
TABLE OF CONTENTS

| | |
|---|-----|
| Foreword | V |
| KURT DEKETELAERE | |
| Acknowledgements | VII |
| List of Abbreviations | XV |
| Introduction | 1 |
| Wybe Th. DOUMA, Leonardo MASSAI and Massimiliano MONTINI | |
| The International Climate Regime: where do we stand? | 5 |
| Feng GAO | |
| PART I: THE IMPLEMENTATION OF THE KYOTO PROTOCOL FLEXIBLE MECHANISMS | 11 |
| Legal challenges in European climate policy | 13 |
| Leonardo MASSAI | |
| 1. Introduction | 13 |
| 2. The European Climate Change Programme | 14 |
| 3. European Allowance Trading Directive | 18 |
| 4. The EU position on the future climate policy | 23 |
| 5. Conclusions | 25 |
| The EU Emissions Trading Directive: time for revision? | 29 |
| Nick FARNSWORTH | |
| 1. The future of emissions trading: additional sectors and gases | 29 |
| 1.1 The scope of the directive | 30 |
| 1.2 Further harmonization and increased predictability | 33 |
| 1.3 Robust compliance and enforcement | 35 |
| 1.4 Links to third countries | 36 |
| 2. Conclusion | 37 |
| The role of joint implementation within the context of EU policies | 39 |
| Wytze VAN DER GAAST | |
| 1. Introduction | 39 |
| 2. State of play concerning JI | 40 |
| 3. Compatibility of JI with EU policies | 44 |
| 3.1 JI and the <i>Acquis Communautaire</i> | 44 |
| 3.2 JI and the EU Emissions Trading Scheme | 47 |

| | | |
|-----|---|----|
| 4. | Enhancing the scope for JI through standardization of accounting procedures | 51 |
| 4.1 | Introduction | 51 |
| 4.2 | Grid-connected Renewable Energy Sources projects | 53 |
| 4.3 | Transport | 55 |
| 4.4 | Waste management | 55 |
| 5. | Conclusion | 56 |
| | <i>References</i> | 57 |
| | The market potential of large-scale non- CO₂ CDM projects | 59 |
| | Axel MICHAELOWA, Jorund BUEN, Arne EIK and Elisabeth LOKSHALL | |
| | <i>Abstract</i> | 59 |
| 1. | Introduction | 59 |
| 2. | HFC-23 destruction | 61 |
| 3. | Destruction of N ₂ O from adipic acid production | 63 |
| 4. | Destruction of N ₂ O from nitric acid production | 64 |
| 5. | Landfill gas capture and destruction | 65 |
| 6. | Coalmine and coal-bed methane capture/destruction | 66 |
| 7. | Gas flaring reduction from oil production | 66 |
| 8. | PFC emissions reduction from aluminium production | 67 |
| 9. | Overall CER potential until 2008 and the impact on the CDM market | 67 |
| | <i>References</i> | 68 |
| | Legal Nature of Kyoto Units | 71 |
| | Matthieu WEMAERE | |
| | Marketing CERs: Legal and Contractual Issues for Sellers | 79 |
| | Charlotte STRECK | |
| 1. | Introduction | 79 |
| 2. | CDM marketing strategy: main attention points | 80 |
| 2.1 | Definition of a sales strategy | 80 |
| 2.2 | Timing of the sale: spot and forward markets | 83 |
| 3. | Existing CDM carbon contract models | 85 |
| 3.1 | The World Bank ERPA | 86 |
| 3.2 | The IETA ERPA | 86 |
| 4. | CERSPA: A new open-source CDM contract | 87 |
| 4.1 | Contractual cornerstones | 88 |
| 4.2 | Events of default and remedies | 91 |
| 5. | Conclusion | 92 |

| | |
|---|------------|
| PART 2: EXPERIENCES AND PERSPECTIVES IN THE INTERNATIONAL CLIMATE REGIME | 93 |
| The compliance regime of the Kyoto Protocol | 95 |
| Massimiliano MONTINI | |
| 1. Introduction: dispute settlement and dispute avoidance under MEAs | 95 |
| 2. The compliance regime of the Kyoto Protocol: some basic legal issues | 99 |
| 3. The Compliance Committee and the consequences for non-compliance | 103 |
| 4. The responsibility for non-compliance under International law and EC law compared | 106 |
| Implementation of the Kyoto Protocol in Germany: Designing an integrated management scheme for Greenhouse Gases | 111 |
| Michael MEHLING | |
| 1. Introduction | 111 |
| 2. Climate policy in Germany: A model of diversity | 113 |
| 2.1 Ambitious objectives – A myriad of solutions | 113 |
| 2.2 A wealth of regulation – A dearth of achievement? | 116 |
| 3. Synergy or conflict? Dissecting the ‘instrument mix’ | 118 |
| 3.1 Global Warming – A new kid on the block? | 118 |
| 3.2 Internal and external conflicts – An analytical framework | 120 |
| 4. Coherence by design: Envisioning a management regime | 125 |
| 4.1 The legal context – Identifying a mandate | 126 |
| 4.2 Integrated Greenhouse Gas management – Clinching the objective | 129 |
| 4.3 Towards a Greenhouse Gas Management Act – Specifying Design Elements | 130 |
| 5. Conclusion and outlook | 132 |
| The Russian Federation and the Kyoto Protocol | 135 |
| Wybe DOUMA and Daria RATSIBORINSKAYA | |
| 1. Introduction | 135 |
| 2. From signing to ratification | 135 |
| 3. Russia’s obligations and prospects under the KP | 138 |
| 4. The adoption of general implementation measures | 140 |
| 5. The Joint Implementation regime | 142 |
| 6. Concluding remarks | 144 |
| Legal and institutional barriers to Kyoto Protocol implementation in non-Annex I countries in South-Eastern Europe and CIS | 147 |
| Marina OLSHANSKAYA | |
| <i>Abstract</i> | 147 |
| 1. GHG reduction potential and the status of the CDM pipeline | 147 |
| 1.1 Countries in a ‘pre-market’ phase: Central Asia and South-Eastern Europe | 148 |

| | | |
|---|--|-----|
| 1.2 | Countries in an initial stage of engagement in the carbon market: Southern Caucasus and Moldova | 149 |
| 2. | Status of the National Institutional Framework in Eastern Europe and the CIS | 151 |
| 3. | Trends in institutional development | 154 |
| 4. | National CDM project review and approval procedures | 156 |
| 5. | Conclusions | 157 |
| | <i>References</i> | 159 |
| | | |
| Developing Countries and the Post-Kyoto Regime: Breaking the tragic lock-in of waiting for each other's strategy | | 161 |
| Joyeeta GUPTA | | |
| 1. | Introduction | 161 |
| 2. | Challenges facing developing countries | 162 |
| 2.1 | Introduction | 162 |
| 2.2 | The negotiation challenge | 162 |
| 2.3 | The climate challenge | 164 |
| 2.4 | Inferences | 167 |
| 3. | The case of China and India: Keeping the doors for entry open | 167 |
| 3.1 | Introduction | 167 |
| 3.2 | Mainstreaming in the UN | 168 |
| 3.3 | Encouraging local government policy | 169 |
| 3.4 | Litigation | 171 |
| 4. | Vulnerability of developing countries (2000) | 173 |
| 4.1 | Introduction | 173 |
| 4.2 | Aid | 173 |
| 4.3 | Mechanisms to promote technology transfer | 175 |
| 5. | Conclusions | 176 |
| | | |
| Climate change, security and forests | | 181 |
| Wouter VEENING | | |
| | | |
| EU ETS in the post-2012 regime: lessons learned | | 185 |
| Chris DEKKERS and Machtelt OUDENES | | |
| 1. | Introduction | 185 |
| 2. | The critical issues of emissions trading | 187 |
| 3. | Factors that determine the success of EU ETS | 188 |
| 4. | Lessons learned from the first trading period | 189 |
| 4.1 | Monitoring and reporting | 190 |
| 4.2 | Verification and accreditation | 192 |
| 4.3 | Inspection and enforcement | 193 |
| 4.4 | Sanctions | 194 |
| 4.5 | Exchange of best practice | 194 |
| 5. | Other legal and technical issues of emission trading | 195 |
| 5.1 | Allocation | 195 |

| | | |
|-----|---|-----|
| 5.2 | Administrative burden of installations | 197 |
| 5.3 | Legal status of an emission allowance | 197 |
| 5.4 | Interrelationship with IPPC directive | 197 |
| 5.5 | Transparency of monitored data | 198 |
| 5.6 | Lessons learned on consultation and cooperation | 198 |
| 6. | Conclusions | 199 |

The São Paulo Proposal for an Agreement on Future International Climate Policy 201

Erik HAITES

Abstract 201

| | | |
|------|--|-----|
| 1. | Introduction | 202 |
| 1.1 | Medium and long-term goals | 203 |
| 1.2 | Commitments of Annex I/B Parties | 203 |
| 1.3 | Automatic extension of Annex I/B commitments | 205 |
| 1.4 | Economic hardship | 207 |
| 1.5 | Non-Annex I Parties' quantified sustainable development actions and 'no lose' commitments | 207 |
| 1.6 | Graduation by Non-Annex I Parties | 210 |
| 1.7 | Clean Development Mechanism | 212 |
| 1.8 | Joint Implementation | 214 |
| 1.9 | Emissions trading | 214 |
| 1.10 | Compliance | 215 |
| 1.11 | Enhanced implementation of adaptation | 215 |
| 1.12 | Technology transfer | 218 |
| 1.13 | Technology research and development | 218 |
| 1.14 | Memoranda of Understanding extending the scope of the agreement with non-Parties | 219 |
| 1.15 | Memoranda of Understanding extending the scope of the agreement to special sectors and sources | 220 |
| 1.16 | Trade restrictions | 220 |
| 1.17 | Review | 221 |
| 1.18 | Legal form of the post-2012 agreement | 221 |

References 222

Stakeholder views on approaches and instruments for continued and future climate change mitigation efforts post-2012 223

Robert TIPPMANN

| | | |
|----|--|-----|
| 1. | Introduction | 223 |
| 2. | Proposals on commitments and approaches for post-2012 | 223 |
| 3. | Continuation of project-based or flexible mechanisms such as the CDM | 226 |
| 4. | Alternative, non-emission reduction target based approaches | 228 |
| 5. | Negotiation arena | 230 |

| | | |
|----|---|-----|
| 6. | Linking of different emission trading schemes | 232 |
| 7. | Guiding principles of a future climate regime | 234 |
| 8. | A gap after post-2012? | 236 |
| 9. | Conclusions | 237 |
| | <i>References</i> | 239 |

The Kyoto Protocol as a pioneer among the multilateral environmental agreements 241

Michael BOTHE

| | | |
|-----|---|-----|
| 1. | The problem and its remedies | 241 |
| 2. | The regulatory challenges | 242 |
| 2.1 | The comprehensive scope of measures | 242 |
| 2.2 | Managing uncertainty | 243 |
| 2.3 | Managing complexity | 243 |
| 3. | The regulatory instruments | 243 |
| 3.1 | Regulatory instruments in a multilevel system | 243 |
| 3.2 | Flexible mechanisms and ‘economic instruments’ | 244 |
| 4. | Ensuring compliance – international administration | 245 |
| 5. | Climate change under double jeopardy: technicity and universality | 246 |