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Briefing Note

UN climate negotiations in Cancun, Mexico

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At a Glance

This note provides a general overview of the issues on the table at the annual UN climate conference in Cancun, Mexico, and assesses the Government of Canada's positions heading into the talks.

A. Context

The 16th session of the Conference of the Parties (COP-16) to the United Nations Framework Convention on Climate Change (UNFCCC) gets underway on November 29 and is scheduled to wrap up two weeks later, on December 10. The Cancun talks are in fact six overlapping meetings of UN negotiating bodies, including the one governing the Kyoto Protocol and the "subsidiary body" charged with implementing commitments. Government ministers will take part in a "high level segment" that begins on December 7.

The Cancun talks will be the first ministerial-level session under the UN

climate process since the December 2009 negotiations in Copenhagen. A year ago, leaders from all over the world converged in the Danish capital under the expectation that they could deliver a new global climate deal. Unfortunately, they fell far short, leaving Copenhagen with a non-binding political declaration that failed to win consensus when it was presented to the plenary session.

As a result, Cancun will be a very different kind of meeting. Heads of state and government will not participate directly, and no one expects to see a new treaty signed by the time the meeting wraps up. Instead, Cancun has the task of laying the groundwork for a binding deal a year later, at the UN climate conference (COP-17) to be held in Durban, South Africa in December 2011. Creating that foundation will require making tangible progress on a set of critical issues; it will also require countries to map out the way forward from Cancun to a legally-binding agreement in 2011.

Section B describes the state of play on a few specific, high-profile issues for the Cancun talks. But in international negotiations like these ones, issues

inevitably become linked, so that progress in one area unlocks new concessions in another. In Copenhagen, countries insisted that “nothing is agreed until everything is agreed,” and the result was a near-impasse. In Cancun, making progress will require instead looking for “enough” agreement, and enough political will, to move away from entrenched national negotiation positions and find compromises that work for the world’s climate.

Like all other UN climate negotiations, Cancun will be guided by the UNFCCC’s core principle of “common but differentiated responsibilities and respective capabilities” (often referred to as CBDR). This principle means that although all countries have a role to play in tackling climate change, the form of their contributions will vary.

For countries like Canada, with its high per-capita wealth and high per-capita greenhouse gas (GHG) emissions, the CBDR principle means that we must make deep and urgent cuts to our net national emissions and also provide financial support to poorer countries as they make a transition to clean energy and adapt to the impacts of climate change. For a major emitting developing country, like Mexico or India, the implementation of policies to tackle climate change takes place in a context where national governments are simultaneously working to move large segments of their populations out of poverty. In the near to medium term, CBDR in countries like these means significantly slowing the rate of growth in their emissions through policies known as “nationally appropriate

mitigation actions,” or NAMAs. For the poorest countries, developing and implementing plans to adapt to the consequences of climate change is an imperative, with financial support from the rich world an essential pre-condition.

A year ago in Copenhagen, the science of climate change was under attack in some quarters of the media and the internet, courtesy of emails stolen from the University of East Anglia’s Climatic Research Unit. The months since saw a series of independent inquiries vindicate the science of climate change and exonerate the individuals involved, while making suggestions for improving scientific transparency in some cases. The result is that the scientific case for action, and our understanding of the risks of human-caused climate change, is as strong as ever. Meanwhile, a summer of heat waves in Russia and flooding in Pakistan gave the global community a powerful picture of what climate change could look like in real life. The need to rebuild after last year’s talks means that decision-makers are taking more modest expectations into Cancun — but outside of the conference venue, climate change remains an urgent problem that requires a rapid and effective global response.

B. Key negotiating issues in Cancun

Actions to reduce emissions (“mitigation”) and financial support for climate action in developing countries are two central issues for the Cancun talks.

Mitigation

In discussions about mitigation, the top-of-mind issue heading into Cancun is transparency about emission reduction efforts. Like everything else at the climate negotiations, it has its own acronym: “MRV,” which stands for “measurement, reporting, and verification.” Although it may sound relatively innocuous, MRV has been a high-profile question in recent months, and that’s expected to continue in Cancun.

The Copenhagen Accord outlined an approach to MRV that would see:

- Developed countries abide by “existing and any further guidelines adopted by the Conference of the Parties” for both their mitigation targets and the international financing they will provide, and to ensure that accounting is “rigorous, robust and transparent.”¹
- Developing countries undertake domestic MRV of their mitigation actions. The results would be reported periodically through a UNFCCC document called a National Communication, “with provisions for international consultations and analysis under clearly defined guidelines.” If developing countries receive financial support from other countries for their mitigation actions,

¹ FCCC/CP/2009/11/Add.1, 2/CP.15 (“Copenhagen Accord”) (Report of the Conference of the Parties on its fifteenth session, held in Copenhagen from 7 to 19 December 2009; Addendum; March 2010), Paragraph 4, <http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf>.

those actions will then become subject to international MRV.²

As noted above, the Copenhagen Accord was a political declaration, not a binding agreement, and not all countries have signed on to its provisions (although the majority have done so). Thus, its provisions are simply one starting point for determining an approach to MRV that is effective and balanced.

In Cancun, countries must reach full agreement on the outline of an approach to MRV, and launch a process to develop its specific guidelines.

Despite the strong emphasis that countries have placed on MRV heading into Cancun, it’s clearly just one piece of the mitigation puzzle. A tougher problem is the fact that the overall level of ambition of countries’ mitigation commitments remains far too low. The Copenhagen Accord sets the environmental goal of keeping the increase in global temperature “below 2 degrees Celsius”³ — already an extremely challenging task, given current emission trends — while some of the most recent science indicates that even greater reductions will likely be needed to avoid dangerous impacts on humans and the environment, including the world’s oceans.⁴

² Copenhagen Accord, paragraph 5.

³ Copenhagen Accord, paragraph 1. While the Copenhagen Accord does not give a baseline for this temperature goal, it should be understood as being relative to pre-industrial levels.

⁴ See, for example, Daniel Lunt et al., “Earth system sensitivity inferred from Pliocene modelling and data,” *Nature Geoscience* 3 (2010) on climate

As it stands, countries are not on track even to meet a 2°C goal, let alone exceed it. Analysts from “Climate Action Tracker,” a scientific initiative assessing countries’ mitigation commitments, concluded this June that the “current pledges and loopholes give us a virtual certainty of exceeding 1.5°C, with global warming very likely exceeding 2°C and a more than 50 per cent chance of exceeding 3°C by 2100.”⁵ In a joint statement about Cancun, European Union governments acknowledged “that the current overall level of ambition needs to be increased” and stated that developed countries need to take the lead in response.⁶

Cancun will not end the process of increasing countries’ mitigation commitments, but it should start it. Countries should recognize the gap between their current targets and actions and what’s needed to avoid dangerous climate change, and initiate an assessment of what can be done to close that gap as soon as possible.

sensitivity, or Ove Hoegh-Guldberg and John Bruno, “The Impact of Climate Change on the World’s Marine Ecosystems,” *Science* 328 (2010), 1528 on climate impacts in the world’s oceans.

⁵ Climate Analytics et al, “Climate Action Tracker Update: Little Progress — Countries Still Heading for Over 3°C of Warming,” news release, June 10, 2010, http://www.climateactiontracker.org/pr_2010_06_10_en.pdf.

⁶ Council of the European Union, Preparation for the 16- Conference of the Parties to the UN Framework Convention on Climate Change: Council Conclusions (Luxembourg, October 14, 2010), Paragraph 10, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/envir/117096.pdf.

Financing

Developed countries first accepted an obligation to provide funding for climate action in poorer countries with the 1992 Framework Convention on Climate Change. The Copenhagen Accord contained several specific commitments by developed countries to provide this financial support, including:

- An amount “approaching” US\$30 billion in “new and additional resources” from 2010 to 2012, “with a balanced allocation between and mitigation.”
- A goal of “mobilizing jointly USD 100 billion dollars a year by 2020,” with the funding coming from a variety of sources (including “alternative” sources).⁷

Although \$100 billion a year may sound like an enormous sum of money, a series of credible estimates show that far more will likely be needed. A 2009 estimate from the World Bank concluded that the cost of adapting to a 2°C increase in global average temperatures in developing countries is in the range of US\$75–100 billion a year from 2010 to 2050. As the report points out, this is “of the same order of magnitude as the foreign aid that developed countries now give developing countries each year, but it is still a very low percentage of the wealth of countries as measured by their GDP.”⁸ A 2007 report from the

⁷ Copenhagen Accord, paragraph 8.

⁸ World Bank Group, *The Costs to Developing Countries of Adapting to Climate Change: New Methods and Estimates* (Washington D.C.: World Bank Group, 2010), 1. See

UNFCCC estimated the additional global cost of mitigation will reach US\$200–210 billion a year by 2030, of which over half would be needed in developing countries.⁹ Looking solely at the energy sector, the International Energy Agency concluded in a 2009 report that US\$10.5 trillion in additional “cumulative energy-related investment” would be needed from 2010 to 2030 to stay within 2°C of global warming, with about half of that total needed in developing countries.¹⁰

On the ground, climate financing would support initiatives like providing malaria protection in new regions as the disease spreads, or covering the extra cost of providing a community’s power with solar energy instead of coal. Financing plays a central role in climate negotiations as well: it’s a crucial element of re-building trust, because it shows developing countries that they will not be left alone to cope with a problem they did little to create. Earlier this year, the UNFCCC’s Executive Secretary called the delivery of short-term funding “the golden key to an outcome in Cancun. Without it, there is little to discuss in Cancun.” She added that “long-term funding is the golden

key to real and tangible climate change action across the globe.”¹¹

The simplest test of whether countries make progress on financing in Cancun will be whether they succeed in establishing a new global climate fund. Negotiators have worked towards this goal for months, and the chair of the negotiating body charged with this task stated recently that “the establishment of the new fund is a key element of the outcome and I am confident that this can be completed.”¹²

Establishing a new fund requires agreement on an equitable governance structure and the process to select a trustee (which would hold fiduciary responsibility for administering and managing the funds); it also requires initiating a process to make decisions on the details of the fund’s structure before the next annual UN climate conference (COP-17) in South Africa in 2011.

Cancun must also lay the groundwork for greater transparency about financing. Financial support cannot play its role of building trust between countries unless the recipients have confidence that developed countries

<http://siteresources.worldbank.org/INTCC/Resources/EACCRpt0928Final.pdf>.

⁹ United Nations Framework Convention on Climate Change (UNFCCC), *Investment and Financial Flows to Address Climate Change* (Bonn, Germany: UNFCCC, 2007). See

http://unfccc.int/files/cooperation_and_support/financial_mechanism/application/pdf/background_paper.pdf

¹⁰ International Energy Agency, *How the Energy Sector Can Deliver on a Climate Agreement in Copenhagen* (Paris: IEA, 2009), 12, http://www.iea.org/weo/docs/weo2009/climate_change_excerpt.pdf.

¹¹ Address by Christiana Figueres, Executive Secretary to the UNFCCC at the Geneva Climate Finance Dialogue (2–3 September 2010), http://unfccc.int/files/press/news_room/statements/application/pdf/100903_speech_cf_geneva.pdf.

¹² Speaking notes for AWG-LCA (Ad Hoc Working Group for Long-Term Cooperative Action) Chair, Margaret Mukahanana-Sangarwe, on “Elements for a balanced outcome” at the Pre-COP Ministerial meeting in Mexico City (November 4–5, 2010), http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/pre_cop16_speech_lca_chair.pdf.

are meeting their promise to provide funding that is adequate, new, genuinely additional to existing commitments, and balanced between mitigation and adaptation. In Cancun, countries should agree on a common reporting structure to ensure that the funds are being delivered; this will only become more important as the international financing provided grows after 2012.

The UN Secretary-General convened a high-level panel on climate financing earlier this year, bringing together heads of government, ministers, and finance experts from around the world. This group's report, released earlier this month, demonstrated that the goal of generating US\$100 billion by 2020 is feasible, and described some of the innovative financing options available to meet that target.¹³ The Cancun talks should use this panel's advice as one starting point for a discussion of how to generate adequate and predictable climate financing over the medium term.

The UN Process

Alongside mitigation and financing, countries will negotiate in Cancun on adaptation, reducing emissions from deforestation, technology, and capacity-building. As noted above, they will also need to outline a way forward to a fair, ambitious and binding agreement in 2011. A success in Cancun would represent an important

¹³ *Report of the Secretary-General's High-level Advisory Group on Climate Change Financing* (November 5, 2010), http://www.un.org/wcm/webdav/site/climatechange/shared/Documents/AGF_reports/AGF_Final_Report.pdf.

milestone between the disappointment of Copenhagen and a new global deal. It would also re-affirm the essential role that the UNFCCC plays as the only international forum that gives virtually all countries a voice in tackling climate change.

C. Canada's role

With the sudden departure of Jim Prentice as Environment Minister, Canada's delegation in Cancun will be led by John Baird, who took up an appointment as Environment Minister alongside his role as Government House Leader earlier this month. Despite his very recent appointment, climate change is a familiar issue for Minister Baird, who served as Environment Minister in 2007 and 2008, and led Canada's delegation at the 2007 UN climate conference in Bali, Indonesia. Canada's Chief Negotiator and Ambassador for Climate Change, Guy Saint-Jacques, assumed his role in September 2010.¹⁴

At recent UN negotiating sessions, the Government of Canada has been on the receiving end of sustained criticism from other countries, UN officials, and scientists. Canada was last year's "winner" of the "Fossil of the Year" prize, awarded by environmental organizations to the country voted least constructive at the talks. Assessing Canada's performance in Copenhagen, the *Globe and Mail's* editorial writers

¹⁴ Government of Canada, "Ministers Cannon and Prentice Appoint Chief Negotiator and Ambassador for Climate Change," news release, September 7, 2010, <http://news.gc.ca/web/article-eng.do?m=/index&nid=558039>.

concluded: “among developed countries, it stood alone in its apparent apathy.”¹⁵

Unfortunately, there are few signs that the Government of Canada will change course in Cancun. In late January 2010, Canada became the only government to weaken its 2020 target in the wake of Copenhagen, moving it from 20 per cent below the 2006 level to 17 per cent below the 2005 level — or, to use the internationally-accepted baseline of 1990 emissions, from 3 per cent below the 1990 level to about 2 per cent above it.¹⁶ While both targets fall far short of a fair share of the global emissions trajectory needed to stay below 2°C, further weakening Canada’s target was a clear step in the wrong direction.

Canada’s new target is the same as the 2020 target put forward by the United States, and Canada’s submission actually reserves the right to change Canada’s target to match whatever “final economy-wide emissions target” the United States adopts in “enacted legislation.”¹⁷ For now, the United

States has not enacted legislation, which leaves the status of Canada’s target an open question.

And that’s not the only basis for concern about whether Canada will “stand behind” its 2020 target. Of course, other countries will remember Canada’s history of walking away from its Kyoto Protocol target. But there’s also the federal government’s insistence that it will not implement climate policies unless the U.S. federal government does so first.¹⁸

The result of this policy is that Canada has not published any kind of domestic plan to reach its target. In 2010, the federal government did move forward on two sectoral-level policies:

- The government has finalized regulations for tailpipe GHG emissions from light-duty vehicles for model years 2011–16, closely modelled on U.S. federal regulations.¹⁹ However, the Pembina Institute’s analysis found that the targets in the regulations appear to require no improvement, relative to business-as-usual, in the national average fuel economy of new vehicles up to and including model year 2014 at a minimum.²⁰

¹⁵ Editorial, “The Work Must Continue,” *Globe and Mail*, December 19, 2009, <http://www.theglobeandmail.com/news/opinions/editorials/the-work-must-continue/article1406389/>.

¹⁶ Environment Canada, “Canada Lists Emissions Target Under the Copenhagen Accord,” news release, February 1, 2010, <http://www.ec.gc.ca/default.asp?lang=En&n=714D9AAE-1&news=EAF552A3-D287-4AC0-ACB8-A6FEA697ACD6>. Recalculation by the Pembina Institute using 2008 National Inventory Report emission levels.

¹⁷ Submission of Canada, Copenhagen Accord, Appendix 1 (by letter to UNFCCC Secretary Yvo de Boer, January 29, 2010), http://unfccc.int/files/meetings/application/pdf/canadacphaccord_app1.pdf.

¹⁸ For example, see Environment Canada, “Canada Lists Emissions Target Under the Copenhagen Accord,” news release, February 1, 2010.

¹⁹ Environment Canada, “Canada Announces Final GHG Emission Regulations for New Light-Duty Vehicles,” news release, October 1, 2010, <http://www.ec.gc.ca/default.asp?lang=En&n=714D9AAE-1&news=3C7732ED-B2B7-4E45-8A54-A495500E58DB>.

²⁰ In addition, early action credits and credits for outperforming the targets in earlier years make it even less likely that the regulations will require any improvement over business-as-usual up to and

- In June 2010, the government announced its intention to regulate emissions from coal-fired electricity generation starting in 2015.²¹ The government plans to publish the draft regulations in 2011. As a result, it is not yet clear by how much these regulations would reduce emissions relative to business-as-usual levels by 2020, given that the regulations would not apply to many existing plants until after that date, and that new plants that take steps to implement carbon capture and storage would be exempted from the standard until 2025.

But even if these two policies prove to be extremely effective, they are no substitute for a comprehensive national approach to climate change. The central element of any comprehensive Canadian approach to reducing GHG pollution would be a price on emissions, and the federal government shows no signs of implementing one. (The previous U.S. Congress failed to pass comprehensive climate legislation that included a cap-and-trade system. However, the Obama Administration is

including 2015 or even 2016. For the detailed analysis, see Matthew Bramley and PJ Partington, *Pembina Institute Comments on Canada's Proposed Passenger Automobile and Light Truck Greenhouse Gas Emission Regulations: Revised July 2010* (Drayton Valley, Alberta: Pembina Institute, 2010), <http://www.pembina.org/pub/2055>. While there were slight changes between the draft and final regulations, the substance of Pembina's analysis is not affected by those changes.

²¹ Environment Canada, "Government of Canada to Regulate Emissions from Electricity Sector," news release, June 23, 2010, <http://www.ec.gc.ca/default.asp?lang=En&n=714D9AAE-1&news=E5B59675-BE60-4759-8FC3-D3513EAA841C>.

now working to limit GHG emissions from major industry sectors through regulations taking effect in 2011 under the Clean Air Act,²² a precedent that the Government of Canada shows no sign of mimicking.) In the absence of a strong and effective climate policy package — and in light of the massive expansion planned in Canada's emissions-intensive oil sands — Canada's emissions look set to keep growing.

So the target that Canada brings into the Cancun climate talks, weak as it is, appears to be valid on paper only. And it's not just domestically that Canada has failed to take effective action: its presidency of the G8 and G20 summits produced no real progress on climate change,²³ despite pressure from the UN Secretary-General and leaders in the EU and Mexico.

This month saw Conservative Senators call a snap vote to defeat Canada's Climate Change Accountability Act (C-311) — a private member's bill passed

²² The Environmental Protection Agency's authority to regulate GHG emissions stems from a finding that GHGs cause or contribute to air pollution reasonably anticipated to endanger public health or welfare. See Environmental Protection Agency, *Endangerment and Cause or Contribute Findings for Greenhouse Gases under Section 202(a) of the Clean Air Act*, web page, October 15, 2010, <http://www.epa.gov/climatechange/endangerment.html>. The regulatory process is already underway; see, for example, Environmental Protection Agency, "Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule," *Federal Register* 75(106) (2010), <http://www.gpo.gov/fdsys/pkg/FR-2010-06-03/pdf/2010-11974.pdf> - page=1.

²³ For comments from the Pembina Institute on the summit outcomes, see <http://www.pembina.org/blog/344> and <http://www.pembina.org/blog/345>.

by the House of Commons on two occasions — without even taking the time to debate the bill.²⁴ C-311 would have required the federal government to set a science-based emissions target for 2050, along with intermediate targets and annual plans to meet them. C-311 featured strong accountability and transparency measures; defeating this legislation just days before the Cancun talks can only hurt Canada's credibility in international discussions about "measurement, reporting and verifying" progress in reducing emissions.

On international climate financing, another top agenda item in Cancun, Canada's record is mixed. The government's June announcement of \$400 million for 2010 could have represented a fair share of the US\$10 billion in annual fast-start financing developed countries agreed to provide.²⁵ But this promising start was significantly undercut when the government finally provided details about its plans to disburse the funding in October.²⁶

Canada has chosen to provide nearly three-quarters, or \$285.7 million, of its

2010 contribution in the form of loans. This is disappointing, as grant funding is needed to build capacity and implement clean energy policies. The government's decision to provide loans means that the real value of Canada's contribution (a calculation known as the "grant element") is far less than the face value of those loans. In addition, Canada's contribution for 2010 comes up short against some of the other key criteria in the Copenhagen Accord:

- Officials have confirmed that the grants included in Canada's 2010 climate financing contribution come out of a Budget 2010 increase in international assistance.²⁷ That increase is the final installment of a commitment made back in 2002.²⁸ Thus, Canada's funding is clearly not "new" or "additional" to Canada's existing international assistance commitments. As World Bank officials wrote in a recent briefing note, "it is important that efforts in mobilizing climate finance not erode current development assistance."²⁹ Unfortunately, Canada's 2010 contribution does exactly that.

²⁴ The Pembina Institute's commentary on Bill C-311 is available at <http://www.pembina.org/blog/430>.

²⁵ Environment Canada, "Government of Canada Makes Major Investment to [sic] International Climate Change," news release, June 23, 2010, <http://www.ec.gc.ca/default.asp?lang=En&n=714D9AAE-1&news=FD27D97E-5582-4D93-8ECE-6CB4578171A9>.

²⁶ Government of Canada, "Canada — 2010 Fast Start Financing," Backgrounder (released October 1, 2010), <http://www.climatechange.gc.ca/Content/5/F/5/5F50D3E9-2ADD-4067-BBE8-CCCAA95D025E/faststart.pdf>.

²⁷ Personal communication to the author.

²⁸ Government of Canada, *Budget 2010: Leading the Way on Jobs and Growth* (Ottawa, ON: Department of Finance Canada, March 2010), 160, <http://www.budget.gc.ca/2010/pdf/budget-planbudgetaire-eng.pdf>. The total increase was \$364 million, and the funding will be disbursed to a number of other areas in addition to climate change.

²⁹ World Bank, *Monitoring Climate Finance and ODA: World Bank Issues Brief 1* (Washington, DC: World Bank, 2010), 1, http://beta.worldbank.org/climatechange/sites/default/files/documents/DCFIB_%231-web.pdf.

- The Copenhagen Accord also requires countries to provide funding that's "balanced" between adaptation and mitigation. Just 11 per cent of Canada's total commitment is directed towards grants for adaptation initiatives in developing countries. While "balanced" doesn't necessarily mean a 50–50 split, it's clear that Canada's 2010 allocation didn't get the balance right.³⁰

It's worth noting one area of climate finance where Canada may be diverging from the U.S. in a positive way. Environmental groups in the United States have expressed concerns that the U.S. government may restrict its fast-start financing contributions to only those countries that choose to support the Copenhagen Accord.³¹ We consider tying climate financing to political decisions in this way to be inappropriate — financing should be available to countries and communities that need it. Fortunately, Canada has evidently decided not to use this criterion in disbursing its fast-start financing: at least one of the recipients of its 2010 adaptation financing, Haiti, is

not a signatory to the Copenhagen Accord.³²

D. Conclusion

Canada struggled to defend its low level of ambition on climate change a year ago in Copenhagen. Nearly twelve months later, Canada has a weaker target and still lacks any kind of a credible plan to meet that target. Its climate financing contribution for 2010 proved to be less than initially advertised, and its approach of waiting for the U.S. now looks like little more than a recipe for inaction.

In other words, the federal government is coming to the Cancun talks with very little to put on the table. Canada is a G8 country that ranks among the world's top 10 GHG emitters, so that's not likely to be regarded as acceptable by many of Canada's negotiating counterparts.

Despite its track record, Canada can and should make constructive proposals in Cancun. For example, Canada can announce a far stronger effort to deliver its fair share of climate financing in 2011 and beyond, and it can support effective proposals on MRV.

But the countries that shine on the world stage are, almost invariably, those that are doing most to tackle climate change at home. Countries with a success story to tell have the moral authority and credibility to lead their peers. Those with failures to cover up

³⁰ For more on Pembina's response to Canada's 2010 financing commitment, see <http://www.pembina.org/blog/413>.

³¹ See, for example, the article "Fast Start Finance" in the *ECO* newsletter produced by Climate Action Network International on April 10, 2010 (<http://www.climatenetwork.org/content/bonn-1-newsletter-2>), which states "And now ECO hears at least one country – the US – has indicated that it will potentially cut off its fast-start flow to some developing countries who have not associated with the Copenhagen Accord. Officials from other countries have also hinted in public about such a pressurizing strategy."

³² For a listing of countries who have agreed to the Copenhagen Accord, see <http://unfccc.int/home/items/5262.php>.

have little ability, or incentive, to contribute to progress.

Domestically, it's clear that Canada's decision to wait for U.S. national policies (and to actually fall behind in key areas) is untenable. Canadian companies prepared to invest in greener operations have no way of knowing the rules of the game. Meanwhile, fossil fuel development continues unabated, locking Canada into the old way of doing business when we need to be making the transition to a clean energy economy. In a recent assessment of the implications of linking cap-and-trade systems in Canada and the U.S., the C.D. Howe Institute, an economic think tank, recommended against waiting for the U.S., stating that "Canada should forge ahead with its own system" as a means of spurring green innovation.³³

But the international effect of tying Canadian policy so closely to that of the U.S. is equally profound. The U.S. is one of the world's top two biggest emitters, and is seen, along with China, as a key ingredient in the success or failure of Cancun. By virtue of tying its climate policy to the U.S., Canada has marginalized itself as a negotiator, since the U.S. is already more than capable of speaking for itself. In recent years, the Government of Canada has brought very little of its own to the table — whether the measure is new proposals for the international negotiations or innovative policy thinking and clean

energy success stories at home. As a result, the rest of the world increasingly looks elsewhere, realizing that the Government of Canada has virtually no leadership to offer on climate change.

It's tough to watch Canada's federal government missing in action on one of the defining global issues of the 21st century. Cancun is a chance to do better, and we hope that Canada's government will finally realize the significance of what's at stake and start to act accordingly.

³³ Dave Sawyer and Carolyn Fisher, *Better Together? The Implications of Linking Canada-U.S. Emissions Policies* (Toronto, ON: C.D. Howe Institute, 2010), 1, http://www.cdhowe.org/pdf/commentary_307.pdf.