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HIGHLIGHTS FROM THE AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS ON ENERGY AND SUSTAINABLE DEVELOPMENT: WEDNESDAY, 8 MARCH 2000

Delegates attending the Open Ended *Ad Hoc* Intergovernmental Expert Group meeting on energy and sustainable development completed their discussion on the Secretary-General's Report and began consideration of the draft Co-Chairs' Summary of the discussion on key issues.

KEY ISSUES IN ENERGY AND SUSTAINABLE DEVELOPMENT

Co-Chair Salamat invited the Expert Group to continue discussions on the last key issue on international cooperation in the Secretary General's Report.

INTERNATIONAL COOPERATION: The G-77/CHINA underscored the need to: cancel unsustainable foreign debt; increase ODA and foreign direct investment (FDI); remove barriers to technology transfer; and use existing energy resources more efficiently. He noted the role governments can play in facilitating international co-operation and stressed the need for local adaptation of technologies. Regarding cooperation on renewable energy and energy efficiency projects, VENEZUELA opposed SWITZERLAND's proposal to consider the role of the Kyoto Protocol mechanisms such as Joint Implementation and the Clean Development Mechanism (CDM), stating that these instruments were not yet in effect. The CZECH REPUBLIC emphasized linkages between the key issues identified in the Report.

CANADA said international cooperation should promote public-private partnerships and enhance capacity building in developing countries. The RUSSIAN FEDERATION called for the development of energy indicators to assess the results of international co-operation and gauge progress towards achieving a sustainable energy future. The INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) noted that work is being undertaken on energy-related indicators.

The ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA (ESCWA) and ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP) said regional differences should be considered when formulating recommendations to CSD-9. The WMO underlined the need to address the problems of declining climate observation networks that are necessary to address the full spectrum of climate-energy links.

DISCUSSION OF THE DRAFT CO-CHAIRS' SUMMARY

Co-Chair Freudenschuss Reichl introduced the draft Co-Chairs' Summary, noting that it is not a negotiating text, and invited delegates to focus on identifying key issues for inclusion in the new draft.

INTRODUCTION: The EU proposed reference to "structural reforms," and requested a more explicit description of "externalities." He said that insufficient provision had been made for the World Energy Assessment's (WEA) findings, particularly as regards the non-sustainability of current energy consumption. He suggested more detailed reference to the Expert Group. The G-77/CHINA, with INDONESIA and COLOMBIA, called for specific reference to Agenda 21, and for a new paragraph emphasizing the importance of technology transfer, capacity building and FDI. He recommended that other international processes on energy should be seen as inputs into CSD-9, which should use Agenda 21 and UNGASS as its basis.

KEY ISSUES FOR CONSIDERATION BY CSD-9: The G-77/CHINA called for more focused language when referring to "making the transition from the current unsustainable patterns of production and use of energy." SAUDIA ARABIA, opposed by the EU and DENMARK, expressed concern with the implication that fossil fuel use is unsustainable, and called for the deletion or complete re-editing of the paragraph. The EU proposed adding reference to "equitable distribution," while the G-77/CHINA added reference to "social" development.

ACCESSIBILITY OF ENERGY: The G-77/CHINA said that accessibility does not simply depend on market stability, adding that security of supply must be balanced by security of demand. On developing country challenges, he added a reference to the necessity of low-cost financing schemes. The EU, supported by DENMARK, asked for greater emphasis on access for the least developed countries), particularly in rural areas. With the RUSSIAN FEDERATION, the EU asked for a more balanced treatment of energy supply and demand. AUSTRALIA, supported by DENMARK, suggested recognizing procedural and regulatory arrangements on project approval and operations to facilitate cross border investments. On electric power, the RUSSIAN FEDERATION underlined the role of multilateral institutions. On electrification, DENMARK added reference to the establishment of decentralized and stand-alone systems such as wind, solar, biomass and ocean technologies. Citing environmental risks, IRAN supported DENMARK's additional reference to "shipping by tankers." SAUDI ARABIA proposed deleting references to: natural gas and oil pipelines, the diversification of energy sources, and information and enhanced transparency. SWITZERLAND objected to the proposed deletion of reference to diversification.



ENERGY EFFICIENCY: The G-77/CHINA stressed the need to remove obstacles to technology transfer. On investment, SAUDI ARABIA specified investment in “fossil” fuel energy. The RUSSIAN FEDERATION supported certification and labeling, and added a reference to decreasing energy losses across sectors. SWITZERLAND supported a call for legal frameworks to promote energy efficiency. DENMARK called for new sections on energy pricing and on market reforms while recognizing regional variations. He indicated interest in organizing intersessional events on pricing. The G-77/CHINA, supported by BRAZIL, saw dangerous portends for the process. Commenting on the introduction of references to certification, labeling, pricing and market reform, he assured participants that the Group is not averse to new ideas. He explained that the new elements would become conditionalities if they were not introduced as a package, including technology transfer, capacity building and financial flows. BRAZIL told DENMARK that the Expert Group was not the place to deal with market reform.

RENEWABLE ENERGY: The G-77/CHINA said renewable energy should be dealt with in relation to other cross-sectoral issues including technology transfer, availability of finance and cost effectiveness. Together with VENEZUELA, he supported IRAN’s proposal to use agreed language on subsidies from Agenda 21 and UNGASS. SAUDI ARABIA suggested deleting the paragraph on subsidies.

The RUSSIAN FEDERATION suggested reflecting the discussion on the future of nuclear energy. The WMO sought inclusion of reference to the broadened understanding of climate-energy relationships. The EU stated that research on renewable technologies has been conducted and suggested that the role of renewables should be increased and developed, particularly in LDCs. The US proposed that the draft reflect the experiences presented by some delegations on the application of renewables in remote locations.

RURAL ENERGY: The FAO noted the absence of reference to the role of rural energy in enhancing agricultural productivity. The EU said domestic resources should be clearly stated, and underlined the contribution of the private sector to rural energy. The G-77/CHINA said policies aiming to provide modern energy services to rural areas should also be concomitant with “income generating activities.”

TECHNOLOGY TRANSFER: The G-77/CHINA proposed including reference to “capacity building” with technology transfer, to ensure maintenance of a sustainable energy supply. The RUSSIAN FEDERATION emphasized: the importance of scientific cooperation and technical research; the commercialization and marketing of cleaner technologies; and the issue of technology leadership.

CAPACITY BUILDING: There was no discussion on this part, which outlines the role of capacity building in international cooperation activities, and states that the acceptability of many energy technologies depends on the education and awareness levels of end-users.

MOBILIZATION OF FINANCIAL RESOURCES: On funding for developing countries, the G-77/CHINA suggested deleting reference to the need for mobilizing existing financial sources, and relocating the reference on “innovative mechanisms to increase the magnitude of investments.” The RUSSIAN FEDERATION proposed reference to EITs, and emphasized the importance of promoting FDI. NEPAL emphasized the need for sectoral reform of energy supply markets, and for ensuring delivery of affordable energy. CANADA suggested that ODA funding be used for “capacity building” for sustainable energy development. She proposed referring to the fact that “some countries” had called for additional funding. The G-77/CHINA objected to this proposal, suggesting that it amounted to a redrafting of Agenda 21. He emphasized that Agenda 21 and UNGASS are not negotiable.

The ECE, supported by SWITZERLAND, suggested that the opportunities offered by the flexible mechanisms of the Kyoto Protocol should be fully exploited. VENEZUELA, supported by the G-77/CHINA, INDONESIA and TUNISIA, objected to the proposal, noting that the Protocol is not yet in force. INDONESIA, with the G-

77/CHINA, said the ECE’s proposal was an attempt to dilute the use of ODA. The G-77/CHINA, supported by DENMARK, noted that with protocols not yet in force, delegates may only be encouraged to take action facilitating its ratification. Co-Chair Salamat proposed a discussion on FCCC Annex I countries’ attitudes to crediting, in the context of proposals to use the Kyoto Protocol mechanisms in the context of energy. COLOMBIA noted that discussions are currently ongoing within the framework of the FCCC, and suggested that the Expert Group should not get involved.

On funding by multilateral funding agencies, SAUDI ARABIA added reference to “safe” energy technologies. On the “progressive removal of subsidies,” the RUSSIAN FEDERATION added the qualifier “environmentally harmful subsidies,” suggesting that these relate to production not consumption, and that the phase out be “gradual.” SAUDI ARABIA added the qualifier “especially in developed countries.” DENMARK emphasized the environmental and economic inefficiency concerns regarding subsidies. CANADA emphasized the role of transparency in markets and decision making, and noted that the social objectives of energy subsidies may be met more efficiently by targeted assistance programmes.

SAUDI ARABIA proposed inclusion of a new paragraph on the protection of endangered species and biodiversity. The EU emphasized enhancing the effectiveness of existing financial resources, and suggested separate paragraphs on price incentives and market reform.

ENERGY AND TRANSPORTATION: SWITZERLAND, supported by the RUSSIAN FEDERATION, added reference to the development and promotion of public transport. AUSTRIA, supported by DENMARK, encouraged the adoption of energy efficient transport technology. TUNISIA highlighted information for environmental planning. On encouraging the uptake of alternative fuels, CANADA suggested that the relevant paragraph specify that initiatives build on existing industrial and manufacturing agreements on common standards and product excellence. SAUDI ARABIA asked for the deletion of the paragraph.

REGIONAL COOPERATION: NEPAL welcomed the references to regional cooperation and highlighted the mutual and potential benefits of cooperation on hydropower, irrigation and navigation uses of the regional water system shared by his country with India and Bangladesh. TURKEY said the proposal from NEPAL should not be reflected in the Co-Chairs’ revised draft. The RUSSIAN FEDERATION supported NEPAL’s recommendation that regional cooperation provide for transmission as well as retail distribution of energy.

IN THE CORRIDORS

According to some observers, the dearth of experts from the G-77/China is reflected in a lack of engagement with the process. They say this is due, in part, to the limited resources available to assist developing country participation in the process. They also reported that the Group has held discussions with its Chair to ensure that G-77/China positions reflect more accurately the diversity of experiences in developing countries; the observers noted that there will be calls to DESA to seek ways to ensure more timely dissemination of information on expert processes, and for extra assistance to ensure developing country experts are better represented at the next Session.

THINGS TO LOOK FOR TODAY

AD HOC EXPERT GROUP: The Expert Group will convene in Conference Room 2 at 10:00 am to discuss the intersessional programme of work and the provisional agenda for the next session. The Group will consider a revised version of the Co-Chairs’ Summary in the afternoon.

SUSTAINABLE ENERGY ADVISORY FACILITY (SEAF): UNEP, in collaboration with the Danish Ministry of Foreign Affairs, will make a presentation on the Sustainable Energy Advisory Facility (SEAF) at 6:15 pm in Conference Room 2. SEAF is an effort to support sustainable energy initiatives in developing countries.