

SB 32 AND AWG HIGHLIGHTS: WEDNESDAY, 9 JUNE 2010

In the afternoon, a joint SBI/SBSTA session took place to bid farewell to UNFCCC Executive Secretary Yvo de Boer. In the evening, the closing plenaries of the SBI and SBSTA convened. Throughout the day, contact groups and informal consultations convened on issues including item 3 (preparation of an outcome to be presented to COP 16) under the AWG-LCA and Annex I emission reductions under the AWG-KP.

JOINT SBI/SBSTA SESSION

In the afternoon, a joint SBI/SBSTA session took place to bid farewell to UNFCCC Executive Secretary Yvo de Boer. SBSTA Chair Mama Konaté expressed his sincere professional and personal thanks to UNFCCC Executive Secretary de Boer for his work.

UNFCCC Executive Secretary de Boer thanked the negotiators, NGOs, IGOs, business community and his colleagues in the Secretariat for their hard work over the past four to fourteen years. He stressed that “we do not have another fourteen years” to show that the UNFCCC progress can deliver, explaining through a football analogy that “we were given a yellow card in Copenhagen and the referee’s hand will edge towards the red one if we fail to deliver in Cancún and beyond.” He noted that for many, the way forward would be legally-binding, explaining that “these words mean different things to different people” and that this is good “as it enables defining the concept in broader terms.” UNFCCC Executive Secretary de Boer stressed that “we cannot afford to delay more stringent action much longer” as the 2°C world would be in danger and the door to the 1.5°C world is rapidly closing. He called for addressing the “political essentials” and separating political questions from the technical ones, and highlighted the importance of technical negotiations with clear mandates.

The G-77/CHINA, the EU, AOSIS, the AFRICAN GROUP, the LDCs, the ENVIRONMENTAL INTEGRITY GROUP, the UMBRELLA GROUP and SBI Chair Robert Owen-Jones then thanked UNFCCC Executive Secretary de Boer for his leadership.

SBSTA CLOSING PLENARY

NAIROBI WORK PROGRAMME: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.6).

Suriname, for AOSIS, welcomed progress on the NWP, noting the importance of translating increased awareness and support into action on the ground. Spain, for the EU, welcomed the review of the NWP to build a common view on the continuation and strengthening of the programme.

TECHNOLOGY TRANSFER: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.3).

REDD: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.2).

RESEARCH AND SYSTEMATIC OBSERVATION: SBSTA Chair Konaté reported on the research dialogue on scientific developments relevant to the Convention, held on 3 June 2010. Co-Facilitator Lesolle reported on informal consultations, highlighting a proposal for a workshop at SBSTA 34. The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.8).

METHODOLOGICAL ISSUES (CONVENTION):

Emissions from international aviation and maritime transport: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.9).

Revision of UNFCCC reporting guidelines on Annex I annual inventories: Co-Chair Elhassan reported on consultations, resulting in agreement, *inter alia*, to use revised reporting guidelines starting in 2015 and to invite the IPCC to provide further analysis on harvested wood products, wetlands, and emissions from soil. The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.12).

AUSTRALIA highlighted capacity building for REDD+ and lamented limited progress, saying in many cases only procedural conclusions were achieved where substantial conclusions are needed.

METHODOLOGICAL ISSUES (PROTOCOL): HCFC-22/HFC-23: Facilitator Adjuwon reported on informal consultations, saying parties expressed the need for further understanding on the issue and requested the Secretariat to prepare a technical paper that includes new developments in other intergovernmental processes.

The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.5).

Carbon capture and storage (CCS): Facilitator Barata reported on informal consultations, noting that despite divergent views on many issues, parties agreed to capture the views of parties submitted prior to and during the meeting and to continue negotiations at SBSTA 33. The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.11).

KUWAIT and QATAR emphasized the importance of including CCS under the CDM.

Standardized baselines under the CDM: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.10).

Noting the burdens of establishing baselines on a project-by-project basis, JAPAN indicated that standardized baselines could improve the usability and regional distribution of the CDM, but emphasized the importance of guaranteeing environmental integrity. The EU said standardized baselines would reduce transaction costs, improve distribution and strengthen certainty under the CDM.

Forests in exhaustion: Facilitator Sanhueza reported that no agreement was reached on inclusion of forests in exhaustion under the CDM. The issue will be taken up again at SBSTA 33.

Common metrics to calculate CO2 equivalence of GHGs: Facilitator Gytarsky reported on informal consultations, saying that parties were unable to agree on conclusions. Consideration of the issue will continue at SBSTA 33.

PROTOCOL ARTICLE 2.3 (adverse impacts of policies and measures): The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.13).

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS: The SBSTA adopted conclusions (FCCC/SBSTA/2010/L.4).

SCIENTIFIC, TECHNOLOGICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATING CLIMATE CHANGE: Barbados, for AOSIS, stated that he could not accept the proposed SBSTA conclusions on this item. Supported by Lesotho, for the LDCs, Spain, for the EU, PANAMA, SOUTH AFRICA, AUSTRALIA, COLOMBIA, MALAWI, the PHILIPPINES and NORWAY, AOSIS proposed requesting the Secretariat to prepare a technical paper on the options for limiting global average temperature increase to below 1.5°C and 2°C. This was opposed by SAUDI ARABIA and KUWAIT, with SAUDI ARABIA suggesting that the technical paper consider, *inter alia*: analysis of pledges; spillover effects; and response measures.

The plenary was then suspended for informal consultations. Upon resumption, SAUDI ARABIA, supported by VENEZUELA, KUWAIT and QATAR, said they could not accept the proposed compromise, which would have included reference to spillover effects. SAUDI ARABIA questioned the capacity of the Secretariat to undertake this task. BARBADOS highlighted support from SIDS, Africa, LDCs and countries in Latin America and the Caribbean for the technical paper. BOLIVIA, supported by NICARAGUA, called for also analyzing the 1°C target.

The FEDERATED STATES OF MICRONESIA, supported by GUATEMALA, objected to SBSTA Chair Konaté's proposal to close the agenda item. SOUTH AFRICA and others supported moving the discussion into informal consultations. The SBSTA plenary was suspended again for informal consultations.

Resuming the plenary, SBSTA Chair Konaté called on parties to adopt the conclusion as originally proposed. Raising a point of order, the RUSSIAN FEDERATION, supported by GUATEMALA and GRENADA, requested suspending the SBSTA. GRENADA stressed that the proposed text was "agreed to by the party who now opposes it." He said this was an issue of a "moving target," stressing that "we cannot set the example that parties can derail the process by ignoring good faith and integrity."

At 10:06 pm, SBSTA Chair Konaté suspended the SBSTA closing plenary until Thursday.

SBI CLOSING PLENARY

CONVENTION ARTICLE 6 (education, training and awareness raising): The SBI adopted conclusions (FCCC/SBI/2010/L.5).

MATTERS RELATING TO CONVENTION ARTICLES 4.8 AND 4.9: Implementation of decision 1/CP.10 (Buenos Aires programme of work): The SBI adopted conclusions (FCCC/SBI/2010/L.7).

LDCs: The SBI adopted conclusions (FCCC/SBI/2010/L.2/Rev.1). Lesotho, for the LDCs, appealed to Annex II parties to increase their contributions to the LDC Fund (LDCF), stressing that the LDCF is expected to support other elements of the LDC work programme in addition to the preparation and implementation of NAPAs. He expressed disappointment that there is no reference to this in the conclusions. Bangladesh, for the G-77/CHINA, urged parties to support the implementation of NAPAs.

CAPACITY BUILDING (CONVENTION): The SBI adopted conclusions (FCCC/SBI/2010/L.11).

CAPACITY BUILDING (PROTOCOL): The SBI adopted conclusions (FCCC/SBI/2010/L.12).

REVIEW OF THE ADAPTATION FUND: The SBI adopted conclusions (FCCC/SBI/2010/L.13). Spain, for the EU, observed that it looked forward to the first review, emphasizing that it was important for COP/MOP 6 to consider temporary provisions regarding trust funds and that any projects underway should not be affected by the review.

PROTOCOL AMENDMENT WITH RESPECT TO COMPLIANCE: Parties agreed to continue consideration of the issue at SBI 33.

KAZAKHSTAN'S PROPOSAL TO BE INCLUDED IN ANNEX B: The SBI adopted conclusions (FCCC/SBI/2010/L.6).

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS:

Budget performance for the biennium 2010-11: The SBI adopted conclusions (FCCC/SBI/2010/L.8).

Implementation of the Headquarters Agreement: The SBI adopted conclusions (FCCC/SBI/2010/L.10).

Privileges and Immunities: The SBI adopted conclusions (FCCC/SBI/2010/L.9).

Methodology for collection of International Transaction Log (ITL) fees: The SBI adopted conclusions and a draft COP/MOP decision (FCCC/SBI/2010/L.4 & Add.1).

NON-ANNEX I NATIONAL COMMUNICATIONS: Consultative Group of Experts on Non-Annex I National Communications (CGE): The SBI adopted conclusions (FCCC/SBI/2010/L.18).

Further implementation of Convention Article 12.5 (frequency of national communications): The SBI adopted conclusions (FCCC/SBI/2010/L. 20). Brazil, for the G-77/CHINA, stressed that any consideration of further implementation of Convention Article 12.5 should take into account common but differentiated responsibilities and that national communications requirements should not be more onerous for non-Annex I parties than for Annex I parties. He emphasized that technical support must be provided in a sustainable manner and that the best way to move forward is to invite all parties to submit their views on further implementation to the SBI. He also noted that discussion on this item under other bodies should not prejudice discussions under the SBI.

Financial and technical support: The SBI adopted conclusions (FCCC/SBI/2010/L.17). Spain, for the EU, acknowledged the need for appropriate financing for non-Annex I national communications and noted, with satisfaction, the GEF's fifth replenishment. SAUDI ARABIA highlighted serious concerns regarding the transparent allocation of resources under the GEF.

FINANCIAL MECHANISM: Fourth review of the financial mechanism: The SBI adopted conclusions (FCCC/SBI/2010/L.15). The Philippines, for the G-77/CHINA, underscored that the fourth review should be a full review of the financial mechanism and not just a review of the operating entity.

GEF's report: The SBI adopted conclusions (FCCC/SBI/2010/L.16). The Philippines, for the G-77/CHINA, noted that the final report of the GEF was still being awaited, to allow full consideration of items under the agenda item, which is closely related to the provision of financial resources.

Assessment of the Special Climate Change Fund (SCCF): The SBI adopted conclusions (FCCC/SBI/2010/L.19).

TECHNOLOGY TRANSFER: The SBI adopted conclusions (FCCC/SBI/2010/L.3).

ANNUAL COMPILATION AND ACCOUNTING REPORT BY PROTOCOL ANNEX B PARTIES: The SBI did not reach conclusions on this issue and the consideration of the issue will continue at SBI 33.

BOLIVIA expressed disappointment at the lack of conclusion, highlighting the “abuse of mechanisms” by developed countries, saying they are transferring emission reduction responsibilities to developing countries and using the flexibility mechanisms to generate profits in their own territories. Also expressing disappointment, VENEZUELA noted the lack of a clear signal from developed countries to respect the principles of the Kyoto Protocol.

ANNEX I NATIONAL COMMUNICATIONS AND GHG INVENTORY DATA: The SBI did not reach conclusions and consideration of the issue will continue at SBI 33.

BOLIVIA expressed disappointment that developed countries wish to submit their next national communications after a four-year period despite the availability of resources to do so sooner. She underscored the “drastic increase” in most developed countries’ emissions. China, for the G-77/CHINA, lamented that non-Annex I countries are being “pushed” to increase the frequency of their national communications, while Annex I countries are refusing to do likewise. He requested inclusion of a new agenda sub-item on “further implementation of Convention Article 12.5” and that his statement be reflected in the report. Spain, for the EU, expressed disappointment at the lack of agreement, stressed the importance of the review process to improve national communications and urged that, pending resolution of the issue, national communications should continue to be developed periodically, appropriately and on time.

PROTOCOL ARTICLE 3.14 (adverse effects and impacts of response measures): The SBI adopted conclusions (FCCC/SBI/2010/L.14).

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: PAPUA NEW GUINEA stated that a high-level session is a precondition for achieving a successful outcome in Cancún. Supported by GUATEMALA, she proposed requesting the Bureau to make arrangements for a high-level segment and that the high-level segment be held between AWG-KP 14/AWG-LCA 12 in August and COP 16. COLOMBIA, BRAZIL, BOLIVIA and others opposed the proposal.

The EU supported the organizational proposal but opposed the proposal regarding the timing. PAPUA NEW GUINEA subsequently withdrew the proposal regarding the timing of the high-level segment. Many parties thereafter supported the proposal on the organization of a high-level segment. VENEZUELA requested further explanation regarding the reasoning behind, and financial implications of the proposal. After having consulted informally, parties agreed to indicate that the SBI “further invited the Bureau and incoming Presidency to make arrangements for the organization of the high-level segment.” The SBI adopted conclusions (FCCC/SBI/2010/L.21), as orally amended.

Friends of the Earth, for ENVIRONMENTAL NGOs, highlighted the need for full civil society participation, including in informal consultations. He expressed concern with proposals to limit civil society access to the negotiations venue in Cancún, urging that the “mistakes of Copenhagen should not be repeated.”

CLOSING STATEMENTS: Parties adopted the meeting’s report (FCCC/SBI/2010/L.1).

Yemen, for the G-77/CHINA, underscored the need for predictable funding and the provision of agreed full costs for the preparation of non-Annex I national communications. He lamented the lack of a clear outcome on the Adaptation Fund review and expressed hope that the fourth review of the financial mechanism would pave the way for the effective operation of funds.

Spain, for the EU, stated that the EU’s emissions in 2008 decreased domestically by 11.3% compared to 1990 levels and welcomed advances made on key elements such as adaptation, finance, national communications and Convention Article 6.

Australia, for the UMBRELLA GROUP, highlighted the need to enhance the frequency and content of national communications, and expressed disappointment with the lack of conclusion on the fourth review of the financial mechanism.

Lesotho, for the LDCs, called for more contributions to the LDC Fund and encouraged the GEF to provide support for other elements of the LDC work programme.

The Democratic Republic of the Congo, for the AFRICAN GROUP, described finance, technology transfer and capacity building as issues on which “Africa expects the SBI to take decisive action” and called for the adoption of terms of reference for the review of the Adaptation Fund and for parties to respect a previous decision on the scope of the review.

MEXICO reiterated their full commitment to developing a transparent and inclusive process for COP 16.

SBI Chair Owen-Jones declared SBI 32 closed at 9:51pm.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ITEM 3 (AWG-LCA): Response measures: During the morning contact group, discussions focused on economic and social consequences of response measures, based on questions by the AWG-LCA Chair (http://maindb.unfccc.int/library/view_pdf.pl?url=http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/awg-lca_response_measures.pdf).

Argentina, for the G-77/CHINA, urged developed countries to avoid climate-related trade discrimination. She called for a forum to explore ways of minimizing impacts of response measures. Sierra Leone, for the AFRICAN GROUP, supported the establishment of a forum under the COP.

The AFRICAN GROUP, with Saint Vincent and the Grenadines, for AOSIS, the US and the EU, emphasized that discussions on response measures should be separate from those on adaptation. The AFRICAN GROUP, with AOSIS, highlighted that impacts extend beyond fossil fuel exporting countries to SIDS and LDCs. AUSTRALIA identified the need to focus on the most vulnerable countries. BARBADOS said the needs of Africa, LDCs and SIDS should be prioritized in the initial phase. He emphasized first assessing the positive and negative consequences of response measures before deciding on an institutional structure to address the issue.

Spain, for the EU, encouraged non-Annex I parties to report on impacts of response measures through comprehensive national communications or as supplemental information. With the US, AUSTRALIA, NEW ZEALAND and SWITZERLAND, he opposed establishment of new institutions. The US noted that parties have proposed enhancing other channels to address response measures.

SINGAPORE called for financial and technological support by Annex II countries and indicated that a reference to Convention Article 3.5 (open international economic system) may be sufficient to reflect trade concerns, unless there is consensus to elaborate. The US and JAPAN indicated that Convention Article 3.5 adequately addresses trade concerns. NEW ZEALAND called for addressing trade measures under the World Trade Organization and suggested addressing unforeseen consequences through diplomatic and development assistance channels.

JAPAN noted the need to deepen understanding of impacts of response measures on all parties, saying that national communications may be an appropriate channel. NEW ZEALAND proposed using national communications to report impacts of response measures and suggested that affected parties raise concerns during the review of Annex I national communications under the SBI. She said once these processes have been used, parties can then consider enhancing them.

SAUDI ARABIA stressed that it is impossible to avoid negative spillover effects on developing countries and that all developing countries must adapt to them. He highlighted insurance and financial risk management to address such situations where policies and measures result in significant revenue loss for developing countries and noted that these

vulnerabilities are recognized in Convention Article 4.8 (adverse effects of climate change and impact of response measures). He identified a need for a new forum to address response measures under the SBI in order to exchange information on policy choices and provide policy guidance. He said the forum should have a specific work programme and report annually.

Noting that developed countries have overused their share of atmospheric space by 280%, BOLIVIA called for recognition of the climate debt and compensation for economic losses caused by response measures. He supported a permanent forum to consider response measures and called for cooperation between such a forum and indigenous communities to receive their full prior informed consent.

BRAZIL, with ECUADOR, called for addressing protectionist trade measures, including prohibiting unilateral climate-related trade measures, such as tariffs or non-tariff fiscal measures applied at the border. TURKEY supported the establishment of a new forum while enhancing existing channels, such as national communications.

ECUADOR emphasized the need for fair compensation, just transition of the workforce and support for economic diversification, as well as establishment of a permanent forum. ALGERIA emphasized the challenges of countries relying on one resource and supported inclusion of response measures in both the adaptation and mitigation chapters. LEBANON emphasized modeling to increase understanding of the full impact of response measures, the benefits of technology transfer and win-win solutions in economic diversification. MEXICO stressed technology transfer, training and capacity building to enter low-carbon growth paths, as well as further research and assessment. He highlighted the use of national communications for information exchange.

SWITZERLAND underscored the need for more scientific knowledge of causes and effects, and noted that national communications could be enhanced for reporting. GUATEMALA said national communications are too narrow and suggested the use of existing expert forums like the UN Conference on Trade and Development.

ANNEX I EMISSION REDUCTIONS (AWG-KP):
 Co-Chair Lefevre reported on bilateral consultations with parties on the scale of Annex I parties' aggregate and individual emission reductions, the base year and length and number of commitment periods. He reported lack of consensus on any of these issues. On further steps, he said some parties have proposed: further technical analysis by the Secretariat; submission of more information by Annex I parties on their expectations and intentions regarding LULUCF and the carryover of AAUs; and technical workshops in August, focusing, for example, on numbers and: the flexibility mechanisms; carryover of AAUs; and LULUCF rules.

Parties then discussed the tables presented by the Secretariat on Tuesday, showing the translation of pledges into QELROs. SWITZERLAND cautioned against distributing the tables too widely. Together with many parties, he suggested expressing the values contained in the tables in megatonnes instead of percentages. SOUTH AFRICA, with the Gambia, for the AFRICAN GROUP, the FEDERATED STATES OF MICRONESIA, NORWAY and others supported making the tables widely available. NORWAY added that it should be made clear that the numbers are illustrative and provisional and ICELAND cautioned against attaching too much importance to the numbers. The RUSSIAN FEDERATION questioned the usefulness of the tables, noting that there is no information on how the calculations have been made. With JAPAN, he opposed wider distribution of the tables. SWITZERLAND, stressing his support for full transparency, proposed that all materials, including parties' presentations, should be published by the Secretariat in a "dedicated space" on their website.

The FEDERATED STATES OF MICRONESIA asked about the data sources used. ZAMBIA suggested that the tables should indicate those parties that are exceeding or have exceeded their first commitment period targets. NEW ZEALAND highlighted that fulfillment of commitments goes beyond absolute emissions but also includes use of LULUCF and the flexibility mechanisms. JAPAN and AUSTRALIA supported discussing the actions of all parties, not just of Annex B parties. BOLIVIA made a presentation showing: Annex B parties' individual reduction pledges; Annex B parties' aggregate reductions; and Annex B parties' aggregate reductions taking into account surplus AAUs and LULUCF credits.

In response to the various questions and comments, the Secretariat explained that the tables use data provided in document FCCC/KP/AWG/2010/INF.1 (compilation of pledges and related assumptions) and the methodology in document FCCC/TP/2010/2 (transformation of pledges into QELROs). Regarding expressing figures in tonnes rather than percentages, he explained that this would involve making assumptions regarding the rules for the next commitment period, such as the base year. He said it could be done using the rules applicable in the first commitment period.

Parties then discussed next steps. Most parties supported organizing technical workshops in the August session. The EU and others, opposed by JAPAN and the RUSSIAN FEDERATION, supported updating the technical papers to reflect progress.

IN THE CORRIDORS

Wednesday at the Maritim began with several informal groups meeting in cramped breakout rooms, as parties tried to finalize work in time for the evening plenaries of the SBI and SBSTA. In one room, a seasoned negotiator was heard commenting: "I'll just be happy if we don't take any steps backwards, then we can pick the issue back up at SB 33." One issue that will definitely be discussed at SBI 33 in Cancun relates to Annex I national communications, as parties did not reach agreement on the date for submission and expressed different understandings of the proposals that had been made, making one observer sigh: "After so many formal and informal meetings, it seems that parties have not even been talking to each other."

In the afternoon, many parties and observers were seen emerging misty-eyed from the joint SBI/SBSTA plenary to bid farewell to outgoing UNFCCC Executive Secretary Yvo de Boer. Referring to the shoes presented to de Boer by incoming UNFCCC Executive Secretary Christiana Figueres, one negotiator agreed that "she really has large shoes to fill, but I am confident in her ability to do so."

In the SBSTA closing plenary late in the evening, strong pleas for a compromise were made in what some delegates described as a standoff over the proposal for a technical paper analyzing the 1.5°C target, under the agenda item on scientific, technological and socio-economic aspects of mitigating climate change. Those familiar with the negotiations expected conflict: "I reserved a front row seat for the fireworks, but never expected a suspension of the SBSTA," said one observer. "The varied interests of countries in the G-77/China are well-known, but it's clear that some of these differing priorities are becoming challenging to coordinate on," commented another participant. Some were speculating on the reasons for such strong opposition to the technical paper: "If the SBSTA requests this technical paper, it could be seen as a signal to the IPCC to consider low-emission scenarios in the Fifth Assessment Report, a prospect some countries are opposed to," noted one delegate.