

AWG-LCA 5 AND AWG-KP 7 HIGHLIGHTS: TUESDAY, 31 MARCH 2009

On Tuesday, the AWG-LCA convened an in-session workshop on response measures in the morning, and held contact group discussions on a shared vision, and on technology and finance in the afternoon. The AWG-KP contact group on Annex I emission reductions met in the morning, and the AWG-KP opening plenary reconvened in the afternoon to address legal matters, potential consequences, flexibility mechanisms, LULUCF, and sectors, gases and sources.

AWG-LCA WORKSHOP

The AWG-LCA in-session workshop on response measures was chaired by Kishan Kumarsingh (Trinidad and Tobago).

The Philippines, for the G-77/CHINA, called for enhanced understanding of the nature and magnitude of consequences and for evaluating the effectiveness of existing tools for addressing negative impacts of response measures.

SAUDI ARABIA highlighted trade-related issues and argued that sectoral approaches impose burdens on developing countries.

AUSTRALIA noted that the economic downturn has a far greater impact on exporting economies than climate policy, and underscored the need for long-term planning for exporting economies.

Noting that impacts can change over time, QATAR highlighted the need for continuous assessment. He proposed establishing a forum to address impacts of response measures, to be held in conjunction with the Subsidiary Bodies.

INTERNATIONAL LABOUR ORGANIZATION recommended: labor-market policies that are aligned with climate policies; assessment tools; programmes that target the most disadvantaged; entrepreneurship and skills development; and transition measures.

JAPAN noted a lack of common understanding on what is meant by spillover effects and response measures, and whether they actually exist. NEW ZEALAND highlighted national communications as a channel to raise concerns. JAPAN and the GAMBIA supported considering positive impacts and co-benefits. The EU stated that a comprehensive climate agreement is the best option for minimizing consequences. CHILE said that consideration of consequences should be a fundamental part of the agreement.

NEW ZEALAND, TOGO and the EU called for prioritizing the most vulnerable countries, and the GAMBIA and BHUTAN emphasized LDCs. COLOMBIA called for an IPCC special report on consequences at regional and local levels.

URUGUAY, with ARGENTINA and BRAZIL, urged avoiding negative impacts on the agricultural sector and food production. ARGENTINA and BRAZIL underscored the adverse impacts of labeling, standards and subsidies. NEW ZEALAND highlighted existing remedies and other international

organizations for pursuing negative impacts of subsidies. INDONESIA said efforts to minimize adverse impacts of response measures can be considered as part of NAMAs.

In the ensuing discussion, parties addressed positive and negative effects of response measures. Participants also addressed the relationship between carbon dependence and vulnerability to response measures, measurement issues, and impacts on health, work conditions, and human rights. They highlighted possible negative impacts of REDD and offset measures on indigenous communities.

AWG-LCA CONTACT GROUPS

SHARED VISION: South Africa, for the AFRICAN GROUP, with COSTA RICA and TURKEY, said a shared vision should cover the four building blocks. UGANDA stressed the need to respect the Convention's principles. COSTA RICA noted that a shared vision should be simple but profound in establishing the path forward, and CHILE said that it should communicate the parties' political will to the public.

TUVALU proposed three dimensions: a quantitative goal of stabilization; a qualitative goal including the right to survive and transition to a low-emission society; and a functional dimension describing urgency, cooperative action, financial support and compensation for impacts to LDCs and SIDS.

NORWAY supported a science-based approach. BRAZIL noted that a shared vision should include, *inter alia*, a level of financing for both mitigation and adaptation actions.

AUSTRALIA suggested a shared vision should be expressed as a brief objective. PAKISTAN underlined long-term cooperative action as a more important element than a long-term goal, while JAPAN stressed that a long-term goal is the key element. SAUDI ARABIA said that setting a long-term goal is premature. BANGLADESH noted the need to link the long-term goal with poverty reduction.

The AFRICAN GROUP suggested that a long-term goal be ambitious and have a base year and clear mid-term targets. MEXICO noted it will play its fair part in achieving a global goal without jeopardizing its development. SWITZERLAND noted that a long-term goal should follow the reality of current and future emissions.

TECHNOLOGY AND FINANCE: The contact group discussions focused on financing. The G-77/CHINA, supported by AOSIS and others, proposed assessed contributions. NORWAY elaborated on his proposal on auctioning emission allowances. PAPUA NEW GUINEA underscored the need to identify available financial resources. Recognizing a need for additional finance, JAPAN stressed the use of existing financing mechanisms and organizations. INDIA said financing is about incremental costs for mitigation and adaptation, which provide no returns on investment, and therefore will not be supplied by the private sector.

SWITZERLAND elaborated on his proposal for a global levy of USD 2 per tonne of carbon dioxide. He explained it also covers prevention and insurance mechanisms, while BRAZIL

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stated that the proposal does not consider historical emissions. AOSIS supported insurance mechanisms. MEXICO elaborated on her proposal for a green fund, noting that institutional arrangements should be under the COP. She supported assessed contributions but said her country was also open to considering complementary proposals such as Norway's.

AUSTRALIA and MEXICO supported financing for MRV actions. The EU noted the private sector's role in financing adaptation, and supported market approaches and a combination of options. CANADA highlighted the EGTT's work on financing options. CHINA stressed the need to use policy instruments and create incentives for private finance to flow "where we want it to flow." He underscored that without public finance there is no hope of leveraging private financing, and urged prioritizing public finance. The LDCs and others proposed using GDP and cumulative emissions to assess developed countries' contributions. The AFRICAN GROUP noted that the necessary scale of funding has never been dealt with before under a UN convention and wondered about institutional arrangements.

AWG-KP PLENARY

LEGAL MATTERS: Chair Dovland introduced the documents (FCCC/KP/AWG/2009/3 and 4; FCCC/KP/AWG/2009/Misc.6 and Add.1-2).

The G-77/CHINA invoked Protocol Article 3.9 and decision 1/CMP.1 on Annex I further commitments as determining the AWG-KP's legal outcome. He identified necessary amendments to the Protocol related to: an overall Annex I emission reduction target and associated dates; establishment of the second commitment period; amendment to Annex B; and entry into force.

CHINA emphasized that only "very limited" amendments to the Protocol were needed, while JAPAN stressed that an effective outcome requires combining results from the AWG-KP and AWG-LCA, and proposed adopting a new protocol. BELARUS highlighted legal complexities and advocated combining the two AWGs' results and developing a comprehensive text for June.

TUVALU urged building on the Protocol's architecture and listed possible amendments, including extending the share of proceeds. The EU and SWITZERLAND stressed the need to cover all elements of the AWG-KP's work programme. The EU noted it was time to develop text on possible amendments to the Protocol and the Marrakesh Accords, including possibly on LULUCF and the flexibility mechanisms. NEW ZEALAND suggested, *inter alia*, adopting a new annex as well as amendments on inscription of commitments, privileges and immunities, flexibility mechanisms and LULUCF.

POTENTIAL CONSEQUENCES: Chair Dovland introduced the documents (FCCC/KP/AWG/2009/INF.3; FCCC/KP/AWG/2009/MISC.4; and FCCC/KP/AWG/2008/8). In their statements, some parties proposed focusing on the most vulnerable countries. Others suggested focusing on developing countries at large. Parties also addressed the need for more evidence of consequences and possible channels for communicating information on consequences.

FLEXIBILITY MECHANISMS: Chair Dovland introduced the documents (FCCC/KP/AWG/2009/4; FCCC/KP/AWG/2009/INF.1; FCCC/AWG/2009/MISC.3 and Add.1-2; FCCC/KP/AWG/2008/5; and FCCC/KP/AWG/2008/8). KUWAIT opposed the inclusion of air and ground transportation and highlighted CCS as a possible improvement to CDM, and, with SAUDI ARABIA, opposed sectoral crediting. AUSTRALIA called for more effective treatment of LULUCF and CCS. PANAMA, on behalf of Central American countries and the Dominican Republic, stressed environmental integrity. The BINGOS stressed the need for communication with financial experts.

LULUCF: Chair Dovland introduced the documents (FCCC/KP/AWG/2009/4; FCCC/KP/AWG/2009/INF.1; FCCC/KP/AWG/2009/MISC.5 and Corr.1&Add.1; FCCC/KP/AWG/2008/3; FCCC/KP/AWG/2008/5; and FCCC/KP/AWG/2008/8). AUSTRALIA proposed focusing on anthropogenic emissions (excluding natural disturbances, inter-annual variability and problems of age-class structure);

addressing harvested wood products; deciding on whether activities are voluntary or obligatory; and adopting either an activity-or land use-based approach.

BRAZIL and TUVALU opposed amendments to the Protocol and noted that changes needed to ensure transparency, simplicity and scientific soundness could be made through COP/MOP decisions.

CLIMATE ACTION NETWORK called for: transparency; avoiding hypothetical baselines; accounting for peatlands and degradation; and erring on the side of caution.

GASES, SECTORS AND SOURCES: Chair Dovland introduced the documents (FCCC/KP/AWG/2009/4 and 5). The IPCC noted the completion of the report of the expert meeting on alternative common metrics, to be considered by IPCC-30. He noted that global temperature potential (GTP) values have not been assessed or approved by the IPCC, and that GTP and any other common metrics will be considered in the context of the Fifth Assessment Report.

AWG-KP CONTACT GROUPS

ANNEX I EMISSION REDUCTIONS: Micronesia, for AOSIS, supported an aggregate reduction of more than 40% by 2020 and urged reductions of 85-95% by 2050. JAPAN supported global reductions of 50% by 2050. TUVALU questioned the usefulness of a long-term target given rapidly evolving science. The G-77/CHINA identified relevant criteria to inform the level of ambition for individual countries, including: capability and national circumstances; historical responsibility and current emissions; and equity and sustainable development. The EU suggested trying a bottom-up approach in defining the mid-term target where known individual goals are added up and compared to the IPCC mid-term range. The RUSSIAN FEDERATION opposed discussing aggregate targets.

On the commitment period, several parties supported focusing on 2020 as the mid-term target and adapting the numbers upon selection of the commitment period. TUVALU, AOSIS and others proposed a five-year commitment period from 2013-17.

The EU, JAPAN, NEW ZEALAND and others stressed the need to agree on LULUCF before determining targets. SWITZERLAND highlighted the need for agreement on the overall framework, including greenhouse gases and flexibility mechanisms. The G-77/CHINA, AOSIS and others supported determining the level of ambition based on current rules and later adjusting the level upwards according to possible changes.

JAPAN and others highlighted links with the AWG-LCA, while the G-77/CHINA, INDIA, COLOMBIA and others indicated that the AWG-LCA is waiting for progress under the AWG-KP.

IN THE CORRIDORS

Tuesday was a day of a few "firsts" in the AWG-KP process: legal issues were taken up in the plenary for the very first time, and the new contact group on Annex I emission reductions held its first meeting. Some of those familiar with the AWG-KP process were feeling pleased towards the end of the day, commenting that more detail and substance was gradually being injected into the discussions. For instance, while the AWG-KP contact group discussions on emission reductions did not produce big surprises, some were gossiping about the possibility that some new numbers could be brought to the table during the meeting. Some, however, expressed fear that LULUCF was being used to detain progress on establishing targets, and that several industrialized parties were vying for establishing complex rules to cushion reduction commitments.

The legally-minded, in turn, were busy contemplating various ways of translating the results of the Bali Roadmap into a legal format. Some participants seemed passionate about sticking to the Kyoto Protocol and worried about opening all the embedded political compromises, while others were willing to consider a new treaty - the only thing that would fly with the US.

The AWG-LCA's day seemed to progress smoothly - or, as some felt, as expected. Some delegates leaving the contact group on a shared vision seemed disappointed though, complaining that the discussions still did not fulfill their expectations. One delegate was seemingly bored commenting, "You just know what each country is going to say before they open their mouths."