



Third World Network  
**Bali News Updates  
and  
Climate Briefings**

**TWN**

Third World Network



Third World Network  
**BALI NEWS UPDATES**  
AND  
**CLIMATE BRIEFINGS**

**TWN**

Third World Network

**BALI NEWS UPDATES AND CLIMATE BRIEFINGS**

is published by  
Third World Network  
131 Jalan Macalister  
10400 Penang, Malaysia  
Website: [www.twinside.org.sg](http://www.twinside.org.sg)

© Third World Network 2008

Printed by Jutaprint  
2 Solok Sungei Pinang 3, Sg. Pinang  
11600 Penang, Malaysia

ISBN: 978-983-2729-20-4

# CONTENTS

## NOTE

## BALI NEWS UPDATES

| <b>Update No.</b> | <b>Title of Paper</b>  | <b>Page</b> |
|-------------------|--|-------------|
| 1                 | Divisive start to Bali climate talks, North presses for new agreement        | 3           |
| 2                 | South criticizes North for not fulfilling climate commitments                | 7           |
| 3                 | Clash over technology transfer almost derails Bali climate talks             | 11          |
| 4                 | Highlights from the SBSTA Session  | 15          |
| 5                 | Talks start on whether to launch new climate negotiations                    | 18          |
| 6                 | Debate on Russian Proposal and voluntary commitments of developing countries | 22          |
| 7                 | G77-China's proposal on review of climate change financing                   | 25          |
| 8                 | Trade ministers propose more intensive trade-climate engagement              | 27          |
| 9                 | North-South wrangling continues on Kyoto Protocol review                     | 30          |
| 10                | On eve of Climate Ministerial, divisions remain on major items               | 33          |
| 11                | Collapse on technology talks sours Bali climate conference                   | 36          |
| 12                | Bali Ministerial segment opens, but situation is critical                    | 39          |
| 13                | G77-China warns against erosion of UNFCCC, Kyoto Protocol                    | 41          |
| 14                | Major issues unresolved as Bali meeting approaches its end                   | 43          |
| 15                | Final talks at AWG held back by linkages to other issues?                    | 46          |
| 16                | Bali climate talks continue after midnight, bogged down by key issues        | 48          |
| 17                | Developing countries face pressure, threats at climate talks                 | 50          |
| 18                | Bali conference ends, new group to take up unresolved issues                 | 52          |
| 19                | Final hours of drama that led to the Bali decision                           | 55          |

## CLIMATE BRIEFINGS FOR BALI

| <b>Briefing No.</b> | <b>Title of Paper</b>  | <b>Page</b> |
|---------------------|--|-------------|
| 1                   | Development issues crucial for post-2012 climate regime              | 61          |
| 2                   | Bali climate talks to decide fate of Kyoto Protocol                  | 65          |
| 3                   | Developed countries must fulfill commitments for 2008-2012           | 70          |
| 4                   | The IPCC Synthesis Report and the Valencia meeting                   | 73          |
| 5                   | Unfulfilled commitments on technology and finance have to be met now | 81          |

## **NOTE**

This is a collection of the 19 News Updates and five Climate Briefings prepared by the Third World Network for and during the United Nations Climate Change Conference which was held in Bali, Indonesia from 3-14 December 2007.



# **Bali News Updates**



# TWN

## Bali News Update

# 1

www.twinside.org.sg

Published by  
*Third World Network*

4 December 2007

### **Divisive start to Bali climate talks, North presses for new agreement**

Nusa Dua, Bali, 4 Dec (Martin Khor) – The Bali meetings on climate change which opened today became quickly embroiled in a divisive debate on whether there is a need for comprehensive negotiations to change the Kyoto Protocol or to replace it with a “new agreement.”

Many developed countries were quick off the mark, proposing that wide-ranging negotiations should be launched at Bali for a new post-2012 climate agreement which would include deeper and possibly more binding commitments by developing countries, or at least some of them.

The proposals were made in the context of whether to “upgrade” the two-year informal dialogue on “long-term cooperation to address climate change” to a formal negotiation under a new negotiating group that would oversee talks on several components of a new climate regime.

From the preliminary proposals put forward by the European Union, Japan and other countries, the new regime would incorporate some new features, especially deeper commitments by developing countries, and a level playing field for “economic competitiveness”, which appears to be a code for linking trade or trade measures to the climate issue.

The move to convert the informal dialogue on cooperation to full scale negotiations for a new treaty was opposed by some developing countries, including China, Saudi Arabia and Algeria, while other countries like Nigeria and Malaysia said there was no reason to re-negotiate the present climate regime as real problem was the lack of implementation by the developed countries of their existing commitments.

Several other developing countries (especially small island states and several in Latin Americans) spoke in favour of launching formal negotiations on various issues. But most of these countries stopped short of saying they wanted a replacement of the Kyoto Protocol.

Whether to launch a new round of “comprehensive” negotiations, and the fate of the Kyoto Protocol, has quickly emerged as the biggest issue at the Bali meeting. Indonesian Environment Minister Mr. Rachmat Witoelar, who assumed the presidency of the meeting, announced a “contact group” on “enhancing long-term action” would be established, with him chairing, and officials from Australia and South Africa (who had co-chaired the Dialogue process) helping him.

The contact group is to prepare options on the way forward, and the Ministers who will be at the high-level segment on 12-14 December, will be asked to make the decision, said Witoelar.

The main meeting in Bali is the 13<sup>th</sup> session of the Conference of Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC). Also taking place is the meeting of the parties (MOP) of the Kyoto Protocol, as well as the meetings of the subsidiary bodies of the UNFCCC and Kyoto Protocol and of the ad hoc working group (AWG) on further commitments for Annex I parties (comprising developed countries) under the Kyoto Protocol.

The Bali meetings are taking place amidst heightened global concern over the increasing Greenhouse Gas emissions and concentration in the atmosphere, and the environmental and social effects of this, such as melting of glaciers and ice-sheets, sea water rise, water shortage and effects on agriculture and health.

There is now a consensus among governments about the seriousness of the climate crisis, but deep divisions on how this is to be handled, especially in terms of which countries should cut or slow down the growth of emissions, by how much and when, and which countries should be legally bound by these rules.

Under the UNFCCC, developed countries commit to cut their emissions and to assist developing

countries to handle climate change through finance and technology transfer. Developing countries also commit to collect scientific data and to take measures to address climate change, but it is recognized that the extent to which they implement these commitments depends on the extent to which developed countries meet their obligations on finance and technology.

Under the Kyoto Protocol, developed countries committed to cut their emissions by 5.2% collectively by 2008-2012 as compared to 1990 (with each country having its own target). The first commitment period ends in 2012, and negotiations are taking place in the AWG to decide the reduction targets for the next period.

While the negotiations in the AWG are already taking place, with a deadline of completion by 2009, the developed countries in the Kyoto Protocol (which are almost all industrial countries, with the exception of the United States) seemed in recent months to be asking for new "comprehensive negotiations" for a new climate agreement.

There have been suspicions that the proposed negotiations are mainly intended to bring the developing countries (or some of them) into the list of countries (in Annex I of the Convention) that have to make emission reduction commitments. The targeted developing countries (those with large populations and large emissions) have been resisting this move.

Today, these suspicions were finally proved correct at the COP session on the report on the dialogue to long-term cooperative action to address climate change by enhancing implementation of the Convention. Several developed countries spoke up openly revealing that their aim to negotiate is to get some developing countries to make commitments.

The co-facilitators of the Dialogue, which was originally intended to build confidence and trust among the members, Howard Bamsey of Australia and Sandea de Wet of South Africa, reported on the outcome of the dialogue

Their report said that almost all participants stressed the need for urgent action. They put forward four options for the way forward: (1) extend the (informal) Dialogue; (2) continue discussion on long-term cooperative action under an item on the COP agenda and reorganize the agendas of the subsidiary bodies (on science and implementation) around the "building blocks"; (3) establish a negotiating process in a negotiating body under the COP with a clear mandate and set time frames; (4) establish a "fully integrated negotiating process" in a negotiating group under both the COP of the Conven-

tion and the Meeting of Parties of the Kyoto Protocol, with a mandate and time frame.

During the discussion, Japan as the first speaker jumped straight into the issue with clear proposals. Ambassador K. Komachi said that "it is essential that we move beyond the Kyoto Protocol to a new framework in which the entire world will meaningfully participate in actions leading to global reduction of emissions."

Japan proposed a new ad hoc working group be set up under the Convention, in which all parties to the Convention will effectively participate. The work should complete in 2009 at the 15<sup>th</sup> COP session which will adopt a decision on "a future framework beyond 2012."

It proposed 9 elements to be discussed in the negotiations for a new framework: (1) global long term goal for emission reduction; (2) mitigation policies and measures; (3) technology R&D, diffusion and deployment; (4) efficiency, energy security and co-benefits; (5) Greenhouse Gas inventories; (6) forestry; (7) adaptation; (8) financing; (9) level playing field in terms of international competitiveness.

Japan also proposed that the group would consider amendments to the Convention, which would include formulating new functions (such as a new Annex on support for adaptation efforts in LDCs, landlocked countries and small island developing states).

[Japan therefore is suggesting not only changes or replacement of the Kyoto Protocol but also changes to the rules of the UNFCCC].

Canada supported Japan's proposal as encouraging and a positive development. It said there is need for a new negotiating process for a comprehensive agreement, with elements such as long-term goal, and a cut in global emissions by 50% by 2050. It said even if developed countries cut their emissions to zero, that would not be enough (implying a need for developing countries to assume obligations.)

China said that the basic principles (of a climate regime) had already been established in the UNFCCC and the Kyoto Protocol. Noting that some delegations had expressed that we should go beyond the Kyoto Protocol, China said it did not know what is meant by this.

In fact, the negotiations that are needed are for the commitments of Annex 1 countries after the expiry of the first commitment period.

If some countries want to abandon the Kyoto Protocol and put something else in its place, we will not accept this, said China. Such a proposal would be frustrating the process of on-going negotiations

in mid stream. This is not conducive.

The principle of common but differentiated responsibility was established in the convention within the framework of sustainable development, equal treatment of mitigation and adaptation and effective solutions for finance and technology transfer, said China.

Future arrangements should focus on enhancing the Convention and Kyoto Protocol. The COP in 2005 decided on the Dialogue on long-term cooperation. The report had been presented. The next step is to continue with dialogue by extending its mandate.

On proposals on the need for a Roadmap, China said a roadmap already exists, with the Montreal Action Plan as the map and the UNFCCC and Kyoto Protocol as the road. We should continue using the map. The Dialogue should continue and focus on sustainable development, technology and finance and make progress as soon as possible by 2008 for substantive achievement by 2010.

China said that key elements (in the continued dialogue) should include (1) On Mitigation, Annex 1 countries should reduce emissions by 25-40% by 2020 compared to 1990 levels. (2) They should help developing countries with technology and finance to take on policy measures to address climate change; (3) Adaptation is especially urgent and there should be technology transfer and cooperation supported by removal of barriers, and developing countries should be given incentives to build their adaptive capacity; (4) Adequate and predictable finance for climate change for mitigation, adaptation, technology transfer, and reducing emissions from deforestation.

China concluded that implementation of existing commitments should be enhanced through the Dialogue. The work of the AWG should be independent. The two parallel processes (Dialogue and AWG) should go ahead.

Micronesia, speaking for the Alliance of Small Island States (AOSIS) said that the IPCC's reports had set the context, and the consequences for the small island states are dire. It was concerned that a goal of limiting temperature rise to 2 -2.4 degree Centigrade was far too high for the small island states.

It said that the Kyoto Protocol should be expanded and broadened to include Non Annex I countries which may wish to engage in an expanded Protocol. This can be discussed under the Convention.

Saudi Arabia said the developed countries' commitments on provision of finance and technology transfer had not been implemented. We would be more able to act if there had been technology

transfer, but there was none. Now we being asked to negotiate what has been already been negotiated. The Convention had been carefully negotiated. There is need to fully implement, but there has been no fulfillment of the commitments.

On the use by some delegations of the term "enhancement of the Convention", this sounds innocent but it is not, said Saudi Arabia. Referring to Japan's proposed elements for negotiations, it said that many of these elements are not part of the convention. Elements such as energy security, a level playing field for international competitiveness, or that developing countries will assume commitments, are all new.

It questioned why energy security was being brought in. An economic regime is being imposed on the Convention, through concepts like energy security and international competitiveness. There is need to build confidence which is at low level, especially when extraneous issues are being introduced here.

On the real intention, Saudi Arabia said it is very clear that this is to get developing countries to assume commitments and timetables and to divert the Convention into becoming an energy convention, which deviates from the convention and articles which had been negotiated.

Saudi Arabia proposed that the Dialogue should continue. The mandate on the Dialogue was that it will not open up negotiations leading to new commitments.

Switzerland said it was in favour of a negotiating process to a comprehensive climate regime after 2012, which had to involve all parties. The negotiations of the future regime should conclude in 2009 in line with the AWG's deadline.

Portugal (for the EU) wanted to upgrade the Dialogue into formal negotiations for a post-2012 regime. The Bali roadmap should lead to a comprehensive post 2012 agreement. There should be an oversight body over the Kyoto and Convention tracks. The global temperature rise should not exceed 2 degrees, and there should be a global emission cut of at least 50%.

Portugal said the COP should convert the Dialogue into formal negotiations, which should especially focus on the contribution by developing countries.

Tuvalu wanted a negotiating process through a working group of the Convention, with a clear mandate and timeframe.

New Zealand supported a negotiation mandate for a global, comprehensive, post 2012 agreement. It supported a long-term global goal. Now that the AWG had given a range for developed countries'

cuts, we should adopt the corresponding range for global cuts.

Norway also wanted a global agreement based on a 50-85% global emission cut. To reach the global goal, all major emitting countries must be included.

The US said it was committed to negotiating a Bali roadmap to a post 2012 regime. Besides the 4 building blocks, the US would suggest additional elements in the contact group. It proposed an ad hoc group for negotiations should be formed.

Algeria said the mandate for the Dialogue had said that there would be no negotiations on new rules. We want to see real implementation of Annex I commitments in the first period. It proposed that the Dialogue should continue.

Nigeria said the Dialogue had been valuable. The identification during the dialogue of mitigation, adaptation, technology and finance as issues did not mean that these were “building blocks” in themselves, but they were actually confidence building measures, because they are issues which should have been addressed but were not addressed.

Nigeria said the dialogue should continue. We are dealing with adaptation, but even if we have an adaptation fund, it won't be able to address adaptation. It stressed that the building blocks should be seen as blocks to build confidence and not building towards a final decision.

Malaysia said developing countries are already doing many things to address climate change, some are doing more than developed countries. Negotiations are not always effective. The dialogue must build confidence and trust, and it should continue.

Jamaica, Mexico, Colombia, Mauritius and Argentina were in favour of starting negotiations.

At the end of the session, Witoelar said he had heard strong calls to launch a process for long term action. He proposed a contact group be formed to deal with enhancing long-term action. The limited mandate of the group is to prepare options. The Ministers during the high-level segment could decide on the options.

Much of the success of the Bali meeting depends on this contact group, said the Indonesian Minister.

# TWN

## Bali News Update

# 2

www.twinside.org.sg

Published by  
*Third World Network*

5 December 2007

### **South criticizes North for not fulfilling climate commitments**

Nusa Dua, Bali, 4 Dec (Martin Khor) – Differences of views on what are the priorities in tackling climate change and for the Bali climate meetings were evident when the major groupings of countries presented their initial statements on 3 November the first day of the Conference of Parties of the UN Framework Convention on Climate Change (UNFCCC).

The Group of 77 and China called for “immediate, deeper and effective cuts” in Greenhouse Gas emission by developed countries, without which all efforts to address climate change will remain fruitless.

The group also criticized the lack of fulfillment of commitments by developed countries to reduce their emissions, and to provide finance and technology needed by developing countries to address climate change.

The G77 and China also said additional financial resources for climate change are needed by developing countries, estimated at US\$200 billion for emission reduction and hundreds of billions of dollars more for adaptation activities.

The Africa Group, represented by Nigeria, gave a sharp rebuke to developed countries for failing to live up to their commitments, especially in assisting developing countries. “Africa believes that walking into a new regime with all the present difficulties in implementing already agreed commitments is totally unacceptable. It will mean only one thing, that nothing is going to happen in the future, and the suffering of our people continues.”

The major developed countries made clear they wanted the Bali meetings to lead to formal negotiations for a new climate regime in which developing countries have to make commitments. The European Union wanted a global comprehensive post-2012 agreement, which includes “further, fair and effective contributions” from non-Annex I members, which are the developing countries.

The United States, Japan, Australia, Canada, Norway and other members of the Umbrella Group went into further details. The group referred to the mandated negotiations of developed countries to further reduce their emissions, and said more action is needed by “all major economies.”

They said that in a post-2012 agreement, “its components must contribute to a single post-2012 outcome”, and the negotiations on all issues must end at the same time, i.e. by the end of 2009.

This proposal seems to be for negotiating modalities similar to those of the World Trade Organisation’s Uruguay and Doha Rounds, in which there is a “single undertaking” in which all issues are inter-connected through the conclusion of negotiations on all issues at the same time.

In the UNFCCC and Kyoto Protocol, the only mandated negotiation at present is for Annex I developed countries to commit to a second period (starting in 2013) of emission reductions. The developed countries are attempting through the Bali meetings to draw the developing countries into a negotiation towards a “comprehensive agreement” in which these developing countries have to take on new commitments as a concession to the developed countries in exchange for the second-commitment period commitments they are already mandated to make.

The key concerns of developing country governments were highlighted by Pakistan’s Ambassador Attiva Mahmood on behalf of the G77 and China at the opening session of the 13<sup>th</sup> session of the conference of parties (COP) of the UN Framework Convention on Climate Change (UNFCCC).

The group said recent scientific findings irrefutably show climate change is posing a very serious and immediate challenge to developing countries which are least equipped and most vulnerable.

It highlighted the findings of the intergovernmental panel on climate change, that in Africa 75-

250 million people will be exposed to water stress and reduced agriculture yields by 50%; in Asia fresh-water availability will decrease and coastal areas will risk being flooded; in Latin America, there will be biodiversity loss and reduced agricultural productivity; and small islands face inundation, storm surges and coastal hazards.

In such a bleak scenario, said Pakistan, our task is even more daunting and developing countries which were historically not responsible have rights and priorities in meeting their present and future development needs.

The G77 listed the following as the most formidable challenges in addressing climate change:

- Lack of fulfillment of commitments during the Kyoto Protocol's first commitment period by Annex I (developed) countries in reducing emissions.
- Provision of finance and technology transfer to developing countries.
- Inadequacy of financial resources for adaptation and mitigation efforts;
- Insufficient national institutional capacity in developing countries to participate in carbon market mechanisms.

The group said the best way to address climate threats is to have an integrated sustainable development approach.

Without immediate and effective cuts in emissions by developed countries, all efforts to address climate change will remain fruitless. The early completion of the ad hoc working group on further commitments of Annex I parties is an "absolute imperative." It must complete its work by 2009.

The group called on Annex I countries to undertake ambitious commitments for emission reduction in the second commitment period. Deeper reductions by them will provide greater opportunities for developing countries to move onto a sustainable development pathway.

The group looked forward to the launch of the Adaptation Fund. Effective mitigation and adaptation policies must take account of commitments at various conference and summits, especially the binding commitments under UNFCCC and Kyoto Protocol.

In addition, the adverse impacts of response measures, as it relates to the unintended consequences of mitigation, must be addressed as a distinct priority.

According to the G77 and China, during this session the most important issues include mustering the political will to agree on an approach based on key principles of Rio, the UNFCCC and its Kyoto

Protocol, especially (a) common but differentiated responsibilities and respective capabilities; (b) the polluter pay principle; (c) protection of the vulnerable; (d) equal treatment of mitigation and adaptation, including legally binding instruments for adaptation and technology transfer.

The bigger challenge, said the group, is to overcome the "trust deficit" between developed and developing countries on financial and technological cooperation and commitments of annex I countries. Good faith engagement will help address this deficit.

The group also stressed that UNFCCC and the Kyoto Protocol serve as the multilateral agreed structure to address climate change. Any other effort will distract and further compound the challenge.

The G77 and China called for new institutional and financial mechanisms to enhance technology cooperation, development and transfer and meet the incremental costs, which are fundamental to the climate agenda.

The group called for moving beyond current institutional and financial arrangements. The UNFCCC estimates an additional \$200-210 billion by 2030 is needed to achieve emission reductions. In addition, hundreds of billions are needed to support adaptation activities. It is thus essential that an investment pathway is designed to secure additional finances for developing countries in accordance with their national plans.

Capacity building is also a high priority for the G77 as it has not received enough attention. The group hoped the scope of activities and replenishment will be decided soon regarding the LDCs Fund and that steps are soon taken to implement it through concrete projects.

As climate change is most pressing, it is absolutely necessary that policies made in other areas and fora have to be looked at through the fresh lens of addressing climate change, and made consistent with the aims and measures we are trying to implement in combating climate change.

The G77 and China said technology transfer is an enormous challenge, keeping in view the issue of incremental costs and capacity building. Addressing the climate system depends on early development, deployment, transfer and diffusion of environmentally sound technology.

A key question is the treatment of intellectual property rights over climate-friendly technologies. Developing countries must be helped, on affordable, preferential and concessional terms, through technology transfer, directed R&D and other assistance, to acquire and build capacity for applying technolo-

gies.

The G77 and China also expressed disappointment about the progress made on this item. It suggested the development of performance indicators to monitor if commitments have been honoured.

On emissions from deforestation, the group said that implementation of policy approaches and positive incentives will require new and additional finance. It recognized the interests of the Parties to consider policy approaches and positive incentives that address compensated forest conservation and also forest degradation.

Nigeria, on behalf of the Africa Group, said climate change is a growing threat and Africa is at the receiving end due to its increased vulnerability. "Yet we gather year in and year out, making commitments, which are far from being fulfilled.

The Africa Group observed that the process is characterized by a catalogue of unfulfilled commitments by the developed countries under the Convention as well as the Protocol. The development and transfer of technology, since the convention and protocol came into force years ago, remains unfulfilled and complicated by issues of intellectual property rights, market incentives and enabling environment.

The group said that the question of inadequate capacity building of developing countries has been a major impediment to implementing both mitigation and adaptation activities in Africa.

"This issue, fundamental to implementation of climate change activities, has not been adequately addressed as stipulated in the convention and protocol," said Nigeria. "There is too much emphasis on seminars, workshops and needs assessment. For how long will our needs continue to be assessed?"

Nigeria added: "The way adaptation is currently addressed is ad hoc and lacks coordination, and is totally inadequate. In essence and so far, the matter of adaptation has not received the desired priority in the implementation of the convention and the protocol.

"Whatever fund, and in whatever magnitude available in the process for implementing climate change activities remains inaccessible due to conditionality of co-financing. It is important that discussions on the adaptation fund should be finalized in this session to enable concrete decisions by the COP to address adaptation in Africa and developing countries in general."

Discussions should also consider the present lack of implementation in adaptation, development and technology transfer and capacity building. Said the Africa Group: "We find it absolutely incompre-

hensible that the future can be adequately considered and predicted without due reference to the past and the present.

"Africa believes that walking into a new regime with all the present difficulties in implementing the already agreed commitments is totally unacceptable. It will mean only one thing, that nothing is going to happen in future, and the suffering of our people continues.

"The way forward is for the developed countries to now act with respect to fulfilling their commitments. The developed countries more than ever before should be committed to aggressive emission reductions domestically rather than passing the buck to the developing countries.

"Africa believes the process should set targets for the developed countries to provide financial resources within a specific time frame. It is time for practical implementation of all these issues of adaptation, technology transfer, and capacity building among others."

Maldives, representing the LDC Group, said that the devastating impact upon the most vulnerable group of countries (LDCs and SIDS) of recent natural disasters have only shown an immediate snapshot of a long term process.

It said the adaptation fund should have a suitable and enabling governance methodology and a matching management structure. An extension of adaptation levy to the other mechanisms of the Kyoto Protocol (possibly at a higher rate) and the inclusion of bunker fuel based emitting activities such as air and maritime travel should be explored to improve the situation.

The Adaptation Fund has to be made available as soon as possible and the LDCs and SIDS should get top priority under this fund. Funds made available after the horse has bolted, i.e., irreversible changes have taken place, would lose their effectiveness.

Climate funding to LDCs/SIDS must be fast tracked, often at short notice with simplified procedure for allocation and disbursement has to be introduced. Low-lying coastal LDCs have specific vulnerabilities and thus deserve special attention and priorities.

Nations many be categorized and grouped on vulnerability scales so that global effort levels are distributed on the basis of priority, said the LDC Group. Timing is a critical factor, as climate change effects are becoming worse and worse over the years. Innovative sustainable technology development and its widespread use through international cooperation is critical for long-term emission reductions.

The scope and urgency for investment in low carbon energy technology globally are immense. In this context the international regime on technology transfer (TRIPS and IPR) need to be revisited, said the group.

Sea-level rise is an inevitable reality on our current trajectory and the people who will be affected are most likely to become refugees of climate change due to riverbank erosion, prolonged drought and permanent inundation due to sea level rise.

Said the LDC Group: "We cannot afford to remain idle until this misfortune actually unfolds. The time to act cannot be deferred. All nations must recognize their responsibility towards the victims of climate change. In particular, the post-Kyoto regime should ensure that such refugees are granted the legal rights required to provide for their recovery and rehabilitation."

Portugal, for the EU, reiterated the EU targets of limiting global temperature rise to 2 degrees, halting the growth of global emissions in 10-15 years and a global emission cut of at least 50% by 2050 (compared to 1990).

It put forward many elements of building blocks for the future. These comprised (1) further developing a shared vision to reach the Convention's ultimate objective; (2) deeper emission reduction commitments by developed countries, (3) further fair and effective contributions by other countries, (4) extending carbon markets, including innovative and enhanced flexible mechanisms; (5) increased technology cooperation, (6) enhanced efforts on adaptation, (7) addressing emissions of the maritime and aviation sectors, (8) further use of the expertise, experience and work of relevant international organizations; and (9) reduction of emissions from deforestation and enhancing sinks by sustainable forest management and land use practices.

The EU said it would discuss these building blocks in the negotiating process in Bali. It said that Bali needs the engagement of all parties in a negotiation process to reach a global and comprehensive post-2012 agreement by 2009.

Australia made a statement at the opening on behalf of the Umbrella Group (which also includes Canada, Iceland, Japan, Kazakhstan, New Zealand, Norway, Russia, Ukraine). It quoted the recent Commonwealth communiqué calling for a comprehensive

post-2012 agreement that includes a long term global goal for emissions reduction to which all countries would contribute. The highest priority of the COP is to set out a road map in line with this, said Australia.

Later, at the opening meeting of the ad hoc working group on further commitments of Annex I parties under the Kyoto Protocol, Australia (for the Umbrella Group) said the main task of Bali is to put in place a roadmap or the development of an effective climate change framework.

While the ad hoc working group is important for the Roadmap, more comprehensive action is necessary, particularly by all major economies. The group also believes that for the roadmap to produce an effective and comprehensive agreement for the period beyond 2012, its components must contribute to a single post-2012 outcome. They must therefore end at the same time. The task must be completed by the end of 2009.

In his opening speech the Indonesian Environment Minister Mr. Rachmat Witoelar said the scientific debate on climate change has been laid to rest, its severest impact is on the poor and this is a landmark year for the climate issue. A stumbling block is fear of economic hardship, but the cost to address climate change is less than the damage what climate change will wreak.

UNFCCC executive secretary Mr. Yvo de Boer said many important decisions can be made before the Ministerial segment, including practical adaptation actions, the framework for the adaptation fund so it can start funding projects, the framework for technology cooperation, the initial phase of actions to reduce emissions from deforestation, support to adaptation action in LDCs, support to national communications by developing countries and to enhance capacity building.

Shaping the future can be done if four corners are turned: (1) leadership by industrial countries must continue, especially towards a new energy future; (2) action in the North to fuel clean growth in the South; (3) fossil fuels are here to stay but they should be used through new technologies without destroying the environment; (4) a comprehensive framework for adaptation.

He also called for a breakthrough in Bali through the formal adoption of a negotiating agenda.

### **Clash over technology transfer almost derails Bali climate talks**

Nusa Dua, Bali, 5 Dec (Martin Khor) – A clash over the developed countries' commitment to technology transfer of environmentally sound technology to developing countries dominated the second day of the Bali meetings on climate on 4 December.

The discussion was so heated that at one stage it threatened to derail the entire Bali meeting, as one senior African diplomat put it at the meeting.

It confirmed the doubts and increased the frustration that the developing countries have had for years on the sincerity of developed countries in fulfilling their commitment on technology transfer under the UN Framework Convention on Climate Change (UNFCCC).

Technology transfer is one of the two major commitments that developed countries have made to assist the developing countries to address the climate crisis, the other being the provision of financial resources.

Article 4.5 of the Convention states that developed countries shall take all practicable steps to promote, facilitate and finance as appropriate the transfer of or access to environmentally sound technologies and know-how to developing countries to enable them to implement the Convention provisions. They shall also support the development and enhancement of endogenous capacities and technologies of developing countries.

The Bali meetings comprise the Conference of Parties (COP) of UNFCCC and the meeting of parties of the Kyoto Protocol, as well as the meetings of their subsidiary bodies, i.e. the subsidiary body for implementation (SBI) and the subsidiary body for scientific and technological advice (SBSTA).

The controversy erupted at the meeting of the SBI, which is the body that discusses the implementation of commitments and obligations under the UNFCCC and the Kyoto Protocol.

The day before (3 December), the G77 and China had successfully proposed that the issue of

development and technology transfer be placed on the mandate and agenda of the SBI, as well as for it to continue to be discussed in the SBSTA. Pakistan, for the G77 and China, argued that technology transfer was not only a scientific issue to be discussed in SBSTA, but an issue of implementation, which should thus be placed also in SBI.

G77 sources privately said that this proposal arose from the group's discussion, in which its members voiced frustration that there had been no progress for years on the actual transfer of technology, and that it was time that the implementation aspect be reviewed and discussed within the SBI.

The G77 is hoping that as an agenda item in the SBI, the technology issue will receive greater attention, and moreover it could be taken up as a review of the developed countries' implementation of their commitments to developing countries.

As there was no objection, the President of the COP, Indonesian Environment Minister Mr. Rachmat Witoelar ruled that the topic be included in the SBI agenda.

According to some European NGOs, the developed countries were against the issue being discussed at the SBI, because of their dismal record in implementing their commitment, and also because they did not want to come under pressure from developing countries to provide technology on concessional terms.

However these countries were caught off-guard by the G77 and China proposal, and did not object. The NGOs predicted that the developed countries would try to put a spoke in the wheels when the SBI took up the issue.

When the SBI met the next day, the G77 and China requested that the COP decision be implemented, and that the SBI agenda be amended to include the new technology topic.

However, when the SBI Chair, Mr. Bagher Asadi of Iran, asked for comments, the United States

on behalf of the Umbrella Group (whose members also include Japan, Australia, Canada and Norway) said that the SBSTA's expert group on technology had spent much time on the subject. Since the issue had been addressed in SBSTA, it is a duplication to discuss it in the SBI. It asked for informal consultations on how to proceed.

Portugal, for the EU, said SBI should consider the issue but there are several ways to consider it and the SBI is not yet ready to take a decision, and thus there should be further consultations.

At this point, China said the COP had already taken a decision and the Chair's task was to implement it by adding technology as a new agenda item. It was very disappointing that some Annex I countries are negotiating in bad faith. No one had objected at the COP when the G77 and China proposed a separate discussion on technology in SBSTA and SBI.

China said it was not sure why these countries are now raising objections. They should have raised their objections at the COP and not at the SBI, whose task is to implement the decision of the COP and not debate whether it can be an agenda item.

When the Chair said the issue should be discussed informally at lunch time, Pakistan for the G77 and China responded that the group was very sensitive about the subject, and as the COP had ruled on this matter, there was no need to hold informal consultations.

The US raised procedural issues of how the item should be treated by SBI. Saudi Arabia responded that it is not a good sign or spirit for this to be discussed further. How can we discuss the Bali roadmap if we try to trick each other?

Further support for the G77 position came from Tanzania and Gambia. China then said this issue (that technology is an agenda item in SBI) had to be resolved first before any other item could be discussed. Our ancestors in developing countries had been bullied (by these countries) in the past, and we don't want to be cheated again, said China.

Referring to the developed countries, China added that we should mean what we have said. We cannot agree on one occasion and withdraw it on another occasion. The issue of technology development and transfer is dear to the hearts of developing countries, and the issue had to be formally, not informally, resolved.

The Chair then read a transcript of the proceedings at the COP, which made clear that the COP President had ruled that on issues relating to the review of commitments, the SBI can take up the technology issue and consider it.

After further debate, the Chair finally ruled that the technology issue would be included as a new item on the agenda. All in all, the procedural issue of including this issue on the agenda took three hours to resolve.

When the technology issue came up for substantive discussion later that the night, there was another clash over another procedural issue – on whether a contact group should be formed to discuss the topic and draft a decision — which again revealed the reluctance of several developed countries to having the issue discussed.

South Africa and India spoke in some detail on how they expected the issue to be treated at the SBI. South Africa said the technology issue had been discussed in the SBSTA for the past 9 years, particularly focusing on considering recommendations from its expert group on technology. But until now no technology recommendations have been referred to the SBI.

Now that this matter has finally been referred to the SBI, the immediate questions are what is the scope of work that the SBI needs to conduct; what process and modalities should the SBI adopt, and what timeframes should be given.

On the scope of work, South Africa noted that the expert group and SBSTA has completed work in 2 areas: (1) Technology Needs Assessments to determine the technology requirements of developing countries; and (2) the development of a framework on innovative options for financing technology transfer.

South Africa proposed that the SBI focus initially on how to transfer and finance the transfer of existing, emerging and new technologies that have already been identified by the Technology Needs Assessment processes. The SBI would need to focus on 3 main questions:

- How do we efficiently achieve the transfer of **existing** climate friendly technology at the large scale required by science? The major implementation issue here is the incremental cost of installing the “Climate Friendly” technology as opposed to the “Business as Usual” technology. Solutions could include implementation of strategies to ‘buy-down’ the costs of technologies to enable its wider diffusion through mechanisms such as a Multilateral Technology Fund proposed by India.

- How do we accelerate the maturation of **emerging** technologies and diffuse them at the large scale required by science? The major need is to address the investment deficit in demonstrating and bringing these emerging technologies to market at an affordable cost. One approach is to work with the private sector to establish a Venture Capital Fund

for the commercialisation of climate friendly technologies that have the potential to come to the market in the near term.

- The final resolution to the climate change challenge in the long term will require the extensive development of new low carbon technologies. The key issue is the creation of robust mechanisms to strengthen global collaborative research efforts, including mechanisms to facilitate the participation of non-Annex 1 parties in the co-development of technologies. Such mechanisms would need to include a focus on human capital and financing issues.

South Africa further said adaptation technology issues have been inadvertently excluded from the work of the Convention. The SBI must develop mechanisms to support the development and transfer of adaptation technologies. In many instances, these are public good interventions with little return on investment. Financing of adaptation technologies has thus far received little attention.

The SBI work programme on technology must balance the current single focus on private sector financing criteria which due to profit and economies of scale considerations may delay the transfer of both adaptation and mitigation technologies, since the focus shifts to finding a profitable arrangement instead of speeding up implementation of Article 4.5 of the Convention.

South Africa proposed a Contact Group be set up to develop a decision on this issue, which was supported by Ghana, India China, Nigeria, Brazil, Egypt, Iran, Uganda, Tanzania.

[Contact groups have been set up at Bali to further discuss specific issues and to develop draft decisions for adoption. Throughout the day, many groups had been formed on almost all issues under discussion].

India said we are at a technology crossroads. The vast majority of infrastructure and equipment have not yet been installed. Normally, countries will adopt the most cost effective technology. But we can take another path – technology with low Greenhouse Gas emissions earlier than otherwise. The transfer of these technologies to developing countries should be accelerated.

India proposed the contact group discuss core issues: (1) review of the current status of technology transfer under the Convention; (2) identify key technologies; (3) identify instruments (research, treatment of IPRs, finance) that can accelerate adoption of key technologies; (4) institute a global dialogue to promote a framework for these key technologies.

China suggested the SBI's technology work focus on (1) exploring realistic way to implement spe-

cific decisions on the issue; (2) financing issues, including implementing innovative financing; (3) a work plan for technology transfer and development at global, regional and national levels; (4) mechanisms and policy issues.

Nigeria said that the discussion in the morning over procedure had "almost derailed Bali". The message was that some countries did not want to implement technology transfer. It supported a contact group be formed.

Portugal, for the EU, agreed to a contact group. However, three major developed countries opposed having a contact group at this session. Japan said it wanted clarification on what could be the substance of discussion of the proposed contact group. It said it was premature to create this contact group.

Canada proposed that a contact group be set up at the next SBI session, not this time. The US said it had heard the same arguments (made by developing countries) before, also at SBSTA. They are being addressed already. The issues will not be solved in a few days. To use our time wisely, they should be addressed at the next SBSTA.

It was clear that Canada, Japan and the US were still trying to stall discussing the technology issue at the SBI. Having failed to prevent its entry into the SBI agenda, they were trying to prevent it being discussed in a contact group, with a draft decision produced.

These responses from the developed countries earned the further ire of many developing countries. Nigeria said it had expected positive pronouncements from developed countries but they are not making it. If it takes to 2008 to establish a contact group, how many more years would it take to begin the negotiations on this issue?

After many years, the expert group had only produced guidelines on technology. Now, these developed countries say we can't even have a contact group on technology in SBSTA. To say that you can't even have the right to have a contact group to discuss an issue touching on the lives of developing countries is to deprive us of the freedom to speak, said Nigeria.

With irony, Nigeria asked that at least the developed countries should allow a contact group to be established, and then after that make things impossible in that group.

Uganda said that no party here doubts the role of technology as key, and if there is such a party it could not be a party to the convention. The issue is extremely difficult yet easy. The technologies are there. Said Uganda: Why don't we open our doors and facilitate the transfer so that future generations have a better life?

Uganda added that for 9 years we have talked and walked in the corridors, yet we have got nothing out of it regarding technology. There should be a group for practical action on technology transfer.

After further questions from China and Tanzania to the Chair on why there has to be a discussion before setting up a contact group, the Chair ruled that a contact group would be formed. Uganda and Finland were nominated to co-chair the contact group.

Following the meeting, several developing-country delegates expressed deep frustration with the turn of the discussion.

“How can they expect us to trust them with

negotiations on a comprehensive agreement, when on such a key issue of technology they were trying all kinds of methods to block us from conducting a review of implementation,” remarked a leading African diplomat.

“This debate has been very frustrating, we wasted three hours this morning and two hours tonight just discussing whether the issue should be discussed, when the Convention had already agreed on the SBI’s role.

“It is quite clear to us that they are just not interested to help in technology transfer. If this is the case, it is hard to see how international cooperation can be done on climate change.”

# TWN

## Bali News Update

# 4

www.twinside.org.sg

Published by  
*Third World Network*

7 December 2007

### Highlights from the SBSTA Session

Nusa Dua, Bali, 6 Dec (Neth Dano) – Diverse views of delegations emerged on various issues at the SBSTA (subsidiary body for scientific and technological advice). Delegations were polarized on most items in the agenda during the session on 4 December. The Chair established 4 Contact Groups to attempt to arrive at some decisions. The Contact Groups have been meeting on 5 and 6 December and will report back to the SBSTA by next Tuesday (11 December) for adoption of decisions.

Some highlights of the SBSTA discussions are summarized below.

#### **Reducing Emissions from Deforestation in Developing Countries (REDD)**

Many delegates who spoke at the meeting are looking forward to a “comprehensive agreement on REDD”, but differed on how to move forward. Portugal, on behalf of the EU, referred to the draft text for a decision on REDD that came out from SBSTA-26 as a “good basis” to move forward. Switzerland also supported the use of the SBSTA-26 draft decision text, which is heavily bracketed. Curiously, Canada described the document as representing a “high degree of consensus”.

The EU and the US welcomed the launch of the World Bank’s Forest Carbon Partnership Facility (FCPF) in Bali next week, as a mechanism to support REDD. The US said that the WB’s FCPF should support technical capacity building and pilot activities in REDD. Papua New Guinea also mentioned the FCPF, as well as the WB and GEF as potential sources of financing for REDD.

Developing country delegates, such as India, Paraguay, Brazil, Indonesia and Papua New Guinea, called for simple but reliable and dynamic mechanisms supported by predictable and sufficient funding. Brazil warned that REDD should not be linked to the post-2012 Kyoto Protocol negotiations, and

that the main task of cutting GHG emissions by Annex 1 countries should not be supplanted by REDD. Australia, on the other hand, wanted to link the REDD discussion with the post-2012 outcome.

Costa Rica called for a compensation regime that recognizes and provides incentives for the early efforts of those developing countries that started conserving their forests early. Sri Lanka posited that the CDM could be an incentive mechanism for countries sustainably managing their forests. Malaysia said that the nature of the CDM gives favorable terms for polluters to gain credits, at the disadvantage of parties using clean technologies. It said that this scheme should be avoided in the REDD. Gabon, speaking on behalf of the Congo Basin countries, noted that REDD currently does not protect countries and regions with low deforestation rates from deforestation. It suggested the establishment of financial mechanism to support efforts in forests conservation by countries.

Several countries stressed the need for capacity building in REDD, especially in monitoring and remote sensing. Korea noted the need to exchange relevant information, experiences and policy measures on positive market-based incentives to provide sustainable financial resources. Switzerland also talked about effective incentives for sustainable forest protection and enforcement of policies, in order to mobilize effective financing.

A number of delegates called for the importance of conducting pilot activities in REDD until 2012. South Korea mentioned its MOA with Indonesia on a CDM project in forestry, while Switzerland talked about its experience in Africa on national capacity building in REDD and reforestation and strengthening national forest policies.

Liberia stressed that REDD should depend on national circumstances and must respect national sovereignty. It proposed the adoption of a Code of Conduct or Ethics in dealing with communities in

REDD. Sri Lanka flagged the need to tap traditional knowledge in sustainable forest management. IUCN mentioned the importance of local participation in REDD, while CAN-International called for the protection of local land rights. CAN-I said that REDD should be part of the post-2012 negotiations and the Bali Mandate should include incentives for REDD.

The Contact Group for REDD will be co-chaired by Norway and Argentina.

### **Establishment of Experts Group on Adaptation under the Nairobi Program of Work**

All delegates who spoke supported the Nairobi Program of Work (NPW), but contentious views rose on the proposal to establish an Experts Group on Adaptation.

EU, Japan and the US were united in voicing their reservations on the establishment of an Experts Group on Adaptation. EU said that it does not see any additional value at this point, but this may be considered in the second period of the NPW. Japan stated that it might overlap with other groups of expert that already exists, and that it might be considered in 2010. US thinks that its mandate and tasks are too broad and will not contribute in improving the NPW.

On the other hand, the developing countries were one in stressing the importance of establishing an Experts Group on Adaptation. Jamaica said that a formal and structured body will provide focus on adaptation in the NPW. Tuvalu noted that the body will provide the scientific and technological guidance on adaptation in the NPW. Malaysia noted that more time should be devoted for the implementation of the NPW, operationalizing the Adaptation Fund and immediate action.

A Contact Group led by Jamaica and New Zealand, was established on this agenda item.

### **Report of the IPCC Assessment Report-4 (AR-4)**

Delegates who spoke welcomed the scientific findings and recommendations of the AR-4. Most interventions stated that the findings should serve as the basis for the post-2012 negotiations, while others said that they should be considered in decisions at the UNFCCC and Kyoto. EU, supported by Russia, suggested that the IPCC provides updates to COP-15 by mid-2009.

Many countries again stressed the need for increased capacity-building. Malaysia noted the need for more sharing of research and experiences in climate modeling. China talked about the need for ac-

tions on technology transfer and the need for more scientific research to reduce uncertainties. Saudi Arabia questioned the treatment of AR-4 as a separate agenda item and noted that there are already 4 separate items in the agenda relating to AR-4.

An informal consultation to be led by Sudan and Belgium was established for this agenda item.

### **Methodological Issues Under the Kyoto Protocol**

#### **1. Implications of the establishment of new HCFC-22 facilities seeking to obtain CER for the destruction of HCFC-23**

The EU opposed the crediting of CER for the destruction of HCFC-23 because of its potential impacts to the carbon market, and instead proposed the consideration of alternative financing for this purpose. Japan indirectly supported this stance by citing that HCFC-22 production is going on even without CER for the destruction of HCFC-23.

China noted that there has been no agreement on this matter for years due to the "lack of sincerity" from some delegations, and cited China's efforts to phase out HCFC-23 by 2030, 10 years ahead of the deadline. Senegal supported China's position.

Argentina proposed to study the current demand and supply of HCFC-22 and -23, in view of the observation that market and competition do not improve the demand for HCFC-23 which would require external support and incentives.

An informal consultation led by Chile and Austria was established to address this item.

#### **2. Implications of possible changes to the limit for small-scale afforestation and reforestation CDM (AR-CDM) project activities**

Most developing countries wanted to adjust the limit for small-scale AR-CDM, from the current 8,000 tons of carbon per year to rates ranging from 32,000 to 40,000 tons of carbon per year. Delegates noted the potential benefits of such adjustment to local communities and the direct positive impacts on rural development. Increasing the limits of AR-CDM would provide incentives for such projects and would benefit more communities.

On the other hand, countries like Tuvalu did not see the need for such adjustment and called for studies on actual benefits to poor communities under the CDM. Paraguay suggested to open windows and simpler modalities that would be more accessible for poor communities. Japan call for adjustments in limits of AR-CDM based on studies and actual experiences. Indonesia asked for more elaboration of the socio-economic impacts of AR-CDM.

India called for the retention of the current limits.

Informal consultations on this item are to be led by Chile and Austria.

### **3. Carbon Capture and Storage (CCS) in geological formations as CDM project activities**

Delegates were deeply divided on this issue. Oil producing countries were fully supportive of CCS as CDM, hailing it as a “decisive tool” for developing countries and a “tool for a sustainable energy future”, according to Kuwait. Saudi Arabia and the EU cited the special report of the IPCC on CCS which established its “great potential” to reduce GHG emission. Pakistan referred to CCS as a “most promising and effective technology” for developing countries especially if resources and technologies will be made available. It suggested the establishment of a “CCS Fund”. The pro-CCS countries assured that there are “adequate means available to address environmental and safety questions”.

The EU is also supportive of CCS as CDM, but more cautious in saying that appropriate safety and technical measures need to be put in place to avoid seepage. Nigeria, a major oil producer, shared the EU’s cautious stance on CCS, adding the need to resolve legal, methodological and technical issues. Norway attested to the technical soundness and safety of CCS and its potential to facilitate energy efficiency. It supported CCS in CDM “under environmentally sound conditions”. Korea acknowledged the potentials of CCS, but said that there is not enough data on its risks, and suggested the need to establish its additionality and an independent system of regulation.

On the other hand, the SIDS and other developing countries were united in opposing CCS. Micronesia cited the “need to maintain the environmental integrity of CDM”, while Brazil declared that CDM is not the appropriate mechanism for CCS. Tuvalu said that CCS is a largely “unproven” technology. SIDS reiterated the need to address in more details technical and legal concerns. India opposed

CCS as CDM, and called for more studies to address questions on seepage and transboundary impacts. Micronesia and Brazil raised the issue of liability in cases of problems from CCS.

A Contact Group on CCS, to be led by Austria and Chile, was established.

### **Article 2, para. 3 of the Kyoto Protocol**

(relating to the obligation of Annex 1 countries to implement policies and mechanisms to minimize the adverse effects, including adverse effects on climate change, effects on international trade, and social, environmental and economic impacts on other Parties especially developing countries)

Saudi Arabia strongly criticised the “market distortions” in many Annex 1 countries that contradict the spirit of Art.2, para 3 of Kyoto. Kuwait supported this line. The EU called for the need to discuss the progress of implementation of decisions in previous COP. Japan said that this matter is already covered by other agenda items, especially in the SBI.

Due to lack of agreement on how to proceed, the SBSTA Chair decided to hold a Consultation with interested Parties on the issue.

### **Methodological Issues Under the Convention: Emissions from fuel used for international aviation and maritime transport**

Kuwait moved for the removal of this item in the agenda, citing that it is only for review by SBSTA. It clarified that only Annex 1 countries should be covered by this agenda.

China noted that the principle of common but differentiated responsibility has not been followed, stressing the historical responsibility of developed countries to reduce emissions. It stated that the developed countries control the aviation capacity and technology.

The SBSTA Chair will initiate a consultation with Parties on this issue.

### Talks start on whether to launch new climate negotiations

Nusa Dua, Bali, 6 Dec (Martin Khor) — Delegates to the United Nations climate conference have started discussions on perhaps the most important issue to be decided in Bali – whether to launch formal negotiations on a range of topics, or to carry on with an informal dialogue in the next few years.

After a plenary discussion on this topic on 3 December (the first day of the conference), a contact group was established on dialogue on enhancing long-term action. It first met on 5 December in an open-ended meeting. A small group meeting involving some 30 delegations was then held on 6 December.

The meetings are taking place under the UN Framework Convention on Climate Change, whose 13<sup>th</sup> session of the conference of parties is meeting here. Also taking place is the 3<sup>rd</sup> meeting of parties of the Kyoto Protocol.

At the 5 December meeting, the co-chair, Howard Bamsey of Australia, presented his view of the issues and decisions to be taken. The structure of tasks included to determine the next steps; and to reach agreement or narrow options on issues, form, modalities and time frame.

The substantive issues were the overarching building blocks (adaptation, mitigation, technology, investment and finance), other elements to be accommodated under these, and concrete elements to be addressed under the blocks.

Among the process issues are the level of formality, the relation between the Kyoto and Convention “tracks” and timeline. And, most important of all, the co-Chair listed three process options (reduced from the four options in his paper):

- Informal Convention process with no pre-defined ability to prepare decisions.
- Formal Convention process, with informal activity, able to prepare decisions.
- Fully integrated (Convention and Kyoto) process, with informal activity, able to prepare decisions.

The options are for either a continuation of a dialogue process that has gone on for the past two years on long-term cooperation to address climate change; or to upgrade this into a formal negotiation. The developed countries want the latter, to develop into a full-scale negotiation towards a “comprehensive post-2012 agreement.”

This contact group on long term cooperation is the main body determining whether negotiations are launched and the scope and content. It is expected that Ministers will make the final decision when they take part in a high-level segment on 12-14 December.

But there are several other processes now taking place in Bali which the developed countries hope to link to this overall process, including the group working on a review of the Kyoto Protocol (see separate article) and another group working on a Russian proposal on how to facilitate commitments of non annex I parties (the developing countries) which could become an element of a new agreement.

During this Bali conference, the developed countries are taking opportunities in many areas to lay the ground for greater commitments by developing countries.

At the 5 December meeting of the contact group on long-term cooperation, several developing countries, including the G77 and China stressed the importance of focusing on the implementation of developed countries of their commitments under the Convention (especially finance and technology).

- |   |       |
|---|-------|
| • Talks start on whether to launch new climate negotiations | pg 18 |
| • Differences of views on Review of the Kyoto Protocol      | pg 19 |
| • Contact group meets on AWG                                | pg 20 |

Many developed countries, including Japan, Australia, Canada and the EU, insisted that there be a negotiation, to be guided by “long term goals”. The US said the Bali roadmap should launch negotiations for a post 2012 regime.

The EU spelled out the long-term goals as limiting temperature rise to 2 degree centigrade and a global emission cut of at least 50% by 2050. It also candidly stated that an important part of the work is to elaborate further contributions of developing countries. For more advanced countries, there would be elaboration of concrete actions on this. All industrial countries must make comparable efforts (an allusion to the need for the US to come on board).

Some developing countries (Micronesia for the small island states, and Bangladesh) agreed with setting long term goals and with negotiations.

Other countries were cautious. Malaysia wanted the dialogue to continue. Indonesia wanted the two processes to be separate under the Protocol and Convention. Saudi Arabia wanted the dialogue to continue and said that the hidden objective of those who wanted negotiations was to have developing countries assume targets and timelines.

According to some delegates who attended the small-group meeting on 6 December, the EU proposed that a “new architecture” (for the climate regime) be discussed, as well as a shared vision including long-term goals. In the afternoon of 6 December, the small group is reported to begin to discuss adaptation, technology, finance and mitigation.

## **Differences of views on Review of the Kyoto Protocol**

Nusa Dua, Bali, 6 Dec (Hira Jhamtani) – A review of the Kyoto Protocol is scheduled to take place in 2008. This is mandated under Article 9 of the Protocol. This will be the second review, and the UN Climate Conference in Bali has been discussing how this review should take place.

It is one of the most important issues being discussed in Bali because the 2008 review could lead to major changes to the Protocol’s rules or even its architecture.

Such major changes are envisaged and planned for by several developed countries, as was evident from their statements in Bali. However many developing countries do not agree to this approach. Instead they want to retain the basic rules and architecture of the Protocol, while insisting that the review focus on the implementation of commitments under the Protocol.

Under the Kyoto Protocol, developed countries listed in its Annex B are obliged to reduce their Greenhouse Gas emissions, with each country having a reduction rate that is specified in the annex.

The first period of commitment is 2008-2012. An ad hoc working group (AWG) is currently negotiating the reductions for a second commitment period, which is scheduled to start in 2013.

The developing countries do not have to commit to reduce their emissions under the Kyoto Protocol. It is believed that several developed countries would like the developing countries, or some of them, to undertake some form of commitments, and it would seem they are using the opportunity of the 2008 review to put forward their proposals.

The differences on this topic are among the many points of divergence at the Bali conference. Although countries agree that the review is important to improve the Protocol, there are sharply diverging views over the scope and content of the review.

The issue was first taken up during the Meeting of the Parties (CMP) to the Kyoto Protocol on Wednesday December 5, and continued in a contact group in December 6.

On scope, the G77 and China (represented by South Africa) said the Kyoto Protocol is relatively new, only three years old, so the review should focus on the strengthening of implementation.

But developed countries want the review to be focused on the “architecture” of the Protocol. Australia said that the review should look at the architecture in detail, take stock of the Protocol in view of the Russian proposal on accession to Annex 1 of the Convention or Annex B to the Protocol. This proposal, on making it more easy for non-Annex I countries to join Annex I, is being discussed in another group, where there are also many differences of views.

The EU wants to build upon and broaden the KP architecture, in the interest of all parties. The EU is convinced there are technically, legally and methodologically necessary amendments that need to be made to the Protocol. The word “architecture” has crept into the discussions on the review and some believe the intent is to rewrite the Protocol.

China twice said that the review should not deny or rewrite the Protocol while Tuvalu said the review should not threaten the architecture of the Protocol.

Tanzania said that the review should be in the context of implementation by annex 1 countries in terms of Greenhouse Gas emission reduction, tech-

nology transfer and funding for adaptation. Then the adaptation measures must be focused on practical activities. The common but differentiated responsibility and the precautionary principles must guide the review.

On content, many developing countries were of the view that the review should focus on improving the Clean Development Mechanism and adaptation activities. South Africa on behalf of the African group said that the adaptation provisions are not consolidated efficiently. This and the adaptation funding issue should be an important issue of the review.

India and China said the review must also look at the extent to which the Annex B countries (i.e. developed countries in the Kyoto Protocol) have implemented their commitments, especially in terms of green house gas emission reduction, technology transfer and adaptation funding.

India also said that the lifestyle and per capita emission in developed countries must be taken into account in the review in order that solutions can be sought for these. Saudi Arabia said compliance should be part of the review.

On content, the EU outlined a set of issues for amendment, i.e. how the carbon markets should be developed and expanded; the treatment of land use, land use change and forestry; scope and sectors included; the existing annexes and procedures for amending these annexes; provisions and decisions related to adaptation; and privileges and immunities.

Japan clearly said that the Annex B must be revisited. It added that the content of the review should also include forestry, and long-term goals, among others. Japan also said that all major emitting countries must be included in a future framework and the review should also come up with efficiency indicators for each sector.

On preparation for the review, the EU said there must be enough preparatory work in order that the review be effective. Canada said the preparatory work could be in the form of a working group or some other process. Most developed countries wanted the review to be linked to other Convention and Protocol processes, especially the Ad hoc Working Group on further Annex 1 Commitments, and the Dialogue on long term cooperation. China on the other hand cautioned that the review should not be used to delay the work of the AWG.

The divergence in views over the second review of the Kyoto Protocol is just one of the many differences that have to be thrashed out during the Bali Conference. The contact group on review of the Protocol should finish its work by Monday 10 December.

## **Contact group meets on AWG (Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol)**

Nusa Dua, Bali, 6 Dec (Lim Li Lin) – The AWG meeting resumed its fourth session in Bali. Its first session considered the focus of its future work. At the second meeting it agreed to focus on three areas: mitigation potentials and ranges of emissions reductions; possible means to achieve mitigation objectives; and consideration of further commitments by Annex I Parties.

The third session agreed on the analysis of mitigation potentials and to develop a timetable to complete its work in order to ensure that there will be no gap in time between the first commitment period (2008-2012) and the second commitment period. The fourth session on the AWG began in Vienna in August 2007, and is resuming here in Bali. The discussion has been on mitigation potentials and possible ranges of emission reductions for Annex I Parties.

### **The Bali contact group**

The reconvened AWG in Bali resumed on the opening day of the conference and focused on the review of its work programme, methods and schedules. A contact group was established to further discuss this matter.

At the contact group on the work programme and timetable for the further work of the ad hoc working group on further commitments for Annex I Parties under the Kyoto Protocol, the Chair, Leon Charles from Grenada, tabled a draft document which stipulated activities in 2008 and a timetable to guide the completion on the work. He stressed that this was not a draft proposal but some ideas to stimulate discussion to develop enough material for a draft decision on this matter.

The discussion at the contact group centred around the activities in 2008 (the approach, various submissions, types of meetings on various topics and the kinds of technical inputs from external experts and forums and the timetable), and a work programme for 2008 which envisages two AWG meetings, with the second meeting in two parts, and the issues to be analysed, considered and agreed in 2009.

However, the industrialised countries such as Japan, the EU, and New Zealand were careful to stress that the work of the AWG must contribute to the ultimate objective of the Convention, and that it

was very important to make the linkages with the processes under the Convention. The EU stressed that the AWG was one important element of the so-called “Bali Road Map”, and one key component of the “new agreement”. Therefore the end dates should coincide. They wanted to see these points reflected in the conclusions of the AWG.

South Africa speaking on behalf of the G77 and China, Gambia, and China were opposed to such

linkages. They instead stressed that this was an independent process that did not depend on other processes, and that there should be no formal linkage.

The contact group will reconvene on Monday afternoon, and will probably have before it a draft conclusion. To achieve this, the Chair will conduct informal consultations with relevant Parties and develop a more rigorous timetable.

### **Debate on Russian Proposal and voluntary commitments of developing countries**

Nusa Dua, Bali, 7 Dec (Meena Raman) – Among the topics pushed by developed countries at the Bali climate conference is how to increase the obligations or contributions of developing countries in taking action against climate change.

A major plank of this strategy is to ask developing countries to make “voluntary contributions”. This is the essence of a proposal by Russia, which was discussed on 5 December under the meeting of the Kyoto Protocol.

The Russian proposal, which is to amend the Kyoto Protocol to include voluntary commitments by non-Annex I parties to the Convention, had been first submitted in 2006. It is opposed by many developing countries, but supported by many of the developed countries which see it as a vehicle to get developing countries to increase their commitments for mitigating climate change.

It is clear from their submissions and statements that developed countries also want to place the Russian proposal in the topics to be included in negotiations or continued dialogue expected to be launched at the end of the Bali conference.

At the second session of the Kyoto Protocol, parties decided that a workshop be convened to clarify and explore the scope and implications of the proposal. The Meeting of the Parties (CMP) further invited parties to submit their views on this matter to the secretariat.

According to the proposal, the existing framework of the UNFCCC and the Kyoto Protocol (KP) is very strictly regulated and doesn't provide for taking on voluntary commitments by countries to reduce or limit their greenhouse gases (GHGs) emissions. Apart from the above-mentioned cumbersome bureaucratic procedures, the UNFCCC and the KP do not contain any reference to voluntary commitments of countries, their approval and incentives mechanisms.

It suggested to urgently launch the elaboration of a procedure for adoption of voluntary commitments, which could prospectively become an ele-

ment of a new agreement.

Russia listed possible voluntary commitments which included the following:

a) absolute GHGs emission reduction targets: percentage reduction in relation to a base year in all economic sectors; setting of absolute targets for specific economic sector is also possible.

b) relative GHGs emission reduction targets: more flexible are commitments based on relative figures (e.g. energy intensity of GDP, carbon intensity of GDP, energy intensity per capita, and carbon intensity per capita). Such commitments may be applied either to the whole country or to specified sectors.

c) commitments based on implementation of national policies and measures: Development of a national emissions trading system by sector with further access to the external carbon market; Introduction of a tax or price policy, which promotes energy saving and deployment of new technologies.

d) commitments based on development, deployment and expansion of low-carbon technologies.

The proposal further stated that the voluntary commitments could be conditional and unconditional. For conditional commitments, “a Party takes on commitments under the condition that it will be provided with technologies/financing in order to achieve voluntary targets.”

In relation to unconditional commitments, “a Party achieves voluntary targets using its own resources, and uses the resulting benefits to attain its own development goals.”

Russia also proposed that to make a framework for voluntary commitments effective, it is important to ensure the following:

a. Determination and assessment of voluntary targets.

b. Determination of baselines and verification of the achieved emission reductions.

c. Approval of appropriate incentives by all the UNFCCC Parties.

d. Approval of the UNFCCC decision package

on adoption of the voluntary commitments.

The proposal also suggested that in the elaboration of new procedures under the UNFCCC provisions, “While considering a system for voluntary commitments, it is necessary to introduce a new differentiation principle for countries according to the level of their economic development and national circumstances.”

In response to the Russian proposal, various government made written submissions for the consideration of the CMP, in addition to making oral statements in plenary.

Australia supported the Russian proposal, stating that appropriate procedures be developed to enable parties to the Kyoto Protocol and the Convention to adopt voluntary commitments. “The proposal is consistent with Australia’s view that all major emitters need to be involved in future action on climate change. It recognized the fact that action by developed countries alone cannot fulfill the objective of the Convention.

Australia noted the relevance of the Russian proposal to Parties’ ongoing discussions on future action under the Convention and the Protocol.

China in its submissions said that the contents and concepts of the voluntary commitments proposed by the Russia have already been covered in Article 4.1 of the UNFCCC and other relevant provisions of the Kyoto Protocol, and all Parties are implementing their commitments under that provision.

“So there is no added value to develop additional procedures for taking these commitments, said China. Any Party can take whatever policies and measures it likes to address climate change according to Article 4.1 of the Convention and other relevant provisions of the Kyoto Protocol.”

India in its submissions said that the “procedural” and “substantive” components of the proposal appear to relate to two quite different matters. “The “procedural” question relates to the voluntary accession of a non-Annex I party to Annex I (for the purposes of the Kyoto Protocol) and the related question of determining its quantified emission limitation and reduction commitments. In contrast, the “substantive” component concerns other non-Annex I parties.

“In our view, there is no need to “simplify” procedures for accession to Annex I (for the purposes of the Kyoto Protocol. It would be sufficient to clarify the existing provisions. As regards the “substantive” component, our view is that the existing provisions of Article 4 of UNFCCC require no addition or amendment.” (Article 4 of the Convention refers to the commitments of parties).

Japan in its submissions supported the Russian proposal to develop appropriate procedures for the approval of voluntary commitments for those Par-

ties that are not included in Annex I of the Convention. “The proposal encourages global efforts to stabilize GHG concentrations.”

On how the proposal should be addressed, Japan submitted that the adding of Parties to Annex I of the Convention and Annex B of the Protocol by the amendments of the Convention and the Protocol, as well as the issue of simplification of those procedures, and the other was the issue of identifying what should be regarded as voluntary commitments by the parties that are not included in Annex I of the Convention.

New Zealand submitted that it supported the Russian goal. It said the Russian proposal be placed as a new agenda item on the COP and CMP agendas.

The EU submitted that the European Council stressed that international collective action will be critical in driving an effective, efficient and equitable response on the scale required facing climate change challenges.

To this end, negotiations on a global and comprehensive post-2012 agreement, which should build upon and broaden the Kyoto Protocol architecture and provide a fair and flexible framework for the widest possible participation, need to be launched in Bali and completed by 2009. All countries should be invited to contribute to the efforts under this framework according to their common but differentiated responsibilities and respective capabilities.

The EU said that developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990. They should do so also with a view to collectively reducing their emissions by 60% to 80% by 2050 compared to 1990.

The EU said the Russian proposal has two components. The first aims at simplifying the procedures governing the accession of a party to Annex I. The second component aims to explore new forms of engagement for Parties not included in Annex I to the Convention in the collective effort to protect the climate.

It added that the voluntary actions could be of different types, for example aiming at achieving emission targets, implementing policies and measures, or promoting technological deployment and would not impose penalties on a non-Annex I Party for not implementing fully the actions it had proposed.

The EU in its submission said incentives for voluntary contributions would have to be additional to any existing benefits under the Convention. The issue of recognizing or providing incentives for voluntary contributions deserve to be explored further.

It also hinted that Russian proposal should be

placed as an issue in the dialogue or negotiations for a new comprehensive agreement.

South Korea in its submissions supported the Russian proposal. It suggested a variety of different commitments while providing incentives for commitments. In addition, punitive aspects to the efforts of developing countries must be avoided.

Several delegations also spoke at the plenary in addition to their submissions. This included Belarus, Canada, India, Australia, the EU, New Zealand, South Korea and Japan. They made very brief interventions. The EU said that the Russian proposal should be dealt with seriously and asked for the proposals to be studied further. Canada and Belarus supported the Russian proposal.

Saudi Arabia questioned the words “voluntary commitments” which it said was contradictory, as “how can commitments be voluntary.”

In conclusion, Indonesian Minister Rachmat Witoelar as the CMP President invited Mr. Djismun Kasri of Indonesia to speak with parties on the issue and provide him with advice on how to proceed on the matter.

## **G77-China propose technology fund for climate change**

Nusa Dua, Bali, 7 Dec (Hira Jhamtani) – Developing countries, grouped under the G77 and China, have proposed at the Bali climate conference that a new multilateral cooperation fund be set to finance the development, diffusion and transfer of environmentally sound technologies to developing countries.

This was the highlight of the G77’s paper on “Proposed elements for a draft decision on Development and Transfer of Technologies” at the Bali Climate Conference today.

The paper was presented at a contact group under the Subsidiary Body for Implementation (SBI) of the United Nations Framework Convention on Climate Change (UNFCCC) during its 13<sup>th</sup> session.

The proposal came after G77 and China insisted that the technology transfer issue is very important to adapt to and mitigate climate change, and successfully proposed that it be discussed in SBI to ensure that the commitments of developed countries be implemented.

The paper delivered by Ghana on behalf of G77 and China referred to the fact that the current institutional, financial and monitoring arrangement under the Convention are inadequate to deliver immediate and urgent transfer of technologies to developing countries.

It proposed to establish a new and additional multilateral technology cooperation fund to finance the development, deployment, diffusion and transfer of environmentally sound technologies for mitigation and adaptation to developing countries. The funding arrangement will inter alia:

- \* support implementation of technology needs assessments;
- \* participate in joint research and development programmes and activities in developing new technologies;
- \* conducting demonstration projects;
- \* establishing enabling environments for technology transfer;
- \* providing incentives for private sector engagement;
- \* support North-South and South-South cooperation;
- \* developing and enhancing endogenous capacities and technologies;
- \* meeting the agreed incremental costs;
- \* purchasing licenses to support transfer of low carbon technologies and infrastructure.
- \* provide a window for venture capital financing located in a multilateral financial institution.

The paper also asked Parties, in particular developed countries, to provide technical and financial assistance to support the implementation of technology framework, that will be outlined in an annex to be attached to the decision.

It requested the expert group on technology transfer to develop performance indicators to support SBI in its review and assessment of the effective implementation of Articles 4.5 and 4.1(c) of the Convention, for the SBI to consider at its 13<sup>th</sup> session.

The proposal does not refer to arrangements about intellectual property rights (IPR) that have previously been identified by some developing countries as hampering transfer of technology.

In response to the proposal, Canada said it will first study the paper while Japan asked that countries be given opportunity to discuss among themselves before the next informal meeting. The US said the paper can become one of the basis for discussion but reminded that other papers that may be submitted should also be used, a point supported by Canada.

The group will meet again on 8 and 10 December and it will have to finish its decision by 11 December.

# TWN

## Bali News Update

# 7

www.twinside.org.sg

Published by  
Third World Network

10 December 2007

### **G77-China's proposal on review of climate change financing**

Nusa Dua, Bali, 9 Dec (Neth Dano) – In the wake of a screaming headline in the *Jakarta Post* on Thursday that developing countries have agreed to a proposal that the Global Environment Facility (GEF) will manage all funds raised to help developing countries cope with the impacts of climate change, the G-77 and China presented a bold proposal to explore other sources of financing under the UN Framework Convention on Climate Change (UNFCCC).

Several delegates were heard commenting that the headline was “misleading” since the Conference has yet to take up the issue on the role of the GEF *vis-a-vis* other financing sources under the Convention.

At the Contact Group meeting on Financing under the Subsidiary Body on Implementation (SBI) on Thursday, G-77 and China presented a forward-looking proposal for *Elements of a Draft Decision on Additional Guidelines for the Review of the Financial Mechanism of the Convention*. The written proposal appeared to have taken other Parties by surprise, as they were expecting that the discussion will only focus on the modalities of the fourth review of financial mechanisms under the Convention, which is mainly the GEF. The Co-Chair of the Contact Group from Canada had earlier set the tone of the discussion that the fourth review will provide guidance to the fifth replenishment period of the GEF scheduled on the last half of 2008.

While the EU and the US took a cautious approach of wanting to study the proposal and expressed openness to discussions on it, Japan did not hide its resentment of the G-77 and China proposal. Japan said that the bloc “is not doing it right” and that the proposal limits the financial flow to developing countries.

It said that “it is almost impossible” to bring all other financial mechanisms into the Convention, and reminded other Parties that the GEF is aimed to catalyze financial flow into the Convention, in-

cluding private sector investments. The US supported Japan's point on the GEF as a catalyzer of investments, by saying that the GEF is not an end in itself, thus the importance of complementing it with enabling environment for private sector investment and an open-market climate.

The elements of additional guidelines for the review of the financial mechanism of the Convention presented by G-77 and China are comprised of objectives and methodology, which are meant to complement existing guidelines adopted in previous Conferences of the Parties (COPs).

The objectives include the examination of options for encompassing all sources and means of financing that would assist developing countries, contribute to achieving consistency in financing activities for developing countries, and develop options for innovative means of financing climate change activities in developing countries.

Also included in the aims are development of options for improvement of the complementarity of the financial mechanism with other sources of investment and financial flows for mitigation and adaptation to climate change and the examination of practical ways for scaling up of the level of resources and enabling the most efficient use of available resources. Other objectives are to contribute to financing for the development of endogenous technologies in developing countries and to gather elements for the development of a framework to be used as a guide for the financing of all climate change activities from all sources.

G-77 and China outlined a general methodology for the review of the financial mechanism of the Convention. It includes reviewing technical papers and reports prepared by the UNFCCC Secretariat relevant to the financial needs of developing countries, reports from the UN Commission on Sustainable Development and other UN agencies and international organizations as well as relevant bilateral

and multilateral funding institutions and governmental and non-governmental organizations.

It also proposed looking at the information contained in the national communications of Parties to the Convention and in other mechanisms such as technology needs assessment and the National Adaptation Program of Actions (NAPAs), as well as information available on private sector financing and investment for climate change activities.

The Philippines, speaking on behalf of G-77 and China, explained the rationale behind the strategic proposal to go beyond the GEF by citing the massive resources required by developing countries to address the effects of climate change, as stressed in the recently-concluded fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC-AR4).

It reasoned that confining the financial mechanisms of the Convention to the GEF will not be sufficient to meet the needs of developing countries, thus the importance of exploring other sources of financing. It explained that the Parties should open other possibilities for financing without prejudice to the GEF in order to enable developing countries contribute to the achieving the objectives of the Convention.

G-77 and China also said that the fourth review of the financial mechanisms under the Convention may or may not feed into the fifth replenishment of the GEF due to timing and schedules. It expressed concerns on whether or not the GEF has really taken on board the Decisions of the COP from the past three reviews of the financial mechanism under the Convention into the GEF replenishment process, citing a specific instance when a GEF official admitted of not being aware of the Annex to the Memorandum of Understanding (MOU) between the UNFCCC and GEF.

The EU, supported by Norway, expressed their reservation on the appropriateness of the proposal being discussed in the SBI. Norway thought that the matter should be part of the process coming out

of the Dialogue and should be considered in the context of other discussions since financing is one of the four building blocks in Bali.

The US suggested to package the discussion on financial mechanism in a "coherent way", taking into account the submission of the other groups related to financing which the Co-Chair explained will be consolidated by the Contract Group on Financing. G-77 and China reminded the Parties that the Contact Group on Financing is considered as the expert on financing matters under the Convention, and thus all matters related to financing discussed in other groups should be referred to this group, not merely to consolidate those inputs.

At the second meeting of the Contract on Financial Mechanisms on Saturday, the Co-Chairs presented a draft Decision on the Review of the Financial Mechanism incorporating the entire proposal of G-77 and China as an Annex, as the basis of discussion during the closed informal meetings until Monday.

The US is presenting proposed language for amending the Annex in the draft decision, largely highlighting its concerns on the impacts of projects on the enabling environments for investments in climate mitigation technologies and the consideration of information on tariff and non-tariff barriers to the adoption of such technologies, as well as the transparency and strength of national and local governance. The EU proposal on the table expands on the consideration of additional information and technical papers in the review. G-77 and China expressed their willingness to proceed with the discussions on the basis of the proposals on the table, as summarized in the compilation text circulated.

G-77 and China negotiators earlier expressed optimism that their proposal for additional guidelines for the fourth review of the financial mechanism of the Convention will be fully taken on board in the final decision, paving the way for the exploration of other viable financing options that will help developing countries to contribute in the attainment of the objectives of the Convention.

# TWN

## Bali News Update

# 8

www.twinside.org.sg

Published by  
*Third World Network*

11 December 2007

### **Trade ministers propose more intensive trade-climate engagement**

Nusa Dua, Bali, 10 Dec (Martin Khor) – A two-day meeting of trade ministers to discuss trade and climate change ended Sunday with conclusions from the Chair, Indonesian Trade Minister Mari Pangestu.

According to a press release from the Indonesian Trade Ministry, the meeting agreed that there should be intensive high-level engagement and interaction on the issue of international trade and climate change.

This may include the holding of a high-level meeting on the issue of trade and environment under the WTO, or in parallel with other international meetings, such as UNCTAD XII.

Future hosts of the conference of parties of the UN Framework on Climate Change (UNFCCC) were also encouraged to hold further dialogues as a Trade Ministers' platform on the issue of international trade and climate change, and to look at the possibility of holding a joint session with finance and development Ministers.

The engagement between the WTO and UNFCCC should be strengthened and enhanced through information exchange mechanisms with the view to better improve the mutual supportiveness of international trade and climate change objectives.

These were the main recommendations of the Informal Trade Ministers' Dialogue on climate change, which was held in conjunction with the meetings of the UNFCCC and the Kyoto Protocol taking place in Bali.

Ministers and officials from 32 countries attended the meeting, as well as WTO Director General Pascal Lamy and UNCTAD Secretary General Dr. Supachai. Two of the prominent Ministers who attended were United States Trade Representative Susan Schwab and Brazil's Foreign Minister Celso Amorim.

Notable absentees were Indian Commerce Minister Kamal Nath and European Trade Commis-

sioner Peter Mandelson. However Portugal, who holds the EU presidency, sent its Economic Minister Antonio Jose de Castro Guerra, while China was represented by a senior official.

Among the other countries who were represented at Ministerial level were Switzerland, Australia, New Zealand, Sweden, United Kingdom, Singapore, Korea and Finland. Senior officials came from China, India, Japan, Pakistan and Argentina, Brunei and other countries.

At a press conference on Sunday, a clash took place between Schwab and Amorim over the US-EU proposal to eliminate tariffs on hundreds of environmental goods and to have countries to commit to liberalise "environmental services."

Amorim criticized the US for the list of "environmental products" which should have their tariffs eliminated, according to the Jakarta Post. Schwab said the elimination of tariffs on products such as wind turbines and hydrogen fuel cells would increase trade and the use of clean technologies by up to 14% a year.

But Amorim was not impressed. "I think the list is incomplete and won't do much for climate change. It's not proven what the effects of the goods on climate change are," he said.

It was unfortunate that ethanol was excluded from the list drawn up by the US and the EU, said Amorim, even though Brazil had been using ethanol for 30 years. "It is very strange, if the real objective is climate change, that a product with a proven record, with statistics that is universally accepted, is not on the list."

The open clash between the two Ministers at the press conference was a reflection of the sharp exchanges between them on the same issue, at the Ministerial meeting, according to a participant of the meeting.

Mari Pangestu said that this is a first meeting

among trade ministers on climate change issues. In the past, discussions were on the technical level in Geneva, which limit the focus of discussion on environmental goods and services.

“This meeting is special because Trade Ministers as policy makers have conducted open and in-depth discussions on important issues on climate change which has become the concern of the world,” said Mari Pangestu.

Three main issues discussed in the dialogue were: (1) Issues faced in trade and climate change; (2) Mechanism and policy instruments on climate change and sustainable development; and (3) Common objectives of trade and climate change.

Among the issues addressed in the dialog were development and poverty eradication, technology transfer, Clean Development Mechanism (CDM), product standard/labelling, financing and energy efficiency.

Mari Pangestu underlined the importance of concerted multilateral efforts to address climate change issues for the future of sustainable development. It was stressed that international trade, development, and climate change are mutually supportive.

The press release said it was recognized that *poor and developing countries* are the most vulnerable from the effects of climate change and yet they have limited resources and technical capacity to address the challenges.

In this context, it was stressed that protecting and managing climate system for the benefit of present and future generations of humankind is a problem for all, and cannot be effectively undertaken partially or unilaterally. The meeting also underscored the needs for concerted efforts at the multilateral level, and that international trade plays an important role in this regard.

In undertaking multilateral actions, the dialogue emphasized the need to fully respect multilateral principles that exist in both the climate change and international trade context. Such principles include the common but differentiated responsibilities and respective capabilities, non-discrimination, transparency, science and rules based, and special and differential treatment.

The dialogue raised concerns on the lack of adequate studies or empirical evidence on the effect or inter-linkages of international trade with climate change and impact on development and poverty eradication.

While the dialogue generally agreed on the important role of international trade in global economic development and welfare, there was however still a

divergence of views on how best trade can help to mitigate and adapt to climate change, whilst keeping development objective in mind.

The press release added that a variety of trade related policy options and mechanisms were discussed such as measures and management of carbon footprints, reducing or eliminating barriers for environmental goods and services whose functions is to mitigate and facilitate adaptation, the critical role of technology transfer for developing countries in mitigating and adapting to climate change objective, the role of intellectual property rights (IPRs) in ensuring a more effective technology transfer, reducing or eliminating subsidies that have adverse impact on climate change, and developing an efficient market based trading regime.

It was also stressed that whatever policies or mechanisms implemented to combat climate change must be taken in such a way as to minimize adverse social and economic impacts, and in a manner that is compatible with international trade rules so as it would not constitute a means of arbitrary or unjustifiable discriminations or a disguised restriction on international trade.

This informal dialogue underlined a mandate given under the Marrakesh Agreement and the Doha Declaration, to better mainstream issues related to the environment to the rules of the multilateral trading system.

It was recognized that addressing climate change through enhancing the development and capacities in particular for developing countries was of equal importance to mainstreaming environment to the multilateral trading system. In this context, the contribution of multilateral trade regime to climate change would be the successful and balance conclusion of the DDA (Doha Development Agenda) negotiations, including the implementation of the environment mandate.

The ministers suggested the following proposals:

- 1) The urgent and successful conclusion of the Doha Development Agenda negotiations, including the environment mandate.
- 2) More comprehensive study and better empirical evidence on the linkages and interface between international trade development, and climate change, to enhance understanding and to enable Trade Ministers to take informed and more appropriate actions.
- 3) Intensify high-level engagement and interaction on the issue of international trade and climate change. This may include of holding high-level meeting on the issue of trade and envi-

ronment under the WTO, or in parallel with other international meetings, such as UNCTAD XII.

- 4) Encourage future hosts of UNFCCC COP meetings to hold further dialogues as Trade Ministers' platform on the issue of international trade and climate change, and to look at the possibility of holding a joint session with finance and development Ministers.
- 5) Strengthen and enhance engagement between the WTO and UNFCCC through information exchange mechanisms with the view to better improve the mutual supportiveness of international trade and climate change objectives.

In a press statement issued on Sunday, Lamy said a deal on climate change could not be struck through the WTO but should come through an environmental forum.

Said Lamy: "Until a truly global consensus emerges on how best to tackle the issue of climate change, WTO members will continue to hold different views on what the multilateral trading system can and must do on this subject."

Besides the trade ministers' meeting, Bali is also hosting a meeting of selected finance ministers on Monday and Tuesday, at which the World Bank president Robert Zoellick will also be present.

### **North-South wrangling continues on Kyoto Protocol review**

Nusa Dua, Bali, 10 Dec (Hira Jhamtani) – Discussions going on at the UN climate conference reveal sharp differences, mainly on North-South lines, on whether to overhaul the Kyoto Protocol (which many developed countries seem to want), or to strengthen the implementation of commitments made by developed countries under it (which was stressed by many developing countries).

It has become clear that major developed countries want to make use of the review of the Kyoto Protocol (which is mandated to take place in 2008 under article 9 of the protocol) to draw the developing countries into making commitments or undertake more obligations. The Bali meeting is setting the parameters of the review process, through adopting a Decision.

The Contact Group (CG) on the Review of the Kyoto Protocol discussed a draft decision dated December 8 that was discussed on Monday 10 December.

The first round of discussions last week revealed differences of opinions between developed and developing countries over the scope and content of the review. The first period of commitment to reduce greenhouse gas (GHG) emissions under the Kyoto Protocol is 2008-2012. An ad hoc working group (AWG) is currently negotiating the reductions for a second commitment period, which is scheduled to start in 2013.

The developing countries do not have to commit to reduce their emissions under the Kyoto Protocol. It is believed that several developed countries would like the developing countries, or some of them, to undertake some form of commitments, and it would seem they are using the opportunity of the 2008 review to put forward their proposals.

Developing countries want the review to focus on improving implementation while developed countries wanted to look at the architecture of the

Protocol, which could lead to major changes to the Protocol's rules. Such differences persisted during the discussion on 10 December morning co chaired by Adrian Macey from New Zealand and Raphael de Azeredo from Brazil.

The draft decision says that the aim of the review is to enhance implementation of the Kyoto Protocol and to identify elements to be elaborated upon, including for the period beyond 2012, and that the review shall be based on best scientific information and assessments including the fourth assessment report of the Intergovernmental Panel on Climate Change (IPCC).

Para 2 says that the review shall not lead to new commitments. Para 3 says that preparation should be streamlined with relevant activities being taken under the Kyoto Protocol and the Convention (probably meaning the Kyoto Protocol AWG and a new AWG under the Convention that is expected to be established at Bali) to avoid duplication of work and to take into account the results of these activities.

The draft decision also recognizes that based on the results of the second review, the CMP (i.e. the meeting of the parties of the protocol) shall take appropriate action.

In para 6, it further invites parties to submit views by 21 March 2008 to the secretariat on how to enhance implementation of the Kyoto Protocol by elaborating the following elements: (a) share of proceeds to assist in meeting the costs of adaptation; (b) procedures and mechanisms relating to compliance under the Protocol; (c) procedures for amending the annexes to the Protocol; (d) privileges and immunities for individuals serving on constituted bodies established under the Protocol.

In para 8, it invites parties to submit by 19 September 2008 views on how a set of items should be addressed by the second review including informa-

tion that demonstrates progress made in advancing their commitments under the Protocol. The items are: (a) reduction in GHG emission; (b) provisions relating to reporting and review; (c) provision of financial resources; (d) transfer of technology; (e) treatment of land use, land use change and forestry; (f) scope and effectiveness of flexibility mechanisms; (g) scope of GHG and sectors/source categories listed in Annex A; (h) potential environmental, economic and social consequences, including spill over effects on all parties, in particular developing countries, of available tools, policies, measures and methodologies available to Annex 1 Parties; (i) the nature of commitments; (j) commitment periods and the base year; (k) global warming potentials.

In para 9, the secretariat is requested, subject to funding availability, to organize workshop before the fourth CMP to consider the information on the above items and prepare a report thereafter. Finally, the fourth CMP is to consider the information from elaboration of the above items and the workshop report in undertaking the second review.

The Draft Decision on the scope and content of the second review of the Kyoto Protocol pursuant to its Article 9 is, according to some developing countries, loaded with many items that do not reflect a strong focus on implementation and some items seem to contradict each other.

An example of this is the paragraph 2 and 6c. Para 2 says: “*Reiterates* that the second review shall not lead to new commitments for any Party.” But Para 6 invites parties and other entities to submit views on how to enhance implementation of the protocol, elaborating upon some elements of which 6c is about “procedures for amending the annexes to the Kyoto Protocol.” Some countries, notably Iran, said this is strange because the two contradicts each other.

Some developing countries, such as India, China and Nigeria also said that paragraph 6c is preempting the results of the review. The review is a review not a decision making process so paragraph 6c is preempting that there is a need to amend the annexes. Paragraph 6b also suggests elaboration of “procedures and mechanisms relating to compliance under the Kyoto Protocol” which some countries also said was preempting the results of the review.

Most importantly the aim of the review became a contentious issue. Spelt out in the first operative paragraph, it says “Agrees that the second review of the Kyoto Protocol pursuant to its Article 9 (hereinafter referred to as a second review) shall aim to enhance implementation of Kyoto Protocol and to identify elements to be elaborated upon, including for the period beyond 2012, and that the review shall

be based on the best scientific information and assessment Report of the Intergovernmental Panel on Climate Change, as well as relevant technical, social and economic information economic information.”

India asked for clarity on the meaning of the words “identify elements to be elaborated upon” to which the Chair explained that the meaning is to try to translate paragraph 3 of the Decision 7/CMP2 on review of the Protocol (“*Acknowledges* that a number of elements of the Kyoto Protocol, in particular adaptation, could be further elaborated upon, and that the implementation of the Protocol could be further enhanced”). To this India said that the issue could be placed lower down in the draft decision and not in the paragraph containing the aim of the review.

India also referred to the fact that there were two secretariat staff in charge of the AWG sitting at the table with the co-chairs. India said, we have heard a lot of comments about linkages, particularly with AWG, and further hoped that their presence will not mean the linkages are established. India added that the review is mandated by article 9 as a periodical review. The second commitment period is mandated by article 3.9 of the protocol. If there was an intention to link the two, then neither of the articles would have existed.

India reminded that the key element is better implementation of the protocol and how this can be done. Thus it did not understand the reason for the presence of paragraph 6b and 6c. India added: “We have limited mandate and let us focus. If everyone wants to do everything, we cannot achieve anything”.

This was supported by China and Iran. China said they have problems with the content of paragraphs 6c (on procedures to amend the protocol’s annexes) and 8.

Nigeria said that it is inappropriate to rewrite the Protocol which countries have been working on tirelessly for many years. The review must be about enhancement of implementation and should not tamper the delicate balance in the Protocol. The Nigerian delegate also said that the chair has not explained the meaning of Paragraph 6c. These countries and Zambia reminded that the process should not be linked to other processes.

South Africa, on behalf of the African group, said there is a need to elaborate on the adaptation element, and this was echoed by Zambia and Japan. China said it has a problem with the chapeau of paragraph 8 with the phrase “progress made in advancing their commitments”, because the words advancing their commitments should instead be implementing their commitments.

Norway accepted the decision as a good start-

ing point, expressing that the review should be comprehensive. It requested that the issue of maritime transportation be explicitly stated in the text. New Zealand and Switzerland supported the text as it is in paragraph 1 and the linkage with the work of AWG.

However Switzerland reminded that at the end of the review we do not want to legislate and that the idea is not to prejudge the outcome in the AWG. Switzerland also said they are flexible about the mechanism whether to work under the subsidiary body on implementation or in the form of contact group as long as the aim is respected. Also the aim of the review should not be to prejudge the decision of the Convention's conference of parties, particularly beyond 2012.

Russia said that the many questions posed for clarification arise due to lack of uniform vision about the mandate of the review. The mandate is not to duplicate the compliance committee (referring to paragraph 6b). However the review is important as the construction of the protocol was adopted ten years ago; a lot has changed since then.

Therefore there is a need to amend the Kyoto Protocol to improve its construction (the word "architecture" in previous sessions have been changed by Russia to "construction" and the target seems to be the amendment of Annex B, which lists countries that need to commit to reduce emissions, to include more countries probably developing countries such as India and China).

Portugal (which coordinates the EU) said that the mandate is open to broaden the review as mandated by the protocol. It said the items for elaboration are important in view of the discussion of the regime beyond 2012, in the interest of all. And that paragraph 6c is therefore appropriate.

The discussion will be brought to the plenary on December 11. In closing, the chair reminded that the President of the conference (the Indonesian Environment Minister) had asked the contact group to be strategic and to avoid duplication which forms the basis of proposal to link the review with other processes, namely the AWG on second phase commitments of Annex 1 countries.

The discussion reflects the still deep differences among developing and developed countries on several issues. First, the focus of the review, in the draft decision, is not limited to enhancement of implementation, but is qualified with "for the period beyond 2012", which developing countries do not want.

Second, developed countries want to link this review to the work of AWG. Developing countries are saying the different articles have different mechanisms. Third, there is a clear sign of some developed countries wanting to revisit Annex B, which means opening the way for requesting some developing countries to commit to emission cuts, without explicitly saying so, as reflected in paragraph 6c.

Fourth, developed countries are determined to forward the agenda of "comprehensive framework for future climate regime" as evident from the loaded issues to submitted under paragraph 8 of the draft decision. All venues under the Convention and the Protocol are being used for that.

In other words the Kyoto Protocol review might be used to drastically overhaul the original protocol until is no longer recognizable as the Kyoto Protocol. If a new protocol has development and climate justice dimensions, that may be acceptable. But discussions seem to be leading to the elimination of development and justice dimensions, if some countries have their way.

# TWN

## Bali News Update 10

www.twinside.org.sg

Published by  
*Third World Network*

12 December 2007

### **On eve of Climate Ministerial, divisions remain on major items**

Nusa Dua, Bali, 11 Dec (Martin Khor) – The UN Climate Conference has reached “crunch time” as delegates are working late into the night on Tuesday (11 Dec) to try to resolve some key and sticky issues before the high-level segment opens on Wednesday.

Two of the most difficult and important unresolved issues are the decision whether to launch a new process of talks involving many issues (and if so what form it will take and what the issues will be), and how to take forward the programme on the implementation of technology transfer.

At 11.45 pm on Tuesday, delegates reported that the talks on these two issues are intense and tough and may have to continue into the high-level segment.

An hour later it became clear that the talks on technology – in both subsidiary bodies in which it is discussed – had broken down, thus threatening the Bali meeting with either a big gap or a failure.

On Wednesday, the high-level segment will start with an opening ceremony. The Indonesian President as well as the UN Secretary General will be the main speakers. Environment Ministers from many countries have already arrived, and some heads of government (for example from Australia and Singapore) are also expected.

The climate meetings in Bali comprise the conference of parties (COP) of the UN Framework Conference on Climate Change (UNFCCC), the meeting of the parties of the Kyoto Protocol, the subsidiary body on science and technological advice (SBSTA), the subsidiary body on implementation (SBI) and the ad hoc working group (AWG) on further commitments of Annex I (developed) countries under the Kyoto Protocol.

Today, the SBSTA and SBI adopted several Decisions that come under their purview.

However, discussions on development and technology transfer under the SBI have bogged down and early tonight the contact group dealing with this

issue decided it could no longer continue and agreed to transfer the matter to the Chair of SBI.

A senior African delegate was despondent at the lack of progress. “It looks like some developed countries are not interested in making technology available to us at affordable price,” he said at 9 p.m. after the SBI meeting on technology ended. “They don’t have it in their heart. They are more interested in protecting their technological advantage and in having the companies make money.”

This view was shared by several other delegates from developing countries, who appeared frustrated with the technology situation with having to accept the evidence before them of intransigence of several developed countries that did not want to budge from a non-cooperation stance.

Meanwhile, another meeting on technology was held within the SBSTA, starting at 10.30 p.m. The technology issue is discussed in both the subsidiary groups (SBSTA for the scientific and technical aspects, and SBI for the implementation aspects).

But at about 12.20 a.m, there was also a breakdown in discussions on technology. With no agreement possible, the bracketed draft decision may be taken to the COP plenary to resolve.

Ghana, speaking for the G77 and China, emotionally said that the Bali meeting had failed due to the lack of sincerity and mere lip service of developed countries. The delegate said that this was unprecedented and would go down in history. China said it was a shame the situation had come to this.

Hard though the technology talks have been, the most important and difficult negotiation is over another item – how to proceed with “long-term cooperation to address climate change.”

A contact group and its small-group subsidiary have been trying to agree on the modalities of how to start a new process incorporating a range of issues that may (may or not) lead to some basic changes in the structure and provisions of the Kyoto

Protocol and perhaps even the Convention itself.

Delegations are deeply divided on the type of structure within which to carry on the process, the scope and items to be included, the objectives, and whether the basic architecture and provisions of the Convention and the Protocol are to be changed or preserved.

The European Union is spearheading the launch of a negotiation that leads to a comprehensive agreement by 2009, with an extremely intensive work schedule, and a wide range of topics. This is supported by countries like Japan and Canada. They want basic changes in the provisions of the Protocol.

The urgency comes not only from the conclusions of the reports this year of the Inter-governmental Panel on Climate Change (IPCC), which collates a lot of information on the seriousness of the climate change crisis, and points to the need for quick and drastic action if the world is to avoid disastrous effects of climate change.

It is prompted also (or even more) by the imminent expiry of the first commitment period of the Kyoto Protocol in 2012, and the need to reach agreement by 2009 on the commitments for reducing Greenhouse Gases that Annex I countries (comprising developed countries) have to undertake. This negotiation is taking place under an ad hoc working group (AWG) of the Protocol.

The EU is very keen to initiate a complex process under the Convention to draw in the United States to undertake emission-reduction commitments even though it is not a member of the Kyoto Protocol. The G77 and China also share this objective.

The developed countries also want an eventual decision that will involve developing countries, especially the bigger ones, making greater contributions. Canada has said some developing countries have to also commit to reduce their emissions, while the EU is not insisting on binding commitments from developing countries but other forms of commitments nevertheless.

The developing countries are not very united on this issue. Some of them (especially the small island states) agree that some developing countries, especially the big emitters, should undertake to cut their emissions. But many other countries are unwilling to take binding commitments, or to be led into a range of deeper commitments such as sectoral targets or energy efficiency targets.

The developing countries are united in their frustration with the lack of implementation of the developed countries' commitment to provide finance and technology, and they want the focus of the new

process to be on the implementation of the developed countries' commitments on emission reduction as well as on finance and technology.

The Co-Chairs of this contact group (South Africa and Australia) issued a first draft decision last Saturday (8 December). It was discussed on Monday (10 December) and a new shorter draft was given out at 4.00 p.m. on Tuesday (11 December).

By 1.00 a.m. the small group discussing this document had only gone through half of the three-page document, with many square brackets and several alternative options placed in many paragraphs.

One of the most contentious points was the type of process to be launched at Bali. The present draft says in Para 1: "Decides to launch a process to enable full, effective and sustained implementation of the Convention through the development of a comprehensive agreement under the framework of the Convention, for long-term cooperative action, by addressing, *inter alia*..."

This is followed by a long list of issues under the themes, (a) shared vision and long term goal; (b) mitigation; (c) adaptation; (d) technology; and (e) finance and investment.

There was deep division over the chapeau of Para 1, which in the present language in effect frames the nature of the process. According to delegates attending the meeting, the EU strongly supported the language on "a comprehensive agreement" while the G77 did not want this phrase. The US apparently also wanted simpler and more neutral language.

Two subsidiary sub-paragraphs under the theme of "enhanced action on mitigation" are also causing intense debate. These are:

- Quantified national emission limitation and reduction commitments for anthropogenic emissions by sources and removals by sinks of greenhouse gases by all developed country Parties, considering outcomes from the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol and ensuring comparability of efforts; and
- Measurable and reportable national mitigation actions by developing country Parties in the context of sustainable development.

The first of the above is designed to bring in the US into a Convention process to have it commit to reduce its emissions (because this whole process is to be conducted under the Convention) as it is not a member of the Kyoto Protocol (which is the venue negotiating the emission reduction commitments of other developed countries since they are Protocol members).

The second bullet point is designed to bring the developing countries towards more mitigation or emission reduction obligations, though not binding commitments.

Other points under the mitigation theme are:

- Policy approaches and positive incentives to reduce emissions from deforestation and forest degradation in developing countries;
- Cooperative action in internationally competitive sectors;
- Market-based approaches with potential to enhance cost-effectiveness of mitigation activities;
- Economic and social consequences of response measures.

Some developing countries are unhappy with the proposed item on action in competitive sectors, as it sounds similar to the Japanese proposal on “level playing field for economic competitiveness” and could eventually refer to measures to penalize countries or products with higher carbon content, and developing countries with less-efficient technologies could be adversely affected.

The developing countries are also not happy with the reference to “market based approaches” as other approaches should also be mentioned.

The group working on this issue is expected to keep working throughout the high-level segment and finish their work only near the end of the Bali meetings.

# TWN

## Bali News Update 11

www.twinside.org.sg

Published by  
*Third World Network*

13 December 2007

### **Collapse on technology talks sours Bali climate conference**

Nusa Dua, Bali, 12 Dec (Hira Jhamtani and Neth Dano) – Parties to the UN Framework Convention on Climate Change (UNFCCC) meeting in Bali failed to reach agreement on the development and transfer of technologies needed to address climate change, considered as one of the four major building blocks of the Bali Roadmap.

Both the Subsidiary Body for Scientific and Technical Advice (SBSTA) and the Subsidiary Body on Implementation (SBI), negotiating in their separate bodies since last week, failed to come to a consensus on the agenda item “development and transfer of technologies.” They decided to postpone further discussion to the next meetings of the two bodies in June 2008.

The G-77 and China spokesman in one of the meetings strongly criticized the developed countries, which he said had only paid “lip service” on transferring technology to developing countries, but in reality there was no sincerity in helping developing countries.

The failure on technology cast a dark shadow over the rest of the Bali process, as technology is seen as a major test of the sincerity of developed countries’ commitments on climate change and to the developing countries. “This collapse in technology talks leaves the Bali conference limping,” said a diplomat.

Technology had been discussed in both the subsidiary bodies. It had originally been discussed only in SBSTA but on the initiation of the G-77 and China it also became an item on the SBI agenda, where the implementation aspect has been discussed.

The final plenary sessions of both bodies met separately on 11 December night until past midnight and into the early hours of Wednesday to attempt to salvage the situation before the start of the High-Level Meetings later that day, but to no avail.

At the SBSTA, after some last-minute efforts failed to reach an agreement on the few remaining areas in a draft text, the meeting finally agreed to

convey to the Conference of the Parties (COP) its failure and its decision to refer the matter, including the current text, for consideration of the SBSTA at its next session in June 2008.

In closing remarks, Ghana on behalf of G-77 and China, expressed the collective disappointment of the bloc on the failure of Parties to deliver in the areas of technology transfer and capacity building.

It said that the G-77 and China “were led to believe that there are good intentions” among the Parties in the negotiations, but ended up disappointed by the “lack of goodwill” on the part of developed countries. All the statements on the development and transfer of technology delivered by developed countries were merely “lip service” and that there is no sincerity in helping developing countries.

Ghana said that Bali process is a “failed one” for it cannot agree on this most important issue, despite the noise in the media by developed countries about it.

China lamented the failure to arrive at an agreement on development and transfer of technology, and called it a “shame” that would be very difficult to explain to the public and the rest of the world especially in view of the flowery speeches of many Parties on the importance of this building block. Pakistan noted that developing countries deserve much better than such a result that does not match the rhetoric of Parties at the conference.

The delegates in SBSTA who spoke all expressed their disappointment over the failure to arrive at any agreement as they were “very near” achieving a decision. The main stumbling block was the disagreement between using “facility” or “program” in defining the nature of the multilateral fund for technology transfer.

Earlier in the day, during the last SBSTA technology contact group that met at noon, the group discussed a draft text with 9 paragraphs with two annexes: Annex I on recommendations for enhancing the implementation of framework for meaning-

ful and effective actions to enhance the implementation of Article 4, Paragraph 5 of the convention and Annex II on terms of reference of the Expert Group on Technology Transfer (EGTT).

Operative Paragraph 4 and the annexes were not agreed on. Paragraph 4 was a decision to establish a new multilateral technology cooperation fund to finance development, deployment, diffusion and transfer of environmentally sustainable technologies to developing countries. This paragraph originated from the G-77 and China proposal placed at SBI but also brought to SBSTA for coherence.

The alternative paragraph suggested by developed countries was to assign the EGTT as the effective institutional arrangement within the Convention, based on the terms of reference (TOR) in Annex II.

Paragraph 3 provides for the reconstitution of the work of EGTT for a further five years based on the TOR. Thus the developed countries want the EGTT to continue to be the implementing body while developing countries want to create a new facility. Countries could not resolve this and referred the disputed text to the SBSTA plenary.

Meanwhile, the SBI had separately over the last few days been discussing two proposals by the G-77 and China and by the Umbrella Group (Australia, the United States, Japan, Canada, Norway and other developed countries). Paragraph 4 of the SBSTA draft also appeared as paragraph 2 in the 11 December draft of SBI, and it was also not agreed on at the contact group.

The G-77 and China made it clear that the SBSTA text would not be agreed on, if the SBI text is not agreed on. The alternative text for paragraph 2 says "request the GEF to explore forming a program to provide further support for technology transfer to help developing countries address their needs for environmentally sound technology, and how such a program might be implemented." Thus while the G-77 and China paper proposed establishing a technology fund and going into implementation, the alternative text merely asks to "explore forming a program".

During the informal SBI meeting, a developing country delegate said the G-77 and China had given up on a lot of issues, in the spirit of moving forward. They were even willing to consider a text that says "establish a new facility for the implementation of technology transfer". The EU and US said they have no mandate to agree on this and will have to ask the head of their delegation.

Two hours later, they came back and said they could not agree to establishing anything. The contact group co-chairs had no choice but to report back to the SBI chair that the group could not come to an agreement. In that case, the G-77 and China asked that the text submitted to the SBI chair must be the text

in which the G-77 and China had not made many compromises.

They said they had made compromises hoping to come to an agreement. Since no agreement was arrived at, they wanted their original positions were reflected. There was a heated argument on this but it was not clear which text would be submitted to the SBI chair.

When the SBI met formally late on 11 December night, Pakistan, speaking on behalf of G-77 and China, reiterated extreme disappointment in the manner in which the technology transfer issue has been dealt with and with the lack of agreement.

Pakistan proposed that the issue be taken up by the next SBI session in June 2008 and said that the text of 11 December at 15.50 hours must be the one transmitted to SBI.

India said without technology the process of mitigation and adaptation will be slower. India had thought that parties would want to work together to solve climate change, but it was not to be so.

Algeria questioned what is the intent behind not allowing any implementation of technology transfer. This has not allowed the countries to go forward in climate change adaptation and mitigation.

The Philippines reminded countries of two important obligations under article 4.3 on finance and 4.5 on technology transfer under the Convention, governed by the principle of common but differentiated responsibility. Article 4.7, said the Philippine delegation underlines these obligations and it proceeded to read out the article: "The extent to which developing country Party will effectively implement their commitments under the Convention will depend on effective implementation by developed country Parties of their commitments under the Convention related to financial resources and the transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties".

This is the heart of the convention, said Philippines, and this is the basis of equity. "How can we talk of mitigation and adaptation without finance and transfer of technology? Something unbalanced is going on," she ended.

Ghana, echoing the disappointment of other developing countries questioned why developed countries do not want to implement their commitments. Ghana asked if it was possible to take up the issue with COP president and whether the issue needs to be raised at the COP. To this the chair replied that countries are free to raise the issue and ministers can also do so during the high level segment.

In a futile attempt to avert a disastrous conse-

quence of the failure to arrive at any concrete agreement on a major building block of the Bali Roadmap, several Parties presented proposals to salvage the situation.

In SBSTA, the EU proposed extending the negotiations on the matter in the coming days until a consensus is reached. Pakistan suggested that the current negotiating text be forwarded to the COP plenary for decision, which was supported by China and India. Saudi Arabia said that it would want to refer the text to the Ministers during the high-level segment of the conference.

The US offered that, in the absence of an agreed text, the SBSTA should decide to extend the mandate of the Experts Group on Technology Transfer for one year. The proposal was strongly rejected by the G-77 and China, citing the fact that the body has failed to arrive at any agreement on matters related to technology transfer.

The Parties initially agreed to extend the negotiations on the matter during the SBSTA plenary through the night and into the morning but they were reminded by the Secretariat on the security constraints of holding sessions beyond 3:00 am. The SBSTA Chair proposed to refer the matter to the next session of the body, including the latest negotiating text, which was accepted by Parties.

The decision was then conveyed to the Chair of the SBI which was awaiting for the outcome from SBSTA on the issue before it was taken up on the SBI floor. In the absence of any agreement, SBI then also decided to refer the matter to its next session.

The highly divisive tone of the discussion on development and transfer of technology kicked off with an ominous controversy at the beginning of the Bali conference. On the first day, G-77 and China proposed at the Convention meeting that the technology issue be also put under the SBI agenda so that it could become an implementation issue.

The proposal was accepted by the Conference of Parties but when the technology issue was brought up was discussed at the SBI, the Umbrella Group tried to block its immediately being put on the agenda, or that a contact group be created. This shocked the G77-China as it was clear proof to them that these developed countries were trying to hinder technology being discussed as an implementation issue. The procedural wrangling took up five hours of the SBI's time.

After a bumpy start, the members at both SBI and SBSTA had lengthy discussion that almost ended in a compromise agreement. However, in the end the talks in both bodies collapsed because of an issue related to implementation. This has led the developing countries to conclude that the developed

countries are not ready to be serious about technology transfer, and they have openly questioned the intention of the developed countries in Bali and even what was going to be achieved in Bali.

There was a similarly disheartening development in the group on capacity building for developing countries. The group failed to reach agreement on a Decision. When this was reported to the formal SBI meeting, Pakistan, speaking on behalf of G-77 and China said there were times their delegation were frustrated because procedural issues took precedence over substantive issues.

The G-77 and China said they were disappointed that countries could not agree on a Decision for capacity building which is very important for developing countries. The issue has not received the attention it deserves. Developing countries need support for sustainable development including capacity on early warning and disaster risk management. Therefore it is a great disappointment that the capacity building issue could not be agreed on.

This was echoed by Tanzania and China. China questioned, without an agreement on capacity building what will the Bali mandate and the post 2012 regime look like? This will damage the UNFCCC process if capacity building and developing country concerns keep being ignored. "We feel sad and disappointed", China said but with patience and belief China hopes to make progress and urged that partners take into account developing country concerns. It was instructive that no developed country spoke on this issue.

At almost 2.00 a.m. on 12 December, the SBI meeting came to an end with the concluding remarks of its Chair, Ambassador Asadi Bagher of Iran.

He said that when there was an impasse, the Co-chairs at the capacity building informal meeting asked for a helping hand.

On development and technology transfer, we had a bumpy start, said Asadi. Negotiations were bumpy and difficult on a number of issues. The sky high expectations of Bali conference on the streets had been too unrealistic and negatively impacts our work.

The Chair said as we look at the tally, we have not failed. We have the adaptation fund. And we have other good decision on the funding mechanism (agenda item 5).

The main disappointments and failure was the lack of agreement on capacity building.

With the bumpy start on development and technology transfer, it has not been in vain. Contact group worked hard to come close to a text. But in the end the issues were too complicated and it was regretful there was a collective failure (on the technology issue).

# TWN

## Bali News Update 12

www.twinside.org.sg

Published by  
*Third World Network*

13 December 2007

### **Bali Ministerial segment opens, but situation is critical**

Nusa Dua, Bali, 12 Dec (Martin Khor) – The Ministerial part of the UN Bali Climate Conference started today with an opening ceremony in which the heads of governments who came made speeches, together with the UN Secretary General.

Among the government leaders were the Indonesian President Dr Susilo Bambang Yudhoyono who made the keynote speech, Singapore Premier Lee Hsien Loong, Australian prime minister Kevin Rudd, and Papua New Guinea prime minister Sir Michael Somare, and the President of Palau Tommy Remengesau and the President of Maldives Maumoon Abdul Gayoom.

Throughout the afternoon till 9.00 p.m. many Ministers and heads of UN and other international agencies made speeches in plenary.

However the real substantive talks were being held elsewhere, in the Jakarta Room where the Ministers of some 30-40 countries were invited to take part.

Only those countries selected and whose name was on a list, held by security guards standing outside the door of the room, were allowed into the room. The fact that the meeting was going on and who had been invited and what criteria were used was not announced to the plenary.

This is similar to the tactics used at the World Trade Organisation's ministerial meetings, during which only selected countries are invited into a "Green Room" where the major decisions are made and then others are persuaded to join in.

According to diplomatic sources, among the countries invited to this "Green Room" meeting are Indonesia, Singapore, Malaysia, the Philippines, India, China, Pakistan, Bangladesh, South Korea, Japan, Saudi Arabia, the EU, Canada, the US, Australia, Barbados, Grenada, Kenya, Nigeria, Brazil, Chile, Mexico.

The Ministers were asked to share information and give their views on the process for long-term

cooperation. This is the topic of a Dialogue process that has been taking place in the last two years, and which is now sought to be converted to a negotiation on at least four "building blocks" (mitigation, adaptation, finance and technology) but which some developed countries want to add other issues including further contribution of developing countries, level playing field for international competitiveness, energy security, etc.

Among other aspects, the Ministers were asked to give their view on the three options in a proposal by the Co-chairs of the contact group on long-term cooperation: (1) to continue the informal dialogue, (2) to form an ad hoc working group of the Convention for a process to enable implementation of the Convention through a comprehensive agreement and complete its work by 2009, or (3) to form a working group combining (2) and the existing group on the further commitments of Annex I parties under the Kyoto Protocol.

According to some diplomats, several developing countries during a G77 and China meeting had expressed serious concerns about the selective Ministerial meeting and how the process was transforming into an untransparent one. The G77 and China agreed to insist that the mini-Ministerial meeting could only share information and views, but could not make decisions nor negotiate.

At the meeting, this point was made by the G77 as well as other countries. It was then decided that the contact group comprising senior officials would re-convene on Thursday morning to re-start the negotiations on the text on long-term cooperation, and the Ministers would then meet again at 4 p.m. on the same day.

The original draft text, prepared by Co-chairs from Australia and South Africa, had been issued last Friday and was the subject of several discussions. A new draft dated 11 December had also been discussed.

According to diplomatic sources, the United States had made proposals to eliminate or seriously water down several key sections of the 11 December text.

The chapeau mentions responding to IPCC information that global emissions of Greenhouse Gases should peak in the next 10-15 years and reduced to well below half of levels in 2000 by 2050, as well as recognizing that much deeper cuts y developed countries are needed and that Kyoto Protocol parties are considering the indicative range of 25-40% below 1990 levels for Annex I parties.

According to sources, the US has objected to the mention of any figures in the above.

The US, as well as the G77, have serious reservations about the mention of “the development of a comprehensive agreement”.

Another major area of dispute is a paragraph asking that all developed countries in the Convention (and thus by implication also the US, although they are not a member of the Kyoto Protocol) undertake quantified national emission reduction commitments, ensuring “comparability of efforts”.

The participation of the US in a Convention process to discuss emission reduction commitments has been a demand of the EU, and this view is shared by other developed countries like Japan and Australia as well as the G77 and China.

However, according to diplomatic sources, the US has made known to the contact group that it cannot accept this whole paragraph.

There are also many other places in the three-page text in which there is no agreement and where alternative options have been put forward by many countries.

It thus seems that the December 11 draft will have to undergo drastic surgery and reconstruction in the next attempt at consensus building.

There are so many deep divisions among the delegations – whether among the officials or among the Ministers – that a very watered down document may have to be envisaged, if any consensus is to be possible. This may well be considered by NGOs as well as many governments as a deeply disappointing Bali outcome, or even a disaster.

Meanwhile, the G77 and China have become very frustrated by the failure of the subsidiary bodies to reach any outcome on technology transfer and on capacity building, two topics of importance to the developing countries (see update 11).

This has also soured the atmosphere of the entire Bali conference, as it is another evidence pointed to by the developing countries, that the developed countries are not sincere about keeping their commitments to help developing countries address climate change.

# TWN

## Bali News Update 13

www.twinside.org.sg

Published by  
*Third World Network*

14 December 2007

### **G77-China warns against erosion of UNFCCC, Kyoto Protocol**

Nusa Dua, Bali, 13 Dec (Martin Khor) – The Group of 77 and China have told the Ministerial segment of the UN Bali Climate Conference that redressing the implementation gap by developed countries and their taking on new emission reduction commitments are the top priority in the climate talks.

They also warned that the new process of talks being initiated at Bali should not lead to the erosion of the UN Framework Convention on Climate Change (UNFCCC) or its Kyoto Protocol or the replacement of these by a less equitable instrument.

The G77 and China also expressed disappointment with the failure of the conference to come to an agreement on issues important to the group, including technology transfer and capacity building.

The group's views were presented at the high-level plenary by Pakistan's Ambassador to the UN, Mr. Munir Akram, who is Chair of the G77 and China in the UN in New York.

The Bali climate meetings comprise the 13<sup>th</sup> session of the Conference of the Parties (COP) to the UNFCCC and the 3<sup>rd</sup> session of the Meeting of the Parties (MOP) to the Kyoto Protocol, and meetings of their subsidiary body on implementation (SBI) and the subsidiary body for scientific and technological advice (SBSTA).

Officials have been meeting here since 3 December, and the high-level segment began on 12 December with an opening ceremony in which several heads of government and the UN Secretary General spoke. Following this were speeches by countries, starting with regional groupings.

Ambassador Akram said the group welcomed the ratification of the Kyoto Protocol by Australia and renewed its call upon all member states that have yet not done so to ratify and implement the UNFCCC and the Kyoto Protocol.

He said that climate change poses serious risks and challenges particularly to developing countries

and therefore demands urgent global action and response. The Group is concerned that the adverse effects of climate change threaten the sustainable development, livelihoods and the very existence of many developing countries and in particular Africa, the LDCs, the LLDCs, SIDS and disaster prone developing countries.

“At Bali, it is essential to redress the gap in implementation and to generate corrective actions to address the enormity of climate challenge. We must do so on the basis of equity, common but differentiated responsibilities and respective capabilities.

“The major responsibility rests on the developed countries. No significant progress can be made without major and significant reductions in emissions of Greenhouse Gases by all Annex-1 countries. Therefore, the G77 and China attaches particular significance to the new commitments, which Annex 1 countries are to make in the second commitment period after 2012. This will be the single most vital determinant of success or failure in meeting the Climate Change challenge.”

Secondly, said the G77-China, as the Framework Convention recognized, the first and foremost priority for the developing countries is economic and social development. Measures and steps to address climate change should assist, not impede, the goal of sustainable development. Their development momentum must be maintained and accelerated, especially in the poorest countries.

“Thirdly, we must enhance the full, effective and sustained implementation of the Convention,” said Ambassador Akram. In this context, urgent action is needed to arrest and reverse the vulnerabilities of the developing countries. Consequently, the process should accord equal priority to all the four building blocks (mitigation, adaptation, finance and technology) while recognizing that the existing building blocks are not exhaustive.

“The G-77 and China considers that the provision of financial resources to the developing countries by the developed countries is a commitment under the Convention,” added Ambassador Akram. Financing is one of the key components to enhance the implementation of the Convention.

“There is a huge gap between the funding currently available through the financial mechanisms of the Convention and the funding needs of the developing countries. While market based solutions are important, nonetheless, given the scale and magnitude of the resources required, the close engagement of governments and public sector funding and intervention will remain critical.”

The Group of 77 and China was relieved to see the finalization of the recommendation on the Adaptation Fund. This is undoubtedly an important step, which would help finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties, said Akram.

“We look forward to the early operationalization of the Fund with immediate, adequate and predictable resource inflows and call upon all developed countries to contribute to the Trust Fund for operating the Adaptation Fund. Moreover, transparent utilization of the Adaptation Fund, in a cost effective manner, will be the key to making it successful.”

The G77-China added that the development and transfer of technology to developing countries through an effective mechanism supported by adequate and predictable financial resource base is vital to enabling the developing countries to face the challenges posed by climate change.

“We would like to express our disappointment over the manner in which we had to struggle for long hours to restore this important item on the SBI agenda. It is our hope that this subject will be given

the priority that it deserves,” said Akram.

“We are also extremely disappointed not to have reached agreement on having a decision at this COP that will allow the implementation of the technologies identified by developing countries. Ironically, developed country Parties do state that technology development and transfer is one of the building blocks for the design of future climate change regime.”

Akram added that Capacity Building under the Convention and the Protocol remains an area of high priority for the G77. “Unfortunately, this too has not received the attention it deserves.

“We also express our disappointment over the difficulties and hurdles that we continue to face from developed country Parties on this issue. The most recent deadlock at this Session is a clear manifestation of that lack of understanding and flexibility on the part of our partners.”

Akram said that the G77 and China has actively participated in the ongoing consultations on the Bali Roadmap including the possible establishment of an Ad Hoc Working Group on Enhancing the Implementation of the Convention.

“The G77 and China is concerned that the recommendations relating to the Ad Hoc Working Group have not progressed as much as we would have liked. We will work with others to bring our deliberations to a successful conclusion. To do so, flexibility will be required from all sides.

“We must use this possibility to convert the climate challenge into a climate opportunity. However, this endeavour should not result in the erosion of the Convention or the Kyoto Protocol, or the replacement of these by a less equitable instrument.

“We would like to reiterate that the UNFCCC, and its Kyoto Protocol, remain the central multilateral framework for cooperative actions to address climate change.”

# TWN

## Bali News Update 14

www.twinside.org.sg

Published by  
*Third World Network*

14 December 2007

### **Major issues unresolved as Bali meeting approaches its end**

Nusa Dua, Bali, 13 Dec (Martin Khor) – A long day of meandering but intense negotiations characterised the eve of the closing of the UN Bali Climate Conference, with senior officials going through a line by line reading of the main outcome document, while a select group of Ministers convened tonight in a last attempt to salvage the politically most important aspects of a Bali deal.

Tomorrow the conference will end and participants hope to have all the key elements of a “Bali Roadmap” that shows the way forward to the next two years of talks, amidst mounting evidence that climate change will disastrously damage the planet unless drastic changes are made to production systems, and very soon.

But it will be a long night and a long day before the Conference will end.

Today saw intense rounds of discussions at various fora and levels, accompanied by behind-the-scenes attempts to break some of the thorniest issues.

It was also a day which witnessed scenes reminiscent of past WTO Ministerial conferences (for example, in Seattle, Doha and Cancun) in which Chair’s texts would appear and re-appear in basically unchanged form, even though many amendments had been proposed.

And after a decision was taken (by who, it was not known) to restrict a key meeting (on long-term cooperation) to only a few countries, there were un-gainly scenes of senior diplomats and officials trying to get into the small room, while security guards checked whether their countries were listed as eligible to enter, and whether individuals could produce a “pass” that had been given to them.

It appeared that of the few countries selected, there were again two categories, those who could have “one plus one” representatives, and those who could have only one representative. Some countries were able to pull in many of their people, while other

countries were reduced to bargaining or arguing with security guards to get through the door or to have more than one person representing them.

A senior African diplomat, who actually chairs the Africa Group, was refused entry and he left angrily. “I refuse to have to quarrel with guards who tell me I cannot go in”, he said. At one stage, even one of the Co-Chairs of the meeting was denied entry.

It appears that the WTO’s famed “Green Room” practice has invaded the UN Framework Convention on Climate Change (UNFCCC). Delegates used to the more inclusive and transparent processes of the United Nations were not prepared for this and some of them were outraged.

Inside the meeting, according to diplomatic sources, the Chair of the G77 and China, Ambassador Munir Akram and others objected to the procedure of refusing entry and asked that those countries who wanted to take part should be able to send at least one representative. Apparently the strict rules of exclusivity were then relaxed.

Perhaps just in time, as the blocking of most countries from the room, while others were able to bring in many of their team, had threatened to become a major issue. Said one senior delegate who was refused entry: “They can block me from entering here, but I will simply object to whatever is agreed on the floor.”

Much of the day’s energy was taken up with the conference’s most contentious issue – how to proceed with “long term cooperation to address climate change.”

This morning the Co-Chairs (from Australia and South Africa) of the dialogue process issued a new draft Decision (FCCC/CP/2007/CRP.1) which in essence was similar to the previous 11 December draft, despite the many comments and suggested amendments proposed by various parties, including the G77.

Another draft at 6 pm today had rather minor changes in some parts, while retaining the language in the most important parts.

There are at least four major areas of contention. First is the reference in two paragraphs of the Chapeau to scientific findings on climate change and that points to emission reduction targets globally and for Annex I (developed) countries within the Kyoto protocol.

The 13 December draft includes:

- “Responding” to the fact that the lowest category of stabilization levels assessed by the inter-governmental panel on climate change (IPCC) requires global emissions to peak in the next 10-15 years and be reduced to very low levels, well below half of 2000 levels by 2050; and
- “Recognising” that parties to the Kyoto Protocol are considering the indicative range of emission reductions for Annex I parties of 25-40 per cent below 1990 levels by 2020.

According to diplomatic sources, the United States had objected to the inclusion of the figures, arguing that they should be decided on at the end of the envisaged two-year negotiations. However, the EU and other parties are adamant that the figures and ranges be included.

Second is the reference in paragraph 1 to launching a process to develop a “comprehensive and effective global agreement for action up to and beyond 2012.” Many developing countries are uncomfortable with the term “comprehensive” as it implies a lengthy list of agenda items, while they are rejecting the term “global agreement” as this implies the UNFCCC and Kyoto Protocol are not comprehensive and thus they are to be overhauled (with amendments to their provisions) or to even be replaced.

Third is the reference in paragraph 1 (a) to a “shared vision for long-term cooperative action, including a long-term global goal for emission reductions.”

Fourth is an attempt in the draft to bring in the US to be part of a negotiation on emission reduction, even though it has not ratified the Kyoto Protocol. This is the objective of paragraph 1 (b) of the draft decision.

The paragraph reads: “Enhanced action on mitigation of climate change including consideration of: (i) Quantified national emission limitation and reduction commitments for anthropogenic emissions by sources and removals by sinks of greenhouse gases by all developed country parties, considering outcomes from the work of the ad hoc working group on further commitments for annex I parties under

the Kyoto Protocol and ensuring comparability of efforts.”

According to sources, the US is not accepting the paragraph.

At 11.45 pm on 13 December, two separate meetings were still going on — a meeting of officials to continue working on the draft decision on long-term cooperation, and a meeting in another hotel of selected Ministers (chaired by Indonesia’s Foreign Minister) to try to break the deadlock over the above contentious issues and possibly to discuss the overall outcome of the conference.

Meanwhile there was an unusual development in the area of technology transfer. Following expressions of frustration by the G77 and China over the failure of the subsidiary bodies to conclude a Decision on technology transfer, the President of the conference (at the request of the G77 and China) directed the chair of the subsidiary body on implementation (Ambassador Asadi Bagher of Iran) to reopen talks on the issue, even though the SBI and the other body on scientific advice had already finished their work.

During today’s session on technology, the developing countries made some significant concessions in order to reach a decision.

Originally the G77 and China had proposed the establishment of a new multilateral technology cooperation fund to finance the development, deployment, diffusion and transfer of environmentally sound technologies, which would carry out 10 specified activities. This was not acceptable to the developed countries.

The concession was that instead of deciding to establish a fund, the conference would decide that the ten specified activities would instead be “points” that are important for funding through existing vehicles and new initiatives.

Also, a next text is added that the Global Environment Facility would elaborate a “strategic programme” to scale up investment for technology transfer. The G77 had wanted the word “facility” instead of “programme” and the eventual compromise was “strategic programme.”

A senior African diplomat admitted that the text agreed to had been considerably weakened. He explained that the developing countries had compromised in order that an important plank – technology transfer – would have a decision. Otherwise the failure of reaching an agreement on technology would have created such a major gap that the Bali outcome could not be counted a success.

There are two other issues on which the subsidiary bodies failed to reach a conclusion – capac-

ity building in developing countries and the national communication (reports sent to the secretariat on climate and emissions data, etc) by developing countries.

These two issues were also “opened up” and reviewed again in the same group that discussed technology.

The “breakthrough” on technology was seen as a small bright spot on an otherwise tense day in which the major divisions on the key issues (ranges in emission reduction commitments; long-term

goals; comprehensive agreement; and a provision to include the US in talks on emission reduction commitments) cast a long shadow.

If these major differences cannot be cleared up in time, diplomats and NGOs speculate that there may be a Plan B for the issue of long-term cooperation. This may comprise a much simplified text, with fewer details, and which agrees to start a process but leaves it to the first meeting of that process to determine a lot on the scope and terms of its work, which could not be decided in Bali.

# TWN

## Bali News Update 15

www.twinside.org.sg

Published by  
*Third World Network*

14 December 2007

### **Final talks at AWG held back by linkages to other issues?**

Nusa Dua, Bali, 14 Dec (Lim Li Lin) – The most important decision that should emerge from the UN Climate Change conference in Bali is on the further commitments of developed countries to reduce their greenhouse gas (GHG) emissions. The process on this issue however had become unclear in the second week of the Bali conference, as no announced meetings were held on Wednesday or Thursday. It is now in the agenda of the programme on Friday, the last day.

Several diplomats have indicated their belief that movement in the AWG (Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol) is tied to what happens in the agenda item on long-term cooperative action.

There is also a fear that the holding up of the AWG process could be used as a leverage to obtain certain concessions (including from developing countries or some of them) in the discussion on long-term cooperative action, according to sources.

An unspoken “trade-off” could be that developed countries agree to further binding emission reductions obligations in the next commitment period from 2013 onwards, if developing countries also agree to some kind of commitments (whether binding or not) to act on their GHG emissions in the discussion on long term cooperative action.

Under the Kyoto Protocol, developed countries (included in Annex I) are legally bound to reduce GHG emissions by an average of about 5% between 2008 and 2012 compared to emission levels in 1990. They are also obliged to make further commitments for subsequent periods. Further binding commitments should be reached by 2009, so the next commitment period can begin in 2013, avoiding any time gap between the two commitment periods.

Under the Kyoto Protocol, developing countries do not have binding emission reduction commitments. The US, the largest emitter in the world, is also not legally bound to commit to undertake

emission reductions under the Protocol, since it withdrew from the Kyoto Protocol.

Developed countries have been keen to draw in developing countries, especially the larger emitters, to commit to binding targets or to make other commitments. Getting these countries to accept binding commitments has therefore been the main political focus of the Bali meetings. The discussion on long-term cooperative action is seen as the process that could draw in both developing countries and the US.

The dilemma of some Kyoto-Annex B Parties is how to manage this “drawing in” as a component of their decision on what they themselves should commit in the second period. This has been the main focus under discussions on long-term cooperative action.

So what has happened to the AWG? The draft conclusions proposed by the Chair, Leon Charles from Grenada, at the final AWG plenary on Tuesday could not be adopted because there were still a number of square brackets in the text (indicating no consensus), despite numerous closed informal consultations and at least five versions of the text produced.

What is being discussed here in Bali in the continuation of the fourth AWG session that began in Vienna in August 2007, is simply the review of the work programme, the methods of work, and the schedule for future sessions of the AWG.

Holding up the completion of the text are linkages between the AWG and the long-term cooperative process and commitments. This issue had been on the table from the beginning when developed countries made it clear in the first “contact group” that they wanted the linkages to the long-term cooperative process under the Convention to be made explicit in the AWG text.

The EU stressed that the AWG was one important element of the so-called “Bali Road Map”, and one key component of the “new agreement” they

hoped to see launched in Bali. Developing countries opposed such linkages. They instead stressed that this was an independent process that did not depend on other processes, and that there should be no formal linkage.

The first few drafts of the text made convening of future AWG sessions conditional on the convening of “a process under the Convention”. This was eventually dropped. However, not content with this, Australia introduced: “the AWG noted that this review of the work programme, methods of work and schedule for future sessions, (constitute) along with decisions on the scope and content of the second review of the Kyoto Protocol, the Kyoto Protocol’s portion of the Bali roadmap.”

This too was opposed by developing countries, and dropped in the subsequent version of the text. But a new paragraph was then introduced: “the AWG reaffirmed that the completion of its work programme will be advanced primarily through the work of Parties, and that it will draw upon relevant results achieved and work under way in other bodies and processes, in particular, the second review of the Kyoto pursuant to its Article 9, with a view to maximizing synergies and the efficiency of the overall process.”

In the draft text presented to the AWG plenary on Tuesday, this paragraph was no longer in square brackets, and read: “the AWG reaffirmed that the completion of its work programme will be advanced primarily through the work of Parties, and that it will coordinate its work and draw upon relevant results achieved and work under way in other bodies and processes under the Convention, especially its Kyoto Protocol, with a view to avoiding duplication.”

In contrast, the language in the text which details the work to determine the actual commitment reductions by developed countries was placed in square brackets, even though it had not previously been disputed. This includes “...the scale of emission reductions to be achieved by Annex I Parties in aggregate” in the draft text that was presented to the AWG plenary on Tuesday.

Also placed in square brackets is paragraph 8 that states that the work of the AWG will be concluded in 2009. At the last two sessions, the AWG should adopt conclusions on the tasks set out in the work programme, adopt conclusions on the legal implications arising from the work of the AWG, and forward “the results of its work” on further commitments for Annex I Parties to the Meeting of the Parties of the Kyoto Protocol to consider “with a view to its adoption”.

As well as being bracketed, the last point has also been substantially watered down from the firmer language to “forward relevant draft decisions on further commitments for Annex I Parties under the Kyoto Protocol for adoption” by the Meeting of the Parties.

To support these changes, the EU argues that paragraph 8 is about the future commitments by Annex I Parties and these, in turn, are linked to discussion on long-term cooperative action, where the EU would like to see the US (in some way) taking up a comparable share of emission reduction commitments, and developing countries (or some of them) to make contributions.

Thus it would seem that the Kyoto-Annex B Parties (including the EU) may not want to seriously negotiate for the next commitment period, until they know how the US commits and how the developing countries contribute.

On the other hand, developing countries want to be assured that Annex I parties are committed to adequately deep cuts in a second commitment period under the Kyoto Protocol before agreeing to any outcome in a new process, instead of the other way around.

The final plenary of the AWG will convene today (Friday, 14 December) to adopt its decision. Over the last few days, a “drafting group” comprising South Africa (on behalf of the G77 and China), Australia, Canada, Portugal (EU), Russia, Japan and New Zealand has been meeting to reach agreement on the text, but no real movement is expected until the discussion on long-term cooperative action has completed its work.

# TWN

## Bali News Update 16

www.twinside.org.sg

Published by  
*Third World Network*

15 December 2007

### **Bali climate talks continue after midnight, bogged down by key issues**

Nusa Dua, Bali, 14 Dec (Martin Khor) – Deep divisions on fundamental issues bogged the final day of the UN Climate Change Conference, with delegates still unable to convene the final plenary after midnight on Friday (14 December).

The probability is that the final document on the most important issue - long-term cooperation and action to address climate change - will be a watered-down version of the original.

The last stretch of the negotiations had been dramatically marked and altered by an audacious move by the United States at a small Ministerial meeting on Thursday night (13 December), which was immediately condemned by NGOs as a ploy to wreck the Bali conference and even the UN Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol.

The US proposal was also rejected by many of the governments in the Ministerial “Green Room” meeting, as well as outside.

The German environment minister and then Portugal (which holds the EU presidency) threatened to boycott future meetings of “major economies” hosted by the US administration if the Bali talks did not succeed. Their implication was that the US was trying to damage the UNFCCC and its meetings so that its own approach, involving meetings and presumably commitments of selected big economies, would take over from the UN process.

The Bali conference actually comprises the conference of parties of the UNFCCC, the meeting of parties of the Kyoto Protocol, and meetings of their two subsidiary bodies (on science and on implementation) and an ad hoc working group on further commitments of Annex I countries.

A majority of UNFCCC members have been concerned with how to enable or ensure that the US undertakes commitments to reduce Greenhouse Gas emissions similar to those to be undertaken by other

developed countries that are members of the Kyoto Protocol, even though it is not a member of the protocol.

A paper by the co-chairs of the contact group on long-term cooperation had proposed “enhanced action” on quantified national emission limitation and reduction commitments for emissions by all developed country Parties of the Convention and “ensuring comparability of efforts.”

The US is a party to the Convention although not to the protocol. The paragraph above was meant to bring the US into a comparable reduction obligation as other developed-country parties whose commitments under the Kyoto Protocol for the period after 2012 are now being negotiated. The Kyoto parties’ commitments would be legally binding under the international treaty, while the US-targeted reduction would presumably be through national legislation.

This, at least, was the plan. But the US would have none of it, at the Thursday night meeting. It proposed an alternative to the co-chair’s text that first did away with the distinction between developed and developing countries, unlike the UNFCCC which places developed countries in a category (known as Annex I because they are listed in the Convention’s annex) and developing countries in another. Only Annex I countries have to undertake mitigation-related binding commitments.

The US proposal has two major features that differ from the UNFCCC approach. First, all countries, including developing countries, are eligible for taking “enhanced action” on mitigation of climate change. It differentiates the obligations of countries according to their level of development, greenhouse gas contributions, and energy utilization.

Second, the proposal does not envisage the binding of commitments through the UNFCCC or the Kyoto Protocol, but relies on each country to

devise national policies and measures, and these plans could include binding, market-based and sectoral programmes.

The content of the US proposal contradicts the Convention and Kyoto Protocol which involves international binding commitments.

When the US circulated its proposal, it caused great consternation in the meeting, and it sparked off a deep sense of outrage among the NGOs outside the meeting room. Several NGOs claimed that the US was sabotaging the whole process, so that it need not have to make any commitments.

By the next morning, there were five proposals for alternative language, coming from the G77, EU, Tuvalu, Saudi Arabia as well as from the US itself, which provided a second option.

The US also angered other countries by their reluctance to accept the co-Chairs' reference to scientific data. It wanted to remove reference to the 25-40 per cent reduction by 2020 (compared to 1990) as an indicative range for Annex I countries in the post-2012 commitment period.

Another major issue of contention was the choice of three options on how to proceed with the process - whether through informal dialogue, the establishment of a formal group to engage in issues with a deadline of 2009, or an integrated process involving the Convention as well as the protocol, with the implication that their provisions would be changed.

According to diplomatic sources, the President of the conference, the Indonesian Minister, proposed his own text: "A subsidiary body under the Convention, hereby established and known as the ad hoc working group on long-term cooperative action under the Convention, that shall complete its work in 2009..."

Throughout Friday, the US was coming under severe attacks by NGOs and the media which accused the US of single-handedly destroying any chance of success in Bali.

Inside the meeting room, the developing countries have also come under intense pressure to take on more obligations to reduce emissions than they are presently undertaking. The latest draft at 8.30pm on Friday proposes that they implement "measurable, reportable and verifiable" actions relating to mitigation, and that these are enabled by technology transfer, finance and capacity building.

At a press conference at 8 p. m., the Chair of the G77 and China, Pakistan's Ambassador, Mr. Munir Akram, announced that the developing countries were coming under pressure to undertake commitments that are "quintessentially unfair and unjust", and that even the threat of trade sanctions had been used by developed countries (see separate article).

Several issues remain unresolved in other areas on the agenda, presumably because they are linked to the outcome of the long-term cooperation issue. These include a review of the Kyoto Protocol (where some developed countries are calling for a change in the "architecture" and where developing countries have been strongly resisting it) and the Russian proposal on voluntary commitments by developing countries.

Also, the ad hoc working group on further commitments of Annex I countries had suspended its work for days until the outcome of the group on long-term cooperation is known.

After midnight on Friday, the plenary had still not convened. One delegate who took part in the meeting said that there were still serious differences in the wording of several issues and it appeared that agreement was still some time off.

Earlier, a plenary session adopted many draft Decisions of issues in which work had been completed. Among them were decisions on the Adaptation Fund (which many hail as a real success of this Conference), technology transfer and financial review, and capacity building in developing countries.

# TWN

## Bali News Update 17

www.twinside.org.sg

Published by  
*Third World Network*

15 December 2007

### **Developing countries face pressure, threats at climate talks**

Nusa Dua, Bali, 14 Dec (Meena Raman) – Developing countries are coming under strong pressure at the UN Climate Change Conference to accept commitments and obligations to reduce their Greenhouse Gas emissions that are unjust and which could seriously retard their development objectives.

Among the pressures is a threat that if there is no agreement, other methods such as trade sanctions can be utilized to ensure that the developing countries take actions that the developed countries want them to take.

This was revealed by the Chair of the Group of 77 and China, Ambassador Munir Akram of Pakistan, at a press conference on the night of Friday 14 December.

Akram was speaking during a break in the intense negotiations taking place among a small group of Ministers and senior officials on what is scheduled to be the last day of the conference. Officials are speculating that the conference will continue into Saturday morning due to the persistence of wide differences in several issues.

The G77 Chair also said there had been a concerted attempt by certain developed countries to press for a new and comprehensive international agreement.

“Our concern is that such an agreement could be designed to erode the Convention or Kyoto Protocol or to replace them. We have been reluctant to accept the concept of a new agreement. We want full, effective and sustained implementation of the Convention in all its aspects - mitigation but also adaptation, technology and finance.”

Akram opened the media conference saying that in the negotiations on long-term cooperation to address climate change, we had to labour hard for many days to elaborate the four building blocks in a way that is balanced and covers all aspects, especially technology and finance for which the G77 had to fight very hard.

On the issue of future process, there are still deep differences as to whether there will be a negotiating process or an informal dialogue, and what would be the end result of the process.

Akram said there had been a concerted effort from certain developed countries to press for a new and comprehensive international agreement. “Our concern has been that such an agreement could in fact be designed to erode the Convention or the Kyoto Protocol.

“We have been reluctant to accept the concept of a new agreement. I think we will succeed to resist it. We want full, effective and sustained implementation of the Convention in all its aspects - mitigation, and assistance to developing countries for adaptation, technology and finance.”

There has been and continue to be a significant difference between developing and a very few developed countries with regard to mitigation efforts and objectives, said Akram.

It is extremely difficult to try and secure an agreement by all developed countries and parties - annex 1 countries plus non parties to the Kyoto Protocol.

At the same time, developing countries are under strong pressure to also accept commitments and obligations on mitigation which in their dimensions are unfair and unjust and would significantly retard development of developing countries, said Akram.

He said that this is the central difference that remains in the negotiations and developing countries been so far successful resisted the kind of pressure and threat that they have faced to undertake commitments that are quintessentially unfair and unjust, given the levels and capacities of developing countries.

Asked by media to elaborate on the threats that the developing countries had received, Akram said that in the demands for greater commitments for

mitigation, we were told that if there is no agreement, other measures could be utilized to ensure we take action to do what the developed countries want us to do.

Asked if the threat came from withholding aid, Akram said he did not hear that, but he did hear trade sanctions being mentioned.

Asked whether the developed countries would agree to extend the Kyoto Protocol after 2012, Akram said the issue of extension of the protocol has 2 dimensions - first, the commitments of developed countries in the second period, and we have not heard that they would not enter into the 2nd commitments.

Second, said Akram, regarding whether non parties to the Kyoto protocol will come on board, we have not heard. What they are prepared to do will be through unilateral national measures.

Answering another question, Akram said that the carbon market issue must be refined. The carbon market does not function as efficiently as required and whether it is the answer is an open question.

The effort to cap emissions of certain developing countries we fear may result in curbing their development momentum and trade competitiveness. The developed countries took 200 years on a carbon rich path to industrialization. Now the developing countries face constraints and some measures are required so do not make the same mistakes.

However, said Akram, we cannot afford to allow our development to be stalled or reversed be-

cause the levels of poverty are high. We cannot afford to have our development stalled or reversed. It is a question of justice and humanity and that is our concern.

Regarding the issue of an agreement, Akram said that our objective is the full implementation of the convention and that implementation is required now and will be required up to 2012. That does not require an agreement but requires implementation and the fulfillment of obligations.

“So the idea of an agreement seems to be a red herring that may be designed to deflect attention from the fact that the Convention has not been implemented fully. We should not be deflected from implementation. The concept of the need for a new agreement could thus be an escape clause.”

To a question as to whether developing countries would accept caps on their emissions, Akram said the developing countries are not required to accept caps.

“We are saying that we will try our best to achieve a climate friendly path to development and to try to do it differently. But the Convention in Article 4.7 says that mitigation action in developing countries will be contingent of the countries receiving technology transfer, concessional finance and capacity building.

“Unless that is met, we cannot be expected to make commitments. But many of us are already taking action anyway, for our own good.”

# TWN

## Bali News Update 18

www.twinside.org.sg

Published by  
*Third World Network*

16 December 2007

### **Bali conference ends, new group to take up unresolved issues**

Nusa Dua, Bali, 16 Dec (Martin Khor) – The Bali Climate Change Conference concluded dramatically one day late on Saturday (15 December) afternoon after a dramatic day of events. The day (as the night before) was filled with the tension of deal making and deal breaking.

It saw tempers rising to boiling point, an accusation of mismanagement by the Secretariat that led to its top official taking leave temporarily in tears, a direct intervention of the UN Secretary-General and the Indonesian President to appeal to the countries to make a final deal, a seemingly recalcitrant United States holding the entire meeting to ransom, before several dramatic and angry appeals led finally to its announcement that it would “join the consensus.”

In the end, the conference agreed to launch a “comprehensive process” to tackle a long list of issues, including how to mitigate and adapt to climate change, as well as provide the financial resources and technology to developing countries to do so.

The Bali conference marked the fact that all the governments present accepted the scientific findings that global warming is “unequivocal” and that delay in reducing emissions increases the risk of more severe climate change impacts.

At previous meetings of the UN Framework Convention on Climate Change (UNFCCC), it was still being debated by a few governments whether climate change is really occurring or how serious it is.

The most significant result at Bali was the creation of an ad hoc working group on long-term cooperative action to discuss a wide range of issues under the four “building blocks” of mitigation, adaptation, finance and investment, and technology transfer.

Despite its low-key name, the group will carry much of the power of the UNFCCC in the next two years, and the talks it will hold (whether they take

the form of formal negotiations or informal dialogues or probably a combination of the two) may well shape the structures and content not only of climate politics but also have ramifications for global economic and development issues, besides a range of environmental issues.

What was left out in the final document was as important as what managed to get in, after the many hours of wrangling. At least three controversial issues have been set aside for the time being, because there was no consensus, but are bound to re-appear when the group convenes its first meeting in March or April.

The first is whether issues other than the four building blocks will be included in the agenda of the group. Many developed countries had proposed topics such as the further commitments or contributions of developing countries, a level playing field for economic competitiveness, energy security and stronger cooperation with other international organizations (which some saw as meaning the WTO, among others).

Several of these topics had been looked at with suspicion or opposed by many developing countries as being not in the mandate of the UNFCCC or not “mature” enough for negotiations. An annex in an initial draft had contained sub-headings with the four traditional issues (mitigation, adaptation, finance, technology) as well as a fifth heading “Other Issues”, all to be filled in at Bali.

But in the end, the annex was dropped altogether. Perhaps there was too little time and too much controversy on what to add or leave out in such a list that would determine the agenda of the crucial next years. At the group’s first meeting, which will establish its work programme, these issues will be discussed, and the proponents of the “other issues” (actually “new issues”) are bound to put their proposals again on the table.

The second is whether the new process will

lead to a new “comprehensive” agreement (which is what many developed countries expressed they wanted). Or whether the existing treaties governing climate change – the UNFCCC and its Kyoto Protocol – will be retained largely unscathed and the focus will be on strengthening the implementation of decisions already adopted but not implemented (this is favoured by the G77 and China).

The developed countries made it clear that they want to radically change or replace the Kyoto Protocol and even parts of the Convention. The developing countries are deeply suspicious of this intention, as the two treaties are relatively friendly to their interests.

Under these present treaties, the developing countries do commit to take measures to fight climate change but they are not obliged to undertake legally binding emission reduction targets, and their efforts are conditioned by the extent to which the developed countries provide finance and technology.

Throughout the two weeks’ talks in Bali, the United States, Japan, Canada, European Union and Russia continuously pressed the developing countries to take on more obligations. Some called for binding reduction commitments.

In the final outcome, there was no mention that the working group would come up with a new “agreement”, but the pressures to alter some of the basic tenets of the existing treaties will resume at the group.

Many of the developing countries, in contrast, are adamant that the existing commitments of developed countries to their own emission reduction, and to providing finance and technology, be implemented. Thus, the emphasis placed by the G77 and China on a work programme on technology inside the subsidiary body on implementation, and on the monitoring of the finance and technology obligations through “measurable, reportable and verifiable” means.

Thirdly, the Bali document does not set a global target of reduction of Greenhouse Gases, nor a target for developed countries.

Originally, a 50% global cut by 2050 was proposed, and later the phrase “well below half” was used. The Europeans and NGOs were also pushing strongly for mentioning an “indicative range” of 25-40% emission cuts by 2020 (from 1990 levels) for developed countries.

But strong objections from the United States led to the removal of any figures. The battle between the US on one hand and the Europeans (supported by the G77 and China) on the other hand became the most politically charged exercise in the Bali conference’s last two nights and days. In the end, a

footnote referring to the related data and targets from the intergovernmental panel on climate change was placed in the text as a compromise.

The main criticism against the US in Bali was the watering down of the text relating to the scientific facts. The next prominent criticism was its unreasonable demands on the developing countries, an attitude that led to the final dramatic exchanges on the plenary floor.

In the last two days in particular, the US became everyone’s (including former Vice President Al Gore’s) favourite target. On 13 December night, on the very eve of the scheduled conference closure, when things were supposed to be tidied up, the US threw in a bombshell of a proposal to amend the paragraphs on mitigation.

It wanted to do away with the present distinction between developed and developing countries, which is a fundamental tenet in the UNFCCC, and it suggested new ways of categorizing countries (for the all-important purpose of allocating mitigation responsibilities) according to emissions, energy use and levels of development. The US also advocated non-binding action, which would overthrow the principle and practice of binding emission reductions of developed countries.

The American proposal was rejected by the Europeans and the developing countries. It also caused intense outrage among the NGOs, which saw it as a ploy to wreck the Bali meeting, and move in its own rival non-binding approach through continued meetings of its “Major Economies” initiative.

This threat was eventually deflected. Perhaps the biggest achievement of Bali was the ability of the rest of the world to contain the US, get it to withdraw its proposal, and on the final day, pull it into accepting a consensus. The last was done by the other governments, supported from the floor by applause and boos from the NGOs.

At the end, the US agreed to take (or at least discuss) its own emission reduction commitment under the UNFCCC umbrella, although it had pulled out of the Kyoto Protocol (which is where the legally-binding targets for emission reduction by developed countries are set).

How to engage with the US, in process and substantially, will be a major challenge in the working group. Most delegates (government and NGOs) openly hope that the next US Administration will act differently than the present one, and a kind of one-year “holding position” in which to continue engagement with the US until change happens will be one of the delicate acts of the new working group.

The Bali outcome says that a comprehensive process to enable the full implementation of the

Convention through long-term cooperative action up to and beyond 2012 in order to reach an agreed outcome by addressing several issues that are then described.

The first two items, known as para b (i) and para b (ii), drew much of the energy and attention of the delegations in the final two days, and right up to the end.

Para b (i) deals with the mitigation actions of developed countries. The final text is as follows: "Measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country Parties, while ensuring the comparability of efforts among them, taking into account differences in their national circumstances."

This is weaker than the previous text which in straightforward fashion asked for "Quantified national emission limitation and reduction commitments... by all developed country Parties..." The US had objected to this language and to the reference to the efforts by parties to the Kyoto Protocol in the previous text.

The final compromise was accepted by all as a means to get the US on board. It had to abandon its proposal for a non-binding multilateral system that did not specifically categorise countries as developed or developing.

Para b (ii) deals with the mitigation actions of developing countries. The final text reads: "Nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported by technology and enabled by financing, in a measurable, reportable and verifiable manner."

A large part of the drama of the final day was led by the G77 and China in their striving to get this language. According to G77 sources, this paragraph had been agreed to in long talks of the previous night in a small contact group of Ministers and officials. At the least it had been understood that the G77 would be given the opportunity to put in an amendment to a previous text which would be bracketed to denote that there was no consensus and therefore that delegates could propose amendments.

But on Saturday morning, to the shock of the members of the G77 and China, an un-bracketed text appeared which had the words "measurable, reportable and verifiable" up front, and which thus implied that only the mitigation actions by developing countries are referred to in this way. The G77 and China wanted both this and the actions by developed countries to provide technology and finance to

be "measurable, reportable and verifiable."

When behind-the-scenes consultations between Ministers and officials from China, India and Pakistan with the Indonesian Foreign Minister were taking place, the President of the Conference of Parties, the Indonesian Environment Minister, opened the plenary and placed this most sensitive document for adoption.

This was objected to on procedural grounds by the G77 and China members. After suspension of the plenary, it was re-convened again with the aim of adopting the draft decision, at which point China angrily asked why this was happening a second time when high-level consultations were still going on, and demanded an apology from the Secretariat.

The UN Secretary General and the Indonesian President made a dramatic entry and pleaded for flexibility and decisive action.

When the plenary finally convened, the G77 and China asked for their amendment to be adopted, i. e. that the words "measurable, reportable and verifiable" be placed at the end and not at the start of the sentence.

The EU said that it could accept the change. But the US said that it could not and wanted further consultations to be held. The hall gave out a loud boo, which is quite unprecedented in a diplomatic setting. Many developing countries spoke out, including an eloquent response by South Africa's environment minister.

Some developing countries reminded the hall that the paragraph marked an important step forward for developing countries to undertake new mitigation commitments.

Most effective of all was the plea from the heart by Papua New Guinea, which told the US delegation that everyone was looking to it for leadership, and that it should now: "Either take the lead or get out of the way!"

In the end, swamped by criticisms and appeals from all sides, in the glare of the world media, the US gave in, and the Bali conference could then proceed to its end.

No country got from Bali what it really wanted, but no one was forced to take on something it found unacceptable.

But many of the battles that were fought here were not settled and the ball is now in the feet of the new working group. It will meet in March/April 2008 and three other times next year. The work programme can be expected to be even more intense in 2009, when it is mandated to reach a decision.

# TWN

## Bali News Update 19

www.twinside.org.sg

Published by  
*Third World Network*

16 December 2007

### Final hours of drama that led to the Bali decision

Nusa Dua, Bali, 16 Dec (Hira Jhamtani and Meena Raman) – The UN Climate Conference has ended but the participants - government officials and NGOs alike - are still recounting the dramatic events of the last night and day.

The conference was to have ended on Friday afternoon, but there was no agreement on many sticking points. Consultations in at least two groups stretched on to the early hours of Saturday morning.

At 2.30 a. m. the consultations on the text level was completed but with one issue still not resolved, i. e. on mitigation action in developing countries. Before that countries took a long time to resolve the preambular text particularly on whether to put figures on the percentage of Greenhouse gas emission cut (24-40% by 2020) and how to address the IPCC fourth Assessment Report (AR4).

In the end figures were not cited, but the AR4 was referred to in the preamble. The text says countries decide to “launch a comprehensive process to develop an agreement to enable full, effective and sustained implementation of the Convention through agreed long-term cooperative action, now, through, and beyond 2012”.

The process would address a shared vision on long-term global goal for emission reduction, enhanced national and international action on mitigation, enhanced action on adaptation, technology development and transfer, and provision of financial resources.

The sticking point was on mitigation for developing countries contained in paragraph 1b (ii) which before compromise reads:

(b) Enhanced national/international action on mitigation of climate change, including, inter alia, consideration of

(ii) Measurable and reportable nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported by technology and enabled by financing

and capacity building.

The G77 and China found this difficult to accept and after discussion the agreement was to have two alternative language:

(ii) [Measurable and reportable nationally appropriate mitigation [actions/commitments] by developing country Parties in the context of sustainable development, supported by technology and enabled by financing and capacity building; OR

(ii) [Nationally appropriate mitigation actions by developing country Parties, in the context of sustainable development supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable manner].

After another long discussion the agreement in the meeting room seemed to be to seek the agreement of the COP in the plenary. Thus, the original text was to be bracketed in the Draft decision and the G77 and China would propose the alternative texts. The alternative texts were typed and given to the secretariat to be incorporated in the draft decision.

However, when delegates finally were given the draft decision, there was no bracket on this particular text. Not willing to jeopardize the process, some countries asked for a discussion with the Indonesian Foreign Affairs Minister, Hassan Wirayudha, who was chairing the informal consultations among ministers. Wirayudha convened a consultation with some G77 and China ministers in which a secretariat staff was present.

While consultations with Wirayudha were ongoing, the plenary was convened at 9 a. m. After making decisions on logistical and organizational issues, the President, Rachmat Witoelar, Indonesian minister of environment, turned to the draft decision on the Ad Hoc Working Group on Long-term Cooperative Action under the Convention.

He asked that parties adopt the draft decision on which delegates have worked on for three days

and had reached a general agreement. Portugal, speaking on behalf of the EU supported the text as it was.

India, speaking on behalf of G77 and China, said that they had a text for 1b(ii) that was agreed during the early morning hours and would like to put that forward. To this the President asked that for the interest of all parties, the text be adopted as it is.

China then raised a procedural issue. China said that their head of delegation and heads of delegation from some other G77 and China countries were currently in consultation with the Indonesian foreign affairs minister exactly on the said paragraph. He asked the meeting be adjourned until the consultation was concluded.

The President suspended the meeting and reconvened it at around 11 a. m. He reiterated that the text is balanced and asked the meeting to adopt it.

India said its Minister who wanted to make a statement was outside the hall involved in consultations.

China said the foreign minister of Indonesia was still convening countries concerned in consultations. In terms of procedural matters, this moment is not an appropriate time to discuss the draft Decision. It hoped the President could wait until the conclusion of consultations. This was not a matter of a few minutes.

China said the G77 was meeting with the foreign minister. It sought clarification why this meeting was being convened now when the Foreign Minister is meeting with the G77. It said the Secretariat did this intentionally. It added that "this secretariat is our secretariat" and this should not be done and the secretariat should apologise.

Pakistan, which coordinates the G77, said it was strange that for the second time the plenary was convened while negotiations were still going on. It asked the President to suspend the session until consultations with Wirayudha were concluded. The President then suspended the session.

The session resumed at about 1 pm when the President of Indonesia Susilo Bambang Yudhoyono and the UN Secretary General Ban Ki Moon came into the plenary room. The COP President, Witoelar, said that this is a large and important conference and that we are exceeding the time. There are many items on the agenda and there are bound to be some oversights and complains about procedures and misunderstandings. He proceeded to apologise to delegates for these.

Yudhoyono reminded delegates that given the urgency of the climate change issue, there must be a breakthrough in the Bali meeting. The Bali Roadmap

is on the verge and wordings must be chosen carefully. The worst thing to happen, according to Yudhoyono is for the meeting to crumble because we cannot find the right wording.

The world is watching and we must do our moral obligation. We cannot and must not fail. Two things will make or break, he said. And that are spirit of cooperation and strong commitment with flexibility. He ended by begging delegates not to let the world down, for which he receive a standing ovation.

Ban said he was disappointed at the lack of progress. Now, the hour is late and it is time to decide. He appreciated the hard work done, but the work is not yet done.

"I appeal to you to make the necessary agreement now. Do not lose what you have achieved so far. Scientific reality demands a high level ambition. Much is at stake."

After the two men left, China said it is much to our regret that it had to raise points of order during the morning and afternoon meetings. This requires an explanation. It wished to clarify if it can ask the executive secretary or the secretariat to clarify why there had to be two speeches made on points of order.

The executive secretary of the UNFCCC Yvo de Boer then explained, in an emotional voice, that when the plenary convened this morning, the secretariat was not aware that a parallel meeting was taking place and that the text was negotiated elsewhere. He then walked out of the hall in tears.

India then proposed to amend paragraph 1b (ii) by placing the words "measurable, reportable and verifiable" at the end of the sentence instead of the start.

The EU supported India. Bangladesh wished to add "according to national circumstances" to the sentence but in the spirit of consensus would not insist on the change provided it was a common understanding that the meaning of the term was accepted.

The United States said that, on mitigation, it came with hope that we could have a strong statement on our responsibilities and to recognize differences in national circumstances. Unfortunately many leaders of developing countries have strong statements but these were not reflected in the text. It could not accept the formulation put forward and asked for finding the right balance. The US was booed by the participants at this point.

South Africa responding to the US said its reference to developing countries not accepting their responsibilities is most unwelcome. As a matter of

fact, we are willing to commit on basis that it requires a compromise. The commitments of developing countries in the text goes further than what is required of them in the Convention. Saying that they are willing to undertake “measurable, reportable, verifiable commitments” had never happened before. It requested the US to reconsider its statement.

Mali, Brazil, Indonesia, Tuvalu, Pakistan, Uganda and others spoke in favour of the Indian amendment and for adopting the text.

Then Papua New Guinea delegate said that the world is watching. There is an old saying in his coun-

try that if a person is not willing to lead he should get out of the way. He told the United States: “We seek your leadership, but if you cannot provide it, leave it to the rest of us and get out of the way.”

The US delegate then said she had listened to the many speakers. She was heartened by the comments by developing countries. “We came to Bali to go forward with a new framework. We want a road map. We are committed to this effort. We will all act together. We will join the consensus.”

This was welcomed by the participants with loud cheers. After many more speeches, the Conference of Parties of the UNFCCC came to a close.



# **Climate Briefings for Bali**



## Development issues crucial for post-2012 climate regime

*By Martin Khor, Third World Network*

The UN General Assembly thematic dialogue on climate change (31 July-2 August 2007) and the “Vienna Climate Talks” (27-31 August 2007) under the umbrella of the UN Convention on Climate Change (UNFCCC) have made gradual headway in clarifying the issues that will be crucial at the Bali meetings this December which will hopefully launch negotiations and a roadmap for global action to combat climate change, especially in the post-2012 period.

At Vienna, participants held a dialogue on the “building blocks” required for such global action, and especially for a framework or regime to guide activities after the expiry in 2012 of the first Kyoto Protocol set of commitments. They also held initial discussions on the range of commitments for developed countries to reduce their Greenhouse Gas emissions by 2020

Key among the present Kyoto commitments is the agreement of most developed countries to reduce their Greenhouse Gas emissions by 5.2% collectively by 2012 as compared to 1990 levels. However, a few developed countries, notably the United States and Australia, have not signed up to the Kyoto commitments.

At this significant moment in the conceptualization of a climate regime that is equitable and fair, it is important to put forward perspectives that promote the environment and development interests of the developing countries.

From this viewpoint, there are at least four important building blocks towards a post-2012 UNFCCC climate regime – science and targets; relations between developed and developing countries; the need to link development and environment; and policy coherence.

### **I: Science and Targets**

First, on science and targets. Developments in the science of climate change have progressed recently so that there is broad consensus that the climate problem is real, serious, and that developing countries will be most affected.

There is need to set targets for global action, such as to limit temperature rise to 2 degrees centigrade (in fact, well below that), and to prevent Greenhouse Gas concentration from exceeding 450 parts per million (ppm) of carbon dioxide equivalent. Even at these levels, there will be great damage. At levels higher than these, scientists inform us that the damage will be catastrophic.

However, the establishment of such science-based targets has to be linked to agreement on “burden-sharing” principles, particularly as between North and South.

## **II: North-South Relations**

Second, therefore, is the crucial building block of fair North-South relations in a climate agreement. The UNFCCC and Kyoto principles of equity, historical responsibility, and common but differentiated responsibilities have to be re-affirmed and more importantly to be operationalised in concrete terms and measures to be worked out.

Indeed these principles must be infused into all aspects of the negotiations and reflected in the agreements to be made.

The implications for developing countries of proposals on global targets should be more explicitly discussed. For example, the European Union has made a proposal for a global emission cut of 50% by 2050 (compared to 1990 levels) and a cut of 60-80% for developed countries.

It is good that the EU has started the ball rolling by putting forward these proposals and figures. Of course it is only a start and the EU and other developed country parties must be expected to improve on their proposed commitments.

However, there are also implications for developing countries in such figures, which have thus to be considered seriously. If we assume, for simplicity, that developed and developing countries account 50:50 for total emissions, then a global 50% cut with 70% developed-country cut implies a 30% emission cut for developing countries.

If developing countries' population doubles in that period (from 1990 to 2050), then the implication is a 65% cut collectively in their emissions per capita.

This is a very deep cut, and whether developing countries should or can take on such cuts should be openly debated. It is insufficient to leave these as implicit targets, as a residue of global and developed countries' targets.

The above is of course only one aspect, though an important one, in the operationalisation of the principles of equity, common but differentiated responsibilities, etc.

## **III: Integrating Development Concerns with Climate Issues**

Third, there needs to be more work the building block of integrating development with environment. Addressing climate change as an environmental crisis requires simultaneously a development solution. The development challenges are enormous, far more than has been generally acknowledged as yet.

As has been effectively argued, if climate change is not addressed, its effects would themselves devastate development prospects. Thus adequately addressing climate change through mitigation and adaptation is crucial, and is more cost-effective than adopting a "business as usual" attitude.

At the same time, we should also not under-estimate the tremendous efforts required to switch to new development pathways that match the new emission-stabilisation pathways required to curb the growth of Greenhouse Gas emissions.

For example, the Vienna meeting heard presentations that the economic costs of addressing climate change would be only 0.12% of world Gross National Product (GNP) per year, up to 2050.

If this is so, then operationalising this would still be an enormous challenge. It may imply, for instance, that if developed countries are growing at 2.12% a year, they would have to make do with 2% and if developing countries are growing at 6.12%, they would have to make do with 6%.

(Of course if developed countries were to agree to reduce their growth rates more than this, developing countries will have more space to grow).

This may be a relatively small price to pay to address climate change and still enable relatively good growth. But it would be a tremendous challenge indeed for developing countries to be able to grow economically at 6% a year and also be able simultaneously to reduce their per capita emissions by 65% by 2050.

Perhaps it can be done. However, many in-depth studies must be undertaken to show how this tremendous transformation can be undertaken, or it would remain at this stage only a vision.

On the issue of finance, there should not be an impression that the sums are small and that the private sector will take care of most of the costs.

The UNFCCC Secretariat paper on investments needed to address climate change (presented at Vienna) has done a good job of stimulating discussions on a complex issue. It has given estimates of an extra investment and financial flow of US\$200-210 billion required in 2030 for mitigation and “tens of billions of dollars” for adaptation.

The enormous costs of mitigation and adaptation should be realistically spelt out, and national studies (such as the one presented by India on the immense costs of emission-reducing reforms in industry) and examples of costs of addressing real-life climate-related events, would be illustrative.

For example, in the newspaper *USA Today* (dated 29 August 2007) it was reported that the 2005 Hurricane Katrina caused US\$150 billion damage and the costs of reconstruction include US\$116 billion allocated by the US Congress as well as many more billions of dollars to be met by private financing including insurance.

The 2004 tsunami would also have cost many billions of dollars in rehabilitation and reconstruction.

Mitigation and adaptation measures would help prevent or reduce such expensive costs of disaster-related reconstruction. The high costs of damage and reconstruction also have to be addressed.

At the least, there is need for a large publicly-financed and operated fund to address adaptation. Private finance can only be a supplement, especially since it is difficult for poorer countries to access these funds and on affordable terms. A fund to address costs of damage may also need to be looked into, especially since climate-related damage is already taking place.

On technology transfer, the challenge is also enormous. A key question is the treatment of intellectual property rights (IPRs) over climate-friendly technologies. IPRs confer monopoly rights, and can curb affordable access through higher prices (that usually include monopoly profits) as well as be a barrier to the introduction or upgrading of technology by private industry or public-sector agencies in developing countries.

The lower the cost and the greater the ability of developing countries' enterprises to make use of or to make existing or new climate-friendly technologies, the faster would be the developing countries' ability to switch to more climate-friendly technologies and to the new emission-stabilisation pathways as well as new development pathways.

If there is insistence on the “full protection of intellectual property” in relation to climate-friendly technology, it would be a barrier to technology transfer. The example of how Indian companies were hindered from introducing a new chemical that is not harmful to the ozone layer as a substitute to chlorofluorocarbons (CFCs), because of patents on that chemical, is illustrative.

Thus, a post-2012 regime has to deal with this thorny issue of IPRs and developing countries' access to technology (existing and new technologies, for mitigation, adaptation and reconstruction).

On new development pathways, there should be more discussion and work done. Stabilisation pathways (aimed at greater energy efficiency and emission reduction) are an important component.

However, there are other key components if developing countries are to explore new ways of looking at economic and social development strategies that meet the requirements of emission-stabilisation pathways.

The pathway of moving from primary production and commodity-based sectors to commodity processing and first-stage manufacturing and services to more mature industrialisation and services, the pathways of addressing sustainable development in agriculture, industry, commercial and social services, the pathway of trade policy, investment policy, financial policy, technology policy, social policy, have to be thought through. These are massive challenges.

#### **IV: Need for Policy Coherence**

Fourth, there should be policy coherence at national and international levels. If climate change is indeed the most pressing challenge of our times, then policies made in other areas and in other fora have to be looked at through the fresh lens of addressing climate change, and made consistent with the aims and measures that we are trying to implement in combating climate change.

For example, at the World Trade Organisation (WTO), there are proposals to consider as a non-tariff barrier (which should be removed) the imposition of higher taxes on cars with a higher engine capacity, or the lack of government action to facilitate financing of consumers' purchase of motor-cars.

Also at the WTO, some developed countries are also pushing developing countries to drastically reduce their tariffs on food products, so that their highly subsidised farm products can penetrate the poorer countries' markets, and at the same time they are insisting that the developing countries' markets for industrial products also be opened up very significantly.

Developing countries that take measures, consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), to provide cheaper generic medicines for their population, are being condemned or punished by the major developed countries like the US or the EU, as the recent case of Thailand and its compulsory licenses on three types of medicines shows.

If some of the proposals at the WTO were to be adopted, they would make it far more difficult for developing countries to switch to an emission-stabilisation pathway and a sustainable development pathway.

Similarly, reviews should be made of the provisions of bilateral and regional free trade agreements, and of loan and aid conditionalities facing countries dependent on the international financial institutions and on aid donors.

These are some of the issues that at present could be stumbling blocks that have to be transformed into building blocks towards new goals, frameworks and structures in the cooperative efforts to combat climate change.

*Note: This is partly based on the author's presentation on behalf of the Third World Network at the UNFCCC meeting in Vienna on 27-31 August.*

# TWNN

Third World Network

Email: [twnet@po.jaring.my](mailto:twnet@po.jaring.my)  
Website: [www.twinside.org.sg](http://www.twinside.org.sg)  
Address: 131 Jalan Macalister, 10400 Penang, MALAYSIA  
Tel: 60-4-2266728/2266159 Fax: 60-4-2264505

## Climate Briefings for Bali

2

United Nations Climate Change  
Conference, Bali, 3 - 14 December 2007

---

### Bali climate talks to decide fate of Kyoto Protocol

*By Martin Khor, Third World Network*

The Bali meetings on climate are the most important for many years. They may well determine the fate and the shape of the UN Convention on Climate Change (UNFCCC) and its Kyoto Protocol.

There are also high expectations from the public, particularly environmental groups, as reports on the dangers of climate change have been continuously highlighted in the media, particularly due to the four reports of the Inter-governmental Panel on Climate Change (IPCC) that were issued this year.

It is now increasingly believed that climate change is the greatest threat to the future of humanity and survival of the Earth. The UN Secretary General Mr. Ban Ki-moon has made climate change top of his agenda at the UN, holding a one-day “high-level event” in September in New York at which many heads of governments and states took part.

There are actually two related events in Bali on 3-14 December: the 13<sup>th</sup> conference of parties of the UNFCCC and the 3<sup>rd</sup> meeting of parties of the Kyoto Protocol.

A high level segment towards the end of the meeting will bring together Ministers, heads of international agencies, and a few government heads. The recently elected new Australian Prime Minister Kevin Rudd has said he will come to Bali, where he announce his country’s acceptance of the Kyoto Protocol, leaving only the United States as the only industrial country out of the protocol.

Despite the emergence of consensus among governments about the seriousness of the crisis and the need to take more urgent action, the Bali meetings are likely to be contentious. There are many complex issues in which there are deep divisions, and which will be difficult to resolve.

Perhaps the most important issue for Bali to decide on is the fate and future of the Kyoto Protocol. As the Bali meetings approached, there has been a steadily increasing reference by many political leaders, institutions and the media to the need of a new “comprehensive” negotiation and post-2012 agreement on climate change.

According to many reports, including in reputable newspapers, the Kyoto Protocol expires in 2012, and Bali needs to establish a new protocol or agreement to replace it.

This is misleading. The Kyoto Protocol was not created to last only a few years. Nor is there any agreement among the members that it has served its purpose and must now expire, to be replaced by something else.

The Kyoto Protocol was established in 1997 under the UN Convention on Climate Change (which itself was adopted in 1992). Under Kyoto, the developed countries have to undertake two major commitments – to reduce their Greenhouse Gas emissions, and to provide finance and technology to developing countries to assist them in undertaking climate-related responsibilities.

Under Kyoto, developed-country members (listed in Annex I of UNFCCC and which have ratified Kyoto) are legally required to cut their greenhouse gas emissions. They agreed to cut emissions collectively by 5.2% between 1990 and the end of the first commitment period, which is 2008 to 2012. Each country has its own specified target, and the targets are all listed in an annex of the Kyoto protocol.

The developed countries are also obliged to provide financial resources and technology transfer to developing countries. Article 11 of Kyoto says developed countries shall provide new and additional financial resources to meet the agreed full costs of developing countries in implementing commitments (for reporting on information) and provide financial resources (including technology transfer) to meet the agreed full incremental costs needed by developing countries to implement their commitments (which include formulating and implementing national/regional programmes for mitigation and adaptation.).

Developing countries are not required under the UNFCCC to commit to emission reductions, because of their lower development level, and as they contributed little to the historical build up of carbon dioxide in the atmosphere.

However the developing countries, like the developed countries, did undertake commitments under Article 4 (1) of UNFCCC to collect and submit data; and to formulate and implement mitigation and adaptation measures, plus other measures.

It was also agreed that the developing countries' efforts would depend on whether the developed countries meet their commitments on providing finance and technology to developing countries.

The important Article 4 (7) of UNFCCC says that the extent to which developing countries implement their commitments under the Convention will depend on the effective implementation by developed countries of their commitments related to financial resources and technology transfer, and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of developing countries.

There are thus some important “development provisions” in the UNFCCC and in Kyoto.

The importance of the year 2012 is simply because the first commitment period of the developed countries ends then. The Protocol has a mandate for further commitment periods. The second commitment period starts in 2013.

Article 3(7) of the protocol establishes the first commitment period of 2008-2012 for emission reduction for developed (Annex 1) countries. Article 3(9) says commitments for subsequent periods for Annex 1 parties shall be established by amending Annex B of the Kyoto Protocol (which contains specific reduction commitments of each developed-country party).

Thus Kyoto's first commitment period will end in 2012 and a second commitment period is scheduled to start in 2013. Kyoto mandates further commitment periods after the second period is completed.

Nowhere in the protocol is it stated that it will last only for the duration of the 2008-2012 period, nor that it will automatically expire in 2012. On the contrary, the expectation of the drafters and founders was that the protocol would last a long time.

By the start of 2013 the developed countries must have an agreed legally binding set of targets for further reducing their emissions. However, developed countries' officials say that by 2009 the targets for this next period must already be set to enable a smooth transition from periods 1 to 2.

Thus, what is in the books is a negotiation for a second set of commitments of the developed countries for the post-2012 period. In fact such a negotiation has already been taking place, in an Ad hoc working group that last met in Vienna in August. The group will meet again in Bali.

It is thus wrong to claim that the Kyoto Protocol expires in 2012. Only the first commitment period ends then, and a second period should begin in 2013.

Why then the publicity about the need for a "comprehensive post-2012 Treaty", which Bali is supposed to launch, as a benchmark for its success? There are probably at least three reasons.

First, the developed countries are no longer satisfied with the Kyoto Protocol's exemption of developing countries from binding emission cuts. Nor are they happy that the implementation of existing commitments of developing countries has been made conditional on the developed countries providing them with financial and technology transfers.

It appears that they are now placing new conditions before setting emission targets for themselves. And the main condition seems to be that developing countries begin to take on more commitments. At least they are targeting highly populated countries like China and India and possibly more industrialized and big countries such as South Korea, Brazil, Mexico, South Africa and Indonesia.

The call for a "new post-2012 treaty" and for "comprehensive negotiations" is thus a code for pulling in developing countries into making more commitments as well as more binding commitments, with different levels or types of commitments for different developing countries. The differentiation of developing countries and their commitments is one plank of the developed countries' strategy.

Since it is very controversial to place this demand so directly, there has been the orchestration of publicity of the need for a "comprehensive agreement", to replace the Kyoto protocol which supposedly is "expiring."

Secondly, there is the problem of the opting out of the US and Australia of the protocol, though both are members of the Convention. With Australia soon coming on board, the US is the lone industrial country outside Kyoto's fold.

But it is a formidable loner, as it is the world's largest emitting country. Moreover, other industrial countries especially the Europeans feel "cheated" in that they have to spend to become more environmentally efficient, while the US gets a "free ride", and their competitiveness may be affected as US firms do not have to spend so much to change their technology.

The European countries are determined to get the US involved in the next phase of commitments. The US' well-known argument for staying out is that the large developing countries do not have to commit. Thus Europe and Japan are doubly keen to get the developing countries to make commitments – because they themselves desire this, and because the US requires it.

Several European countries, having woken up to the realities of climate science, desperately want the US to be part of a post-2012 set of targets for emission cuts, and to somehow also pull in some developing countries either to commit to cut their emissions or to undertake some semi-hard commitments.

Third, the developed countries are lagging behind in meeting their emission reduction commitments and have failed very badly in fulfilling their finance and technology transfer commitments. In their next phase of commitments, they want a "comprehensive" agreement in which developing countries have to make some payment, in order for they themselves to be ready to commit again.

Bringing in developing countries and pressurizing them to commit in a “comprehensive agreement” can help the developed countries to reduce their embarrassment of not having fulfilled their first-period commitments, and reduce the pressure on them in negotiations for the second-period emission-reduction commitments.

The developed countries would then have something to “trade off” – to have an agenda that includes new and more binding commitments of the developing countries, to balance off the new commitments of developed countries, while the latter also hold up as carrot the promise of finance and technology transfer (which they are supposed to provide anyway, which they have not provided satisfactorily, and which they will once again use as an “incentive”).

If this seems familiar, it may be because there is an analogy with the recent history of developed countries’ behaviour in the trade arena. Developed countries had agriculture exempted from GATT rules for many decades because they could not compete freely. In effect the developing countries were providing concessions and special and differential treatment to the developed countries.

In exchange for putting agriculture back in the trading system GATT-WTO, the developed countries initiated a comprehensive negotiation – the Uruguay Round – in which they got the developing countries to accept new treaties (in services, intellectual property, investment measures) in exchange for doing what they should have done anyway.

The developing countries succeeded in having the Uruguay Round agreements to mandate another round of negotiations on agriculture. This is similar to the Kyoto protocol having a second-commitment period.

Indeed, a second agriculture round in the built-in agenda after the Uruguay Round was seen as necessary as the developed countries in effect did not liberalise their agriculture as their tariffs were set very high on key products and they could continue their subsidies due to the nature of the subsidy “boxes” or categories (Amber, Blue and Green) in the agriculture agreement.

While another agriculture negotiation was already on the table, the EU and US pressured developing countries to enter a new comprehensive negotiation under the Doha Work Programme by promising developing countries some development gains while actually putting new market access issues into the negotiations – investment, competition, government procurement, and a new round of industrial tariff cuts.

In the broad and complex negotiations that followed, the developed countries could work on trade offs and put pressure on the developing countries while shielding their agriculture sector once again.

In the climate negotiations, the developed countries have not inspired much confidence, largely because they have not fulfilled their two major commitments.

They have not made enough progress in meeting their reduction targets so far. The UNFCCC’s Greenhouse Gas Data 2006 report exposed “worrying” upward trends in the 2000-2004 period.

Although overall emissions by developed-country parties overall dropped 3.3% in 1990-2004, this most mostly due to a 36.8% decrease by countries in transition (Eastern and Central Europe or EITs) because of their sharp economic contraction.

Most worrying was that other industrialized countries registered a 11% increase. An additional concern is that the EITs are now increasing their emissions (up 4% in 2000-2004). According to UNEP’s Geodata, CO<sub>2</sub> emissions rose from 1990 to 2003 in Western Europe from 3.5 to 3.6 billion metric tons and in North America from 5.5 to 6.4 tons.

Meeting the first-commitment period targets should thus be a top priority of the next years (to 2012).

The developed countries have also failed in providing enough financial resources to developing countries, and they have completely failed in setting technology transfer into motion.

In Bali, most of the developed countries will seek to change the agenda and even to change the structure of the Kyoto Protocol and perhaps also of UNFCCC, through proposing a comprehensive negotiation, and the setting up of an overall negotiating group, that will cover a wide range of issues.

But many developing countries are not yet ready to undertake legally binding or semi-binding commitments. For a start, the developed countries have not yet lived up to their two major commitments.

Second, the developing countries are likely to argue that what is important is not the total emissions put out by a country, but its per capita emissions. And most developing countries' emissions per person are still low compared to developed countries' levels.

Third, they are concerned that if they have to curb their emissions, their economic and social development will be affected. There are recent studies showing that growth will be hardly affected (only reduced by 0.12% a year) if the required deep emission cuts are done in a proper way.

But there are hardly any comprehensive studies showing what the new "development pathways" are, nor any successful model on which to base the new development models.

Thus a major battle on the fate of the Kyoto Protocol and on the nature of the negotiating process and agenda is likely to take place in Bali.

It is premature to declare an end to the Kyoto Protocol or to predict a decision to create a "new post-2012 climate treaty".

## Developed countries must fulfill commitments for 2008-2012

By *Hira Jhamtani*

There has been general assumption that the COP 13 of UNFCCC and MOP 3 of the Kyoto Protocol will launch the so called “Bali Road Map” that would be the basis for a “future framework” or known as the post-2012 climate regime. Some reports also said that countries agree that talks on this “future framework” should be concluded by 2012.

This “future framework” apparently already has four “building blocks” i.e. mitigation, adaptation, technology transfer, and finance and investment, to which most countries have sort of agreed to. The only issue to be discussed seems to be the mechanism by which the building blocks will be delivered. This assumption is examined below.

### “Future Framework” to avoid present commitments?

It is not clear how the notion started, but some developed countries and the UNFCCC secretariat often say the Bali meeting should provide a Roadmap towards a comprehensive multilateral framework beyond 2012; but at the same time they said the framework would be provided by the Kyoto Protocol and UNFCCC. The words “comprehensive multilateral framework” indicates there is a suggestion to negotiate a new protocol (perhaps even a new convention?) to combat climate change.

Some developing countries are now questioning the term “future framework”. The roadmap from Bali is supposedly to negotiate on the on the second period of commitment to reduce greenhouse gases by Annex 1 countries (under the UNFCCC), which is already mandated in the Kyoto Protocol. Developing countries are asking for deeper targets for emission cut by Annex 1 countries, and support must be provided for sustainable development in non Annex 1 countries through financial and technological assistance. They warned against the renegotiation of the Kyoto Protocol.

Indeed, the idea of a “future framework” seems to arise as an effort to replace the Kyoto protocol on the assumption that the US would never sign the Kyoto Protocol as it has said it will not do so. The only way to bring the US on board, so said some developed countries and the UNFCCC Secretariat, is to take the good elements of the Kyoto Protocol, add in more elements and renegotiate it under a new regime. The question is why should an entire protocol, which has been proven to be development friendly, be renamed or renegotiated at the whim of just one country?

There are two other reasons for the notion about “future framework”. First, it is being used to target some developing countries such as China, India, Brazil, South Africa etc to also have binding emission cut, under the guise of “the need to provide content to the term common but differentiated responsibilities”. Secondly, this is being used to shift public attention to the fact that developed countries have not fulfilled their commit-

ments as yet under the UNFCCC and the Kyoto Protocol, particularly in terms of technology transfer and adaptation fund, but also on emission cut.

The world needs to ask Annex 1 countries what commitments they are making for 2008 to 2012. The elaboration of present commitments by Annex 1 countries and how they will be implemented should be elaborated and should carry more weight (if not equal weight) as the post 2012 commitments.

How can future commitments be ensured when one has not seen the implementation of present commitments? Developing countries and the world should ask Annex 1 countries to create a roadmap for implementing their commitments in 2008-2012 as a priority. That would be the basis for the Bali Roadmap post 2012.

### **“The building blocks”**

Many meetings prior to the COP13/MOP3 discussed the building blocks for the post 2012 regime viz: mitigation, adaptation, technology transfer, and finance. Again the media has reported these are the building blocks that countries have sort of agreed to as a foundation for the “future framework”. But countries have different interpretation on the building blocks.

Many countries say these are the minimum. Some developed countries want to have comprehensive building blocks that include among others: global long-term emission reduction; energy security levelling playing field for international competitiveness. There is also a demand by some forest rich developing countries to include forest and avoided deforestation as building blocks. Other developing countries are saying the issues are already addressed in the UNFCCC, but implementation have not been forthcoming.

So these are not actually building blocks but unfulfilled commitments. The priority of the day is to address how these commitments would be fulfilled between 2008-2012, before they are expanded or before new” building blocks are created.

Like the “future framework”, these building blocks are put forward in the attempt to shift the attention from the real issues of inability or unwillingness of developed countries so far to undertake their obligation under the UNFCCC. Also, these building blocks are offered as the “carrots” or bargaining chips to get developing countries (or some of them) to commit to emission cuts. This time, another carrot has been added, i.e. incentives regarding forest and deforestation.

### **UNFCCC or Not?**

While discussing the post 2012 commitments, many developed countries (and the Secretariat) have continuously given assurance that future negotiations would be under the UNFCCC. But some developing countries feel there is a plan to negotiate a new agreement, or that the process towards the post 2012 regime would contain so many issues that it could change the Convention and may annul the Kyoto Protocol.

Some mechanisms have been suggested to formulate the post 2012 climate regime. First is through informal processes. Second is to create a negotiating process in a new body under the COP. These mechanisms are favoured by developed countries. Some developing countries have suggested that an ad hoc working group be formed as mandated by article 3.9 of the Kyoto Protocol, with a task to negotiate the second phase commitment of emission reduction by Annex 1 countries.

Two mechanisms exist at present to discuss future commitments i.e. Dialogue on long-term cooperative action to address climate change (the Dialogue) under the Convention and the Ad hoc Working Group or AWG (on future commitments of developed countries) under the Kyoto Protocol. Many developing countries say the AWG should continue its work in formulating the second phase commitment of emission cut by Annex 1 countries. Meanwhile there should be a mechanism to strengthen the implementation of the UNFCCC particularly with regards to technology transfer and adaptation.

Some developed countries have suggested that processes outside of the UNFCCC be linked to the processes within it. This seem to suggest processes such as the G8 + 5 meeting. Many developing countries are wary about this as they are not represented in these processes. Thus they are adamant that any process for the post 2012 commitment must remain under the UNFCCC.

So what we have is a situation in which developed countries are putting forward “new framework”, “new building blocks”, and even “new linkage of processes” to hide the fact that they have not fulfilled their commitments. There is no need for a new framework, but a renewed commitment to fulfill the obligations of developed countries for 2008-2012 and strengthened commitments for post 2012. There is no need for new building blocks – the blocks are all in place under the UNFCCC (with perhaps the need to add forest issues). And there is no need for a new process; the work can be distributed under the current processes and tied in together under the UNFCCC and the Kyoto Protocol.

The so called Post Kyoto regime should not be a myth to hide the failure of developed countries to fulfill their commitments.

*Hira Jhamtani is an expert on sustainable development issues, and a member of the Bali Collaboration on Climate Change.*

## THE IPCC SYNTHESIS REPORT AND THE VALENCIA MEETING

*A Report of the Third World Network  
November 2007*

### A. INTRODUCTION

On 17 November 2007, the UN Intergovernmental Panel on Climate Change (IPCC) concluded a long and difficult discussion to finalize a Synthesis Report of the IPCC Fourth Assessment Report entitled "Climate Change 2007".

The one week of talks (12-17 November) involving scientists and government representatives that finalised the report in Valencia (Spain) focused on the longer Synthesis Report (with six sections) and especially on the shorter Summary for Policy Makers. It was adopted on 17 November and launched at a ceremony by UN Secretary General Mr. Ban Ki-Moon.

The discussions on the summary report were especially difficult in the section on long term perspectives which contains five "reasons for concern", which summarised some of the key issues in the climate change discussion.

Several scientists organised a lunch time presentation to explain why they wrote the section and to highlight the science behind it. A special "Contact Group" was then formed to discuss the whole section. The reaching of consensus on this section was a key achievement of the Valencia meeting.

The report was adopted after it was commented on extensively by governments, which proposed several amendments to the draft. The report integrates and condenses a vast body of scientific literature from three underlying reports on the physical science basis of climate change, on issues relating to impacts, adaptation to climate change and vulnerability, and on mitigation of climate change. The three reports had been launched earlier this year.

The report presents a stark and dire warning about climate change, and is expected to be the scientific basis on which some policy decisions will be taken at the upcoming meetings of the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol in Bali in December and beyond.

At and after the UNFCCC and Kyoto Protocol meetings in Bali, decisions regarding further commitments by developed countries to reduce their greenhouse gas emissions beyond the Kyoto Protocol's 2008-2012 first commitment period are expected to be taken. The release of the report was carefully timed to ensure that the scientific findings provide the basis and the momentum for the discussions in Bali.

The Synthesis Report's main findings are summarized in a 23-page 'Summary for Policy Makers.' This summarizes the longer report's findings on five key topics: 1) major changes in the climate and its effects, 2)

the causes of change, 3) projected climate change and its impacts, 4) adaptation and mitigation options, and 5) a long-term perspective. It is this Summary document which was the main focus in Valencia, and will likely be relied on heavily by governments in the upcoming climate meetings in Bali.

## **B. MAIN FINDINGS OF IPCC SUMMARY REPORT**

### **1. Observed changes in climate and their effects**

The Summary begins with a stark warning that warming of the climate system is “unequivocal”, as observations of increases in air and ocean temperatures, widespread melting of snow and ice, and sea level rise have made evident. The Summary describes measured increases in temperature and sea levels, reductions in ice and glaciers, and impacts relating to drought, cyclones and other extreme weather events.

According to the Summary, eleven of the last twelve years are among the warmest in the instrumental record since 1850. “Average Northern Hemisphere temperatures during the second half of the 20th century were very likely higher than during any other 50-year period in the last 500 years and likely the highest in at least the past 1300 years”.

Global average sea level has risen at an average rate of 1.8 mm per year since 1961, and since 1993 at 3.1 mm per year as a result of thermal expansion, melting glaciers and ice caps, and the polar ice sheets.

Satellite data show that annual average Arctic sea ice extent has shrunk by 2.7 % per decade since 1978, with larger decreases in summer of 7.4 % per decade. The Summary also concludes that “mountain glaciers and snow cover on average have declined in both hemispheres”.

The area affected by drought globally has likely increased since the 1970s. The Summary states that it is likely that heat waves and heavy precipitation have become more frequent, and since 1975 the incidence of extreme high sea level has increased worldwide.

The Summary also states that “there is observational evidence of an increase in intense tropical cyclone activity in the North Atlantic since about 1970, with limited evidence of increases elsewhere. There is no clear trend in the annual numbers of tropical cyclones. It is difficult to ascertain longer term trends in cyclone activity, particularly prior to 1970.”

The text on cyclones was the subject of an intense and protracted discussion, as the US had proposed introducing a number of qualifications to the original, stronger language of the document. The cyclone that recently hit Bangladesh, and Hurricane Katrina that hit the US in 2006 are stark reminders of the devastation that such tropical cyclones can wreak.

### **2. Causes of change**

The Summary expresses “very high confidence” that the net effect of human activities since 1750 has caused global warming. “Most of the observed increase in globally-averaged temperatures since the mid-20th century is very likely due to the observed increase in anthropogenic greenhouse gas (GHG) concentrations. It is likely there has been significant anthropogenic warming over the past 50 years averaged over each continent (except Antarctica)”

According to the Summary, the climate system is affected by atmospheric concentrations of GHGs and aerosols, land cover and solar radiation. Since pre-industrial times, human activities have increased global GHG emissions and between 1970 and 2004 emissions increased by 70%.

The Summary states that “carbon dioxide (CO<sub>2</sub>) is the most important anthropogenic GHG. Its annual emissions grew by about 80% between 1970 and 2004”, and that “global atmospheric concentrations of

CO<sub>2</sub>, methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) have increased markedly as a result of human activities since 1750 and now far exceed pre-industrial values”.

“Global increases in CO<sub>2</sub> concentrations are due primarily to fossil fuel use, with land-use change providing another significant but smaller contribution. It is very likely that the observed increase in CH<sub>4</sub> concentration is predominantly due to agriculture and fossil fuel use...The increase in N<sub>2</sub>O concentration is primarily due to agriculture”.

### **3. Projected climate change and its impacts**

After describing the evidence and causes of climate change, the Summary turns to examine projected climate change and its future impacts. It states that there is “high agreement and much evidence” that emissions will continue to grow over the next few decades in light of current climate change mitigation policies and related sustainable development practices.

IPCC scenarios project increases of between 25 and 90% between 2000 and 2030 and beyond. Continued emissions at or above the current rate would cause further warming and induce many changes in the global climate system during the 21st century. According to the Summary, these are “very likely” to be larger than those observed during the 20th century.

The Summary suggests further warming is inevitable. Even without further emissions, warming is expected at around 0.1 degrees Celsius per decade. At current levels of emissions, warming of about 0.2 degrees Celsius is projected over the next two decades. After that, the projections depend on emissions scenarios and could increase between 1.8 and 4 degrees Celsius by the end of the 21st Century depending on the scenario adopted.

The effects of future warming are likely to play out differently in different regions. The Summary states that there is now higher confidence than in previous IPCC reports “in projected patterns of warming and other regional-scale features, including changes in wind patterns, precipitation, and some aspects of extremes and sea ice.”

This suggests that an increase in the frequency of hot extremes, heat waves and heavy precipitation. Precipitation is also very likely to increase in high latitudes, and likely to decrease in most subtropical regions. And tropical cyclones are likely to become more intense. The Summary expresses high confidence that many semi-arid areas, such as the Mediterranean basin, western United States southern African and northeast Brazil will suffer a decrease in water resources due to climate change.

The Summary also translates projected temperature increases into expected effects on water, ecosystems, food, coastal areas and human health and it sets out projected impacts on different world regions.

- In Africa, climate change is projected to expose between 75 and 250 million to increases water stress, reduce yields from rain-fed agriculture by up to 50%, and by the end of the 21st century affect low-lying coastal communities;
- In Asia, freshwater availability is projected to decrease, coastal areas will be at greater risk due to increased flooding, and climate change is projected to compound pressures on natural resources and public health;
- In Latin America, climate change threatens significant loss of biodiversity through species extinction. The productivity of some important crops is projected to decline with risks to food security in increases in the number of people at risk of hunger. And water available for human consumption, agriculture and energy generation is likely to be significantly affected.
- Small Islands are expected to face inundation, storm surges, erosion and other coastal hazards, threatening vital infrastructure, settlements and livelihoods of island communities. The erosion of beaches and coral bleaching is expected to affect local resources, and by mid-century climate change is expected to reduce water resources in many small islands to a point where they may be insufficient to meet demand during low-rainfall periods.

Projected regional impacts are also described for other regions including Australia and New Zealand, Europe, North America and Polar Regions. The poor, young children and the elderly are particularly at risk, although people with high incomes can also be particularly at risk in some areas.

As well as impacts on terrestrial regions, the Summary notes that climate change since 1750 has caused the ocean to become more acidic. Future acidification is expected to have negative impacts on coral and other marine shell forming organisms as well as the species that are dependent on them.

According to the Summary, altered frequencies and intensities of extreme weather, together with sea level rise, are expected to have mostly adverse effects on natural and human systems. In a table, it describes in some detail how increases in heat waves, heavy precipitation, droughts, tropical cyclones and extreme high sea levels will affect major sectors such as agriculture, forestry and ecosystems, water resources, human health and industry settlement and society.

The Summary states that even if greenhouse gas concentrations were stabilized, that warming and sea level rise would continue for centuries due to the timescales associated with climate processes and feedbacks.

Global warming could also lead to some impacts that are “abrupt or irreversible”, depending on the rate and magnitude of climate change. Approximately 20-30% of species assessed so far are likely to be at increased risk of extinction if warming exceeds 1.5 to 2.5 degrees Celsius, and after 3.5 degrees models predict extinctions of 40-70% of species assessed.

Partial loss of ice sheets could imply meters of sea level rise, major changes in coastlines and inundation of low-lying areas. Such changes are projected to occur over millennia, but more rapid sea level rise over century time scales “cannot be excluded”. Complete elimination of the Greenland ice sheet could cause a 7 meter sea level rise, according to the Summary.

Notably, the Summary does “not assess the likelihood, nor provide a best estimate or an upper bound for sea level rise.” The projections do not include uncertainties in climate-carbon cycle feedbacks, nor the full effects of changes in ice sheet flows. Consequently the upper ranges of 0.38 to 0.59 meters in sea level rise by 2100 in the report are not to be considered upper bounds for sea level rise.

#### **4. Adaptation and mitigation options**

The Summary explores a range of issues about how societies can mitigate and adapt to climate change. According to the Summary, “a wide array of adaptation options is available, but more extensive adaptation than is currently occurring is required to reduce vulnerability to climate change.”

The Summary emphasizes that there are also “barriers, limits and costs” to adaptation “which are not fully understood.” The capacity to adapt is intimately connected to social and economic development, but is unevenly distributed across and within societies.

In relation to mitigation, the Summary notes that there is substantial potential for mitigation of global emissions over the coming decades. Technology can play a role, but “no single technology can provide all of the mitigation potential in any sector”.

Adequate policies must be in place, and barriers must be removed, if the full economic potential of mitigation efforts is to be realized. The Summary says that a wide variety of policies and instruments are available, but that their applicability depends on national circumstances and the context of specific sectors.

It states that there is “high agreement” that the actions of Annex 1 countries may affect the global economy and global emissions, and also states that there is high agreement that mitigation actions can result in near-term co-benefits such as improved health due to reduced air pollution.

The Summary notes the important role played by the UNFCCC and its Kyoto Protocol. It identifies as achievements the establishment of a global response to climate change, stimulation of an array of national policies and the creation of an international carbon market and new institutional mechanisms that may provide the foundation for future mitigation efforts.

Many options for reducing global GHG emissions through international cooperation exist. Responses can be implemented to realize synergies and avoid conflicts with other dimensions of sustainable development. Making development more sustainable can help address climate change. On the other hand, it is very likely that climate change can slow the pace of progress towards sustainable development, and could impede achievement of the Millennium Development Goals.

## **5. The long-term perspective**

The discussion on the long-term perspective was the most controversial, with a Contact Group formed early on in the week to resolve this issue. Discussions on this section were long and drawn out, and were mainly addressed through the Contact Group. This section proved controversial given its particular importance in framing the findings in the rest of the report, and because of the influence it may have at the UNFCCC negotiations.

The objective of the UNFCCC is “stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system”. Such a level could be achieved “within a time-frame sufficient to allow ecosystems to adapt naturally to climate change”.

The Summary concludes that determining what constitutes “dangerous anthropogenic interference” involves value judgements by policy-makers. However, science can support informed decisions on this issue, including by providing criteria for judging which vulnerabilities might be labelled “key”.

The main issue of contention at the Valencia meeting was the five “reasons for concern” (risks to unique and threatened systems, risks of extreme weather events, distribution of impacts and vulnerabilities, aggregate impacts and risks of large-scale singularities) which are considered a viable framework to consider key vulnerabilities.

The US had proposed that this section and mention of the five reasons for concern should be deleted, but in the end, it remained in the text after extensive discussion and amendment. This section helps to actively link the conclusion in the Summary particularly on “key vulnerabilities” and “reasons for concern” with the UNFCCC’s goal of avoiding “dangerous anthropogenic interference with the climate system”.

According to the Summary, “key vulnerabilities” can be identified based on a number of criteria in the literature including magnitude, timing, persistence/reversibility, the potential for adaptation, distributional aspects, likelihood and ‘importance’ of the impacts. These may be associated with many climate sensitive systems such as food supply, infrastructure, health, water resources, coastal systems, ecosystems, global biogeochemical cycles, ice sheets, and modes of oceanic and atmospheric circulation.

The reasons for concern were already reflected in the IPCC Third Assessment Report, but were considered to be stronger now, as many of the risks are identified with higher confidence and some risks are projected to be larger or to occur at lower increases of temperature. In addition, the understanding about the relationship between impacts and vulnerability has improved. The five “reasons for concern” in the Summary are as follows:

- **Risks to unique and threatened systems**

The Summary states that there is “there is new and stronger evidence of observed impacts of climate change on unique and vulnerable systems (such as polar and high mountain communities and ecosystems) with increasing levels of adverse impacts as temperatures increase further”.

An increasing risk of species extinction and coral reef damage is projected with higher confidence than in the last Assessment Report. There is increased confidence that a 1-2oC increase in global mean temperature above 1990 levels (about 1.5-2.5oC above pre-industrial) poses significant risks to many unique and threatened systems including many biodiversity hotspots. This statement had originally been questioned by China, but it agreed to its inclusion in the end.

Increases in sea surface temperature of about 1-3oC are expected to result in more frequent coral bleaching events and widespread coral mortality. Increasing vulnerability of indigenous communities in the Arctic and small island communities is also projected.

- **Risks of extreme weather events**

The Summary concludes that “there is higher confidence in the projected increases in droughts, heatwaves, and floods as well as their adverse impacts” and that there are higher levels of vulnerabilities than that concluded in the last Assessment Report.

- **Distribution of impacts and vulnerabilities**

According to the Summary, “there are sharp differences across regions and those in the weakest economic position are often the most vulnerable to climate change”.

There is also increasing evidence of greater vulnerability of specific groups such as the poor and elderly in developing and developed countries. There is increased evidence that low-latitude and less-developed areas generally face greater risk, for example in dry areas and mega-deltas.

- **Aggregate impacts**

Initial net market-based benefits from climate change are projected in the Summary to peak at a lower magnitude of warming, while damages would be higher for larger magnitudes of warming. The net costs of impacts of increased warming are projected to increase over time.

- **Risks of large-scale singularities**

The Summary states that “there is high confidence that global warming over many centuries would lead to a sea level rise contribution from thermal expansion alone which is projected to be much larger than observed over the 20th century, with loss of coastal area and associated impacts”.

Besides the five “reasons for concern” the section on long-term perspectives also deals with other issues, including mitigation and adaptation; scenarios that link emission stabilisation levels to temperature rise and required emission reductions; sea level rise; technology and economic costs.

According to the Summary, mitigation and adaptation can be complementary and can together reduce significantly the risks of climate change. There is also high confidence that neither alone can avoid all the impacts of climate change. However, many impacts can be reduced, delayed or avoided by mitigation.

“Delayed emission reductions significantly constrain the opportunities to achieve lower stabilisation levels and increase the risk of more severe climate change impacts”.

In an important conclusion, the Summary says: “In order to stabilise the concentration of GHGs in the atmosphere, emissions would need to peak and decline thereafter. The lower the stabilisation level, the more quickly this peak and decline would need to occur.”

The Summary does not prescribe the level or the time frame for emissions reductions. This seems to be a decision by the IPCC to leave the choice of emission stabilisation level and limits to temperature increase for the UNFCCC to decide on.

Rather, the IPCC report provides a table (Table SPM.6) which contains six scenarios. The table enables the policy makers at UNFCCC to see the implications of choosing between the six options. Each scenario shows the concentration of CO<sub>2</sub> and Greenhouse Gas emissions, and the following items associated with this

concentration level: (1) the global average temperature increase above the pre-industrial level; (2) the global average sea level rise above pre-industrial level; (3) the required change in global CO<sub>2</sub> emissions in 2050 as compared to 2000, and (4) the peaking year for CO<sub>2</sub> emissions.

Higher levels of CO<sub>2</sub> and CO<sub>2</sub> equivalent concentration stabilisation levels would result in higher global average temperature increases and sea level rise.

In the first scenario, the one which recently has been most referred to (for example at the UNFCCC Vienna talks in August 2007), the table shows that the concentration level of 350-400 ppm of CO<sub>2</sub> is linked to 445-490 ppm of CO<sub>2</sub>-equivalent of Greenhouse Gases and aerosols, and that these are associated with sea level rise of 0.4-1.4 metres, to limiting global temperature rise to 2.0-2.4 degree C, and to having to cut global CO<sub>2</sub> emissions by 50-85% by 2050 (compared to 2000) and to have CO<sub>2</sub> emissions peak by 2000-2015.

The other five scenarios are associated with CO<sub>2</sub> concentrations of 400-440 ppm, 440-485 ppm, 485-570 ppm, 570-660 ppm and 660-790 ppm. In this last scenario, the temperature would rise by 4.9-6.1 degree C, which would have catastrophic consequences.

In a paragraph on sea level rise, the Summary says that sea level rise under warming is inevitable. "Thermal expansion would continue for many centuries after GHG concentrations have stabilised, for any of the stabilisation levels assessed, causing an eventual sea level rise much larger than projected for the 21st century".

On technology, the Summary says that: "There is high agreement and much evidence that all stabilisation levels assessed can be achieved by deployment of a portfolio of technologies that are either currently available or expected to be commercialised in coming decades, assuming appropriate and effective incentives are in place for their development, acquisition, deployment and diffusion and addressing related barriers".

In the Summary, the indication is that 60-80% of the emission reductions would come from energy supply and use, and industrial processes, with energy efficiency playing a key role. "Low stabilisation levels require early investments and substantially more rapid diffusion and commercialisation of advanced low-emissions technologies. Without substantial investment flows and effective technology transfer, it may be difficult to achieve emission reduction at a significant scale".

The Summary says that "the macro-economic costs of mitigation generally rise with the stringency of the stabilisation target. For specific countries and sectors, costs vary considerably from the global average".

According to the Summary, "impacts of climate change are very likely to impose net annual costs which will increase over time as global temperatures increase" and "aggregate estimates of costs mask significant differences in impacts across sectors, regions and populations and very likely underestimate damage costs because they cannot include many non-quantifiable impacts".

However, "limited and early analytical results from integrated analyses of the costs and benefits of mitigation indicate that they are broadly comparable in magnitude, but do not as yet permit an unambiguous determination of an emissions pathway or stabilisation level where benefits exceed costs".

And finally, the Summary concludes that "choices about the scale and timing of GHG mitigation involve balancing the economic costs of more rapid emission reductions now against the corresponding medium-term and long-term climate risks of delay".

## **C. CONCLUSION**

In the end, the Summary reflected the hard fought interest of the countries that discussed and finalised the document. The Fourth Assessment Report of the IPCC and its Summary will be the scientific basis on which important policy decisions for future emissions reduction and other commitments will be taken by the

UNFCCC. For this reason, many countries on all sides of the climate discussion were very active at the meeting in Valencia, in order to arrive at a text that could support their policy positions in the forthcoming meetings.

The US is not a Party to the Kyoto Protocol and is therefore not bound to reduce its greenhouse gas emissions, although it is the largest (absolute and per capita) emitter in the world. The US was very active during the Valencia meetings and had made extensive written proposals to essentially weaken the document, such as by downplaying the likelihood of future global warming and by weakening the links between the causes and effects of climate change. Part of the US' submissions seemed to be aimed at attempting to divert the focus from the developed countries' responsibility onto other developing countries with large emissions (but much smaller per capita emissions).

Saudi Arabia often sought to introduce language on "spillover effects", meaning the effects of climate change on countries whose economies are dependent on oil, which may suffer declining demand for oil as countries shift towards energy efficiency and renewable energies.

The majority of countries were mainly concerned with finalising a document that reflected the findings and conclusions of the IPCC scientists. Among the developing countries, the small island states were among the main advocates for conclusions supporting strong action.

(The IPCC reports are consensus scientific documents, that consist of mainstream climate change data. The data sets that are reflected are therefore on the conservative side).

Another thread of discussion that will be an important component in the UNFCCC negotiations is the issue of technology and financing for mitigation and adaptation, and the barriers to developing countries in successfully realizing them. The Summary acknowledges these barriers but does not specify them and constantly suggests that they are "not fully understood". While acknowledging that no single technology can provide all of the mitigation potential in any sector, the Summary also stresses that all stabilization levels can be achieved by deploying a portfolio of technologies. The focus on technology-based approaches as means to reducing emissions was also a clear priority for the US.

*This report was written by Lim Li Lin, senior researcher and legal advisor of TWN*

## **NOTES**

The IPCC reports use a scale of confidence levels and likelihood ranges when making their conclusions. 'Very high confidence' is at least 9 out of 10, 'high confidence' is about 8 out of 10, 'medium confidence' is about 5 out of 10, 'low confidence' is about 2 out of 10, and 'very low confidence' is less than 1 out of 10.

For likelihood ranges which express the probability of an occurrence, 'virtually certain' is more than 99%, 'extremely likely' is more than 95 %, 'very likely' is more than 90%, 'likely' is more than 66%, 'more likely than not' is more than 50%, 'about as likely as not' is 33%-66%, 'unlikely' is less than 33%, 'very unlikely' is less than 10%, 'extremely unlikely' is less than 5%, and 'exceptionally unlikely' is less than 1%.

## Unfulfilled commitments on technology and finance have to be met now

*By Nigeria on behalf of the Africa Group in the UNFCCC*

**NOTE:** The following is based on extracts of the statement made by the Nigerian delegation on behalf of the Africa Group, at the opening of the 13<sup>th</sup> session of the COP to the UNFCCC and the 3<sup>rd</sup> session of the COP-MOP to the Kyoto Protocol. It is reproduced here with permission.

We would like to reiterate some issues of concern to us as a region much more vulnerable to the impacts of climate change as noted in Nicholas Stern's Report and confirmed by the IPCC Fourth Assessment Report.

Global climate change is a growing threat to human well-being in developing and industrialized nations alike. Significant harm from climate change is already occurring, and further damages are certain. The pace of change is increasing. No continent, from the recent experience is likely to be spared. Unfortunately, Africa is, too much, at the receiving end of the impacts due to its increased vulnerability. Yet we gather year-in-year-out, making commitments, which are far from being fulfilled to rescue the earth from pending catastrophes arising from global warming.

It is the observation of our Group that the process is characterized by a catalogue of unfulfilled commitments by the developed countries under the Convention as well as the Protocol. The development and transfer of technology, since the Climate Change Convention and the Protocol came into force several years ago, remains unfulfilled and complicated by issues of intellectual property rights, market incentives and enabling environment.

The question of inadequate capacity building of the developing countries has been a major impediment to the implementation of both mitigation and adaptation activities in Africa. The issue, fundamental to the implementation of the climate change activities, has not been adequately addressed as stipulated in the Convention and the Protocol. There is too much emphasis on seminars, workshops and needs assessment. For how long will our needs continue to be assessed?

The way adaptation is currently addressed is ad hoc and lacks coordination, and is totally inadequate. In essence and so far, the matter of adaptation has not received the desired priority in the implementation of the Convention and the Protocol. Whatever fund, and in whatever magnitude available in the process for implementing climate change activities remains inaccessible due to conditionality of co-financing. It is important that discussions on the adaptation fund should be finalized in this session to enable concrete decisions by the COP to address the issue of adaptation in Africa in particular and in developing countries in general.

The Group would like to make it clear that discussions on future agreement should also consider the present lack of implementation in areas of adaptation; development and technology transfer; and capacity building among others. We find it absolutely incomprehensible that the future can be adequately considered and predicted without due reference to the past and the present.

Africa believes that walking into a new regime with all the present difficulties in implementing the already agreed commitments is totally unacceptable. It will only mean one thing, that nothing is going to happen in future, and the suffering of our people continues.

The way forward is for the developed country Parties to act now with respect to fulfilling their commitments. The developed countries, more than ever before, should be committed to aggressive emission reductions domestically as stipulated in the Convention and the Protocol rather than passing the buck to the developing countries.

Africa believes that the process should set targets for the developed country Parties to provide for much needed financial resources within a specific time frame. It is time for practical implementation of all these issues of adaptation, technology transfer, and capacity building among others.

We will continue to engage our partners in dialogue, which would take cognizance of the fulfilment of the past and present commitments as well as future requirements to address climate change.