

SB 32 AND AWG HIGHLIGHTS: TUESDAY, 1 JUNE 2010

In the morning, the opening plenaries of the *Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC* (AWG-LCA) and the *Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol* (AWG-KP) took place. In the afternoon, the AWG-LCA opening plenary continued. Contact groups also convened on technology transfer under the SBI/SBSTA, non-Annex I national communications under the SBI and other issues under the AWG-KP.

AWG-KP

ORGANIZATIONAL MATTERS: AWG-KP Chair John Ashe (Antigua and Barbuda) appealed to parties to enter into negotiations with “renewed vigor and goodwill.” He explained that the focus during this session will be on the scale of Annex I parties’ individual and aggregate emission reductions, and that work will continue on other issues, particularly land use, land-use change and forestry (LULUCF) and the flexibility mechanisms. Parties adopted the agenda and agreed to the organization of work (FCCC/KP/AWG/2010/4-5).

Election of Officers: AWG-KP Chair Ashe said that consultations on the election of officers have not been completed and that in accordance with the draft rules of procedure, the current officers will remain in place until elections take place.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, expressed concern at slow progress with negotiations on the scale of Annex I parties’ emission reductions and stressed that the adoption of new Annex I emission reduction targets is a legal obligation. He urged Annex I parties to raise the level of ambition in their current mitigation pledges.

Spain, for the EU, highlighted the need to make progress on technical issues in order to guarantee the environmental integrity of the outcome in Cancún. Emphasizing synergies between the two AWGs, she urged exploration of common concerns.

The Democratic Republic of the Congo, for the AFRICAN GROUP, lamented some parties’ lack of commitment to the Kyoto Protocol’s future and requested that the AWG-KP Chair provide the opportunity for an exchange of views on this issue. He also noted that the African Group has made proposals

on how to deal with the rules and modalities on accounting for forest management and Protocol Article 3.4 (LULUCF additional activities).

Australia, for the UMBRELLA GROUP and Belarus, noted that all Umbrella Group members are willing to take on further commitments in the post-2012 period, as reflected in the annex to the Copenhagen Accord. He stressed the need to improve understanding and increase the transparency of all mitigation commitments in the Accord and urged working in tandem with the AWG-LCA.

Lesotho, for the LDCs, stressed that the Protocol has established the institutional and governance structures that “are and must remain at the heart of the climate regime.” He called for extending the share of proceeds and broadening the scope of eligible LULUCF activities under the CDM.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, stressed the need to consider linkages between the AWGs and achieve an ambitious and comprehensive legally-binding agreement. He identified the need to, *inter alia* to: raise the ambition of Annex I targets; enhance the CDM and carbon market; and consider carry-over of Assigned Amount Units (AAUs). MEXICO called for strengthening the Protocol through an amendment in accordance with the AWG-KP’s mandate. INDONESIA stressed that deliberations must be guided by historical responsibility, leading to deep emission cuts by developed countries. PERU, also speaking for Colombia, Costa Rica, Chile, the Dominican Republic, Guatemala, Panama and Uruguay, urged agreement on a second commitment period as soon as possible to avoid critical increases in global temperatures.

JAPAN stressed the need for a fair and effective international framework where all major emitters participate. He said coordinated discussions with the AWG-LCA are “absolutely essential” and requested the AWG-KP Chair to update parties on the status of his discussions with the AWG-LCA Chair.

NICARAGUA expressed concern over slow progress and lowering of expectations, and pleaded with parties not to leave financing to the carbon market. BOLIVIA expressed concern over “delay tactics” and the bottom-up approach to defining emission reductions, stressing the need for developed countries to reduce their emissions domestically by 50% by 2017.

Seychelles, for AOSIS, stressed that AOSIS has made the economic, scientific and moral case for emission reductions at the level that science demands, while lamenting the “enormous gap” between the pledges and science.

NORWAY underscored the need to achieve a comprehensive, legally-binding outcome in Cancún, explaining that her country is flexible regarding whether the outcome will be one or two legal instruments, but that the key elements of the Kyoto Protocol must be retained. SINGAPORE, noting that the core element of work at this session is to agree on “numbers,” highlighted the importance of understanding the aggregate effects, and identifying the shortfall, of the Annex I parties’ pledges contained in the Copenhagen Accord.

The Democratic Republic of the Congo, for the CONGO BASIN COUNTRIES, highlighted the gulf between REDD+ accounting requirements for developing countries and the flexibility in LULUCF accounting for developed countries. PAPUA NEW GUINEA called for “straightforward and honest” LULUCF rules that account for all sources and sinks, and for the use of reference levels that ensure that business as usual scenarios are not credited.

Women in Europe for a Common Future, for GENDER NGOs, called for limiting global temperature increase to 1.5°C, transiting to a nuclear-free and low-carbon future, and financial investment to achieve innovative and pro-poor implementation. IndyACT-The League of Independent Activists, for ENGOs, called for first negotiating the rules so that reductions can be subsequently allocated among Annex B parties with an understanding of the relevant rules.

The International Emissions Trading Association, for BUSINESS AND INDUSTRY, urged parties to reaffirm their commitment to international carbon markets, noting that robust carbon markets must be engaged to drive investment in low-carbon technologies. The Norwegian Confederation of Trade Unions, for TRADE UNION NGOs, called on Annex I countries to commit to 25-40% reductions by 2020 within a framework of just transition to a low-carbon economy that ensures respect for workers of today and creation of jobs for the future. SustainUS, for YOUTH, called for emission reductions of at least 45% from 1990 levels by 2020. LOCAL GOVERNMENTS FOR SUSTAINABILITY called on all Annex I countries, regardless of whether they are Protocol parties, to reduce emissions by 30% below 1990 levels by 2020 and by 80% by 2050.

Focus on the Global South, for ENGOs, drew attention to the People’s Agreement of the World People’s Conference on Climate Change and the Rights of Mother Earth, and called for adoption of an emission reduction target by Annex I countries of 50% by 2017. Tebtuba, for the INDIGENOUS PEOPLES’ GROUP, called for a legally-binding agreement in Cancún on a second commitment period under the Protocol in line with the IPCC AR4, a fund-based approach providing financing to vulnerable people, and recognition of indigenous peoples.

ANNEX I PARTIES’ FURTHER COMMITMENTS: Chair Ashe introduced the agenda item (FCCC/KP/AWG/2010/6 and Add. 1-5; FCCC/TP/2010/2; and FCCC/KP/AWG/2010/INF.1). Leon Charles (Grenada) and Jürgen Lefevere (European Union) will co-chair a contact group on the scale of emission reductions (“numbers”), AWG-KP Vice-Chair Harald Dovland (Norway) will chair a contact group on other issues, including LULUCF, the flexibility mechanisms and methodological issues, and AWG-KP Chair Ashe will conduct informal consultations on potential consequences.

AWG-LCA

ORGANIZATIONAL MATTERS: AWG-LCA Chair

Margaret Mukahanana-Sangarwe (Zimbabwe) opened the session and parties adopted the agenda and agreed to the organization of work (FCCC/AWGLCA/2010/4). Reporting on intersessional meetings, MEXICO presented on efforts being undertaken to ensure a successful meeting in Cancún and highlighted the informal ministerial meeting on 20-21 May focusing on financing and attended by Mexican President Felipe Calderón and German Chancellor Angela Merkel. BOLIVIA provided an overview of the World People’s Conference on Climate Change and the Rights of Mother Earth, held in Cochabamba, Bolivia in April 2010. GERMANY highlighted the Petersburg Climate Dialogue convened jointly by Germany and Mexico in early May, aimed at discussing a way forward for UNFCCC negotiations in the run-up to Cancún. NORWAY described the Oslo Forest Climate Conference in May 2010 where a non-binding REDD+ partnership was established that helps coordinate action on REDD and is consistent with UNFCCC negotiations. ETHIOPIA reported on the work by the UN Secretary-General’s High-level Advisory Group on Climate Change Financing, describing efforts to identify financing sources and informing delegates that the aim was to report the outcomes by November 2010.

PREPARATION OF AN OUTCOME FOR ADOPTION

BY COP 16: AWG-LCA Chair Mukahanana-Sangarwe introduced the Chair’s scenario note (FCCC/AWGLCA/2010/5), the Chair’s draft text (FCCC/AWGLCA/2010/6), submissions from parties (FCCC/AWGLCA/2010/MISC.2 and Add.1-2), submissions on an indicative roadmap (FCCC/AWGLCA/2010/MISC.3), and submissions by intergovernmental organizations (FCCC/AWGLCA/2010/MISC.4). Parties agreed to the establishment of a single contact group. AWG-LCA Chair Mukahanana-Sangarwe highlighted that in her new text, finance has been integrated throughout the document.

Many parties identified the text as a good basis for beginning the discussions. Yemen, for the G-77/CHINA, suggested restructuring the text in accordance with the Bali Action Plan (BAP), highlighting the need for a separate chapter on finance. Spain, for the EU, supported the Chair’s proposal for moving forward and said the Chair’s text can facilitate negotiations, but noted room for improvement regarding more ambitious emission reductions. The Democratic Republic of the Congo, for the AFRICAN GROUP, requested consideration of key issues, including: intellectual property rights (IPRs); implementation of an international programme on adaptation; registry for nationally appropriate mitigation actions (NAMAs) by developing countries; and trade and climate change. He said that Chapter I in the Chair’s text on a shared vision must be comprehensive and distinct from the operational text.

Grenada, for AOSIS, expressed “great concern” that current emission reduction pledges would lead to a long-term temperature increase of 4°C and that six months after COP 15, financing for adaptation is yet to materialize. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, commended the new negotiating text, highlighting that it brings together issues that were close to conclusion at COP 15. Lesotho, for the LDCs, called for the AWG-LCA to ensure a fair outcome on adaptation financing.

Australia, for the UMBRELLA GROUP, emphasized that progress in the negotiations should be made based on COP 15 outcomes, including the Copenhagen Accord, and expressed conviction that agreement can be reached at COP 16. CHILE, also speaking for Peru, Colombia, Costa Rica, Uruguay, the

Dominican Republic and Panama, called for negotiations to begin as soon as possible based on the Chair's text, highlighting the importance of identifying points of common understanding.

Panama, for the CENTRAL AMERICAN INTEGRATION SYSTEM, identified adaptation as a priority and called for predictable, sustained and long-term funds that are additional to official development assistance (ODA).

The RUSSIAN FEDERATION highlighted the need for cooperation between the AWGs and called for the needs of countries with economies in transition to be reflected in the text. SIERRA LEONE expressed concern that the text did not reflect priorities of the LDCs. BOLIVIA lamented that the Chair's text was unbalanced and that their proposals had not been reflected in it.

Expressing hope for a breakthrough on the financial mechanism in Cancún, the PHILIPPINES supported a separate chapter on financing as a key to "unlocking" other issues under the AWG-LCA. GUYANA called for adequate and predictable financing for early action on REDD+ and long-term initiatives led by Annex I countries, and, with SINGAPORE, emphasized the need for a clear understanding on the final outcome of the AWG-LCA.

Highlighting the role of civil society, PARAGUAY supported inclusion of the People's Agreement of Cochabamba into the Chair's text. GABON underscored the importance of considering REDD+. TUVALU underscored the need for more inclusive treatment of adaptation, called for separate treatment of sub-paragraphs 1(b)(i) (mitigation commitments and actions by developed countries) and 1(b)(ii) (NAMAs by developing countries) of the BAP, and cautioned against use of text from the Copenhagen Accord.

LEBANON announced her country's intention to increase the share of renewable energy to 12% by 2020. AUSTRALIA highlighted funding initiatives including: a new and additional fast-start contribution of US\$355.4 million; US\$56 million for REDD+ through the international forest carbon initiative; US\$178.2 million for the international climate change adaptation initiative; and US\$106.2 million to multilateral agencies to facilitate developing countries' transition to low-carbon growth pathways and adaptation to climate change.

SAUDI ARABIA called for a comprehensive agreement on a package of decisions, rather than agreements on selective elements. GHANA said Chapter I should include institutional aspects of an adaptation framework. MALAWI stated that the concept that "nothing is agreed until everything is agreed" is not helpful, emphasizing that progress could be made on certain elements. The MARSHALL ISLANDS highlighted the need for fast-start financing for urgent adaptation needs and pointed to the difficulty of negotiating text without an understanding of the form of the outcome.

CHINA proposed a separate chapter in the text on emission reduction commitments by developed countries. He emphasized that no conditionalities should be attached to the provision of new and additional funding to developing countries. BRAZIL acknowledged the cross-cutting nature of finance, while calling for a separate finance chapter in the text. He stressed that a shared vision relates to all the building blocks of the BAP and called for comprehensive consideration of issues in order to achieve a balanced outcome.

The US lamented that their submission made in April was not reflected in the text and stressed the need to recognize the political guidance and trade-offs made in Copenhagen. He emphasized that all core issues are moving together as a package

and identified the need to give more consideration to MRV. He supported a legally-binding outcome, provided that it is "symmetrical with the same elements binding on all countries apart from LDCs."

INDIA called for outcomes that strengthen the BAP and do not dilute the Convention's principles and provisions. He highlighted the need to consider how to handle publicly and privately owned technology, and warned against unilateral trade measures and green protectionism in the guise of climate change solutions.

JAPAN highlighted "good political guidance" from Copenhagen and called for a comprehensive legal document, saying Chapter I of the Chair's text may lead to such a document. He highlighted the need to consider linkages between issues such as finance and MRV. THAILAND noted that each core element must be given equal weight and highlighted mid- and long-term technological and financial support.

NEW ZEALAND highlighted that parties are "past the stage of simple compilation" and suggested considering cross-cutting issues across the two AWGs through workshops. He also welcomed the Chair's intention to discuss the legal form of the outcome.

The COOK ISLANDS stressed the need to consider emissions from international aviation and maritime bunker fuels and highlighted her country's submission (FCCC/AWGLCA/2010/Misc.2/Add.1). PAKISTAN raised concerns regarding the Chair's attempt to include in her text all the elements of the Copenhagen Accord, and said some of the language, such as that relating to "most vulnerable countries," requires further clarification, including through the setting of relevant criteria.

NORWAY said the text forms a good basis for anchoring the Copenhagen Accord in a formal and legally-binding agreement, but noted that issues that require further development include market-based mechanisms, MRV and shipping and aviation emissions. TAJIKISTAN, with KYRGYZSTAN, called for text taking into account the special concerns of mountainous developing countries.

CANADA said Chapter I of the Chair's text should, *inter alia*, refer to the importance of the MRV regime, establishment of the REDD+ mechanism and the green fund. COLOMBIA stressed the need to retain the structure of the BAP and not reinvent Convention language, noting that regarding adaptation, the Chair's text "appears as if two years of negotiations never happened." On finance, TIMOR-LESTE suggested that this should be in the form of a percentage of developed countries' Gross Domestic Product.

The Business Council for Sustainable Energy, for BINGOs, said a post-2012 agreement must provide signals and incentives to the business community for adaptation, mitigation, technology and finance actions. The Hatof Foundation, for NGOs, highlighted the need for national plans, which show that developed countries can reduce their emissions to near-zero levels by 2020, and that developing countries can substantially reduce their emissions with adequate support. Global Forest Coalition, for NGOs, said REDD+ and REDD++ must remain out of the carbon markets. The Coordinating Body of Indigenous Organizations of the Amazon Basin, for INDIGENOUS PEOPLES' FORUM ON CLIMATE CHANGE, expressed hope that the world would soon take concrete steps towards addressing the problem of climate change. INTERNATIONAL FEDERATION OF TRADE UNIONS emphasized that societal transformation requires a strong signal from the UNFCCC negotiating process.

Norwegian Forum of Environment and Development, for YOUTH, called for binding targets that reflect historical responsibility as well as common but differentiated responsibilities. GENDER CC called for: the inclusion of more women in climate change decision-making processes; consideration of social and gender justice in guiding principles; and donor funds to be earmarked for projects specifically addressing women.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

TECHNOLOGY TRANSFER (SBI/SBSTA): In the afternoon, a joint SBI/SBSTA contact group considered: the report by the Expert Group on Technology Transfer (EGTT) (FCCC/SB/2010/INF.1); the EGTT's terms of reference (TORs) for a report on options to facilitate collaborative technology research and development (FCCC/SBSTA/2010/INF.4); the report on information required for using the performance indicators to support the review of implementation of Convention Articles 4.1(c) and 5 (FCCC/SBSTA/2010/INF.3); and the GEF's progress report on the Poznan strategic programme on technology transfer (FCCC/SBI/2010/4).

A number of developed countries welcomed the EGTT's report and TORs and recommended accepting the EGTT's work programme as submitted. ARGENTINA, supported by CHINA, said that the TORs should not include contentious issues being discussed in the AWG-LCA and should focus on activities under the Convention. ARGENTINA said the report on performance indicators demonstrates the need for a more straightforward approach to MRV.

Parties agreed that the Co-Chairs should prepare draft conclusions based on these discussions.

OTHER ISSUES (AWG-KP): In the afternoon contact group, AWG-KP Vice-Chair Harald Dovland (Norway) introduced documentation on LULUCF (FCCC/KP/AWG/2010/6/Add.2), flexibility mechanisms (FCCC/KP/AWG/2010/6/Add.3), and the basket of methodological issues (FCCC/KP/AWG/2010/6/Add.4).

Parties agreed that LULUCF would be considered in an informal spin-off group co-chaired by Marcelo Rocha (Brazil) and Peter Iversen (Denmark). Co-Facilitator Iversen noted that initial work would concentrate on the transparency of options for reference levels for forest management. AWG-KP Vice-Chair Dovland said he would explore the possibility of holding an open contact group on LULUCF. AUSTRALIA inquired if the LULUCF spin-off group could have a joint meeting with the group on numbers. On the flexibility mechanisms, AWG-KP Vice-Chair Dovland asked parties for guidance on the issues that need the most attention, suggesting that elements at the end of the text have not been well discussed. On the basket of methodological issues, he noted that the section on the inclusion of new greenhouse gases is entirely bracketed and highlighted the need to address common metrics.

CHINA emphasized that the purpose of the group was to accelerate and facilitate discussion on "numbers" and that conclusions should focus on improving the Protocol's environmental integrity, and not "creating more loopholes."

LDCs (SBI): During informal consultations in the afternoon, discussions focused on the report by the LDC Expert Group (LEG) (FCCC/SBI/2010/5). Issues discussed included the need to extend the LEG's mandate, implement national adaptation programmes of action and consider other issues in the LDC work programme. Draft conclusions will be prepared.

NON-ANNEX I NATIONAL COMMUNICATIONS

(SBI): In the afternoon, the contact group met to consider the three sub-items on non-Annex I national communications under the SBI.

JAPAN and NEW ZEALAND called for taking into consideration the political guidance given in Copenhagen. JAPAN expressed hope that the CGE's work will enhance national communications. CHINA emphasized the importance of the CGE in providing technical assistance.

Regarding the frequency of national communications, the US said capacity building is enhanced by more frequent national communications. BRAZIL, for the G-77/CHINA, emphasized that non-Annex I countries should not have stricter requirements than Annex I countries. The EU stressed the importance of establishing and maintaining national teams to initiate learning processes.

Regarding financial and technical support, the GEF, responding to a request by the G-77/China, said all project proposals for national communications from non-Annex I countries will be financed. The G-77/CHINA requested that the GEF and its implementing agencies be present at all relevant meetings in order to provide information. AFGHANISTAN pointed to the importance of technical cooperation and assistance, in addition to financial support.

REDD (SBSTA): During informal consultations on REDD in the afternoon, delegates discussed draft conclusions prepared by the Chair on capacity building in relation to the use of IPCC guidance and guidelines, and coordination of activities.

IN THE CORRIDORS

On Tuesday, the AWGs began their work. One of the main topics in the corridors was, therefore, the AWG-LCA Chair's new draft text and parties' initial reactions to it. Some expressed surprise at what they saw as muted reactions. One developing country delegate explained: "While the text was not as balanced as needed and the loss of a separate section on finance was a questionable decision, we can work with the text." He added: "In any case, the Chair had a difficult task to undertake."

Some participants recalled the reaction to the Chair's text at AWG-LCA 6 last June. "This is groundhog day—I feel like I've already seen this before," despaired one participant. A concerned developed country delegate added: "I don't think anyone wants to see this text balloon from 42 to 200+ pages over the next eight days as happened last June, but we do have to resolve some serious sticking points." He continued: "While working in one contact group twice a day may create transparency, I'm not sure when we are going to have time to actually negotiate." A more optimistic delegate noted that "something positive" seemed to be cooking behind the scenes, promising "perhaps a successful outcome could be achieved in Cancún."

Over in the AWG-KP, parties remained unsure about the state of negotiations—including on the election of the new Chair. "Progress" according to one delegate, "is dependent on how the mood evolves over the next two weeks." However, some were cautiously optimistic, noting that significant progress on potential consequences means there is one less contact group to attend. Meanwhile in contact groups under the SBs some technical experts were sighing with relief. "It's nice to be back to our bread and butter," commented one.