sense now. Remember how outraged Parties were when Bush pulled out of Kyoto? And how disgusted they were when he unveiled his "energy plan" calling for the construction of 1,600 power plants that would increase US emissions by 50 per cent above 1990 levels by 2020?

But leave it to Canada to make lemons into lemonade.

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Meaningful funding now

The last COP in Bonn created three new funds under the Convention and Protocol: the Special Climate Change Fund, the Least Developed Countries Fund and the Adaptation Fund.

The European Union, Canada, Iceland, New Zealand, Norway and Switzerland collectively pledged to contribute \$410 million to developing countries every year by 2005, with this level of funding to be reviewed in 2008. These political declarations were official statements that are legally binding and part of their obligations under the international treaty.

These pledges come in a context of shrinking Official Development Assistance (ODA) over the years to an average of below 0.25 per cent of GDP in the 1990s, despite the UN ODA target of 0.7 per cent. The paltry funding pledge at Bonn is equivalent to 13 per cent of the \$3.3 billion decrease in ODA to Africa from 1998 to 2000.

Not only are these pledges utterly inadequate, funds were not based on any objective or scientific criteria, and there was no mechanism to ensure they were delivered. Furthermore, Australia, Japan and the US have made no contributions whatsoever.

Should developed countries fail to rise to the challenge of meaningful financial assistance, critical resources required by most vulnerable and least developed low income countries, to adapt to the impacts of dangerous climate change and develop sustainably, will not be available. Without the necessary resources, poor countries cannot meaningfully participate in the climate process.

At the receiving end for so long, it is time for G77&China to proactively hold the industrialised countries to their promises. They should ask the Secretariat to note these declarations and periodically report on them.

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Japanese proposal violates ocean convention

The world's oceans are not a dumping ground for industrial wastes. This was one of the most positive developments in environmental policy in the last century. The policy is enshrined in the London Convention against ocean dumping and marine pollution.

On Friday's Mechanisms negotiations, Japan proposed text that would violate this principle by opening up the option of ocean dumping of carbon dioxide. This was referred to by the sanitised name of "ocean sequestration" or "marine sequestration." But a spade is a spade. This is ocean dumping and unacceptable.

Why is sticking carbon in the oceans or underground a problem? First, it may not stay there. The permanence of ocean dumping is unproven, as are methods to verify long-term storage. This risk alone should stop the use of these approaches, especially in the first commitment period. Second, ocean dumping has the potential to disrupt the marine environment

and produce unknown and irreversible changes to this system. Destroy the world's oceans to save our climate? What kind of choice is that? Third, ocean and geologic dumping can provide no environmental or development co-benefits, in stark contrast to investment in clean energy technologies to reduce fossil fuel emissions.

The Japanese have had a long-standing interest in ocean dumping of carbon. At the October US-Japan high-levels talks on climate change, the section on science and technical cooperation was headlined by carbon sequestration. Japan estimates that the world's oceans can absorb 330,000 times as much as it currently does. Of course, only if it stays there.

But figures like this clearly sound a warning on what a massive loophole carbon dumping – marine and terrestrial – could become. The estimates are staggering. According to the International Energy Agency report from

COP6bis, the IPCC found that carbon storage in oil, coal and gas fields, and in the ocean, could remove more than 2,500 gigatonnes of carbon from the atmosphere. Depending on the scenario, 2,500 gigatonnes of carbon storage represents from 1.5 to eight times as much as will be needed over the next 100 years.

The Japanese proposal is currently being supported by the same motley crew of industrial polluting giants, desperate for any proposal that gets them out of reducing emissions at source. Australia and Canada fell over themselves to support Japan, while US was probably chuckling in a nearby corner.

This proposal is unacceptable. Not only is it a loophole of truly staggering proportions, it is environmentally unacceptable. It will effectively overturn a hard fought and significant step forward in the protection of the global commons. The only thing that should be dumped in the ocean is this idea.

Biodiversity reporting threatened

Impacts of sinks activities on biodiversity are often forgotten in the reporting guidelines in Article 7. Currently, brackets in the Article 7.2 text are on the provision that countries report on their "national legislative arrangements and administrative procedures" for protecting biodiversity.

This addresses the principle in the LULUCF section of the Bonn Agreement that these activities "contribute to the conservation of biodiversity and the sustainable use of natural resources". CAN expects this to be easy for Parties to operationalise. Many countries already have these laws in place, making it a case of providing information already available.

Both the EU and G77&China support the reporting of supplementary information on national biodiversity laws. However, Canada and Australia want to see this requirement re-

moved, even though it will not be linked to their eligibility to issue Article 3.3 and 3.4 credits.

If parties are not required to report this information, there will be no way to assess the impacts of LULUCF activities on the environment and sustainable development priorities of a country. Without restrictions, there is a danger the drive to generate cheap credits from 3.3 and 3.4 activities could prompt mass land clearances. This will have a serious impact on local biodiversity and natural resources.

Parties must retain these simple reporting provisions in the text, especially as they will not require the preparation of additional information. Further, the provisions will help Parties monitor the impacts of implementing the Kyoto Protocol on biodiversity and create sound linkages with the Convention on Biological Diversity.

– *Meaningful funding now, from front page*

The funding must be exponentially increased and include contributions from all Annex II Parties. The level should be based on criteria related to the need for equitable burden sharing. Funding needs to be based on transparent and objective criteria to make it predictable and reliable, and needs to be tied to the compliance regime. These new funds must be established at Marrakesh.

Ibrahim

Terrifying subversives have been spotted swarming around the Palais des Congres. Some misguided members of the Belgian delegation have taken their climate concerns to such extremes that they are cycling from their hotel to the Palais des Congres, rather than take one of the smokey local taxis. Fear not though: Ibrahim can report that local security personnel have forbidden these eco-zealots from entering the perimetre on their bicycles, or from tying their vehicles to the fences. The world is now safe to discuss climate policy.

THANKS

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One has to wonder whether this was not part of grander plan to create a whole new market full of low hanging carbon fruit that could be quickly turned into credits for parties to meet their Kyoto commitments.

The Bush energy plan is going to create a market for new hot air credits. And so long as George W is in the White House – it will be no problem to meet any additionality requirement. Stay tuned for the newest addition to the Kyoto vocabulary – Bush Tonnes.



A common sight in Marrakesh