



UNFCCC SB 22 HIGHLIGHTS: MONDAY, 23 MAY 2005

On Monday morning, delegates convened for an in-session SBSTA workshop on mitigation. In the afternoon, SBSTA reconvened to take up agenda items on the scientific, technical and socioeconomic aspects of both adaptation and mitigation. In the evening, SBI met to discuss adoption of its agenda. In addition, contact groups and informal meetings were held throughout the day. SBI contact groups met to discuss the internal review of the Secretariat's activities, the programme budget for 2006-2007, arrangements for intergovernmental meetings, non-Annex I communications, and LDCs. SBSTA contact groups and informal meetings were held on various issues, including methodologies for adjustments for LULUCF, registry systems under the Kyoto Protocol, adaptation, research needs relating to the Convention, emissions from aviation and maritime transport, and a work programme on adaptation.

SBSTA

MITIGATION WORKSHOP: Kok Seng Yap (Malaysia) and Toshiyuki Sakamoto (Japan) facilitated this in-session SBSTA workshop, which focused on factors that affect technology innovation, deployment and diffusion, and socioeconomic aspects of mitigation, including poverty reduction and economic impacts.

Richard Bradley, International Energy Agency, noted that stabilizing emissions while addressing electricity deprivation will require a change in capital structures and the deployment of all available energy technologies. He highlighted "greening investment" and cooperative R&D agreements.

Christian Azar, Chalmers University, highlighted the importance of efficiency standards, particularly when energy prices are low. He noted that a 1936 car had a fuel efficiency of six liters/100km, which is comparable to today's performance, and underscored underinvestment in public energy R&D and the need for public investment in market deployment.

Priyantha Wijayatunga, Public Utilities Commission, Sri Lanka, elaborated on mitigation technology barriers in developing countries. He questioned whether developing countries should use technologies that are not deployed in developed countries, such as the Integrated Gasification Combined Cycle, and questioned the adequacy of the CDM as a financing mechanism.

Mitsutsune Yamaguchi, Teikyo University, reported on efficiency gains in Japan's iron and steel sector, adding that if this sector in China and Russia achieved the same energy intensity, total global emissions would fall one percent. He supported diffusion of Coke Dry Quenching (CDQ) technology.

Luis Cifuentes, Catholic University of Chile, presented on the US EPA's Integrated Environment Strategies (IES) Programme, which aims to identify integrated strategies and measures that

address greenhouse gas abatement and local air pollution. He noted mostly positive correlations between greenhouse gas and local air pollutant reductions, and said health benefits of abatement usually outweigh the costs.

David Montgomery, Charles River Associates, focused on the spillover effects of mitigation measures in Annex B countries. Montgomery explained that patterns of spillover are determined by which fuels and sectors the policies target. SAUDI ARABIA said energy taxation should be restructured to reflect carbon content.

Steve Thorne, SouthSouthNorth Project, presented on lessons learned from mitigation projects in South Africa, noting a "race to the bottom" when it comes to the sustainable development requirement of CDM projects. He warned that unless sustainable development is accorded a value, it will remain an incidental benefit.

ADAPTATION: On Monday afternoon, SBSTA reconvened to address its agenda item on the scientific, technical and socioeconomic aspects of adaptation, and Chair Abdulla presented his summary of the workshop. The EU stressed SBSTA's role in synthesizing and disseminating existing information, and identified adaptation as complementary to mitigation.

The G-77/CHINA called for a more action-oriented objective, and for taking a portfolio of approaches instead of a purely sectoral approach. He said the need to expedite measures should not be restricted by calls for further assessments. The US highlighted the need to focus on priority sectors and to link measures to long-term planning.

Tuvalu, for AOSIS, called for a special track for SIDS to address urgent needs, and said the programme should not include matters relating to mitigation. SWITZERLAND stressed SBSTA's role in identifying available methodologies. JAPAN noted that a thematic approach would be preferable to a time-consuming sectoral approach. Sudan, on behalf of the AFRICA GROUP, cautioned that a sectoral approach may marginalize local knowledge and called for a thematic and livelihoods approach. Marjorie Pyoos (South Africa) and James Shevlin (Australia) will convene consultations.

MITIGATION: Delegates took up scientific, technical and socioeconomic aspects of mitigation. Kok Seng Yap and Toshiyuki Sakamoto reported on the workshop held that morning. Many delegates highlighted the CDM, energy efficiency, barriers to technology transfer and deployment, and renewable energy sources.

JAPAN proposed benchmarking efficiency levels on a sectoral basis and institutional reform of the CDM. NORWAY stressed challenges in the transport sector and, with the EU, highlighted the co-benefits of mitigation measures. The EU said it would support elaborating a multi-year work programme. CANADA referenced carbon capture and storage and the upcoming



IPCC report on this matter. The US highlighted capacity building and cooperation between governments and the private sector. KENYA said renewable energy technology should be manufactured locally. AUSTRALIA noted initiatives supporting international cooperation, including the Carbon Sequestration Leadership Forum and Renewable Energy and Energy Efficiency Partnership (REEEP). Informal consultations to develop SBSTA draft conclusions will begin Tuesday at 3:00 pm.

SBI

ORGANIZATIONAL MATTERS: Following further debate on Saudi Arabia's proposal to add agenda items on implementation of UNFCCC Article 4.8 and 4.9 (FCCC/SBI/2005/1/Add.2), Chair Becker proposed that those items and a G-77/China proposed item on capacity building be included under Other Matters. Following informal consultations, delegates accepted the Chair's proposal and adopted the agenda (FCCC/SBI/2005/1 and Add.1).

OTHER MATTERS: Following a statement by Tanzania, for the G-77/CHINA, referencing decisions 2/CP.7 and 2/CP.10 on capacity building, the Chair noted the importance of commitments to review the capacity building framework and receive a report from GEF at the next session. He will draft SBI draft conclusions.

SAUDI ARABIA read a statement regarding the commitments in, and importance of, decisions 5/CP.7 and 1/CP.10. The Chair invited parties to provide comments prior to drafting SBI conclusions. He also agreed to annex Saudi Arabia's statement.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

REVIEW OF THE SECRETARIAT'S ACTIVITIES: The contact group on the internal review of Secretariat activities reconvened on Monday morning. On the draft COP conclusions, Chair Dovland added a paragraph inviting the Secretariat to keep Parties informed about its follow up to the review. The EU, supported by the US, amended a paragraph on work with other international organizations, specifying that cooperation and communication should be focused and add value. JAPAN and SWITZERLAND added that efforts should be conducted within available resources. On documentation, the EU introduced text on the advantage of Parties exercising discipline when asking the Secretariat to prepare papers. The contact group has scheduled a final meeting for Tuesday afternoon at 4:30 pm.

PROGRAMME BUDGET FOR THE BIENNIUM

2006-2007: Delegates discussed new draft proposals from the Chair and the Secretariat's proposed budget. Nigeria, for the G-77/CHINA, noted that the frequency of expert group meetings supported by core funding must be consistent with COP decision 4/CP.7. The EU, CANADA, SOUTH AFRICA and others, opposed by the RUSSIAN FEDERATION, supported the proposed budget, given increased requirements due to the Kyoto Protocol's entry into force. The US stressed its concerns over the division of Kyoto Protocol and Convention expenses, rather than the size of the budget. The Chair will consult informally and present revised proposals at the group's final meeting on Tuesday.

LEAST DEVELOPED COUNTRIES: Delegates considered draft SBI conclusions and a draft COP 11 decision on LDCs. Co-Chair Moita asked that parties consider these texts as a compromise way forward. Many parties, including the EU, NORWAY, CANADA, JAPAN and Bangladesh, on behalf of the LDC GROUP, said they saw many positive aspects in the proposed texts. Several said they could still not agree to the text without revisions. At the request of the Co-Chairs, parties agreed to consult informally. The contact group will reconvene Tuesday.

REGISTRY SYSTEMS UNDER THE KYOTO

PROTOCOL: Murray Ward (New Zealand) chaired informal consultations on Monday, with delegates considering short draft conclusions. Discussions focused on the process and the timing of the indicative schedule for developing the international transaction log (ITL). A longer revised draft text was circulated on Monday evening.

RESEARCH NEEDS RELATING TO THE

CONVENTION: Consultations resumed on Monday, with delegates working on draft conclusions. Steady progress was reported, with text added on technology transfer. Informal consultations will continue on Tuesday.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: This contact group reconvened on Monday afternoon. Saudi Arabia, for the G-77/CHINA, added a request that the host country facilitate the issuance of visas for COP 11 and the COP/MOP 1. He proposed deleting a request that the COP 10 Bureau, with the Secretariat and COP 11 President-designate, further consider the details and format of high-level segments; and proposed the addition of an invitation to the Parties to enhance contributions to allow effective participation. NORWAY and the EU opposed the deletion. The G-77/CHINA queried a budget allocation of US\$140,000 (FCCC/SBI/2005/Add.2) for pre-COP high-level intergovernmental consultations. The Secretariat explained that this was a possible requirement from the supplementary fund. On draft proposals for the high-level segments, the US supported including a panel or roundtable. Parties will consult informally and the contact group will reconvene Tuesday afternoon.

NON-ANNEX I COMMUNICATIONS: Co-Chairs Sok Appadu and Turesson facilitated informal consultations on timing of submissions of second and, where appropriate, third national communications. Intervals of four or five years are under consideration. Parties have been considering proposals from the G-77/China, and will reconvene at 11:00 am Tuesday morning.

ADAPTATION: Co-Chair Shevlin proposed initiating an exchange of views based on the SBSTA Chair's summary of the workshop. On objectives of the work programme, the G-77/CHINA, with AOSIS, called for action-oriented, short- and long-term measures, and a focus on the most vulnerable. The EU, US, and NEW ZEALAND favored improved understanding and cooperation. On the structure of the work programme, the EU, US, and CANADA proposed taking a sectoral approach, while the G-77/CHINA, AOSIS, RUSSIAN FEDERATION, AFRICA GROUP and JAPAN preferred a broader approach, including a livelihoods approach. Regarding modalities, the G-77/CHINA and AOSIS called for a working group to advance work and ensure follow-up. Discussions will continue in the contact group on Tuesday afternoon.

ADJUSTMENTS FOR LULUCF: During an evening meeting of the contact group, Co-Chair Paciornik presented revised draft text. Delegates agreed to request submissions on criteria for failure to submit information, and concluded their work late Monday with agreement on all outstanding issues.

EMISSIONS FROM AVIATION AND MARITIME TRANSPORT: Informal discussions extended until 10:00 pm, with strong disagreements persisting and draft text remaining bracketed. Informal discussions will continue Tuesday.

IN THE CORRIDORS

A number of participants at SB 22 have commented on an apparent shift in China's engagement in the climate change process. While some observers believe the Group of 77 is occupying familiar ground, they argue that China's role has increased in line with its emerging status as a major economic power—and that its positions on some issues may be shifting, too. Some see the environmental fallout from China's rapid industrialization as a key driver of that country's approach. The view is that China anticipates trouble ahead and has decided to help shape the architecture of the climate regime so as to minimize shocks further down the road. According to some experts, another driver could be China's engagement with the WTO regime. Observers have also noted closer collaboration between China and Japan, as the two countries eye-up opportunities for drawing down mutually beneficial environmental and economic rewards from the climate regime.