

## AWG 4 AND DIALOGUE 4 HIGHLIGHTS: THURSDAY, 30 AUGUST 2007

On Thursday afternoon, the AWG met in a contact group to consider draft conclusions on the analysis of mitigation potential and indicative ranges of emission reductions for Annex I parties. After the contact group meeting, AWG Chair Charles convened a small informal group that continued to meet late into the evening.

### AWG CONTACT GROUP

In the afternoon, AWG Chair Charles opened the AWG contact group on the analysis of mitigation potential and possible ranges of emission reductions. Drawing attention to the draft conclusions distributed on Wednesday evening, he proposed to work through them paragraph by paragraph.

The G-77/CHINA thanked other parties for waiting during their coordination meeting and stated that while Article 2 on the Convention's ultimate objective is important, the AWG's work focuses on further Annex I commitments and issues related to the bigger picture should be considered in other fora. The G-77/CHINA specified that the AWG should focus on amending the Protocol's Annex B and defining quantified emission targets for the second and subsequent commitment periods. He also identified the need to avoid paralyzing the AWG's work with excessive analysis and to avoid a gap between the first and second commitment periods. JAPAN indicated that he had several concerns with the draft text but expressed willingness to work through each paragraph.

On introductory paragraphs of the draft conclusions referring to work carried out by AWG 3, submissions by parties and a technical paper by the Secretariat, delegates largely agreed but made editorial comments.

On a paragraph referring to Annex I domestic mitigation potential and national circumstances, NEW ZEALAND requested that sectoral differences should be further elaborated and SWITZERLAND suggested concretizing references to national circumstances. The RUSSIAN FEDERATION

expressed concerns over the narrow scope implied by reference to domestic mitigation potential and emphasized the importance of international mitigation potential.

On a paragraph concerning further national analysis on domestic mitigation potential, the EU suggested reformulating language on the lack of analysis preventing the AWG "from further progressing in conducting its work programme" in a more positive way. The G-77/CHINA acknowledged the complexity of analyzing national potential but, stressing the need to expedite the AWG's work, disagreed with text referring to further analysis. The RUSSIAN FEDERATION and JAPAN emphasized the need for further analytical work. JAPAN suggested that the AWG agree to continue to take account of information from external bodies, including the IEA and the IPCC.

The EU proposed adding a new paragraph noting scientific evidence for the need to ensure that global emissions peak in the next ten to fifteen years and are reduced by 50% by 2050.

On a paragraph referring to emission reduction ranges and stabilization scenarios contained in the IPCC Working Group III's contribution to the AR4, JAPAN expressed serious concern at a reference to the IPCC's lowest stabilisation scenario of 450 ppm, given that the Secretariat's technical paper had referred to a number of possible scenarios. He emphasized that delegations in Vienna were not ready to agree on the lowest scenario. CANADA agreed that the ranges set out in the technical paper should be reflected in the conclusions together with references to those indicative ranges set out by individual parties in their submissions to the AWG. NEW ZEALAND said it should be clear that the aggregate range does not necessarily mean that all parties fall within this. The EU highlighted the need to avoid the impression that the ranges mentioned would refer to domestic action only, and stressed that for them, they included international efforts.

On a paragraph concerning the use of scientific information, the RUSSIAN FEDERATION and CANADA expressed concerns over wording indicating that the AWG agrees to an initial indicative range of Annex I emission reduction objectives.

The G-77/CHINA emphasized that this formed the core of the paragraph and supported the inclusion of the initial indicative range. NORWAY stated that the reference to an initial indicative range was not problematic as such, but questioned its viability in light of changes proposed to another paragraph. The REPUBLIC OF KOREA emphasized that reference to Convention Article 2 deviates from the AWG's objective but NEW ZEALAND stressed the importance of retaining this reference if any ranges are to be included.

JAPAN proposed deleting a paragraph inviting Annex I parties to inform the AWG by 30 June 2008 on indicative ranges for domestic emission reductions. CANADA supported this and said coming forward with domestic ranges was premature. The G-77/CHINA opposed, emphasizing the relevance of such submissions in the context of expediting the work on national analysis. He stressed that the level of ambition of Annex I commitments can be enhanced with the use of flexible mechanisms. NEW ZEALAND reminded parties that the status of the CDM in the post-2012 period has not been agreed.

The EU, supported by SWITZERLAND, proposed deferring discussions on this issue and other items related to the AWG's work plan to COP 13. G-77/CHINA opposed this, questioning how the paragraph on submissions was related to the AWG's work plan. SAUDI ARABIA stressed that either all or no paragraphs should be deferred to COP 13. The EU indicated that requests for submissions inevitably related to the work plan. NORWAY stressed that being able to adopt conclusions on some issues in Vienna would save negotiating time at COP 13.

On a paragraph noting that wider mitigation potential is at the disposal of Annex I parties through the use of flexible mechanisms, to supplement domestic action, the EU observed ambiguity in the reference to flexible mechanisms. He sought to clarify that the IPCC had indicated that the emissions reductions required by 2020 by Annex I parties as a group associated with the lowest stabilization scenario already integrates the use of flexible mechanisms. He called for text to clarify the role of domestic and international emissions.

Referring to the structure of the draft conclusions, the G-77/CHINA said it was logical that Annex I party considerations of their national emissions ranges and potentials should include the consideration of the use of existing flexible mechanisms, to widen and deepen their level of ambition.

On a paragraph inviting parties to conduct an initial analysis of the potential environmental, economic and social consequences for developing countries of tools, policies and measures available to Annex I parties, JAPAN expressed serious concerns, pointing out that similar reporting requirements are already under discussion under Article 3.14 of the Kyoto Protocol. The G-77/CHINA stressed that the potential consequences of policies and measures are not being analyzed. The EU proposed treating the issue as part of the AWG's work plan to be taken up at COP 13.

The CLIMATE ACTION NETWORK expressed concern at objections from a number of parties to working on the basis of the IPCC's lowest stabilization scenario that would limit the global temperature increase to between 2.0 and 2.5°C. He said higher ranges, to which parties had referred, would carry extreme risk, taking warming up to 4.0°C and beyond with consequences for coral reefs, species extinction, and the Greenland ice sheet. He called for the retention of paragraphs on the IPCC's AR4 indicating the required reductions from Annex I parties, and committing the AWG to using this as an initial indicative range of emission reduction objectives for Annex I parties, in order to maintain confidence in the process.

AWG Chair Charles informed delegations that he would continue working with parties informally and report to the AWG plenary on Friday morning if there is sufficient agreement, or reconvene in a contact group.

### **IN THE CORRIDORS**

Informal negotiations on the AWG Chair's draft conclusions inched towards a resolution on a number of outstanding issues late on Thursday. At the top of the agenda was an attempt to agree on references to indicative ranges of Annex I emission reductions. Delegates seen in the corridors during a break-out session were said to be near consensus on a reference to the 'international context'. However, some Asian countries were reportedly still holding out when the group interrupted their deliberations to share a pizza in the corridors. Progress was also reported on a related paragraph on flexible mechanisms, and in discussions on mitigation potential and national circumstances. Fears that the text would have to be packed for Bali accompanied by brackets faded with the day.

### **IN THE CORRIDORS II**

Industry representatives have been seen following the Vienna proceedings closely and taking opportunities to input their reactions inside and outside the formal process. With a massive global turnover of investment in power infrastructure anticipated in the next five years, they reportedly seized the opportunity on Thursday to inform the UNFCCC Executive Secretary about significant investments that are being held up by continuing uncertainty about the post-2012 regime and the carbon market. Industry lobbyists have reported continuing gaps in the UN processes' appreciation of the detailed criteria required for long-term investment decisions and are considering further briefings. According to sources, representatives of business and industry at CEO level are preparing for further engagement at the high-level UN session next month.

**ENB SUMMARY AND ANALYSIS:** The *Earth Negotiations Bulletin* summary and analysis of AWG 4 and the Convention Dialogue 4 will be available on Monday, 3 September 2007, online at: <http://www.iisd.ca/climate/awg4/>