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Australia and the Doha Amendment: a quick guide

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On the 10th of November the Australian Government ratified the Paris Agreement to significant media coverage. At the same time the Government also ratified the Doha Amendment to the Kyoto Protocol, which states Australia's intention to reduce its greenhouse gas emissions between 2013 and 2020.

Climate change and the Kyoto Protocol

Current climate change is caused by the burning of coal, oil and natural gas, along with intensive agriculture and land-clearing practices. These actions release greenhouse gases into the air, primarily carbon dioxide (CO_2), methane and nitrous oxide. Certain industrial processes release other greenhouse gases such as hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

The increase in atmospheric greenhouse gases over the last century has caused the global average temperature to increase, leading to changes in rainfall, seasonal variations, and the intensity and frequency of some dangerous weather events in some parts of the world. According to the *State of the Climate 2016* Australia is already experiencing an increase in extreme heat events and longer bushfire seasons, as well as a rise in average sea level in some coastal areas that amplifies the impact of storm surges.

The Kyoto Protocol

The Kyoto Protocol was developed by the United Nations Framework Convention on Climate Change (UNFCCC) in an attempt to reduce the release of greenhouse gases and mitigate future climate change. The Protocol encourages Annex I countries (Australia, most European nations, the USA, Canada, New Zealand, Japan, Russia, Turkey and the Ukraine) to reduce their greenhouse gas emissions.

The Kyoto Protocol creates a system of internationally tradeable units, with one unit equalling one tonne of carbon dioxide equivalent (CO_2-e). When the Kyoto Protocol started in 2005, each Annex I party was allocated a number of Assigned Amount Units (AAUs) which represented how much CO_2-e that nation could emit over the next eight years. AAU allocations were based on emissions targets for each nation, which were negotiated by the nations themselves during UNFCCC conferences. For the majority of nations, the number of AAUs allocated represented a decrease in emissions compared to historical levels, with Australia being one of the few exceptions (see box The Australia Clause).

The Australia Clause

Australia, Norway and Iceland were the three nations that had positive emission targets under the Kyoto Protocol for 2012 (108 per cent, 101 per cent and 110 per cent compared to 1990 emission levels respectively). Australia also negotiated for Article 3.7 in the Kyoto Protocol, which became known as the Australia Clause. This Article allows nations for which land use, land use change and forestry (LULUCF) were a net source of emissions in 1990 to add these emissions to their base-year calculations (which were used to determine emission targets). Australia was one of the few nations that were in this position in 1990 and recent analysis shows that Australia benefitted the most from this clause.

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The Doha Amendment

The original term of the Kyoto Protocol, known as the First Commitment Period (CP1), ended in 2012. In 2013 the Second Commitment Period (CP2) started, which will run to 2020. The changes made to the Kyoto Protocol for CP2 were finalised at the UNFCCC Climate Change Conference in 2012 in Doha, Qatar, leading to the name the Doha Amendment.

The Doha Amendment's main change to the Kyoto Protocol is adding new emission reduction targets for CP2 for Annex I nations that chose to participate (Canada, Japan, New Zealand and Russia all declined). The participating nations were allocated fewer AAUs in CP2 than in CP1. Australia negotiated two emission reduction targets for CP2: an 'unconditional' target of 5 per cent to 15 per cent below 2000 emission levels by 2020, plus a 'conditional' target of 25 per cent below 2000 emission levels by 2020.

In the language of the Doha Amendment, where the baseline year is 1990, Australia's 2020 target is a 0.5 per cent reduction in emissions. EU nations have a 20 per cent reduction target from 1990 levels (to be shared between EU member states), and non-EU participants in CP2 have reduction targets ranging from 5 per cent to 24 per cent from 1990 levels.

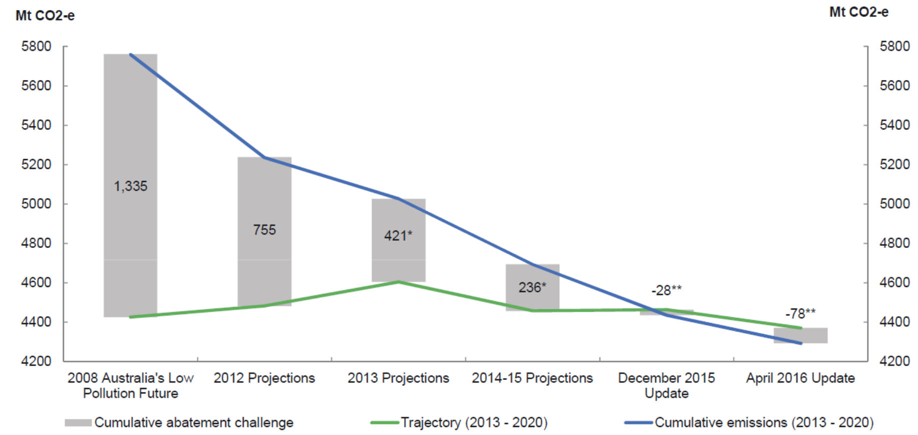
Australia's conditional target

Australia stated that its conditional 25 per cent target is dependent on 'major developing economies mak[ing] clear commitments to substantially restrain emissions' and 'advanced economies tak[ing] on clear commitments to reduce emissions comparable with Australia's'. These conditions are not stated in the Doha Amendment and are not legally binding.

The conditional target was last mentioned by the Australian Government in 2013. The Climate Change Authority has determined that the conditions to move up from a 5 per cent emission reduction target have been met. In the Australian Government's abatement task publications only the lower end (5 per cent) of the unconditional target has been mentioned.

According to the latest update on our emissions, Australia is on track for a 78 million unit surplus for CP2; this calculation incudes 128 million units of carryover from CP1 (see Figure 1 below). When Australia announced this fact at the 2016 Climate Change Conference in Marrakech, China criticised Australia's lack of ambition. Australia responded that the 5 per cent by 2020 target was 'not a ceiling on our ambition'

Figure 1 – Australia's abatement task as of April 2016



*Inclusive of carryover and voluntary action.
**Inclusive of carryover, ERF abatement, waste protocol international units and voluntary action.

Source: Department of the Environment and Energy

Carryover credits

Another product of the UNFCCC Climate Change Conference in Doha was Decision 1.CMP/8, which came into effect immediately without the need for ratification. This decision allows Annex I nations that completed CP1 with a surplus of units to carry those units over into CP2. A combination of a significant international trade in Kyoto units and a decoupling between growing economies and increasing emissions left almost all Annex I nations with a surplus (Iceland finished with no surplus units and Canada and the USA dropped out of the Kyoto Protocol before the end of CP1). The Ukraine finished CP1 with more than double the units it needed to cover its emissions, giving the country a surplus of just over 2 million units. Australia finished CP1 with just over 149 million surplus units.

Allowing surplus units to be carried over effectively gives nations a bank of extra units to use against their CP2 emissions if they exceed their own target or to sell to other nations who are exceeding their target (although there are some limitations on the use of carryover credits). The volume of carryover credits has caused concern for some climate groups, which suggest that the additional units now available for CP2 will allow countries to increase their actual emissions while still meeting their obligations under the Doha Amendment.

This concern led Australia, Liechtenstein, Monaco, Norway, Switzerland, Japan, and all members of the EU to declare that they will not buy carried-over CP1 units. After this announcement only the Ukraine and new-to-CP2 countries of Kazakhstan and Belarus are potential buyers of carryover credits. As stated above, Ukraine has a significant number of carryover credits of its own and is unlikely to purchase more.

At the 2015 UNFCCC Climate Change Conference in Paris, the Annex I nations of Denmark, Germany, the Netherlands, Sweden and the UK all voluntarily gave up surplus CP1 units. Combined, the five nations cancelled 735 million CP1 units, equivalent to 735 million tonnes of CO_2-e or 133 per cent of Australia's annual emissions in 2014–15. Giving up these surplus units means that these nations will not have the buffer that most other CP2 nations have to surpass their 2020 emission reduction targets; they must rely on funding emission reduction efforts or purchasing carbon units from other nations. The countries stated that by giving up their surplus units they 'hope to send a strong positive signal of support for an ambitious global climate agreement'.

Ratification

Like the Kyoto Protocol, the Doha Amendment will not come into effect until it has been ratified. As of November 2016, just over half of the parties that are required to ratify the Doha Amendment have done so. It is unlikely that these countries will all ratify and bring the Amendment into force, given that the Second Commitment Period ends in just four years and the Paris Agreement (see below) has already come into force.

Without ratification, the Doha Amendment and the 2020 emission reduction targets will never become legally binding. The Joint Standing Committee on Treaties *Report 163* states (para 2.14, page 6) that Australia's ratification of the Amendment indicates its intention to comply with its emission reduction target for 2020.

The Paris Agreement details emission reduction targets for 197 nations from 2020 onwards. A further 88 nations still need to ratify the Paris Agreement and negotiations continue on how the Agreement will be implemented. Most likely, international focus will be on making the Paris Agreement work and developing long-term climate goals, rather than on the Doha Amendment.