

# CONTEXT FOR THE POST-2020 FRAMEWORK

# 2

## 2.1 BACKGROUND

The Authority remains of the view that Australia and other countries should continue to pursue the internationally-agreed goal of keeping global average warming below 2 degrees. Achieving this goal is in Australia's interests, as it would avoid the worst climate impacts and could allow Australia to adapt to some of the expected changes.<sup>2</sup> This goal is still attainable but will require deep and sustained cuts in global emissions. The scale and pace of global action also has implications for Australia's own climate efforts, the cost of emission reduction technologies and the demand for emissions-intensive exports.

Global action has ebbed and flowed but momentum is now rebuilding around the world. Countries are recognising how reducing emissions advances their own national interests—for example, improving energy security and productivity, and reducing air pollution and the associated local environmental and health impacts from fossil fuel use. The International Energy Agency, which tracks policies around the world, records that over 1,200 policies are currently in force to reduce national emissions (IEA 2013).

Major emitting countries are acting and are announcing new initiatives. In China, investment in new coal-fired power stations has slowed, while investment in renewables and nuclear has accelerated. China has six pilot regional emissions trading schemes, covering more than 1,150 million tonnes of emissions—roughly double Australia's total emissions (World Bank 2014). Energy-related emissions in the United States are now about 10 per cent below their 2005 levels (US EIA 2014) and President Obama recently announced regulations which aim to cut electricity emissions to 30 per cent below 2005 levels by 2030 (US EPA 2014). This builds on the other regulatory measures the United States has introduced, such as vehicle emission standards.

It is against this background that a new international framework is being negotiated. Countries have agreed to conclude a new global climate agreement in 2015, which would come into effect from 2020. It is expected to apply to all UNFCCC Parties, including China, India, the United States and Australia. Principles of equity will remain important in determining its form and content, including the responsibility for all countries to act while recognising that countries' different capabilities allow for differentiated contributions (Winkler & Rajamani 2013).

2 These impacts were described in Chapter 2 of the Targets and Progress Review. See also Reisinger et al. 2014.

### 2.1.1 SUPPORTING DOMESTIC EMISSIONS REDUCTIONS

A global climate framework is important as it requires most countries, and particularly the major emitting countries, to reduce their emissions. An effective framework can encourage greater national action by providing:

- support for countries to boost their efforts—for example, providing a forum to share policy experiences, including in emissions markets and regulatory approaches
- shared goals and arrangements for measuring progress towards those goals
- evidence that other countries are acting and helping to dispel real or perceived competitiveness concerns
- improved international accountability for countries' actions within the terms and spirit of the agreed framework, including potential pressure on lagging countries to raise their efforts.

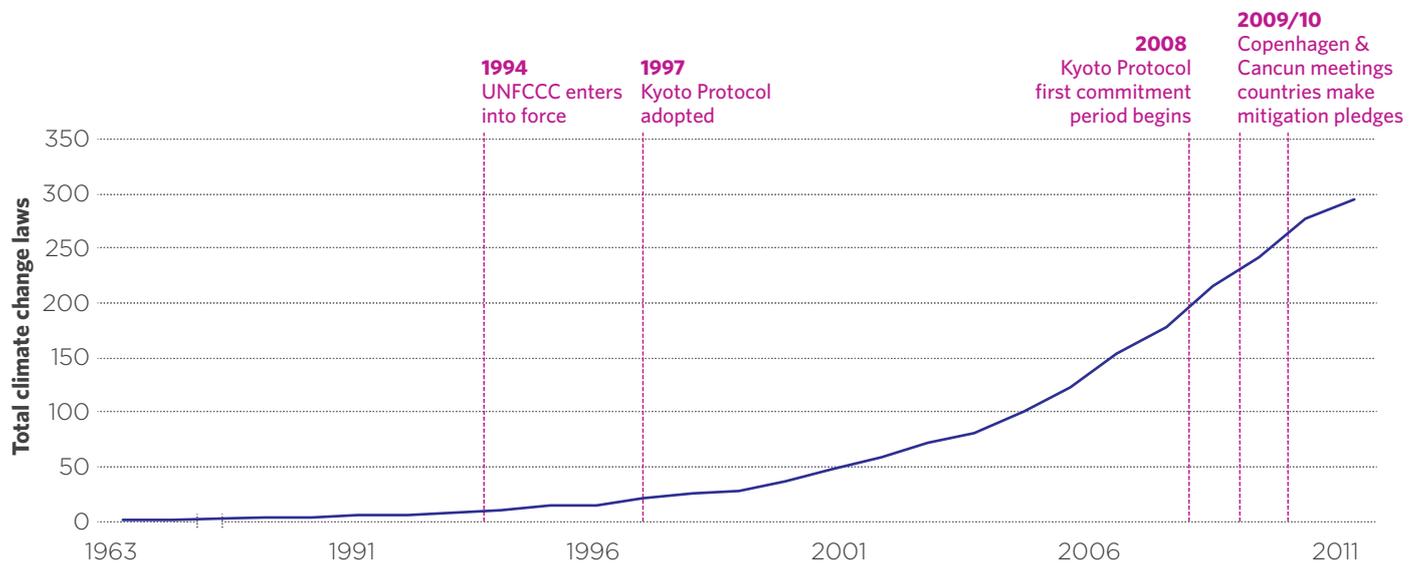
Domestic climate action and global progress can be mutually supportive. As countries introduce effective policies domestically and the benefits start to emerge, they might become more willing to support agreements that promote more action, and so on. Figure 2.1 illustrates some key international events and the steady rise of national climate legislation around these events.

### 2.1.2 TOP-DOWN AND BOTTOM-UP COOPERATION

Conceptually, the post-2020 framework could be built around a 'top-down' or 'bottom-up' model of international cooperation. The top-down model would involve nations agreeing to a centralised system of rules focused on achieving defined emissions targets. A bottom-up model would involve national, bilateral and regional policies with limited international oversight. Each approach has strengths and weaknesses but neither approach by itself has proved adequate in addressing climate change to date.

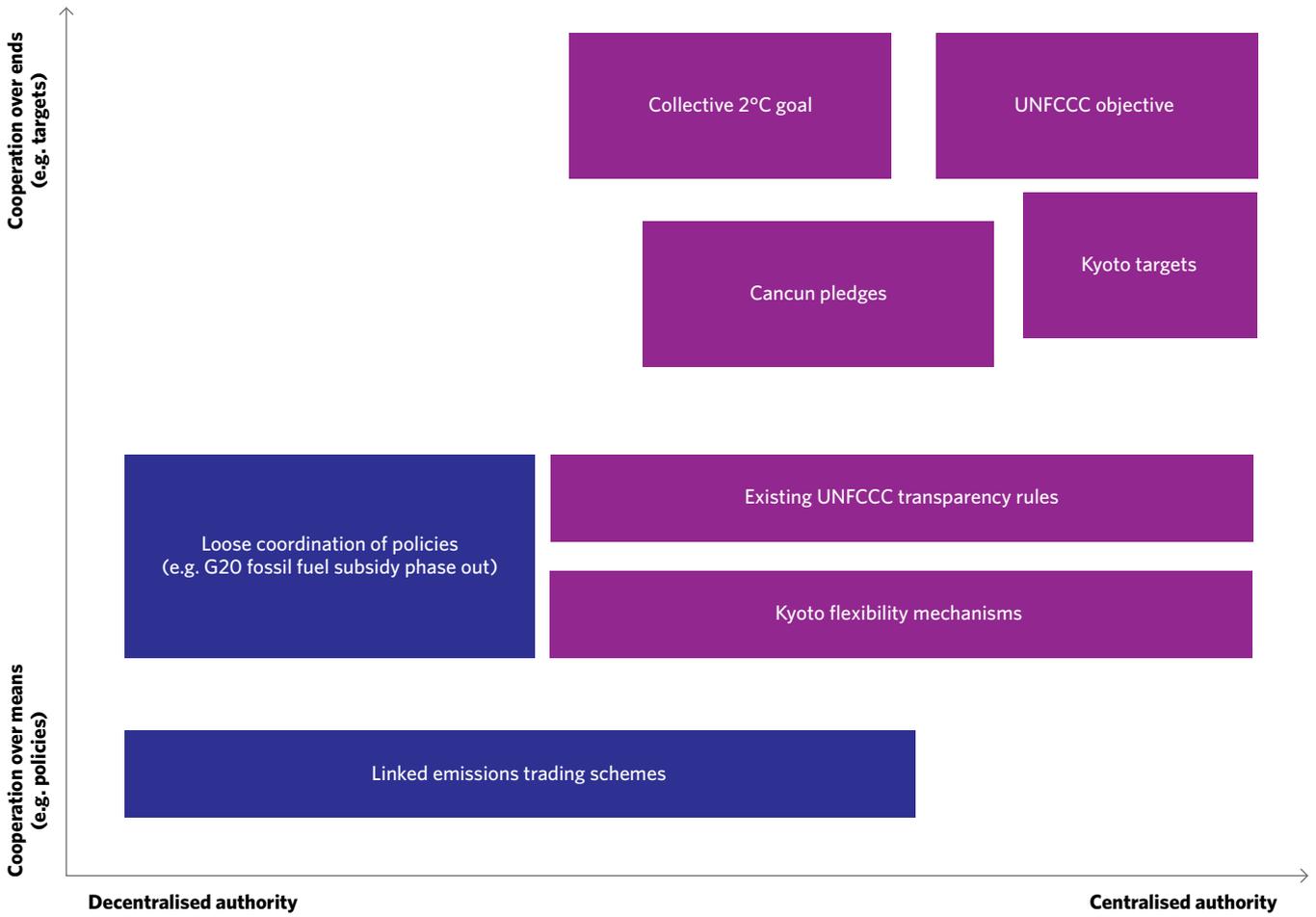
Figure 2.2 shows, for illustrative purposes, elements of the current international framework along a spectrum from centralised to decentralised authority and from cooperation on means to ends. The post-2020 framework is likely to be a hybrid of the top-down and bottom-up models. Nationally determined targets exemplify a decentralised approach to defining emission targets, but centralised elements of cooperation to monitor, report on and verify progress towards achieving targets are likely.

**FIGURE 2.1: TOTAL CLIMATE CHANGE LAWS IN GLOBE COUNTRY STUDIES, 1963-2012, ALONGSIDE KEY INTERNATIONAL EVENTS**



Source: Globe 2013 for country legislation, CCA analysis for international events. Given the complex causal links between domestic and international action, it illustrates a broad trend only.

**FIGURE 2.2: MAPPING TOP-DOWN AND BOTTOM-UP APPROACHES TO INTERNATIONAL CLIMATE COOPERATION**



Source: Based on Stavins et al. 2014.

Note: Purple shading shows initiatives within the UNFCCC, blue shading shows initiatives outside the UNFCCC.

## 2.2 PROCESS TO THE POST-2020 FRAMEWORK

Countries have agreed to finalise a new agreement at their meeting in Paris in December 2015; Figure 2.3 illustrates the planned timeline. Countries are invited to put forward their intended post-2020 national contributions by the first quarter of 2015.<sup>3</sup> Ambitious national contributions, as well as increased pre-2020 efforts, would build trust and help secure a positive Paris outcome.

It remains to be seen how much progress can be made by the Paris meeting. Chapter 3 of this paper canvasses, in respect of key elements of the post-2020 framework, areas that might be agreed in Paris and others that are likely to require further elaboration and negotiation.

International negotiations are always difficult, and particularly so on a matter like climate change. Negotiations involve countries compromising some of their preferred outcomes to achieve progress in other areas. There are no ‘quick fixes’: negotiations will be complex and time consuming and probably pursued simultaneously in different fora. The UNFCCC is the main forum at this time, and remains the central focus of international cooperation on climate change. It has made progress over the years (see Box 2.1 and Chapter 3) and its work is being complemented, supported and extended by other global and regional groups.

### 2.2.1 AUSTRALIA’S INFLUENCE

In its Targets and Progress Review, the Authority argued that Australia’s policies on climate change would be watched closely by other countries and, at least at the margin, had the potential to influence policy-making in other countries. Of more consequence in the present context is the impact—for good or bad—which Australia’s current policy stance is likely to have on Australia’s involvement in developing the post-2020 framework. Acceptance of emissions reduction targets along the lines recommended recently by the Authority could be expected to have a positive influence, while pulling back from some commitments and falling behind what some other developed countries are doing would make it harder for Australia to play a constructive role.

**FIGURE 2.3: INTERNATIONAL PROCESS TO DEFINE THE POST-2020 FRAMEWORK**



<sup>3</sup> The decision text agreed: ‘To invite all Parties to initiate or intensify domestic preparations for their intended nationally determined contributions, without prejudice to the legal nature of the contributions, in the context of [the Paris outcome] and to communicate them well in advance of the [Paris meeting] (by the first quarter of 2015 by those Parties ready to do so) in a manner that facilitates the clarity, transparency and understanding of the intended contributions, without prejudice to the legal nature of the contributions’ (1.CP/19, 2013).

**BOX 2.1: EXISTING UNFCCC ARCHITECTURE**

The UNFCCC entered into force in 1994. With 195 Parties, it has one of the most universal memberships of any international treaty and is currently the only international climate change forum with broad legitimacy. The treaty includes some binding and some non-binding elements; for example, it has binding commitments to develop greenhouse gas inventories but does not have binding quantified emissions goals.

UNFCCC has two groups of countries—developed countries (Annex I) and developing countries (commonly called non-Annex I). These groupings are relatively static given the political effort required to update them, so countries that were considered developing when it was agreed are still categorised in the same way today.

The Kyoto Protocol to the UNFCCC is a legally binding Protocol that was adopted in 1997 and came into force in 2005. It includes legally binding targets for Annex I Parties, expressed as a percentage of 1990 baseline emissions over the period 2008–12 ('first commitment period'). In 2012, amendments to the Kyoto Protocol were agreed to implement a 'second commitment period' for the period 2013–20. The Kyoto Protocol establishes specific binding obligations and includes penalties for non-compliance. It does not include any specific penalties or consequences for countries that withdraw.

In addition to the Kyoto Protocol, all countries were invited to bring forward pledges to reduce or limit their emissions in 2020 under the UNFCCC's Cancun Agreements. Ninety-nine countries have done so.

Other architecture in the UNFCCC includes:

- A collective goal of holding global average warming to below 2 degrees above pre-industrial levels. A review is considering whether this goal should be strengthened to 1.5 degrees.
- Data collection, reporting and transparency of countries' emissions. All countries have agreed to report their emissions on an annual or biennial basis. Annex I countries, including Australia, have more stringent requirements and least developed countries have fewer requirements.
- Global market mechanisms ('flexibility mechanisms') for trading emissions reductions, including the Clean Development Mechanism (CDM) and Joint Implementation mechanism. Participation in the CDM has facilitated technology transfer and helped some developing countries to build their domestic capacity to pursue effective climate action.

The UNFCCC is also developing mechanisms to reduce emissions from forestry activities in developing countries (REDD+), to support adaptation and prepare for the impacts of climate change, and to deliver financial and capacity-building measures to support developing countries' climate actions.

Architecture outside the UNFCCC also supports climate action. Examples are the Montreal Protocol on Substances that Deplete the Ozone Layer, which covers some greenhouse gases; the International Civil Aviation Organization and International Maritime Organization, which cover emissions from aviation and shipping; and the G20 and the Major Economies Forum on Energy and Climate (MEF), which discuss climate action at senior levels. Developments and discussion in these forums can promote progress in the UNFCCC, as well as supporting climate action directly (Weischer et al. 2012; Spencer & Hipwell 2013).