

# ECO



## Open Letter to His Excellency The President of the Russian Federation, Vladimir V Putin

6 November 2001

Dear Mr President:

The Climate Action Network, a global coalition of non-governmental organisations concerned by climate change, very much appreciates the commitment given by you, Mr President, on behalf of Russia, at the joint EU-Russian summit in early October. There you stated that you would work towards the implementation of the Bonn Agreement, with a view to early ratification and entry into force of the Kyoto Protocol.

The climate issue is relevant to Russia both because of the direct impacts on its ecosystems and for the opportunity to contribute to climate change mitigation through its vast energy efficiency potential. In order to secure the clean investments that you are hoping for, there must be a sound "architecture" in place. The Protocol's rules, being finalised here, must provide the necessary assurances and security to investors. This requires a solid compliance regime. Only if that is agreed will there be a credible global market for greenhouse gas emission permits which will allow the international business community to buy those permits from Russia.

Regrettably, it would appear the Russian delegation here in Marrakesh seems to be undermining these objectives. This may be due to misunderstandings or lack of proper instructions. But key positions being put forward are not helpful in securing the ultimate integrity of the Kyoto Protocol. We are deeply concerned that the Russian delegation is insisting that the compliance text be largely stripped of transparency, excluding the public from its procedures. This would undermine the credibility of the compliance regime and harm Russia's efforts to be acknowledged as a fully democratic country. In this regard, we note your recent statements about the importance of civil society in Russia.

Furthermore, by not supporting sound monitoring and inventory systems for projects, your negotiators' actions will certainly inhibit investments. Last but not least, the attempt by Russian negotiators to re-open the Bonn Agreement, by demanding nearly double the allowance for forest management, risks destroying the negotiations here. It also would reduce the possibility of generating early energy investments in Russia – which you have declared to be essential.

The overwhelming majority of countries understand that the Bonn Agreement, approved by consensus, should not be undermined by substantial changes in the draft negotiating text.

Mr. President, your leadership is urgently required, to give guidance to your delegation here in Marrakesh to preserve the integrity of the Kyoto Protocol and the Bonn Agreement. This is essential for speedy ratification, and entry into force next year.

Sincerely yours,

Climate Action Network

## Follow through with support for LDCs

The LDC Fund was created by the Bonn Agreement, among other things, to finance National Action Plans for Adaptation (NAPAs) in least developed countries. The setting up of the fund was commended as it recognised the vulnerability of the poorest countries of the world. However, it seems at this point to be an illusion.

Only Canada has pledged to put some money in the fund. And discussions concerning the draft decisions on the modalities are almost at a standstill.

One would think the generous donors of COP6bis are not in attendance at Marrakesh, as the EU and Umbrella Group keep trying to divert negotiators by focusing discussions on the LDC expert group's mandate.

The formation of this group is not a sensitive matter. In fact, it is very timely. At long last, specific concerns of LDCs are being taken up by the UNFCCC.

LDCs need to be supported and advised in order to continue their participation in the negotiation process, and to develop and carry out their NAPAs.

The rationale behind the decision to recognise LDCs in the Bonn Agreement should guide Annex 1 countries in setting up this expert group. It is expected that experts from the South who have the required experience will constitute the majority of its members.

There are real and valid issues about the fund that need discussion. Climate change is already happening and victims of its adverse impacts are increasing in number. LDCs are expected to act to carry out their national mandates under NAPA.

*–continued back page, row 3*

## Fear of commitment

There seems to be some dispute about whether the Parties agreed in Bonn to adopt a mandatory commitment period reserve or only a "voluntary" one. The Bonn agreement says, in the section on Article 17, that "each Party included in Annex I shall maintain, in its national registry, a commitment period reserve which should not drop below 90% of the Party's assigned amount...or 100% of five times its most recently reviewed inventory." Therein lies the dispute: is maintaining a reserve at that level required, or just recommended?

The EU and the G77 say the specified level of the CPR must be mandatory, and we agree. Any other rule would render the CPR meaningless. This was made clear in Saturday night's debate, when Parties arguing for a voluntary CPR were unable to explain what purpose it would serve. Clearly, if Parties are allowed to set their CPR at any level they desire, it would become meaningless.

Perhaps it would be helpful to remind us why a CPR was adopted in the first place. Remember the long debate about buyer vs. seller liability? Some Parties believed that unfettered seller liability posed unacceptable risks to the trading system, because buyers could use the units they purchased, regardless of whether the seller was found to have exceeded its assigned amount at the end of the commitment period. Others argued, however, that buyer liability would impose too great a constraint on the "free trade" of emissions credits. As a compro-

mise, Parties adopted the CPR to prevent overselling.

A voluntary CPR, however, will not impose any effective constraint on overselling. Parties will be able to sell as much as they want, regardless of the consequences. The system must prevent this kind of behavior by ensuring that the transaction log blocks, or at a minimum tags, any transfers that take place when the Party's holdings are below the required CPR level, or would bring their holdings below that level. Tagged units could not be used for compliance by any Party until the transferring party restores its CPR to the required level.

Some Parties have argued that a mandatory CPR will "destabilise" the trading system. We do not believe there is any merit to this claim. As made operational in paragraph 29 bis of the text on Article 7.4, only transfers would be constrained.

The ability to acquire additional AAUs, ERUs or CERs would not be affected, so Parties would immediately be able to remedy the problem. If anything, a mandatory CPR will make the trading system more stable by discouraging opportunistic behaviour and preventing the system from potential abuse.

This is a modest rule, which would promote compliance by requiring Parties to hold in their inventory most of the units they will need to meet their commitments. We fail to understand why any Party would demand less.

– Follow through, from front page

As the ministers arrive, the priority for COP7 pertaining to LDCs should be:

- Establishment of the LDC Fund.
- Mobilisation of necessary financial resources to the LDC Fund.
- Establishment of an expert group or committee.
- Design and immediate implementation of first generation adaptation projects.
- Transfer of adaptation technologies.
- Strengthening of capacities within the framework of the identified projects.
- Participation of the stakeholders and the exchange of information.

Annex I countries, in particular the EU, must make a strong commitment to help LDCs implement NAPAs.

Otherwise the NAPAs and LDC Fund will be regarded as sheer delusion. Millions of lives depend on that commitment.

## Caught in the act

The Canadian delegate in charge of promoting the now famous Bush Development Mechanism concept was seen having an intense conversation with Don Pearlman.

We were subsequently informed that both Nigeria and Saudi Arabia, opposed to even discussing the concept in Bonn, were now trying to gather support for it within G77.

Our question to the Canadian delegation: should we put two and two together?

Is it even remotely possible that Pearlman is doing Canada's dirty laundry? And if so, what is in it for Nigeria and more specifically for the Saudis who could not even smell the idea four months ago.

The somewhat ludicrous idea floated in yesterday's Eco that OPEC could ship LNG to the US and get credits for it, is now gaining credibility by the day.

## The missing gender

What do the following decision-making bodies have in common: the CDM executive board, COP7 Working Group chairs and Bureau of the COP. Answer? None of their members are women.

While this may not be deliberate, it is not reflective of the international recognition women have gained in other international fora. The chairmen have had their chance. It may be time to hand the roles over to the Madam chairpersons? This was the call contained within the Beijing Declaration of the Fourth World Conference on Women held in 1995. It encouraged governments and the UN system to employ and appoint more women to positions of decision-making. In the spirit of the Beijing Declaration, COP7 Parties should improve the gender balance of the institutions and bodies established under the Kyoto Protocol.

Amidst the filibustering, cynicism and bad faith backtracking, one delegate has put forward a proposal whose merit is indisputable: gender balance in the election of women as officers to Kyoto Protocol bodies must be improved. Thank you to Samoa for proposing text which will bring the Kyoto Protocol into the 21st century.

Canada won all three Fossil of the Day awards yesterday. It shared the first prize with Japan.

## Abraham

Prof. Ibrahim's pop quiz:

Use the word groups interchangeably in a sentence. Is there a difference? Discuss it with friends. Discuss it with enemies. Discuss it while Rome burns. Did it take hours? Congratulations, you are a climate negotiator!

- a) systematic/systemic
- b) should/shall
- c) sound/strict/strong
- d) Canada/Japan

## THANKS

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