

AWG-LCA 12 AND AWG-KP 14 HIGHLIGHTS: TUESDAY, 5 OCTOBER 2010

Throughout Tuesday, various drafting groups convened under the AWG-LCA to consider adaptation, mitigation, and finance, technology and capacity building. Contact groups under the AWG-KP addressed legal matters and Annex I emission reductions, while LULUCF and other issues were discussed in informal consultations.

AWG-KP CONTACT GROUPS

LEGAL MATTERS: In the morning, Co-Chair Daniel Ortega opened the legal matters contact group with a discussion on the organization of work, explaining that the group would meet six times to address entry into force, other issues, including proposed amendments to the Kyoto Protocol, and issues referred to the group by other contact groups.

CHINA noted that discussions beyond the amendment of Article 3.9 (Annex I parties' further commitments) are outside the mandate of the AWG-KP. With SAUDI ARABIA, BRAZIL, INDIA, BOLIVIA, Ghana, for the AFRICAN GROUP, EGYPT and SUDAN, she stressed that substantive discussions on other proposals to amend the Kyoto Protocol, contained in the Chair's text, would be unacceptable and urged focusing the limited negotiating time on discussions under the numbers contact group. Several parties noted that the COP/MOP is the appropriate venue for discussing the proposed amendments.

AUSTRALIA emphasized the need to discuss the other proposed amendments in the Chair's text. TUVVALU, supported by the Federated States of Micronesia, for AOSIS, stressed that consequential amendments, which arise from the amendment of Annex B, must be considered to ensure legal consistency with the Kyoto Protocol. SWITZERLAND emphasized that "rigid interpretations" of the AWG-KP mandate would not help move discussions forward.

Co-Chair Ortega said he would take parties' views back to the AWG-KP Chair, adding that parties should have raised these concerns in plenary. China emphasized that the negotiations are a party-driven process. AUSTRALIA stressed that as a party that will "actually be taking on an Annex I commitment," he had "trouble understanding" why parties would prevent discussions that would help with making those commitments, underlining that those parties were blocking progress on a second commitment period.

Co-Chair Ortega said he would report back to the group on possible ways to move forward.

ANNEX I PARTIES' FURTHER COMMITMENTS: In the afternoon, Co-Chair Janine Coye Felson opened the contact group and requested that parties focus on the transformation of Annex I parties' pledges into QELROs and carryover of

surplus AAUs. The Secretariat presented the technical paper on issues relating to transforming pledges into QELROs (FCCC/TP/2010/3).

AUSTRALIA underscored that rules and legal options must be clarified before pledges can be translated into QELROs. The EU emphasized that the starting point will impact environmental integrity. NEW ZEALAND noted that party pledges are based on different assumptions. BRAZIL said the starting point "is irrelevant" and that the real issue is the current level of pledges.

The Federated States of Micronesia, for AOSIS, stressed the need for comparable numbers and supported a five-year commitment period, which would allow the process to respond to emerging science and to deepen commitments before 2020. She emphasized the need to avoid locking in the first commitment period surplus and rewarding parties for not achieving their commitments.

The RUSSIAN FEDERATION pointed out that their Copenhagen Accord pledge is not a second commitment period pledge. CHINA stressed that the bottom-up approach is inadequate and insisted that developed countries reduce their emissions by 40% by 2020 from 1990 levels. BOLIVIA proposed that each country use the starting point that gives the highest emission reductions, and emphasized that the pledges on the table would only result in a 10% reduction from current emission levels. He underscored that clarity on rules prior to translating pledges into QELROs will not make a difference in terms of what the atmosphere sees.

On carryover of surplus AAUs, the Secretariat presented a table of options for addressing carryover to the second and subsequent commitment periods and parties clarified their proposals. The RUSSIAN FEDERATION said any proposal to eliminate or limit carryover is inconsistent with the Kyoto Protocol.

AWG-KP INFORMAL GROUPS

LULUCF: In informal consultations, discussions focused on a proposal from a number of parties on guidelines for the submission and review of information on forest management reference levels. Parties considered issues of comparability and consistency, as well as challenges posed by the proposed review procedures. Parties also discussed emissions from harvested wood products (HWP), particularly how to account for oxidation of exported HWPs.

AWG-LCA DRAFTING GROUPS

FINANCE, TECHNOLOGY AND CAPACITY

BUILDING: The drafting group on finance, technology and capacity building met in the morning and afternoon. During the morning discussions on finance, parties discussed the proposed oversight body. Co-facilitator Burhan Gafoor recalled that divergence exists on whether this new body

should be established or whether existing institutions should be strengthened to perform the proposed functions. Parties addressed whether the process for establishing a new climate fund could also take into consideration the proposed functions of a new body.

Parties also considered whether to have in Cancun, a decision on the new body or, alternatively, a decision that does not prejudge a new body. Several parties cautioned against taking a decision in Cancun that would prejudge the eventual outcome of the AWG-LCA process.

During the afternoon discussion on technology, parties addressed the mandate, composition and relationship to the financial arrangements of the proposed technology executive committee (TEC). On the mandate, parties debated whether to: specify the TEC mandate in a decision; or have a decision asking the TEC to elaborate its own modalities. The issue of whether a distinction exists between a mandate and modalities or functionality of the TEC was raised, with views differing on this. Disagreement also arose over the relationship between the TEC and the proposed climate technology centre and network (CTCN), in regards to a proposal that the TEC provide guidance to the CTCN and that it should therefore elaborate the CTCN's terms of reference. An alternative position was that both these bodies would be of equal status.

On composition, parties discussed size, technical expertise and capacity, and the terms of service. Parties also discussed: whether only government officials in their private capacity should serve on the board or if other individuals should also be included; the need for an equitable balance between developed and developing countries; and using the Expert Group on Technology Transfer as a model.

On the relationship between technology and finance, parties discussed the potential role of the TEC and whether it should provide broad policy advice or be actively linked to the funding mechanism. Co-facilitator Goot proposed bilateral consultations on a possible technology decision and established a spin-off group on the mandate and composition of the TEC.

ADAPTATION: In the morning, parties continued consideration of institutional arrangements. Some parties expressed preference for an option requesting developed country parties to support developing country parties in strengthening and establishing designated national-level institutional arrangements for adaptation. Other parties preferred a less prescriptive option inviting all parties to strengthen and establish national-level institutional arrangements.

During afternoon discussions, parties considered enhancing adaptation action under the adaptation framework, and establishing a process for LDCs to formulate and implement National Adaptation Plans of Action (NAPAs), which received general support from parties.

MITIGATION (sub-paragraph 1(b)(i) of the BAP) (developed country mitigation): Parties focused on structuring discussions aimed at producing text in the form of a decision or part of a decision. Parties identified other issues that should be discussed in addition to those suggested by the AWG-LCA Chair in her scenario note, such as: compliance systems, including for non-Kyoto Protocol Annex I countries; comparability of actions by developed countries; the legal nature of the outcome; the nature and content of the set of decisions to be considered for adoption at Cancun, and the implications for the Kyoto Protocol and the goal of a legally-binding outcome under the AWG-LCA; and the framework for mitigation commitments by Annex I countries. Consultations will continue.

MITIGATION (sub-paragraph 1(b)(ii) of the BAP) (developing country mitigation): Co-facilitator Rosland suggested focusing discussions on support for the preparation of nationally appropriate mitigation actions (NAMAs), a mitigation registry, ICA, and MRV of actions and support. Parties considered the need for substantive discussion on elements that will be part of a COP 16 decision and those that can be considered at a later stage.

Parties discussed whether a package of decisions in Cancun should include elements for capturing and "anchoring" pledges by major developing economies. Parties clarified their concept of a registry, with some underscoring that it should be a forum for matching proposed actions with support. Parties discussed whether there is a need for an annex and if it would reflect "unconditional pledges," combining both supported and unsupported mitigation actions in developing countries. Parties also considered whether national communications provide an adequate forum for reporting on all types of mitigation activities.

Parties discussed differences between supported and autonomous NAMAs in developing countries and whether the full range of mitigation actions, some of which receive support, are relevant to sub-paragraph 1(b)(ii) of the BAP. Consultations will continue.

Mitigation (sub-paragraph 1(b)(v) of the BAP)(various approaches to enhance the cost-effectiveness of, and to promote, mitigation actions): Discussions focused on streamlining the heavily-bracketed text, in order to enable a decision to be taken in Cancun. Parties highlighted the need to: consider what a decision should contain; focus on what is needed to work towards a legally-binding agreement; and ensure a balance between market and non-market-based approaches. Some parties preferred that discussions focus only on non-market-based approaches. Parties also considered ways of streamlining the text, such as by separating out market and non-market-based approaches in the text, and discussing these in a smaller drafting or spin-off group.

Mitigation (sub-paragraph 1(b)(vi) of the BAP) (consequences of response measures): Discussions in the drafting group focused on the means for reporting and addressing consequences of response measures. Parties considered: the need to establish a forum; its potential structure and functions; the possibility of using existing mechanisms rather than establishing a separate forum; and whether consideration should be restricted to consequences experienced in developing countries. Parties also considered the possible content of a decision on the consequences of response measures for Cancun. Consultations will continue.

IN THE CORRIDORS

By the close of Tuesday, the subdued mood in the Tianjin Meijiang Conference Center had lifted slightly, with some parties reporting "frank and interesting" discussions, particularly in some of the AWG-LCA mitigation groups. "Although we're not exactly making substantive progress, at least we're now discussing how to move forward" noted one delegate.

In most quarters, however, there was less enthusiasm. With expectations for Cancun already much lower than for Copenhagen, some parties appeared to have trouble seeing a clear path to achieving any agreement there. One seasoned delegate opined that "absence of an outcome in Cancun could lead to the eventual demise of the process." Others remained more optimistic, with one delegate remarking "we are putting together a workable package of decisions to be agreed on in Cancun." Others were concerned with the approach of developing decisions for Cancun, with one noting that "cherry picking issues for resolution in Cancun is dangerous, because then we may lose any incentive to reach a legally-binding agreement at a later stage."

Many participants were commenting on the "fireworks" over the groups' mandate in the morning's AWG-KP legal issues contact group. One party cheerfully noted "it's shame we didn't get anything done, but stay tuned."