

## CANCUN HIGHLIGHTS: THURSDAY, 9 DECEMBER 2010

On Thursday, contact groups and informal consultations, including discussions at the ministerial level, were held throughout the day. Late in the evening, COP and COP/MOP President Espinosa convened an informal stocktaking plenary. Throughout the day, the high-level segment continued with statements from heads of states, governments and delegations. A webcast of all statements is available online at: <http://webcast.cc2010.mx>

### CONTACT GROUPS AND INFORMAL CONSULTATIONS

**JI (COP/MOP):** During the morning informal consultations, parties continued considering a draft COP/MOP decision paragraph-by-paragraph.

Parties discussed a paragraph allowing crediting from JI projects after the first commitment period, using Assigned Amount Units (AAUs) from the first commitment period. Several parties objected to this paragraph, stating that a conversion of first commitment period AAUs to Emission Reduction Units (ERUs) must be based on emission reductions achieved in the first commitment period. One party noted that his country is not in a position to accept any text that deals with emission reductions achieved after 2012. A number of parties proposed alternative formulations to address the issue, such as requesting the AWG-KP to: propose options for addressing a potential gap between the first and second commitment periods and present the work to COP/MOP 7; or consider the JI Supervisory Committee's proposal with regard to the generation of ERUs after 31 December 2012.

Regarding the introduction of a fee for JI Track 1 projects, parties considered various textual formulations and proposals for the level of the fee. Consensus eventually emerged on a fee and review of JI. During evening informal consultations, outstanding issues remained concerning the continuity of JI projects beyond 2012 and Annex I parties whose quantified emission reduction and limitation commitment has not yet been inscribed in Protocol Annex B but who wish to host JI projects. Informal consultations continued.

**MITIGATION (response measures) (AWG-LCA):** In the morning AWG-LCA drafting group on the sub-paragraph 1(b) (vi) of the Bali Action Plan, parties disagreed on which text they should use as the basis for further discussions. Many

developing countries supported using text from Tianjin as modified by negotiations in the drafting group, while some developed countries supported using the new Chair's text as the basis for compromise. One developed country proposed using the new Chair's text to move forward while inserting some missing options to reflect all parties' views and provide a basis for political decisions by ministers. This proposal was supported by several other developed countries, but opposed by many developing countries. Parties agreed to continue meeting to consolidate similar options within their groups in the hope of presenting the Chair with two clear options on each controversial issue.

**ADAPTATION FUND (COP/MOP):** Parties reconvened for informal consultations in the morning, engaging in extensive debate over text dealing with regional and sub-regional workshops aimed at familiarizing parties with the process and requirements for the accreditation of national implementing entities. While developing countries wanted at least three workshops with the possibility of another, some developed countries wanted "up to three... as circumstances permit." Parties eventually agreed a formulation that would allow for "up to three... as appropriate, with the possibility of another as circumstances permit, and as warranted..."

Parties then reconvened in a formal contact group and agreed on the draft COP/MOP decision. Several parties expressed pleasure that agreement had been possible, and welcomed the spirit of compromise. The Philippines, for the G-77/CHINA, expressed hope that the outcome would facilitate rapid progress.

**COMPLIANCE (COP/MOP):** During the afternoon contact group, parties considered a draft COP/MOP decision on the Compliance Committee's report, as well as bracketed draft text on Croatia's appeal against a decision of the Enforcement Branch. Parties agreed to forward the draft decision to the COP/MOP.

On the appeal by Croatia, BOLIVIA proposed broadening the scope of a proposed technical paper, aimed at outlining the process and applicable rules for the consideration of appeals, to include the consideration of legally-binding consequences for non-compliance. This was opposed by several parties, with CANADA emphasizing that the objective of the technical paper is to assist parties in moving forward with the appeal by Croatia. Bolivia then withdrew this proposal.

BOLIVIA also proposed a new paragraph on the COP/MOP encouraging the SBI to conclude its work on agenda item 14 (amendments to the Kyoto Protocol with respect to procedures and mechanisms relating to compliance). The proposal was opposed by CANADA, the EU, JAPAN and AUSTRALIA who, acknowledging Bolivia's concerns, emphasized that they do not fall within the remit of the group. The Cook Islands, for AOSIS, suggested that Bolivia raise the matter in the COP/MOP plenary. Parties agreed that Co-Chair Richard Tarasofsky (Canada) would raise Bolivia's concerns in his oral report to the COP/MOP. Parties then agreed to forward the draft conclusions to the COP/MOP with other amendments.

**CHAPTER I (numbers) (AWG-KP):** Parties discussed options for removing brackets on proposed text to amend Protocol Article 3.9 (Annex I further commitments) concerning when to start consideration of commitments for the third and subsequent commitment periods. Parties also discussed base year. On a carryover of AAUs, some parties expressed interest in combining options, while others preferred no change to the existing rules. One country proposed text on an option for a 5% cap that applies only to the first commitment period. Another party suggested limits on a fixed amount of emissions or a percentage, whichever is greater. The group forwarded the text to the Chair of the AWG-KP.

**CDM (COP/MOP):** The CDM contact group convened on Thursday evening. PAPUA NEW GUINEA, supported by SOUTH AFRICA, opposed the introduction of new text by the Co-Chairs, stating that the text had already been gaveled during informal consultations last night. He stressed the party-driven nature of the negotiations, observing that the "text appears from nowhere."

BOLIVIA reiterated that her country had opposed small-group negotiations and stressed opposition to paragraph 52 on revising procedures for CDM project registration.

Co-Chair Kunihiko Shimada (Japan) thanked Bolivia for her flexibility concerning participation in the informal consultations. He explained that consultations had continued past 3 am in the morning and highlighted that "tremendous progress" had been made. The Secretariat explained that the Chair had ruled at the end of the informal consultations that the text was clear and ready to come to the contact group, while also reminding delegates that "nothing is agreed until everything is agreed" and that the entire text therefore remains in brackets.

Going through the text, parties agreed on all paragraphs apart from paragraph 52 on the Executive Board revising the procedures for CDM project registration to allow the crediting period to start from the date that a complete request for registration has been submitted, which was bracketed at the request of Bolivia. PAPUA NEW GUINEA stressed that the paragraph relates to his country's proposal and suggested leaving it bracketed without further informal consultations, saying they were unlikely to yield results.

Parties also discussed three annexes to the draft COP/MOP decision. BOLIVIA requested bracketing all of them, saying parties had not had time to analyze them and also noting concerns about issues related to code of conduct and conflict of interest. JAPAN stressed the "enormous effort" to provide text in the annexes to everyone a month before the meeting, and that the annexes "were adopted two days ago." BOLIVIA underscored the importance of environmental integrity, and indicated that the bracketed paragraph is "only meant to make more money with

the CDM and for the investors without helping the climate." Co-Chair Shimada indicated that all annexes remain in brackets. Informal consultations continued.

**MITIGATION (sectoral approaches and sector-specific actions) (AWG-LCA):** During informal consultations, it was suggested that possible outcomes from Cancun could include a simplified text on the general framework with a streamlined and clear text on agriculture, and that these texts could be forwarded for further discussion to the next session of the group, in 2011. Many parties opposed working on the general framework in the absence of agreement on the text on bunker fuels. Some supported addressing the text on agriculture and the general framework in small parallel groups. Many others supported considering the general framework and then the agriculture text in a small group. Parties eventually agreed to convene a friends-of-the-facilitator group and report back to the main group.

**CHAPTER II (LULUCF) (AWG-KP):** In the morning informal consultations, new proposals were made on text on harvested wood products, *force majeure* and on a cap for LULUCF. Parties continued to discuss the review process for reference levels. Late into the evening, parties considered how to reflect their work in a new Chair's text on Friday.

**ITEM 3 (Annex I further commitments) (AWG-KP):** In the evening contact group, AWG-KP Chair Ashe invited spin-off group facilitators to report on their work.

On numbers, Jürgen Lefevre (EU) reported that text on Annex B had been streamlined to include only two options and that options on Protocol Article 3.9 (future commitment periods) although not clean, reflect political choices. He noted that some parties had expressed concern about the texts and how they would move forward.

On LULUCF, Marcelo Rocha (Brazil) noted progress and said that options are integrated in the current text, but that it may be useful to separate options to clarify the decisions to be made, highlighting ongoing discussions.

On the flexibility mechanisms, AWG-KP Vice-Chair Adrian Macey (New Zealand) highlighted the focus of discussions on enhancing co-benefits under the CDM and increasing the use of Certified Emission Reductions from certain host countries. He said that the inclusion of CCS under the CDM and standardized baselines have been "put on hold" because they are under consideration by the COP/MOP based on work by the SBSTA. He described three sets of decisions: political decisions; those linked to ongoing AWG-KP discussions; and those related to work in the AWG-LCA. AWG-KP Vice-Chair Macey then noted that after three years of negotiations on the flexibility mechanisms, parties had only agreed on one paragraph.

On the basket of methodological issues, AWG-KP Vice-Chair Macey highlighted concerns related to global warming potential of short lived gases in the section on common metrics and the practical challenges for inclusion of some new gases.

AWG-KP Chair Ashe noted that his revised text (FCCC/KP/AWG/CRP.4/Rev.3) would be available on Thursday night, but that this may be further revised based on continued discussions in the LULUCF group.

#### **PRESIDENT'S INFORMAL STOCKTAKING PLENARY**

Late on Thursday evening, an informal stocktaking plenary convened by COP and COP/MOP President Espinosa took place. She explained that informal ministerial meetings had been held throughout the day with a commitment to transparency and inclusiveness. President Espinosa underscored that a broad

package of decisions is still within the grasps of the parties and then invited ministers to report on the informal consultations they had facilitated.

On a shared vision for long-term cooperative action, SWEDEN highlighted a focus on three issues: a temperature goal; a long-term global goal for emission reductions; and peaking of global emissions.

On finance, BANGLADESH highlighted that consultations had resulted in two potentially acceptable options on the establishment of the fund, noting compromises that could be made across the text.

On adaptation, SPAIN and ALGERIA noted consultations on the establishment of an adaptation committee, facilitation of access to the fund, an international mechanism to address loss and damage, as well as consolidation of regional centers.

On MRV, NEW ZEALAND said that consultations were focused on ICA and included issues, such as frequency and categorization. He highlighted positive engagement from a number of parties, as well as proposals submitted by developing countries that he expected to “prove helpful” in reaching a balanced text. He identified balance between transparency and avoiding unreasonable burden on countries as the key challenge.

On REDD+, NORWAY and ECUADOR reported on key outstanding issues: financing; scope of a REDD+ mechanism; connection between the national and sub-national levels; and MRV of safeguards. ECUADOR explained that parties were close to agreeing on a balanced text. Calling for a spirit of compromise, NORWAY said that “no family, no community and no international community can survive without a compromise.”

On technology, FRANCE underscored the need for convergence on issues including the establishment of a technology mechanism, a technology committee and CTCNs. She explained that some parties would make further proposals on issues such as governance, and that further work would seem to be necessary on technology in 2011.

On CCS and response measures, SWITZERLAND indicated that parties’ views remain divergent, while expressing hope that after further consultations, a new text proposal could be submitted.

AWG-LCA Chair Margaret MukahananaSangarwe (Zimbabwe) reported on issues that were not subject to ministerial consultations. On various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, she said that the group had not yet reported back. On sectoral approaches, she said no agreement was reached. She also explained that since parties were unable to agree on a paragraph concerning “general framing,” some were unwilling to address particular sectors. She highlighted that text on agriculture is “well advanced” but that the group is not undertaking further consultations. Stressing the importance of agreement on introductory text, President Espinosa requested the AWG-LCA Chair to provide a text reflecting the state of discussions.

AWG-KP Chair John Ashe (Antigua and Barbuda) reported that the AWG-KP spin-off groups have met throughout the week. He identified limited scope for advancing the substantive work further and called for political guidance to overcome obstacles. He noted a revised version of the AWG-KP Chair’s text was available (FCCC/KP/AWG/CRP.4/Rev.3).

Underscoring the rapidly approaching deadline, President Espinosa encouraged further consultations to be held during the night and announced that the next stocktaking plenary would

convene at 8:30 am on Friday. She also stressed that closer political guidance should not sacrifice transparency. President Espinosa explained that, in a few hours, the Secretariat would circulate the draft texts reflecting work done during the informal consultations. She emphasized that this text would not constitute a “Mexican text” but a text based on parties’ views, and urged parties to look beyond their national interest to reach agreement by Friday evening.

### IN THE CORRIDORS

On Thursday morning, weary delegates congregated to continue a number of informal consultations at the Moon Palace after all-night negotiations that had included an informal ministerial stocktaking at midnight and what a seasoned negotiator characterized as a “vague” text on mitigation under the Convention and Protocol tracks. Overall, the mood permeating the building in the morning was subdued with delegates reporting “very little progress” on many important issues.

Meanwhile, Heads of State and government continued to deliver national statements, including Bolivian President Evo Morales who stressed the need to extend the Kyoto Protocol and ensure protection for Mother Earth. Other Latin American countries, including Venezuela, reiterated their positions on temperature rise and other issues but confirmed their commitment to “stay in the room and seek convergence” among the parties.

Throughout the day, informal ministerial consultations took place in “informal informals” chaired by pairs of ministers from developing and developed countries on mitigation, a shared vision, REDD+, technology, MRV/ICA, finance, CCS and response measures and adaptation. Some drafting groups also continued to make headway to refine texts to identify clear options for political decision.

Reflecting on progress on Thursday afternoon, many continued to identify MRV/ICA as one of the primary sticking points. A senior negotiator noted that countries also continued to put forward “strong and divergent positions” about the continuation of the Kyoto Protocol. At that stage, others said there was “little positive to note” coming out of discussions on adaptation, finance and a shared vision. “Compromise appears to be aspirational rather than operational in these negotiations,” opined a delegate emerging from a ministerial meeting. Some NGOs representatives indicated they were increasingly frustrated with the delay in reaching decisions.

Just after 9 pm, an informal stocktaking session was convened by COP and COP/MOP President Espinosa. Ministers leading the informal consultations suggested that while issues had been “better elaborated,” compromise texts on the Kyoto Protocol, mitigation and MRV had not been crafted. The stocktaking ended at around 11 pm with a reminder from President Espinosa that “very few hours for actual negotiating” remained. Already-tired delegates therefore prepared themselves for “another marathon all-nighter.” One high-level representative indicated that “there is still a deal to be done - but we could also end up with a belly flop.”

**ENB SUMMARY AND ANALYSIS:** The *Earth Negotiations Bulletin* summary and analysis of the Cancún Climate Change Conference will be available on Monday, 13 December 2010 online at: <http://www.iisd.ca/climate/cop16>



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Announcement from Friday, 10 December 2010

IISD RS is Pleased to Announce that Climate-L.org has been renamed

### Climate Change Policy & Practice

The International Institute for Sustainable Development (IISD) is pleased to announce the renaming of Climate-L.org as Climate Change Policy & Practice.

Climate Change Policy & Practice is a knowledge management project carried out by the International Institute for Sustainable Development Reporting Services (IISD RS) in collaboration with the UN System Chief Executives Board for Coordination. The features of our website remain unchanged and include:

- news on UN and intergovernmental activities addressing the climate change challenge;
- an iCal of upcoming climate change events;
- guest articles by key figures of the climate community and UN leaders; and
- policy updates

We are also continuing to produce the *Climate Change Daily Feed*, which delivers to our readers' email boxes the latest news on climate change meetings, projects, publications and statements.

Our previous URL <http://climate-l.org/> will automatically re-direct you to the new URL for Climate Change Policy & Practice <http://climate-l.iisd.org/>.

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