

## **SUBMISSION BY DENMARK AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES**

**Copenhagen, 19 April 2012**

**Subject: Information on the quantified emission limitation or reduction objectives (QELROs) for the second commitment period under the Kyoto Protocol**

### **1) Introduction**

The EU welcomes the progress made at the Durban Conference towards the adoption of an amendment to the Kyoto Protocol at the Doha Climate Conference which ensures the continuity of an effective multilateral rules-based system including its flexible mechanisms and enables a second commitment period to start on 1 January 2013 as part of a transition to a wider single global and comprehensive legally-binding agreement. In response to the invitation in paragraph 5 of Decision 1/CMP.7, this submission provides information on the quantified emission limitation or reduction objectives (QELROs) of the EU and its Member States, in preparation for the adoption of an Annex B with QELROs for a 2<sup>nd</sup> commitment period under the Kyoto Protocol (CP2), in combination with amendments to the Kyoto Protocol at the CMP8 in Doha in December this year.

A number of issues that may affect the CP2 QELROs remain to be resolved by Doha. The EU therefore underlines that the information on the QELROs of the EU and its Member States contained in this submission is provisional. The final QELROs will need to be determined once all applicable rules addressing outstanding issues in the CP2 negotiations that may affect the QELRO have been resolved.

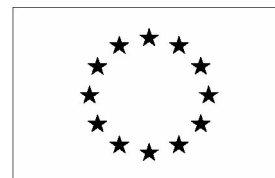
The EU emphasizes the need for sufficiently ambitious targets in the second commitment period and underlines that, in order to stay below 2°C, all Parties need to take swift and effective action to bridge the global ambition gap in the period up to 2020. In this context, all Parties should be encouraged to take more ambitious mitigation commitments and actions and where possible over-perform on these. In addition, countries which have submitted ranges should consider their possibilities for moving to the top of their range<sup>1</sup>.

### **2) The length of a 2<sup>nd</sup> commitment period**

The EU is of the view that the CP2 should start in 2013 and end in 2020, emphasizing that the new single global and comprehensive legally binding agreement should enter into effect no later than the beginning of 2020. This is why this submission contains information on QELROs for an 8-year commitment period.

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<sup>1</sup> The ranges referred to by the IPCC AR4 report continue to constitute a valuable benchmark for the aggregate ambition of pledges of developed and developing countries according to which developed countries as a group should reduce their greenhouse gas emissions by 25 to 40% below 1990 levels by 2020 while developing countries as a group should achieve a substantial deviation below the currently predicted emissions growth rate, in the order of 15 to 30% by 2020.



In Durban it was decided that CP2 "shall begin on 1 January 2013 and end on either 31 December 2017 or 31 December 2020". The length of CP2 is to be decided by the AWG KP at its 17<sup>th</sup> session, which is to start in May. The Durban conference also decided that the new agreement for all Parties ("protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties") is to "come into effect and be implemented from 2020".

During the negotiations in Durban, the EU insisted that it is particularly important to ensure that the duration of a CP2 is "compatible with the timeline for the development and entry into force" of the new agreement for all Parties, enabling the "convergence with the Kyoto Protocol track after a second commitment period". In addition, this would also avoid a gap between the end of CP2 and the start of the new agreement in 2020. A number of Parties have raised the concern that an 8 year CP2 could "lock in" low ambition. To address this concern, the EU put forward a proposal for a mid-term review of Annex B QELROs and a possibility for a Party listed in Annex B to strengthen its QELRO through a simplified procedure.

The EU underlines the need to simplify the process for a Party wishing to increase the level of ambition of its QELRO in the course of the second commitment period. In addition, the EU calls for a review of the ambition level under the Kyoto Protocol coinciding with the 2013-2015 review under the Convention.

### 3) Approach to determining the QELROs

The provisional information on QELROs of the EU and its Member States has been determined on the basis of the EU's total greenhouse gas emissions allowed during the period 2013-2020 under its existing climate and energy package (CE package) legislation, thus reflecting the EU's unilateral commitment to a 20% reduction by 2020. Reference is also made to the below section on the EU's conditional offer to take on a 30% commitment.

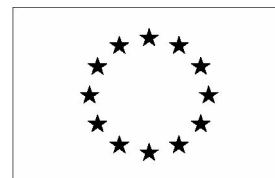
The following formula has been applied in calculating the provisional QELROs in this submission:

$$\text{QELRO} = \text{Total allowed emissions} / (\text{base year emissions} \times \text{length commitment period})$$

The QELRO thus represents the average reduction over the period 2013-2020 compared to base year emissions. The QELRO calculation uses the sum of the individual base year emissions of Member States in accordance with the flexibilities to set individual base years provided under the Kyoto Protocol.

The scope of existing EU legislation implementing its 20% commitment is different from the scope of the CP2, which is why the total allowed emissions or "emissions budget" under the climate and energy package can not be used directly in the calculation of the corresponding QELRO. The main differences between the CE package and CP2 which have been taken into account in determining the provisional information on QELROs are the following:

- International aviation: Is included in the CE package and its overall 20% reduction target, while its emissions are not accounted for under the Kyoto Protocol.



- LULUCF: The LULUCF sector in the EU is not included in the 20% target under the CE package, but is accounted for under the Kyoto Protocol according to the relevant decisions made in Durban.
- Inclusion of NF3: Nitrogen Trifluoride (NF3) is not included in the CE package, whereas the scope of CP2 has been extended to include the additional gas. The impact of NF3 on aggregate EU emissions is insignificant.
- Global Warming Potentials (GWP): The CE package uses the GWP of the 2nd Assessment report of the Intergovernmental Panel on Climate Change to aggregate GHG emissions, whereas the GWP of CP2 have been updated to those included in the 4th Assessment Report. The expected impact of using the updated GWP values under CP2 is an additional reduction in EU emissions of up to 0.5% compared to using IPCC AR2 GWP.
- Base years: The EU 2020 target uses 1990 as the base year, while it was agreed in Durban to continue with the same flexibilities to set a different base year which applied to CP1.

The process of "translating" the emissions budget under the EU's climate and energy package has included a calculation of the allowed emissions for each of the years 2013-2020 for those sectors that are covered by CP2. The estimated emissions budget for those sectors is around -14% below 1990 levels in 2013, decreasing to around -21% by 2020 compared to 1990<sup>2</sup>.

As base year emissions under the Kyoto Protocol are higher than the 1990 emission levels, the same emissions budget for the period results in a larger percentage reduction when compared to the base year than compared to 1990. As shown by the below table, the reduction relative to base year emissions is -17% in 2013, decreasing to a -24% reduction by 2020.

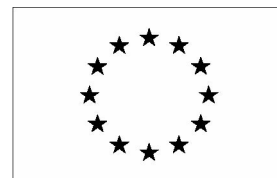
Year	2013	2014	2015	2016	2017	2018	2019	2020
Mio ton CO <sub>2</sub> -eq	4811	4752	4693	4634	4575	4516	4457	4398
Reduction vs 1990	-14%	-15%	-16%	-17%	-18%	-19%	-20%	-21%
Reductions vs base year	-17%	-18%	-19%	-20%	-21%	-22%	-23%	-24%

Over an 8-year period (2013-2020), this is equivalent to an average reduction of 20% compared to base year emissions.

**The process of translating the 2013-2020 emissions budget under EU legislation to the Kyoto rules for an 8 year CP2 thus results in an overall QELRO value of 80%<sup>3</sup>.**

<sup>2</sup> In order to meet the overall target of 20% GHG emission reductions relative to 1990 of the CE package, other sectors than international aviation have a reduction target which is in aggregate slightly more ambitious than -20% to compensate for the fact that the emissions target of international aviation is less stringent than the overall 20% target. The target for aviation is a 5% reduction compared to the average of 2004-2006 emissions.

<sup>3</sup> This number should be interpreted in light of the below section 5 on the application of Article 4 of the Kyoto Protocol.



#### 4) The EU's conditional offer to take on a 30% commitment

In addition to its unilateral 20% reduction commitment, the EU stands by its conditional offer as reiterated by the European Council in December 2009 to move to a 30% reduction by 2020 compared to 1990 levels, as part of a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and developing countries contribute adequately according to their responsibilities and respective capabilities.

Following the same overall approach to the calculation of EU QELROs for a 30% target as described above for the unconditional 20% commitment raises similar issues with regard to translation from EU regulation to the Kyoto accounting rules for CP2.

Additional issues relate to the specific modalities of an increase in ambition. The base year emissions and the length of the commitment period are the same for the unconditional 20% and the conditional 30% commitment. However, while emissions in 1990 within the scope of the Climate and Energy package are known<sup>4</sup>, the calculation of an emissions budget corresponding to a 30% reduction target depends on decisions regarding i.a. starting points and reduction trajectories for the main parts of the EU climate and energy package (the EU Emissions Trading Scheme excluding aviation; aviation; other sectors), as well as decisions on the approach to LULUCF in the context of a 30% target.

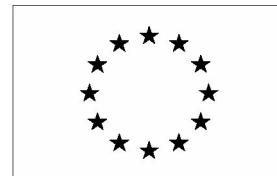
#### 5) The application of Article 4 of the Kyoto Protocol

Article 4 of the Kyoto Protocol allows Parties to fulfil their commitments under Article 3 jointly. During this first commitment period, the 15 EU Member States that were part of the EU when the Kyoto Protocol was signed took on a joint commitment to reduce their emissions by 8% below base year emissions. The EU and its Member States notified the terms of their agreement to fulfil their commitments under Article 3 jointly upon their joint ratification of the Kyoto Protocol on 31 May 2002.

The proposed amendments to Annex B of the Kyoto Protocol in Annex 1 of Decision 1/CMP.7 agreed in Durban include a footnote (b) with the space for entering CP2 QELROs for the EU and each of its Member States. This footnote states that “The QELROs for the European Union and its Member States for a second commitment period under the Kyoto Protocol are based on the understanding that these will be fulfilled jointly with the European Union and its Member States, in accordance with Article 4 of the Kyoto Protocol”.

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<sup>4</sup> Total 1990 emissions were 5,657 Mt CO<sub>2</sub>e excluding emission/removals from LULUCF, including civil aviation, and excluding Croatia and other possible new EU Member States.

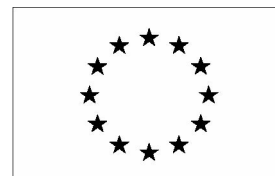


As reflected in the Annex B agreed in Durban, the EU intends to fulfil its commitment under Article 3 of the Kyoto Protocol jointly with the EU Member States, as well with Croatia and Iceland. In accordance with Article 4 paragraph 1 of the Kyoto Protocol, the respective emission level allocated to each of the Parties to the agreement shall be set out in the agreement that will be notified to the secretariat of the UNFCCC in line with Article 4 paragraph 2. Noting that the present submission of information on QELROs of the EU and its Member States for the second commitment period is made without prejudice to this subsequent notification by the EU and its Member States, the provisional QELRO values for the EU and its Member States in the Annex to this submission are 80%.

It should be further noted that Croatia is likely to join the European Union on 1 July 2013 and that Iceland is a candidate country for EU Membership which already applies part of EU legislation in the area of climate change under the European Economic Area. Both countries have indicated that they intend to fulfil their CP2 commitments jointly with the EU and its Member States. To reflect this, the entries for Croatia and Iceland in that same table also contain footnotes.

#### **6) Next steps for the QELRO discussion**

The EU urges other Annex B Parties to also provide detailed information on their proposed QELROs. In addition, the EU urges all Annex B Parties that have not included an emission reduction target in the Durban decisions to reconsider their stance in light of the progress made towards reaching a wider single global and comprehensive legally-binding agreement, while emphasizing the need to ensure a high level of ambition of their QELRO during the second commitment period and also underlining the need to simplify the process for a Party wishing to increase the level of ambition of its QELRO in the course of the second commitment period. The EU looks forward to discussing proposed QELROs at the 17th session of the AWG KP, starting in May, with a view to adopting Annex B, with QELROs, at CMP 8 in Doha.



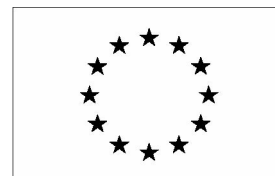
# ANNEX:

## Provisional QELROs for the EU and its Member States in Annex B of the Kyoto Protocol

1	2	3	4	5	6
Party	Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)	Quantified emission limitation or reduction commitment (2013–2020) (percentage of base year or period)	Reference year <sup>1)</sup>	Quantified emission limitation or reduction commitment (2013–2020) (expressed as percentage of reference year <sup>1)</sup> )	Pledges for the reduction of greenhouse gas emissions by the year 2020 (percentage of reference year) <sup>2)</sup>
Austria	92	80 <sup>b</sup>	n/a	n/a	
Belgium	92	80 <sup>b</sup>	n/a	n/a	
Bulgaria*	92	80 <sup>b</sup>	n/a	n/a	
Cyprus <sup>e</sup>		80 <sup>b</sup>	n/a	n/a	
Czech Republic*	92	80 <sup>b</sup>	n/a	n/a	
Denmark	92	80 <sup>b</sup>	n/a	n/a	
Estonia*	92	80 <sup>b</sup>	n/a	n/a	
European Union <sup>f, g</sup>	92	80 <sup>b</sup>	n/a	n/a	-20% /-30% <sup>h</sup>
Finland	92	80 <sup>b</sup>	n/a	n/a	
France	92	80 <sup>b</sup>	n/a	n/a	
Germany	92	80 <sup>b</sup>	n/a	n/a	
Greece	92	80 <sup>b</sup>	n/a	n/a	
Hungary*	94	80 <sup>b</sup>	n/a	n/a	
Ireland	92	80 <sup>b</sup>	n/a	n/a	
Italy	92	80 <sup>b</sup>	n/a	n/a	
Latvia*	92	80 <sup>b</sup>	n/a	n/a	
Lithuania*	92	80 <sup>b</sup>	n/a	n/a	
Luxembourg	92	80 <sup>b</sup>	n/a	n/a	
Malta <sup>k</sup>		80 <sup>b</sup>	n/a	n/a	
Netherlands	92	80 <sup>b</sup>	n/a	n/a	
Poland*	94	80 <sup>b</sup>	n/a	n/a	
Portugal	92	80 <sup>b</sup>	n/a	n/a	
Romania*	92	80 <sup>b</sup>	n/a	n/a	
Slovakia*	92	80 <sup>b</sup>	n/a	n/a	
Slovenia*	92	80 <sup>b</sup>	n/a	n/a	

<sup>1)</sup> A reference year may be used by a Party on an optional basis for its own purposes to express its QELRO as a percentage of emissions of that year, that is not internationally binding under the Kyoto Protocol, in addition to the listing of its QELRO in relation to the base year in the second and third columns of this table, which are internationally legally binding.

<sup>2)</sup> Further information on these pledges can be found in document FCCC/SB/2011/INF.1/Rev.1.



1	2	3	4	5	6
Party	Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)	Quantified emission limitation or reduction commitment (2013–2020) (percentage of base year or period)	Reference year <sup>1)</sup>	Quantified emission limitation or reduction commitment (2013–2020) (expressed as percentage of reference year <sup>1)</sup> )	Pledges for the reduction of greenhouse gas emissions by the year 2020 (percentage of reference year) <sup>2)</sup>
Spain	92	80 <sup>b</sup>	n/a	n/a	
Sweden	92	80 <sup>b</sup>	n/a	n/a	
United Kingdom of Great Britain and Northern Ireland	92	80 <sup>b</sup>	n/a	n/a	

\* Countries that are undergoing the process of transition to a market economy.

Notes:

*b The QELROs for the European Union and its Member States for a second commitment period under the Kyoto Protocol are based on the understanding that these will be fulfilled jointly with the European Union and its Member States, in accordance with Article 4 of the Kyoto Protocol. The QELROs are without prejudice to the subsequent notification by the EU and its Member States of an agreement to fulfill their commitments jointly in accordance with the provisions of the Kyoto Protocol.*

*e At its seventeenth session, the Conference of the Parties decided to amend Annex I to the Convention by including the name of Cyprus (decision 10/CP.17). The amendment will enter into force on 1 January 2013 or a later date.*

*f Upon deposit of its instrument of approval to the Kyoto Protocol on 31 May 2002, the European Community had 15 Member States.*

*g Upon deposit of its instrument of acceptance of the amendment to Annex B to the Kyoto Protocol on [date], the European Union had [number] Member States.*

*h As part of a global and comprehensive agreement for the period beyond 2012, the European Union reiterates its conditional offer to move to a 30% reduction by 2020 compared to 1990 levels, provided that other developed countries commit themselves to comparable emission reductions and developing countries contribute adequately according to their responsibilities and respective capabilities.*

*k At its fifteenth session, the Conference of the Parties decided to amend Annex I to the Convention by including the name of Malta (decision 3/CP.15). The amendment entered into force on 26 October 2010.*