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AWG-LCA 11 AND AWG-KP 13 HIGHLIGHTS: MONDAY, 2 AUGUST 2010

The eleventh session of the *Ad Hoc* Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA 11) and the thirteenth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 13) opened on Monday. AWG-KP 13 focused on Annex I emissions reductions, including an in-session workshop on the scale of reductions. AWG-LCA 11 discussed preparation of the outcome to be presented at COP 16, including the Chair's revised text.

AWG-KP

AWG-KP Chair John Ashe (Antigua and Barbuda) outlined his aim of developing a negotiating text as an outcome of AWG-KP 11.

Noting the urgency of the climate challenge, UNFCCC Executive Secretary Christiana Figueres said decisions must be taken, "perhaps in an incremental manner, but most certainly with firm steps and unwavering resolve." She pledged the Secretariat's unflagging commitment and support, and urged parties to use Cancún to "turn the politically possible into the politically irreversible." Parties then adopted the agenda and agreed to the organization of work (FCCC/KP/AWG/2010/8-9).

OPENING STATEMENTS: Many parties congratulated Christiana Figueres on her appointment as UNFCCC Executive Secretary.

Yemen, for the G-77/CHINA, expressed concern at slow progress in the AWG-KP. He urged a focus on adopting conclusions on aggregate Annex I emissions reductions in order to avoid a gap between the first and second commitment periods. He said the Kyoto Protocol is an essential element for the future of the climate change regime and new quantified emission limitation and reduction objectives (QELROS) must be a cornerstone of the COP/MOP 6 outcome in Cancún.

Belgium, for the EU, stressed that while the EU would prefer a single, legally-binding instrument including essential elements of the Protocol, it is flexible regarding the legal form, as long as it is binding. He said the Protocol's environmental integrity must be addressed, particularly regarding LULUCF accounting and carry over of assigned amount units (AAUs). He urged progress in reforming existing project-based mechanisms and establishing new market-based mechanisms. He reiterated the EU's commitment to a 30% emissions reduction if other developed countries make comparable commitments and advanced developing countries contribute adequately.

The Democratic Republic of the Congo, for the AFRICAN GROUP, with Grenada, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), and Lesotho, for LEAST DEVELOPED COUNTRIES (LDCs), noted with concern the possible gap between the first and second commitment periods and urged concluding work under the AWG-KP in Cancún. The AFRICAN GROUP also stressed the need to bridge the gap between current Annex I Party pledges and the 40% emission reduction by 2020 required to limit the temperature increase to 2°C, according to the IPCC.

AOSIS expressed concern with the aggregate level of ambition, noting that when LULUCF is included, current pledges would imply emission reductions of as little as 1-7%. LDCs called for a base year consistent with the Kyoto Protocol and LULUCF rules that do not undermine real emission reductions, noting that the reductions and rules under the Kyoto Protocol should not impose constraints on the most vulnerable parties.

Australia, for the UMBRELLA GROUP, said work should focus on LULUCF, market mechanisms and common metrics. She noted that the Copenhagen Accord covers 80% of global emissions.

Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, supported progress on LULUCF, including on accounting rules and forest management baselines. He also supported identifying common concerns under the two AWGs on mitigation commitments, market mechanisms and the overall architecture of the future regime.

JAPAN did not favor a simple amendment to the Kyoto Protocol and urged a single, comprehensive, legally-binding post 2012 framework. He said the AWGs should address common issues in a coherent manner.

Kyrgyzstan, on behalf of MOUNTAIN LANDLOCKED DEVELOPING COUNTRIES, with NEPAL, urged consideration of mountainous ecosystems in negotiations. SAUDI ARABIA supported progress in discussions on potential consequences.

NORWAY urged agreement on LULUCF rules prior to targets being agreed by Annex I parties. CHINA expressed concern that parties are not shouldering their respective historical responsibilities.

ANNEX I PARTIES' FURTHER COMMITMENTS: Chair Ashe introduced the agenda item (FCCC/KP/AWG/2010/9-10; FCCC/KP/AWG/2010/INF.2; FCCC/TP/2010/3; FCCC/KP/AWG/2010/MISCs. 2-5). He said contact groups would

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be convened on the scale of emission reductions ("numbers"); "other issues," including LULUCF, the flexible mechanisms and methodological issues; legal matters; and potential consequences.

OTHER MATTERS: Executive Secretary Christiana Figueres reported on an investigation into damage to UN property and a breach of the code of conduct at the June meeting. She said two WWF representatives and one from Oxfam International had been responsible.

Many speakers condemned the action. The G-77/CHINA denounced the "heinous" abuse of the Saudi nameplate and proposed suspending these organizations. The EU, UMBRELLA GROUP and TUVALU said both organizations had apologized and responded promptly. The US said the COP rather than the Secretariat had the authority to decide such issues.

The heads of Oxfam International and WWF apologized formally for the incident. Following these apologies, SAUDI ARABIA said he would not seek further action.

IN-SESSION WORKSHOP: On Monday afternoon, an in-session workshop was held on "the scale of emission reductions to be achieved by Annex I parties in aggregate and the contribution of Annex I Parties, individually or jointly to this scale."

Part I: Workshop Co-Chair Leon Charles (Grenada) introduced discussions focused on how parties assess the current level of pledges and the scale of emission reductions by Annex I parties in aggregate.

JAPAN emphasized that the top-down approach to setting aggregate levels of emission reductions is not politically viable for Annex I Parties. He underscored that there are multiple pathways to limiting temperature increase to below 2°C and that 2020 is scientifically arbitrary. He stressed that discussions of emissions reductions must include all major emitters and that such discussions should take place in the AWG-LCA.

INDIA underscored equitable sharing of carbon space based on a *per capita* cumulative share to achieve a 2°C pathway. He concluded that over-occupation of the carbon space by developed countries restricts the physical availability of carbon space to developing countries.

During the ensuing discussion, JAPAN emphasized that historical responsibility is not a pragmatic approach to setting emission reductions targets, and that the data on historical responsibility is not robust enough to serve as the basis for a legally binding agreement. INDIA said equitable entitlement might imply payments by developed countries for future emissions. SUDAN emphasized that survival has to be the "rule of thumb" for equity.

The POTSDAM INSTITUTE FOR CLIMATE IMPACT RESEARCH introduced a methodology to compare Annex I reduction pledges with a "raw target" excluding LULUCF, and noted a significant difference in real potential emission reductions saying, *inter alia*, that the business as usual (BAU) scenario, LULUCF and carry over of surplus AAUs result in a temperature increase well above 2ºC.

The SOUTH CENTRE said that, when compared with BAU scenarios, the nominal aggregate Annex I pledges represent emission reductions of only 1%. He called for strengthening targets to "ensure real mitigation." The OECD introduced an assessment of the economic implications of current pledges, noting that market-based policy instruments at the national level help address the costs of Annex I emissions reductions and create fiscal opportunities at the domestic level. SUDAN and BOLIVIA questioned market-based approaches.

Part II: Discussions in this session focused on: the quantitative implications of LULUCF, emission trading and project-based mechanisms on the emission reductions by Annex I parties in aggregate; ensuring that efforts, achievements and national circumstances are taken into consideration; and their implications on emission reductions by Annex I Parties in aggregate.

The EU presented on the impact of four LULUCF accounting rule options on aggregate emission reductions, noting that different accounting rules have major implications for individual Annex I Parties but that negotiations have narrowed the differences of impacts on individual parties.

The RUSSIAN FEDERATION emphasized the importance of considering national circumstances. She called for coherence with the AWG-LCA track and for allowing carry over of surplus AAUs.

Grenada, for AOSIS, noted options to improve the aggregate level of ambition, including: removing the surplus built into 2020 pledges and excluding LULUCF credits exceeding BAU; removing AAU carry over from the first to the second commitment period; removing LULUCF crediting; and agreeing to move to the top of parties pledged ranges.

During the ensuing discussion, the EU emphasized the need to decide on accounting methods first and set targets afterwards.

The CDM EXECUTIVE BOARD said increasing the size of the CDM would provide more offsets into the overall Annex I emissions budget, meaning they can emit more, while enhancing the cost effectiveness of mitigation.

AWG-KP Vice-Chair Macey reported on the pre-sessional workshop on forest management accounting held on Friday, 30 July. He underscored recurrent themes, including the need to ensure the environmental integrity of the Protocol, transparency, accountability, and confidence in data accuracy. On the question of reference levels versus other LULUCF accounting options, he noted that some parties supported using a historical period because there are no assurances that assumptions underlying projections are reliable predictors. However, others had emphasized that projections are better at accounting for national circumstances and provide necessary incentives to the forestry sector. Vice-Chair Macey highlighted discussions on balancing national circumstances with accountability, transparency and comparability. Extreme events and use of a cap on forest management were also discussed. In conclusion, he noted that the maximum potential contribution of LULUCF to Annex I aggregate emission reductions remains at approximately 8%, depending on the rules and approaches adopted for the sector.

POINT CARBON said that AAU balances could substantially impact on the carbon market, that high demand for certified emission reductions (CERs) is expected through 2018, and that predicted prices will be achieved regardless of negotiated outcomes.

The THIRD WORLD NETWORK highlighted loopholes relating to, *inter alia*, LULUCF, emissions trading, projects-based mechanisms and surplus AAUs. She noted that these will lead to Annex I Parties' pledges exceeding rather than reducing emissions relative to 1990 levels. The workshop will resume on Tuesday morning.

AWG-LCA

Chair Margaret Mukahanana-Sangarwe (Zimbabwe) opened the session and delegates adopted the agenda and organization of work (FCCC/AWGLCA/2010/9-10).

PREPARATION OF AN OUTCOME AT COP 16: The AWG-LCA took up the preparation of an outcome at COP 16 (FCCC/AWGLCA/2010/8, 10 and MISC.5). Reporting on intersessional meetings, NORWAY highlighted the second meeting of the UN High-Level Advisory Group on Climate

Change Financing from 12-13 July in New York. MEXICO outlined its preparations for Cancún, including a public-private sector dialogue from 15-16 July.

Chair Mukahanana-Sangarwe said the AWG-LCA should try to conclude its "work on implementation modalities for all elements of the outcome" and should plan for any follow-up work needed after Cancún. She noted that the COP 16 Presidency will continue consultations at AWG-LCA 11 on the form and legal nature of outcomes.

OPENING STATEMENTS: Many parties said the new Chair's text was acceptable as the basis for discussions. The G-77/CHINA said the text needed a more balanced and equitable treatment of many issues, supported starting negotiations and using the Chair's text to facilitate this. The ENVIRONMENTAL INTEGRITY GROUP suggested identifying all elements of a future package, proposed streamlining the text and supported increased ambition.

The AFRICAN GROUP proposed spin-off groups to improve the text and urged separate chapters on mitigation and on capacity building. On shared vision, he supported a legally-binding, mid-term target for developed countries. Grenada, for AOSIS, said the AWG-LCA 11 should conclude negotiations on legal form.

The EU supported including text on emissions from international transport and market mechanisms. He asked the Secretariat to compile national pledges and provide technical documentation. The UMBRELLA GROUP said the text needed elaboration on issues such as forestry, international consultation and analysis (ICA), mitigation and MRV, as well as tighter, more operative language.

Belize, for the CENTRAL AMERICAN INTEGRATION SYSTEM, supported a binding agreement with 350ppm and 1.5°C targets, and underscored the need for robust and easy-to-access financial mechanisms for adaptation, voluntary mitigation and capacity building. Ecuador, for the BOLIVARIAN ALLIANCE FOR THE PEOPLES OF OUR AMERICA (ALBA), called for 300ppm targets, with temperature increases of 1-1.5°C, and proposed an international tribunal for climate and environment. The RUSSIAN FEDERATION said an agreement should cover all major emitters and major economies, and forests for all countries. TURKEY said Annex I and non-Annex I categories do not reflect the current state of affairs, and proposed a contact group to discuss country categorization. INDIA opposed attempts to differentiate among developing countries.

NORWAY said elements on which consensus cannot be reached should be set aside for the time being. JAPAN supported a legally-binding outcome capturing commitments by all parties within a single framework. He opposed separating the world into Kyoto and non-Kyoto groups.

The US drew attention to areas where the text moves away from the Copenhagen Accord, and urged a legally-binding outcome representing all parties. He addressed concerns over US domestic climate politics, declaring that "success in Cancún does not hinge on US legislation."

PAKISTAN and others said existing brackets in the text do not reflect points of disagreement.

SWITZERLAND announced an additional contribution, pending parliamentary approval, of CHF140 million for fast-track financing, bringing its total contribution to CHF400 million for 2010-2012.

NEW ZEALAND supported discussions on legal form, progress on MRV and ICA, and a clear signal on markets and the private sector's key role.

The International Chamber of Commerce, for BUSINESS AND INDUSTRY NGOs, asked for an outcome that offers clarity and predictability to the private sector, initiates fast-track funding, and results in a robust MRV regime. Friends of the Earth International, for ENVIRONMENTAL NGOs, praised the "more balanced" revised text, while urging a global goal and recognition of historic responsibilities. He expressed concerns at moving discussions on market instruments from the AWG-KP to AWG-LCA.

AWG-LCA CONTACT GROUP: Chair Mukahanana-Sangarwe opened the first meeting of the AWG-LCA contact group. She proposed spin-off groups on the following issues: overall coherence of institutional arrangements; shared vision; mitigation by developed countries; mitigation actions by developing countries; various approaches, including markets, for mitigation action; adaptation; and technology transfer. She further indicated that additional consultations could be held on sectoral approaches, bunker fuels, economies in transition and countries with special circumstances, the form of the outcome, and issues of common concern to the AWG-KP and AWG-LCA.

Several delegates expressed concern at how to follow multiple simultaneous discussions, while others highlighted particular issues that required a greater focus. Several were unclear on the procedure for moving forward. SAUDI ARABIA sought a group on response measures and opposed consultations on common or "shared space" between the AWG-LCA and AWG-KP. The PHILIPPINES asked for a group on finance and several countries highlighted capacity building. The RUSSIAN FEDERATION expressed frustration at lack of clarity and transparency.

Chair Mukahanana-Sangarwe noted comments that there are too many simultaneous meetings and other interventions calling for additional spin-off groups addressing other issues. After extensive consultations, she adjourned the meeting until Tuesday morning, indicating that she intended to propose a change to four groups addressing: shared vision; mitigation; adaptation; and finance, technology and capacity building.

IN THE CORRIDORS

Much of the talk in the corridors on the meeting's opening day was focused on the act of vandalism on the Saudi Arabian name plate back in June. The topic was taken up in plenary on Monday morning, with Saudi Arabia accepting the apologies of WWF and Oxfam International, whose personnel had been identified as the perpetrators. After the plenary, many delegates complemented both Saudi Arabia's deft diplomatic handling of the issue, as well as the response of the two NGOs in sending their top representatives to Bonn to apologize in person. While most participants were relieved that the issue had been amicably resolved, there was some feeling that it had taken up too much valuable time in plenary.

A few delegates were also talking about the recent decision by the US Senate not to proceed with climate legislation this year. However, the response was more muted than some had anticipated: "We've had a week or so to digest the news and at this point I'm not sure what more there is to say," explained one negotiator.

Meanwhile, participants in the AWG-LCA left the meeting late Monday evening clearly frustrated at the confusion over the organization of work. "With so many issues on the table, it's hard to figure out how to accommodate them all in the spin-off groups," sympathized one observer. "Still, it would have been nice not to spend an entire evening talking about exactly how and when we're going to talk about everything," he added.

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- **Development and Climate Days at COP 15**, 11-14 December 2009, Copenhagen, Denmark
- **Copenhagen Business Day**, 11 December 2009, Copenhagen, Denmark
- **East Asian Seas (EAS) Congress 2009**, 23-27 November 2009, Manila, Philippines
- **Country-led Initiative by the People's Republic of China in Support of the UN Forum on Forests: Forests for People: The Role of National Forest Programmes and the Non-Legally Binding Instrument on All Types of Forests**, 17-20 November 2009, Guilin, China
- **World Summit on Food Security**, 16-18 November 2009, UN Food and Agriculture Organization (FAO) Headquarters, Rome, Italy
- **XIII World Forestry Congress (WFC 2009) and Pre-Congress Workshop on Regional Forest Cooperation**, 17-23 October 2009, Buenos Aires, Argentina
- **Special Information Seminar - "Policies and Arrangements for Access and Benefit-sharing for Genetic Resources for Food and Agriculture"**, 17 October 2009, FAO Headquarters, Rome, Italy
- **Global Renewable Energy Forum - "Scaling up Renewable Energy"**, 7-9 October 2009, León, Mexico
- **Second *Ad Hoc* Intergovernmental and Multi-stakeholder Meeting on an Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES-II)**, 5-9 October 2009, UN Environment Programme (UNEP) Headquarters, Nairobi, Kenya
- **Seventieth session of the UN Economic Commission for Europe Committee on Housing and Land Management**, 23-25 September 2009, Geneva, Switzerland
- **International Conference on Green Industry in Asia: "Managing the transition to resource-efficient and low-carbon industries"**, 9-11 September 2009, Manila, Philippines
- **Expert Panel on Ocean Acidification**, 3 September 2009, UN Headquarters, New York, US
- **World Climate Conference-3**, 31 August - 4 September 2009, Geneva, Switzerland
- **International Hydropower Association (IHA) World Congress 2009**, 23-26 June 2009, Reykjavik, Iceland
- **International Energy Conference 2009**, 22-24 June 2009, Vienna, Austria
- **Second Session of the Global Platform for Disaster Risk Reduction**, 15-19 June 2009, Geneva, Switzerland
- **High-level Conference on Carbon Capture and Storage**, 27-28 May 2009, Bergen, Norway
- **World Ocean Conference**, 11-15 May 2009, Manado, Indonesia
- **Dialogue on Climate Change Adaptation for Land and Water Management**, 16-17 April 2009, Nairobi, Kenya
- **International Policy Dialogue on Financing the Climate Agenda: The Development Perspective**, 19-20 March 2009, Berlin, Germany
- **5th World Water Forum**, 16-22 March 2009, Istanbul, Turkey
- **Third International Workshop on Community-Based Adaptation to Climate Change**, 18-24 February 2009, Dhaka, Bangladesh
- **Meeting of the Pew Commission on Whale Conservation in the 21st Century**, 9-10 February 2009, Lisbon, Portugal