



Cabinet

CAB Min (09) 10/4

Minute of Decision

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Climate Change International Negotiations: Update and New Zealand Position

Portfolio: Climate Change

On 23 March 2009, following reference from the Cabinet Business Committee, Cabinet:

Background

- 1 noted that United Nations negotiations on a future international climate change agreement are underway and are scheduled to conclude in December 2009 at a meeting in Copenhagen, Denmark;
- 2 noted that at least four negotiating sessions will be held in the lead up to Copenhagen, with the first to take place in Bonn, Germany, from 29 March to 8 April 2009;
- 3 noted that there are issues under negotiation, including agreeing medium-term emission reduction commitments and financial commitments to support mitigation and adaptation action in developing countries, that have significant economic and environmental implications for New Zealand;
- 4 noted that the significant economic implications, complexity of the issues, and late engagement by the United States present challenges to concluding a comprehensive agreement at Copenhagen;
- 5 [] AS PER REC. 44
- 6 noted that the nature of New Zealand's economy and emissions profile mean that the future international rules for forestry and the treatment of agricultural emissions will have a greater impact on New Zealand's future commitments compared to those of other developed countries;

Replacement of previous negotiating guidelines

- 7.1 noted that the current guidelines for New Zealand's international climate change negotiating position were agreed in October 2006, November 2007, and May 2008 [CBC Min (06) 18/17, POL Min (07) 26/10 and CAB Min (08) 20/9];

- 7.2 rescinded the previous guidelines for New Zealand's international climate change negotiating position referred to in paragraph 7.1;
- 8 agreed that the guidelines in paragraphs 10–39 below should replace the guidelines referred to in paragraph 7.1 above;
- 9 noted that further guidance will be sought during the course of 2009 on specific issues under negotiation, including emission reduction targets and financing for developing countries;

General approach

- 10 agreed to the following overarching guidelines for New Zealand's international climate change negotiating position:
- 10.1 to seek an environmentally effective and economically efficient long-term international framework to meet the objective of the UNFCCC to stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic (human-induced) interference with the climate system;
 - 10.2 to seek appropriate and effective action on mitigation by all developed countries and by major emitting and advanced developing countries;
 - 10.3 to commit New Zealand to a fair contribution to global mitigation efforts, securing recognition of its national circumstances;
 - 10.4 to commit New Zealand to an appropriate level of financial and technology support for developing country mitigation and adaptation actions;
 - 10.5 to seek an international framework that allows New Zealand to contribute according to its national circumstances;
 - 10.6 to ensure that rules for accounting and for the flexibility mechanisms are certain before commitments are finalised;
 - 10.7 to seek improved greenhouse gas inventories, reporting and review procedures, in particular by major emitting developing countries;
 - 10.8 to seek solutions that recognise the vulnerability of Pacific Island countries to climate change;

Emission reductions targets

- 11 noted that the Intergovernmental Panel on Climate Change (IPCC) found that long-term stabilisation of all greenhouse gases in the atmosphere at 445-490 parts per million (ppm) carbon dioxide equivalent (CO₂-equivalent) would give a 50 per cent chance of limiting global temperature increase to 2 to 2.4 degrees Celsius;
- 12 agreed that, informed by the IPCC, New Zealand support the lowest feasible global goal of long-term stabilisation of all greenhouse gases in the atmosphere at no higher than 450 ppm CO₂-equivalent;

- 13 agreed that this goal should be kept under review based on latest available intergovernmental assessments of science;
- 14 14.1 noted that under the Kyoto Protocol each Annex I Party (developed countries) has a national emissions reduction target for the first commitment period (2008–2012);
- 14.2 noted that the timeframe being focused on in the UN negotiations for Annex I emission reductions is the medium-term (from 2013 to around 2020);
- 14.3 noted that Annex I countries have been invited to provide information concerning their possible medium-term targets at the UNFCCC negotiations in Bonn from 29 March to 8 April 2009;
- 15 noted that, while the IPCC's *Fourth Assessment Report* found that emissions reductions by developed countries in aggregate of 25–40 per cent from 1990 levels by 2020 would be consistent with a 450 ppm goal, it does not follow that every country's target would sit within that range.
- As per
Rev: 44
- 16 noted that the IPCC also found that a 450 ppm goal requires substantial deviation from baseline emissions by developing countries, in the order of 15 - 30% below business as usual by 2020;
- 17 agreed that New Zealand's emission reduction target will be conditional on comparable effort by developed countries, and major emitting and advanced developing countries increasing their own efforts to reduce emissions;
- 18 agreed that at the Bonn meeting New Zealand should:
- 18.1 support a global long-term goal of stabilisation at not more than 450 ppm of CO₂ equivalent in the atmosphere;
- 18.2 explain New Zealand's '50 by 50' long-term goal, if it has been announced before the meeting (50 per cent reduction of net greenhouse gases from 1990 levels by 2050);
- 18.3 describe the approach underway to develop New Zealand's position on a medium-term target;

Financing for developing countries

- 19 agreed that widely-accepted principles of mutual accountability and robust governance should apply to mechanisms established under the UNFCCC to deliver financial support to developing countries;
- 20 agreed that New Zealand should seek to have financing for adaptation to the impacts of climate change prioritised to the most vulnerable countries, including those in the Pacific;
- 21 agreed that New Zealand should seek recognition in the international framework that a broad range of financing mechanisms and channels may be used to deliver climate change assistance;

Agriculture sector

- 22 noted that the current rules do not distinguish agriculture from other sectors, and that this approach is expected to continue for the setting of developed country post-2012 commitments:
- 23
- 24 agreed to New Zealand pursuing the following objectives:
- 24.1 continuing to build understanding amongst the international community of the unique challenges in agriculture and its mitigation potential;
- 24.2
- 24.3 encourage the exploration of approaches that provide for more effective global action on agricultural emissions, particularly by developing countries, than is the case with the current international framework;
- 24.4 pursuing sectoral or sub-sectoral cooperation on research and development;
- 25 noted that Ministers are currently considering the establishment of a centre of agriculture greenhouse gas research;

Land use, land use change and forestry (LULUCF)

- 26 agreed that, in respect of the future LULUCF rules, the key objectives for New Zealand are to:
- 26.1 ensure that accounting for pre-1990 forests, revegetation and agricultural soils continues to be voluntary post-2012;
- 26.2 achieve flexibility of land-use for planted production forests whereby an area of pre-1990 planted production forest can be re-established on another land area once deforestation has taken place, without incurring liabilities;
- 26.3 ensure that liabilities from an area of post-1989 forest cannot be more than the total credits accrued in respect of that forest;
- 26.4 ensure that accounting rules recognise that the carbon contained in timber is not immediately released into the atmosphere upon harvesting;
- 27 agreed that New Zealand be open to exploring alternative designs for rules, provided New Zealand's key objectives can still be met;

Kyoto Protocol flexibility mechanisms

Design of the flexibility mechanisms

- 28 agreed that New Zealand should continue to advocate retaining flexibility in the Kyoto Protocol mechanisms to allow market forces to identify least-cost emission abatement opportunities;
- 29 agreed that New Zealand should continue to support the principle that use of the flexibility mechanisms should be supplemental to domestic action by Annex I Parties to meet their targets, but should continue to oppose setting quantitative limits on the use of the flexibility mechanisms by Annex I Parties;

Developing country action

- 30 agreed that New Zealand should continue to support the development of market mechanisms for developing countries which facilitate a transition towards binding national and/or sectoral targets for major emitters over an appropriate timeframe, and support development of an effective international carbon market;

Carbon capture and storage projects in the CDM

- 31 agreed that New Zealand should continue to provide provisional support for carbon capture and storage (CCS) to be included in the Clean Development Mechanism (CDM), subject to consideration of issues including leakage, liability, lifetime of the project, the avoidance of perverse incentives and the need for technical assistance;

Nuclear projects in the CDM

- 32 agreed that New Zealand should continue to support the position that Annex I Parties should refrain from using Certified Emissions Reductions (CERs) from nuclear facilities to meet their quantified commitments (the status quo under the Kyoto Protocol);
- 33 agreed that the New Zealand Emissions Unit Register would continue to not accept the transfer in of any units involving nuclear energy [POL Min (07) 7/20];

Reducing emissions from deforestation and forest degradation in developing countries (REDD)

- 34 agreed that New Zealand continue to be proactively engaged in international climate change discussions seeking an effective global REDD mechanism and that New Zealand is open to exploring all options for a mechanism;
- 35 directed officials to analyse the implications of options for a REDD mechanism and seek further decisions from Ministers before New Zealand supports any particular mechanism;

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Global warming potentials

- 37 agreed that New Zealand will seek the international application of environmentally sound metrics for the comparison of greenhouse gases;

- 38 agreed New Zealand will seek a process within the IPCC and within the UNFCCC to ensure the most environmentally sound metrics are identified and applied;

International aviation and maritime emissions

- 39 agreed that international bunker fuel emissions should be included in global climate change arrangements;

Delegations

- 40 agreed to the establishment of a group of Ministers with portfolios relevant to the climate change negotiations, as follows: Minister for Climate Change Issues, Associate Minister for Climate Change Issues (International Negotiations), Minister of Finance, Minister of Energy and Resources, Minister of Agriculture and Minister of Forestry, Minister of Transport and Minister of Maori Affairs;
- 41 authorised the group of Ministers referred to in paragraph 40 to have Power to Act with regard to climate change international negotiations' policy, within the negotiating guidelines agreed to above;
- 42 noted that major policy decisions concerning emission reduction targets and financing for developing countries would still be considered by Cabinet (rather than the group of Ministers referred to above);
- 43 authorised the Associate Minister for Climate Change Issues (International Negotiations), in conjunction with the Minister for Climate Change Issues, and portfolio Ministers where relevant, to approve New Zealand's negotiating strategy and detailed instructions, within the guidelines outlined in the paper under CBC (09) 44;

Publicity

- 44 noted that the Minister for Climate Change Issues intends to publicly release the paper under CAB (09) 116, subject to any necessary withholdings under the Official Information Act 1982.

Rebecca Kitteridge

Secretary of the Cabinet

(09)120

Reference: CAB (09) 116; CBC Min (09) 5/5; CBC (09) 44

Secretary's note: This minute supersedes CBC Min (09) 5/5. A Cabinet minute has been issued for this item as it involves rescinding previous Cabinet decisions [paragraph 7.2]. Cabinet also amended paragraph 41.

Distribution: (see over)

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