

AWG-LCA 7 AND AWG-KP 9 HIGHLIGHTS: WEDNESDAY, 30 SEPTEMBER 2009

Throughout Wednesday, various contact groups convened to consider adaptation, technology, mitigation and finance under the AWG-LCA, and Annex I emission reductions and other issues under the AWG-KP.

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MITIGATION (paragraph 1(b)(i) of the BAP): Adrian Macey (New Zealand) served as interim facilitator. He explained how the negotiating text had been consolidated and presented Facilitator Becker's proposal to move forward by considering the text in four blocks on: comparability of efforts; mitigation commitments and actions; MRV; and compliance.

The EU, supported by AUSTRALIA, suggested considering the level of mitigation ambition by developed countries. He said the discussions should benefit from discussions under the AWG-KP where a list of emission reduction contributions has been compiled, while noting that the list compiled under the Protocol is not complete. TUVALU agreed that such discussions would be useful but stressed the need to retain the Protocol. Facilitator Macey said the suggestion would be communicated to the AWG-LCA Chair.

Parties then considered text on comparability of efforts. The EU, supported by the US, AUSTRALIA and others, indicated that it was not necessary to include a list of comparability criteria in the outcome. The EU specified that the assessment criteria are useful for the negotiations but not needed in the final text. The US and AUSTRALIA stressed comparability as something that is important for national decisions. NEW ZEALAND said there was no need to spend a lot of time negotiating comparability criteria.

Brazil, for the G-77/CHINA, stressed the need for a "solid and strong" definition of comparability, highlighting the Protocol as the basis for comparability assessment and identifying the need to define comparability through international negotiations rather than nationally. TUVALU stressed the need for a legal and prescriptive approach to comparability and highlighted the Protocol as the benchmark. CHINA identified four pillars of comparability, namely: comprehensiveness; nature of commitments; proximity; and compliance.

The US said "stringency" and "comparability" were different issues and supported focusing on national compliance structures. Referring to the Protocol targets, he highlighted that while the numbers are similar, there are important differences in actions taken to comply with the targets, cost of action and visions on how the target affects the country's future emissions. The G-77/CHINA noted that the Protocol's targets were based on pledges, which was not the solution preferred by all countries, and stressed the need for adequate mid- and long-term mitigation by developed countries, saying "this goes far beyond countries putting forward national numbers." He stressed that: mitigation under sub-paragraph 1(b)(i) must take the same form of quantitative targets as under the Protocol; rules on MRV for all developed countries should be the same as in Protocol Articles 5, 7 and 8; and information on compliance is an important part of comparability.

JAPAN noted that, in addition to numbers, policies and measures can also be used in discussing comparability. The US stressed that agreement on binding language on MRV would provide a way of evaluating obligations, and that a long-term perspective is important in measuring adequate stringency.

Facilitator Macey identified common views on issues such as importance of transparency, and differences on, *inter alia*: how comparability should be framed; emphasis on national or international assessment; and the need for text and explicit comparability criteria.

MITIGATION (paragraph 1(b)(ii) of the BAP): During the morning's contact group on mitigation by developing countries, parties focused on NAMAs and exchanged initial views on their working method and clusters of text on: principles, objectives and nature; definitions and scope; support, enabling activities and institutional arrangements; plans and strategies; a NAMA registry; MRV; national schedules; and a new sub-section for MRV.

The US, supported by the EU, highlighted an overlap with other sub-groups and suggested focusing on developing operational language. ARGENTINA said financing, technology transfer, and capacity building discussions were needed. The US, opposed by AOSIS, said it was not necessary to discuss what constitutes NAMAs. The EU suggested focusing on areas of convergence, and PAKISTAN and INDIA said convergence may

be found by focusing on proposals in line with the Convention and the BAP. The G-77/CHINA opposed proposals unifying mitigation in Annex I and non-Annex I parties.

AUSTRALIA, supported by AOSIS, suggested combining the clusters on MRV. JAPAN suggested parties with high emissions should achieve energy intensity targets. CHINA highlighted that NAMAs are voluntary and decided by developing countries, and that actions needed to be discussed alongside support. INDIA highlighted that support should cover full costs of measures and not be based on assessments of needs. He also highlighted that unsupported actions cannot be subject to verification. The PHILIPPINES identified the need to finance readiness for NAMAs rather than specific actions.

On grouping the text, AOSIS suggested that the clusters on NAMA registry and national schedules should be combined. CHINA and INDIA proposed deleting clusters on national schedules and the sub-section on MRV. The PHILIPPINES stressed the need to maintain the distinctions between proposals in the consolidation of text. Facilitator Mukahanana-Sangarwe highlighted proposals will not be removed without consultation with parties. She said she would consult informally with parties on how to further consolidate the text.

MITIGATION (paragraph 1(b)(v) of the BAP): Chair Zammit Cutajar introduced María del Socorro Flores (Mexico) as the new facilitator.

The Secretariat presented a table illustrating commonalities and differences between proposals for market-based mechanisms. He explained that the proposals had been divided into crediting and trading approaches.

VENEZUELA, supported by CHINA, BRAZIL and SAUDI ARABIA, raised concerns over the table, stressing that subparagraph 1(b)(v) of the BAP addresses “various approaches” to enhance mitigation. She lamented that the lack of consensus on the use of markets was not reflected in the paper. CHINA called for reflecting the discussions from the informal session in August. He stressed that the proposals, such as sectoral and NAMA crediting, focus on action by developing countries, questioning where the demand for credits would come from. KUWAIT stressed that parties have the right to have their views reflected in the paper.

BOLIVIA highlighted the structural link between climate change and markets and BANGLADESH noted that it is “ironic” that markets are proposed as the solution for a problem they have caused. VENEZUELA stated that trading countries’ obligations under the Convention is inconsistent with the Convention’s principles and called for a more principled discussion rather than commenting on the proposals reflected in the table.

The US said experiences in the past ten years have shown that markets have enabled more cost-effective emission reductions and that the CDM has stimulated clean investment, stressing that the proposals could make an important contribution to the Convention’s objective. The US and MEXICO emphasized that the table did not intend to give a full picture of parties’ views but rather to facilitate their understanding of certain proposals. AUSTRALIA, the EU, JAPAN, CHILE and others welcomed the table as useful. Many parties suggested corrections to have their views properly reflected.

Facilitator Flores said the table should be seen as a reference tool and not a negotiating text, and that the intention was to have a document for discussion, as well as to hold a broader discussion. She said she would also raise the issue of additional meeting time with the AWG-LCA Chair.

MITIGATION (1(b)(vi) of the BAP): In the afternoon contact group on response measures, Facilitator Richard Muyungi (Tanzania) explained that the objective was to clean up the text. He identified key issues on response measures as: the need to take into account associated vulnerabilities, and related information exchange/understanding; commitments and capacities; financial and technological support; and institutional arrangements. Facilitator Muyungi proposed that a smaller drafting group would meet to further consolidate the text, and the Secretariat presented on opportunities for regrouping, rephrasing and reducing the text.

Argentina, for the G-77/CHINA, highlighted the issue’s importance for the Group and noted it should be part of a future agreement, reflecting the Convention’s principles and provisions. SOUTH AFRICA warned against over-consolidating the section on support, and INDIA said that central ideas that protect economic growth in developing countries should be retained in the text.

Reminding delegates that negotiations on the text should begin next week, SAUDI ARABIA called for preparing a further consolidated text as soon as possible. He called for a balance in allocating time slots for this and the other mitigation sub-groups. CANADA, INDIA and others highlighted that discussions should be transparent. A drafting group will meet on Thursday.

ADAPTATION: Parties continued to address how to streamline the consolidated negotiating text on adaptation.

The EU proposed consolidating elements, including: integration and planning; risk management; issues relating to vulnerable groups; synergies and coherence with other organizations; finance and means of implementation; technology issues; institutional arrangements; and monitoring and review.

The Maldives, for the G-77/CHINA, supported by Bangladesh, for the LDCs, and Tanzania, for the AFRICAN GROUP, drew attention to gaps, noting the need to highlight the life cycle of funding, including inception, planning, implementation and review. He said funding should be easily accessible; country-driven; derived from public sources; as well as new, predictable and additional to ODA. He supported a compliance mechanism to ensure fulfillment of developed countries’ funding commitments.

The Cook Islands, for AOSIS, highlighted duplication in paragraphs relating to planning and said some of the level of detail might be too prescriptive. She highlighted that means of implementation constituted more than just finance and also entailed support for implementation of adaptation priorities identified at the country level.

The US cautioned against over-consolidating the sections relating to finance, as it would be difficult to refer these sections to the contact group on finance. She said means of implementation should contain language on what support should target and how to deliver support. NORWAY called for clarity on the various institutional options. SOUTH AFRICA noted the need for a comprehensive international programme on the

implementation of adaptation. CANADA identified the need for: stakeholder involvement; scaled-up financing; forecasting data; and highlighting the roles and responsibilities of all countries.

In the afternoon, parties continued to discuss how the text should be further streamlined. SAUDI ARABIA reiterated that the definition of vulnerable countries as laid down in Convention Article 4.8 (adverse effects/impacts of response measures) should be used and no additional listing of countries should be created. He called for referencing the impact of response measures where reference to impacts of climate change appears in the text. The EU reiterated that response measures should be addressed in the relevant contact group.

The G-77/CHINA said the structure of the text should be streamlined and emphasized that the key message on adaptation finance should not be lost. He highlighted the need for immediate medium- and long-term adaptation actions. Bangladesh, for LDCs, said adaptation finance should be considered under means of implementation and that activities relating to migration and displacement due to climate-related events should be emphasized. He called for funding equal to 1.5% of developed countries' GDP.

CANADA identified the need to reflect the overarching goal of enhancing adaptation action and decreasing vulnerability to adverse impacts of climate change in the beginning of the text. The Cook Islands, for AOSIS, underlined the need to articulate moral and equity aspects in principles. BRAZIL highlighted the possibility of streamlining several parts, such as principles and means of implementation, but said it would be difficult to streamline the section on institutional arrangements.

TECHNOLOGY: Co-Chair Shimada invited parties to comment on the proposed technology mechanism. The Philippines, for the G-77/CHINA, with BANGLADESH, PAKISTAN and others, underlined that this mechanism should lead to action on technology and go beyond assessments or information exchange. Ghana, for the AFRICAN GROUP, identified three levels of action: by developed and developing countries respectively, and cooperation between the two. BOLIVIA noted the necessity of removing barriers to technology transfer.

AUSTRALIA, with NORWAY, indicated that a technology mechanism is not a single mechanism but a series of mechanisms and underlined the importance of centers of excellence. BRAZIL stressed that the focus should also be on future technologies and suggested collaboration among the excellence centers.

The EU highlighted, *inter alia*, benefits of low-carbon development strategies, private sector investment and carbon markets. INDIA emphasized that technology transfer does not refer to commercial transfer but to concessional transfer, and SAUDI ARABIA stressed that relying on market mechanisms or introducing criteria for support contradicts the Convention.

JAPAN highlighted the importance of sectoral and regional approaches. ARGENTINA called for a bottom-up, country-driven approach to technology action.

UGANDA identified the need for a simple institutional architecture, and CANADA supported a simple, effective and elastic mechanism. CHINA said that a tangible mechanism should be established to kick off action on technology. The US noted many areas of convergence, for example on a facilitative role for the technology mechanism.

Co-Chair Shimada informed parties that their comments will be incorporated into further consolidated text, which will be made available on Thursday.

FINANCE: Delegates addressed the section on principles in the text on finance. CANADA called for a focus on actionable items, and identified Convention Article 11.5 (provision of financial resources) as a clear legal basis for mobilizing financial resources through bilateral, regional and other multilateral channels.

The Philippines, for the G-77/CHINA, emphasized the importance of principles and drew attention to problems arising from a lack of coherence and the multiplicity of governance systems that deal with financing. She underscored direct access as a separate principle, while the EU questioned whether all the principles were required. The EU expressed preference for, *inter alia*, formulations addressing: the needs of the most vulnerable countries; simplified access to financial resources while maintaining principles of sound financial management; and leveraging other forms of financial resources, such as private-sector financing. The US said the principle section was not critical and could therefore be deleted. As an alternative, he proposed finding an appropriate place within the text for operationalizing the principles that parties preferred to maintain.

SAUDI ARABIA, opposed by BARBADOS, requested referencing the impact of response measures throughout the text and Convention Article 4.8 (adverse effects and impact of response measures) for defining developing countries. Uganda, for the LDCs, supported by AUSTRALIA, BARBADOS and CANADA, called for a focus on core issues rather than on principles. UGANDA and COLOMBIA preferred to utilize the Convention's principles. JAPAN said principles should be simple and add value to the text. BARBADOS noted the need for supplementary principles to enhance action on the provision of financial resources.

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OTHER ISSUES (basket of methodological issues): The morning's contact group focused on a basket of methodological issues, including: common metrics to calculate the carbon dioxide equivalence of emissions by sources and removals by sinks; 2006 IPCC Guidelines for National Greenhouse Gas Inventories; and inclusion of new greenhouse gases.

On common metrics, parties discussed whether to use global warming potentials (GWPs) provided by the IPCC in the Fourth Assessment Report, leave them unchanged until possible action by the SBSTA on global temperature potentials (GTPs), or continue using the Protocol's provisions on global warming potentials. Vice-Chair Dovland suggested the last option as the basis for moving forward. The EU responded that they could move towards compromise if language was added on the implications of adding new greenhouse gases.

Parties then discussed whether to use the IPCC 2006 Guidelines, UNFCCC reporting guidelines as revised by the SBSTA in its work programme, or a hybrid of the two. The EU stressed that the first option provides clarity on what needs to be done, when and by whom. BRAZIL emphasized that the process in the SBSTA must not be prejudged and that it is necessary to maintain coherent reporting guidelines under the Convention and Protocol.

AUSTRALIA underscored that the second option integrates a strong foundation with the ongoing SBSTA process. She agreed to take the lead on informal consultations with Brazil and the EU to look for ways to resolve the issue.

Parties then discussed whether enough information is available to add new gases to the Protocol, the form such addition should take, and which gases to include. AUSTRALIA, JAPAN, and CANADA highlighted lack of information on certain gases. BRAZIL, CHINA, and SENEGAL opposed amending Annex A to include new gases. The EU proposed considering a process through which new gases could be added by using COP/MOP decisions.

ANNEX I EMISSION REDUCTIONS: Discussions in the afternoon's contact group focused on ways of moving forward. AUSTRALIA, NEW ZEALAND and the EU, opposed by the GAMBIA, Ethiopia, for the LDCs, THAILAND and other developing countries, called for coordination with the AWG-LCA on levels of ambition and comparability of efforts. JAPAN, CANADA and NORWAY called for joint informal discussion, highlighting the need to engage with the US, while BRAZIL and INDIA said that delegations have members in both AWGs and can coordinate positions without having joint sessions.

The EU gave a presentation addressing overachievement in the first commitment period, stressing that the EU may have substantial surplus of Assigned Amount Units (AAUs). He highlighted that the treatment of surplus AAUs in the second commitment period impacts the scale of emissions reductions that must be achieved. The EU also recommended comparing pledges to theoretical numbers, such as targets identified by the IPCC and other institutions, allowing parties to see where their ambition is now and where it could be.

JAPAN highlighted the importance of long-term goals and the significance of emissions from developing countries. He reiterated that his country's target is premised on a comprehensive agreement with all major emitters. The PHILIPPINES called for Annex I countries not to make their commitments contingent on other countries' actions. VENEZUELA warned against using a lack of developing country targets as an excuse by developed countries for not committing to ambitious targets. BOLIVIA called for a focus on a top-down approach and questioned how much atmospheric space remains for developing countries. SENEGAL called for a science-based approach, and the LDCs identified the need to determine the percent of emission reductions that can be achieved through offsetting.

AUSTRALIA and the EU highlighted positive news reports on plans for national mitigation actions in developing countries and encouraged them to spell out their goals. SOUTH AFRICA underscored the challenge of projecting future actions when the scope of funding for capacity building and technology transfer is unclear. He also recommended proceeding under the AWG-KP based on the assumption that discussions of comparability under the AWG-LCA would be referenced to the levels of ambition achieved under the AWG-KP. The FEDERATED STATES OF MICRONESIA agreed that the AWG-KP should move forward on its own, and proposed using either the public announcements by the US or other numbers, such as a 25% or 45% reduction, as an assumption. She proposed starting with the Annex I aggregate target, followed by examination of, *inter alia*: where the least-

cost reductions can be made; levels of investment; and scales of emission reductions needed after taking out surplus AAUs. JAPAN emphasized that there was no guarantee that the US would agree to the assumed level, warning this would undermine the political durability of the process. He also noted that the 45% aggregate target did not consider action by non-Annex I parties, which is important to understanding the "total picture."

CHINA underscored the fundamental responsibility of Annex I parties to reduce their emissions in aggregate by 40-45% by 2020 and said that if parties disagreed with this level of responsibility they should define what they felt their collective responsibility was.

On comparability, NEW ZEALAND highlighted her country's unique characteristics resulting in high marginal abatement costs. CANADA stressed that comparability should take into consideration the full range of contributions including investment in RD&D and support for REDD-readiness in developing countries. Parties then discussed whether they should base comparability on factors, including marginal abatement cost determined by their own national circumstances or based on some metric such as cumulative historical responsibility.

IN THE CORRIDORS

During another busy day at the Bangkok Climate Change Talks, several negotiating groups managed to delve deeper into the details. Delegates were, however, reminded of the urgency of their work, particularly adaptation for vulnerable populations, as news continued to stream in on extreme events throughout Asia, including typhoon Ketsana. "While we cannot attribute individual events to climate change, this news provides examples of the kind of extreme weather events that we should be thinking about," said one delegate as he emerged from the adaptation meetings.

In addition to several contact group meetings, the AWG-LCA Chair held an informal meeting on Wednesday afternoon focusing on the form of the agreed outcome. "The legal nature of the outcome was not on the agenda, but we were discussing the document or documents that might come out of Copenhagen," explained one negotiator. Another remarked that it was difficult, if not impossible, to isolate discussions on form from discussions on legal nature, continuing: "I think that the number of lawyers in the room might be a testament to that notion."

Exchanges in the room reportedly covered various ideas on the form of the agreed outcome, including: a single document; a series of documents on each element of the BAP; or a hybrid model comprising a core document and complementary documents that elaborate on the details. Building on these ideas, others mentioned a "Marrakesh type" of process. "We are all chiseling away at the various pieces of the document to build a structure, but we don't know what kind of structure we are building," one exacerbated delegate said. Another delegate jokingly confessed to being perplexed by the variety of metaphors used: "We talked about whether we are trying to build townhouses or a tower and about two elephants and how one would react if her elephant friend died. We also discussed mixing all the ingredients together so they are cooked before Copenhagen."