

## UN Climate Negotiations in Copenhagen, Denmark

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### Introduction

This month's UN climate conference in Copenhagen is a crucial moment in the global effort to tackle climate change. More than 15,000 participants are expected to take part in the two-week conference, and over 60 heads of state and government have confirmed that they will attend the final days of the summit to push for a new global agreement.

The first phase of the Kyoto Protocol, the international treaty that sets targets for greenhouse gas (GHG) emissions from industrialized countries, runs from 2008 to 2012. In December 2007, the UN climate conference in Bali launched the process to negotiate a global climate deal for the post-2012 period. Countries agreed in Bali to "reach an agreed outcome"<sup>1</sup> in Copenhagen in December 2009.

The two central issues on the table are

- the scale of emission cuts
- the provision of financing to help poorer countries adapt to unavoidable impacts of climate change and reduce their own emissions.

Difficult negotiations on these issues have meant that progress has been slower than many countries had hoped. With just days left before the conference gets underway, this summit is not expected to produce the full legal language of a new climate treaty. But Copenhagen can still deliver a binding outcome that lays out the key specifics of a post-2012 climate treaty and sets a timetable to finalize it.

It's hard to exaggerate the importance of reaching an ambitious and equitable post-2012 global climate agreement. Climate science tells us that global GHG emissions need to peak and start to decline before 2020.<sup>2</sup> The Copenhagen deal will cover, at a minimum, the years from 2013 to 2017 — in other words, the key period in which global emissions must plateau and start falling. A too-weak deal in Copenhagen could lock in drastic impacts on human health and security, the environment, and the world's economy.

This backgrounder provides an overview of recent developments in the negotiations, the agenda of the Copenhagen conference, background information on some of the major issues on the table, and an outline of Canada's positions and track record at the talks to date.

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<sup>1</sup> UNFCCC Secretariat, *Report of the Conference of the Parties on its thirteenth session, held in Bali from 3 to 15 December 2007* (FCCC/CP/2007/6/Add.1), 3. Available online at <http://unfccc.int/resource/docs/2007/cop13/eng/06a01.pdf#page=3>.

<sup>2</sup> This is to have a chance of not exceeding 2°C of average global warming above the pre-industrial level. See Section C for references.

## A. Recent Developments

On November 15, Danish Prime Minister Lars Rasmussen gave a speech to heads of state and government attending the APEC summit in Singapore to outline his proposal for the deal to be reached in Copenhagen.

Given the time constraints, Rasmussen stated, countries must now “focus on what is possible.” Instead of a full treaty, he proposed using the “precise language of a comprehensive political agreement” to record the Copenhagen deal. The agreement itself would be “binding on countries committing to reach certain targets and to undertake certain actions or provide agreed finance.” The deal would also “mandate continued legal negotiations and set a deadline for their conclusion.” The agreement that Rasmussen proposed would be about 5–8 pages long. Despite its concision, Rasmussen stated that it must include all the key elements outlined when the negotiations were launched: “we cannot do half a deal in Copenhagen and postpone the rest till later.”<sup>3</sup>

The approach of seeking agreement on the specifics of targets and financing in Copenhagen, even if a full treaty cannot be finalized there, received a high-profile endorsement two days later from the U.S. and China. In a joint statement released on November 17, President Barack Obama and President Hu Jintao stated that “while striving for final legal agreement, an agreed outcome at Copenhagen should... include emission reduction targets of developed countries and nationally appropriate mitigation actions of developing countries. The outcome should also substantially scale up financial assistance to developing countries.”<sup>4</sup>

In the days following their joint statement, the U.S. and China both announced the GHG emissions targets for 2020 that they will take into Copenhagen:

- The U.S. target is an absolute reduction of 17% below the 2005 emission level (equivalent to 3% below the 1990 level).<sup>5</sup>
- China’s target is a reduction in emissions of carbon dioxide — the most important GHG — per unit of GDP (emissions intensity) by 40–45%, relative to the 2005 level.<sup>6</sup>

The U.S. 2020 target comes up short against the science-based benchmark of 25–40% below the 1990 level (see Section C). However, the climate legislation passed by the House of Representatives in June (the “Waxman-Markey” bill) has been projected to reduce emissions by at least 16% below the 1990 level if its investments in reduced tropical deforestation are taken into account.<sup>7</sup> The U.S. Senate is now debating the similar “Kerry-Boxer” bill.

Experts are also still assessing the extent to which China’s target goes beyond the emissions intensity improvements that are expected as part of “business as usual.” Nonetheless, these

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<sup>3</sup> Danish Prime Minister’s Office, “Address by Prime Minister Lars Løkke Rasmussen at the Climate Session in Singapore on 15 November 2009,” speech, November 15, 2009. Available online at [http://www.stm.dk/\\_p\\_12988.html](http://www.stm.dk/_p_12988.html).

<sup>4</sup> The White House, “U.S.-China Joint Statement,” statement, November 17, 2009. Available online at <http://www.whitehouse.gov/the-press-office/us-china-joint-statement>.

<sup>5</sup> The White House, “President to Attend Copenhagen Climate Talks,” November 25, 2009. Available online at <http://www.whitehouse.gov/the-press-office/president-attend-copenhagen-climate-talks>. Our recalculation of this reduction relative to the 1990 level is based on emissions data compiled by the UNFCCC Secretariat, available online at <http://unfccc.int/di/DetailedByParty.do>.

<sup>6</sup> Xinhua, “China Announces Targets on Carbon Emission Cuts,” *Xinhua*, November 26, 2009. Available online at [http://news.xinhuanet.com/english/2009-11/26/content\\_12544181.htm](http://news.xinhuanet.com/english/2009-11/26/content_12544181.htm).

<sup>7</sup> John Larsen, *Emission Reductions under Cap-and-Trade Proposals in the 111<sup>th</sup> Congress* (Washington, DC: World Resources Institute, 2009). Available online at [http://pdf.wri.org/usclimatetargets\\_2009-10-28.pdf](http://pdf.wri.org/usclimatetargets_2009-10-28.pdf).

statements from the world’s two current biggest GHG emitters have given significant political momentum to the climate negotiations.

Virtually no one in the UN negotiation process<sup>8</sup> expected developing countries like China to adopt national caps on absolute emissions in Copenhagen (these are the kinds of targets that Canada and its industrialized peers adopted in Kyoto). Instead, China and other major emitters among the developing countries are expected in Copenhagen to commit to actions to slow the rate of growth in their emissions in the near term, as they continue to industrialize and pull their populations out of poverty. Provided that they are ambitious enough, absolute emission cuts by industrialized countries plus slower growth in developing countries’ emissions in the near term can add up to a global effort that puts the world on track to avoid dangerous climate change.

It is worth noting that, despite its rapid industrialization, China’s per-capita emissions of carbon dioxide were three times lower than Canada’s in 2006; China’s per-capita GDP was nearly seven times lower than Canada’s in 2008.<sup>9</sup> (The disparities are considerably greater in the case of India.)

On the other central issue of the negotiations — financing — the Commonwealth Heads of Government Meeting last month in Trinidad and Tobago took a step forward by endorsing a proposal for a “Copenhagen Launch Fund” (see Section D).

## B. Copenhagen Process

The Copenhagen meeting, officially known as the fifteenth session of the Conference of Parties (COP15) to the United Nations Framework Convention on Climate Change (UNFCCC), is scheduled to run from December 7 to 18. The “High Level Segment,” which includes ministers, runs from December 16–18, although many ministers are expected to arrive several days earlier. In mid-November, Danish Prime Minister Rasmussen invited heads of state and government to participate in the conference as well, noting that their “personal attendance is a pivotal contribution to a successful outcome.”<sup>10</sup> According to media reports, over 60 heads of state and government have accepted this invitation.<sup>11</sup>

The Copenhagen conference consists of six interlinked meetings with two key “negotiation tracks,” one under the UNFCCC and one under the Kyoto Protocol.<sup>12</sup> These two tracks are both known as Ad-Hoc Working Groups (AWGs).

The Convention negotiation track, called the AWG-LCA for Ad-Hoc Working Group on Long-Term Cooperative Action, was created in Bali in December 2007 with the objective of reaching

<sup>8</sup> Canada is an exception, as discussed in Section E.

<sup>9</sup> Recent data for China and Canada are as follows:

	China	Canada	Source
CO <sub>2</sub> emissions from fossil fuel use and cement production (millions of tonnes, 2006)	6,230	510	Netherlands Environmental Assessment Agency, Environment Canada
Population (millions, 2006)	1,320.864	32.577	UN Population Division
GDP per capita (based on purchasing-power-parity) (US \$, 2008)	5,970	39,098	International Monetary Fund

<sup>10</sup> See [http://multimedia.pol.dk/archive/00393/Invitation\\_anonym\\_393535a.pdf](http://multimedia.pol.dk/archive/00393/Invitation_anonym_393535a.pdf).

<sup>11</sup> “Copenhagen Climate Summit: 60 World Leaders to Attend,” *BBC News*, November 23, 2009. Available at <http://news.bbc.co.uk/2/hi/europe/8373551.stm>.

<sup>12</sup> The six meetings are the Conference of the Parties to the UNFCCC (COP 15), the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP 5), the Subsidiary Body for Scientific and Technological Advice (SBSTA 31), the Subsidiary Body for Implementation (SBI 31), the Ad Hoc Working Group on Further Commitments for Annex I Parties (industrialized countries) under the Kyoto Protocol (AWG-KP 10), and the Ad Hoc Working Group on Long-Term Cooperative Action under the Convention (AWG-LCA 8).

agreement by Copenhagen. According to a work planning note from the chair of the group, countries should be able to arrive at final texts by the end of the first week in Copenhagen on the following areas:

- a shared vision
- adaptation to climate impacts
- technology development and transfer
- capacity-building
- financial resources and investment.<sup>13</sup>

Although he notes that the negotiation on mitigation (reducing emissions) “has not produced the same degree of clarity,”<sup>14</sup> he plans to prepare agreed texts on each of those elements — mitigation included — by December 15. On December 16, he will present the texts to the full conference for consideration.

The other main negotiating track in Copenhagen will be the Kyoto track, officially known as the Ad-Hoc Working Group on Further Commitments for Annex I Parties [industrialized countries] under the Kyoto Protocol (AWG-KP). Its task in Copenhagen is to agree on emission reduction targets for industrialized countries that are parties to the Kyoto Protocol,<sup>15</sup> i.e., all major industrialized countries except the U.S.

### **C. Key Issues: Emission Reductions**

There is now a broad scientific consensus that more than 2°C of average global warming above the pre-industrial level would constitute a dangerous level of climate change. At the G8 Leaders’ Summit in L’Aquila, Italy this summer, leaders of the G8 countries and major emerging economies recognized that consensus in a joint declaration.<sup>16</sup>

The world’s most authoritative climate science body is the Nobel-Prize winning Intergovernmental Panel on Climate Change (IPCC). According to the IPCC’s 2007 Fourth Assessment Report, global emissions of carbon dioxide would have to be cut by 50–85% relative to the 2000 level (equivalent to about 43–83% below the 1990 level) by 2050 to have a chance of staying within the 2°C limit.<sup>17</sup> The IPCC also noted that, en route to the 2050 emission reduction, global emissions would have to peak by 2015 and decline thereafter. More recent analysis done for the UN Development Programme (UNDP) found that global GHG emissions need to be cut

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<sup>13</sup> UNFCCC Secretariat, *Scenario note on the eighth session* (FCCC/AWGLCA/2009/16), paragraph 2. Available online at <http://unfccc.int/resource/docs/2009/awglca8/eng/16.pdf>.

<sup>14</sup> *Ibid.*, paragraph 3.

<sup>15</sup> UNFCCC Secretariat, *Provisional agenda and annotations* (FCCC/KP/CP/2009/1), paragraph 20. Available online at <http://unfccc.int/resource/docs/2009/cmp5/eng/01.pdf>.

<sup>16</sup> *Declaration of the Leaders of the Major Economies Forum on Energy and Climate* (2009). Available online at [http://www.g8italia2009.it/static/G8\\_Allegato/MEF\\_Declaration1.pdf](http://www.g8italia2009.it/static/G8_Allegato/MEF_Declaration1.pdf). The signatories are Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, South Africa, South Korea, the UK and the U.S.

<sup>17</sup> Intergovernmental Panel on Climate Change, “Summary for Policymakers,” in Bert Metz et al., eds, *Climate change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* (New York, NY: Cambridge University Press, 2007), 15. Available online at <http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-spm.pdf>. Our recalculation of this reduction relative to the 1990 level is based on a 13.3% increase in global CO<sub>2</sub> emissions (including international bunkers but not land-use change and forestry) between 1990 and 2000. This increase was calculated from the Climate Analysis Indicators Tool Version 4.0 (Washington, DC: World Resources Institute, 2007), <http://cait.wri.org>.

by 50% below the 1990 level by 2050, with a peak before 2020, to have only a 50% chance of staying within the 2°C limit.<sup>18</sup>

It is important to note that this goal would represent a target for *global* emissions, not a binding target for any one country's national emissions. By their nature, long-term targets create far less urgency for policy development than near- or mid-term targets. While they are not sufficient on their own, long-term targets are useful in helping countries plan a trajectory toward the deep emission reductions that are needed.

A global GHG emissions target has implications for both industrialized and developing countries. Under both the UNFCCC and the Kyoto Protocol, industrialized countries agreed to take the lead in reducing emissions, in recognition of their higher per-capita emissions, higher per-capita wealth and share of historical responsibility for global warming. The IPCC's analysis shows that if *global* emissions are to be reduced to at least 50% below the 1990 level by 2050, *industrialized* countries will have to make much deeper emission reductions.

The IPCC also concluded in its Fourth Assessment Report that industrialized countries need to reduce their combined GHG emissions by **25–40% below 1990 levels by 2020, and by 80–95% below 1990 by 2050**, to have a chance of avoiding a 2°C temperature increase.<sup>19</sup> At the UN climate conference in Bali, the countries that have ratified Kyoto agreed that the science-based range of 25–40% below 1990 in 2020 should guide negotiations on future industrialized country targets, although Canada did so under protest.<sup>20</sup>

It is important to note that even meeting the 2020 and 2050 industrialized-country target ranges above does not guarantee that the planet will avoid 2°C of global warming. Developing countries will need to reduce the growth in their emissions as well, beginning with a “substantial deviation from baseline” in some regions by 2020, according to the IPCC.<sup>21</sup> In addition, these calculations are projections that are dependent on assumptions and require regular updating and fine-tuning. Indeed, more recent scientific observations show that some climate indicators are changing near the upper end of the range indicated by the IPCC's projections or, as in the case of sea level rise, at even greater rates than projected by the IPCC.<sup>22</sup>

In Copenhagen, emission reductions will be discussed:

- In the Kyoto Protocol negotiating track (AWG-KP). This track covers national targets for all major industrialized countries other than the U.S. According to analysis by the

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<sup>18</sup> UNDP, *Human Development Report 2007/2008* (New York, NY: Palgrave Macmillan, 2007), 49. Available online at <http://hdr.undp.org/en/reports/global/hdr2007-2008/>.

<sup>19</sup> Sujata Gupta et al., “Policies, Instruments and Co-operative Arrangements,” in Bert Metz et al., eds, *Climate change 2007: Mitigation. Contribution of Working group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* (New York, NY: Cambridge University Press, 2007), 776. Available online at <http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-chapter13.pdf>. The IPCC's analysis applied to stabilization of the atmospheric concentration of GHGs at 450 parts per million of carbon dioxide equivalent. This will be necessary to have a better than 50 percent chance of limiting average global warming to 2°C relative to the pre-industrial level (see Bill Hare and Malte Meinshausen, “How Much Warming are We Committed to and How Much can be Avoided?,” *Climatic Change* 75, nos 1–2 (2006): 111).

<sup>20</sup> UNFCCC Secretariat, *Report of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its resumed fourth session, held in Bali from 3 to 15 December 2007* (FCCC/KP/AWG/2007/5), 5. Available online at <http://unfccc.int/resource/docs/2007/awg4/eng/05.pdf#page=5>.

<sup>21</sup> Gupta et al.

<sup>22</sup> Katherine Richardson et al., *Synthesis Report from Climate Change: Global Risks, Challenges & Decisions, Copenhagen 2009, 10–12 March* (Copenhagen, Denmark: University of Copenhagen, 2009), 8. Available online at <http://climatecongress.ku.dk/pdf/synthesisreport/>.

UNFCCC Secretariat, released at the Barcelona climate talks last month, the emission reduction pledges by these countries add up to a reduction in their combined emissions of only 16–23% below the 1990 level, short of the science-based range of 25–40%.<sup>23</sup>

- In the Convention negotiating track (AWG-LCA). Developing countries' actions to reduce the growth in their emissions are often referred to as “NAMAs,” which stands for “nationally appropriate mitigation [emission reduction] actions.” Emission reductions by the U.S. also fall into the AWG-LCA track, since the U.S. is not a party to the Kyoto Protocol. Governments agreed in Bali that all developed countries must take on quantified emission reduction objectives (i.e., absolute national targets), and that actions by all developed countries must be comparable. Finding the right way to fit the U.S., as a Kyoto “outlier,” into the Copenhagen deal is a complex challenge.
- As part of the “shared vision” discussion in the AWG-LCA, countries will consider longer-term and global targets to reduce emissions.

### ► Where Canada Stands on Emissions Targets:

In July 2009, Canada accepted the 2°C limit on global average warming along with all the other G8 countries. However, Canada's current targets for national GHG emissions fall far short of the reductions described in the IPCC's 2°C scenario. In 2007, the Government of Canada adopted targets of reducing national GHG emissions to 20% below the 2006 level in 2020 (equivalent to **3% below the 1990 level**) and to 60–70% below the 2006 level in 2050 (equivalent to **51–63% below 1990**).<sup>24</sup>

Economic analysis performed by M.K. Jaccard and Associates for the Pembina Institute and the David Suzuki Foundation concluded that Canada could reduce its net emissions<sup>25</sup> to 25% below 1990 in 2020 — a target at the lower end of the IPCC's 2°C scenario — while growing its economy by over 20% and creating over 1.8 million net new jobs. The analysis also found that Canada's government would need to move quickly to put in place far stronger policies than it has proposed to date in order to meet its own 2020 target.<sup>26</sup>

Indeed, other countries' delegations in Copenhagen may well question whether the Government of Canada has a real commitment to meeting its 2020 target. In the two-and-a-half years since it was announced, the government has not published a plan capable of meeting the target, and the government has now shelved its previous “Turning the Corner” plan (March 2008). This is an important consideration when comparing Canada's position to that of the U.S. Although the two countries' 2020 targets for domestic emissions are similar, the U.S. Congress is currently considering comprehensive legislation that would both establish and clearly meet the U.S. target

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<sup>23</sup> From “Table 2, Greenhouse gas emission trends and emission reductions in aggregate for the Annex I Parties that are also Parties to the Kyoto Protocol which have submitted information relating to possible quantified emission limitation and reduction objectives.” This UNFCCC Secretariat document is available upon request from the authors.

<sup>24</sup> Environment Canada, *Regulatory Framework for Air Emissions* (Ottawa, ON: Government of Canada, 2007), 4. Available online at [http://www.ec.gc.ca/doc/media/m\\_124/report\\_eng.pdf](http://www.ec.gc.ca/doc/media/m_124/report_eng.pdf). Our recalculation of these targets relative to the 1990 level is based on a 21% increase in Canada's emissions between 1990 and 2006. See Environment Canada, *National Inventory Report: Greenhouse Gas Sources and Sinks in Canada 1990–2007* (Ottawa, ON: Environment Canada, 2009), 14. Available online at

[http://unfccc.int/national\\_reports/annex\\_i\\_ghg\\_inventories/national\\_inventories\\_submissions/items/4771.php](http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/4771.php).

<sup>25</sup> I.e., taking into account purchases of international emission reductions.

<sup>26</sup> Matthew Bramley, Pierre Sadik and Dale Marshall, *Climate Leadership, Economic Prosperity* (Drayton Valley, AB and Vancouver, BC: The Pembina Institute and David Suzuki Foundation, 2009). Available online at <http://climate.pembina.org/pub/1909>.

— notably, via an economy-wide cap-and-trade system. Canada’s target, on the other hand, appears in no domestic law, and our federal government has not yet published any proposal for cap-and-trade.

A majority of Canadian MPs has shown consistent support for more ambitious emission reductions than the government’s targets. For example, Bill C-311, a private members’ bill known as the *Climate Change Accountability Act*, would legislate a target for Canada’s emissions of 80% below the 1990 level in 2050, with an initial mid-term target of 25% below 1990 in 2020. A majority of MPs, including all members present from the three opposition parties, voted in support of this legislation at second reading in April. This vote sent the bill to a House of Commons committee for further study, a process that is scheduled to conclude on December 10.

In addition, on November 24 the three opposition parties in the House of Commons voted together to pass a Bloc Québécois motion calling on the government to endorse, in Copenhagen, a target to reduce industrialized countries’ emissions to 25% below the 1990 level by 2020.<sup>27</sup>

#### **D. Key Issues: Financing**

National targets to cut GHG emissions are easily the best-known aspect of the UN climate framework. But they’re just one of the “building blocks” needed for a successful outcome in Copenhagen. Another crucial piece of the puzzle is financial support for climate action in developing countries. It is clear that there will not be an agreement in Copenhagen without meaningful progress on the question of financing.

Developed countries first accepted an obligation to provide financial support for climate action in poorer countries over 15 years ago. The 1992 UNFCCC creates an obligation on the world’s richest countries to provide financial support to developing countries both to help them reduce their GHG emissions and adapt to the impacts of climate change.

Examples of adaptation expenses include building infrastructure strong enough to withstand more violent storms; training farmers in new techniques to deal with drought; and investing in malaria prevention in new regions as the disease spreads. Financing for emission reductions would, for example, cover the extra cost a country would incur to power homes with electricity generated from wind energy instead of coal. These investments are urgently needed to protect some of the world’s most vulnerable people from the consequences of a problem they did little to create.

Although it’s not possible to reach a precise assessment of the funding required, a range of estimates shows that it will likely require hundreds of billions of dollars per year. No matter which estimate one chooses, an indisputable conclusion is that far more finance is needed than is currently being provided. For example, the public finance currently devoted to climate adaptation globally, both from bilateral and multilateral sources, is at most \$4.4B<sup>28</sup> per year — less than one-third of the lowest estimate of what developing countries need for adaptation, and 26 times

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<sup>27</sup> The motion can be found at <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=40&Ses=2&DocId=4232530&File=11>. Details of the November 24 vote are available at <http://www2.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=40&Ses=2&DocId=4254820#OOB-2969317>. The motion passed with 137 MPs in favour and 124 against.

<sup>28</sup> Unless otherwise indicated, dollar symbols in this backgrounder refer to Canadian dollars.

less than what the UNDP says is needed annually by 2015.<sup>29</sup> These assessments of climate financing needs are over and above the official development assistance (ODA) that developing countries require for poverty reduction.

Under the UN negotiation process, numerous countries have already put forward plans to generate, manage and disburse climate financing. Some of these proposals feature “innovative” fundraising mechanisms, such as a levy on airline emissions, that would generate funds without countries having to make annual budget decisions about whether to contribute again. Unconventional means of raising funds offer significant promise in generating the finance required to tackle climate change.

To get a strong agreement in Copenhagen, leaders from the world’s richest countries will need to step forward and support an effective mechanism to generate an adequate level of funds, coupled with a fair means of governing and disbursing them. (For example, the UN’s top climate change official responded to the recent announcement of the U.S. and Chinese targets with a statement of congratulations that noted, “we still await clarity from industrialised nations on the provision of large-scale finance to developing countries for immediate and long-term climate action.”<sup>30</sup>)

UK Prime Minister Gordon Brown has been a leader in offering those kinds of specifics. In a June 2009 speech, he stated that around US\$100B per year in climate financing will be required by 2020. Prime Minister Brown supports raising these funds, starting in 2013, partly through innovative financing mechanisms that would be additional to ODA, including auctioning developed countries’ emission allowances and bringing emissions from international aviation and maritime emissions into the carbon market. (It is important to note that his US\$100B total includes both public and private funding, and does not specify what fraction he expects to be provided through public dollars.) Prime Minister Brown also noted that “developing countries need a stronger voice” in governing these funds, and that the current institutional arrangements for climate finance are “complicated, slow and outdated.”<sup>31</sup> Although there are a few areas where the speech could be even stronger, it illustrates the kind of leadership needed in order to build the goodwill and trust needed for a successful outcome in Copenhagen.

In October, EU governments went a step further by identifying both the total financing needed in developing countries and the fraction of that total that they believe should be met through public spending. Their total, €100B (\$159 billion) per year by 2020, is higher than Gordon Brown’s initial estimate; of that, EU governments agreed that €22B to €50B (\$35B to \$79B) per year should come from “international public support.”<sup>32</sup>

While a full-fledged financing mechanism will be a critical ingredient for a strong post-2012 agreement, some of the world’s poorest countries have adaptation needs that cannot wait until then. For this reason, governments are also discussing the provision of “fast start” financing, to bridge the gap and build capacity for scaled-up investments after 2012.

One example is the UNFCCC’s Least Developed Countries Fund, which was designed to support top-priority, near term adaptation needs in the world’s least developed countries (LDCs). Canada

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<sup>29</sup> Clare Demerse, *Our Fair Share: Canada’s Role in Supporting Global Climate Solutions* (Drayton Valley, AB: The Pembina Institute, 2009), 11, 37 (Appendix D). Available online at <http://climate.pembina.org/pub/1815>.

<sup>30</sup> UNFCCC Press Office, Media Alert, November 26, 2009.

<sup>31</sup> UK Prime Minister’s Office, “Roadmap to Copenhagen,” speech, June 26, 2009. Available online at <http://www.number10.gov.uk/Page19813>.

<sup>32</sup> *Brussels European Council 29/30 October 2009 Presidency Conclusions*, paragraphs 13–14. Available online at [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/110889.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/110889.pdf).



was the first country in the world to contribute to this fund, donating \$10M in 2001. To date, the fund has helped 48 countries to prepare action plans that itemize their most urgent adaptation needs. The fund is now looking for pledges totalling US\$500M to implement these plans, which are known as “national adaptation plans of action” (NAPAs).<sup>33</sup> However, the demand far exceeds the US\$500M that the fund is seeking, as the LDCs themselves have identified over US\$1.5B in urgent adaptation needs through their NAPAs.<sup>34</sup>

On November 28, 2009, the Commonwealth Heads of Government Meeting in Trinidad and Tobago endorsed a proposal by UK Prime Minister Gordon Brown for a “Copenhagen Launch Fund.” The fund would start in 2010 and build to US\$10B annually by 2012; it would be broader than the adaptation-only Least Developed Countries Fund described above, covering technology and reduced deforestation as well as adaptation.<sup>35</sup> To date, only the UK has pledged money to this fund.

### ► Where Canada Stands on Climate Financing:

Canada has contributed just over \$240M to climate adaptation since 2000, mainly through its international development agency, CIDA.<sup>36</sup> The most recent commitment of funding, made in 2008, was of \$85M in 2008 to the World Bank’s Pilot Program for Climate Resilience,<sup>37</sup> which will support countries in integrating climate risk into development. Although these contributions are counted as ODA (instead of additional to ODA) and represent a small fraction of the need, this track record is nonetheless a foundation that can be built on in Copenhagen.

In May 2009, Canada and the EU signed a summit declaration that included a section on international financing for climate action. There, Prime Minister Harper committed that Canada will provide its “fair share” of “adequate, predictable and timely financial support for implementation of a Copenhagen agreement.”<sup>38</sup>

This was a welcome commitment, but Canada has yet to take the next step by publicly identifying an adequate range for the total need (as EU governments have started to do) and determining its share of that overall need.

The Pembina Institute has analyzed Canada’s share of the climate financing that will be needed in the post-2012 period under a range of formulas that assess countries’ responsibility for financing, and found that it would be approximately 3–4% of the global effort. Multiplying this indicator by conservative estimates<sup>39</sup> of the public finance needed for emission reductions and adaptation to climate change produces a range for Canada’s financial contribution of **\$2.2B to**

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<sup>33</sup> Global Environment Facility, *The Least Developed Countries Fund (LDCF)* (Washington, DC: Global Environment Facility, 2008), 1. Available online at [http://www.gefweb.org/uploadedfiles/LDCF/LDCF\\_insert\\_LDCF.pdf](http://www.gefweb.org/uploadedfiles/LDCF/LDCF_insert_LDCF.pdf).

<sup>34</sup> UNFCCC Secretariat, *Investment and Financial Flows to Address Climate Change: An Update — Technical Paper* (FCCC/TP/2008/7), 25. Available online at <http://unfccc.int/resource/docs/2008/tp/07.pdf>.

<sup>35</sup> *Port of Spain Climate Change Consensus: The Commonwealth Climate Change Declaration* (2009), paragraph 13. Available online at <http://chogm2009.org/home/node/210>.

<sup>36</sup> Department of Foreign Affairs and International Trade briefing note entitled “International Adaptation” (Ottawa, ON: Government of Canada, undated). The Pembina Institute obtained this briefing note through an Access to Information request.

<sup>37</sup> Ibid.

<sup>38</sup> *Canada–EU Summit Declaration — May 6, 2009*. Available online at [http://www.canadainternational.gc.ca/eu-ue/bilateral\\_relations\\_bilaterales/2009\\_05\\_06\\_statement-declaration.aspx?lang=eng](http://www.canadainternational.gc.ca/eu-ue/bilateral_relations_bilaterales/2009_05_06_statement-declaration.aspx?lang=eng).

<sup>39</sup> The estimates used were current as of February 2009. Several new estimates of the costs of adaptation have been released since that time, showing higher cost projections than the older studies.

**\$5.7B per year, with the midpoint of that range being \$4.0B per year.**<sup>40</sup> This is only a preliminary assessment intended to provide the order of magnitude of Canada's fair share of climate financing, but it does allow us to draw some comparisons:

- The low-end estimate (\$2.2B per year) is less than the \$2.7B that Canada spent on loans to bail out the auto sector in 2009.<sup>41</sup>
- The average estimate (\$4.0B per year) is less than the cost of the government's one per cent cut to the GST in the 2006 budget, which is more than \$5.2B per year.<sup>42</sup>

Using the same percentage contribution, Canada's fair share of the Commonwealth's proposed US\$10B (in 2012) "Copenhagen Launch Fund" would be \$317M to \$423M.

## E. Canada's Role

Canada comes into the Copenhagen negotiation in a unique position: we are the only country to have accepted a legally binding Kyoto emissions target and then opted not to try to meet it. Over the two year negotiating process launched in Bali, Canada has been the recipient of frequent criticism for its own low level of ambition, coupled with its insistence that developing countries take on near-term commitments that most see as unrealistic or unfair. The list below provides some examples:

- Briefing documents prepared during 2008 for Canada's Prime Minister and Minister of Foreign Affairs, obtained through an Access to Information request, demonstrate that Canada continued to oppose the target range of 25–40% below 1990 levels by 2020 for industrialized countries after having agreed to it under protest in Bali.<sup>43</sup>
- At the UN climate conference in Poznan in December 2008, Canada received unusual public rebukes from the delegations of South Africa<sup>44</sup> and France<sup>45</sup> (then holding the EU presidency) for opposing a reference to the 25–40% target range for 2020, and for refusing to table an ambitious national target of its own.
- In a May 2009 submission to the UNFCCC Secretariat, Canada called for all countries — developed and developing alike — to adopt absolute national GHG targets for 2020.<sup>46</sup> In a radio interview in October 2009, Environment Minister Jim Prentice called China's unwillingness to adopt such a target a "central issue" of the negotiations.<sup>47</sup> However, Canada appears to be the only country taking this position, which contradicts the Bali Action Plan and is almost universally seen as unrealistic, unfair or both.

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<sup>40</sup> Demerse, 31–32.

<sup>41</sup> Department of Finance Canada, *Canada's Economic Action Plan: Budget 2009* (Ottawa, ON: Government of Canada, 2009), 30 (Table 1.2). Available online at <http://www.budget.gc.ca/2009/pdf/budget-planbudgetaire-eng.pdf>.

<sup>42</sup> Department of Finance Canada, *The Budget Plan 2006: Focusing on Priorities* (Ottawa, ON: Government of Canada, 2006), 23 (Table 1.2). Available online at <http://www.fin.gc.ca/budget06/pdf/bp2006e.pdf>.

<sup>43</sup> This document is available upon request from the authors.

<sup>44</sup> South African Department of Environmental Affairs and Tourism, "Statement on the current round of climate negotiations in Poznan, Poland," media statement, December 2, 2008. Available online at <http://www.deat.gov.za/NewsMedia/MedStat/2008Dec3/FOR%20IMMEDIATE%20RELEASE02122008.pdf>.

<sup>45</sup> François Cardinal, "Le Canada se joint aux rebelles," *La Presse*, December 9, 2008, A33. Available online at <http://www.cyberpresse.ca/environnement/politique-verte/200812/09/01-808684-le-canada-se-joint-aux-rebelles.php>.

<sup>46</sup> UNFCCC Secretariat, *Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan — Submissions from Parties* (FCCC/AWGLCA/2009/MISC.4 (Part I)), 61. Available online at <http://unfccc.int/resource/docs/2009/awglca6/eng/misc04p01.pdf>.

<sup>47</sup> "The Calgary Eyeopener," CBC Radio 1, October 15, 2009.

- As noted above, Canada accepted a 2°C limit on global warming for the first time at the G8 Leaders' Summit in July 2009. The Summit Declaration also “support[ed] a goal of developed countries reducing emissions of greenhouse gases in aggregate by 80% or more by 2050 compared to 1990 or more recent years.”<sup>48</sup> However, Environment Minister Prentice immediately downplayed the 80% target, calling it “an aspirational objective” and stated that Canada would not be changing its own emissions target for 2050, equivalent to only a 51–63% reduction below the 1990 level.<sup>49</sup>
- Speaking at the 2009 Commonwealth summit in Trinidad and Tobago in late November, UN Secretary-General Ban Ki-moon called on Canada to strengthen its 2020 emissions target: “Canada is going to soon chair the G8 and therefore it is only natural that Canada should come out with ambitious midterm targets as soon as possible.”<sup>50</sup>

Environment Minister Prentice committed in June 2009 to “outline the full suite of policies that relate to all major sources of [GHG] emissions this year, in 2009... by the time we reach the international table at Copenhagen.”<sup>51</sup> But despite this commitment, Canada is heading to Copenhagen with no clarity on the policies the government intends to use to meet its 2020 emissions target. Minister Prentice now says: “The purpose of the conference is not for each country to table its domestic policies.”<sup>52</sup> He also recently stated that Canada’s proposed cap-and-trade system — the centrepiece of a domestic plan — might not be unveiled until late 2010 or even later.<sup>53</sup> As noted earlier, this does little to give other countries confidence that Canada has a real commitment to meeting its emissions targets.

Canada needs to restore its tarnished credibility in Copenhagen. This requires adopting a stronger national emissions target for 2020 and committing to its fair share of climate financing, both as part of a full-fledged financing package for the post-2012 period and through “fast start” funds to fill the gap before 2013. And meaningful climate action from Canada must go beyond targets and pledges to include strong domestic policies clearly capable of meeting those targets.

Polling results indicate that Canadians want to see much stronger leadership on climate change from their government. Seventy-seven percent of respondents in a national poll conducted in April 2009 agreed with the statement that “Canada should take a leadership position to reduce greenhouse gas emissions. It’s embarrassing that we are not doing more to curb emissions.”<sup>54</sup> In Copenhagen, Canada’s government needs to act urgently and decisively to show Canadians that leadership.

<sup>48</sup> *Responsible Leadership for a Sustainable Future* (2009 G8 Leaders’ Summit Declaration), paragraph 65. Available online at [http://www.g8italia2009.it/static/G8\\_Allegato/G8\\_Declaration\\_08\\_07\\_09\\_final.0.pdf](http://www.g8italia2009.it/static/G8_Allegato/G8_Declaration_08_07_09_final.0.pdf).

<sup>49</sup> Bruce Cheadle, “Canada says G8 climate target ‘aspirational,’” *Canadian Press*, July 9, 2009. Available online at <http://cnews.canoe.ca/CNEWS/World/2009/07/09/10079571-cp.html>.

<sup>50</sup> Steve Chase and John Ibbitson, “India’s shift to cut back emissions raises hopes for climate agreement,” *The Globe and Mail*, November 28, 2009. Available online at <http://www.theglobeandmail.com/news/politics/indias-shift-to-cut-back-emissions-raises-hope-for-climate-agreement/article1381167/>.

<sup>51</sup> Environment Canada, “Notes for an address by the Honourable Jim Prentice, P.C., Q.C., M.P., Minister of the Environment on Canada’s climate change plan, June 4, 2009,” speech, June 4, 2009. Available online at <http://ec.gc.ca/default.asp?lang=En&n=6F2DE1CA-1&news=400A4566-DA85-4A0C-B9F4-BABE2DF555C7>.

<sup>52</sup> Katherine O’Neill, “Q&A / Jim Prentice,” *The Globe and Mail*, November 16, 2009, A4. Available online at <http://www.theglobeandmail.com/news/national/jim-prentice-on-the-challenge-of-copenhagen/article1364459/>.

<sup>53</sup> Steve Rennie, “Canada must wait to regulate greenhouse gases: Prentice,” *Canadian Press*, November 17, 2009.

<sup>54</sup> *Shared Values, Canadians & Sustainability* (Vancouver, BC: Hoggan & Associates, 2009).