Reflections on the Doha international climate negotiations

At the international climate change negotiations in Doha late last year, progress was made on a number of important fronts. A second commitment period to the Kyoto Protocol was confirmed, and progress was made on the development of a new global agreement and a new market mechanism (as agreed at the Durban talks in 2011). In this briefing we look at the key outcomes of the Doha talks.

Kyoto Protocol

Second commitment period agreed

A second commitment period to the Kyoto Protocol was confirmed, running from 1 January 2013 to 31 December 2020 (the first commitment period ended on 31 December 2012). The EU and Australia are the only major emitting jurisdictions to have signed up to the second commitment period. A number of countries which had emission reduction targets in the first commitment period, including Russia, Japan, Canada and New Zealand, have not signed up to the second commitment period, because they consider that it is not in their economic interest. It has been reported that the second commitment period of the Kyoto Protocol will only cover around 14% of global emissions.

Corresponding amendments have been made to the Kyoto Protocol, including the insertion of a new Annex setting out the emissions reduction objectives for the Parties for the second commitment period. Unlike the first commitment period, each Party set its own individual objectives. The Parties have also agreed to an amendment to the Kyoto Protocol to provide for an overall objective of reducing emissions by 18% below 1990 levels by 2020 (the original objective was a 5% reduction below 1990 levels in the first commitment period). Parties that have signed up to the second commitment period will review their emissions reduction objectives in 2014.

Existing market mechanisms

The existing market mechanisms (the Clean Development Mechanism (CDM) and Joint Implementation (JI)) will continue in the second commitment period.

All developed country Parties to the Kyoto Protocol can continue to participate in CDM project activities, but only Parties with emissions reduction objectives for the second commitment period are eligible to "transfer and acquire" second commitment period Kyoto units. This may exclude Russia, Japan, Canada and New Zealand from international carbon markets from 2015 (as the Kyoto Protocol allows units from a commitment period to be traded into or out of a Party's national registry until the end of the "true-up period" associated with that commitment period, which is 2015 for the first commitment period).

It is not clear how the exclusion will work in practice. Some commentators have suggested that such Parties will not be prevented from participating in the primary market (because units can still be issued and forwarded into national registry accounts) but that it may limit secondary trading between national registries.
United Nations Framework Convention on Climate Change

New global agreement
At the Durban talks in 2011, the Parties agreed to launch a process to develop a protocol, another legal instrument or an agreed outcome with legal force under the United Nations Framework Convention on Climate Change ("UNFCCC") applicable to all Parties. It is intended that the new agreement will contain legally binding emission reduction commitments superseding the Kyoto Protocol after 2020, meaning that a third commitment period under the Kyoto Protocol will not be required. This agreement is to be developed by a subsidiary body under the UNFCCC by 2015 in order for it to be adopted in 2020. While little actual progress was made on the drafting of the new agreement, the Parties intend that a negotiating draft of the instrument will be made available before May 2015.

New market mechanism
Further progress was made on the development of a new market mechanism under the UNFCCC (that was agreed in principle at the Durban talks). The new market mechanism will operate alongside the CDM and JI. Parties with emissions reduction objectives for the second commitment period of the Kyoto Protocol will be able to use the units created under the new market mechanism to meet their objectives. The new market mechanism is at an early stage of its development, and much of the detail about how it will work is yet to be decided. However, the Parties have committed to a work programme to develop the mechanism, and agreed on underlying principles, including:

- operation of the mechanism under the guidance and authority of the Conference of the Parties to the UNFCCC (COP);
- voluntary participation of Parties;
- standards to deliver permanent, additional and verified emission reductions; and
- means to stimulate emissions reductions across broad segments of the economy, and which may be on a sectoral or project-specific basis.

Key outcomes from the Doha talks
The most important outcome of the Doha talks is the confirmation of the second commitment period to the Kyoto Protocol (a crucial milestone given the end of the first commitment period on 31 December 2012). Although the emission reduction targets are not ambitious, it ensures that international carbon markets, centred around the CDM and JI, will continue with renewed confidence. However, the weakness of the self-specified targets has raised concerns about whether the level of demand will maintain prices at a sufficient level for the long-term viability of the market.

The development of the new market mechanism under the UNFCCC is also significant because it has the potential to enable more widespread mitigation efforts. As some commentators have pointed out, it will potentially allow the United States (which has not ratified the Kyoto Protocol) to engage in mitigation efforts under the UNFCCC. It is also expected that developing countries will participate in the new market mechanism, although China has expressed concern to ensure that it does not result in binding emission reduction commitments being imposed on developing countries. It has been suggested that the new mechanism will take the form of sectoral (rather than economy-wide) schemes developed at the national level (rather than a single international market mechanism) and the COP will have a supervisory role to maintain comparability.

While there were some successes at Doha it is disappointing that much of the important work in developing the detail of the new global agreement and the new market mechanism has been put off until a later date.
Next steps

The Parties will carry out the work programme for the development of the new market mechanism and will identify and explore options for the new global agreement, ahead of the convention of world leaders to be held in 2014 (as announced by Ban Ki-moon, the UN Secretary General).

At the next round of the global talks, in Warsaw at the end of this year, there will be a review of CDM modalities and procedures.

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