

AWGLCA 1 AND AWG 5 HIGHLIGHTS

THURSDAY, 3 APRIL 2008

On Thursday, the *Ad Hoc* Working Group on Long-term Cooperative Action under the Convention (AWGLCA) continued discussions on the work programme in an informal plenary and drafting group. In the morning, the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG) held an in-session workshop on means to reach emission reduction targets, focusing on greenhouse gases (GHGs), sectors and sources. In the afternoon, the AWG met in a contact group to exchange views on the in-session workshop.

AWGLCA

DEVELOPMENT OF A WORK PROGRAMME: On

Thursday, the AWGLCA convened in an informal plenary session to discuss finance and technology.

Technology: The G-77/CHINA emphasized technologies for both mitigation and adaptation, financing and international cooperation. GHANA highlighted the importance of innovative mechanisms, incentives, and, with BRAZIL and others, North-South and South-South cooperation. UGANDA said policies and political will were required, and, supported by ARGENTINA, urged promoting South-South cooperation in transferring adaptation technologies. CHINA stressed innovative funding mechanisms, and the purchase of climate-friendly technologies by developed countries for preferential transfer to developing countries. PAKISTAN called for a fast-track procedure for technology transfer, and SOUTH AFRICA highlighted the role of incremental costs and market mechanisms.

BRAZIL urged considering existing technologies and undertaking technological research in developing countries, and, with CANADA, called for analyzing experiences in other international fora. The EU identified the need for an enhanced international framework based on countries' needs. JAPAN stressed the effectiveness of sectoral approaches.

CUBA, INDIA, TANZANIA, INDONESIA and others urged addressing intellectual property rights (IPRs). SAUDI ARABIA noted compulsory licensing under the WTO Agreement on Trade-Related Aspects of Intellectual Property as an option to access climate-friendly technologies, and suggested such technologies should not necessarily be patented. The US emphasized IPRs were not a barrier, but a catalyst for technology transfer, and said IPR critics were those very countries who have taken advantage of the IPR regime. CHINA stressed IPRs should not be a fundamental obstacle for fulfilling developed countries' commitments on technology transfer.

BANGLADESH, SIERRA LEONE, TIMOR-LESTE, the MALDIVES, TANZANIA and others stressed capacity building. SIERRA LEONE, UGANDA and TIMOR-LESTE highlighted

country-specific circumstances. SWITZERLAND identified clear policy and self-assessment as preconditions for technology transfer. BELARUS said technology transfer was a concern also for Annex I countries.

AUSTRALIA called for considering technology transfer outside the Convention, and better integrating the business and research communities and the Expert Group on Technology Transfer into the process. SOUTH AFRICA highlighted the need to avoid duplicating work. The US stressed eliminating tariff and non-tariff barriers to trade in environmental goods and services. EGYPT urged considering how to encourage private sector involvement on a voluntary basis.

INDONESIA called for developing performance indicators and innovative funding. MEXICO, INDONESIA and INDIA suggested creating a multilateral fund under the Convention with foreseeable and scalable contributions by developed countries and a transparent and inclusive governance structure. ARGENTINA highlighted positive experiences with the fund under the Montreal Protocol on Substances that Deplete the Ozone Layer. ANTIGUA AND BARBUDA called for increasing official development assistance, which offers a predictable funding source for technology. TURKEY supported the creation of a technology transfer fund.

The EU highlighted linkages between finance and technology and suggested a toolbox on financing, and said carbon markets and enabling environments are essential. SWITZERLAND stressed the importance of existing instruments, specifically the CDM. The REPUBLIC OF KOREA emphasized the role of market mechanisms, private sector initiatives and a predictable investment environment. EGYPT urged new funding mechanisms and improving existing ones, such as the CDM. He also supported an adaptation protocol, which would facilitate technology transfer.

Several delegates also proposed technical papers, workshops and studies relevant to technology transfer.

Finance: The G-77/CHINA and others called for adequacy and accessibility of financing and developing a mechanism to mobilize resources, expressed concerns over parallel financial initiatives, and proposed creating an umbrella multilateral fund under the Convention.

AOSIS noted high costs of some adaptation options, particularly in coastal areas, and proposed creating an adaptation fund under the Convention on the basis of the "polluter pays" principle.

The LDCs emphasized the inadequacy of existing financing and highlighted their urgent adaptation needs, particularly in preparing, updating and implementing NAPAs.

JAPAN called for enhancing both adaptation financing for developing countries and short- and mid-term global emission reductions, and supported streamlining roles and objectives

of coexisting financial mechanisms. The US indicated that the private sector would generate the majority of financing and noted US bilateral initiatives on financing adaptation. SOUTH AFRICA supported consolidating funding sources into one instrument that can be easily accessed, and said public financing, not the private sector, must provide the main sources of financing.

SWITZERLAND supported avoiding fragmentation of funding sources, and strengthening existing institutions, including the GEF. BANGLADESH called for adequate, predictable and sustainable funding, as well as new and additional resources, and said the 2% levy on the CDM was inadequate.

CHINA said developed countries must fulfill their legal obligations under the Convention to provide funding to developing countries.

Several delegates, including NORWAY, the PHILIPPINES, the US and others, proposed workshops on issues related to finance.

Informal Drafting Group: On Thursday afternoon, AWGLCA Chair Machado convened an informal group to distribute and explain his draft conclusions on the AWGLCA's work programme for 2008. The informal group reconvened in the evening to discuss the contents, beginning with a matrix elaborating on each session's activities. The issues discussed included: the timing, format and contents of workshops; equal treatment of all aspects of the Bali Action Plan at each session; whether or not to have intersessional activities; and the need for stocktaking at COP 14. A group of developing countries also proposed holding a workshop addressing comparable efforts of developed countries during AWGLCA 2. Informal discussions continued late into the evening.

AWG

ANALYSIS OF MEANS TO REACH EMISSION

REDUCTION TARGETS: In-session workshop: On Thursday morning and afternoon, the AWG held an in-session workshop concentrating on GHGs, sectors and sources.

Katia Simeonova, UNFCCC Secretariat, discussed sectors and source categories, and related decisions, as well as reporting and review processes, under the Protocol.

Thelma Krug, IPCC, highlighted the IPCC's "evolutionary approach," responding to new scientific information and noted the limitations of global warming potentials (GWPs) to compare short-lived GHGs with long-lived GHGs.

Jane Hupe, ICAO, presented on challenges faced by the aviation sector, including: sources, access, quality and comparability of data; and methodological issues. She highlighted legal considerations and difficulty in attributing emissions from transboundary and multinational flights and flights crossing areas outside national jurisdiction.

NORWAY suggested that the Protocol's reporting guidelines should form the basis for the second commitment period with relevant modifications. He also called for the inclusion of aviation and maritime transport (bunker fuels) emissions, and proposed market-based mechanisms, including a cap on carbon dioxide (CO₂) emissions from shipping, a CO₂ charge for all bunker fuels sold, and channeling revenues for adaptation. He proposed a workshop to consider methodological issues and targets.

JAPAN said bunker fuel emissions must be controlled, and that reduction measures and methodologies should be treated simultaneously. AUSTRALIA, JAPAN, CANADA, SINGAPORE and CHINA argued that work on bunker fuels should be taken up in relevant international organizations, such as the ICAO and the International Maritime Organization. BRAZIL, PANAMA, INDIA and the EU identified the UNFCCC as the right forum for bunker fuel discussions.

EGYPT and BRAZIL stated that bunker fuel coverage must apply the principle of common but differentiated responsibilities. The RUSSIAN FEDERATION, with SOUTH AFRICA and

THAILAND, stated that issues of competitiveness must be addressed. The RUSSIAN FEDERATION called for more information on bunker fuel emissions growth, while the EU highlighted that sufficient information exists to justify the consideration of bunker fuels.

TUVALU and ARGENTINA supported further work on maritime and aviation transport emissions but urged considering implications of their coverage, such as to tourism. ARGENTINA and NEW ZEALAND suggested that national circumstances, such as geographical remoteness, required consideration. NEW ZEALAND highlighted the possible perverse outcomes associated with altering GWPs.

Contact Group: On Thursday afternoon, a contact group convened to exchange views on the in-session workshop and the AWG's draft conclusions. AWG Chair Dovland identified wide support for continuing the market mechanisms. He emphasized that some LULUCF modalities, rules and guidelines were only in place for the first commitment period and noted views that sectoral approaches should not replace but can complement national targets. He highlighted comprehensive coverage of sectors and gases, noting differences on which gases to include. He also identified a lack of agreement on changes concerning bunker fuels for the second commitment period.

SOUTH AFRICA proposed including language on maintaining the environmental integrity of the Protocol and its contribution to sustainable development. He noted sectoral targets should be a means to meet Annex I targets domestically. AUSTRALIA said sectoral approaches should be taken up in the AWGLCA and questioned to what extent the AWG needed to "traverse the same ground."

INDIA said the carbon price should not be fixed and defining CDM projects' contribution to sustainable development should remain the host country's prerogative, while UGANDA responded that sustainable development objectives of the CDM should be assessed.

TUVALU advocated considering implications of changing the Marrakesh Accords. JAPAN, supported by SWITZERLAND, discussed the need to evaluate co-benefits. NEW ZEALAND supported considering national circumstances in the draft conclusions, and the RUSSIAN FEDERATION suggested this was particularly important for market mechanisms. CANADA highlighted the need to avoid duplicating efforts with the review of the Protocol under Article 9.

IN THE CORRIDORS

On Thursday evening, the corridors remained busy as the AWGLCA continued to discuss the work programme in a drafting group and AWG delegates consulted amongst themselves in an attempt to clear controversies over the AWG Chair's draft conclusions. Some looked worried as rumors circulated that some developed countries were unwilling to accept the AWG conclusions, especially those related to the CDM, unless their proposals in the AWGLCA process were supported. By late evening, some progress had reportedly been made and a new, potentially less contentious, and what some called "more positively phrased," AWG text was ready for parties to ponder.

As discussions continued late into Thursday evening, progress in the AWGLCA drafting group remained slow. "It's bound to take time. It will take them at least a few hours just to calculate the number of workshops, technical papers and submissions that have been proposed," joked one observer. However, delegates drew some comfort from those saying that the AWGLCA Chair was confident differences on the work programme would be reconciled and agreement would be reached by Friday.

ENB SUMMARY AND ANALYSIS: The *Earth Negotiations Bulletin* summary and analysis of AWGLCA 1 and AWG 5 will be available on Monday, 7 April 2008, online at: <http://www.iisd.ca/climate/ccwg1/>