

## AWG-LCA 7 AND AWG-KP 9 HIGHLIGHTS: FRIDAY, 2 OCTOBER 2009

On Friday afternoon, the AWG-KP and AWG-LCA convened their respective stocktaking plenary sessions. Throughout the day, various contact groups and informal consultations were also held to consider technology, capacity building, mitigation and finance under the AWG-LCA, and potential consequences under the AWG-KP.

### AWG-LCA PLENARY

In the afternoon, the AWG-LCA stocktaking plenary convened. Chair Zammit Cutajar observed that parties had worked in an inclusive and transparent manner, which is helping to build trust. He also noted that the length of the negotiating text was not the key issue, but rather the number of substantive issues reflected within those pages that needed to be resolved. Parties then heard progress reports on the six contact groups.

On a shared vision, Chair Zammit Cutajar explained that a non-paper had been produced and that parties had discussed proposals related to review of the long-term global goal. He identified issues for further consideration, including determining what is to be reviewed and finding the political will for this. On adaptation, Facilitator Kolly reported convergence on many areas, explaining that the contact group had streamlined the entire adaptation text. On technology, Facilitator Kumarsingh reported that the text had been “substantially reduced” and that parties had exchanged views and arrived at a common understanding on some key elements. On capacity building, Facilitator Gaye reported that a new text had been prepared based on parties’ proposals, which will be distributed on Saturday. On finance, Vice-Chair Machado said that the contact group aimed to complete the first reading of the text by the end of the week. On mitigation, Zammit Cutajar noted varied progress under the sub-groups focusing on the six sub-paragraphs of the BAP. He also noted that in the overall mitigation contact group, an “interesting discussion” had taken place on the general elements proposed by parties to be inserted in the mitigation chapter and that the discussion had helped to clarify where parties stand despite disagreement on substance.

Chair Zammit Cutajar said he would consult informally on Saturday on “organization of work on texts” and that Vice-Chair Machado would consult informally next week on the organization of work for the rest of the session in Barcelona.

In their statements, several parties expressed sympathy with the Philippines and other Asian countries hit by natural disasters. VENEZUELA, for several Latin American countries, called on Annex I countries to demonstrate political will to fulfill their obligations. She said current proposals on carbon-

neutral development and a low-carbon society are “devoid of content” and objected to attempts to merge the two AWGs. The Philippines, for the G-77/CHINA, expressed guarded optimism on progress, noting the need to maintain pace under both AWGs.

Barbados, for AOSIS, noted that negotiations had reached a “critical juncture” and expressed “serious concern” with the pace, considering that only eleven days of negotiating time remain before Copenhagen. He underscored that a political declaration would not be an adequate outcome from Copenhagen. Uganda, for the LDCs, proposed convening a short plenary to review progress on Wednesday.

AUSTRALIA highlighted the need to increase the pace of negotiations and called for a clear vision of necessary deliverables in Copenhagen, including a new treaty, supported by complementary decisions. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, stressed that the outcome from Bangkok should identify the key issues needed in an agreed outcome in Copenhagen. The EU called for focusing on the core issues such as: emission reductions by developed countries; a machinery to enable NAMAs; a robust reporting system; tools and instruments to enable cost-efficient climate policies; review and compliance; as well as finance, technology and capacity-building support.

COLOMBIA, for several Latin American countries, lamented slow progress under the AWG-LCA. BANGLADESH highlighted the need for additional funding representing 1.5% of annual GDP of Annex I countries. BOLIVIA highlighted her country’s proposal for a universal declaration on the rights of Mother Earth, stressing the need for humans to live in harmony with nature.

SAUDI ARABIA opposed protectionist trade measures planned by developed countries and urged focusing on the Convention’s implementation and adaptation. He called for party-driven negotiations, warning against “new documents that would hamper negotiations next week.”

SOUTH AFRICA highlighted “bright spots” in capacity building and technology, while expressing concern over progress on adaptation and mitigation, and over proposals: to move elements of the Protocol to the AWG-LCA; use a bottom-up approach; and blur the distinction between the sub-paragraphs 1b(i) and 1b(ii) of the BAP.

CHINA stressed the need for a party-driven and fully transparent process, and for “sticking” to the clear mandate in the BAP, warning that deviation would mean failure in Copenhagen. He noted strong political signals from the UN Secretary General’s Climate Summit and lamented that these have not been reflected in the way that developed countries have negotiated in Bangkok. Highlighting time constraints, he

urged focusing on essential issues. GABON underscored issues of trust between developed and developing countries. Expressing concern with the pace of work, INDIA highlighted the need to work within the mandate of AWG-LCA and the BAP, and urged developed countries to meet their commitments on technology transfer. GUYANA suggested focusing on shared vision and giving increased attention to REDD.

EGYPT expressed concern about the Convention's future, called on developed countries to take the lead on mitigation, and suggested that the different non-papers be integrated and addressed together.

The RUSSIAN FEDERATION noted the need to focus on the main elements of the negotiating text and ensure global participation in the next agreement. BELARUS called for taking into account the specific characteristics of countries with economies in transition. JAPAN urged speeding up work on the text, and identified the need to discuss overarching mitigation issues and to ensure coherence between the two negotiating tracks.

THAILAND called for urgent implementation of adaptation actions and cautioned against attempts to differentiate among developing countries. INDONESIA lamented the lack of significant movement under the AWG-LCA, observing that differences between parties were "wide and worrying."

CHILE called for a "single working method" and supported giving the AWG-LCA Chair a mandate to work towards further consolidating the text so that it could be used as a basis for negotiations.

Expressing confidence in the ability of parties to move forward, the US highlighted recent developments in his country, including the introduction of a new climate bill in the Senate and the intention of the Environmental Protection Agency to move towards regulation of greenhouse gas emissions. On the negotiating text, he called for a focus on operational elements that will lead to specific language in the agreement and requested assistance from the AWG-LCA Chair in focusing parties on this.

The INTERNATIONAL INDIGENOUS PEOPLES FORUM ON CLIMATE CHANGE emphasized that concerns of indigenous peoples should be seriously addressed in the negotiations. BUSINESS AND INDUSTRY called on parties to, *inter alia*, provide certainty for markets, and mobilize diverse sources of funding. The CLIMATE ACTION NETWORK stressed that parties should seize the political momentum mandated by their leaders.

Summarizing the discussions, Chair Zammit Cutajar acknowledged concerns with the pace of progress and calls from parties for a focus on the critical issues of operational elements and mechanisms.

#### **AWG-LCA CONTACT GROUPS**

**CAPACITY BUILDING:** In the morning's contact group, Tanzania, for the G-77/CHINA, highlighted that the non-paper would be the basis for further discussion on positions and structure rather than for negotiation.

The G-77/CHINA proposed inserting preambular language in the text and, with Saint Lucia, for AOSIS, BRAZIL, BANGLADESH and BOLIVIA, explained that the goal was to ensure consistency between sections of the negotiating text. The US preferred not having a preamble, while the EU called for preambular discussion to be put to the side. BANGLADESH, NORWAY and the US expressed concern over overlap with previous relevant COP decisions.

The G-77/CHINA presented a revised text on objectives and guiding principles. The G-77/China's revised chapeau on objectives received interest from AUSTRALIA, the EU and NORWAY, while they clarified that they had not had the opportunity to fully consider the text.

In the afternoon, parties continued discussing the non-paper. The US, supported by AUSTRALIA, called for an action-oriented document. AUSTRALIA suggested using the scope to bring out areas that are not covered in the AWG-LCA's negotiating text.

The G-77/CHINA presented consolidated language on scope that included: using capacity building for full implementation of the framework as contained in the annex to decision 2/CP.7; enhancing the capacity of developing countries in areas identified in the BAP; supporting developing countries in implementing capacity building projects; and strengthening national capacities to address emerging capacity building needs. This approach to consolidation was welcomed by AOSIS, MEXICO, NORWAY and the EU, but the EU stressed that further consideration of all the proposals would be needed.

Responding to a request by the US to provide clarification on proposed mechanisms for support activities, the G-77/CHINA underscored that the nature of the mechanisms depends on progress on other areas of the AWG-LCA's negotiating text. The US noted that capacity building represents a shared activity that is not an end in itself, but rather a means to achieve results. On finance, MEXICO, supported by AUSTRALIA, suggested that the group should wait until discussion had proceeded in other contact groups.

**MITIGATION (sub-paragraph 1(b)(i) of the BAP):** In the morning, the mitigation sub-group continued discussions on comparability of efforts and addressed mitigation commitments or actions, and achievement of QELROs.

On how developed countries shall achieve their QELROs, the Federated States of Micronesia, for AOSIS, with COSTA RICA, stressed this should be done primarily through domestic emission reductions, and CHINA, with SOUTH AFRICA, emphasized that the use of offsetting mechanisms weakens emission reduction commitments. BRAZIL, with COLOMBIA, supported defining limits to the use of market mechanisms. BOLIVIA highlighted a recent proposal by her country that developed countries should achieve their QELROs domestically and not through market mechanisms.

On mitigation commitments or actions, the EU, supported by NORWAY, highlighted the level of ambition as the core of the discussions, and proposed that the Secretariat prepare a technical paper on emission reduction pledges by developed countries. INDIA, with AOSIS, suggested widening the scope to include an assessment of adequacy of mitigation efforts by Annex I countries in accordance with the latest available scientific literature, and PAKISTAN suggested that the paper should analyze whether these numbers are consistent with a 2°C scenario.

BRAZIL, with INDIA and CHINA, underscored that the level of ambition should be determined by developed countries' historical responsibility. AUSTRALIA supported stabilization at 450 ppm or less, while the FEDERATED STATES OF MICRONESIA preferred stabilization at as far below 350 ppm as possible, noting this has been supported by AOSIS and a number of vulnerable countries.

AUSTRALIA noted a joint submission on mid-term targets by developed countries to the AWG-KP and AWG-LCA could be helpful. The US called for focusing on operational language rather than on expectations.

On achieving QELROs, the PHILIPPINES, the FEDERATED STATES OF MICRONESIA and BRAZIL called for focusing on commitments, with the FEDERATED STATES OF MICRONESIA noting that there is no place for “minimum expectations” in a legally binding agreement. The US noted that some issues could be addressed in an overarching section on mitigation for all parties. INDIA opposed the concept of national schedules of mitigation commitments and actions, and BRAZIL said that the concept, by combining a reference to commitments and actions, weakens commitments by developed countries. AUSTRALIA clarified that the intention behind their proposal for national schedules was not to reduce the level of ambition by developed countries but to drive ambition higher by introducing a flexible platform whereby countries can contribute to a common low-carbon future. BRAZIL noted that the introduction of flexibility does not enhance mitigation action.

Facilitator Macey said informal consultations will be held on the EU’s suggestion for a technical paper.

**MITIGATION (sub-paragraph 1(b)(iv) of the BAP):** In the sub-group on sectoral approaches, URUGUAY, supported by ARGENTINA, MEXICO and others, highlighted the agricultural sector’s mitigation potential. ARGENTINA and BANGLADESH emphasized the importance of food security. Supported by the EU, NEW ZEALAND and others, URUGUAY proposed that the SBSTA consider the agricultural sector in 2010.

AUSTRALIA and the EU stressed the need to address emissions from international aviation and maritime transport. AUSTRALIA proposed a global agreement for each of these sectors and the EU called for global targets for international aviation and maritime emissions, set by the UNFCCC and implemented through the IMO and ICAO. CANADA supported encouraging the IMO and ICAO to intensify their efforts. NORWAY highlighted her country’s proposal on international shipping. MEXICO called for an iterative dialogue between the IMO, ICAO and UNFCCC. NORWAY identified SBSTA as the established channel for communication.

Several countries stressed that the IMO and ICAO should continue to take the lead in addressing bunker fuels. VENEZUELA proposed language on guidance needed for the IMO and ICAO. KUWAIT, SAUDI ARABIA, the BAHAMAS and others highlighted the principle of common but differentiated responsibilities, with KUWAIT calling for developed country leadership in reducing emissions in these sectors.

Facilitator Khan suggested, and parties agreed, that Egypt and Canada facilitate a drafting group on bunker fuels, and that Uruguay and New Zealand facilitate a drafting group on agriculture.

**FINANCE:** The contact group met in the morning, focusing on activities to be funded and institutional arrangements.

MEXICO stressed that their proposal for a green fund was not accurately reflected in the text. He clarified that the fund would provide a net flow of resources from developed to developing countries and that contribution by developed countries would be mandatory, while contributions by developing countries would be voluntary.

The Philippines, for the G-77/CHINA, called for reflecting their proposals more clearly in the text, indicating that the multilateral climate fund would provide resources for both mitigation and adaptation, and stressing the need for direct access to funds by developing countries. Barbados, for AOSIS, proposed the establishment of an adaptation fund under the Convention, supporting “separate but coherent” funds under the Convention and the Protocol.

AUSTRALIA supported a facilitative platform under the COP that would, *inter alia*, track actions seeking support, identify funding and capacity gaps, and establish guidelines

for prioritizing support. The US called for using the existing financial institutions, which have the administrative capacity and fiduciary experience to manage the new funds. He preferred a single fund with multiple windows providing finance through a range of financial instruments and said that all countries, except the LDCs, should contribute based on their respective capabilities. The EU noted that different functions require centralized or decentralized institutional mechanisms.

**TECHNOLOGY:** During a brief contact group meeting in the afternoon, parties were presented with a text that had been further consolidated. Co-Chair Kumarsingh explained that the objective had been to streamline the text, while maintaining all the main concepts.

The meeting was then suspended to allow parties to consult on the new non-paper. As the meeting resumed, the G-77/CHINA, BELIZE, CANADA, the US, the EU and others, welcomed the new text as the basis for further work. A “toolbox” showing how the text was consolidated will be made available for Saturday.

#### AWG-KP PLENARY

In the afternoon, the AWG-KP stocktaking plenary convened and heard progress reports from contact groups on Annex I emission reductions, potential consequences and other issues, including the spin-off group on LULUCF.

Co-Chair Wollansky reported that the contact group on Annex I emission reductions had held “positive discussions” on aggregate and individual numbers and base years, but that the group now faced challenges on how to proceed with work. She explained that one group of countries felt that clarity on the scale of Annex I countries’ aggregate emission reductions in the post-2012 period is necessary, while other countries felt that the contact group had advanced as far as possible with this discussion, and that other issues, such as LULUCF and the flexibility mechanisms, should be considered. She said that in the Co-Chairs’ view, discussions on both numbers and other issues are needed. She also conveyed to the AWG-KP Chair a request from some parties to establish a special forum for discussing individual and aggregate numbers.

Vice-Chair Dovland reported on progress on the “other issues,” focusing on the flexibility mechanisms and the basket of methodological issues. He noted, *inter alia*, that further work might benefit from a more informal mode of work and that the intention was to continue reducing and streamlining the options during the second week. Co-Facilitator Smith reported good progress under the spin-off group on LULUCF through presentations on new data submitted by parties and informal consultations.

On potential consequences, Co-Chair Ure, noted the progress made in drafting groups and growing convergence on deepening understanding and flows of information, but said that divergences remain concerning the form of the document and objectives of work.

South Africa, for the G-77/CHINA, noted progress in certain areas, highlighting that new LULUCF information “has the potential to move things forward.” He identified a “fundamental disagreement” between the G-77/CHINA and Annex I countries concerning the focus of the work, questioning how to enable movement in the AWG-LCA when progress is not being made under the AWG-KP. He stressed the need to build on the success of the Protocol for the second commitment period, and lamented the gap between science reflected in the Fourth Assessment Report by the IPCC and pledges by Annex I countries.

AOSIS emphasized the group’s deep disappointment with the numbers presented thus far, which represents a collective ambition of 11-18% below 1990 levels by 2020 and said this would lead to a temperature increase of “3°C or worse.” CHINA recalled the history of the UNFCCC process, indicating that as

soon as an instrument has been adopted, "efforts get underway to undermine it" and Annex I countries attempt to move away from their historical responsibility. TUVALU highlighted signals from some Annex I parties that the Protocol "will not survive" and questioned whether the parties were "writing the Protocol's obituary or breathing new life into it." He called for a legal discussion of what would happen if the Protocol was to be subsumed into a new agreement, without prejudging the legal outcome in Copenhagen. GUYANA, CHINA and others emphasized that the Protocol must continue into the second commitment period.

GUYANA, CHINA, PAKISTAN, OMAN and GABON noted that the level of Annex I aggregate emission reductions currently on the table does not reach the level of ambition needed, and called on Annex I countries to increase their pledges.

The EU, with NORWAY, underscored that they wished to see a collective ambition to reduce emissions by 30% below 1990 levels by 2020. The EU stressed the need for progress under the AWG-LCA, and JAPAN called for discussing overarching issues in an appropriate setting. JAPAN and AUSTRALIA noted the need for a comprehensive outcome at COP 15. NEW ZEALAND said discussions on Annex I parties aggregate emission reductions had probably progressed as far as possible. With SWITZERLAND, he suggested that discussions turn towards making progress on issues such as LULUCF rules and flexible mechanisms.

The CLIMATE ACTION NETWORK called for a 40% reduction from 1990 levels by 2020, five-year commitment periods and retaining 1990 as the base year. BUSINESS AND INDUSTRY emphasized that reformed CDM rules, together with sectoral crediting and trading, would facilitate private sector investment. CLIMATE JUSTICE NOW urged parties to undertake emission reduction commitments based on the science and achieve them without using offsets, and stressed that action under the AWG-KP would "unlock" the AWG-LCA.

Chair Ashe urged parties to translate the ambition expressed by their leaders at the UN Secretary General's Climate Summit and the G-20 meeting in Pittsburgh into "real action in the negotiating process." He noted that without such action, the process was a shell-game and that parties must take responsibility for moving negotiations forward.

#### **AWG-KP CONTACT GROUPS**

**POTENTIAL CONSEQUENCES:** Parties considered a non-paper resulting from the drafting group.

Under text on basis, INDIA, ALGERIA, EGYPT and OMAN expressed concern with deletion of language on the COP/MOP taking further action on issues, including commitment by Annex I parties to minimize adverse social, environmental and economic impacts on other parties of policies and measures, requesting that the reference be reinserted.

On vulnerability and ability to respond to the impact of potential consequences, the EU, ARGENTINA and the GAMBIA questioned the inclusion of textual proposals, which they said had only been proposed by one party and not agreed upon in the drafting group. SWITZERLAND highlighted the need to acknowledge inequalities in addressing potential consequences.

Delegates also considered text on "deepening understanding" of potential consequences. SOUTH AFRICA, opposed by the EU, preferred not to refer to the results of the AWG-LCA but to use language on "other relevant UNFCCC bodies." CANADA said it "did not make sense" to selectively list some bodies, and called for reflecting all bodies. Reference to the AWG-LCA and "existing" bodies was bracketed.

#### **IN THE CORRIDORS**

Most delegates came to Bangkok agreeing that important progress must be achieved during the meeting in terms of narrowing down and clarifying options, otherwise agreement in Copenhagen will not be possible. Many therefore considered the stocktaking exercises on Friday as important milestones towards measuring progress under each AWG.

The UNFCCC Executive Secretary's press conference on Friday afternoon sent a signal of encouragement, as he expressed confidence that rules and tools can be developed in Bangkok and Barcelona will enable Copenhagen to succeed. "Yes, we can," was also the slogan that a Swiss delegate displayed on the screen during the AWG-LCA's stocktaking session - a sentiment shared by many others wanting to believe that agreement in Copenhagen is still within reach.

However, even the most optimistic were ready to admit that further progress during the second week will be essential. Many also suspected that such progress is by no means guaranteed. To be sure, pessimistic views were aired during the stocktaking meetings. Even stronger sentiments were expressed by some NGO representatives in the corridors: "Progress is painfully slow, and everyone is chiseling away around the edges, and I worry that we are wasting time and money by being here."

Some veterans characterized progress as uneven: "There are areas where we are advancing - but there are also crucial questions where we have not seen any significant movement." Issues identified by some as areas where good progress was being made included adaptation, capacity building and technology under the AWG-LCA, and LULUCF and potential consequences under the AWG-KP.

On the "sticking points," many identified mitigation and finance as the key ones. Most predicted that mitigation would be particularly challenging to resolve: under the AWG-KP, the G-77/China said parties were "stuck at a place where we cannot bridge the gap" and reiterated the need for commitments by Annex I countries consistent with science. Some speculated how a proposal by the EU under the AWG-LCA to compile emission reduction pledges from all Annex I countries would influence the dynamics. "While broadening discussions on developed country contributions might help, there is also the question of developing country mitigation to consider," noted another delegate. The breadth of the ground to cover in that area was evident from a comment by one developing country delegate on a proposal by a developed country on mitigation: "The problem is not that I don't understand the nature of the proposal - on the contrary, the problem is that I do."

On the way to move things forward, the AWG-LCA stocktaking session bore witness to calls from some parties to give the Chair a mandate to consolidate the text further with a view to accelerating progress. As one delegate said emerging from the evening session, "something more has to be done, this text still needs so much work, and it's now or never if we want to make progress." However, several developing country delegates, while acknowledging that further consolidation was required, said the process still had to be "party-driven" and based on work done during the week.