

SB 26 HIGHLIGHTS: WEDNESDAY, 16 MAY 2007

On Wednesday, the UNFCCC Dialogue began, with participants meeting in the morning and afternoon to discuss how to realize the full potential of technology. An AWG contact group also convened, and contact groups and informal consultations under the SBSTA and SBI continued on a variety of issues, including the budget, deforestation, and Decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures).

UNFCCC DIALOGUE

The third workshop under the Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention (Decision 1/CP.11) began on Wednesday morning. The workshop was co-facilitated by Sandea de Wet (South Africa) and Howard Bamsey (Australia).

UNFCCC Executive Secretary Yvo de Boer presented an overview of progress and activities under the Dialogue. SBSTA Chair Kumarsingh recalled key messages from the previous day's in-session workshops, stressing the strategic importance of energy efficiency.

REALIZING THE FULL POTENTIAL OF TECHNOLOGY:

Following the opening statements, participants heard presentations from invited speakers and exchanged views.

Presentations: Dolf Gielen, International Energy Agency, highlighted the policy framework required to bring about more sustainable energy systems. He emphasized that emissions would be higher in the absence of a full portfolio of technologies, noting the importance of energy efficiency in buildings, appliances, industry and the transport sector.

David Hone, Shell and World Business Council for Sustainable Development, suggested that national policies should be the foundation for emissions allocations, and that a sectoral approach could be a way to bring developing countries into a future agreement. He also supported a technology development and deployment framework.

Chris Leon, Cement Australia, presented on a sectoral approach to reducing cement industry greenhouse gas emissions. He stressed that a commitment to "operational excellence" was critical to an effective abatement strategy, and noted the value of the Asia-Pacific Partnership on Clean Development and Climate (AP6) in terms of sharing information on technology issues.

Responding to a question about the UNFCCC's role, presenters suggested that it would set the global goals and rules, with a focus on a long-term goal, and improving and expanding international mechanisms, including sector-based approaches.

Kok Kee Chow, Expert Group on Technology Transfer (EGTT), reflected on the EGTT's activities, including work on technology needs assessments (TNAs), creating enabling environments, capacity building, innovative financing and technologies for adaptation. He elaborated on the results of the TNAs, identifying energy, industry and transport as important areas in need of technology transfer, as well as adaptation technologies for agriculture, fisheries, coastal zone, public health and water resources.

Ann Condon, General Electric, reported on the General Electric Ecomagination Initiative, which focuses on developing and improving products that meet various environmental criteria. She also drew attention to the US Climate Action Partnership, which is calling on the US to adopt strong national legislation on emissions.

Fiona Nicholls, Rio Tinto, underscored projections that coal will remain a dominant energy source for several decades and reflected on CCS as an "enabling technology" that can address greenhouse gas emissions, stressing the need for significant investment and public-private sector cooperation.

Exchange of Views: Emphasizing the role of technology in both ensuring development and combating climate change, the EU highlighted a range of "push and pull policies," particularly on research and development. He stressed making better use of existing initiatives and funds, and action at all levels. MICRONESIA noted presenters' comments about a stabilization level of 550ppm, cautioning that even 450ppm represents a serious risk for many countries.

GHANA emphasized the need to speed up technology transfer to developing countries, including through an improved technology transfer framework, a multilateral technology development fund, and a market-based technology transfer protocol.

Antigua and Barbuda, for AOSIS, highlighted the need for the development and deployment of adaptation technologies, and capacity building and training. JAPAN indicated that technology transfer to emerging economies such as China is occurring, and reported on several success stories. He observed that there is less technology transfer to LDCs, and identified market size and the maturity of the recipient country's manufacturing industry as some of the key barriers.

CHINA highlighted the inadequacy of current international mechanisms to bring about a change in developing countries and to help avoid a "lock-in" of unsustainable technologies. He also called for an intergovernmental mechanism to develop and enhance public-private partnerships.

CLIMATE ACTION NETWORK outlined the potential of carbon markets and effective pricing to galvanize the adoption of innovative

technologies, and called for the extension of the Protocol's flexible mechanisms to allow developing countries to access the carbon markets.

The US outlined its climate change technology programme, which focuses on technology research (especially CCS), tax incentives, appliance efficiency standards, fuel economy standards, and renewables such as second-generation biofuels from cellulosic technologies. CANADA stressed the need for public and private sector engagement and highlighted the RETScreen project as well as the role of academia. The Maldives, for LDCs, expressed concern that technology transfer is being left to market mechanisms and that LDCs lack experts.

Drawing attention to AP6, REPUBLIC OF KOREA identified the need to create favorable market conditions for technology transfer. BUSINESS AND INDUSTRY NGOS (BINGOs) highlighted free trade and the World Trade Organization, and identified markets, competition, and legal and economic frameworks as important for creating enabling conditions. SOUTH AFRICA stressed the urgent need to reverse the global trend of declining research and development.

The UK identified the need to consider the role of the UNFCCC in technology cooperation in the longer term, and ICELAND said one element of this could involve encouraging cooperation between the government and private sectors.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

AWG: In the AWG contact group held during the lunch period, the Secretariat distributed a list of possible elements for draft conclusions.

In discussing the list, NORWAY, CANADA and JAPAN stressed the importance of placing Annex I mitigation efforts in the global context. The EU, ICELAND and NORWAY, opposed by SAUDI ARABIA, emphasized the importance of a "shared vision." SWITZERLAND proposed making reference to the Chair's list annexed to AWG 1's conclusions, and referring to Convention Article 2 and the treatment of LULUCF.

South Africa, for the G-77/CHINA, stressed the urgency of the AWG's work and called for a focus on "what needs to be done." He proposed discussing mitigation potentials in Bonn, possible ranges in Vienna, and means for achieving these in Bali.

NORWAY noted that considering possible ranges in Vienna was optimistic, but proposed that discussions on tools and means for achieving commitments should start as soon as possible, in parallel with other work. CANADA and JAPAN highlighted the importance of continuing analytical work on mitigation potential, with CANADA adding that it has only just started. CHINA called for a timetable to guide the AWG's work.

NEW ZEALAND, supported by JAPAN, suggested seeking expert input on developing a common criteria for assessing mitigation potential. CANADA highlighted regional and sectoral differences and the RUSSIAN FEDERATION emphasized the need to consider national circumstances. TUVALU proposed including the costs of inaction in the analytical work on mitigation potential.

CHINA noted that the voluntary targets by the EU and Norway correspond to IPCC analysis on stabilization levels and urged other Annex I parties to come up with similar figures. NEW ZEALAND and CANADA indicated that the EU's experiences in forming the "bubble" and defining the new voluntary target could be useful. The EU responded by offering to host a workshop in Brussels on this.

TUVALU proposed addressing commitments for adaptation, including through innovative approaches such as insurance. The EU noted that funding for adaptation should be considered under the Protocol Article 9 review.

On Wednesday evening, Friends of the Chair consultations were held based on new text fleshing out the list discussed during the

contact group. Good progress was made during the discussions, but outstanding issues, such as timetables for submissions and organization of work at the next AWG sessions, remained. Informal discussions will continue on Thursday afternoon based on revised draft text.

BUDGET: Parties met during an informal session in the afternoon but were unable to agree on the 2008-2009 final budget. A contact group is scheduled for Thursday.

DECISION 1/CP.10: Delegates met in the morning and afternoon for informal consultations, and briefly convened in a late afternoon contact group. The informal sessions focused on the preambular text of the Co-Chairs' draft conclusions. Several parties questioned language referring to "taking into consideration elements relating to further actions," since Decision 1/CP.10 requested parties to look specifically at outcomes from regional workshops and expert meetings.

Language was proposed to request the consideration of workshop outcomes and expert meetings during SB 27, which delegates approved. In addition, an annex comprising possible elements relating to adverse effects and response measures was also discussed. Some parties initially proposed deleting the annex, suggesting that it consisted of Co-Chairs' ideas and suggestions and did not form the basis for future negotiation. However, the annex was ultimately agreed, as presented, as "input" from the Co-Chairs for consideration during SBI 27.

During the late afternoon contact group, parties approved the draft conclusions, which agree that the SBI will continue its deliberations during SBI 27.

DEFORESTATION: Discussions continued throughout the afternoon in informal consultations, with delegates addressing both preambular and operative paragraphs of the Co-Chairs' draft COP decision. Thelma Krug reported on discussions in a small drafting group held earlier in the day, which resulted in two alternatives for a paragraph on further methodological work: one short option emphasizing a range of actions; and a more elaborate one also addressing policy approaches and positive incentives, referencing emissions levels, and containing a footnote referring to methodological principles of real, demonstrable, transparent, verifiable, results-based, and independently peer-reviewed emissions reductions.

Parties' views also differed over, *inter alia*: reference to "pilot activities to address drivers of deforestation relevant to national circumstances"; references to Annex II parties in a paragraph inviting parties to mobilize resources; and maintenance and conservation of forest carbon stocks. Paragraphs containing these references were bracketed and will be further discussed in informal and drafting consultations on Thursday morning.

IN THE CORRIDORS

Delegates leaving the AWG consultations late on Wednesday evening seemed in a buoyant mood, noting good progress on "adding flesh to the bones" of the list presented earlier in the contact group. "I'm cautiously optimistic that we might finalize our conclusions for this session by Thursday evening," said one.

A few participants were also commenting on the start of the Convention Dialogue. "I was hoping that the Dialogue would air issues that might not be discussed in the formal negotiations, but there were few new ideas or proposals emerging," commented one delegate. Not everyone agreed, though, with some observers noting the more participatory nature of this discussion compared with previous ones. A few delegates also felt that some key messages, such as the potential of sectoral approaches, were being articulated more clearly here than in the past.