

SB 28 AND AWG HIGHLIGHTS: THURSDAY, 12 JUNE 2008

On Thursday, the AWG-LCA and AWG-KP reconvened in plenary sessions in the afternoon and evening to complete their work. The plenary sessions followed meetings of contact groups and informal consultations aimed at finalizing texts on outstanding issues such as the mechanisms under the AWG-KP, as well as several items under the SBI and SBSTA.

AWG-LCA

WORK PROGRAMME FOR 2009: AWG-LCA Vice-Chair Cutajar reported on informal consultations, noting agreement on the need for at least four sessions in 2009, with the possibility for an additional session to be determined no later than Poznan. The AWG-LCA adopted conclusions (FCCC/AWGLCA/2008/L.4)

LONG-TERM COOPERATIVE ACTION: AWG-LCA Chair Machado reported on contact groups and informal consultations, noting that discussions on the five elements of the Bali Action Plan would be included in his summary of the session. On enabling the full, effective and sustained implementation of the Convention through long-term cooperative action, he noted agreement on requesting the Secretariat to elaborate technical papers on mitigation in the agriculture sector, innovative insurance tools, and financial flows, as well as an information note on adaptation-related activities within the UN system. The AWG-LCA adopted its conclusions (FCCC/AWGLCA/2008/L.5).

The Secretariat outlined the financial implications of the conclusions, including US\$1.4 million for the preparation of the papers, US\$5.8 million for conference services for each additional session, and US\$1.4 million for developing country participation for each session, totaling US\$15.8 million.

REPORT OF THE SESSION: Parties adopted the report of the session (FCCC/AWGLCA/2008/L.3).

CLOSING STATEMENTS: BUSINESS AND INDUSTRY underscored sectoral and market-based approaches and technological cooperation. He stressed the need to address climate risks while ensuring access to energy, and emphasized protection of intellectual property rights and removal of trade barriers. **ENVIRONMENTAL NON-GOVERNMENTAL ORGANIZATIONS** highlighted the need to avoid climate change above 2°C and meet the Millennium Development Goals. She underscored, *inter alia*: objectives for mitigation and adaptation; public and private financing; auctioning AAs; and comparability of efforts. **TRADE UNIONS** called for reduction of greenhouse gas emissions by 85% by 2050, underscored the social impacts and opportunities of technology transfer, and stressed the need for transparency of financial mechanisms.

The EU, JAPAN, AUSTRALIA and others underscored the need to accelerate the process. The G-77/CHINA said attempts to link the AWG-LCA to other processes threaten to dilute the AWG-LCA, and stated that work in future sessions must be based on the Convention's principles.

JAPAN said discussions under the AWG-LCA need to be consistent with those under the AWG-KP. AOSIS welcomed work on a technical paper on insurance. AUSTRALIA reiterated its US\$1 million pledge to the trust fund for participation. ARGENTINA and NEW ZEALAND welcomed work on a technical paper on mitigation in the agriculture sector, and THAILAND said the paper should also consider food security. VENEZUELA lamented the lack of domestic policies and said the objective is to stabilize greenhouse gases, not the carbon markets.

Chair Machado declared AWG-LCA 2 closed at 5:58 pm.

AWG-KP

MEANS TO REACH EMISSION REDUCTION

TARGETS: On analysis of means to reach emission reduction targets, AWG-KP Chair Dovland presented conclusions (FCCC/KP/AWG/2008/L.4/Rev.1), highlighting new paragraphs on the flexible mechanisms and LULUCF. The AWG-KP adopted the conclusions.

Flexible mechanisms: The sub-item on flexible mechanisms was taken up in plenary following informal consultations and a meeting of the contact group earlier in the day. In the contact group, parties eventually approved the list of possible improvements as presented, and agreed to include it in the AWG-KP conclusions on the mechanisms as two separate annexes on first and second commitment period issues.

On the draft conclusions, the contact group agreed to a change proposed by the G-77/China to indicate that the COP/MOP "may" consider the list of improvements for the current commitment period, and "take actions as appropriate."

The AWG-KP then adopted the conclusions in plenary (FCCC/KP/AWG/2008/L.8).

LULUCF: In the plenary, Co-Chair Rocha reported on the contact group's work on LULUCF and invited parties to share information and ideas through the UNFCCC website to enable "real progress in Accra." Parties adopted the conclusions (FCCC/KP/AWG/2008/L.5).

Greenhouse gases, sectors and source categories: AWG-KP Chair Dovland reported on the contact group's work and delegates adopted the conclusions (FCCC/KP/AWG/2008/L.6).

METHODOLOGICAL ISSUES: AWG-KP Chair Dovland reported on the contact group's work, identifying, *inter alia*, a sense that the Protocol should maintain the "basket of gases" approach. Parties adopted the conclusions (FCCC/KP/AWG/2008/L.7).

REPORT OF THE SESSION: The AWG-KP adopted the session's report (FCCC/KP/AWG/2008/L.3).

CLOSING STATEMENTS: AWG-KP Chair Dovland reminded delegates that the AWG-KP is scheduled to adopt conclusions at AWG-KP 6 in Accra on the means to reach emission reductions. He expressed hope that the Chairs' compilations of views would assist in this task, and stressed that a "tremendous amount of work and difficult negotiations" lie ahead and that the pace of progress will need to increase. He called for a "completely new spirit of cooperation" and urged parties to prepare well for the next session.

The EU said he had hoped for more progress in Bonn, predicted that further discussions will be difficult, and underscored the need to be innovative and open-minded to achieve an ambitious level of emission reductions. JAPAN highlighted the importance of LULUCF and the flexible mechanisms, and the potential of different sectoral approaches.

Antigua and Barbuda, for the G-77/CHINA, expressed concern over proposals reaching beyond the AWG-KP's legal mandate based on Protocol Article 3.9 (further commitments) and stressed the importance of agreeing on new Annex I targets by the end of 2009. CHINA, INDONESIA and INDIA urged faster progress on new Annex I emissions targets.

INDONESIA emphasized that Annex I countries must not use LULUCF to shift responsibility away from reducing emissions in the energy sector. VENEZUELA called for "universalization" of the Protocol, stating that only one country with historical responsibility for greenhouse gas emissions has not ratified it. TUVVALU noted the complexity of the issues discussed, but highlighted "extreme vulnerability" to climate change and the need for progress.

CAN emphasized that climate change affects people's livelihoods and called for urgent action. He stated that many proposals on the mechanisms, such as inclusion of nuclear energy and CCS, are not acceptable. He called for binding caps on Annex I aviation and maritime emissions, and for symmetrical accounting of LULUCF, criticizing rules that count sinks but not emissions.

AWG-KP Chair Dovland noted several calls for faster progress, stressed that only parties can deliver such progress, and thanked everyone for their work. He declared AWG-KP 5 closed at 7:05 pm.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ARTICLE 9 REVIEW (SBI): Informal consultations took place throughout the day, with some outstanding issues remaining by late Thursday evening.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS (SBI): In the contact group, delegates considered text on arrangements for COP 14 and COP/MOP 4, with the G-77/CHINA indicating that it remained concerned about arrangements for these events, including visa issues, payment questions, and accommodation costs. Delegates also discussed at length a paragraph containing guidance to the Secretariat on where the additional sessional periods in 2009 for the AWG-LCA and AWG-KP might take place.

CAPACITY BUILDING UNDER THE PROTOCOL (SBI): In the contact group, parties agreed to text containing SBI conclusions and a draft COP/MOP decision, and the group concluded its work.

DECISION 1/CP.10 (SBI): In the contact group, parties approved draft SBI conclusions containing actions that could be carried out in further implementation of decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures). The conclusions also contain an Annex setting out the terms of reference for the assessment of the implementation of Convention Article 4.8 (adverse effects and response measures) and decisions 5/CP.7 (adverse effects and impacts of response measures) and 1/CP.10.

FINANCIAL MECHANISM (SBI): Discussions took place in informal consultations and a contact group. Delegates were informed about the AWG-LCA's request to the Secretariat to prepare an update of the technical paper on investment and

financial flows. The group agreed to the Co-Chairs' draft SBI conclusions containing three paragraphs and a draft COP 14 decision, much of which remains bracketed.

MITIGATION (SBSTA): During informal consultations, delegates agreed to SBSTA conclusions to continue consideration of the issue at SBSTA 32. Proposals on a paper on mitigation in the agriculture sector will be submitted informally by parties to the Secretariat for consideration when preparing the AWG-LCA's technical paper on the same issue.

NAIROBI WORK PROGRAMME (SBSTA): The contact group on the Nairobi Work Programme completed its work Thursday. The agreed text will be available Friday morning.

NON-ANNEX I COMMUNICATIONS (SBI): The contact group agreed to SBI conclusions recommending continuation of the consideration of agenda item 3(a) (work of the CGE) at SBI 29, and SBI conclusions on item 3(c) (provision of financial and technical support).

REDUCING EMISSIONS FROM DEFORESTATION (SBSTA): During informal consultations, parties discussed whether to reference the Bali Action Plan, or to include specific references to conservation, sustainable management of forests, and enhancement of forest carbon stocks. Delegates also debated how to refer to outcomes from the consideration of policy approaches and positive incentives, disagreeing on whether to refer to all outcomes and eventually agreeing to refer to "methodologically relevant" outcomes.

On capacity building, a debate on whether to refer to facilitating technical support or cooperation was resolved by referring to support and cooperation, "where appropriate." Parties agreed not to refer to the UN Declaration on the Rights of Indigenous Peoples. On national and/or sub-national approaches, disagreement persisted on whether to consider implications for "intra-national displacement of emissions" from both national and sub-national approaches. The final text agrees to consider these implications from national approaches, "if appropriate," and to consider how sub-national approaches "can" be used to develop national approaches, instead of "should." Parties also agreed to reference the possible need to meet again in the first half of 2009.

In the afternoon, the Co-Chairs convened a contact group, where parties agreed to the draft conclusions.

IN THE CORRIDORS

Delegates were expressing a sense of pleasure and relief on Thursday evening that the AWG-KP and AWG-LCA had completed their work for the session. The mood had been somewhat less positive earlier in the day, however, when delegates were gossiping about a "heated" and "frank" exchange late on Wednesday night between delegates from a major developing country party and a major Annex I group of parties over sectoral approaches and "mandate issues" under the AWG-KP. However, by Thursday afternoon the tension had obviously abated. "Perhaps we could even finish the SBI and SBSTA early on Friday for a change," said one delegate.

Meanwhile, informal consultations on Article 9 were producing a few concerns on Thursday night. "Very difficult," sighed one negotiator emerging from the room at around 9:30 pm. "We could be here for some time yet," he predicted.

Looking beyond Bonn, a few veterans seemed quite anxious at the prospect of increasingly intense talks, multiple meetings and long hours on the road to Copenhagen. "I don't want to put the cart before the horse, but I suspect some delegates will be happy when the current round of talks ends, hopefully in 18 months," said one observer. Meanwhile, another delegate speculated on whether there might be a "generational change" after Copenhagen: "I think a few of us might retire from the process or at least take a bit of time away to recharge our batteries," predicted a self-proclaimed "pre-Kyoto dinosaur."

ENB SUMMARY AND ANALYSIS: The *Earth Negotiations Bulletin* summary and analysis of SB 28 and the AWG meetings will be available on Monday, 16 June 2008, online at: <http://www.iisd.ca/climate/sb28/>