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HIGHLIGHTS FROM THE SECOND SESSION OF THE AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS ON ENERGY AND SUSTAINABLE DEVELOPMENT TUESDAY, 27 FEBRUARY

The *Ad Hoc* Open-Ended Intergovernmental Group of Experts on Energy and Sustainable Development met in morning and afternoon sessions to discuss all sections of the Co-Chairs' draft negotiating text.

DISCUSSION OF THE CO-CHAIRS' TEXT

Co-Chair Mohammad Reza Salamati (Iran) announced that the Co-Chairs would be producing both a revised negotiating text and a compilation text based on delegates' submissions for distribution on Wednesday morning. EGYPT, with ARGENTINA, COLOMBIA, IRAN on behalf of the G-77/CHINA, NIGERIA and SAUDI ARABIA, supported discussion based on the compilation text alone. SWITZERLAND preferred using a Co-Chair's revised text. Agreement was reached at the end of the day to continue discussions based on a compilation text only.

SECTION A: GENERAL CONSIDERATIONS: Providing additional comments on this section, which had been discussed on Monday, the G-77/CHINA proposed reference to, *inter alia*, the multi-faceted nature and interdependencies of energy issues.

SECTION B: GENERAL PRINCIPLES FOR POLICY ACTION: The G-77/CHINA suggested new paragraphs on the different situations of countries and on common but differentiated responsibilities. SAUDI ARABIA opposed deleting reference to security of energy demand. The RUSSIAN FEDERATION, the US and CANADA proposed including nuclear technology in the mix of energy technologies to be increased.

SECTION C: KEY ISSUES: On the recommendations, SAUDI ARABIA, supported by COLOMBIA and opposed by SRI LANKA, said these should be directed at "countries" rather than "governments." The RUSSIAN FEDERATION suggested including measures to make energy efficiency, advanced fossil fuel and renewable energy technologies more affordable.

Accessibility of energy: The US suggested, *inter alia*, language stating that countries choose actions based on national circumstances. On energy security, POLAND and TONGA supported emphasis on renewable energy sources. The G-77/CHINA proposed a paragraph on making energy more accessible to rural women, and called for consideration of low forest cover countries when referring to biomass and fuelwood.

Energy efficiency: The G-77/CHINA, supported by PAKISTAN, underscored consideration of national circumstances, technology transfer at preferential prices to developing countries, and equal access for women.

SWEDEN, on behalf of the EU, stressed improvement of current technologies and energy management techniques. AUSTRALIA, with CANADA, NORWAY, JAPAN and TURKEY, opposed references to indicative goals for energy efficiency. ALGERIA suggested adding a paragraph on international cooperation on efficiency standards. NORWAY proposed reference to barriers to achieving efficiency, and CHINA said they include capacity and financial issues.

Renewable energy: The EU, with MEXICO and TONGA, proposed strengthening public awareness, while the G-77/CHINA inserted reference to the use of national renewable resources, including wind, solar, thermal and ocean energy. COLOMBIA, supported by CUBA, ALGERIA and GUYANA, proposed including reference to the World Solar Programme 1996-2005. SWITZERLAND underscored promoting indigenous sources of renewable energy. AUSTRALIA, supported by POLAND and GUYANA, suggested reference to costs as a barrier to reaching renewable energy potential.

Advanced fossil fuel technologies: The G-77/CHINA suggested deleting reference to carbon sequestration and "wide-scale" before application of carbon capture and storage. AUSTRALIA said this subparagraph should either be kept in full or deleted. SWITZERLAND supported its deletion, stressing that such strategies are not forward-looking. SAUDI ARABIA, supported by AUSTRALIA, proposed deleting or rewording "carbon free sources" and "near-zero" emissions. The US suggested "lack of capacity" as a challenge in the context of advanced fossil fuel technologies.

Nuclear energy technologies: The EU noted the sensitivity of this topic and existing divergences among States, while EGYPT, PAKISTAN and CHINA highlighted the need for consensus language in the draft text.

SAUDI ARABIA suggested inserting a subparagraph on the phase-out of nuclear energy. POLAND supported a gradual phase-out. COLOMBIA, supported by BARBADOS and GUYANA, proposed a subparagraph on phase-out of transboundary movement of nuclear waste, especially through the coasts of non-OECD countries. BARBADOS stated that nuclear energy sources are neither appropriate nor acceptable for use in small island developing States, to which SAUDI ARABIA added "all developing countries."

The US, the RUSSIAN FEDERATION and JAPAN highlighted nuclear energy as an acceptable and important part of the energy mix, provided efforts are made to ensure safety. CHINA and INDIA

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emphasized the right of all countries to develop nuclear energy. BELARUS highlighted risks and lack of public confidence in nuclear energy technologies.

Rural energy: The EU highlighted the role of biomass in rural energies, and noted that high investment costs and connection fees hamper production and use of renewables in rural energy supply.

AUSTRALIA said difficulties in energy provision relate to the structure of energy markets in rural areas. CHINA said forest protection should be considered when promoting biomass. POLAND, supported by INDONESIA, highlighted local capacity building and promotion of local sources of renewable energy.

Energy-related issues in transportation: SAUDI ARABIA queried the meaning of “sustainable transportation systems” and preferred “transportation systems for sustainable development.” MEXICO suggested integrating criteria on energy consumption and environmental impacts into development of urban and rural transport infrastructure. On the elimination of leaded gasoline, the US, with AUSTRALIA, suggested rephrasing the recommendation to support developing countries and countries with economies in transition (EITs).

SECTION D: OVERARCHING ISSUES: Research and development: ALGERIA suggested that increased public and private sector investment and international and regional collaboration include conferences on country-specific issues. MEXICO proposed wording on government policies to encourage private sector investment. AUSTRALIA said an adequate enabling environment, which decreases risks for private sector investors, can be a further incentive for investment. The RUSSIAN FEDERATION, supported by NORWAY, preferred replacing “global sustainable energy future” with “sustainable energy future for all” in line with Rio+5 language.

Information-sharing and dissemination: JAPAN proposed expanding this issue to the business, government and education sectors. The G-77/CHINA suggested replacing “global sustainable future” with “energy for sustainable development.” The US, supported by CANADA and AUSTRALIA, suggested including information on, *inter alia*, costs and ancillary benefits associated with environmental technologies and suggested an internet-based clearinghouse.

Making markets work better: The CZECH REPUBLIC called for the reduction of energy production subsidies and the gradual promotion of cost internalization. The EU, with AUSTRALIA, suggested creating open and competitive energy markets within a regulatory framework. SAUDI ARABIA opposed the EU and said the existing energy tax structure in developed countries should reflect their environmental pollution levels. NORWAY, with the RUSSIAN FEDERATION, proposed encouraging governments to improve the functioning of energy markets.

Technology transfer: MEXICO suggested including the design, implementation and operation of energy saving programmes and exploitation of renewable energies. BELARUS, supported by the RUSSIAN FEDERATION, called for specific reference to the special needs of EITs. TUNISIA suggested establishing centers for access to technological information. The US, supported by ALGERIA but opposed by NIGERIA, GUYANA and SAUDI ARABIA, said technology transfer should apply to all countries with needs.

Capacity-building: The RUSSIAN FEDERATION proposed reference to EITs. MEXICO stressed identification of local needs. ANTIGUA AND BARBUDA, with CANADA, highlighted the GEF’s role in supporting capacity-building activities. The US said developing countries should include these issues within their sustainable development strategies.

Mobilization of financial resources: The G-77/CHINA, supported by ANTIGUA AND BARBUDA, SAUDI ARABIA, HAITI and BRAZIL, underscored the need for new and additional resources. The EU emphasized financing infrastructure investments in developing countries. The US stressed the importance of ODA for technology transfer. ALGERIA requested adding reference to the need

for new financial mechanisms to facilitate access to credit. SAUDI ARABIA, supported by COLOMBIA, emphasized the need for GEF replenishment.

Multi-stakeholder approach and public participation: The G-77/CHINA suggested reference to strengthening the capacity of community-based organizations and to the role of women. The US said these groups could play an important role in establishing informal regulatory networks. The EU underlined, *inter alia*, freedom of access to energy information and access to justice.

SECTION E: REGIONAL COOPERATION: NEW ZEALAND stressed the importance of regional cooperation in achieving economies of scale in projects. The US suggested replacing reference to “advanced technologies” with “environmentally sound technologies.” JAPAN supported South-South cooperation in sub-regional and regional programmes for capacity building. ALGERIA proposed establishing a databank for information exchange.

SECTION F: INTERNATIONAL COOPERATION: NORWAY and NEW ZEALAND cautioned against fragmenting the sustainable development agenda.

Message to other intergovernmental bodies: TURKEY warned against prejudging CSD-9 and Rio+10 processes and duplicating work in other fora. AUSTRALIA and NORWAY said the paragraphs could be streamlined, while the G-77/CHINA, with COLOMBIA, the RUSSIAN FEDERATION and SAUDI ARABIA, proposed deleting the entire section.

Possible options for guidance to the multilateral system: The RUSSIAN FEDERATION, with NEW ZEALAND, suggested that the section could be streamlined, while the G-77/CHINA and SAUDI ARABIA supported its deletion. The EU stated that the energy sector should focus more on poverty reduction strategies and called for a common UN approach to sustainable energy. NORWAY proposed deleting references to strengthening the UN’s role in the area of energy for sustainable development.

International endeavors: AUSTRALIA said reference to an information clearinghouse is not linked to language on creating an enabling environment. With SAUDI ARABIA and the RUSSIAN FEDERATION, he sought clarification of “appropriate mechanisms” in reference to natural gas exploration initiatives. NEW ZEALAND said this task was better left to the private sector. TONGA called for initiatives involving geothermal energy. NORWAY, with ARGENTINA, suggested language on “enhanced use” of existing financing mechanisms.

IN THE CORRIDORS

Several observers commented on what they perceived to be a more accommodating stance taken by the EU on nuclear energy in their statement Tuesday, compared to their position on the issue during the climate talks in November last year. Others noted, however, that the EU had clearly indicated that divergences remain within the Group on the issue and that no Group position currently exists.

On another note, several delegates commented with concern on slow progress in the work of the Expert Group, which they attributed to its unclear process. Several said the absence of a compilation text of the proposals limited the delegates’ ability to identify areas of convergence. Whether the compilation text will improve the pace of discussion remains to be seen.

THINGS TO LOOK FOR TODAY

PLENARY: The Expert Group will meet at 10:00 am in the ECOSOC Chamber. The Co-Chairs will distribute the second part of the compilation text comprising all views presented by delegates in written and oral form up until Tuesday evening. Discussions will resume based on this text, with the Co-Chairs providing suggestions for how to resolve differences between delegates.

BRIEFING: The *Ad Hoc* Inter-Agency Task Force on Energy will report on its work at a briefing session during the lunch break.