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# Carbon Monitor

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## COP 12 Ends in Nairobi Kenya

Government negotiators at the United Nations Climate Change Conference in Nairobi continued two processes launched last year in Montreal to consider next steps in the international climate effort, and agreed in the final hours to open another track to review the Kyoto Protocol. In two weeks of talks, parties also agreed on modest steps on adaptation, debated approaches to reducing deforestation and accelerating technology transfer, and heard proposals from South Africa and Brazil on ways to promote stronger action by developing countries.

The conference – known formally as the Twelfth Session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP 12) and the Second Meeting of the Parties to the Kyoto Protocol (COP/MOP 2) – was the first such gathering in sub-Saharan Africa. Its high-level segment featured an opening statement by outgoing UN Secretary-General Kofi Annan, who lamented a “frightening” lack of leadership from governments and announced the “Nairobi Framework,” an initiative to help spread the benefits of Kyoto’s Clean Development Mechanism (CDM) among more developing countries.

Business and economic issues took on a more prominent role in Nairobi. Sir Nicholas Stern of the U.K. government presented a comprehensive new economic review showing that the projected impacts of climate change will be far more costly to the global economy than the steps that would be required to avert them. Business leaders, meanwhile, expressed growing concern that without strong new signals from governments on the future of the climate effort, the rapidly expanding carbon market spawned by the Kyoto Protocol could collapse.

But with the United States and developing countries still strongly opposing any discussion of taking on binding commitments, the conference made little measurable progress toward new agreements on international action beyond 2012, when the current Kyoto commitments expire. The most contentious issues were the terms of the new Kyoto Protocol review, a proposal by Russia to establish a pathway for developing countries to take on “voluntary” emission targets, and Belarus’ proposal to set an emissions target for itself. As those were issues for Kyoto parties only, the United States did not engage

on them and maintained a relatively low-key posture throughout the conference.

Despite the lack of progress, much of the debate was marked by a growing sense of urgency about the threats posed by climate change, and privately some developed country negotiators talked of aiming for a strong new negotiating mandate at next year’s conference, tentatively slated for Bali, Indonesia.

[http://www.pewclimate.org/what\\_s\\_being\\_done/in\\_the\\_world/cop12/index.cfm](http://www.pewclimate.org/what_s_being_done/in_the_world/cop12/index.cfm)

The full text of key decisions can be found at [http://unfccc.int/meetings/cop\\_12/items/3754.php](http://unfccc.int/meetings/cop_12/items/3754.php)

## Scandinavian Initiative Announced

Göteborg, Sweden – November 22, 2006 – Respect, a values-driven consultancy firm in the field of sustainable business and CO2e.com LLC, (CO2e), a leading broker within the global carbon markets, announced today their cooperation to deliver streamlined market services to companies and communities in Scandinavia that wish to minimise their impact on climate change.

Respect has worked with leading companies in Scandinavia and a number of cities in Sweden over a number of years, to understand, quantify and reduce their emissions of greenhouse gasses. Having established domestic emission reduction programmes, the next step is to tackle the remaining emissions that, at least in the short term, cannot be completely eliminated.

The mechanism for doing this is “offsetting” - buying emissions “credits” or “offsets” from projects that go beyond business as usual to reduce greenhouse gas emissions in their communities. This sustainable business practice is facilitated by CO2e, which has many years of experience in locating, assessing and contracting with suitable projects.

Offsetting allows companies (or communities or individuals) to calculate emissions that are hard to avoid and then neutralise their impact on climate change by paying for emissions offsets. The purchased offsets are 'retired' and taken out of circulation. The net price paid goes to a local community or business to help fund more

environmentally friendly (and lower emission) development options. Development options which are sustainable and which have less impact on the environment usually cost more money up front - it costs more for better insulation, for renewable energy generation, for energy efficiency measures; farmers need money to put food on the table while they change agricultural practices. Even though sustainable development options are better for everyone in the long term, in the short term there is simply not enough money to change. Payments for offsets help to fund this change.

Steve Drummond, Managing Director at CO2e said, "We're delighted to be working with Respect to make our trading expertise available locally in Scandinavia. This is yet another example of sustainable business being good business, and we are proud to be part of the Respect initiative."

Kaj Embrén, CEO of Respect said, "Respect's work with the Business Leaders Initiative on Climate Change (BLICC) and Climate Neutral solutions has been recognised by the market and society. We are now taking the next step in our climate change strategy with one of the world's leading brokers in the carbon market. We can now offer our clients a full portfolio for their carbon reduction programmes to become climate neutral."

## Credits for Avoided Deforestation Proposed

The deforestation debate opened in Montreal deepened in Nairobi, with tropical forest countries now offering competing views on the types of incentives that should be offered to reduce emissions by slowing deforestation. The issue is drawing intense interest in part because it is the one area where developing countries have offered concrete proposals to reduce their emissions.

In Montreal, a coalition of 15 rainforest nations led by Papua New Guinea floated a proposal to allow CDM-type credits for reduced deforestation. The proposal led to a workshop earlier this year where Brazil outlined a competing approach that it then elaborated in Nairobi. Under Brazil's approach, countries reducing their deforestation rates would not get credits that could be sold on the emissions trading market, but payments from an international fund supported by donor country contributions. Brazil argues that its approach would result in greater environmental benefit because the resulting emission reductions would be above and beyond - rather than substituting for - those of developed countries.

Negotiations focused narrowly on the agenda of a second workshop to be held prior to the May meeting of SBSTA. Although the United States wanted to confine the agenda to technical matters, SBSTA decided the workshop would focus on "ongoing and

potential policy approaches and positive incentives" and related methodological issues. SBSTA plans to consider the results of the two workshops in May and possibly offer recommendations to COP 13.

## EU Prices Fall as 2006 Contracts Close

Recent trading has seen significant softening of the price as 2006 contracts close out.



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EITG provides trading platforms and strategies based on extensive mitigation and avoidance platforms under JI and CDM, with matched offset packages for emitters.

EITG is part of an international consortium with representation in Asia/Pacific, UK, USA and South Africa

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