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HIGHLIGHTS FROM THE SECOND SESSION OF THE AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS ON ENERGY AND SUSTAINABLE DEVELOPMENT: MONDAY, 26 FEBRUARY 2001

The *Ad Hoc* Open-Ended Intergovernmental Group of Experts on Energy and Sustainable Development started their work today at the UN Headquarters in New York. Delegates met in morning and afternoon sessions. After adopting the agenda and organization of work, they gave general statements and heard an overview of the report of the Secretary-General on "Energy and sustainable development: options and strategies for action on key issues" and of the Co-Chairs' draft negotiating text. During the remainder of the morning session and the afternoon session, delegates began discussions of the Co-Chairs' text. The meeting was adjourned at 4 pm at the request of the G-77/China, to allow for consultations and preparation of positions for the following day.

ORGANIZATIONAL MATTERS

Co-Chair Mohammad Reza Salamat (Iran) opened the meeting at 10:30 am. Delegates adopted the meeting agenda (E/CN.17/ESD/2001/1) and the organization of work (E/CN.17/ESD/2001/1/Add.1). Co-Chair Salamat noted that the Co-Chairs' draft negotiating text, upon which the Expert Group will base their work, attempts to strike a balance between political considerations and technical grounds, developing nations and industrialized countries, and development objectives and environmental concerns. He said the text supports a "menu of options and policies" approach.

JoAnne DiSano, Director, Division for Sustainable Development, Department of Economic and Social Affairs (DESA), introduced the report of the Secretary-General, "Energy and sustainable development: options and strategies for action on key issues" (E/CN.17/ESD/2001/2). She said the report identifies key areas where the international community can promote sustainable energy, and calls for new initiatives to intensify international cooperation and to mobilize investment for, *inter alia*, building effective public-private partnerships.

Co-Chair Irene Freudenschuss Reichl (Austria) outlined the structure of the draft negotiating text (E/CN.17/ESD/2001/L.1), which consists of six sections: General Considerations; General Principles for Policy Action; Key Issues; Overarching Issues; Regional Cooperation; and International Cooperation.

GENERAL STATEMENTS

IRAN, on behalf of the G-77/CHINA, urged developed countries to assist developing countries in improving access to energy services, and emphasized the need for development of cleaner energy technologies, including renewable energy, and technology transfer. With SAUDI ARABIA, he underscored the provision of new and additional resources. SWEDEN, on behalf of the EU, reaffirmed its commitment to engage in a global dialogue on access to energy in an environmentally, socially and economically sustainable manner, while considering the principle of common but differentiated responsibilities. He suggested that future energy policies should emphasize open and competitive energy markets within regulatory frameworks that promote sustainable development.

NIGERIA noted increasing energy needs in developing countries and the advancement of new and efficient energy technologies, and called for the integration of energy issues into the Rio+10 process. With EGYPT and NORWAY, he suggested that the draft negotiating text provide policy alternatives with consideration to individual country circumstances. HAITI, for the Francophone countries, said solutions based solely on private investment are not adequate and public means should be investigated. Highlighting the Asia-Pacific regional meeting on energy and sustainable development, INDONESIA identified the Bali Declaration and a regional action programme as major outcomes, which call for a paradigm shift in order to achieve a sustainable energy future. Stressing the vulnerable situation of least developed countries and small island states, SAMOA, on behalf of the Alliance of Small Island States (AOSIS), highlighted problems relating to accessibility of energy, reliability of supply, affordability, and dependency on imported sources of energy.

NIGERIA, with NORWAY, said proposals relating to Rio+10 are premature as they may preempt action that should be taken by the relevant Preparatory Committee. With SAUDI ARABIA and EGYPT, he stressed that the Expert Group's outcome should not preempt the CSD process by prescribing policy options. CANADA underscored the importance of, *inter alia*: adopting clean fossil fuel technologies and cleaner fuels; encouraging renewable energy technologies; retaining nuclear energy as an energy option; adopting good practices to improve energy efficiency commensurate with national circumstances; ensuring that capacity-building and technology transfer programmes show good and lasting results; and establishing basic conditions for private financing.

CHINA expressed hope that financing, capacity building and establishment of an enabling environment will be reflected in the negotiating text. INDIA highlighted concerns such as: access to and

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Angela Churie <angela@iisd.org>, Wendy Jackson <wendy@iisd.org>, Hernan Lopez <hernan@iisd.org> and Malena Sell <malena@iisd.org>. The Digital Editor is Leila Mead <leila@iisd.org>. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. French translation is provided by Mongi Gadhoun <mongi@iisd.org>. The Sustaining Donors of the *Bulletin* are the Netherlands Ministry of Foreign Affairs, the Government of Canada (through CIDA), the United States (through USAID), the Swiss Agency for Environment, Forests and Landscape (SAEFL), the United Kingdom Department for International Development (DFID), the European Commission (DG-ENV). General Support for the *Bulletin* during 2001 is provided by the German Federal Ministry of Environment (BMU) and the German Federal Ministry of Development Cooperation (BMZ), the Danish Ministry of Foreign Affairs, the Ministry of Environment and the Ministry of Foreign Affairs of Austria, the Ministries of Foreign Affairs and Environment of Norway, the Ministries of Foreign Affairs and Environment of Finland, the Government of Australia, the Ministry of Environment and the Ministry of Foreign Affairs of Sweden, the French Ministry of Foreign Affairs and the Japan Ministry of Environment (through the Institute for Global Environmental Strategies - IGES.) Funding for the French version has been provided by the French Ministry of Foreign Affairs. The *Bulletin* can be contacted by e-mail at <enb@iisd.org> and at tel: +1-212-644-0204; fax: +1-212-644-0206. IISD can be contacted by e-mail at <info@iisd.ca> and at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada. The opinions expressed in the *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD and other funders. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications only and only with appropriate academic citation. For permission to use this material in commercial publications, contact the Director of IISD Reporting Services. Electronic versions of the *Bulletin* are sent to e-mail distribution lists and can be found on the Linkages WWW server at <http://www.iisd.ca>. The satellite image was taken above New York ©2001 The Living Earth, Inc. For information on the *Earth Negotiations Bulletin*, send e-mail to <enb@iisd.org>.



availability of energy; current inequities in energy consumption; the prescriptive nature of options for governments; and queried reference in the text to the Nuclear Non-proliferation Treaty.

EGYPT emphasized common but differentiated responsibilities and the need to address debt, and said the Expert Group's discussions should not influence negotiations in other fora. He opposed establishment of new institutional mechanisms, and called for greater attention to fossil fuel technologies, which are less expensive. COLOMBIA noted that, in addition to political will, financial resources and technology transfer are also needed for sustainable energy.

DISCUSSION OF THE CO-CHAIRS' TEXT

Co-Chair Reichl welcomed specific suggestions on the draft negotiating text. Delegates discussed sections A on General Considerations and section B on General Principles for Policy Action, and started discussing section C on Key Issues.

SECTION A: GENERAL CONSIDERATIONS: The EU proposed that reference to national government responsibilities be moved to section B on General Principles for Policy Action. JAPAN called for wording on improving conditions for investments in infrastructure and technologies. COLOMBIA suggested reference to differences in energy production and consumption between OECD and non-OECD countries. NEW ZEALAND, supported by AUSTRALIA, CANADA, INDONESIA, NORWAY, the RUSSIAN FEDERATION and the US, stressed the importance of having a menu of options available to countries and called for emphasis on diversity of circumstances and perspectives. Opposed by AOSIS and SWITZERLAND, he called for the deletion of reference to a framework for regional and international cooperation.

The G-77/CHINA, supported by the RUSSIAN FEDERATION, questioned the separation of environmental objectives and sustainable development, stressing that they are interrelated. The RUSSIAN FEDERATION queried whether energy resources are plentiful, and highlighted that environmentally sound technologies are not freely available to all. The US emphasized inter-generational equity and a multi-stakeholder dialogue process. NORWAY and SOUTH AFRICA stressed the difference between sustainable energy and energy for sustainable development, supporting the latter wording.

SECTION B: GENERAL PRINCIPLES FOR

POLICY ACTION: On the heading of this section, the G-77/CHINA preferred changing it to "Policy Options." NORWAY suggested amending the title to read "General Principles for Policy Options." With AUSTRALIA, NEW ZEALAND and the RUSSIAN FEDERATION, the G-77/CHINA suggested acknowledging in the chapeau the different situations of various countries, their level of development, and their regional conditions. The EU reiterated the principal responsibilities of national governments. He suggested adding reference to promoting private-public partnerships to advance sustainable development and, supported by the US and MEXICO, to strengthening the role of civil society, especially that of women. CHINA stressed the principle of common but differentiated responsibilities, and the need for developed countries to transfer technologies and provide new and additional financial resources.

MEXICO stressed the need to reinforce public and private institutions, which are able to implement national programmes, and to include reference to systems for collecting and distributing information on the environmental impacts of energy production and use.

On renewable energy, TURKEY, opposed by AOSIS, proposed deleting language supporting greater reliance on renewable energy in both grid-connected and decentralized systems. AUSTRALIA, supported by the RUSSIAN FEDERATION, suggested referring to "enhancing use of renewable energies." SAUDI ARABIA stressed that the goals of poverty eradication and economic development override the goal of promoting renewable energies.

SWITZERLAND, JAPAN and the US sought clarification on the meaning of security of energy supply and demand. CHINA supported AUSTRALIA's proposal to delete reference to "security of energy demand," while SAUDI ARABIA preferred its retention.

On appropriate frameworks to attract investments, SAUDI ARABIA suggested referring to "positive conditions - economic, political or others - for attracting investments," The US proposed reference to "enabling environments," while CUBA preferred "favorable conditions." JAPAN highlighted the need for efficient and transparent energy markets with consistent regulatory and legal frameworks and for competitive national energy markets with transparent cost reflective pricing in order to attract private sector investment needed for the development of power generation facilities and energy services. The CZECH REPUBLIC and the EU sought reference to reducing and eliminating energy subsidies that inhibit sustainable development.

On developing appropriate energy services in rural areas, CUBA said the most cost-effective technologies are not necessarily the most accessible.

SECTION C: KEY ISSUES: On accessibility, the EU proposed including the aim of increasing reliability through the diversification of supply and focusing more on decentralization. He called for language encouraging governments to create enabling environments and supporting private-public partnerships and innovative financing arrangements.

The G-77/CHINA requested that the meeting be adjourned until the next day, to allow the Group time to prepare its positions.

SIDE EVENT ON THE WORLD ENERGY ASSESSMENT (WEA)

Emi Watanabe, Director, UN Development Programme (UNDP), presented the World Energy Assessment: Energy and the Challenge of Sustainability, a collaborative effort of UNDP, DESA, and the World Energy Council. She highlighted the goal to produce a scientific assessment of energy supply and use, and of the links to poverty reduction, development, environmental protection and security.

Presenting the WEA, Thomas Johansson, UNDP, outlined, *inter alia*: the links between energy and development; the impact of energy on the environment, women and children; the investments required for energy supply; and the availability of non-renewable resources. He said the challenge ahead is to find the path to achieving a more sustainable future.

Wim Turkenburg, Utrecht University, described the WEA's options for achieving sustainable energy including energy efficiency, the contribution of renewable energy technologies, and advanced fossil fuel technologies.

IN THE CORRIDORS

Discussions at the second Expert Group meeting got off to a slow start Monday, with some delegates expressing concern about the limited time and the myriad of issues on the agenda. Certain observers noted that the absence of a coordinated G-77/China position resulted in a number of its members taking the floor to present diverging views on many issues, such as on renewable energy and the outcome of the Expert Group's deliberations. They said this was a sign of a potential rift in the Group. The impending arrival of some key OPEC negotiators on Wednesday caused some to speculate about the hard-line position they may take in the coming days, which could further complicate G-77/China coordination.

THINGS TO LOOK FOR TODAY

PLENARY: The Expert Group will meet at 10:00 am in the ECOSOC Chamber to continue discussing the Co-Chairs' draft negotiating text. The G-77/China is expected to make its submissions on the first three sections of the text after completing deliberation on Monday evening. Discussions of the draft text will continue in an afternoon session.