

OECD countries falling short of their commitments to fight climate change

The 2007/2008 Human Development Report calls for 80 percent emission cuts by 2050

Brasilia, 27 November 2007—Developed countries are failing to meet their targets for cutting greenhouse gas emissions under the Kyoto Protocol, according to the United Nations Development Programme's Human Development Report (HDR) launched here today. The Report calls for urgent action to align energy policies with a commitment to cut greenhouse gas emissions by at least 80 percent by 2050.

With governments preparing for a key meeting in Bali, Indonesia to negotiate a successor to the current Kyoto Protocol, the 2007/2008 HDR, entitled *Fighting climate change: Human solidarity in a divided world*, notes that most OECD countries are off-track for the Kyoto targets. It highlights the discrepancy in many EU countries between politically agreed targets for cutting greenhouse gas emissions and current energy policies. The authors argue that rich countries are driving an ecological debt crisis which will impact earliest—and hardest—on the world's poor.

While developing countries account for a growing share of global emissions, rich countries still lead in running up the carbon debt. If each poor person on the planet generated the same emissions as an average European, four planets would be needed to safely cope with the pollution, says *Fighting climate change*. That figure rises to seven if the benchmark is the emissions of an average Australian and nine for a North American or Canadian.

“Governments of rich countries negotiating the post-2012 framework to succeed the Kyoto Protocol need to take the lead and align credible national carbon emissions targets with any multilateral agreements around a ‘global carbon budget’,” says Kevin Watkins, lead author and Director of the Human Development Report Office. “We do not need high level communiqués reminding us that we have an urgent problem—we need solutions and practical measures to cut emissions.”

Weak leadership, weaker markets

Many rich countries have highly publicized targets and schemes for reducing emissions, and a few can claim some success in curbing emissions through specific programmes. Although setting ambitious targets is important, the Report notes that at best, results have been mixed.

France, Germany, Japan and the United Kingdom have reduced emissions by modest amounts, but the authors point to current trends that indicate wealthy countries will fall far short of their emissions reduction targets for 2012. The Report is critical of the US for failing to set federal goals for cutting emissions, while welcoming the leadership provided by states such as California and cities like New York.



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Turning to the EU, the authors welcome the ambitious goal of reducing emissions by up to 20 percent by 2020. However, the Report highlights a large gap between commitments and policies—and a failure to align the EU Emissions Trading Scheme (EU ETS) with the climate change goal.

Fighting climate change says that there were three fatal flaws to the first phase of the EU ETS, the world's biggest cap-and-trade programme with emissions trading valued at 18.7 billion (US\$24.4 billion), which accounts for more than 80 percent of the total global carbon market.

First, permits were over-allocated, artificially reducing their price, because the cap had been set *above* actual emissions levels. After this was discovered, prices collapsed to below 1/t CO₂ (\$1.3/t CO₂) in 2007. Second, windfall profits were generated, particularly in the power sector, so companies could cover their emissions through free quotas, pass on costs to consumers and then benefit from trading their excess quotas. Third, says the Report, the failure to expand the auctioning of permits has been bad for efficiency, while at the same time depriving governments of a source of revenue for environmental tax reform.

For the second phase of EU ETS, which runs from 2008 to 2012, the authors assert that “there is a strong case for empowering the European Commission to set—and enforce—more robust targets aligned with the European Union’s 2020 emission reduction goals.”

Table 3.1 Emission reduction targets vary in ambition

Greenhouse gas reduction targets and proposals	Near term (2012–2015)	Medium term (2020)	Long term (2050)
HDR sustainable emissions pathway (for developed countries)	Emissions peaking	30%	at least 80%
Selected countries			
	Kyoto targets^a (2008–2012)	Post-Kyoto	
European Union ^b	8%	20% (individually) or 30% (with international agreement)	60–80% (with international agreements)
France	0%	–	75%
Germany	21%	40%	–
Italy	6.5%	–	–
Sweden	4% increase (4% reduction national target) (by 2010)	25%	–
United Kingdom	12.5% (20% national target)	26–32%	60%
Australia ^c	8% increase	–	–
Canada	6%	20% relative to 2006 (12% increase relative to 1990)	60–70% relative to 2006 (84–98% reduction relative to 1990)
Japan	6%	–	50%
Norway	1% increase (10% reduction national target)	30% (by 2030)	100%
United States ^d	7%	–	–
Selected United States state-level proposals			
Arizona	–	2000 levels	50% below 2000 (by 2040)
California	2000 levels (by 2010)	1990 levels	80% below 1990 levels
New Mexico	2000 levels (by 2012)	10% below 2000 levels	75% below 2000 levels
New York	5% below 1990 (by 2010)	10% below 1990 levels	–
Regional Greenhouse Gas Initiative (RGGI) ^d	Stabilization at 2002–2004 levels (by 2015)	10% below 2002–2004 levels (by 2019)	–
Selected United States Congress proposals			
Climate Stewardship and Innovation Act	2004 levels (by 2012)	1990 levels	60% below 1990 levels
Global Warming Pollution Reduction Act	–	2% per year reduction from 2010–2020	80% below 1990 levels
Climate Stewardship Act	2006 level (by 2012)	1990 levels	70% below 1990 levels
Safe Climate Act of 2007	2009 level (by 2010)	2% per year reduction from 2011–2020	80% below 1990 levels
United States non-governmental proposals			
United States Climate Action Partnership	0–5% increase of current level (by 2012)	0–10% below “current level” (by 2017)	60–80% below “current level”

a. Kyoto reduction targets are generally against 1990 emission levels for each country, by 2008–2012, except that for some greenhouse gases (hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) some countries chose 1995 as their base year.

b. Kyoto targets only refer to 15 countries which were members of the European Union in 1997 at the time of signing.

c. Signed but did not ratify the Kyoto Protocol, therefore commitment is not binding.

d. Participating states include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont.

Source: Council of the European Union 2007; Government of Australia 2007; Government of Canada 2007; Government of France 2007; Government of Germany 2007; Government of Norway 2007; Government of Sweden 2006; Pew Center on Climate Change 2007c; RGGI 2005; State of California 2005; The Japan Times 2007; UNFCCC 1998; USCAP 2007.

The EU is already falling short of what is needed to meet its goal of 20 percent emission reduction by 2020. It has attained, on average, actual cuts of only two percent, instead of its eight percent commitment under Kyoto. The Report underscores that the EU ETS is not linked to either of these targets.

Fighting climate change also details how the US and Australia, which signed but did not ratify the Kyoto Protocol, have increased their emissions in recent years.

A handful of private sector initiatives in the US—including the Energy Star programme, for example—have successfully reduced emissions in some industries, while states including California and New York have set targets for emission cuts. But overall, the country’s “voluntary” approach is not working, says the Report. Greenhouse gas intensity—the amount of greenhouse gas emissions released per dollar of Gross Domestic Product (GDP) generated—has fallen by one quarter since 1990 in the US, while total carbon emissions have risen by one quarter.

Volunteerism “has not been enough to push emission trends in a downward direction in Australia or in the United States. In other areas of public policy—national security, nuclear safety or the regulation of environmental pollution, for example—governments would not consider reliance on voluntary action alone,” says the Report.

On the other hand, Canada, which did ratify the Kyoto Protocol, has seen its per capita emissions soar to the same levels as the US. Rapid, carbon-intensive economic growth has increased the country’s overall emissions by 27 percent since 1990—33 percent above its Kyoto target. “This should be a wake-up call for Canada to take real action to meet its emissions reduction commitments,” Mr. Watkins suggests.

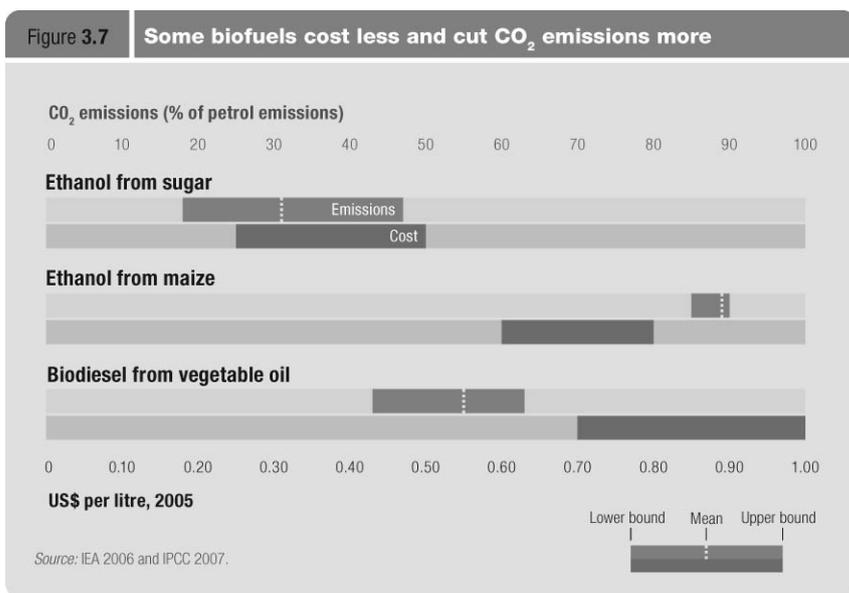
The Report argues for a mix of policies to initiate early and deep carbon mitigation. Carbon taxation and more stringent cap-and-trade measures are identified as key market mechanisms, alongside regulatory measures and increased research and development for low carbon technologies.

Highlighting the scope for reduced emissions in the transport sector, the HDR calls on the US and the EU to apply stricter fuel efficiency standards and promote biofuels. It points out that both the EU and the US are employing protectionist tariffs against Brazilian sugar-based ethanol, the cleanest and cheapest biofuel. The result has been to effectively block the expansion of markets for this fuel, with losses for economic efficiency and climate change mitigation.

Double standards for the poor

While concern over climate disasters in rich countries is mounting, the Report points out that in developing countries, one in 19 people were affected by climate-related disasters between 2000 and 2004. In contrast, only one in 1,500 people were affected in wealthy countries.

The main difference, say the authors, is that developed countries have the means and resources to climate-proof their infrastructure. They point to the low-lying Netherlands, where people are protected by an extensive climate-defence infrastructure and where the Government is assisting homeowners to build homes that can float on water, as an example. By contrast, in the densely populated villages of the Mekong Delta in Viet Nam,



adaptation for locals means learning how to swim and receive lifejackets, climate change threatens major reversals in human development.

While the rich are learning how to float on water, the poor are learning how to float in it, “creating a world of ‘adaptation apartheid’,” writes Desmond Tutu, Archbishop Emeritus of Cape Town, South Africa in the Report.

Figure 4.6 **Aid is vulnerable to climate change**



In the Horn of Africa, says the Report, ‘adaptation’ means that women and young girls walk further to collect water, yet total current international aid to adaptation under the United Nations Framework Convention on Climate Change (UNFCCC) amounts to \$26 million to date—roughly one week’s worth of spending on United Kingdom flood defences. In 2000, the Netherlands allocated \$3 billion to protection against flooding alone.

The Report calls for a global annual investment of at least \$86 billion by 2015, or 0.2 percent of northern countries’ combined GDP, for adaptation efforts to climate-proof infrastructure and build the resilience of the poor to the effects of climate change. Putting this figure in context, the authors note that “it is roughly one tenth of what they currently mobilize for military expenditure.” Addressing adaptation will also safeguard existing internationally funded activities that are sensitive to climate change, such as projects related to agriculture and water.

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ABOUT THIS REPORT: The Human Development Report continues to frame debates on some of the most pressing challenges facing humanity. It is an independent report commissioned by the United Nations Development Programme (UNDP). Kevin Watkins is the lead author of the 2007/2008 Report, which includes special contributions from UN Secretary-General Ban Ki-moon, President Luiz Inácio Lula da Silva of Brazil, Mayor Michael R. Bloomberg of the City of New York, Arctic community activist Sheila Watt-Cloutier, Chair of the World Commission on Sustainable Development Gro Harlem Brundtland, Archbishop Emeritus of Cape Town Desmond Tutu, and the Director of the Centre of Science

and Environment Sunita Narain. The Report is translated into more than a dozen languages and launched in more than 100 countries annually. Further information can be found at <http://hdr.undp.org/en/reports/global/hdr2007-2008/>. The 2007/2008 Human Development Report is published in English by Palgrave Macmillan.

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