



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

(September/October 2009)

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AND  
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## **NOTE**

This is a collection of the 23 News Updates and two Briefing Papers prepared by the Third World Network for and during the United Nations Climate Change Talks in Bangkok, Thailand, from 28 September to 9 October 2009.

# **Bangkok News Updates**



# TWN

## Bangkok News Update 1

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29 September 2009

### United States and Developing Countries in Major Clash over Mitigation

Bangkok, 29 September (Meena Raman) – A tense clash of views on a crucial issue (how developed and developing countries should address mitigation) marked the first meeting on mitigation at the Bangkok climate talks on 28 September. At one stage the United States said it could not move forward on the rest of the negotiations on mitigation unless this issue was settled.

The US wanted a discussion, under a separate sub-group, on mitigation elements common to all Parties, while the G77 and China insisted that the Convention and the Bali Action Plan clearly differentiated between the mitigation commitments of developed countries and the mitigation actions of developing countries, and that there should not be an attempt to go against the mandate.

The deep difference of views, which threatens to derail the Bangkok talks, emerged at the first meeting of the contact group on mitigation of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) under the United Nations Framework Convention on Climate Change (UNFCCC).

The clash occurred over a proposal by the US to have a formal process to consider textual proposals on “mitigation elements common to all Parties”, which developing countries argued were inconsistent with the Convention and beyond the mandate of the Bali Action Plan (BAP).

The US proposal was supported by the EU, Australia, Canada, Russia, Norway and Japan, while the G77 and China as well as many individual developing countries (India, China, Brazil, South Africa, Saudi Arabia, Egypt and Algeria) were opposed to the proposal. However, Costa Rica and Colombia also supported the US proposal.

The mitigation contact group was discussing how to proceed with its work. The Chair of the AWG-LCA, Michael Zammit Cutajar of Malta (who also chaired the mitigation contact group), proposed the

establishment of the following sub-groups as contact groups under the mitigation element as set out in paragraph 1(b) of the BAP viz. (i) mitigation commitments of developed countries; (ii) mitigation actions of developing countries; (iii) reducing emissions from deforestation and forest degradation in developing countries (REDD); (iv) cooperative sectoral approaches; (v) opportunities for using markets; and (vi) economic and social consequences of response measures.

In response, the United States, represented by delegation head Jonathan Pershing, said that there is value to having a formal conversation on the mitigation elements common to all Parties, as developed country Parties had textual proposals in negotiating text in this regard. It said that there was a need to have a formal process to introduce these proposals, implying the need for a further sub-group.

It insisted that this issue (i.e. the mitigation elements common to all Parties) was a priority for the US and that it could not move forward in the negotiations without this issue being addressed.

This stance of the US led the Chair of the contact group Cutajar to comment that there appeared to be a standoff. Following an intense exchange on the matter between the US and several developing countries led by India and the G77 and China, the Chair proposed an informal consultation on the issue and appealed for work to proceed on other issues that did not involve paras 1(b)(i) and 1(b)(ii).

In the negotiating text, the US proposals appear under the heading “Mitigation elements common to all Parties” that includes a proposal for all Parties to “implement their respective nationally appropriate mitigation actions reflected in an Appendix 1”; “to formulate and submit low-carbon strategies that articulate an emissions pathway to 2050”; and that such “mitigation action is subject to measurement, reporting and verification as reflected in an appropriate Appendix”.

Developed countries such as the United States, Australia and Japan have submitted proposals in the negotiating text that call for new agreements under the Convention, as possible legal outcomes for the meeting of the Conference of Parties in Copenhagen in December this year. They seek to alter the nature of obligations of developing countries under the Convention by requiring some countries among them to take on binding emission commitments and other obligations which extend beyond the mandate of the Convention and the Bali Action Plan (BAP).

Reflecting on what the US had in mind, **India** (represented by Ambassador Dasgupta) said that the US proposals were inconsistent with the Convention and the BAP, and weaken the distinctions between developed country mitigation commitments and developing country mitigation actions. It said that there was no reason for any contact group to be established on a non-issue in the context of work on the implementation of the Convention.

In response to India, the US said that there cannot be a narrow interpretation of the BAP as there was the use of the words “*inter alia*” in the BAP.

(The BAP decision states that Parties decide “to launch a comprehensive process to enable the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012, in order to reach an agreed outcome and adopt a decision at its fifteenth session, by addressing, *inter alia*: .....).

The US then said that the Minister of Environment of India, Jairam Ramesh, had at a recent meeting of the Major Economies Forum, suggested the broadening of the scope of the national communications by developing country Parties. (The US was suggesting that the Indian Minister was adopting a broader interpretation).

In response to this, India took objection to the US choosing to speak on behalf of its Minister. India said that it had instructions to put across the views of its government. It said that the Environment Minister did not agree to any new commitments for developing countries. While India was taking far-reaching mitigation actions as set out in its national action plan on climate change, such actions were purely domestic and not subject to international binding commitments. The scope and frequency of the national communications were subject to the Convention and there would be no verification of actions which are not supported by technology or finance.

**Brazil**, speaking for the **G77 and China**, said that the Group was opposed to ideas that do not respect the difference between the mitigation commitments of developed countries (referred to as para 1(b)(i) of the BAP) and the mitigation actions of developing countries (under para 1(b)(ii) of the

BAP) and which call for unified measuring, reporting and verification of such efforts.

It stressed the need for the work of the AWG-LCA to be guided by the Convention and the BAP and said there should not be efforts to introduce ideas that were incompatible. The Group was opposed to structural proposals that eliminate the separation between mitigation by developed and developing countries.

**Algeria** questioned the intention of introducing elements that are not consistent with the BAP or the Convention. Was it to kill the Kyoto Protocol and to renegotiate the Convention, it asked. If Parties wanted to succeed in Copenhagen, then introducing sensitive elements would only delay, confuse and threaten the result and outcome of Copenhagen.

**China** (represented by delegation head Su Wei) expressed its strong disappointment with the discussions. If Parties are conducting negotiations in this way (by introducing new elements outside the mandate of the Convention and the BAP), work would be far from completing the mandate of the BAP, it said. It stressed the need for Parties to get back to the essentials and focus on the BAP. It said that it was a clear task of the Bangkok talks not to search for a new mandate. The focus is on the clear mandate of the BAP. It was strongly opposed to the introduction of new elements and said there was no need to complicate matters.

The **EU** said that there should be time and space to discuss the proposals. Parties can seek to agree or disagree but it was not constructive not to discuss them.

**Australia** said that it was vital to discuss the common responsibilities of all Parties and supported the US proposal.

**Norway** supported the US proposal and wanted a common framework for the measuring, reporting and verification of mitigation efforts.

**Costa Rica** said that while there were differences between mitigation commitments and actions of developed and developing countries, it would support some time for discussion as proposed by the US as the proposals were interesting in expressing mitigation efforts and would crystallise the issues in paras 1(b)(i) and 1(b)(ii) of the BAP.

**Colombia** while agreeing with India and the G77 and China said it found no conflict with the US proposal for discussion in a sub-group and that it provided a good opportunity to focus on the big picture.

At the end of the meeting, the Chair announced that he would hold informal consultations on this issue with delegations on Tuesday. He said that work would proceed (in contact groups) on other mitigation issues that did not involve paras 1(b)(i) and 1(b)(ii).

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## Bangkok News Update 2

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### Stop Delaying Progress in Climate Talks, Developing Countries Tell Developed Countries

Bangkok, 29 September (Meena Raman) – As the Bangkok climate talks began on Monday, developing countries lamented the slow progress being made in the negotiations so far under the United Nations Framework Convention on Climate Change (UNFCCC). There are still no concrete numbers from the developed countries either for their emission reductions or for meeting their financial commitments towards developing countries, said the G77 and China.

At the opening of the 7<sup>th</sup> session of the Ad-hoc Working Group on Long-term Cooperative Action in Bangkok on 28 September 2009, developing country groupings, led by the G77 and China, expressed disappointment at the lack of willingness of developed countries to make progress on the constructive proposals by developing countries to address the implementation gaps on finance, technology transfer and capacity building.

The Africa Group also called for a significant scaling up of financing needed to address the needs of developing countries in tackling climate change and proposed a sum of 5% of the GDP of developed countries.

**Sudan**, for the **G77 and China**, said that the Group had put constructive proposals to close the implementation gaps on finance, technology transfer and capacity building. The Group was still awaiting the engagement of developed countries on these proposals. While there were no concrete numbers from developed countries for their emission reduction targets for the second commitment period under the Ad-hoc Working Group on Kyoto Protocol (AWG-KP), there were also no concrete proposals for specific amounts relating to finance from the developed countries. There was also no real willingness to consider technology transfer.

The Group also expressed dismay over the recent European Commission communication on the

financial package that shifts the fulfillment of financial commitments to failed markets, the private sector and to the developing countries. The Group also found that developed countries were shifting the responsibilities for meeting the costs of adaptation to developing countries by asking for the mainstreaming of adaptation into their development. Further, promises are being made of unspecified amounts of money to a sub-set of developing countries.

In addition, the world media is misled that developing countries are blocking progress in the negotiations.

**Algeria** for the **Africa Group** said that work in full negotiating mode must move without delay. Rapid economic development as well as dealing with climate change are priorities for Africa. The Group called for the scaling up of financing which is urgent, new and additional to ODA, adding that the sum of 5% of the GDP of developed countries is what is needed to address climate change in developing countries. In addition, ambitious targets in emission reductions are needed in developed countries.

**Barbados**, speaking for the **Alliance of Small Island States**, called for the intensifying of the pace of negotiations. It drew attention to recent UNEP findings that vindicated the AOSIS call for urgency and action in tackling climate change. Limiting temperature rise to 2 degree C is not enough as this would already submerge small islands. The sense of urgency needed is not reflected in the proposals from developed countries which aggregate to only 11-18% reductions by 2020 compared to 1990 levels. On finance, we are yet to see proposals that approach the scale required for adaptation for Small Island States and LDCs, which is both a legally binding and moral imperative.

**Lesotho** for the **LDCs** said that finance was a key issue to move the process forward. In

adaptation, there was a need for an action-oriented adaptation framework. There was also a need for ambitious mitigation targets now by developed countries.

**Australia** speaking for the Umbrella Group of countries (including the US and Canada) said that the group was committed to an ambitious global agreement with essential elements to help vulnerable developing countries meet their adaptation needs; better-directed finance and investment for technology and measures to reduce deforestation. A strong agreement by all Parties to mitigate greenhouse gas emissions is a touchstone for success. A new climate agreement must capture the full spectrum of Parties' mitigation efforts. There has been no opportunity to capture the mitigation commitments and actions of all Parties and there was a need to set aside time in the formal negotiations to do this.

**Sweden** for the EU said that the current negotiating text is excessive in length and complexity and was unmanageable. It has to be condensed on key political pillars for a future climate regime. Not all developed countries are in the Kyoto Protocol (referring to the US). There was a need to discuss developed country pledges as regards emission reductions as well as links to the carbon markets in the AWG-LCA. The AWG-LCA and the AWG-KP must be coordinated and one single agreement is needed which is codified into one legal instrument.

The Chair of the AWG-LCA, Michael Zammit Cutajar, urged Parties to concentrate the negotiations on the elements of an ambitious, effective and fair agreed outcome that Parties consider "politically essential". He gave his view of what are some essential deliverables. He would like to say the morning after COP 15 that the global community is united in pursuing a rapid and just transition to modes of development that will use resources efficiently and thus be low in emission intensity, provide access for poor people to basic services, including sustainable energy, strengthen resilience to climatic impacts, and contribute to building a fairer world; and that this community is politically committed to realizing this transition through cooperation based on the Convention, guided by a science-based long-term global goal for emission reductions, with each member contributing, according to its responsibilities and capabilities, to the gains that will accrue to all from cooperative action, and with all responding to the needs of the poorest and most vulnerable.

Cutajar added that on climate finance, there is scope to advance agreement on sourcing, governance, eligibility, access and accountability. On technology, we have the opportunity to design a

mechanism that will realize the promise of the Convention – a mechanism that will work sector-by-sector and technology-by-technology, mobilizing public and private expertise and finance, in order to drive the "diffusion, including transfer" of existing technologies and practices, the ones on which countries must now rely to achieve their medium-term plans and goals; and promote cooperative research, development and sharing of the new technologies that will take us to mid-century.

In both these areas – finance and technology, Parties can define what is to be done within the UNFCCC, in a strengthened and coherent set of institutional arrangements, and what can be "outsourced" by the Conference of the Parties under condition of genuine guidance from and accountability to it.

As for mitigation commitments or actions by developed countries, understanding can be advanced on the question of comparability of efforts – including comparability with mitigation efforts and related procedures and mechanisms envisaged under the Kyoto Protocol.

Cutajar referred to general aspects of mitigation that this session needs to consider, including: (a) what is to be common and what differentiated in frameworks for mitigation action by all Parties; (b) whether commitments to mitigation actions are binding only nationally or also internationally; (c) how to build trust by enhancing the "credible transparency" of national mitigation efforts, without intruding upon national sovereignty; and (d) how such transparency may be achieved by building upon existing provisions and practices under the Convention regarding the communication of information related to implementation, including national communications, GHG inventories and projections.

He also raised the issue of coherence of the work of the two AWGs (the LCA and the Kyoto Protocol) and the need to avoid duplication. He was also against the "contamination" of these negotiations by tensions arising in trade relations. The Convention provides guidance on this matter and specific trade disputes need to be addressed in the right forum.

Earlier in the morning, at the opening ceremony of the Bangkok climate talks, the Prime Minister of Thailand, Mr. Abhisit Vejjajiva, referring to the UN Climate Summit and the G20 summit, said that there was optimism now for the world to act with hope and urgency in addressing climate change. For developing countries, the priority was to ensure that climate change does not affect sustainable development, economic growth, poverty eradication

and the Millennium Development Goals. He said that at the G20 meeting, leaders felt that the statement on climate change was not as strong as it should be. It was recognised during the meeting that there can be no plan B.

The Thai Minister of Environment, Mr. Suwit Khun Kiti, said that the global agreement must address the needs of developing countries to safeguard growth and poverty eradication. He called for deep emission cuts by developed countries which had the historical and ethical responsibility to do so.

Connie Hededgard, the Minister of Environment of Denmark (who will be President of the COP15 in Copenhagen), said that world leaders had provided new momentum for action on climate change, although she expressed disappointment that the G20 meeting did not deliver on climate finance. She stressed the need to substantially shorten the negotiating text. There was a need for political agreement on the key parameters for Copenhagen. She said that fast-tracking on finance was needed and that developed countries must show seriousness. With no new ambitious mitigation targets, no finance and no technology transfer, there would be no deal in Copenhagen.

Yvo De Boer, the Executive Secretary of the UNFCCC, summarised the elements for a comprehensive deal which came out of the UN Summit on Climate Change in New York – enhanced action to assist the most vulnerable to adapt, ambitious emission reduction targets for industrialised countries, nationally appropriate mitigation actions by developing countries with necessary financial support, increased finance and technology transfer for mitigation and adaptation.

Noleen Heyzer, the Under-Secretary General for the UN ESCAP, referred to the triple global threats of food, finance and flu and said that nations have been able to change threats to opportunity. Countries were able to find money to prevent a financial meltdown. If climate change is a challenge of this generation, it is also an opportunity to act by setting aside differences. She referred to the recent UN Climate Change Summit in New York where major nations came with pledges. China had indicated a notable reduction in its carbon footprint by 2020 while Japan revised its emission reduction target to 25% by 2020 compared to 1990 levels and the EU said it would cut emissions by 30% by 2020 compared to 1990 levels if others joined the effort.

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## Bangkok News Update **3**

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30 September 2009

### Save the Kyoto Protocol, Say Developing Countries

Bangkok, 29 September (Hira Jhamtani and Lim Li Lin) – Strong commitments to tackle climate change, promised by world leaders during the UN Summit in New York last week, have not really translated into real actions at the forum that is mandated to tackle climate change through binding mitigation commitments, i.e. the Kyoto Protocol. Instead, this week at the climate change negotiations in Bangkok, developing countries have had to repeatedly remind developed countries to show leadership in the negotiations by arriving quickly at adequate figures for their commitment to reduce greenhouse gas (GHG) emissions for the second commitment period, under the Kyoto Protocol.

Developing countries have also insisted on the survival of the Kyoto Protocol, in the face of explicit statements by the EU and Japan, and other developed countries to terminate it.

These discussions are taking place at the ninth session of the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP), which is meeting at the UN Climate Change talks that are being held in Bangkok from 28 September to 9 October 2009.

Developed countries, known as Annex I Parties, are legally bound to agree on subsequent commitment periods for GHG emission reductions under the Kyoto Protocol, beginning in 2013. The first commitment period ends in 2012. The AWG-KP was established in 2005 to consider the further commitments for Annex I Parties in accordance with the mandate in Article 3.9 of the Kyoto Protocol.

But Annex I Parties have effectively blocked progress in reaching agreement on the figures, and developing countries are lamenting the slow progress and the attempt to terminate the Kyoto Protocol. Many other issues have been introduced into the AWG-KP and some developed countries have made it clear that they want a single undertaking in the run-up towards Copenhagen. This means linking (or

even merging) the work of the AWG-KP with the work of the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA) under the UN Framework Convention on Climate Change (UNFCCC or the “Convention”), which is to “enable the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012”. Some developed countries have also suggested a new protocol under the Convention, replacing the Kyoto Protocol, or even a totally “new comprehensive single treaty.”

There are only three weeks of negotiation time left for the Parties to arrive at a conclusion, to be considered (and finally adopted) at the 15<sup>th</sup> Conference of the Parties (COP 15) to the UNFCCC in Copenhagen in December this year.

During the opening plenary of the AWG-KP on Monday, 28 September, Sudan, speaking for the G77 and China expressed serious concerns about the slow progress in fulfilling the negotiating mandate of the AWG-KP. In particular, it expressed concern about the delay in reaching conclusions on the aggregate and individual quantified GHG emission reduction targets for Annex I Parties for the second and subsequent commitment periods. It also noted the lack of progress on the issues of improving the effectiveness of existing mechanisms and rules as well as the future treatment of the potential and actual consequences of Annex I Party mitigation policies on the economies of others.

The G77 and China also took note of the new pledge by Japan to reduce its GHG emissions by 25% below 1990 levels by 2020, which is a significant increase over its previously announced level of ambition. (Previously, Japan announced a target of 15% GHG emission reductions from 2005 levels by 2020). While calling on other Annex I Parties to follow the leadership of Japan by revising their announced pledges upwards, the group also

called upon Annex I Parties not to condition their pledges and introduce issues that are not in line with the provisions of the Convention and the Kyoto Protocol.

The G77 and China expressed concern that in aggregate, the sum total of Annex I Parties' quantified emission reduction targets that have been pledged so far is far below the level of ambition demanded by the science and their historical responsibility. The group stressed that without genuine commitment and political leadership of Annex I Parties, reaching an agreed outcome in Copenhagen will be difficult.

Belize speaking for the Alliance of Small Island States (AOSIS) said that it is concerned by the slow pace of the negotiations and the lack of ambition by Annex I Parties in the face of mounting scientific evidence that climate change impacts are increasing and accelerating. It said that the territorial integrity and survival of small islands are at stake.

It said that the best-available science requires bringing GHG concentrations to below 350 ppm and limiting temperature rise to below 1.5 degrees Celsius. To achieve this, Annex I Parties must reduce their GHG emissions by more than 45% below 1990 levels by 2020, by 95% by 2050, and global emissions must peak by 2015. The second commitment period should be five years in length. Simply to rely on emission reductions of 25 to 40% would at this point be irresponsible as it implies a temperature increase of 2 to 2.4 degrees Celsius, and maintaining a 2-degree Celsius temperature increase is inconsistent with the precautionary approach required by the Convention. This could submerge islands in the Caribbean, South Pacific and the Maldives.

The level of ambition for GHG emission reductions on the part of Annex I Parties is inadequate for small island countries, it said. The current pledges by Annex I Parties only total 11-18% by 2020. It asked for new ambitions and legally binding commitments for Annex I Parties under the Kyoto Protocol.

Algeria speaking on behalf of the Africa Group said that it is also disappointed to note the lack of commitment by developed countries for meaningful emission reduction targets that are needed to stabilize atmospheric GHGs and which are a prerequisite for the survival of vulnerable continents such as Africa. It urged Annex I Parties to commit themselves to at least 40% emission reductions by 2020, and according to what the science demands. It urged the speeding up of negotiations, otherwise the opportunity to correct the current crisis will be missed and this will affect the integrity of the Convention and the Kyoto Protocol.

Lesotho, speaking on behalf of the Least Developed Countries (LDCs), said that to speed up the process, discussions should be confined to the mandate of the process, which is for further commitments for Annex I Parties under the Kyoto Protocol. Any further delay or diversion from this mandate may threaten a successful Copenhagen outcome. It called upon Annex I Parties to fulfill their legal and moral commitments to provide financing and technology, including meeting their ecological debt owed to LDCs for the adverse effects of historic and current GHG emissions.

Bolivia said that the AWG-KP must work towards equitable and just results for all countries. It reminded the group that the developing world is very vulnerable to the impacts of climate change, which is caused by developed countries. Instead, the developing world is paying the debt that has been incurred. Therefore, Bolivia would like to see equitable and just targets set for individual and aggregate commitments by Annex I Parties.

Tuvalu said that its Prime Minister had emphasized the importance of the Kyoto Protocol at the UN Summit in New York last week. It must survive as a stand-alone, legally-binding instrument, irrespective of the outcome of the AWG-LCA, he said. The Kyoto Protocol should not be subsumed into a broader agreement and the survival of the Kyoto Protocol is a clear indicator of the success of the UN climate change conference in Copenhagen in December this year.

Saudi Arabia also expressed the need to preserve the Kyoto Protocol, as it is an important tool and mechanism. It said that it does not support the termination of the Kyoto Protocol or the Convention.

India said the AWG-KP has a specific mandate, i.e. to help decide the targets for emission reductions by Annex I Parties in the second commitment period. If there is no credible proposal, there can be no progress. It said that the work of the Kyoto Protocol is particularly critical because it is inextricably linked with the outcomes at Copenhagen. Unless targets are decided by the end of this session or by the beginning of the next session in Barcelona (in early November), an ambitious agreement in Copenhagen is in jeopardy.

It said that emission reductions by all developed countries are the central feature of any Copenhagen outcome, and that emission reductions of at least 40 or 45% below the 1990 baseline by developed countries are required, and these must be announced without further delay. India said that the group should not get lost in other issues under consideration but rather remain focused on this central aspect. It said

that comparable efforts by non-Kyoto Protocol Parties should be decided in the AWG-LCA. The bottom-up approach by the Annex I Parties is not enough, but that negotiations should start seriously on the proposal by 37 developing countries for the second commitment period of Annex I Parties, which is based on historical responsibility. There can be no meaningful outcome at Copenhagen without truly ambitious quantified emission reduction commitments from all developed countries, it said.

China said that the responsibility of the group is very clear and that is to identify the emission reductions required by Annex I Parties in the second commitment period. Its President had pointed out in the New York UN Summit that the Kyoto Protocol is the basic framework document of the Convention, and that the work of the AWG-KP is important to achieve progress at the Copenhagen conference. A very important indicator is whether developed countries will fulfill their historical responsibility. It is one of the key indicators for a successful Copenhagen outcome, it said.

In contrast, Sweden, speaking on behalf of the European Community (EC), said that not all developed countries are included in the Kyoto Protocol discussions and that it is therefore important to discuss developed country pledges in the AWG-LCA and the AWG-KP. It acknowledged that the proposals by Annex I countries for emission reduction commitments are insufficient as they are not in line with what the science says is necessary to avoid dangerous climate change. It said that the Copenhagen agreement needs a consistent instrument that applies for all Parties, and that what is needed from Copenhagen is one single agreement, and there is a strong rationale that this is codified in one legal instrument.

Australia, on behalf of Umbrella group, stressed the need for coherence between the two working groups to achieve a comprehensive and effective "post-2012 outcome".

Likewise, Switzerland on behalf of the Environmental Integrity Group said it is necessary to strengthen the coordination between the two working groups. Switzerland also said that the work of the group should be finished in Barcelona in November for the final adjustments to be made in Copenhagen.

The debate on the future of the Kyoto Protocol was resumed during the contact group on consideration of further commitments for Annex I Parties under the Kyoto Protocol, when Tuvalu asked the EC how it sees the work of the Kyoto Protocol

continuing, and whether there is a future for the Kyoto Protocol.

The EC said that the Kyoto Protocol has many elements in terms of architecture that can be taken forward. But that in terms of an effective outcome, a single new instrument would make ratification and entry into force simpler. Some Kyoto Protocol elements such as monitoring, accounting and the flexibility mechanisms can be improved, it said. This does not mean that the Kyoto Protocol has to die. There are commitments that would still stand, and final cuts for compliance would take place in 2014-2015. So the Kyoto Protocol will continue to exist, it asserted.

The EC also explained its commitment to emission reductions by saying that its unilateral commitment to cut emission by 20% is enshrined in EU legislation. It will take on that commitment whatever happens but it will commit to a 30% cut if other developed countries take comparable efforts with it, and advanced developing countries take action in accordance with common but differentiated responsibilities and respective capabilities. It explained that if the EU takes extensive mitigation commitments alone, the increase in the risk of carbon leakage is exponential, and thus it would be not effective. It said that it wants to have an environmentally effective agreement out of Copenhagen, and that this is not about conditionalities but about environmental integrity. If the agreement in Copenhagen is not environmentally effective, the EC will not sign up, and that would not help the world, it threatened.

Japan, in its intervention in the contact group, also made it clear that it wanted a "fair and effective new single undertaking". It said that this was not a simple extension of the Kyoto Protocol.

Tuvalu took this discussion further in the contact group on "other issues" by asking how it would be possible to incorporate the Kyoto Protocol in a broader agreement and preserve it at the same time, without re-inventing the wheel. It suggested that a legal discussion on this matter should be the starting point, as there was no point in discussing the other issues like the Clean Development Mechanism (which exists under the Kyoto Protocol) if there is no second commitment period of the Kyoto Protocol.

South Africa said that the problem with cutting and pasting from the Kyoto Protocol to a new legal agreement is that everything that any Party is unhappy about in the Kyoto Protocol would be open for negotiation, and this could take a long time. There

is no emerging consensus that there will be a replacement of the Kyoto Protocol, it said. There have been proposals by the Parties for one single instrument, but there is no consensus on this. It concluded that this discussion is a waste of time as it is distracting the group away from the real discussion of the quantified emission reductions of Annex I Parties for the subsequent commitment periods.

China expressed its disappointment that they have been engaged in these negotiations for almost four years, but now its negotiating partners are telling them that this is not what is being done, and are going to reset the rules. Good faith means that what has already been agreed on should be respected, it said. The mandate can always be changed but if a new mandate is going to be negotiated, how is the job ever going to be finished? This is not to the benefit of everyone, it said.

The EC said that it liked most parts of the Kyoto Protocol, but that the central question was how to bring forward the objective of the Convention. It said that the objective of the Convention in Article 2 is about environmental integrity, and not equity, which is only one of the principles. It said that the mandate for subsequent commitment periods of the Kyoto Protocol in Article 3.9 is not a “holy cow”. World leaders at the UN Summit were not talking about

the mandate of Article 3.9 but were talking about how to solve climate change, and this takes us back to the objective of the Convention, it said.

It said that we should not “get stuck in history”. An effective outcome means that other Parties will have to do their bit as well. The Bali Action Plan is a complement, and the two sides should be seen together to see the entire picture. It said that this should not come as a surprise to anybody, and that it is not about renegotiating the Kyoto Protocol. The EC said that it has placed pledges on the table, and that it can go up to 30% emission reductions. It is in the interest of everyone to move to a 30% target, it said. The mandate should be looked at in a broader context.

India said that it hoped that the EC is not just proposing what it likes into a new framework. It suggested that the EC was also seeking to rewrite the Convention, and asked the EC to confirm this. It insisted that environmental effectiveness is not the sole objective of the Convention, and challenged the EC’s assertion that it was not about equity, as the Convention states that in order to achieve its objective, the Parties shall be guided by principles that include equitable principles.

In response to India, the EC said that it had nothing further to add, as everything had been said openly.

# TWN

## Bangkok News Update 4

www.twinside.org.sg

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30 September 2009

### NGO Letter to President Barack Obama

*A letter was sent to President Obama ahead of the recent G20 Summit in Pittsburgh from 126 organizations - representing constituents in over 100 countries - requesting bold action to fight climate change. The letter asks President Obama to set "a vastly higher level of ambition for the United States' contribution to both greenhouse gas emission cuts and a package of finance and technology for developing countries."*

September 24, 2009

Dear President Obama,

As you prepare to host the G20 Summit in Pittsburgh, we write to you with great urgency and concern regarding what we see as a current lack of U.S. leadership in solving the climate crisis. Last November, you stated, "Any nation that's willing to join the cause of combating climate change will have an ally in the United States of America." We call on you now to honor that commitment. We urge your leadership in setting a vastly higher level of ambition for the United States' contribution to both emission cuts and a package of finance and technology for developing countries. Without these commitments, a successful outcome at the United Nations climate conference in Copenhagen in December is not possible.

At the first United Nations climate conference of 2009 in Bonn, Germany, the world applauded the U.S. for its re-engagement in climate discussions. But leadership goes far beyond engagement, and given what the U.S. climate negotiating team has put forward since, the U.S. is becoming a stumbling block in the negotiations.

#### **The need for adequate and just proposals**

As the world's largest historical greenhouse gas polluter, the United States' proposal of zero percent

reductions below 1990 levels by 2020 is environmentally unsound and entirely unjust. So too is the House of Representatives' American Clean Energy and Security Act of 2009, with its target of one to four percent below 1990 levels by 2020 and provisions allowing 2 billion tons of offsets to be used. Even this incredibly weak target is unlikely to be met because of legislative loopholes. If all available offsets are used, U.S. emissions from capped sources could rise until 2029. The Senate climate bill may be weaker. This is too little, too late. Many countries are calling on developed nations to reduce emissions by at least 40 percent below 1990 by 2020, drawing on the latest science and principles of responsibility and equity. They are right to do so – the world's largest historical polluter cannot continue to increase its domestic emissions while asking the rest of the world, including poor countries, to peak and reduce theirs.

Proposals by the United States and other G8 countries for a global goal of limiting temperature increase to 2°C, and for a 50 percent global emission reduction by 2050, are also inadequate. Allowing the Earth to warm by up to 2°C threatens catastrophic consequences, and a 50 percent global emission reduction offers a low probability of achieving even this weak goal. Moreover, the G8's proposed 80 percent cut by the developed countries leaves developing countries with an unfair share of the burden of stabilizing temperatures, leading many countries to express concern over the G8's role and proposals.

#### **Climate equity and the global carbon budget**

A successful agreement in Copenhagen must be based on a fairer approach. Developed countries represent less than one-fifth of the world's population but have emitted three-quarters of all historical carbon-dioxide emissions from fossil fuels. These historical emissions have built up in the

atmosphere and are a main cause of current warming. They have committed the Earth to considerable warming in future.

Measured on a per-person basis, the United States' historical emissions are more than 15 times those of China, more than 40 times those of India, and 150-fold those of Kenya. The United States' annual emissions currently exceed 20 tonnes per person – nearly five times those of Chinese, more than 15 times those of Indians, and more than 60 times those of Kenyans.[1] If emissions from products produced abroad but consumed in the United States are included, its emissions are higher still – over 30 tonnes per person.

Wealthy countries have consumed far more than their fair share of the Earth's atmospheric space and now enjoy the spoils of two hundred years of carbon-intensive development. Developing countries worldwide – which are already struggling to provide adequate healthcare, education and other essential services for their populations – must now develop under the twin burdens of the rising costs of both mitigation and adaptation to an escalating climate crisis. Developed countries faced no such constraints.

Each day people in developing countries are suffering the effects of a climate crisis they played little role in causing. Economic losses due to climate change today amount to more than \$125 billion a year – more than all the present world aid.[2] The global cost of addressing climate change in developing countries has recently been estimated at between \$500 billion and \$600 billion.[3] Developed countries – including the United States – must accept responsibility for the effects of their historical emissions, and their current excessive consumption of the Earth's atmospheric space, as part of any successful agreement.

### **Stronger targets and increased financing are needed**

Utilization of only current emissions as the basis for future emission allocations ignores both wealthy nations' historical responsibility and their greater capacity to act. We now know the world's carbon budget is limited and shrinking daily. The United States and other developed countries are seeking a disproportionate share of the Earth's remaining environmental space, unfairly curtailing what is available to developing countries. Nor do they propose compensating developing countries for this over-use. By ignoring their historic responsibility, the wealthy countries in effect sentence

developing countries – all too often devoid of energy services and vital infrastructure development – to continued poverty.

Moreover, the United States has put forward woefully inadequate finance proposals for developing countries for adaptation and mitigation. The United States' continued emphasis on the private sector – which will do little to support adaptation and the most vulnerable communities – and insistence on the use of existing multilateral institutions such as the World Bank and the Global Environment Facility are unhelpful and demonstrate an unwillingness to understand the perspectives and experiences of developing countries. The monetary amounts discussed are magnitudes too low. Further, U.S. negotiators have signaled their intention to double count payments for offset credits as a large part of the U.S. obligation to provide financial resources to developing countries. This is unacceptable. If the United States is to play a positive leadership role, the world expects to see substantial public finance for adaptation and mitigation, as requested by many developing countries. The G20's London pledge of \$850 billion for the IMF shows how it can mobilize resources when it perceives a planetary emergency; climate change deserves no less. The world expects credible public financing proposals from G20 finance ministers.

### **The current US position undermines the viability of a global agreement**

We look to you to hold your nation accountable for its disproportionate contribution to the causes and consequences of climate change. But the targets and financing proposals put forth by your negotiating team put at risk the prospects of any viable solution to climate change and, correspondingly, the safety of all nations, peoples, and indeed the planet. We do not have the luxury of time to hold out for goals in 2050. We need drastic greenhouse gas reductions, financing and technology cooperation now, if not yesterday.

We look back to the wisdom revealed in your inauguration speech and hope you will honor your own forward-thinking words, "And to those nations like ours that enjoy relative plenty, we say we can no longer afford indifference to the suffering outside our borders, nor can we consume the world's resources without regard to effect. For the world has changed, and we must change with it."

The world has great expectations for the United States under your leadership, Mr. President, and as we move quickly towards Copenhagen, we ask that you lead a race to the top, not a race to the bottom.

Sincerely,

### ***International Organizations***

350.org

Friends of the Earth International

ActionAid International

Global Anti-Incinerator Alliance (GAIA)

Global Forest Coalition

HELIO International

International Indian Treaty Council

Jubilee South

Third World Network

### ***North American Groups***

Carolinas Clean Air Coalition – U.S.

Center for Coalfield Justice – U.S.

Citizens Environmental Coalition – New York – U.S.

Citizens for Clean Power – Delaware – U.S.

Citizens' Action Coalition – Indiana – U.S.

Civil Society Institute – Massachusetts – U.S.

CLEAN – U.S.

Clean Power Now – Massachusetts – U.S.

Columban Center for Advocacy and Outreach – U.S.

Comité Pro Niñez Dominico-Haitiana – Puerto Rico

Corporate Ethics International – U.S.

Direct Action to Stop War – U.S.

Down to Earth, International Campaign for Ecological Justice in Indonesia – U.S.

EcoEquity – U.S.

EcoLaw/Massachusetts – U.S.

Environmental Investigation Agency – U.S.

Finger Lakes Zero Waste Coalition – U.S.

Friends Committee on National Legislation – U.S.

Friends of the Earth U.S.

Global Community Monitor – U.S.

Global Exchange – U.S.

Green Delaware – U.S.

Greenpeace USA

Grito de las/os Excluidas/os de Puerto Rico

Indigenous Environmental Network – U.S.

Institute for Social Ecology – U.S.

International Accountability Project – U.S.

International Forum on Globalization – U.S.

International Rivers – U.S.

Jubilee USA Network – U.S.

Justice In Nigeria Now – U.S.

Leadership Conference of Women Religious – U.S.

Massachusetts Power Shift – U.S.

New York Climate Action Group – U.S.

North Carolina Waste Awareness and Reduction Network (NC WARN) – U.S.

Oil Change International – U.S.

Polaris Institute – Canada

Proyecto Caribeño de Justicia y Paz – Puerto Rico

Public Citizen – U.S.

Rainforest Action Network – U.S.

Sustainable Energy & Economy Network – U.S.

SustainUS

The Edmonds Institute – U.S.

The Enviro Show WXOJ-LP/WMCB – U.S.

U.S. Bangladesh Advisory Council

Vermonters for a Sustainable Population – Vermont – U.S.

West Papua Action Network (WPAN-US)

West Papua Advocacy Team – U.S.

### ***Africa***

Centre for Environment and Development – Cameroon

citizens for justice – (CFJ)/Friends of the Earth Malawi

Friends of the Earth Sierra Leone

South Durban Community Environmental Alliance – South Africa

Sustainable Development Institute – Liberia

Uganda Network on Toxic Free Malaria Control (UNETMAC) – Uganda

Worldview – The Gambia

### ***Asia Pacific***

450ppm Dont let it get to that – Australia

ActionAid India

Akar Foundation – Indonesia

Aktivis LSM di Solo – Indonesia

Aliansi Masyarakat Adat Nusantara (AMAN) – Indonesia

Bali Collaboration on Climate Change – Indonesia

Bharat Jan Vigyan Jatha (India People's Science Platform) – India

Bharatiya Krishak Samaj – India

Bureau on Human Rights and Rule of Law – Kyrgyz Republic

Center For Development Programs of the Cordillera (CDPC) – Philippines

Centre for Environmental Justice – Sri Lanka

Climate Action Newtown – Australia

Climate Change Balmain-Rozelle – Australia

EQUATIONS – India

Equity and Justice Working Group Bangladesh  
 Friends of the Earth Australia  
 Friends of the Earth Japan  
 Globalization Monitor – Hong Kong  
 Groundwork for Indonesian Socio Ecological  
 Progress (GORESS) – Indonesia  
 Himalayan and Peninsular Hydro-Ecological  
 Network -HYPHEN – Nepal  
 Institute for Essential Services Reform – Indonesia  
 JS –Asia/Pacific Movement on Debt and  
 Development (JSAPMDD)  
 Kelompok Studi dan Pengembangan Prakarsa  
 Masyarakat (KSPPM) – Indonesia  
 LIVE – Locals Into Victoria’s Environment –  
 Australia  
 Nadi Ghati Morcha – India  
 Nepal Policy Institute – NPI  
 NGO Forum on the ADB – Philippines  
 Pacific Indigenous Peoples Environment Coalition  
 (PIPEC)  
 Partners With Melanesians – Papua New Guinea  
 Philippine Rural Reconstruction Movement  
 (PRRM)  
 ProPublic/Friends of the Earth Nepal  
 Pusat Telaah Dan Informasi Regional (PATTIRO)  
 – Indonesia  
 Science for Society – India  
 Taiwan Environmental Protection Union  
 Tebtebba (Indigenous Peoples International  
 Centre for Policy Research and Education) -  
 Philippines  
 Urban Research Centre – India  
 VOICE/Bangladesh  
 Water and Energy Users’ Federation – Nepal  
 (WAFED)  
 Yarra Climate Action Now – Australia  
 Yayasan Pusaka – Indonesia  
 Yayasan Tananua Flores – Indonesia

### **Europe**

Amigos de la Tierra Espana – Spain  
 Bretton Woods Project – UK  
 Bund für Umwelt und Naturschutz Deutschland  
 e.V. (BUND) – Friends of the Earth Germany  
 Campagna per la Riforma della Banca Mondiale –  
 Italy  
 Carlisle Countdown to Copenhagen – UK  
 Central and Eastern European Bankwatch  
 Network  
 Christian Aid – UK  
 Concerned Citizens against Climate Change -  
 Netherlands  
 FERN – UK  
 Friends of the Earth England, Wales and Northern  
 Ireland  
 Friends of the Earth Europe  
 Friends of the Earth Flanders and Brussels –  
 Belgium  
 GLOBAL 2000 / Friends of the Earth Austria  
 Grian – Ireland  
 Klimataktion – Sweden  
 Milieudedefensie – Friends of the Earth Netherlands  
 Moluccan Human Rights Organization “Maluku  
 Masa Depan” – Netherlands  
 NOAH Friends of the Earth Denmark  
 Pro Natura – Friends of the Earth Switzerland  
 Rainforest Foundation UK

### **Latin America and the Caribbean**

Bloque Popular – Honduras  
 Jubileo Sur/Américas  
 Latin America CAN Regional Node CANLA

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[1] Figures from WRI “Climate Analysis Indicators  
 Tool” – [cait.wri.org](http://www.cait.wri.org) <<http://www.cait.wri.org>>

[2] <http://www.guardian.co.uk/environment/2009/may/29/1>

[3] <http://greeninc.blogs.nytimes.com/2009/08/28/the-cost-of-adapting-to-climate-change/>

# TWN

## Bangkok News Update 5

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### 'Shared Vision' on Climate not Merely a 'Political Declaration', Says G77/China

Bangkok, 30 September (Meena Raman) – Developing countries said that a shared vision on climate change cannot simply be a political declaration, as this would mean accepting failure as the outcome of negotiations in Copenhagen.

**Sudan, Chair of the G77 and China**, said this at the contact group on shared vision which held its first meeting on 29 September 2009 at the Bangkok climate talks.

Aiming for a political declaration means accepting failure as the outcome of the negotiations, said Sudan, represented by Ambassador Lumumba D'Aping of Sudan. It means that Parties accept that nothing real should be done for another 15 years. Hence, the G77 idea of a shared vision is not just about 'inspiration only'.

It is a shared vision which has to define the normative and substantive foundation for Copenhagen and define the strategic framework for implementation of the long-term cooperative action. Equally, the shared vision has to articulate the guidelines and legal interpretative assumptions for the binding commitments for developed countries.

Sudan was responding to the views expressed by the United States in the contact group on shared vision under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA).

The contact group was chaired by Michael Zammit Cutajar and began work by considering a reordered and consolidated text of the revised negotiating text in relation to the shared vision.

The **US** said that the shared vision was a critical element of what Parties are collectively here to do. There was a need for a short text. It did not see shared vision as being operational but rather as a political text. The other elements of the BAP (viz. mitigation, adaptation, finance and technology) will be in a legal text. The shared vision would be a decision of the

Conference of Parties (COP) for the rest of the agreement. It was important to convey a message that is high reaching, inspirational and positive. The long-term global goal was important but would not be seen as an operational element but as an inspirational one.

(The US has provided 4 options in the revised negotiating text as to how the shared vision is to be expressed viz. (i) as a COP decision; (ii) as part of the COP decision that adopts an implementing agreement; (iii) as a chapeau to the implementing agreement or (iv) as the first section of the implementing agreement. The US has also submitted proposals to the COP for an implementing agreement that seeks to alter the nature of obligations of developing countries under the Convention by requiring some countries among them to take on binding emission commitments and other obligations which extend beyond the mandate of the Convention and the BAP.)

Sudan also expressed concern about a proposal by the Chair, Cutajar, to "import" proposals from the mitigation section of the negotiating text to the shared vision section. It said that the "migration" of proposals on mitigation could lead to a "mitigation-centric vision". Sudan also said that work in analysing the reordered and consolidated text has to be done by Parties and it was the Parties who had to chisel the text.

In reply, Cutajar said that proposals on a long-term global goal in the mitigation contact group could be discussed in the shared vision contact group. He said that he would like to have informal consultations on this matter.

**Costa Rica**, speaking for the **G77 and China**, referred to the group's proposal on a shared vision in the text, which brought together the issues in shared vision in a consistent way, in a comprehensive proposal.

(The Group's proposal begins with the statement that the "shared vision for long-term cooperative action, including a long-term global goal for emissions reductions, integrates the four building blocks of the BAP in a comprehensive and balanced manner, that would enhance the full, effective and sustained implementation of the Convention...". The four building blocks of the BAP are mitigation, adaptation, technology transfer and finance.)

**The Philippines** echoed the views of the G77 and China and said that the Group's proposal was for a shared vision for cooperative action which was operational, to achieve the four building blocks of the BAP and was to address the implementation gaps of the Convention.

Another issue that arose during the meeting related to proposals by some Parties to review the overall progress towards the ultimate objective of the Convention and actions related to mitigation, adaptation and means of implementation.

**Antigua and Barbuda** said that the proposals for review were important.

**The Philippines** said that on this issue, there were provisions in the Convention for review of overall progress periodically. What are needed are modalities for such a review and this needs to be activated. The parameters for the review are already provided for, which was to enable the full, effective and sustained implementation of the Convention.

**India** supported the Philippines as regards the issue of review, but also expressed concern over proposals for review that were not foreseen in the Convention or the Kyoto Protocol and were extraneous to them.

The Chair, Cutajar, suggested that proponents for such reviews must explain their proposals and Parties can then decide on how to deal with them.

Further meetings of the contact group will be conducted this week.

# TWN

## Bangkok News Update 6

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30 September 2009

### Clash on Whether There is Need for a Financial Mechanism, and Sources of Funds

Bangkok, 30 September (Meena Raman) – Developing and developed countries expressed strongly divergent views on whether there was a need for a financial mechanism under the United Nations Framework Convention on Climate Change at the climate talks in Bangkok.

The G77 and China had proposed the establishment of a financial mechanism under the Convention that shall enable, enhance and support mitigation and adaptation actions by developing countries.

Developed countries such as the US and Switzerland countered the proposal by stating that there was already a financial mechanism under the Convention.

Another area of contention was the sources of funding. Developing countries were strongly critical of what they saw as the developed countries' attempts to shift the burden of financing away from themselves and towards the markets and even towards the developing countries too.

They reiterated that the Convention says that developed countries should provide financial resources for developing countries' climate actions, but they (the developed countries) are now proposing that "all Parties" (i.e. including the developing countries) have to contribute.

The discussion took place at the contact group on finance under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) which met on September 29. It focused attention on preambular paragraphs as well as the 'object and scope' of proposals in the reordered and consolidated text of the revised negotiating text.

The G77 and China proposal is contained in paragraph 8 of the text that reads as follows - "*Parties agree to establish, in accordance with Article 11 of the Convention, the Financial Mechanism of the Convention with a structure that meets the specific requirements laid down under Articles 11.1 and 11.2*

*of the Convention. The Financial Mechanism shall enable, enhance and support mitigation and adaptation actions by developing country Parties to meet the objective(s) in accordance with Article 4.3, 4.4 and 4.5 of the Convention through the provision of financial resources to meet the agreed full incremental costs of such actions, including the full cost of adaptation activities, technology transfer and capacity-building".*

**The Philippines**, represented by Bernarditas Muller, speaking for the **G77 and China** said that Article 11 of the Convention defines the financial mechanism but does not establish it.

(Article 11.1 of the Convention states that "A mechanism for the provision of financial resources on a grant or concessional basis, including for transfer of technology, is hereby defined. It shall function under the guidance of and be accountable to the Conference of Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention. Its operation shall be entrusted to one or more existing international entities.")

**India** said that while the Convention defines the financial mechanism, there is only an interim arrangement now as reflected in Article 21 of the Convention. It was therefore important to establish a financial mechanism that meets the requirements of Article 11.1 of the Convention. Hence, there was a need for the interim arrangement to be restructured.

(Article 21 provides that the Global Environment Facility shall be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 on an interim basis.)

The **US** and **Switzerland** said that there was already a financial mechanism under the Convention.

The **EU** said that in looking at the wider financial architecture, there is within that a financial mechanism. It found it difficult to understand the

defining of a financial mechanism and its establishment. There was also the role of the private sector, the carbon market and the financing that all countries can undertake.

**Saudi Arabia** in response to the EU said that while Parties need to be innovative and creative, there cannot be a change of rights and obligations. The EU is sending developing countries to the markets and to developing countries themselves to provide financial resources for not fulfilling their obligations under the Convention.

The **G77 and China** had also proposed that the main source of funding will be new and additional financial resources, defined as resources over and above the financing provided through financing institutions outside of the framework of the financial mechanism of the Convention.

To this, the EU preferred other alternative texts that provided financial resources through bilateral, regional and other multilateral channels viz.

*“Alternative 2:*

*The developed country Parties, other developed country Parties included in Annex II to the Convention and other Parties, according to agreed eligibility criteria, or those in a position to do so, may also provide, and developing country Parties may avail themselves of, financial resources through bilateral, regional and other multilateral channels.*

*Alternative 3:*

*Parties may provide financial resources through bilateral, regional and other multilateral*

*channels for actions carried out in fulfillment of the objectives of this Agreement. These financial resources shall be deemed as contributing to the fulfillment of the financial commitments of this Agreement, in accordance with the relevant provisions of this Agreement.”*

The **US** also supported the EU views.

Referring generally to the preambular paragraphs of the text, the **Philippines** speaking for the **G77 and China** said that its proposals were to ensure the full effective and sustained implementation of the Convention for the provision of financial resources from developed to developing countries. It was necessary to consider how to address the implementation gaps and where the gaps are, based on the experiences that have been gained. There was a need to have preambular and operative language in this regard.

**Saudi Arabia** said that if Parties discuss proposals without looking at the rights and obligations of Parties under the Convention, developing countries would also be asked to contribute to financial resources and this would be against the principles of the Convention. Hence, there was a need to maintain all the paragraphs in the preamble to remind Parties of the need to abide by the Convention.

**China** said that there were some proposals in the text which say that all Parties must contribute to the provision of financial resources. This is without basis and such proposals were not necessary.

The contact group will continue to meet this week.

# TWN

## Bangkok News Update 7

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### Intense Exchange between US and Developing Countries on Mitigation

Bangkok, 1 October (Meena Raman) – While developing countries called for a strong international legal architecture to ensure comparability of efforts in mitigation between the United States and other developed countries that are Parties to the Kyoto Protocol, the US stressed the need for a national-level approach at the Bangkok climate talks.

An intense exchange of views took place between the US and the developing countries in the contact group on mitigation by developed countries.

A major point of contention during the session on 30 September was about how the comparability of efforts in mitigation efforts among all developed countries ought to be determined, since the US is not a Party to the Kyoto Protocol (KP). Under the KP, developed country Parties are required to achieve quantified emission limitation and reduction commitments, which are determined through negotiations under the Protocol, so that the overall aggregate emission reductions are determined.

While the G77 and China stressed the need for a legal form of comparability through a legal architecture to be developed, using the KP as the benchmark and basis of the comparability, the US stressed a national-level approach.

Following the long and intense exchange, Tuvalu said that there appeared to be two notions from the discussion. One is how Parties will compare with each other in some form and the other is of comparability in a legal form through a legal architecture, as proposed by the G77 and China.

Tuvalu said that if the KP is not the benchmark, the option is that anything goes and Parties will have to re-invent the rules and develop new rules of comparability of efforts and this is a recipe for failure in Copenhagen.

Adrian Macey of New Zealand co-chaired the sub-group on mitigation commitments by developed countries under paragraph 1(b)(i) of the Bali Action Plan.

Parties began by considering the reordered and consolidated version of the revised negotiating text. Macey suggested that the way to move forward was to look at the text in four blocks dealing with (i) national circumstances and comparability of efforts, (ii) mitigation commitments or actions, (iii) measurement, reporting and verification of commitments or actions, and (iv) the compliance regime.

The EU said that there was a need for insight as to the actual level of ambition in mitigation of developed countries. Hence, Parties would benefit from discussions in the Kyoto Protocol on the efforts and contributions of developed country Parties. This would help to have insights and indication as to the level of ambition in the AWG-LCA.

**Brazil** speaking for the G77 and China said that the EU suggestion was interesting as there was a need for a clear view of the level of ambition in mitigation of the developed countries as this was an important part of the comparability discussion.

**Tuvalu** said that while there is value in the context of discussions on the level of ambition, it should be clear that paragraph 1(b)(i) should not be seen as a substitute for the work of the Ad-hoc Working Group on the Kyoto Protocol (AWG-KP). The Kyoto Protocol should remain, although the AWG-KP is not complete as one (UNFCCC) Party (the US) is not there. There was a need for a bigger picture without prejudice to the legal form.

**Brazil** for the G77 and China echoed the point of Tuvalu. While the issue of ambition was important, in no way should it create an alternative to the nature of the AWG-KP. The Group believes that there is a need for a strong definition of comparability.

On the mitigation commitments of developed country Parties and the comparability of efforts, the G77 and China proposal is in paragraph 4 (on page 65 of the reordering of the revised negotiating text, INF2) as follows -

*“To enhance mitigation commitments under Article 4.2(a) and (b) of the Convention developed country Parties in Annex I of the Convention shall:*

*(a) in a context of enhanced implementation, adopt economy-wide quantified emission reduction commitments that are comparable, and that the commitments for the second commitment period under the Kyoto Protocol shall be the reference for enhanced commitments under paragraph 1(b)(i) of the Bali Action Plan;*

*(b) apply the concept of “nationally-appropriate” for Annex I countries in a compatible manner with economy-wide quantified emission reduction commitments for all Annex I Parties;*

*(c) recognizing that the concept of comparability is established under the Bali Action Plan and not in a process under the Kyoto Protocol, ensure that comparability among all Annex I Parties shall express itself in magnitude, form, and in compliance requirements.”*

Paragraph 5 which contains ideas from the proposals of various developing countries lists several criteria for comparability of efforts as follows –

*“[Comparability of mitigation efforts by [developed country Parties] [shall] [should] be ensured through*

*(a) [Their [[magnitude] [, using tonnes of CO2 eq as a unit of comparability] [level of mitigation ambition]]];*

*(b) [Their [[form[nature] and] legal effect]];*

*(b).1 A more robust and stricter compliance mechanism than that in the first commitment period of the KP, including increased caps for emission reductions for non compliant Parties within an agreed timeframe;*

*(c) [Consistency with [relevant provisions of the Kyoto Protocol [and] related decisions of the COP [and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) applying to the first commitment period]], [including requirements for compliance, monitoring and enforcement]];*

*(d) [Time frames [commitment periods] and the application of the same base year established by the Kyoto Protocol.] ]*

*(e) [Magnitude, form and compliance requirements]*

*(f) [The extent to which they address their emission debt]”*

In addition, 3 alternative paragraphs are provided with various elements for such comparability.

**Brazil**, referring to the co-facilitator’s proposal in the reordered text (alternative 3 to paragraph 5) which refers to “similarities”, said that the Group felt that there is a need for a much stronger reference

to the Kyoto Protocol as the basis of comparability of action by all developed countries.

The Group said that “similarities” has a lower level of stringency than “comparability”. There was a need to establish the adequate strength of the comparability and it is not defined by one country with the contribution of others.

Alternative 3 to paragraph 5 of the text reads as follows -

*“5.[Comparability of mitigation efforts by [developed country Parties] [shall] [should] be ensured through Alternative 3 to para 5*

*[(a) Comparable emission reduction or limitation objectives, using economy-wide emission reduction/limitation targets under the Kyoto Protocol as a reference;*

*(b) Similar legal nature of commitments;*

*(c) Similar requirements for measurement, reporting and verification;*

*(d) Similar provisions for compliance. ]”*

Another contentious paragraph was paragraph 7 that provides a long list of factors that should be taken into account in assessing the comparability of efforts by developed country Parties which is comprised of ideas from both developed and developing countries.

The **EU** said that an important notion is that there be dialogue about comparability. It did not think it useful to have concrete formulation and wordings in the text on comparability.

The **United States** said that each country has to assess the comparability of its efforts. It is a function of variables, unique to Parties’ own circumstances. For example, if there are concerns about a particular sector, prominence is given to that sector. It concurred with the EU that the list could be of use but not in this kind of a formal negotiation. It was more of a national question. However, it said that one option could be that there be no list at all and it is left blank.

**India** said that the comparability of effort is essential for objectivity and transparency. The depth of Annex 1 emission cuts depends on the extent of the surplus atmospheric space that is available. Objective criteria require progressive movement and equal per capita allocation of the atmospheric space between developed and developing countries. Therefore, there is a need for objective criteria. India referred to the submission of a proposal by a group of 37 countries in the AWG-KP that called for at least a reduction of 40% of emissions by 2020 based on 1990 levels.

**South Africa** said that comparability of effort is essential and the KP has to be the basis of reference.

**China** said that the KP should be seen as the basis of comparability in four pillars – in the comprehensiveness of the targets, the nature of the

commitments which should be quantified and legally binding, the proximity of magnitude and intensity and the compliance, monitoring and verification mechanism which should be an international-level assessment and not at the national level.

The **US** asked the question on how the KP served as a reference. Jonathan Pershing (the US lead negotiator) recalled the negotiations under the KP. He said that what developed country Parties ended up doing was to come up with national recommendations and inscriptions of what their pledges were in terms of mitigation efforts. It is the same here under paragraph 1(b)(i).

In response to India, the US said that comparability could provide for information on transparency. The US supports the need for transparency, (to be located) not in the comparability instrument but on how Parties understand the 'MRV' question (measurement, reporting and verification). Another possibility is on legal compliance. Instead of a centralised standard, we can look at the national compliance structures and could think about that regime for a national framework and structure, on which compliance issues are relevant.

On the notion of a particular number (referring to mitigation targets) that would apply to every country, there is a range of numbers under the KP, for example, a 6-7% emissions reduction target. There is a price range on what it costs countries to do so and that is a divergent characteristic. A single numerical figure gives little insight into the performance of a country. How do we evaluate whether it is adequate and how whether it is found to be acceptable? Parties do so by the entry into force of the agreement. Having different criteria for different countries is the right approach. The listing is useful for the consideration of actions but is not a way forward in the agreement itself.

**Brazil** in response to the US said that the KP numbers were the result of a process based on pledges. This was not the preferred solution by developing countries during the KP negotiations. Many countries, including Brazil, presented objective criteria and the concept of historical responsibility was important, as is still.

For the G77 and China, the comparability of effort should be solid and strong and part of the negotiated outcome, covering different aspects. The magnitude of the commitment is part of this. The magnitude must not be based on what countries are willing to pledge or some national estimation effort. It has to have criteria and historical responsibility is also a consideration. The magnitude of the numbers that result in the new second commitment period of the KP for developed country Parties in the KP along with non-KP Parties must generate a mitigation result

and contribution that is at an adequate level of ambition. It is far beyond a simple process of what countries believe to be their number nationally.

Another reference to the KP deals with the other aspect of the form i.e. in the same form, which is a quantified economy-wide emissions reduction commitment. The KP is essential in a broad strong sense of comparability, jointly with historical responsibility and adequacy, with mid-term and long-term targets.

**Tuvalu** said that the US interprets the system to examine the compliance system in a national approach, to see if it is adequate. The compliance system is a significant sub-set of comparability. An international agreement requires an international benchmark. That should be based on the KP. If we do not have the KP as a benchmark, the option is that anything goes and we re-invent the rules and develop new rules of comparability of efforts and this is a recipe for failure in Copenhagen.

In response to Brazil, the US said that the concerns of the G77 and China are about how to have relative confidence on what is being done. This can be addressed if the US has in its agreement 'MRV' language which will have some way to evaluate performance and binding obligations. A country stating that it will do "x" is the nature of the bindingness and this would show up as the form of commitment. The decisions taken will be informed by the climate language.

In response to Tuvalu, the US said that on the stringency of the effort and on how to measure, it would provide a snapshot with its own statistic for a long-term strategy and vision, with consistency over time and with a vision of significant deviation in emission reductions; 80% emission reductions (by 2050) is part of that and which the US will report on, against which its actions can be reviewed.

**Japan** said that comparability is important to assess developed country commitments. It echoed the EU and said that the criteria set out in paragraph 7 are useful as a tool but are not necessary for a final text in Copenhagen.

**Australia** supported the view of the EU and the US on the issue of comparability.

The Co-Chair, Macey, said that the exchange on the substance had a number of common threads and divergences. Concepts were important on transparency and the strong link to ambition in mitigation. In terms of comparability and how it is framed, there were differences. The emphasis was on whether the assessment was from a national or international point of view. On how to take the text forward, this was a Party-driven process and the discussion did clarify where the differences are.

# TWN

## Bangkok News Update 8

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### Further Division between Developed and Developing Countries in the Kyoto Protocol

Bangkok, 29 September (Josie Lee) – After a contested start to the negotiations under the Kyoto Protocol on the continued survival of the Kyoto Protocol itself, the divisions between developed and developing countries continued in regard to reform of the Clean Development Mechanism.

During the contact group on “other issues” of the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) on 29 September, three key points of division arose in relation to how to address this issue. The contact group was discussing emissions trading and the project-based mechanisms under the Kyoto Protocol.

(The Clean Development Mechanism (CDM) is one of the project-based mechanisms under the Kyoto Protocol, and has been widely criticized for, amongst other things, an onerous bureaucratic process that generates high transaction costs (the financial cost of addressing administrative issues). This factor, while a problem in itself, also favours development of projects in only a small range of developing countries, as it makes it more cost-effective for investors to invest in countries that have a greater capacity to efficiently manage the process and which have more experience with the mechanism. This situation has led to a number of proposals as to how to address the issue of the distribution of CDM projects in the Kyoto Protocol negotiating track.)

The first division in the contact group related to the proposal on the development of standardized, multi-project baselines under the CDM (paragraph 12 and 13 of the document by the Chair of the AWG-KP that contains draft decisions on “other issues”)<sup>1</sup>. The idea of these baselines is to establish parameters, benchmarks and procedures for the determination of additionality and the development of baseline methodologies for CDM project activities, in order to streamline the administrative process.

The discussion on this proposal revealed strong division between developing countries on the one hand, who wanted no decision to be taken with respect to this issue (Option 1), and developed countries on the other hand who supported a body providing guidance on and definition of standardized baselines for specific project activity types or sectors under the CDM (Option 2).

Those countering this North/South division trend included: Norway, which expressed that it had no strong preference for Option 2, instead stating that the environmental integrity was the crucial factor; Micronesia, which said that optional baselines could be established if they helped deal with the aforementioned issue; and New Zealand, which expressed concern that mandatory baselines could hold up processing of CDM projects while baselines were being agreed upon.

The second disagreement related to the proposal for positive or negative lists of project activity types that would be eligible under the CDM (paragraph 19). Positive or negative lists of project activities are another means to reduce bureaucratic red tape by stipulating which CDM project activities are eligible and which are not, respectively.

In this case, the division was the converse with New Zealand, Switzerland and Sweden on behalf of the EU preferring no decision to be made with respect to this issue (Option 1), while most developing countries supported the development of positive lists in order to help least developed and other developing countries overcome barriers and increase their participation in the CDM process (Option 2).

Sweden on behalf of the EU expressed interest in both positive and negative lists, should an approach to list project activities be adopted (but it preferred the standardized, multi-project baseline approach).

The Alliance of Small Island Developing States (AOSIS) and Bangladesh both expressed concern

that such a list would be a great challenge to develop and Bangladesh suggested that Paragraph 21 that directly aims to improve access to project activities of the CDM by those countries currently not securing projects was a better means to address this issue.

The third point of contention during the contact group session related to whether an “additionality test” could or should be required for a positive list of project activity types. The additionality test assesses whether a proposed project would have occurred regardless of whether it was financed through the CDM mechanism – a CDM project criterion is that it would not have occurred otherwise.

Many developed countries do not want additionality tests on positive list project activities (and assumed it was excluded) as it would undermine the reason for creating a positive list, which is to streamline the process and reduce barriers to CDM project implementation in countries currently marginalised in the process.

Sweden on behalf of the EU asserted that the additionality test was necessary to protect the environmental integrity of the scheme. The secretariat clarified that it is possible that a positive list may have a simplified mechanism for demonstrating additionality.

On 30 September, the “other issues” contact group resumed. In this session, the Chair elected to address the section on greenhouse gases (GHGs), sectors and source categories; common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks; and other methodological issues in the document by the Chair of the AWG-KP that contains draft decisions on “other issues”.

In the discussion of common metrics to calculate the carbon dioxide equivalence of emissions by sources and removals by sinks<sup>2</sup> there was a majority preference for Option 3 which stated that provisions of the Kyoto Protocol relating to global warming potential remain unchanged in the second commitment period of the Kyoto Protocol. However, Brazil expressed a preference for Option 2 which states that provisions remain unchanged until the Subsidiary Body for Scientific and Technological Advice (SBSTA) concludes its consideration of this matter and, if appropriate, recommends a draft decision adopting global temperature potentials as a common metric.

Another issue that was addressed was the proposals on application of the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories. This proposal relates to how and when to include new greenhouse gases in national greenhouse gas

emissions accounting. This is important as it affects the scale and scope of the mitigation commitments. If it covers more emissions types, then the mitigation effort to achieve proposed targets may have to be greater and address a wider range of emission sources.

Sweden on behalf of the EU and Switzerland supported Option 1 which states that in the second commitment period the methodologies for estimating emissions by sources and removals by sinks of all greenhouse gas emissions not covered by the Montreal Protocol shall be consistent with the 2006 IPCC Guidelines because they believe that it provides clarity and certainty as the IPCC guidelines are concrete and robust. They argued that the other options introduce uncertainty. Sweden on behalf of the EU said they simply could not accept Options 2 or 3 due to the uncertainties they present.

Brazil supported Option 2 which proposes to retain the current text in the Kyoto Protocol until such a time as the SBSTA completes its revision (in 2010) of the UNFCCC reporting guidelines on annual inventories. It asserted that the UNFCCC findings should be applied to the second period of the Kyoto Protocol. Brazil explained that there are many doubts and uncertainties in using the IPCC 2006 guidelines, as they are soon likely to be inconsistent with the reporting under the UNFCCC and there will be pressure to replace them. So for consistency and certainty it prefers Option 2, it said.

Australia advocated Option 3, which was not widely discussed or accepted. Option 3 states that the methodologies for estimating emissions by sources and removals by sinks of all greenhouse gases not covered by the Montreal Protocol shall be those agreed upon by the Conference of the Parties serving as the meeting of the Parties to the Protocol (CMP), and this should be based on the work of the IPCC and the advice by the SBSTA.

The Chair indicated that he believed that Parties wanted the same things, certainty and comprehensive coverage, but that the current text proposals have not managed to reflect this in an agreeable way. The Chair proposed that the EU, Brazil and Australia informally discuss their various proposals and, led by Australia, work together to develop some new text.

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<sup>1</sup> To view text go to the document: FCCC/KP/AWG/2009/10/Add.3/Rev1 – page 5, paragraph 12 and 13

<sup>2</sup> To view text go to the document: FCCC/KP/AWG/2009/10/Add.3/Rev.1 – Page 33

# TWN

## Bangkok News Update 9

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### Negligible Changes in Emission Reduction Pledges, Conditionalities Remain

Bangkok, 1 October (Hira Jhamtani and Lim Li Lin) – The UNFCCC Secretariat issued a new informal note on Tuesday 29 September, which compiles information relating to possible quantified emission limitation and reduction objectives (QELROs) of some Annex I (developed country) Parties.

This note is an update of the similar note issued on 11 August 2009 during the Bonn informal meeting of the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP).

The compilation continues to contain only the so-called “bottom up” pledges of some Annex I Parties. The Annex I Parties are Australia, Belarus, Canada, the European Community, Iceland, Japan, Liechtenstein, Monaco, New Zealand, Norway, the Russian Federation, Switzerland and Ukraine.

The new note was issued due to the recent announcement by Japan at the opening of the current ninth session of the AWG-KP on 28 September in Bangkok, of its decision to reduce emissions by 25 per cent by 2020 compared to 1990 levels. Japan’s previous target was a 15 per cent reduction from 2005 levels by 2020, pledged by the former government.

It does not contain the proposals and submissions by non-Annex I Parties for quantified emission limitation and reduction commitments (QELRCs) that have called for much higher figures.

The note also aggregates the values relating to possible QELROs, which is based on the most recent inventory data available on the UNFCCC website, which is based on submissions by the Parties, and which has been reviewed by expert review teams.

Based on the data, the Secretariat has calculated two sets of figures for emission reductions by these Annex I Parties in aggregate.

The first set of emission reductions was calculated using emissions in 1990 or any other reference year specified by the Parties, excluding

emissions from the Land Use, Land Use Change and Forestry (LULUCF) sector, but including emissions from deforestation in accordance with the current accounting rules under the Kyoto Protocol. Based on this, the emission reductions in aggregate for these Annex I Parties are expected to be between 16 and 23 per cent below 1990 levels in 2020. The August 2008 figure was between 15 and 21 per cent, a difference of 1 and 2 per cent respectively.

The second set of figures was calculated using emissions in 1990 or any other year specified by the Parties including emissions and removals from the LULUCF sector. Based on this, the emission reductions in aggregate for these Annex I Parties are expected to be between 15 and 22 per cent below 1990 levels in 2020. The August 2008 figure was between 13 and 20 per cent, a difference of 2 per cent.

This negligible change is still accompanied by conditionalities. The Annex I Parties that have put forward figures for emission reductions in aggregate have put forward low figures, with conditionalities, and which are based on different reference years (not 1990 but later). Some have included LULUCF and the flexible mechanisms under the Kyoto Protocol in their calculations.

One of the conditionalities proposed by some Annex I Parties (e.g. Australia, the EU) is that “major developing economies” or “economically more advanced developing countries” contribute to emission reductions. It is not clear what are the criteria and meaning of “major developing economies” and this conditionality has been objected to by many developing countries.

Another conditionality is that other developed countries take on comparable emission reductions. This refers to the US, which is not a Party to the Kyoto Protocol, although included as an Annex I Party under the UNFCCC. Some Annex I Parties are

also insisting that accounting rules in the LULUCF sector be clarified before the figures for emission reductions can be estimated.

During the opening session of the AWG-KP, many developing countries applauded Japan for increasing its target and called upon other Annex I Parties to take similar steps. But as the negotiations proceeded in the contact group, some developing countries began to express disappointment and sadness that the negligible increase in the aggregate greenhouse gas (GHG) emission reductions still comes with conditionalities.

The figure is even lower if the US is included, as reflected in a compilation by the Alliance of Small Island States (AOSIS). The AOSIS compilation includes Croatia and the US. It is based on the assumption that the commitment of Croatia is the same as the EU, i.e. a reduction of 20 to 30 percent from 1990 levels by 2020. It assumes a reduction range of 14 to 20 per cent from 2005 levels for the US. The range is based on the indication by US President Barack Obama that a return to emissions at 1990 levels by 2020 is one option.

According to AOSIS, the US Waxman-Markey Bill is estimated to result in a reduction of approximately 20 per cent from the 2005 levels. Based on these announcements and pledges, the AOSIS compilation shows a very low estimate of aggregate reductions from 1990 levels by 2020 of 11 to 18 per cent.

The figures in the AOSIS compilation are in stark contrast to even the figures often referred to in the Intergovernmental Panel on Climate Change's Fourth Assessment Report of 25 to 40 per cent, and the proposal of AOSIS for a reduction of at least 45 per cent below 1990 levels by 2020.

A coalition of 37 developing countries has proposed that the emission reductions by Annex I Parties in aggregate should be at least 40% below 1990 levels by 2020.

Bolivia, Malaysia, Paraguay and Venezuela, supported by Sri Lanka have proposed that Annex I Parties reduce their domestic GHG emissions by more than 49 per cent below 1990 levels in the commitment period from 2013-2017. The total emission reductions of Annex I Parties will be determined by applying the principle of historical responsibility/debt and addressing the needs of developing countries. The difference between the total and domestic figures can be met through financial transfers under the UNFCCC.

These pledges are not only low, but they remain pledges only (except for the EU that has domestically legislated its target of 20 per cent reduction and 30 per cent reduction if other countries join in). As one developed country said in the contact group, the pledges are announcements, they have not been transformed into legally binding commitments.

Despite all the hype about strong commitments to tackle climate change, expressed by leaders at the UN Summit in New York and the G-20 meeting in Pittsburgh, developed countries are not taking the lead in the negotiations on the second and subsequent commitment periods of Annex I Parties under the Kyoto Protocol. Not only do the figures remain elusive, Annex I Parties are also putting stumbling blocks in the negotiations by saying that they cannot define their targets without the US, which is not Party to the Kyoto Protocol and without an agreement on the broader context, which requires close collaboration between the AWG-KP and the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA).

Some members of developing country delegations were heard in the negotiating room as well as in the corridors expressing their frustration, saying that they are "at a loss on what to do next".

Many NGO observers see this as a race to the bottom.

# TWN

## Bangkok News Update 10

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### No Conditions on Mitigation Actions of Developing Countries – Says G77 and China

Bangkok, 1 October (Meena Raman) – Developing countries stressed that mitigation actions of developing countries are formulated nationally in the context of sustainable development, voluntary in nature and not subject to conditions and must be enabled and supported by developed countries.

The G77 and China expressed concern over proposals by developed countries that would put conditions on nationally appropriate mitigation actions (NAMAs) at the sub-group on mitigation actions for developing countries under paragraph 1 (b)(ii) of the Bali Action Plan (BAP) which met on 30 September.

**Brazil**, speaking for the **G77 and China**, reiterated the Group's position that sub-paragraphs 1(b)(i) (mitigation by developed countries) and 1(b)(ii) (nationally appropriate mitigation actions by developing countries) are distinct in magnitude and legal nature. The Group does not support ideas that do not differentiate this. Support for mitigation is through the enabling of support. It was concerned by proposals that condition the nationally appropriate mitigation actions (NAMAs). NAMAs are voluntary and formulated nationally in the context of sustainable development.

The Chair of the sub-group, Margaret Mukahahanna-Sangarwe of Zimbabwe, made proposals to consolidate the negotiating text along the following clusters: (a) introductory and preambular material, (b) definition and scope, (c) support enabling activities and institutional arrangements, (d) plans and strategies, (e) mechanisms to register, (f) measuring, reporting and verification (MRV), (g) national schedules, and (h) a new MRV subsection.

The **European Union** found the clustering exercise useful and said that there was a need to understand how the NAMA architecture works. It referred to the concept of the 'lifecycle' of NAMAs and that upon understanding this concept, operational

language in the text could be found to indicate how the 'system' works. It explained the three steps on how NAMAs get into the system and there was a notion of a registry in this regard. The first step is to get the NAMAs into the system through technical analysis. Through the use of combined experts and knowledge, NAMAs can be improved, making them more efficient and effective. There is therefore the registration and technical analysis of the NAMAs. Secondly, there is the matching of the NAMAs with the support needed for the actions. Following this is the third step, the implementation of the NAMAs, with reporting etc.

There are many ideas about low-carbon-growth plans which are an important concept. There was a need to design low-carbon-emission strategies to support NAMAs in efficiency. This is not a burden or a condition but to push NAMAs forward through the system. Thinking of lifecycle helps to explore how the machinery works and the registry is a good place to start.

The **United States**, with reference to the issue of conditions on NAMAs, agreed that NAMAs are voluntary and bottom-up. Longer-term pathways guide decisions on how we speak about them. They are not conditions on actions. 'MRV' is critical and relevant and components of that need to be explicit.

**South Africa**, speaking for the **Africa Group**, said that a mandate should be given to the co-chair to eliminate the duplication in the text to take it forward. However, there were substantial proposals that are not appropriate as there needs to be consistency with the Convention (UN Framework Convention on Climate Change) and the BAP (Bali Action Plan). The BAP supports finance, technology and capacity building for NAMAs which are for all developing countries, small or large.

**The Philippines** said that in the consolidation exercise, it was important not to blur the distinction in the various proposals as consolidation must not

mean the merger of proposals. The means of implementation for NAMAs must be reflected in the text. NAMAs are not commitments. Article 4.3 of the Convention requires the provision of the agreed full incremental costs for activities to be funded. Article 4.1 activities for developing countries are (for them) to take actions for readiness to act. Article 4.1(b) is for the formulation and implementation of programmes that could eventually lead to actions. Hence, all of the financing is not NAMAs but for readiness for NAMAs. Actions cannot be taken without preparation.

NAMAs are nationally determined. The Philippines was not sure about what the EU was saying about the 'lifecycle' of NAMAs. The 'lifecycle' approach seems to start from 'death to birth' but the developing country proposals are from 'birth to death'. There was a need for clarity of understanding as it appears that funding is only when NAMAs are nice or when there is readiness for action. NAMAs refer to those which are enabled and supported. There is additional financing for actions.

**Australia** said that there was a high-level operational aspect for a post-20102 outcome in a future decision. There was a need for brief guidance on the definition and scope of developing country actions. The text is broad and does not limit the scope of NAMAs. On the enabling of NAMAs, it was important not to duplicate proposals under financing and capacity building. National schedules can be used to capture a range of actions by developing countries.

**Japan** said that NAMAs do not need to be in the form of a quantified emission limitation or reduction objectives. National action plans can include a quantified element. Developing countries whose GHGs (greenhouse gases) are large in terms of global emissions and who have appropriate responsibility and capacity must achieve intensity targets to substantially reduce the emissions. It was inevitable to embrace them in global mitigation efforts. The 'MRV' element was important and could follow the mechanisms stipulated in the Kyoto Protocol, and should include information necessary to demonstrate compliance, which should be reviewed by experts.

**Micronesia** speaking for the **Alliance of Small Island States** said the objective of the mitigation effort by Non-Annex 1 countries should lead to significant deviation from business-as-usual emissions. NAMAs are different for different groups of countries, respecting the common but differentiated responsibility (principle). NAMAs must contribute to GHG reductions so that the effort can be compared. There is no value in a long laundry

list of NAMA categories. There is also room for unilateral actions. There could be a registry of actions for both NAMAs (unilateral/unsupported and supported actions).

**South Korea**, in reference to the issue of schedules, said that there were two issues. One is actions of developing countries and the other is how to capture that internationally. The registry is to capture the action. The MRV for NAMAs is not for compliance or sanction but to provide international recognition. It is for improving transparency rather than for compliance or sanction.

**Pakistan** said that consolidation of the text should be aimed at where there is a high level of convergence on ideas. The convergence can be high in proposals and ideas that are in line with the Convention and the BAP. It did not think unilateral actions by developing countries are NAMAs. Convergence on this is difficult. In relation to the issue of 'substantial deviation from baseline', the BAP only refers to the need for MRV of actions and not deviation.

**China** said that the focus of discussions should be on the mandate of the BAP and to ensure that the contents of the proposals are in line with that. NAMAs are in the context of sustainable development. What is nationally appropriate should be designed by developing countries and is voluntary in nature. It should not be made mandatory. There is a need to discuss actions and support simultaneously. There cannot be discussion of actions without support.

**India** said that financial support under the BAP has to cover the full incremental costs of the measures as laid down in the Convention. It is not a subjective assessment of the needs of the developing countries. It is essential for the question of finance to be dealt with in the NAMAs contact group as well as the group dealing with the finance issue. There is a need for including references to the Convention principles and provisions so that proposals that only include paragraphs of operational significance including contextual material are not acceptable. Provisions in Article 4.1 must be read also with Articles 4.3, 4.4 and 4.7 of the Convention and Article 12 paragraph 1 on reporting in the national communications. New commitments for reporting are not acceptable and fall outside the Convention. This also applies to national schedules and should be excluded. Low-carbon or low-emission plans are a vaguely defined concept. A recent UN DESA report refers to low-emission high-growth strategies. Unsupported NAMAs cannot be subject to verification. Verification is only for the supported NAMAs. There is a contractual commitment linked to the receipt of financial support.

# TWN

## Bangkok News Update 11

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### Major Clash over Proposals on “Mitigation Actions by all Parties”

Bangkok, 2 October (Meena Raman) – Developed and developing countries clashed over proposals by developed countries to introduce new frameworks for “mitigation action by all Parties”, at the contact group on mitigation on 1 October, at the Bangkok climate talks.

Developed countries, led by the United States, presented proposals for come common mitigation actions that would be placed in national schedules or in a register and subject to international review. Developing countries, in particular Brazil for the G77 and China, as well as India and China, strongly opposed what they viewed as attempts to impose new commitments and obligations on them that are contrary to the United Nations Framework Convention on Climate Change.

The clash reflected the deep differences in one of the most major of issues that have divided the Parties in the Bali Action Plan process, i.e. the respective roles of developed and developing countries in actions to mitigate climate change.

The United States, Australia and Canada have submitted proposals in the negotiating text for new “frameworks” for mitigation action by all Parties (on pages 60-62 of the reordering of the revised text, known as INF.2). Developing countries see the proposals as efforts to blur or even obliterate the distinction between the “mitigation commitments” of developed countries (which include legally binding emission reduction targets) and the “mitigation actions” of developing countries (which are dependent on finance and technology support), and to impose new obligations on them that are contrary to the Convention and the Bali Action Plan.

The US’ lead negotiator, Jonathan Pershing, said that the US wanted a Copenhagen Agreement which was different from the Kyoto Protocol, and where all Parties enhanced their collective action. Australia advocated for a Kyoto-plus approach with national schedules for all Parties to reflect the mitigation efforts.

At the contact group meeting on mitigation on 1 October, which was chaired by the AWG-LCA Chair Michael Zammit Cutajar, Parties considered proposals from paragraphs 21 to 37 on pages 60-62 of the reordered and consolidated text, under the heading “Frameworks for mitigation action by all Parties (including schedules, low-carbon-development strategies and measurement, reporting and verification)”.

(These paragraphs were proposals from the United States, Australia and Canada. They reflected the content of submissions from the United States and Australia to the Conference of Parties in December in Copenhagen for new agreements under the Convention, as possible legal outcomes.)

Brazil’s Andre Odenbreit Carvalho, speaking for the **G77 and China**, said that the Group had made clear the distinction of mitigation commitments of developed country Parties under paragraph 1(b)(i) of the Bali Action Plan (BAP) and the nationally appropriate mitigation actions of developing countries under paragraph 1(b)(ii). The distinction exists both in terms of the magnitude of the mitigation efforts as well as its legal nature. For this reason, the G77 and China opposed the proposals included in the framework for mitigation by all Parties.

In response to the G77 and China, Jonathan Pershing, the head of delegation of the **United States**, said that this issue was at the heart of the agreement in Copenhagen and presents two visions. There is a difference between agreement (in Copenhagen) and the Kyoto Protocol (KP). The KP has a centralised process of assigning obligations. This is different from actions, which are common to all Parties.

The US said that Article 4.1 of the Convention requires all Parties to formulate, implement measures to mitigate, to provide national inventories etc. It asked, how therefore to enhance our collective goals and the actions of all Parties? This, he said, does not mean that there are no differences based on those

with historical responsibilities and capabilities needing to lead and to provide finance and support.

On this basis of Article 4.1, the US saw the agreement as having a number of components. Enhancing reporting actions of all Parties as under Article 4.1 (b) in formulating, implementing and publishing measures to mitigate. It said that all Parties have to collectively and individually do that. At present, there is too long a time before countries report. Now there should be a location where all countries report. 'We like to know what developing countries do, and on the efforts of all.'

The actions of countries would be different. For example, the US would take economy-wide quantified actions; introduce a cap-and-trade system; provide for significant reductions in emission over a long-term period. Developing countries do not need to do the same kind of thing but the US would like to know what they are doing, to compare actions of one another on the efforts each is taking. The US proposed the concept of an 'appendix' or 'schedule' or 'register' for a place to record actions up front, right at the beginning.

For the US, there was a need to see if actions of countries are collectively enough, and to see if a Party takes action where they are competitively exposed. 'We need to know how we treat international relations between ourselves.' There is a need to submit information in a clear way. Unlike the national communications, which is post-facto, 'we need an up-front list so we can evaluate and review how each is doing and compare actions of one another.'

The US added that there can also be a review of the adequacy of the action. If the US says it has a renewable effort but others say that it is not enough to meet the 80% reduction target, Parties can look at the programme and say the US is not doing far enough. There is a need for some kind of consistency depending on how advanced one is. The US has capacity and a clear sense of a long-term trajectory consistent with the science. 'Parties can determine what they think of our programme.'

The US said the idea of the low-carbon development strategies etc is in the context of where Parties are going over time. The immediate actions are in the registry or schedule. All Parties need to do this and those who do not have capacity have to be supported to make that work. All countries will make a contribution and 'we are not differentiating'. There are basic standards and there is no reason to have differentiation in understanding what countries are doing.

This, said the US, is a different vision from that of the Kyoto Protocol, and an enhancement of

the common commitment to report and publish mitigation policies and measures. It is not credible to have one country say it will make the effort and another say it is voluntary. Countries have a clear competitiveness interest with one another as well as environmental interests. The US is not dictating what countries should do but it is up to countries to choose what to do as they have a different set of circumstances, but they would report on their actions. This crosses the line between paragraphs 1(b)(i) and 1(b)(ii) of the BAP. Reports belong to both. 'We are trying to frame a different vision.'

**Australia** said that it had put forward the idea of national schedules as a possible solution for an architecture to work for all Parties towards a goal of keeping GHG emissions to 450 ppm or less by 2050. Explaining the concept, it said that each party has a national schedule of mitigation commitments or actions. For the developed countries, it is economy-wide quantified emission limitation or reduction commitments and for developing country Parties whose national circumstances reflect greater responsibility or capability, nationally appropriate mitigation commitments or actions aimed at achieving substantial deviation from baselines. The approach is Kyoto-plus, as it retains the economy-wide targets for developed countries. Australia was considering two legal options for its proposals.

The first legal option consists of a single, new protocol that unifies action under the Convention and builds on the Kyoto Protocol. The second option entails two protocols in the form of an amended Kyoto Protocol and a new Protocol under the Convention. Australia stated that from the perspective of legal certainty, operational efficiency and simplicity, the most effective legal structure for a post-2012 outcome would be a single new protocol that unifies action under the Convention and builds on the Kyoto Protocol.

**Canada** said that there was a need for Parties to express their common commitment to avoid climate change generated broad action. The issue was how all actions are going to affect emission trends globally and there was a need for a means to express that. While developed countries take on quantified and economy-wide emission reduction commitments, there was a need to enable developing countries to also take action, consistent with the principle of common but differentiated responsibility.

The **European Union** expressed support for the framework proposals. It was interested in exploring the idea of the schedules to capture the common and differentiated elements of the mitigation efforts. It was a dynamic approach and allows for regular review and a quick response to

the new science of climate change. It allowed for a robust approach for an ambitious and strengthened regime. It said that a transformational shift was needed to a low-emissions pathway.

There is therefore a need to have a long-term global goal to guide the collective effort to stay within the 2°C and to include a collective effort to formulate a low-carbon-emissions strategy. It was necessary in the Copenhagen agreement to express the content of the different actions. For the developed countries, there was a need to carry over the key elements of the KP into the agreement, with economy-wide and legally binding quantified emission limitation and reduction objectives and includes robust reporting and accounting. There was also a need for flexibility mechanisms and an ambitious compliance regime.

In response to views expressed by the sponsors of the framework proposals, Ambassador Das Gupta of **India** said he was presenting preliminary views on the proposals. Firstly, the proposals under consideration totally conflict with the Bali Action Plan and the Convention. It seeks to effectively reverse the distinction between Annex 1 and Non-Annex 1 Parties. The BAP makes a clear distinction between the mitigation commitments of developed country Parties and the nationally appropriate mitigation actions of developing countries.

India expressed its surprise at the references to Article 4.1(b) of the Convention and the “deafening silence” from the developed countries as regards Article 4.2 of the Convention. (Article 4.2 of the Convention specifically provides for the commitments of developed country Parties). India said that excluding the provisions of Article 4.2 and focusing entirely on Article 4.1(b) is an attempt to obliterate the distinction between developed and developing countries which is fundamental to the Convention.

Secondly, the proposals impose new mitigation commitments for developing countries which do not exist under the Convention. The UNFCCC is clear that developing countries are not to take actions unless developed countries provide new and additional financial resources to meet the agreed full incremental costs to developing countries as compensation for their mitigation actions. Articles 4.3, 4.4 and 4.7 amplify this.

It said that under the proposals, “assistance” may be provided, as if this is aid, to developing countries and this is subject to a subjective assessment of the countries concerned. In doing so, the concept of compensation is suppressed. New mitigation commitments for developing countries are not foreseen in the Convention. Developing countries have to commit and divert resources from development and poverty eradication to take on

mitigation commitments that are intended to fall on the shoulders of developing countries from those of the developed countries.

Thirdly, there are no review provisions for developing countries under the Convention. Developed countries now want to impose new reporting and review obligations, which are in conflict with the UNFCCC. This is a basic and fundamental flaw, which ignores and distorts the concept of responsibility under the Convention. The responsibility is for causing climate change and this has been replaced by the concept of “national circumstances”. Under the Convention, there is a distinction between responsibility, capability and national circumstances. National circumstances do not subsume responsibility and is an entirely different idea.

The developed country proposals call for national emissions pathways to 2050. India asked if the pathways converge on an equal per capita level, or if their intent is to ensure the developed countries’ control of and access to a portion of the atmospheric space more than their entitlement and deny developing countries their share of the space and to ensure that the gaps between them continue to 2050 or longer?

**China, represented by delegation chief Mr. Su Wei**, said that the discussion should focus on the mandate of the BAP and the structure should follow to keep the clear distinction between paragraph 1(b)(i) and 1(b)(ii) of the BAP. On the common and differentiated issue, the principle of common but differentiated responsibility is clear. The word ‘responsibility’ matters. Developed countries have to take the lead to reduce emissions not just because they have capacity but because of their historical responsibilities.

It supported Brazil’s statement for the G77 and China, and said that it would not be proper to talk of a framework under the heading of mitigation. There is already an existing framework and that is the UNFCCC and the BAP and there is no need for further sub-frameworks. China said that time is limited. If we conduct discussions in this manner, it is far from translating the political will of leaders expressed at the UN Summit in New York into a tangible conclusion in Copenhagen. Let us focus on what is essential for Copenhagen and for the implementation of the Convention.

The Chair, Cutajar, in his concluding remarks said that the Convention is a framework agreement, which is broad and ambitious. It is up to Parties to ensure that the framework is not a cage but allows Parties to proceed and advance collectively. The Convention is a launching pad for action and Parties should move forward respecting its objectives, principles and provisions.

# TWN

## Bangkok News Update 12

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### KP Plenary: Kyoto Protocol under Threat, We will be “Laughing Stock” on December 18

Bangkok, October 2 (Hira Jhamtani) – At the stock-taking plenary session on the Kyoto Protocol, developing countries criticised Annex I countries for evading their mitigation commitments, failing to make adequate emission-reduction pledges, undermining the process and even killing the Kyoto Protocol itself.

At a highly charged two-hour session, the developing countries accused the developed countries of not seriously engaging in negotiations at the Kyoto Protocol track, and for making national pledges on emission reductions that do not add up to what science says is required to save the world from catastrophic levels of climate change.

Developing countries are calling for an aggregate cut of at least 40%. The combined cut from national pledges made by Annex I countries comes up to only 16-23% (UNFCCC secretariat estimate excluding the US) or 11-18% (AOSIS estimate including the US). Many countries refer to the IPCC’s 4th Assessment Report which lists a number of emission allocation scenarios including the range of 25-40% emission reductions by 2020 (compared to 1990 levels) by Annex I countries.

The Chair of the ad hoc working group on the Kyoto Protocol (AWG-KP), Mr. John Ashe, also gave a caustic analysis of the situation, at the end of the meeting. Referring to the gap between the Annex I pledges and the required cuts, he said “we will be a laughing stock come 18 December” if the gap is not closed. He also asked Parties whether they are “being real or just playing a shell game.”

**China** said that in this stock-taking exercise, “unfortunately there is hardly any stock to take.” Unless there is political will, no amount of negotiations will move us ahead. It accused some Parties of engaging in a concerted effort to “undermine, challenge, and destroy the principle of common but differentiated responsibilities, that is

the foundation for international cooperation on climate change.”

**Micronesia for AOSIS** said the low level of ambition (11-18% cut) was consistent with a 3-degree temperature rise or worse, which would have disastrous consequences. Tuvalu, saying some developed countries are indicating that the KP will not survive, asked: “Are we now writing an obituary for the KP, or breathing new life into it?”

Most developing countries that spoke called on developed countries (Annex I Parties) to show leadership by closing the gap between pledges for greenhouse gas (GHG) emission reduction and what the world and science demand to tackle climate change. Many countries expressed disappointment and frustration over the very low figures for emission reduction from Annex I Parties, for their second commitment period under the Kyoto Protocol. Moreover these low figures are put on the table with conditionalities attached.

The deep disappointment of developing countries was expressed during the second plenary of the ninth session Ad hoc Working Group on Further Commitments from Annex I Parties under the Kyoto Protocol (AWG-KP) on October 2 in Bangkok. The AWG-KP will meet until October 9, 2009.

The AWG-KP sessions are divided into four contact groups: (a) on further commitments from Annex I Parties or known as the numbers group whose task is to define the aggregate and individual emission reduction by Annex I Parties; (b) on mechanisms, land use, land use change and forestry (LULUCF), new gases and sectors, often known as “other issues”; (c) on potential consequences arising from response measures; (d) on the legal issues. The contact group sessions this week have been marked by deep differences between developed and developing countries.

The core of the AWG-KP process is the contact group on numbers, and this is the group that has found most difficulties to reach agreement and where Annex I Parties have shown their low ambition level regarding their emission reductions. Besides this, two contentious issues are the commitments of the US, which is not a party to the Kyoto Protocol, and the insistence of developed countries to get “major developing countries” to also take on obligations.

**South Africa, speaking on behalf of the G77 and China**, said it wants to reflect on key questions and provide an honest assessment of the progress. It said the AWG-KP had made good progress on LULUCF issues and potential consequences. However, in the core area (numbers for emission reduction), there is fundamental division between the Group and Annex I Parties. The G77 and China is operating from a common framework, that is the Convention (UNFCCC) and the Kyoto Protocol (KP). The group believes that the overall outcome in Copenhagen needs to be inclusive, fair and effective. The UNFCCC provides a strong foundation to address climate change, while taking into account the imperative of developing countries to develop, address poverty and food security issues. It includes the principle of equity where the Annex I Parties, as the most responsible for GHG emissions, must take the lead. There is also the principle of common but differentiated responsibility (CBDR), where countries are to act according to their responsibility and respective capabilities.

The KP was designed where Annex I Parties take the lead. Its implementation has proved to be and continues to be able to reduce GHG emission, some of it through the flexibility mechanisms. It is our task to build on those success by developing the continuation of the process through the second and subsequent commitment periods, and informed by the science as contained in the IPCC fourth Assessment Report.

In the Contact Group on Numbers, there is a large gap between pledges made by Annex I Parties and what the world demands. Therefore, “we are stuck, at the place where we are not able to bridge the gap between what is required by the world and what the Annex I Parties are willing to do”, said South Africa. Technical aspects such as base year and length of commitment period are important but will move us no closer to agreement.

**South Africa** said we are in a two-track process. The question is, if we are not moving in the KP track, how then can we move in the LCA track? (It was referring to the Ad hoc Working Group on Long-term Cooperative Action, which deals with the Bali Action Plan). It is important to honestly reflect

between what the world demands and what Annex I Parties are putting on the table.

**Micronesia, speaking for AOSIS**, said Parties have been engaged in the KP group since late 2005 and agreed to be guided by the latest available science. The Alliance is deeply concerned by the slow pace and disappointed by the lack of commitment by Annex I Parties. We must remember what is at stake, that is the territorial integrity and survival of small islands. The 11-18% level of ambition (shown by Annex I Parties so far) is consistent with a 3-degree temperature rise or worse and the impacts will be well beyond what the IPCC’s 4th report presented.

The best-available science shows that GHG emission must be below 350 ppm and temperature increase be limited to 1.5 degrees Celsius as soon as possible. To achieve this, AOSIS again emphasized the need for emission reduction of more than 45% below 1990 by 2020, and more than 95% by 2050, to reduce the impacts of climate change in developing countries. Some countries still say the aim is to limit temperature increase to 2 degrees Celsius. Science says this can submerge the islands in the Caribbean and South Pacific. There is a gap between what sciences tells us and what the Annex I Parties are willing to do. The aggregate pledges (including the US) of Annex I Parties is a reduction of 11-18% below 1990 level by 2020, but with conditionalities. This speaks for itself.

Some progress has been made. Many of the proposals in other groups would undo even the 11-18% figure. AOSIS urges the chair to urge the Annex I Parties to come up with figures as demanded by science. On the issue of the two tracks, AOSIS said the discussion at the AWG-KP is a continuation of the KP, it will move well beyond the (lifespan of) the AWG-LCA and beyond the second commitment period.

**China** said that a few weeks before the Copenhagen conference, it is important that we take stock of the situation. Regrettably we hardly have any stock to take in stock-taking. We need to have a broader stock-taking, by considering the situation before the Bali Action Plan (BAP). In 1992, the UNFCCC was adopted, and it formed the foundation for international cooperation to fight climate change. The UNFCCC established the CBDR principle. Developing countries kept our side of the bargain. Some pursued policies and measures that would contribute in the fight against climate change, within the sustainable development framework as required by the UNFCCC, despite the fact that finance and technology transfer support, as required by UNFCCC, were hardly forthcoming.

But on the other hand, the Annex I Parties did not meet their side of the bargain. Their emissions collectively should return to the 1990 level by 2000. This is now 2009 and we all know what happened and did not happen in 2000. In the KP, we set a commitment for Annex I Parties, and two years into the implementation, we see some Annex I Parties moving in an opposite direction. Two years ago, we started the Bali Road Map that has two tracks. As soon as we sat down and started to negotiate, we witnessed efforts by some partners to sabotage the very mandate of this AWG-KP. We have seen little willingness to interact and to engage on the core issues in the mandate of the working group. What we see are efforts to evade undertaking meaningful mitigation and conditions being put forward.

What is more worrying, we witness a concerted effort to undermine, challenge, and destroy the principle of CBDR, that is the foundation for international cooperation on climate change.

What we see here is a clear pattern. As soon as an agreement is reached, or an instrument adopted, efforts are made to move away from historical responsibility and CBDR and their commitments, and to shift the burden to developing countries.

Stock-taking is important, but what is more important is to do deep soul-searching. Do we have the political will? Are we prepared to match our words to our actions? These are critical questions. China believes that two issues are important in what needs to happen in the next days. First is political will. If we do not have political will and intention, no amount of talking or negotiation would be able to move the work ahead. Second is the mandate of the working group, which must be kept clearly in mind.

**Pakistan** said that the heart of this working group is the agreement of Annex I Parties to come up with figures. At this stage, "it is like we are sitting in a car and the driver is constantly putting holes in a tyre to flatten it and asking the passengers like me to plug the holes." This is not the way to move forward. We can fix it, but we need political will. An agreement on numbers can only be agreed multilaterally under the AWG-KP and not through coming up with unilateral numbers.

**Bolivia** said that its delegation has been given a mandate by their indigenous people to defend Mother Earth. However Bolivia is disappointed by the lack of seriousness and leadership of the developed countries in the KP process. Bolivia, speaking also for El Salvador, Paraguay and Venezuela, criticised the lack of willingness shown by Annex I Parties in the negotiations to amend the KP for the second commitment period according to

the mandate in Article 3.9. Climate change is not a cause but an effect of a development model that is linked to excessive accumulation of wealth and capital, producing imbalance and inequity, by taking away the atmospheric space that developing countries require.

We see developed countries trying to delay, despite the proposals on the table. They should use Bangkok to show leadership on emission reduction, instead of pushing developing countries to take on more obligations. Developed countries should reduce consumption and tackle the sources giving rise to climate change.

For **Bolivia**, there is no doubt about the sustainability of the KP. It urged the Chair to maintain the specific mandate of the group, which is to amend the KP according to the mandate in Article 3.9. There is no justification to combine the AWG-KP work with the LCA.

**Gabon** said that after the Poznan conference (2008), we were told we had 11 months to the Copenhagen conference. Today we have 65 days to Copenhagen but only 11 days left for negotiation. In the recent UN Climate Summit in New York, strong statements were made by world leaders. Yet today hearing the delegates making these statements, what happened to the statements in New York? This situation does not hold good prospects for Copenhagen.

**Guyana** said it was dismayed with the disregard for principles. Annex I countries are the leaders but their figures (for emission reduction) are meager and come with conditionalities that shift the burden to non-Annex I Parties, contrary to the provisions in the UNFCCC. It called on Annex I to play its role and to "get real."

**Tuvalu** said it is deeply dismayed that the numbers put on the table fall short of addressing climate change. This is extremely troubling. In the discussion on LULUCF, there is a trend of parties presenting individual rules to suit their individual interests. We need to change that to having aggregate rules.

It added we are in a very strange process, with some developed countries indicating that the KP will not survive. Are we now writing an obituary for the KP, or breathing new life into it? Tuvalu had asked a legal question in one of the contact groups and asked the chair to facilitate a discussion on this issue. (The question Tuvalu had asked was: If the KP is incorporated within a new legally binding agreement, how would the existing decisions, rules and modalities for the operation of the KP have legal continuity in the new agreement, when such decisions have been made by the COP-MOP, an

entity that would no longer exist, and parties to the new agreement may be different?)

**Tuvalu** said this should be a legal discussion. It should not prejudice the view of developing countries that the KP must continue into the next commitment period and beyond.

**Indonesia** said that the KP has been able to deliver emission reduction, but that another big leap is required. Four years ago Parties agreed no gaps should be allowed between the commitment periods. But the AWG-KP is still far from agreeing on figures. Time is limited. There is an urgent need to make progress.

**Bangladesh** said that the AWG-KP has made progress in some matters but not in the one that matters. And this is at the cost of the many poor people in the world. It asked whether this should be allowed by humanity and it hoped not. Many developing countries, including LDCs, have done something on their own. Even Bangladesh, which is an LDC and one of the most vulnerable countries, has set up its own funding to tackle climate change. ‘We do it, should not the other countries in the world do it?’

**Sweden speaking for the EU** said that the most difficult of the AWG-KP work is on numbers. Some parties want to separate the number issue from other issues and that is difficult for the EU. The EU wants to see a 30% collective emission reduction by developed countries, in the context of the Copenhagen outcome. Politically this is a difficult discussion because the AWG-KP is part of a bigger group. Therefore there is a need for coherence with the AWG-LCA.

**Switzerland** said it has decided on an emission reduction of at least 20% below the 1990 level. Depending on the outcome of COP 15 (Copenhagen), it is prepared to increase this to 30% only if all major emitter countries, ie. all industrialised and major emerging developing countries, work together. In the AWG-KP it is important to work on issues that help to achieve the target, such as in LULUCF and in other aspects, in order to arrive at Quantified Emission Reduction Objectives (QELROs). These are important in the post-2012 commitments, to amend the KP or for any new instrument.

**Japan** said that with two more months to Copenhagen and but only 11 days of formal negotiations, all have to refresh the resolution to move bravely. Japan hoped to make contribution to progress, through the new pledges for mitigation and financial contribution for developing countries. Japan wants countries to move toward a fair and effective international framework in which all major emitting countries participate. Coordination of the two tracks

is getting even more important.

**Norway** said the pledges of Annex I Parties are not sufficient to reach the two-degree target. Norway proposed an aggregate emission reduction of 30% by 2020, which is the same as its own unconditional pledge. It is difficult when not all Annex I Parties take part in the KP. Thus there is a need to move forward on this issue in the AWG-LCA. When there is more discussion there, it can move back to the AWG-KP.

**Australia** said a successful Copenhagen result is a single outcome coming from both tracks.

**New Zealand** said that at the moment the group cannot make substantial progress on the core question of number and level of ambition. The decisions must be made at the political level. On conditionalities for the 2020 pledges, it said that these are needed to ensure an environmentally effective agreement that can set the world to a global warming of no more than two degrees. This cannot be ensured in this negotiation, and must be worked out with the AWG-LCA.

In his closing statement the Chair of the AWG-KP, John Ashe from Antigua and Barbuda, asked to reflect if there is a gap between the pledges of Annex I Parties and what we commonly accept as the science wisdom, i.e. the IPCC figure. According to him, yes there is a gap. The group faces a serious problem. The gap should be closed otherwise we will become a laughing stock on December 18 (the last day of COP 15). Those who have to make the commitments need to reflect on the question and provide the world with a fair and concise answer. How do Annex I Parties intend to close the gap between the pledges and what the IPCC recommended?

To avoid the “ostrich syndrome”, can they meet their commitments without offsets? The chair said he does not think so. So the group cannot ignore the fact that there is a need to make progress on issues related to offsets. Another question is, are offsets the answer? According to the chair, the answer is No. There have to be real reductions at home, otherwise we will not be seen to be serious.

The chair said we must make serious progress in Bangkok and not leave the issues to be “settled in Barcelona, and heaven forbid in Copenhagen.”

Parties must make that happen and make efforts on how to bring what was being said outside into the real negotiations. “Reality has not yet set in,” said Ashe. “Are we being real or are we just playing a shell game?”

Mr Ashe concluded by saying he will work closely with the co-chairs of the numbers group and see how to address the gap.

# TWN

## Bangkok News Update 13

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### No to Sealing Distorted Deal in Copenhagen – Say Developing Countries

Bangkok, 5 October (Meena Raman) – Developing countries expressed their strong concern over efforts by developed countries to undermine their commitments under the United Nations Framework Convention on Climate Change (UNFCCC) by shifting their responsibilities to the markets and in weakening their obligations at the Bangkok climate talks.

They expressed fear that it was not only the Kyoto Protocol that was being “killed”, but also the Convention, which was being buried under a new structure that would no longer be recognisable.

Several countries led by Venezuela said that it was simply unfair, unreasonable and unhelpful for developed countries to hide their conflicting economic interests behind efforts to re-enact olden days “land-grabs” with modern days “sky-grabs”.

These views were expressed at a stock-taking plenary of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) under the Bali Action Plan held on 2 October 2009. The session was chaired by Michael Zammit Cutajar to take stock of the talks, which began on 28 September and is scheduled to end on 9 October.

**Mauritius** said that “the way things are moving tends to confirm the fear that there is a deliberate attempt to kill the Kyoto Protocol. Attempts are also being made to weaken our positions by trying to create division among developing countries.”

**Egypt** expressed strong concern that the main principles of the Convention are being distorted and that this distortion is expected to be sealed in a legally binding agreement in Copenhagen. It expressed fear that the Convention, which is the foundation of the work of Parties, would get buried under a new structure that Parties can no longer recognise.

**Venezuela**, speaking also on behalf of Bolivia, Paraguay, El Salvador, Cuba and Ecuador, said that in raising the need to respect the right to development in a healthy and ecologically balanced environment,

the group made an urgent call on Annex 1 countries to effectively and convincingly demonstrate their political will to fulfill their obligations. In relation to the negotiations, the group noted with increased concern the risk of the Annex 1 Parties to transfer their obligations to developing countries. The current negotiations are undermining in spirit and form, the agreements reached in 2007 on the Bali Action Plan.

Developed countries owe a climate debt to developing countries for their historic excessive overuse of the Earth’s atmospheric space. This overconsumption has resulted in an adaptation debt, as developing countries have suffered and are continuing to suffer the worst impacts of climate change; and an emissions debt. Therefore, developed countries must undertake ambitious domestic emission reductions, in order to return the remaining atmospheric space back to developing countries for their sustainable development needs. Developed countries are committed to provide financing to developing countries for adaptation and mitigation actions. This is not aid, charity, cooperation or support, but a legally binding international obligation. Approaching the climate change issue as a purely economic one perverts the principle of “polluter pays”, transforming it into “who pays, may pollute”.

The group said that Parties must remember that these markets (on which they are being asked to place their trust for the provision of resources to address climate change) have devastated the lives of millions and demonstrated their failure. The financial crisis has cost the world, only in the last two years, more than USD2 trillion, and the developed countries have had to pay heavily to save their economies.

The philosophy behind this and other similar approaches in the (current) negotiating text, makes clear that (1) Annex I countries are considering not reducing their domestic emissions because they believe they will be able to purchase their right to

continue emitting; (2) Annex I countries are considering eluding the provision of the necessary, new and additional financial resources for the full implementation of the Convention. Thus the trap that Parties are falling into. The current proposals will establish an inequitable distribution of the obligations, significantly changing the balance of the principles, rights and obligations agreed in the UNFCCC, including the suppression of historical responsibilities.

The new concepts of “carbon neutral development” or “low-carbon societies” that appear in the negotiating texts are completely devoid of content, leading to the design and acceptance of market-oriented strategies and policies, ignoring the efforts of the international community to build, during the last 30 years, the principle of sustainable development and its three dimensions: economic, social and environment.

The group called for an in-depth review of this situation, bearing in mind that cooperation cannot be destructive of their economies and their peoples; their right to development must not be conditioned; and the need for adequate financing to address the challenges of climate change is not a market matter.

It asked Parties to recall the enormous implications that these decisions will have, not only on the necessary guarantees that we require for a healthy and balanced environment for future generations, but also on the common and mandatory agenda for the eradication of poverty, in harmony with Mother Earth.

Therefore, given the short route left to Copenhagen, the group believes that Parties should consider the establishment of actions in full conformity with the Convention; in order to define, before 2012, a proper long-term cooperation. In this regard, the group of countries wishes to place on record their rejection of attempts to merge the two negotiation tracks into one. They recognize that there are many issues still unresolved, but it is their sincere view that the first step in solving problems is to acknowledge their existence openly and honestly, and to recognize their respective limitations in tackling them.

**The Philippines** speaking for the **G77 and China** said that the Group was ready and willing to set to work immediately to advance the negotiations. It expressed “guarded optimism” and said that it continued to believe and participate in what has to be an inclusive, transparent and a Party-driven process. The Group emphasised that the mandate of the Bali Action Plan was clear which is for the full, effective and sustained implementation of the

Convention. How much Parties will remain focused on the mandate will determine the success in Copenhagen.

**Egypt** said that after listening to Parties during the week, there appeared to be no shared vision. It said that it came to Bangkok worried about the fate of the Kyoto Protocol and now, after listening to developed countries on the issue of mitigation, comparability, conditionality, technology and finance, it was seriously worried about the Convention itself. It identified a number of signals that indicated that the main principles of the Convention are being distorted and that this distortion is expected to be sealed in a legally binding agreement in Copenhagen. Egypt cannot consent to this. It expressed fear that the Convention, which is the foundation of the work of Parties, would get buried under a new structure that cannot be recognised anymore.

Egypt reaffirmed the main elements that it wished to see in Copenhagen:

(1) Developed countries knowledge their responsibilities and their intention to honour and implement their current commitments. It was ready to undertake additional nationally appropriate mitigation actions depending on the financial and technical support that will materialise from Copenhagen. What is needed is new, additional, predictable and dependable finance and not old or virtual resources that depend on factors like markets that are unstable, unpredictable and cannot be held legally responsible. Hence, it expects the outcome in Copenhagen to include an appropriate and efficient financial mechanism, as well as an appropriate and efficient technology transfer instrument.

(2) Developed countries should take the lead in mitigation efforts. Taking the lead means taking the initiative, not putting conditions or hiding behind others. Taking the lead does not include comparability with others that do not have the same capabilities or do not carry the same level of responsibilities. It means committing and implementing commitments for additional periods of the Kyoto Protocol. Taking the lead means taking the initiative to diffuse and transfer “low carbon technologies” in order to increase the share of renewable energies in the global energy mix, before worrying about competitiveness concerns.

(3) It expects adaptation to be addressed in a balanced manner compared to mitigation. It expects all types of vulnerabilities resulting from climate change implications in developing countries to be addressed, while giving due consideration to urgent threats and special circumstances and not a new

classification of countries that would result in an unwarranted competition of resources that have yet to materialise.

Stressing the need for greater progress in the talks, **Mauritius** said that it was no longer a wake-up call but a final call for action. The success of the Copenhagen process is based on mutual trust. However, the more it engages in negotiations, the more it realizes that Annex 1 partners, as usual, cannot be trusted. They have a last chance to show their good faith and their real intention towards a universally acceptable outcome in Copenhagen. They have to play their cards on the table. The environmental debt is theirs; they should not dump it on developing countries. The commitment for greenhouse gas emission reduction is theirs. Let them not make it developing countries'. The provision of new and additional funding for adaptation and mitigation, among others, in developing countries is their legal responsibility. Let them not shirk away from it.

The temperature rise should be contained at less than 1.5°C above pre-industrial level because above that some small islands may disappear under water while a vast part of sub-Saharan Africa will become desert. Most developing countries will subside below the poverty line and will be caught in the vicious circle of poverty and underdevelopment. It said that it was clear that what developing countries need is at least 1% of GNP of developed countries annually for sustained actions on climate change, out of which a minimum of US\$100 billion for adaptation is required in developing countries. On technology transfer and capacity building, technologies belong to the private sector and access to these technologies needs to be paid for.

Mauritius said that the way things are moving in Bangkok tends to confirm the fear that there is a deliberate attempt to kill the Kyoto Protocol. Attempts are also being made to weaken developing countries' positions by trying to create division among them.

**Barbados**, speaking for the **Alliance of Small Island States (AOSIS)**, said that Parties had reached a critical point. The text was unwieldy and there was only 11 days left in the negotiations. It said that Parties are not moving quickly enough. It said that failure in Copenhagen is not an option. A political declaration would not be enough. There must be an outcome that guarantees a legal framework now, up to and beyond 2012. A more manageable text is needed and it asked the Chair of the AWG-LCA to provide leadership. It said that a strategy was needed for a way forward next week.

**Uganda**, for the **Least Developed Countries (LDCs)**, called for a short plenary as early as possible, at least by Wednesday (7 October) to convene another plenary to review progress with a view to taking appropriate action to make substantial progress.

**Australia** said that now was the time to be bold. It stressed its proposal for an ambitious solution in Copenhagen in the form of a new treaty that would be Kyoto-plus or an amended Kyoto Protocol, with a set of decisions in the AWG-LCA that will be complementary.

The **European Union** also said that Parties were not making progress and was concerned with the pace of the negotiations. It asked Parties to focus on core issues and key political points in the Bali (Action Plan) building blocks. It identified 8 key areas that were important to address: (1) In the mitigation pillar, it wanted developed countries to put the numbers (for emission reductions) on the table; (2) On the nationally appropriate mitigation actions for developing countries (NAMAs), there was a need to build an effective machinery and referred to the concept of the lifecycle of NAMAs; (3) There was a need to focus on clear and tangible provisions for reporting and accounting; (4) There was a need to focus on the tools and instruments to enable cost-effective climate policies. Enhancing and improving the flexibility mechanisms and new market-oriented mechanisms were needed; (5) There was a need for review and compliance; (6) Finance and capacity building were important and the question was how to make it work and be operational; (7) There was a need to build on the operational proposals on adaptation; (8) On the long-term global goal, there was a need to operationalise the language as to where Parties need to be and what reductions are needed.

**Saudi Arabia** said that any deal must be fair and equitable. It said that developing countries must not be burdened and it cannot accept protectionism and trade barriers being proposed by developed countries. There were so many proposals to shift the burden onto the shoulders of developing countries, on the carbon markets as a means of finance and on the imposition of taxes.

**South Africa** expressed deep concern for the lack of progress in adaptation and in mitigation. Developed countries with their proposals are departing from the BAP and the Convention. It was also concerned about the possible demise of the Kyoto Protocol as there would then be no criteria for comparability and would allow a bottom-up process for emission reduction targets.

**Pakistan** proposed the sum of 1.5% of the world's GDP for the finances needed. The failure of the markets does not provide the confidence that climate change can be delegated to the markets.

**China** said that developed countries were negotiating in a "business-as-usual" way. They had distorted the principle of common but differentiate responsibilities and were reluctant to discuss their emission reduction targets and to advance on finance, technology transfer and capacity building. Instead, developed countries were pushing their responsibilities to developing countries.

**Thailand** said that deep emission cuts by developed countries were needed. Barriers to intellectual property rights should be removed and there should be no creation of new sub-groups in the negotiations.

**India** stressed the mandate of the Bali Action Plan and the Convention. It was key for developed countries to announce deep targets of at least 40-45% cuts by 2020 compared to 1990 levels without delay. There was also a need for ambitious proposals on technology transfer and finance.

**Japan** said that all Parties need to move to a fair and effective framework in which the major economies must participate.

**Chile** said that an explicit mandate needed to be given to the chair of the AWG-LCA for the consolidation of the text for the negotiations as Parties faced roadblocks.

The **United States** called upon the Chair to provide more clarity on the key issue areas and for the development of recommendations, building on the existing work on the text.

The Chair, Cutajar, said that he will hold informal consultations with Parties.

# TWN

## Bangkok News Update 14

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### Developing Countries Challenge Dominance of Market Mechanisms for Mitigation Actions

Bangkok, 5 October (Josie Lee) – Developing countries opposed a “market-centered” approach to mitigation of emissions at the expense of non-market-based approaches at the Bangkok climate talks.

The United States and other developed countries wanted discussion of new market mechanisms under the United Nations Framework Convention on Climate Change (UNFCCC) at the contact group on mitigation on “Various approaches to enhance the cost-effectiveness of, and to promote, mitigation actions” on 3 October 2009.

On the other hand, the Group of 77 and China expressed concern about the concentration on market mechanisms at the cost of non-market-based approaches and opposed a market-centered approach to mitigation.

Venezuela questioned the legality of incorporating market mechanisms into the Convention.

The contact group was one of the sub-groups of the mitigation building-block under the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) to consider paragraph 1 (b) (v) of the Bali Action Plan. A non-paper was produced by the chair of this sub-group with proposals on market-based approaches, including a proposal for a new global carbon market incorporating existing mechanisms under the Kyoto Protocol (Joint Implementation, Clean Development Mechanism and International Emissions Trading) and new mechanisms to be established in this agreement; existing mechanisms (those aforementioned); new mechanisms; other approaches; and other issues.

**Brazil on behalf of the G77 and China** said that it is important to avoid concentration on market mechanisms (MMs), and that non-market-based approaches are not getting a balanced discussion. The Group was opposed to a market-centered approach where mitigation is based on private

investment and MMs. This intervention was supported by China, Kuwait, Egypt, Costa Rica, and Argentina. The Group was open to further proposals on non-market mechanisms, but few had been forthcoming.

**Venezuela** made a new proposal for Option A on the non-paper as the text “Parties shall not make use of market-based approaches” does not reflect its position. Instead its position is that MMs are not part of the Convention, but instead have a limited role in the Kyoto Protocol (KP) alone. They questioned how Parties can legally deal with these ‘illegal proposals’, and questioned how Parties to the Convention who are not signatories to the KP can make use of the mechanisms of the KP. Its proposal seeks to develop long-term cooperative action based on equity, sustained financing and predictable financing of developing countries by developed countries.

The **United States** responded that the KP is part of the Convention and makes heavy use of MMs, and that although they did not ultimately sign up to the KP, many Parties did and would not have done so if they thought it was inconsistent with the Convention. They also noted that the Bali Action Plan talks about ‘enhanced’ implementation of the Convention. So they suggested the (contact) group can close the debate as to whether MMs are consistent with the Convention.

**Switzerland on behalf of the Environmental Integrity Group** said that environmental integrity is needed with maximization of MMs.

**New Zealand** argued that MMs are consistent with key aspects of the Convention and said Parties should concentrate on what we are trying to achieve rather than thinking about where they fit in the architecture.

**Australia** said it would place value on a holistic discussion of both a new mechanism, and project-based mechanisms and other non-market approaches.

**China** said that it shared many views with

Venezuela. The Bali Action Plan permits discussion of the use of existing markets. If Parties want to talk about a new market mechanism in the Convention, we first need to talk about the conditions under which we speak about markets and about principles that should guide markets.

**Egypt** said that in principle the work of Parties here should not be establishing a new agreement. The Bali Action Plan agrees to look at options for using existing markets, not creating new markets.

**Chile** argued that MMs are not going against the principles of the Convention, as the KP is part of the Convention. It reiterated the intervention by Brazil, explaining that it wants to work not only on MMs but other approaches.

**Kuwait** stated that it was not against MMs but raised concern that there was an intention to focus mitigation and market development on specific industries, which violates the concept of comprehensiveness and is in contradiction to Article 3.3 which says that mitigation efforts should apply to 'all economic sectors'.

It also proposed that the secretariat develop a technical paper that provides better understanding of Annex I Parties' proposals, as many developing countries have small delegations and find it difficult to find time for detailed analysis of proposals.

The Chair said she would consider this proposal after the first reading, which aimed to provide understanding.

**Costa Rica** said MMs and other approaches are very important and necessary for addressing mitigation actions. It said that financing needs to come mainly from public funding from developed countries, but that discussion of new MMs establishment needs to remain open.

It stated that mechanisms like the Clean Development Mechanism (CDM) have not been effective for Costa Rica. For this reason it wants caution in respect to references about migrating new mechanisms or approaches into the CDM.

**Argentina** supported Costa Rica's intervention suggesting that it can look at new MMs.

**Sierra Leone** expressed its great concern that Least Developed Countries did not benefit from the CDM. It requested that special consideration be given to Least Developed Countries. **Liberia** agreed with Sierra Leone's intervention.

**Sweden on behalf of the European Union** said that it agreed that the CDM had not been effective, particularly for Least Developed Countries, and hence it is trying to improve and refocus the CDM in negotiations elsewhere in the discussions.

The **United States** said that the use of MMs, including the CDM, is voluntary and that this should not be changed. It asked that this be stipulated in the text.

In respect to other approaches, there are only two proposals in the Non-paper No. 9 text. Option 1 expresses that a measure to address rapid, near-term mitigation opportunities, including for short-lived greenhouse gases such as black carbon (soot), and phase-down of hydrofluorocarbons and biosequestration, shall be established (paragraph 44). Option 2 proposes the establishment of an arrangement to reduce emission of hydrofluorocarbons (paragraph 45).

To this text, **Micronesia** proposed a work program that promoted 'urgent' action, and asserted that it was key to address all principal causes of emissions, as it is crucial to their survival.

**Venezuela** challenged the need for paragraphs 44 and 45, as they referred to new greenhouse gases, which are being addressed in the Ad-hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol and repeating them in this text would be duplication. Further, to consolidate this text it suggested that the contact group eliminate all text that relates to the KP including references to existing MMs, emissions trading, emission levels, emission targets and new greenhouse gases.

The Chair said they would not be eliminating text in the first reading.

**Canada** said that it supports discussion on all proposals in the text. On the Micronesia proposal (paragraph 44) there are linkages to a North American proposal to the Montreal Protocol (on ozone-depleting substances).

**The Marshall Islands** said that they believe structural questions are important, but wanted to engage on substance before deletion, including on paragraph 44.

**Egypt** questioned what effect the Copenhagen agreement will have on the Montreal Protocol and what effect the Montreal Protocol would have on the Copenhagen agreement.

This issue of whether informal consultations could occur in regard to the proposals of this non-paper was raised by **Sweden on behalf of the European Union**. This was strongly opposed by **Venezuela**, amongst others, who explained that many developing countries have only small delegations without big teams of experts and thus do not have time to attend many informal meetings. If informal meetings occur, it said it will not be a Party-driven process. **Egypt** suggested that informals could come after one round of discussion on the non-paper.

# TWN

## Bangkok News Update 15

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### Disagreement over Long-term Global Goal for Emission Reductions

Bangkok, 6 October (Meena Raman and Josie Lee) – Divergent views emerged between developed and developing countries on the long-term global goal for emission reductions in the contact group on shared vision that met on 5 October under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA). Determining the long-term global goal for emission reductions is a highly contentious issue in the Bangkok climate talks.

Developed countries including the United States and the European Union are advocating a global emission cut of 50% by 2050 based on 1990 levels. In this context, they said that developed countries would cut by 80% (US) and 80-95% (EU) by 2050. Developing countries said that an 80% cut by developed countries would mean that developing countries would have to reduce their own emissions in absolute terms by 20% by 2050, and on a per capita basis, this would mean a 60% cut in emission reductions, which is unacceptable.

[Under paragraph 1(a) of the Bali Action Plan, the shared vision for long-term cooperative action includes a long-term global goal for emission reductions to achieve the ultimate objective of the Convention, in accordance with the provisions and principles of the Convention, in particular the principle of common but differentiated responsibilities and respective capabilities, and taking into account social and economic conditions and other relevant factors].

The **United States** said that a collective long-term global goal for emission reductions is an important means to inspire and guide the collective efforts of all Parties and forms a central part of the communications to the outside world. The G8 had embraced a long-term global goal of emissions reduction of 50% by 2050 based on 1990 levels and a 80% reduction in emissions by 2050 by developed countries. For the US, this goal will be a target in its domestic legislation which would be legally binding.

It said that there were different forms and levels of ambition among Parties.

In response, **Sudan**, which is also Chair of the G77 and China, said the shared vision must be based on equity and justice for all Parties. It said that the US proposal would leave developing countries, in economic terms, with a situation where people cannot reproduce and the economy cannot grow. According to Sudan, a 50% global emissions reduction target by 2050 based on 1990 levels, and a 80% emissions reduction target by developed countries (that the US mentioned), require developing countries to reduce their own emissions in absolute terms by 20% by 2050. On a per person basis, that is a per capita cut of 60%, which could also mean a similar cut in income. So people who currently earn only \$2 per day will be left with just 80c. The US proposal would thus mean that Africa would have negative economic growth. If developing countries are to grow at 7% per year, then the equation has to be different. The equation put forward is unacceptable and threatens the success of an agreement in Copenhagen.

The **European Union** reiterated its position that Parties should work towards keeping temperature rise below 2 degrees Celsius. This requires a reversal on growth of emissions no later than 2020 and a global emissions reduction by at least 50% by 2050 based on 1990 levels and declining thereafter. It also recognised the IPCC assessment and said that this required developed countries to contribute to around 80%-95%.

**Japan** echoed the targets of the EU, with a peaking of global emissions between 2015 and 2025. It said that developing countries would have a lengthier time for peaking of emissions.

**Australia** supported a global goal of 450ppm or lower and at least a 50% global emission reduction by 2050 based on 1990 levels with emissions peaking not later than 2020.

**The Philippines, speaking for the G77 and China**, said that in relation to proposals by the developed countries on the long-term global goal, there were many unknowns and there was a need for a clear understanding. There was a need to address what the targets mean for other parameters of sustainable development in developing countries; how such emission reduction targets would bring the earth to a 2-degree Celsius temperature rise, what the different times of the peak in global emissions imply for developing countries in respect to their being able to meet the basic needs of their people. Understanding these factors is crucial for the discussions. Any global effort would be truly global only if commitments on provision of financing and technology transfer were provided. This is a crucial part and the first part of any long-term goal.

**Antigua and Barbuda on behalf of the Alliance of Small Island States** reiterated the need for the global temperature rise to be limited to below 1.5 degrees Celsius with a 350ppm of CO<sub>2</sub>-equivalent concentration of greenhouse gases in the atmosphere. The Group supported emission reductions by developed countries of more than 95% by 2050 based on 1990 levels, while the global target for reductions was 85%. It stressed that a 2-degree Celsius target would mean that some AOSIS countries would cease to exist. This statement was supported by the **Marshall Islands**, which said a 2-degree Celsius target presented an 'unacceptable risk', and by **Costa Rica (also on behalf of Guatemala and Panama)**.

**South Africa** said that the shared vision must address the full effective and sustained implementation of the Convention, now, up to and beyond 2012 and integrate all the building blocks of the BAP. On the long-term global goal for emission reductions, it said that global emissions must be halved by 2050 and must be underpinned by mid-term targets. It said that Annex 1 countries should cut their emissions by 40% by 2020 compared to 1990 levels and at least 80-95% by 2050 for lower stabilisation levels.

**China** echoed the ideas presented by the Philippines and South Africa with support for the 95% emission reductions by 2050 based on 1990 levels. It also stressed the need for adequate,

sustained financing and technology transfer to be provided to developing countries for adaptation and mitigation efforts.

**India** also supported the same target as China and said that the long-term goal must be placed in the context of Article 2 of the Convention. This means that global budget allocation of emissions for each Party must be based on equal access to the atmospheric space, taking into account historical emissions. As a first step, developed countries must reduce their emissions by at least 40% by 2020 and by 95% by 2050. It stressed the need for developing countries to have the development space. The long-term goal is a composite of all the four legs of the BAP (technology, finance, mitigation and adaptation).

**Mexico on behalf of the Environmental Integrity Group** said that science must guide Parties. Therefore, the global temperature target should be below 2 degrees Celsius, but this upper limit is not static. It may change. They supported global emission reductions by at least half by 2050 based on 1990 levels. They expressed support for actions in accordance with respective capabilities and responsibilities, focusing support on those that are most vulnerable, technology transfer, and a scaling up of resources for mitigation and adaptation. They saw these elements as crucial for the negotiations. They believed that an ambitious compromise is possible at Copenhagen.

**Russia** said that a long-term goal should be shared by all countries and that all countries must contribute to the long-term goal in consistency with the Bali Action Plan. On historical responsibility, it said that there was a need for operational language in the text and not political language.

**Saudi Arabia** asserted that there was no need for any emission reduction figures as the reference is Article 2 of the Convention. It emphasised the four pillars of the Bali Action Plan, especially in regards to finance and technological support for mitigation and adaptation. There was a need to define vulnerability not only in terms of those who are vulnerable to the climate change impact, but also in terms of those who are economically vulnerable. In reference to the intervention by the United States they also noted that statements by the G8 are not relevant in these negotiations.

# TWN

## Bangkok News Update 16

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### Disagreement over Financial Architecture for Climate Actions

Bangkok, 7 October (Chee Yoke Ling) – The financial architecture for the full, effective and sustained implementation of the UN Framework Convention on Climate Change is another area of major difference between developing and developed countries in discussions on Monday and Tuesday.

Developing countries want a comprehensive structure that is in line with the Convention and directly governed by the Conference of the Parties (COP), on the basis of their negative ground experience with the existing system where the financial mechanism is operated by an entity outside the Convention. The Group of 77 and China was the first to table a detailed proposal on this last year.

On the other hand, developed countries want to rely on existing institutions such as the Global Environment Facility (GEF) and the World Bank. A number of developed country Parties suggest that some reform of existing institutions may be needed but developing countries contend that attempts in the past few years have not worked resulting in the continuing gaps in effective implementation of the Convention.

The issue of direct access to funding under the Convention was stressed by many developing countries over both days, including Barbados (on behalf of AOSIS), Uganda (on behalf of Least Developed Countries), Tanzania, Bangladesh and India and they cited the Kyoto Protocol Adaptation Fund as a good model and precedent.

The United States and the European Union have also proposed that developing countries (except for Least Developed Countries) become financial contributors in the new financial architecture. China objected saying that there is a wrong assumption that funds should be from all Parties as this is not in line with the spirit and provisions of the Convention (where only developed countries have legally binding financial commitments). Developing countries reiterate that funding for the Convention must be mainly from public sources while developed countries place growing importance on the private sector and the market (including the carbon market).

Parties in the Contact Group on Enhanced Action on the Provision of Financial Resources and Investment commented on and responded to the non-

paper #13 prepared by Mr. Luiz Machado, Vice-Chair of the Ad-hoc Working Group on Long Term Cooperative Action (AWG-LCA), on Monday afternoon and Tuesday morning. Mr. Machado also chairs the finance Contact Group (CG).

He clarified that the non-paper is to assist Parties to compare the different proposals they have submitted, though new proposals can still be made.

The AWG-LCA Chair Mr. Michael Zammit Cutajar held informal consultations last Saturday on the placement of issues in the various Contact Groups. It was agreed that questions on “what” to be financed will be taken up in the respective thematic Contact Groups. This is to avoid duplication of consideration of issues. The questions related to the “how” of financing will be addressed in the finance CG.

Section 4 of the non-paper sets out options on how funds should be generated and how they will be provided. Section 5 on what to fund will be addressed by the respective thematic contact groups.

During the ongoing talks in Bangkok, the finance CG discussion will focus on Section 6 titled: “[Institutional arrangements, including funds][Institutional Structure] with the square brackets indicating no consensus on the section title. It will move into “informal work” from Wednesday (7 October) morning and this will be conducted in a fully transparent and open-ended manner, said Mr. Machado.

Parties will work on the 3 paragraphs in section 6:

- Paragraph 17 on the functions for the institutional arrangements for the operation of the financial architecture;
- Paragraph 18 on the periodic review of the institutional arrangements to assess their fulfilment of these functions;
- Paragraph 19 with ten options on the institutional arrangements for the operationalisation of an effective mechanism/framework under the COP in accordance with Article 11 of the Convention that defines the financial mechanism.

[Article 11.1 states that the mechanism is for the provision of financial resources on a grant or concessional basis, including for the transfer of

technology and sets out the terms and requirements.]

Mr. Machado urged Parties to try to combine parts of the paragraph 19 options that are similar, and make it clearer what proposals can work together so that the number of options in the non-paper can be reduced as Parties move toward common understandings as well as clearly identify areas of differences.

In introducing the streamlined non-paper on Monday, Mr. Machado explained that it contained part of the core elements in the reordered and consolidated revised negotiating text of the AWG-LCA (*Annex IV, FCCC/AWGLCA/2009/INF.2*), with some supporting annexes that are an integral part of, and should be considered in conjunction with, the main body of the text. The non-paper has a summary of the key elements of the proposals made by Parties with detailed information on the full proposal being put as an annex. He said that not all options have annexes because they are simple and self-contained and so do not need an annex to expand on them.

He stressed that the non-paper does not replace any other documents including the two information documents (the revised negotiating text, and the reordered and consolidated revised negotiating text). In response to the Philippines speaking on behalf of the G77 and China he said that the annexes were on equal footing with the main body of the text.

The non-paper has 2 new options on institutional arrangements in paragraph 19, from the US (option 5) and Australia (option 10), which the two Parties explained on Monday.

At the Tuesday morning session Parties provided their analyses and comments, especially on the paragraph 19 options.

**The Philippines speaking for the G77 and China** spoke on the Group's proposal that has been on the table for more than one year now. It believed that there are very clear proposals on the table that come from very different ideologies or thinking.

It said that the Group's proposal is entirely coherent and consistent with the Convention and COP decision, and built upon the experience of the Group. It is developing countries that use the funds unlike other Parties that fund. So the Group's experience is used as the basis of its proposal.

The structure on institutional arrangements would be best suited to be based on the mandate in Article 7.2(h) of the Convention which states that the COP as the supreme body of the Convention shall seek to mobilize resources in accordance with Articles 4.3, 4.4, 4.5 and 11. This is the channel through which provision of finance and technology transfer can be fully implemented. There are specific gaps in implementation in these 2 areas so the Group's proposal is fully consistent with Convention; its proposal covers all aspects – what it calls the architecture – that are under the Convention.

It said that for the past 15 years, financing

through the financial mechanism outside the Convention has been fully inadequate, unpredictable and subject to many conditionalities that are difficult to meet.

All developing countries need to take actions but concomitant with that are the means and this is in Article 4.7. Developing countries are ready to act – what is needed is new and additional, adequate and predictable financing. Predictability is needed for long-term planning. The past and existing financing is highly inadequate (loans from the World Bank, bilateral assistance etc).

It is not that we have not been trying to get the financial mechanisms outside of the Convention to conform to COP guidance but they don't because it is a question of governance. The result is a confused, complicated, complex, and untimely provision of funds.

The Group reiterated that it would present its proposal – among the options in paragraph 19 of the non-paper, option 1 is closest to its proposal. It expressed concern over a number of the other options, mainly for being inconsistent with the Convention.

**Argentina** said that its proposal in option 2 is clearly based on the G77 and China proposal on finance and technology transfer, with a twist. The difference is that its proposal integrates in a coherent way, technology transfer and capacity building around the financial structure.

It is based on 2 main pillars, adaptation and mitigation. The structure is under the COP and allows for integrating schemes outside the Convention but those schemes should be related to the Convention and institutional arrangements are provided to create those links.

It said that an Executive Body and Adaptation Fund exist now and its proposal is the same as that one. The basis for funding would be adaptation plans. A Mitigation Fund (with public funding and also market funding) governed by an Executive Board would be new. Developing countries would submit national mitigation action plans indicating clearly the needs for implementing those actions and where an enabling environment needs to be set up first. Depending on the type of action that needs funding a country can go for public funding or the market.

**India** supported the statement of the Philippines on behalf of the G77 and China and said that the financial mechanism should be newly set up under relevant provisions of Article 4, and be under the guidance of and accountable to the COP. It said that the Adaptation Fund finalised in Nairobi is a good model.

On direct access and multilateral intermediaries at the international level, it drew from its experience over several years with the GEF and said that it is not workable and not in line with streamlined access.

Resources available to the financial mechanism must be new, additional and predictable and there

should be an assessed contribution based on historical responsibility and respective capabilities. This should be 1.5 to 2% of GDP of Annex 1 countries, and it is a matter of their own sovereign decision on how to mobilise that.

India said there could be other sources such as Annex 1 countries' additional funding, instruments such as the Tobin tax, etc. but only financing through the financial mechanism will be counted towards meeting the financial obligations of the Convention's Annex II countries.

It said that the operating entity of the mechanism should be chosen through open competition – if existing multilateral organisations are good they could compete.

**Barbados** for the **Alliance of Small Island States** explained the five elements in its litmus test: governance, scale, access, financial priorities, early operationalisation.

On governance, it is seats at the table for SIDS and LDCs, with also fair geographical representation. Any new financial mechanism or arrangement must be under the authority and guidance of COP. This must be a priority for all of us as the COP's role is a vital aspect of all proposals.

On scale, the Alliance supported the Philippines (for G77 and China) and India, and said funding sources and scale must meet the requirements of developing countries for both adaptation and mitigation.

On access this must be direct and there is no need to reinvent the wheel as we already have the Kyoto Protocol Adaptation Fund. Barbados said that 'all of us but one have agreed and we just need to bring what we have agreed already on direct access'. It proposes the creation of a Convention Adaptation Fund.

It stressed that priority for SIDS and LDCs is not at the expense of other developing countries; it is recognition of our lack of capacity and resources and there is major disparity in the funds disbursed so far.

According to Barbados, many proposals are quite vague on when operationalisation will be – 'we don't want after 5-6 years to still negotiate on when to operationalise'. The Copenhagen outcome must clearly state when we finalise and operationalise the new institutional arrangements and so it must be quite detailed and draw on previous experiences.

It said that if these five elements were applied, many proposals would fall short. Its option 6 fits neatly with the G77 and China proposal, with the current Kyoto Protocol Adaptation Fund and also activities not covered by that Fund, said Barbados.

**China** expressed its full support for the comments of the Philippines (on behalf of the G77 and China) and said that some options in the paper are against the spirit of the Convention. These wrongly assumed that funds should be from all

Parties which is not in line with the Convention and Bali Action Plan.

Regarding paragraph 10(d), it stressed that the financial resources outside the financial mechanism under the Convention should not be regarded as fulfilment of the commitment of financial resources provision by developed country Parties.

It said that regarding paragraph 12, alternative 2 that states: "Developed country Parties and other Parties according to their capability" should provide financial resources, the definition of "other Parties" is not clear, and according to Article 4.3 of the Convention, the obligation of financial resources provision should be taken by developed country Parties. Therefore it did not support this option.

Regarding paragraph 13, alternatives 2 and 3, it said that recent experience showed that the private sector and market sometimes have market failure, and cannot be the major resources for implementation of the Convention. When there was financial crisis, the private sector and market themselves even need public finance to bail them out. In addition, the precondition for expanding a carbon market is that developed countries target for deep emission cuts post-2012. Without carbon demand, how does a carbon market exist? Therefore, China thinks that public finance from developed countries should play a leading and major role in the financial mechanism under the Convention.

Based on the above analysis, it was not in favor of paragraph 15, option 3 and paragraph 19, options 4, 5 and 7 of the non-paper.

**Uganda speaking on behalf of LDCs** said we have not quite got the answers on how to make financial institutions more responsive and less expensive. There are some things that they cannot change because they take instructions from their own supervisors. For example, we were all excited over the LDC Fund but today there is very little money in the basket. The first round of projects has been approved but there is no funding. 43 countries have completed NAPAS and only 8 are on the ground. It is necessary to have reform. Direct access has been placed in the Adaptation Fund.

On governance it said that (in the Convention) there is transparency and participation whereas Uganda would not be invited to the Major Economies Forum meeting.

**Bangladesh** said it has set up a national fund and approved a Climate Action Strategy Plan. It reiterated its support for the proposal by the G77 and China in option 1 with a number of funds to be established. It said that regarding sources of funding, it should be at least 1.5% of GDP from public sources of Annex 1 countries.

**Japan** said there is a need for finance to flow smoothly and speedily to needs in the field and not to spend funds on creating new, sophisticated financial mechanisms. It had concerns with options

1 to 4 and option 6, and said overlapping is to be avoided. It expressed support for option 5 (US proposal) and said that using some existing schemes and organisations with necessary reform would be the most effective way.

**Sweden on behalf of the EU** said it is useful for Parties to engage in exploring all the different options. There may well be a lot of common ground, while others require choices. It said that on “who contributes” three options (4, 5, and 7) include the notion that all countries contribute while options 4 and 5 explicitly exempt LDCs. This is in line with the EU: that all countries should contribute in line with their capability. The notion of ability to pay and responsibility for emissions is in options 4, 5, and 7 and to some extent in option 1, according to Sweden.

It said that it is important to have predictability – some form of assessed contribution is needed, as we cannot rely on traditional pledging.

It said there are already a number of institutions and we should build on experience and improve them. It proposed a coordinating mechanism for mitigation actions and a register. Funding sources go beyond public funding.

Lastly, there should be more technical support and a separation between political (guidance) and technical (professional and technical) aspects.

The EU agreed with Barbados (on behalf of AOSIS) about starting early and getting going, especially between now and the next couple of years to make sure the COP agreement we get can be implemented promptly.

It said that its reference to an agreement is a general reference as we are still discussing the nature and legal form of that (Copenhagen) outcome. Clearly the Convention is the basis and the modality of the legal decision, the relationship between the Kyoto Protocol and the Convention in financing etc may be what we need to work on.

**Canada** raised several questions. Is it better to consider arrangements that are better designed functionally (e.g. technology transfer, capacity building) or sectorally (technology for transport, or technical expertise on energy)?

It questioned integration into a single institution and said it cannot be assumed that bigger is more effective. It also questioned the delivery system for different scales of projects and different sizes of countries.

**The US**, when introducing its proposal on Monday, said it was a good faith effort in response to the interests of its partners (Convention Parties). It wants to build on existing arrangements by reaffirming the GEF as an operating entity of the Convention’s financial mechanism that will take on enhanced activities. It said a new operating entity is consistent with Article 11 of the Convention and proposes the establishment of the Global Fund for Climate (in addition to the GEF) that operates with an existing multilateral financial institution as its trustee.

It said that contributors to the new Fund would be all Parties except for LDCs and such contributions would be according to capabilities, not mandatory but commensurate with Parties’ global standing.

The range of financial instruments, where appropriate, would include grants, loan guarantees and insurance – the form of finance would fit the function.

On the form of contributions, the US said this should be guided by countries’ respective capabilities. The US has high capacity and is prepared to do so according to appropriate national circumstances and is prepared to scale up its own contributions. However, while agreeing to increased predictability of funding the US said it was not practical to have a mandated level. A more open model enables us to provide much larger sums.

**The Philippines on behalf of the G77 and China** said that the whole [US] proposal turns Article 4.7 of the Convention on its head. It is entirely the opposite of Article 4.7.

[Article 4.7: The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and 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.]

**Tanzania** said that a balanced governance and access to financing structure for adaptation is already in place in the Kyoto Protocol Adaptation Fund. Almost the same Parties are involved in terms of process. It did not see why we need to reinvent an adaptation structure and take another 2-5 years to mimic what we already have in place rather than moving from there.

**Australia** at the Monday discussion explained its proposal for a Facilitative Platform as a response to a post-2012 world that should be flexible. A register would be established on actions and strategies, finance, technical and capacity building support. Public and private sector advantages will be garnered. The Convention Secretariat would manage the Platform as the interim operating entity.

It said that the proposal is not the whole of the solution but one of many parts for a coherent system.

The issue of the level of funding was also discussed on Monday.

**Papua New Guinea** said that we need to develop ambition for finance but we are very timid here. We should not only have mitigation targets, but also have clear and financial targets because we won’t succeed if we don’t mobilise financial resources. We have to be crystal clear about that. We don’t spend much time in this [non-paper] on how to mobilize financial resources.

**Antigua and Barbuda speaking for AOSIS** supported Papua New Guinea and said that information needed [exactly how much we need] to make decisions is not here.

# TWN

## Bangkok News Update 17

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### Carbon Offsets: Flexible Exception that Becomes the Rule?

Bangkok, 7 October (Lim Li Lin and Josie Lee) – The contact group on “numbers” (on the aggregate and individual Annex I Parties’ emission reductions) of the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) discussed the relationship between the numbers and the market mechanisms under the Kyoto Protocol on Monday and Tuesday.

The first commitment period for Annex I (developed country) Parties of the Kyoto Protocol expires in 2012. The AWG-KP is negotiating the second and possible subsequent commitment periods, and the key issue is the numbers – the quantified amount of Annex I emission reduction commitments.

This has been overshadowed by tense discussions over the last week at the climate change negotiations in Bangkok on the survival of the Kyoto Protocol. Some developed countries have made it clear that they do not want the Kyoto Protocol to exist after the end of the first commitment period, but developing countries are insisting on the continued existence of the Kyoto Protocol and with it, legally binding quantified targets for Annex I Parties enshrined in an international treaty.

Developing countries have been arguing that in accordance with the mandate of the Kyoto Protocol, the work of the AWG-KP should focus only or firstly on determining the numbers, as this work is urgent.

Developed countries have been arguing that they first need to know the amount of offsetting available to them through the market mechanisms, in order to determine what their emission reduction commitments will be.

The Kyoto Protocol provides for three market-based mechanisms - emissions trading, the Clean Development Mechanism and joint implementation (JI), which allow Annex I Parties to “offset” their emission reduction targets in developing countries

and economies in transition rather than through their own domestic actions.

On Monday, the contact group began with a presentation by the Chair of another AWG-KP contact group (Harald Dovland from Norway) on “other issues”, where the market mechanisms are being discussed. He said that the discussion is to improve the mechanisms by making them more efficient, but that there is no agreement on any of them yet.

According to his assessment, the discussion on the mechanisms could possibly impact the discussion on the numbers. On proposals to improve the CDM and JI, he said that more Parties may have access to the carbon market, so that it may grow slightly but there would not be a major impact.

On proposals for new mechanisms such as sectoral crediting for nationally appropriate mitigation actions (NAMAs – that apply to developing countries), Parties are not really negotiating this because there is no agreement on whether this issue is within the mandate of the working group. It may potentially have an impact on the volume of credits in the market, but not necessarily on what is going to happen, as it would depend on how the market will behave and on how they will be linked with what is being discussed in the Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA) on NAMAs. Potentially, it may increase the volume in the market, he said.

On proposals for carbon capture and storage and nuclear energy, he said that these potentially may be large projects with significant amounts of carbon coming onto the market, which potentially may result in an increase in the market.

The Co-Chairs of the contact group on “numbers” (Gertraud Wollansky from Austria and Leon Charles from Grenada) posed questions: What clarity is required on the mechanisms to advance the

level of ambition for Annex I emission reductions? What proposals on the mechanisms may have quantitative impacts? Why is it not possible to take decisions on quantified emission limitation and reduction objectives (QELROs) unless there is clarity on the mechanisms? What assumptions have been made by Parties in their emission reduction pledges? The Co-Chairs also asked what needs to be decided before the group can take any decision on QELROs. In terms of setting a cap on the use of the mechanisms, how is this to be addressed and agreed, and what should the level be?

**China** said that it did not see much impact of the mechanisms on the aggregate numbers for emission reductions. It said that offsetting is a zero sum game, that the proposals are very complicated, and there is no time to discuss them between now and Copenhagen. More important things, for example what the percentage of emission reductions is, should be decided first. It said that it could not agree with waiting until the rules on offsetting were decided.

**South Africa** agreed that the issue of offsets is a zero sum game, as the atmosphere sees no real reductions in emissions. It said that there are other ways of looking at the market and other ways to have the discussion. It suggested setting Annex I QELROs for real domestic emission reductions and adding an additional percentage which uses these mechanisms. This would result in real reductions in the atmosphere. Another approach is to set aside assigned amount units (AAUs) for the market mechanisms.

It said that the **G77 and China** position is that offsets are a supplementary measure for some flexibility for Annex I Parties to achieve their targets. But if that amounts to 50%, then that is way beyond the bounds.

**Sweden on behalf of the EU** said that it might be necessary to have more clarity on the markets, as there has been doubt raised on the markets and what they are there for. It said that some people make “strange comparisons” with the financial market that has crashed. It said that this is a complex issue because we are not assessing how markets work today but need to project into the future with deeper cuts. The task is to design something that will work until 2020. The market is to put a price on carbon. That gives all actors a signal about what types of investments will be useful to reduce emissions. It said that it wanted to see a robust carbon price going forward into the future until 2020.

It said that the regulatory framework is necessary to give predictability and certainty to the market. An important lesson from the first

commitment period is that based on demand and supply, it would not have given rise to a positive carbon price. The EU had created its own emissions trading system.

Sweden said that surplus AAUs that move into the second commitment period applying the Kyoto Protocol rules, will have an impact on the carbon price. If allowed fully, it will have an immense impact, and will reduce the incentive to move towards cleaner energy sources, as there will be less demand for new technologies. It concluded that the carbon price incentivises investments in clean technology.

It disagreed that there are some “big ticket” items such as credits from land use, land use change and forestry (LULUCF), and carbon capture and storage (CCS) as it is quite expensive in the medium term. This could be important in the market after 2020 when the technology has been proving its value. It said that the EU proposal for sectoral crediting would increase supply and extend the incentive of the carbon price to a wider range of actors, and that this is necessary.

It concluded by saying that the work cannot be to set emission reduction targets and then talk about the mechanism; they need to be discussed together as the situation is complex and there is a need to have a dynamic view.

The Co-Chair asked if there was a common understanding that offsets are a zero sum game. It said that South Africa had said that a domestic target could be set, and the use of the mechanisms and offsets can be on top of that.

**Switzerland** disagreed with setting a cap on offsets and said that the full picture should be considered. This includes the discussion under the AWG-LCA where NAMAs are being considered for crediting.

**Canada** disagreed with the view that offsets are a zero sum game. It said that this was conflating the environmental integrity of a credit and the issue of supplementarity. With appropriate design, the environmental integrity of all credits can be ensured. With appropriate rules, emission reductions that would not otherwise have occurred can be ensured. It said that rules should be designed for the creation of future credits to avoid creating “hot air” in the future and that there should be rules on use that will eliminate the on-going use of hot air already.

**Tuvalu** said that the mechanisms did not provide an additional benefit to the environment. It questioned why the countries that are talking about a robust carbon price are also talking about the Kyoto Protocol not surviving. Did these countries intend to handpick certain elements and transfer them to a

new agreement, and would that ensure a robust carbon price? It asked whether sectoral crediting is a sectoral offsetting mechanism. And what are the implications for environmental integrity and flooding the market with sectoral credits? It asserted that there is no real net gain to the atmosphere.

**Brazil** agreed that offsetting is a zero sum game, as what the atmosphere sees is that our emission reductions are offset by additional emissions by Annex I countries. The intention of the mechanisms is to discharge the burden of Annex I to non-Annex I Parties to reduce the cost of implementation, and allow for the transfer of technology. There should be a cap on the mechanisms, and it should not be over 49%, and must be supplemental. The real cap should be discussed, it said.

Brazil went on to say that in the first commitment period, the EU's commitment is 8% emission reductions and there is only about a 3% difference proposed for the next period. It said that the EU is wanting to include sectoral crediting etc just to cover this 3% difference. This is a very weak demand and very strong supply would result in a very low carbon price. Annex I Parties are now in recession and markets are depressed, so there is a disincentive to the carbon market, it said.

**Australia** said that there is a need for a deep and liquid carbon market, and that it wants the Clean Development Mechanism to function well. Reducing emissions from deforestation and forest degradation in developing countries (REDD) is good example of a new mechanism, and the discussion on sectoral crediting is also important. It said that it wanted to be as ambitious as possible in its emission reductions, and that a hard barrier on supplementarity of the mechanisms would increase the risk that Annex I Parties will have when they take on ambitious targets. This is not in our collective interests as it would reduce low-carbon investment in developing countries, it said.

**New Zealand** said that we are not doing ourselves any favours with an artificial distinction about where mitigation happens, as this is a global issue. It said that its target is 15% emission reductions, and that this would cost it 8% of its GDP, which is "consistent with the high end of the IPCC (Intergovernmental Panel on Climate Change) range", on a cost basis. New Zealand said it has low mitigation potential, and would need to offset by about 70%, otherwise it would have 0% emission reductions. It was doing this to achieve a global good, it said.

It said that the use of mechanisms does increase mitigation as it allows more mitigation for the money. It said that a cap on the use of mechanisms would be disproportionate and inequitable to it as it is a very small economy. It said that the use of the mechanisms would bring benefits to developing countries in terms of investments that contribute forever to the developing countries.

**Ethiopia** said that from the perspective of the least developed countries (LDCs), they need to know the nature and structure of the possible offset mechanisms, and would they have improved opportunities to take part in them? It said that ambitious aggregate emission reduction targets should come first, as at the end of the day, what would happen if there are limited credits available —would that be used as a ground by the Annex I Parties to say that they cannot do what is required by the science? As a matter of principle, we should know where we want to get to, and then discuss how we want to get there. Only then would exploring how to use offset mechanisms make sense, it said.

**Bangladesh** said that there is no alternative other than to go for domestic emission reductions. Flexible mechanisms should not result in a situation that results in no benefit to the atmosphere.

On Tuesday, the discussion continued in the contact group.

**Brazil** explained that in the first commitment period, the EU's emission reductions are 8% over a five-year period (2008-2012). This amounts to 1.55% per year. It said that for the second commitment period, the figure committed thus far is 12%. However under proposals for compound accounting, this would only equate to 11.11% in total over an eight-year period (2013-2020). Thus, the reductions equate to just 1.32% per year. This is a reduction in the level of ambition, it said.

**China** stressed the need to maintain a strong carbon price, and said that only strong commitments can do this. It said that we need to define what 'supplementary' is, and ensure it does not become mainstream mitigation. We need to recognise that the mitigation potential in developed and developing countries is distinct. It argued that offsets are not necessarily beneficial to the environment and questioned whether it is legitimate or appropriate to just use offsets to meet mitigation commitments as developed countries have a historical responsibility to take action. It said it was unfair to lock in high per capita emissions in developed countries and unacceptable for the minority of people to assume the majority of emission rights.

**India** asserted that outsourcing of emission reductions (offsets) is a zero sum game. It said that we need to look at limiting the use of mechanisms such as REDD Plus. It asserted that complementarity should be a small part of mitigation activities.

**South Africa** supported the idea of having domestic targets (without offsets) that take into account historical responsibilities and capabilities as well as an emission reduction target (which could include offsets). It questioned whether we can make offsets not a zero sum game.

**Japan** explained that domestically, emission reduction costs are high. Thus, for an equitable mitigation cost, market mechanisms are needed. It said that it did not support a ceiling on complementarity.

**Canada** explained that emission reduction credits should only be issued for reductions that

would not have happened otherwise. This is the additionality criterion. With respect to additionality, offsets are not a zero sum game. The right test is what the atmosphere sees. Thus it said that it is inappropriate for the international community to put an artificial ceiling on credits.

**New Zealand** questioned why we need to know the proportion of offsets. It argued that the atmosphere does not know or care. It said that as New Zealand is an agricultural economy, if a cap on credits were to be put in place it would not know what to do. It warned that it would be extremely risk adverse to setting a cap on offsets as it would drive emission reduction ambitions down. It said we should be guided by Article 3 of the Climate Change Convention which talks about ensuring global benefits at the lowest possible cost.

# TWN

## Bangkok News Update 18

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### Differences over Indigenous Peoples' Rights and Forest Conversion in REDD-plus

Bangkok, 8 October (Josie Lee) – After two weeks of discussions on reducing emissions resulting from deforestation and forest degradation Parties seem no closer to a draft negotiating text. The key areas of contention in the text so far are on conversion of natural forests to other uses, and the rights of indigenous peoples.

The Ad-hoc Working Group on Long-term Cooperative Action has an informal sub-group working on paragraph 1(b)(iii) of the Bali Action Plan. The focus is on policy approaches and positive incentives on issues relating to Reducing Emissions from Deforestation and Forest Degradation (REDD) in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries. Currently, only reforestation and afforestation activities are included as part of the Clean Development Mechanism (CDM) under the Kyoto Protocol. Avoided deforestation does not qualify under the CDM as defined now.

The second week in the Bangkok talks that end today concentrated on developing a non-paper regarding the safeguard principles for an outcome on REDD-plus [as the scope of paragraph 1(b)(iii) is called]. After a number of contact group meetings and informal meetings the Parties could not agree on key language, inclusions and omissions in Non-Paper #18 (as of 8 August, 11:00 am). The consolidation of text seemed to be unsuccessful in incorporating all views.

**Paraguay** explained that in informal discussions about text on safeguard principles for indigenous peoples' rights [paragraph 4 (e)] there was no opposition to mentioning indigenous or local people's rights, but the detail regarding the reference was the main problem. Some Parties wanted indigenous peoples' rights recognised in accordance with the United Nations Declaration on Rights of

Indigenous Peoples (UNDRIP) and 'full prior, and informed consent'. Others did not want such strong language on this.

**The Philippines** said that it is disappointed with this text, and that collective indigenous peoples' rights need to be recognised through reference to the UNDRIP. It argued that in talking about safeguards the word 'ensure' and not 'promote' should be used with regard to principles. It also said that it is enough to mention national sovereignty in just one part and not in many sections of the text. It asked that the text include the idea of protection from conversion of natural forests [paragraph 4(f)], and that the recognition of rights for indigenous and local people to pursue 'sustainable livelihoods' in forests should be inserted in the text on environmental safeguards.

Support for the inclusion of reference to the UNDRIP in the text was voiced by **Bolivia, Venezuela, India, Mexico and Colombia**.

**Papua New Guinea** questioned why full, prior and informed consent only applies to indigenous peoples in the text and not local peoples. It said that this is a problem.

**Colombia** went further to suggest that respecting indigenous peoples' rights should be a guiding principle and not just a safeguard principle. It wanted to retain language on 'respect' for indigenous rights and supported Papua New Guinea's intervention on rights of local communities. It asserted that effective participation text should be in all stages in REDD and that the text should say 'free' prior and informed consent, not 'full' prior and informed consent, or could say both.

**Indonesia** also supported Papua New Guinea's intervention saying it would have a problem if the rights between indigenous and local people were separated.

For **Gabon** a principle-based approach to respecting indigenous peoples' rights is one that accords with the law of the country. It explained that a concept of rights that provides specific rights to people is risky. In the same way we talk about the indigenous people of forests, what would we do if people of the oceans wanted specific rights to the oceans, and other peoples wanted specific rights to other areas? This would be a problem.

On the issue of protection of natural forests from conversion, the Philippines' intervention was supported by **Bolivia, Switzerland, Brazil, Venezuela, India, Papua New Guinea and Mexico.**

**Brazil** added that we need strong language, that is, we must 'ensure' no conversion of native forests. It added that sustainable management of forests is possible. It is not that you do not touch them, but rather that they cannot be converted.

**Democratic Republic of Congo, also on behalf of Cameroon, Republic of Congo and Equatorial Guinea,** said that their countries were still heavily forested and that there is still rampant poverty. Thus they still need to have the sustainable exploitation of the forest to meet their people's needs. They explained that 35% of their land mass had been protected, but outside of these areas they need to use forest for economic development, unless they get adequate compensation to protect them. They argued that reference to land conversion should not be returned to the text by countries that have already widely logged.

**Liberia** argued that while it is fully committed to REDD and supports in principle the safeguards in the text, 'two wrongs don't make a right' and thus it has national laws that it must oblige by, in respect to logging rights for companies. So it cannot be a Party to a convention that is not legal in its laws. It supports not converting land; however a way must be found to right the wrong while respecting national laws. It needs to protect future business confidence. So countries need compensation and financing related to governance.

**Switzerland** expressed wariness about changing the word 'promote' to 'ensure' in the section.

**Venezuela, Norway and Mexico** responded by expressing support for the Philippines' intervention

that we need the word 'ensure' and not 'promote' in relation to conservation on biological diversity and other social and environmental benefits.

**Guyana** explained that in informals the common threads on governance safeguards principles [paragraph 4(c)] included keeping them simple, that governance of forests and funding should be taken together, and respect for national legislation.

On governance safeguards, **Switzerland** requested that it be changed from 'transparent' to 'appropriate' forest governance.

**Papua New Guinea** said that 'governance' is a loaded word, explaining that it does not want yet another governance stick being thrown at developing countries. It also explained that to deal with forest protection, we have to reach out of the forest and deal with underlying issues that cause unsustainable use of forests.

**Colombia** wanted the inclusion of 'emissions displacement' in regard to 'leakage' issues [paragraph 4 (b)] (issues where protection of forests in one place displaces deforestation or degradation to another area). It also wanted strong language that national legislation should be 'respected'.

**Tanzania** supported the Philippines' intervention on insertion of the text 'sustainable livelihoods' but would also be happy with 'sustainable economic activities'. In respect to governance, it wanted to delete the words 'support mechanism' and replace them with 'financial support'.

At the end of the discussion, **Venezuela** stated that it did not want this as the starting text in Barcelona as the text doesn't recognise indigenous rights adequately, or protect from land conversion.

**Ghana and Papua New Guinea** responded that they believed that the contact group had made progress and did not want to revert to the previous information paper (INF1 – draft negotiating text) text.

The sub-group Facilitator Mr. Tony la Vina concluded that discussions on this non-paper would continue at Barcelona, reiterating that everything in the text was bracketed, i.e. this is not yet negotiating text but a consolidated text on institutional arrangements and safeguards.

Work will continue in Barcelona.

# TWN

## Bangkok News Update 19

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### Developed Countries Plan their 'Great Escape' from Climate Commitments

Bangkok, 10 October (Hira Jhamtani and Chee Yoke Ling) – Developing countries in one strong unequivocal voice oppose moves by developed countries to abandon the Kyoto Protocol that has legally binding greenhouse gas emission reduction targets.

At the 9 October closing plenary of the 9<sup>th</sup> session of the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) that marked the end of two weeks of negotiations fraught with deep divisions, Ambassador Ibrahim Mirghani Ibrahim (Sudan) on behalf of the G77 and China said that proposals from some developed country Parties would render the Protocol “inoperable and redundant” and this is “completely unacceptable” to the Group.

The Protocol provides for commitment periods that set legally binding aggregate and individual targets for Annex I Parties to reduce greenhouse gas (GHG) emissions, and has a compliance system. It is the legal instrument that was negotiated under the UN Framework Convention on Climate Change (UNFCCC). The first commitment period is 2008-2012, by which time the Annex I Parties have to collectively reduce their emissions by about 5% below 1990 levels. The AWG-KP is tasked with setting the reduction targets for the post-2012 commitment period at a time when scientific evidence demands deep cuts in the range of at least 25-40% by 2020.

A parallel Ad hoc Working Group on Long-term Cooperative Action (AWG-LCA) under the Convention is negotiating the enhancement of actions to ensure full, effective and sustained implementation of the Convention. The two distinct tracks were adopted by consensus in Bali in 2007, with the AWG-LCA mandated to speed up actions on mitigation (for developed countries not Parties to the Kyoto Protocol but Parties to the Convention

and developing countries), adaptation, finance, technology transfer and capacity building.

However it is clear by the close of the Bangkok session that almost all developed countries including Japan, Australia and the European Union want to dismantle the Kyoto Protocol, collapse the two tracks into one and produce one single legal outcome in the December UN climate conference in Copenhagen.

**Sudan for the G77 and China** said it is seriously concerned about the emergence of a significant shift in the positions of Annex I Parties to the Kyoto Protocol in relation to their insistence on a single legal outcome in Copenhagen. This completely reframes the agreement reached in Bali to have a two-track outcome in Copenhagen, with the continuation of the Kyoto Protocol for legally binding mitigation efforts of developed country Parties on the one hand and on the other hand an outcome under the Convention aimed as sustained and full implementation of its provisions.

The Group said the approach seems to be to slow the negotiations by overwhelming each topic with masses of technical detail and ensure there is no outcome in the negotiation of deep and ambitious Annex I Party quantified emission reduction targets for the second commitment period using objective criteria.

The Group said the pledges from developed countries have an extremely low ambition for GHG emission reduction targets. In total these pledges add up to a range of approximately 17-23% for Kyoto Annex I Parties (excluding the US, a non-Party). These are completely inadequate and do not match the levels of ambition required by science.

The Group has also seen proposals to transfer the so-called good parts of the KP to the AWG-LCA, which raises the question as to what is the fate of the so-called bad parts. In this way the only outcome in

Copenhagen proposed by some Parties would be the result of the negotiations under the AWG-LCA, which effectively would render the KP inoperable and redundant. This approach and outcome is completely unacceptable to the Group.

The Group maintains that the Convention provides a strong foundation for an inclusive, fair and effective international climate change regime which effectively addresses the imperative to stabilize the climate system while recognizing the imperative and right of developing countries to develop, address poverty and food security. In this context the Convention is based on the principle of equity where developed countries, who are the most responsible for the problem, need to “take the lead”, as well as the principle of common but differentiated responsibilities where all countries act in accordance with their responsibilities.

As a reflection of these principles, we have all agreed that Annex I Parties must “take the lead” in meeting their obligations to mitigate GHG emissions through quantified emission reduction commitments (Article 4.2 of the Convention). To achieve this, the Parties agreed to the KP where the reduction targets are concretely enumerated and become progressively more ambitious in a step-by-step-wise fashion from one commitment period to the next.

The KP is the only legal instrument delivering real emission reductions from Annex I Parties. It has proved and is proving to be extremely effective in delivering real emission reductions at the lowest cost to Annex I Parties through flexible mechanisms. The task in the AWG-KP must be to build on this success by setting up the next steps for the second and subsequent commitment periods for Annex I Parties to cut emissions.

The Group said it is concerned that little progress has been made in the session in Bangkok and called upon all Parties to build an inclusive, fair and effective international climate change regime with a strong KP and strong outcome from the negotiations to enhance the full, effective and sustained implementation of the Convention.

**China**'s special envoy for climate, Ambassador Yu Qingtai, in supporting Sudan's statement also shared concerns about the future of the process. He said there is a lack of political will on the part of Annex I Parties to honour the commitment to undertake deep emission reductions. Efforts are underway to turn the fundamental mandate of the AWG-KP upside down. We have been asked to join in an exercise to put an end to the life of the Protocol. The G77 and China is fully prepared to engage in

the discussion of all issues covered in the AWG-KP, but it will not be party to that exercise.

He said that in Bali, all countries that were present there designed a road map and a vehicle running on two tracks to take us to Copenhagen. Destroying one track will put the whole vehicle in danger. A year ago in this AWG-KP, we were worried that preparations were underway for the Great Escape. The people out there in the real world need to be assured that a great escape by Annex I Parties would not occur in Copenhagen.

**Algeria speaking for the African Group** said emphatically that it opposes the replacement of the KP by any other agreement. Algeria said we are here to negotiate the second commitment period of Annex I Parties in accordance with Article 3.9. Despite some encouraging improvement in targets, such as the recent announcement by Norway (40% cut by 2020), the overall level of ambition by Annex I Parties continues to be insufficient compared to those derived by science.

It said that the chair of the AWG-KP has the responsibility to bring Annex I Parties back on track in the negotiation under the KP.

**Grenada speaking on behalf of the Alliance of Small Island States (AOSIS)** said it wishes to underline again the critical lack of ambition in the pledges of Annex I Parties for the second commitment period. In order to ensure a temperature increase of below 1.5 degrees Celsius below pre-industrial levels and a GHG concentration of less than 350 ppm, AOSIS asked developed countries to undertake emission reductions of 45% or more below the 1990 level by 2050.

AOSIS said that currently Annex I Parties' pledges amount to only 11-18 percent. This range is fully consistent with a temperature increase of 3 degrees or more. This would cause a runaway of climate change impacts in developing countries, threatening the survival of small islands. This is simply unacceptable to AOSIS.

It also expressed concern at the suggestion that the KP might be abandoned for a new approach. We should build up upon and not weaken the KP. Parties must deliver an outcome in Copenhagen but this must include a deeper emission reduction in the second commitment period on a scale consistent with what the best-available science demands.

**Lesotho speaking on behalf of Least Developed Countries (LDCs)** also said strongly that the call for an end to the KP is totally unacceptable.

It said that at the beginning of the AWG-KP session in Bangkok, LDCs emphasized the need to

confine the mandate of this process, which is the further commitment of the Annex I Parties. The LDC group is concerned about the intention to merge the separate tracks against the spirit of the Bali Action Plan.

Without a legally binding commitment and reduction targets, there would be no solution to climate change. Failure to combat climate change will increase poverty and hardship for our nations and increase the debt of emission of developed countries. The rights of LDCs are being compromised by climate change and thus the need for emission reductions.

It expressed disappointment at the slow progress achieved in the Bangkok talks. The pledges announced by many developed countries fall far below that prescribed by science.

When the process commenced to implement the Bali Action Plan, it started to build trust. In the current session, a feeling of mistrust is apparent. We ask, what went wrong, or what is happening that we are unaware of? The call to end the KP is totally unacceptable to the LDCs. This call adds to the mistrust and the prospect of losing an agreement and does not inspire confidence particularly among LDCs and developing countries. We seem to be in a worse position than 12 years ago when we negotiated the KP.

The group said that developed countries must maintain the distinction between the two tracks. KP issues must only be discussed under the AWG-KP.

**India** also expressed disappointment at the refusal of Annex I Parties to place actual numbers of commitment for emission reduction under various pretexts, such as the need to calculate the land use, land use change and forestry, the access to financial mechanisms, complementarity etc.

We now see clearly that the intention is to terminate the KP, a move that we have to caution would put the Bali Action Plan in jeopardy and exposes their lack of intention to solve climate change.

Unless developed countries put numbers on the table without conditions, we feel there would be no movement toward any kind of outcome in Copenhagen. To that effect, 37 developing countries have made a proposal of at least a 40% cut for Annex I Parties during the session in June in Bonn and want to get a response without delay on that proposal.

**Indonesia** said that historical responsibility demands a certain commitment to be translated into deeper emission reductions. Every nation must become part of the solution, not part of the problem.

It also expressed concern about the trend to opt for a single outcome in Copenhagen, which would mean there is an effort to abandon the KP, which would endanger the seal-the-deal effort at Copenhagen. It reminded Parties about what the Indonesian president said, that we can negotiate about the climate but not with the climate. Nor will the climate wait for negotiations.

**Pakistan** said it came to the negotiations with the expectation that there will be progress. But it feels there is a virtual standstill on the progress to achieve aggregate and individual emission reduction commitments.

It noted with concern the desire to collapse the AWG-KP into the AWG-LCA which would mean abandoning the KP. 'We do not believe that scrapping the KP is the only way forward.' It will possibly lead to a race to the bottom.

Pakistan noted the pledges but said that they fall below what the science demands, even below the range of the IPCC (International Panel on Climate Change). It urged all Annex I Parties to uphold their commitments, which should not be conditional, and consider the equitable sharing of the atmospheric space.

**Saudi Arabia** stressed the need for negotiations in the AWG-KP to be guided by Article 3.9 of the KP and not be side-tracked by some countries to go another direction, namely towards a single agreement that may be diverted from the Convention.

Some countries even went so far as to say they want to integrate the so-called good elements of the KP into a new instrument. The question is what elements are good and what elements are bad. Progress is poor on all aspects. Saudi Arabia called on developed countries to refrain from using creative mathematics to convince the public that they are committed.

**Ghana, Senegal and Oman** strongly reiterated similar concerns and objections to collapsing the negotiations at the AWG-KP into one with the AWG-LCA.

**Thailand** said we need commitment, not pledges. The KP must continue and developed countries must take the lead, to engage constructively in the negotiations. The KP can only survive if developed countries undertake emission cuts.

**Solomon Islands** said any delay in the negotiation towards legally binding emission reduction by Annex I Parties would be detrimental to the survival of small islands and LDCs. The window of opportunity in Barcelona and Copenhagen is closing fast. 'Come the Copenhagen

conference and we hit the nail, we will see islands disappearing, our cultures disappearing and extreme pressures would be on us.’ This is happening despite the fact that political leaders have agreed in New York to solve climate change.

Survival means that developed countries must accept their responsibilities. Denial is an act of bad faith in this negotiation process. Developed countries are putting conditions on their emission reduction commitment. ‘Our right to survival is not negotiable, not based on the negotiations that go against our rights. Developed countries have not listened to us. We are not giving up.’

**Sweden speaking on behalf of the European Union** said that the EU is committed to the KP and will undertake its commitment to reduce 8% of its emission (under the first commitment period) and has legislation built upon the KP architecture, so efforts to reduce emission and develop the carbon market will continue.

It said the KP cannot make it to the 2-degree target, as it covers only half of the world’s emission. Over the years, the EU had made proposals to strengthen the KP but the best way is to take these elements in a new single agreement, ‘where we want to make it stronger’.

It said that most Annex I Parties welcomed the increased level of ambition, and admitted that it is clear that the aggregate is insufficient compared to what science tells us. Therefore there must be efforts to raise the figures. This is not a technical but a political issue. It cannot be addressed in isolation. We need to focus on these core elements in a new agreement that would bring the world into a pathway of a less-than-2-degrees temperature increase.

**Japan** said it had no intention whatsoever to sneak away from its commitments post-2012 but wants instead to involve a larger group of developed and developing countries. It said it will honour its commitment to achieve its target (in the first commitment period).

It said the current situation does not cover all emissions and proposed a new legal framework which should be a single document, taking in all (UNFCCC) Parties. A simple amendment of Annex B (of the KP setting reduction targets) is not sufficient. Our scope of proposal is to build on the KP and retain a number of elements.

The Russian Federation said the KP and such agreements might need modernization. Many KP elements have been proven to be effective such as the flexibility mechanisms that can be used in a successful new agreement.

**Switzerland** said we can reach a solution for climate change if all major emitting countries contribute significantly to the work. The commitment can be enshrined in an amended KP or a new agreement. This is the reason why Switzerland wants to have a coherent process between the AWG-KP and the AWG-LCA.

The plenary was aptly closed by a statement by the youth observer representatives who said, “History will judge you” and said they will not accept a dirty deal in Copenhagen. It said “our future is being held hostage by the self-interested dirty delaying tactics of Annex I countries” and declared “no confidence” on the road to Copenhagen.

Negotiations will resume for both tracks in a final session in Barcelona (2-6 November) before the Copenhagen conference.

*(With inputs from Lim Li Lin)*

# TWN

## Bangkok News Update 20

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### Copenhagen Train in Peril, UN Meeting Warned

Bangkok, 10 October (Meena Raman) – Developing countries expressed their strong opposition to proposals by developed countries to renegotiate the United Nations Framework Convention on Climate Change which they said were aimed at generating new commitments for developing countries and which eliminate or diminish the commitments of developed countries, at the closing plenary of the Bangkok climate talks under the Ad-hoc Working Group on Long-term Cooperative Action on 9 October.

The **G77 and China** said that Parties seemed to be drifting apart from each other on key essentials for an outcome in Copenhagen. The Group expressed its strong concern over several proposals, including those that were presented by developed countries for new frameworks for mitigation actions by all Parties, that are incompatible with the Convention, the Kyoto Protocol and the Bali Action Plan.

“No amount of selective reading or creative interpretation will be sufficient to hide the fact these negotiations constitute re-negotiations of the Convention with a view to generating new commitments that are entirely inappropriate for developing countries and eliminate or diminish the appropriate commitments of developed countries. We oppose them directly and emphatically,” emphasised Ambassador Ibrahim Mirghani Ibrahim of Sudan, speaking for the Group.

**China’s** head of delegation, Mr. Su Wei, referred to the two tracks of the AWG-LCA and the Ad-hoc Working Group on Further Commitments for Annex A Parties under the Kyoto Protocol (AWG-KP) as a train that started in Bali on a two-track railway. “The train should have already been accelerated so as to arrive in Copenhagen in time. But to our great disappointment and dismay, the train encounters big problems in running along the two-track rail, with one track, the Kyoto Protocol, on the verge of being destroyed. The Kyoto Protocol track

is cut into pieces and its debris and fragmented pieces are placed on the Convention track. Serious consequences will follow. On the one hand, new roadblocks are going to be placed on the Convention track of the negotiating process, and the train is going to be derailed. On the other hand, the two-track train is suddenly pushed onto a single track, and the train is going to be topside down”.

He said that the train to Copenhagen is in imminent peril and appealed to the developed countries not to destroy the “Kyoto Protocol track” and not to “place new roadblocks on the Convention” and not to derail the train to Copenhagen.

**India’s** climate envoy, Mr. Shyam Saran, said that in this final phase of our negotiations, “we are confronting the possibility of the goal posts themselves being changed. Instead of enhancing actions under the Convention, we are being asked to accept a new legal instrument with diminished commitments.”

Referring to the proposals by developed countries, Mr. Mootaz Khalil, the head of delegation of **Egypt**, said that the Convention was not meant to be used to perpetuate the economic competitiveness of developed countries, nor was it meant to attempt to resolve the financial crisis by experimenting with a number of “new market mechanisms”.

“Other proposals aim to dilute the separation between developed and developing countries according to the principle of common but differentiated responsibilities; mixing the definitions, creating new categories of “developed developing countries”, and making it clear that developed countries would not fulfill their obligations unless developing countries participate in the global mitigation and financing efforts. We are not in an exercise to renegotiate, substitute, or reinterpret the Convention,” he said.

In order to move forward, in Barcelona, Parties must aim to resolve their differences not by forcing

their views on each other; but rather through objective, realistic and focused negotiations, that focus on the provisions of the Convention in accordance with the Bali Action Plan and not by negotiations that keep introducing new ideas that keep changing the rules of the game. This is the only way to reach an agreement in Copenhagen that will take into consideration the legitimate needs and concerns of all the Parties and not a “Copenhagen Agreement” that would only reflect the narrow interests of one single group of Parties, stressed Egypt.

These views were expressed at the closing session of the AWG-LCA at its 7<sup>th</sup> session in Bangkok that began on 28 September and ended on 9 October. The closing plenary was chaired by Michael Zammit Cutajar of Malta. The 7<sup>th</sup> session of the AWG-LCA will resume again in Barcelona, Spain in November.

In Bangkok, Parties advanced further work through the production of several non-papers by facilitators on elements of the Bali Action Plan which included the shared vision, mitigation, adaptation, finance, technology transfer and capacity building.

The **G77 and China** said that at this critical stage of the climate change negotiations, the Group was greatly concerned by the introduction of elements that are outside the mandate contained in the Bali Action Plan, and which are completely inconsistent with the Convention. Such moves at this point cause great concern for the work of Parties and compromise the goal of reaching an agreed outcome in Copenhagen.

The Group stressed that the Convention is the home of Parties. It creates the space of understanding which allows us to move forward together and the Kyoto Protocol is the standard for the mitigation contribution of all Annex 1 countries. Be it in the magnitude and legal nature of commitments; be it in measuring, reporting and verifying; be it in rules of compliance, the Kyoto Protocol is the established reference, now and in the future, in this field.

In its work, the G77 and China does not consider options which are not based on the continued legal existence and effectiveness of the Kyoto Protocol. “We are the defenders of the only legal instruments addressing climate change and its adverse effects. If these are redefined, or worse, rejected by developed countries, we would have no indication of where we will be without these instruments to address the increasingly urgent problem of climate change and its adverse effects. The rejection of these instruments implies rejection of historical responsibilities for the problem of climate change. Denial of historical responsibilities implies denial of the commitments to provide

developing countries with the new and additional financial resources, of meeting costs of adaptation and of facilitating and promoting access to and transfer of technology,” said the Group.

The developed country Parties claim that they are taking the lead. Saying it, however, is not doing it, and all we are hearing and seeing as proposals from developed country Parties in these negotiations point to the contrary. In mitigation, in adaptation, in financing and in technology transfer, there are proposals shifting responsibilities to developing countries themselves, to failed markets, to the private sector, it said.

The Group said that adaptation remains a major concern for developing countries. Delayed or inadequate mitigation actions will only increase the costs and impacts borne by developing countries. Technology transfer and the provision of adequate financial resources are also a continuing concern in this process as we move to low-carbon economies. In addition, the social and economic consequences of response measures by developed countries could hinder the achievement of sustainable development, and hence, there is a need to make progress in avoiding and minimizing negative consequences on developing countries to ensure a gradual and just transition.

The Group reiterated its commitment to the negotiations underway and to a positive result. It was not demanding that partners accept its terms, but was calling on them to respect and accept the terms that all have agreed to, which is the Bali Action Plan. The Group said that it was not refusing to engage but was hoping that all parties will engage in a common effort that is constructive, not in a collective tearing down of what has been built since the Rio Summit in 1992.

**China** reiterated its firm belief and strong determination to ensure the full, effective and sustained implementation of the Convention and its Kyoto Protocol in accordance with the mandate of the Bali Roadmap. It said that the political will expressed by leaders last month at the UN Summit on Climate Change have not been actually reflected in the negotiations on the ground, and the political momentum built there has yet to be transformed into a driving force for the negotiating process.

It expressed hope that in Barcelona, negotiations should focus on the mandate of the Bali Action Plan, on the essentials regarding mitigation, adaptation, finance and technology transfer. Developed countries should come forward with a firm commitment to undertake ambitious mid-term reduction targets by 2020. Parties need to agree on setting up mechanisms for financing, technology

transfer and capacity building support. Developing countries, in the context of sustainable development, will take nationally appropriate mitigation actions that are enabled and supported by financing, technology transfer and capacity building from developed countries.

**India** said that its delegation had actively participated in these talks in a constructive spirit with a view to ensuring a comprehensive, balanced and above all, an equitable outcome at Copenhagen.

‘Our hopes are in danger of being belied. We are disappointed by the approach taken by our developed country partners in these talks. We are being told that a new and single instrument is essential if we want an agreement at Copenhagen. It does not need a great deal of imagination to see what this could lead to. The proposals, far from enhancing climate change actions, will in reality end up diluting the commitments of Annex I countries, unilaterally imposing new commitments and burdens on developing countries, and undermine the existing Framework Convention and its Kyoto Protocol,’ it said.

India said that the objective of these negotiations is not a new climate treaty, but rather the enhanced implementation of the principles and provisions of the existing UNFCCC. In pursuance of this objective, the Bali Action Plan has provided us with a clear and unambiguous mandate. Similarly, we are not negotiating a new Protocol.

The Kyoto Protocol does not cease to exist in 2012. It will remain valid and in effect, unless State Parties specifically decide to abrogate it or replace it with another legal instrument. This is not what these current negotiations are about. They are about commitments on emission reductions, to be assumed by developed country Parties included in Annex I of the Protocol, for the second commitment period which will commence in 2013.

It stressed that the key issue here is that there is the reluctance on the part of developed country delegations to aim for an agreed outcome on the basis of the mandate agreed upon by consensus. Developing countries have always been willing to walk the extra mile. Without waiting for support or matching action among developed countries, India was already deploying precious resources to enhance its national actions on both mitigation and adaptation.

**Egypt** said that an outcome in Copenhagen must reflect the mandate of this process, which is the full, effective and sustained implementation of the Convention and its subsidiary instruments that do include the Kyoto Protocol.

It said that it was unfortunate that Parties were not given the opportunity to discuss in full the substance of many of the proposals. This applies to the mitigation section as much as other sections including the shared vision, technology and finance, where some ideas amounted to converting the implementation of the Convention into a “match-making” process, where proposed actions and needs of developing countries would be escorted to a number of financing and implementing avenues that mainly rely on market forces and the private sector, with a little push from the public domain. This runs counter to the main provisions of the Convention that put a specific responsibility on the developed countries to provide the necessary financial and technological support to adaptation and mitigation efforts in developing countries.

Egypt said that until now, Parties have not determined the shape of the final outcome expected from Copenhagen. A group of countries have declared that they will produce a single legally binding agreement while others consider that the Bali Action Plan calls for a decision that addresses all the aspects of the Bali Action Plan. It should be clear that this issue has to be resolved well before Copenhagen so that delegations know exactly the implications of what they are negotiating.

**Lesotho, speaking for the LDCs**, also expressed disappointment at attempts to dilute the AWG-LCA by introducing matters under the AWG-KP and that this has tended to delay progress in the talks. There was a need to urgently focus on the mandate of the Bali Action Plan and the Convention.

**Algeria, speaking for the Africa Group**, reiterated the need to keep the implementation of the Bali Action Plan separate from the negotiations underway in the KP. The proposals of the developed countries threaten the crucial outcome in Copenhagen and there was a need to urgently work and recover the trust and confidence among Parties.

**Grenada, speaking for the Alliance of Small Island States**, said that it was disturbed by suggestions that the COP 15 in Copenhagen will not deliver on a binding agreement. It appealed to Parties not to weaken the existing legally binding Convention and KP which underpins the climate change regime. It said that AOSIS cannot afford any delays and that it was morally and politically imperative to reach a successful outcome in Copenhagen.

**Sweden, speaking for the European Union**, said that Copenhagen needs an ambitious and comprehensive outcome that encompasses actions

by all nations. It said that a low-emissions development path requires cooperative action which is enabled and supported by an international regulatory framework. It expected a legally binding agreement for emission reduction targets for developed countries.

It wanted to see the strengthening of the KP, carbon markets and compliance mechanisms and the best way of doing this was to integrate these elements into a single treaty which is built on the KP architecture. It said that it was committed to the KP.

The **United States**, represented by its head of delegation Jonathan Pershing, said that there was

need for charting new ideas and solutions together. In shaping a deal, it sees its proposals as being consistent with the enhanced implementation of the Convention and the Bali Action Plan. Developed countries need to undertake quantified economy-wide mid-term targets.

For major advanced developing countries, there was a need for national actions that can be quantified, measured and reported and that lead to meaningful reductions in emissions in the mid-term. All Parties' actions can be inscribed (in an instrument) and there has to be transparent and accountable international reporting. It did not expect emission reductions from less advanced countries.

# TWN

## Bangkok News Update 21

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### Clashes over Objectives, Scope and Guiding Principles Hinder Progress on Adaptation

Bangkok, 10 October (Juan Hoffmaister) – The contact group on adaptation under the Ad Hoc Working Group on Long Term Cooperative Action (AWG-LCA) saw little progress in Bangkok (28 September to 9 October) as developed and developing countries presented clashing views on the elements of adaptation.

The contact group discussed over the first week ways to streamline the text on adaptation contained in FCCC/AWGLCA/2009/INF.2, with developing countries stressing the need to focus on adaptation actions supported by developed countries, and developed countries on the planning and focus on the most vulnerable.

On Saturday 3 October, co-chairs William Kojo Agyemang-Bonsu of Ghana and Thomas Kolly of Switzerland, with support from the UNFCCC secretariat, presented to the group a non-paper, reflecting discussions on streamlining. Discussions in the second week concentrated on sections on ‘*implementation of adaptation actions*’ and ‘*objectives, scope and guiding principles.*’ During the second week the chairs also suggested moving each section of the non-paper to a drafting group, which was supported by many developed countries and opposed by the G77 and China, who requested that it was necessary to advance discussions and move to informal discussions before moving into drafting groups.

**The Maldives**, speaking on behalf of the **Group of 77 and China**, said that the title of the section should stress the enhancement of action on adaptation according to the Bali Action Plan (BAP), restructuring the objectives, guiding principles and scope, reflecting on the other building blocks of the BAP. The fundamental objective should be enhanced action on adaptation taking into account that the reduction of vulnerability and increasing resilience should be supported by developed countries under

their commitments in relevant articles of the Convention. The global responsibility is according to the principle of common but differentiated responsibilities and respective capability for facilitating support and action on adaptation.

The work should be for the establishment of support for comprehensive action, but not through framing the Convention as a catalyst. Planning should not be a burden to developing countries and should be consistent with Article 4.1(f) of the Convention, particularly language stating: “Take climate change considerations into account, to the extent feasible, in their relevant social, economic and environmental policies and actions”.

There needs to be a common understanding of what “country-driven” means. It should be reflected that adaptation in developing countries should be supported by developed countries, according to the relevant Convention articles. Language on regional or national coordination and networks should be separated – regional networks should not compete with national actions. Language on evidence-based vulnerability assessment needs to be defined as it is not clear. Principles need to stress the principle of common but differentiated responsibilities also covering historical emissions. Language on financial needs assessment is not clear and should be deleted.

**Bangladesh** speaking for the group of **Least Developed Countries (LDCs)** said that the definition of adaptation could be simply just taken from the Intergovernmental Panel on Climate Change (IPCC) and expressed its opposition to language referring to actions coordinated based on “*solidarity and a shared responsibility for facilitating and mobilizing support and action*” and requested the deletion of this language. Current language emphasizing integration could lead to the additional burden imposed on developing countries becoming too difficult to distinguish. It stressed that adaptation action needs to be country-driven.

[Developing countries are concerned that common but differentiated responsibilities with legally binding commitments especially on financial support by developed countries are being diluted with the notion of “solidarity and shared responsibility”.]

The **Cook Islands** speaking on behalf the **Alliance of Small Island States (AOSIS)** said that delivery mechanisms in reference to support for adaptation action in developing countries need to be clarified. This section must clarify particularly principles, scope of the work in the context of paragraph 1(c) of the Bali Action Plan, also noting that enhanced action on adaptation was not a framework or programme *per se*. The principles should be consistent with the Convention. Country-driven is important, and the meaning of these principles must be determined within countries.

**Sweden** speaking for the **EU** said that their preference was to speak on the framework for adaptation and expressed willingness to further elaborate what this means and find language that suits all. The catalytic nature of the Convention is important. The focus must be on vulnerable countries. There are many questions on ecosystem-based approaches, and how these could be of impact in the determination of vulnerability.

**Brazil** said that language on the section should establish the need of comprehensiveness to enhance action on adaptation under the Convention, and that the list of principles should be short and streamlined, and one of the most important principles is ‘country-driven’. The language on formulation of projects and programme must stress that this be determined nationally consistent with national priorities. Language on equity must be reflected and retained,

such as the principle of common but differentiated responsibilities and the idea that the enhanced action on adaptation must be participatory, but this must be streamlined. On the integration of adaptation into planning, it is important to bear in mind Article 4.1(f) of the Convention.

[Article 4.1(f): All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall take climate change considerations into account, to the extent feasible, in their relevant social, economic and environmental policies and actions, and employ appropriate methods, for example impact assessments, formulated and determined nationally, with a view to minimizing adverse effects on the economy, on public health and on the quality of the environment, of projects or measures undertaken by them to mitigate or adapt to climate change.]

Discussion on objectives, scope and guiding principles in the non-paper continued on Wednesday 7 October, making clear the difference between the preference of developing countries for a strong role for the Convention in adaptation and concentrating the discussions on implementation and support versus the preference of developed countries to limit the role of the Convention to a catalyst and focus discussions on planning and adaptation activities that ALL countries must complete.

On the final day, 9 October, the contact group had its last meeting, where Mr. Agyemang-Bonsu reported that a new non-paper incorporating inputs from Parties and outlining options would be made available online soon after the Bangkok meeting and for use in Barcelona.

# TWN

## Bangkok News Update 22

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### Kyoto Protocol Market-based Mechanisms have No Place in UNFCCC Track, Say Developing Countries

Bangkok, 15 October (Chee Yoke Ling) – The “firewall” between the two ongoing negotiation tracks set up by distinct legal mandates under the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol respectively is threatened in talks on approaches to mitigation actions to address climate change leading up to the Copenhagen conference in December 2009.

In the fortnight of Bangkok talks that ended on 9 October, several developing countries including Venezuela, Algeria, Egypt, Kenya, South Africa, Angola, Tuvalu, China, Singapore, Chile and Saudi Arabia stressed that existing market mechanisms under the Kyoto Protocol (KP) should not be discussed in the Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC (AWG-LCA). They said this is an issue for the Ad Hoc Working Group on the Kyoto Protocol (AWG-KP).

Several of these countries wanted proposals related to the KP mechanisms to be removed from a document under consideration at the AWG-LCA. They called for the deletion of the relevant paragraphs in sub-section I.B of the non-paper #22 on “Various Approaches to enhance the cost-effectiveness of, and to promote, mitigation actions” in the AWG-LCA track but the facilitator of the sub-group responsible for the non-paper, Ms. S. Flores of Mexico, and the secretariat of the UNFCCC said that there was no consensus to delete.

[Some seasoned negotiators and observers later expressed their concern over such an understanding of “consensus” as there can be no consensus to delete when Parties are proponents of proposals.]

Developing countries were also concerned that their proposals were not reflected in the non-paper and that there was an over-emphasis on market-based approaches.

[On the last day of the Bangkok meeting on 9 October, a revised non-paper #30 was issued at 5 pm as the Bangkok meeting came to a close. This

non-paper will be discussed in Barcelona, Spain when the AWG-LCA session resumes from 2 to 6 November.]

A heated exchange between several developing countries and Ms. Flores, (as well as with the secretariat at one point) took place on Thursday, 8 October when she presented the non-paper #22 to the informal sub-group of the AWG-LCA mitigation contact group, that deals with sub-paragraph 1(b)(v) of the Bali Action Plan (“Enhanced national/international action on mitigation of climate change, including, inter alia, consideration of various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries”).

The non-paper has three sections: (I) Market-based approaches (58 paragraphs); (II) Non-market-based approaches (5 paragraphs); and (III) Avoidance of double accounting (one paragraph). Sub-section I.B has 19 paragraphs dealing with “existing mechanisms”, i.e. the Kyoto Protocol flexible mechanisms – joint implementation, Clean Development Mechanism, and emissions trading.

**Venezuela’s** head of delegation, Ms. Claudia Salerno Caldera, led the opposition by raising strong objection to the crossing of issues of the Kyoto Protocol track into the AWG-LCA discussion. She asked for a deletion of paragraphs 9 to 27 (except for paragraph 22) of sub-section I.B on existing mechanisms that are market-based.

Ms. Caldera expressed concern that there was a “selective approach” by the facilitator in the placement of issues in the non-paper, where developed countries’ proposals appeared to be favoured over those from developing countries. This could jeopardize the whole process, she said. She particularly pointed to the continuing absence of a footnote that Venezuela (supported by several

developing countries) had insisted, since the August Bonn AWG-LCA session, to be inserted stating that the content of the sub-section is not in line with the UNFCCC and the Bali Action Plan.

Ms. Flores said that the aim is to discuss the placement of issues, and not to negotiate the issues at this point.

**Venezuela** agreed that the objective is to place the proposals where they belong and taking that into account, Venezuela had made a proposal (in Bonn in August) supported by several countries that this chapter is not in line with the UNFCCC and with the mandate of the Bali Action Plan (BAP). It said that it wanted a new non-paper.

[The footnote that Venezuela has proposed is: *“According to several developing country Parties, as expressed at the Bonn informal sessions and at the Bangkok formal sessions, the content of this chapter is not aligned with the provisions and principles of the UNFCCC, nor the mandate of the paragraph 1(b)(v) of the BAP”.*]

It said that it wanted to formally put on record its strong rejection to the crossing of issues of the KP track into the discussion of paragraph 1(b)(v) of the BAP, and to have its footnote included in the non-paper.

It also pointed out that the G77 and China had the day before voiced strong opposition against collapsing the two tracks. It asked the AWG-LCA chair to protect the LCA track.

Ms. Flores said she would be happy to delete any paragraph that a delegation wants. It was decided not to discuss any issue here that belongs to another track, so brackets have been put to give different standing. The facilitator had asked about deletion but some Parties said there should be no deletion at this point and gave some suggestions about that section.

She said she was now simply trying to highlight issues to be discussed, and that the sub-group is not discussing issues here. She added that Venezuela’s request is dealt with by using brackets.

At this juncture Venezuela raised a point of order. It asked how the group should proceed; how the secretariat will deal with this procedure. What rules of procedures are we applying here when delegations make it very clear that we don’t want issues here that do not belong here.

The secretariat officer said that many Parties from August till now have asked for deletion. But because “we are in a process of consensus we cannot delete (if there is no consensus to delete). In any event everything is bracketed – nothing is decided until it is decided. That is why there are double

brackets. That is why the content is not discussed”. He invited Parties to make any further suggestions if they have them.

**Algeria** asked if Parties are supposed to discuss issues not in the mandate of paragraph 1(b)(v) and said that the legal view of the secretariat is needed to help Parties to decide on how to work. “We always work following the rules and legal process,” it said.

When the facilitator responded that the legal counsel of the secretariat was not present in the room, Algeria said that the secretariat was supposed to guide Parties in all contact groups and informal consultations. This is the duty and responsibility of the secretariat.

The secretariat officer then gave the opinion of the secretariat on what the sub-group was doing until 1 pm in that meeting: You have a non-paper. You have discussed it in the last few sessions. You have given the facilitator mandate to produce a non-paper. You had time to give views. The paper is with you. The paragraphs that many Parties want to have deleted are not deleted. Our view is that it was not possible to have those sections deleted without the collective agreement of Parties.

When the facilitator sought to end the discussion, Algeria reiterated its right to speak on a point of order and wanted to know the legal view on the legal mandate. It asked whether what was in the paper was legal. Was it in the mandate of paragraph 1(b)(v)?

The facilitator conceded to allow the discussion to proceed and said that the scope of paragraph 1(b)(v) is broad. “What we have here is what Parties have decided. We have agreed that we will not discuss issues to be discussed elsewhere,” she said. She also said she was there to reflect views of Parties.

**Egypt** said it was concerned with the method of working in this meeting proposed by the facilitator. “We thought that when we came to Bangkok it was to express our views and positions, and we have strong positions about this paper. When can we do that?”

“In Barcelona we will discuss again what to discuss and in Copenhagen we will have something parachuted over us that is not acceptable,” it said.

It said there are some proposals that do interfere with other separate Conventions or institutions. It strongly advised, with regard to paragraph 60 on HFCs, to keep this aside until the outcome of the Montreal Protocol on ozone-depleting substances, as Parties in both the Conventions are not the same. When the Montreal Protocol decides on a proposed amendment in November then UNFCCC Parties can decide whether to push them or welcome the

amendment – then we can decide whether to include in the LCA or the KP as this is one of the gases in the KP.

It also expressed concern over “selective judgment” on where proposals should be placed in the non-paper.

It further said that it was well aware that section I.B was cut-and-paste from the Kyoto Protocol. It added that the mandate of the sub-group is to explore various “approaches” and not to establish new mechanisms.

The facilitator responded that the decision not to include South Africa’s submission was her judgment, and said that the specific content was more appropriate in another place.

**South Africa** supported Egypt and stressed that it has said all along the work of the sun-group is about various approaches and it was concerned that its proposal [related to nationally appropriate mitigation actions (NAMAs) by developing countries] was not reflected in the non-paper. “We have offered our view on other approaches that are not market-based. We are talking about another approach other than market approaches,” it said.

It said if its proposal format was not palatable to the secretariat that had the submission for two days, the secretariat could have come to discuss the matter. South Africa said, “We are Parties and it is our prerogative to have our proposals submitted. The consolidation exercise is also our prerogative.”

The facilitator replied that she could not find the right place and parts of South Africa’s proposal are dealt with in other places.

South Africa repeated that the secretariat had had its proposal for two days. A lot of text in the non-paper is repeated in other places. It said it was not repeating text; it wanted to add something since the non-paper was only about market approaches. It stressed that it wanted its text reflected.

**Kuwait** supported Algeria, Egypt and South Africa and said that the non-paper should be balanced. “We made many statements on sectoral approaches (sub-section I.C), gave our rationale, we referred to the Convention but we do not see any reflection whatsoever of our proposals that we asked yesterday to be reflected,” it said.

**Saudi Arabia** also opposed sectoral crediting.

**Algeria** reiterated that there should be no collapsing of the two tracks (AWG-LCA and AWG-KP) into one. “We are not for the death of the KP. We support all countries that spoke along this line,” it emphasised.

With regard to the consolidation work of the sub-group, it said that first, is to delete all that is not

in the BAP. It said there are many elements that are not in the mandate of the BAP such as some of those from the KP – this was not acceptable to Algeria. It said that what is in the LCA should be kept in the LCA and what is in the KP in the AWG-KP, unless there is a strong push from the ‘Kill Kyoto’ plan.

It expressed dissatisfaction with the manner of consolidation of the facilitator and secretariat: you consolidate what is raised by some Parties and not those by other Parties. “We all have to share the same objective for a good, fair, equitable agreement in Copenhagen. What is happening here and a few other AWG-LCA groups is a rewriting of the agreement (Convention) in Copenhagen,” it said.

The facilitator explained that parts of proposals were moved because they were discussed elsewhere and she could not find a connection. “Since we are discussing more general issues we left things here that are not discussed elsewhere,” she said. She added that she had asked delegations to keep ideas until we discuss the text.

**South Africa** spoke again, supporting Venezuela, Algeria, Kuwait and Egypt. It said that one of the main problems is that the facilitator is not reflecting its concerns – in the first meeting the document was incomplete (non-paper #9 replaced by non-paper #22 that was being discussed); in the second meeting there were lots of procedural issues. “We said that KP is not here and this is not reflected in the new non-paper. We meet for hours on end and nothing is reflected,” it said.

It cited other issues that were not reflected such as sectoral credit issues raised by Kuwait, and the issue of public funds as the main means to finance mitigation actions.

It expressed frustration that it had said the same thing in two previous meetings and wanted a response from the facilitator on how to go on “if we meet again and we will say this again. This is a Party-driven process so where are our comments?”

The facilitator asked for specific proposals and said it is difficult from discussions to include all views.

**Venezuela** spoke again and referred to the facilitator’s statement that some developed countries asked her not to delete text objected to by developing countries. It also said that it has proposed an alternative to paragraph 22 to be placed in sub-section 1.A on general provisions, whereby the Conference of Parties shall ensure that subject to an agreement on the availability and cost-effectiveness of market-based approaches, 50% from all proceeds from market-based activities, programmes and projects shall be made available to fund adaptation in developing countries.

It asked when it can have an opportunity to discuss this, noting that the day before (on 7 October) the facilitator had given Annex I countries a whole session to explain their proposals on new market mechanisms (*please see TWN Bangkok News Update No. 23*). “But you don’t give us time to explain why we don’t want KP in this AWG-LCA. Maybe this is just a hint – maybe you don’t like to hear what we have to say. Even though those raising voices here are developing countries, we want our voices heard,” said Venezuela.

It repeated that it wants its footnote and said that this selective approach of the facilitator is jeopardising this whole process.

The facilitator expressed regret that there is no more time and said that Parties can put issues on the table.

**Egypt** said, “We go to you with our proposals and they are not included. This is useless.”

**Brazil** raised another concern. It said that it had just come from the meeting of the sub-group on paragraph 1(b)(i) and was surprised to see that they did not have information on some paragraphs to be moved there as per Brazil’s request. It repeated its request and sought clarification on why the transfer of material was dealt with in another way.

The facilitator replied that the meeting of the facilitators (of all the sub-groups under the mitigation contact group) thought it more appropriate in another part.

Brazil said that it understood there are consultations when material is suggested for transfer, but the proposal of a Party is the proposal of a Party – how can transfer be done in a way that neither Brazil nor any other Party had suggested. It said it was for delegations to discuss this as Parties, and it was difficult to understand how this was dealt with. Brazil then requested that its proposal be respected.

**Kenya** strongly supported Algeria, Venezuela and Egypt. It added that what belongs to Caesar should be left to Caesar – what belongs to the LCA should be left to the LCA and what belongs to the KP should be left to the KP. “We would have advanced a lot if that were done,” it said.

**Korea** said the paper reflected well its view. On the section on “Avoidance of double-counting” it was not sure whether this deserves to be standing as section III – this can be in another section.

Developed countries voiced support for the non-paper.

**Sweden** on behalf of the **European Union** said the non-paper was readable and balanced. Section III is an important issue that needs to be addressed at some point. The question is whether it is relevant to discuss here.

It supported the inclusion of paragraph 60 on HFCs and said that Parties in the Copenhagen agreement can recognize the work in the Montreal Protocol without prejudice to the UNFCCC.

**Costa Rica** supported the EU and said it wants to further explore links between the UNFCCC and the Montreal Protocol on synergy that could contribute to environmental integrity of both regimes.

**Japan** thanked the facilitator for the tremendous effort in the new non-paper and said it was happy to work on this.

**New Zealand** said that the scope of the mandate in paragraph 1(b)(v) of the BAP mandate is broad and allows Parties to discuss both market and non-market approaches. Parties should focus on new approaches. It proposed no deletion of Parties’ concerns and suggested a pre-session workshop to discuss both market and non-market approaches in Barcelona. It also proposed the inclusion in the general provisions (sub-section I.A) a new paragraph stating that new market mechanisms shall complement other means of support of NAMAs by developing country Parties.

In concluding the meeting, the facilitator said she had taken note of all the comments and asked Parties to be specific in proposals. She said she wanted everyone to have their views reflected where they want them.

She confirmed Algeria’s final statement that the revised non-paper (#30 issued on 9 October that supercedes #22), and both INF. 1 (revised negotiating text of the AWG-LCA) and INF. 2 (reordered and consolidated negotiating text) will be the basis for discussions in Barcelona.

The footnote that Venezuela, supported by several developing countries, had insisted on is still absent in the revised non-paper #30 that was made available at 5 pm around the time the Bangkok meeting closed. When negotiations on the non-paper take place in Barcelona this non-paper will again be contentious.

# TWN

## Bangkok News Update 23

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### Developing Countries Concerned over Proposals for New Mechanisms for Cost-effective Mitigation

Bangkok, 15 October (Josie Lee) – Developing countries have raised concerns over the apparent trend of diluting or diverging from the architecture of the UN Framework Convention on Climate Change, as developed countries propose new mechanisms to enhance the cost-effectiveness of, and to promote, mitigation actions.

These new mechanisms were included in the 2 October non-paper #9 in sub-section I.C, triggering a range of concerns from developing countries.

The 7 October meeting of a sub-group of the mitigation contact group of the Ad-hoc Working Group on Long-Term Cooperative Action (AWG-LCA) focused on explaining and discussing proposals on these new mechanisms. This sub-group is dealing with paragraph 1(b)(v) of the Bali Action Plan on “Enhanced national/international action on mitigation of climate change, including, inter alia, consideration of various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries”.

The facilitator, Ms. S. Flores of Mexico, is responsible for preparing the non-paper and any subsequent revised versions.

Following the 7 October meeting, a new non-paper #22 was issued whereby the title of sub-section I.C was changed from “New mechanisms” to “[NAMA] [Sectoral] mechanisms” and changes were also made to the content of the sub-section.

A number of developing countries expressed their concerns and frustration that their views were not reflected in the revised non-paper #22 issued on 8 October (*please see TWN Bangkok News Update #22*). On the final day of the Bangkok session on 9 October a new non-paper #30 was issued at 5 pm around the time the Bangkok meeting closed. The contents of non-paper #30 are essentially the same as non-paper #22 where sub-section I.C is concerned.

Below are some highlights of the 7 October meeting when Sweden on behalf of the European Union (EU), the Republic of Korea and New Zealand each explained their proposals in these areas.

**Sweden on behalf of the EU's** proposal was for sectoral crediting and trading mechanisms. It explained that its proposal had areas of convergence with those of the Republic of Korea and Australia and that they are working with them with the hope of making new proposals based on areas of convergence.

In brief, the EU's idea of sectoral crediting involves developing countries reducing emissions to a quantified reference level. Any reductions beyond the reference level would generate credits. Domestic regulations to achieve these emission reductions would be developed by developing countries so there would be some flexibility on how emission reductions would be achieved. If developing countries do not reach the reference level of emission reductions there would be no penalty but they would get no emission reduction credits. Developing countries would decide which sectors they chose to participate in this sectoral crediting scheme.

The EU also made a proposal on sectoral trading. It involves setting an emissions target (based on each Party's reference level) that would create tradable units. If developing countries' emissions were above the target they would need to buy credits, but if they were below the reference level then they could sell the credits.

To establish a mandate for a new market mechanism by the Copenhagen conference, Sweden on behalf of the EU said that Parties would need to decide on the establishment of these mechanisms, including defining the principles and purpose of these, and addressing issues of net mitigation benefits, environmental integrity and avoiding double counting, amongst others. Parties would also

need to decide on the process for establishment of emission reduction reference levels for sectors, as well as modalities and procedures for these mechanisms.

**The Republic of Korea** developed a proposal for Nationally Appropriate Mitigation Action (NAMA) crediting. It stated that the NAMA crediting idea flows from the Bali Action Plan and can build on the existing Clean Development Mechanism (CDM).

It explained that the CDM has limitations in geographical distribution largely because the locations of projects are dependent on developed country investors. NAMA crediting would overcome this as developing countries can create their own projects for generating credits. Thus the Republic of Korea thinks this can enhance the function of the CDM. It claimed that NAMA crediting could better facilitate flow of money and technology as developing countries can choose the projects and whether it will be a unilateral or a supported NAMA. NAMA crediting would be initiated by government but carried out by the private sector, so government sets the boundaries.

It clarified that NAMA crediting is not a trading idea. There is no linkage with trading. It explained that the difference between NAMA crediting and tradable crediting is that the NAMA crediting is eligible for any project that is beyond business-as-usual practice.

It stated that the details for such a mechanism could be decided later. The CDM was developed in detail after Kyoto, so if Parties agree in principle that NAMAs can generate credit, then this needs only be reflected in one or two sentences in the Copenhagen agreement.

**New Zealand** explained that its proposal builds on and streamlines the Republic of Korea and EU proposals. It stated that the overall objective was to create efficient and effective ways to get technology and finance to developing countries. It argued that if designed well, market mechanisms could be an essential tool to realise this. It's not the only tool, but an essential tool.

Its proposal involves creating a single integrated mechanism with two tracks, one for generating NAMA credits and one for trading these credits. It explained that participation would be voluntary on either track, and that the mechanism could operate alongside the CDM, but that double counting would need to be addressed. While stating that it does not know the details yet, New Zealand said it envisioned that developing countries would propose the reference level for emission reductions in a particular sector (supported with technical data),

which would then be reviewed by a new or existing body based on a technical and political evaluation. It said thresholds should be subject to review by Parties.

It also said that the guiding principles would be based on environmental benefit, but would consider differential responsibilities and capabilities. Rigorous measured, reported and verified reduction requirements and capacity building would be required for many Parties.

It explained that there is a need to provide developing countries with access to the global carbon market, as now the CDM is the only gateway for them.

**Australia** explained that it is interested in the proposals of the Republic of Korea, EU and New Zealand. It thinks that they could lower transaction costs and provide greater involvement of developing countries in markets. If designed correctly, such mechanisms should allow developing countries to use their own cheap emission reduction options first, and then create further, more expensive emission reductions driven by developed country targets.

Australia explained that it wants as much detail as possible on these proposals in the text for Copenhagen as this will give countries confidence in higher ambitions for mitigation.

**Argentina** asserted that it needs to learn from the past. That financing, including through the CDM, has fallen short and that financing needs to be paid upfront to meet the incremental cost of mitigation projects. It also noted that in the CDM there is a bias on the technology, which needs to be addressed in any new mechanism. There is a need to find a fair distribution of technology that creates sustainable development (as defined by countries).

It agreed that Parties need to scale up the approach from project-by-project to sectoral-based schemes. It noted that this requires new methodological procedures on monitoring and verification. It thinks a new approach is needed on mechanisms and it does not want to bring the CDM into this.

**Colombia** said that Parties need to define principles. It asserted that any new mechanism must be voluntary; be country driven; take into account specific country circumstances; operate at sub-regional, regional and national levels; have environmental integrity; contribute to sustainable development; and provide capacity building to prepare countries for involvement in these mechanisms.

**Kuwait** said it is hard to seriously discuss NAMA crediting as it does not know what a NAMA is yet.

It also noted contradictions in statements made, saying that on the one hand they [referring to the Republic of Korea's intervention] recognise the restrictions of the CDM in transferring technology after the Marrakesh Accord (which laid out the details of the CDM after the broad concept was agreed on in the Kyoto Protocol), and on the other hand they ask us to endorse a small statement on this in the new agreement with details to be decided later. Yet they know that when they go into depth on this issue, details will come up that constrain the benefits to developing countries again. So it sees a repetition of the process and mistakes of the CDM in the Kyoto Protocol. Therefore, Kuwait requested a technical paper to be developed on these proposals to put to rest its concerns.

**South Africa** said that any new mechanism must be at the discretion of the developing country and must not simply be an offset mechanism. It stated that if the private sector is going to provide financial flows through the market, there must be an adequate carbon price and this can only occur if there are legally binding ambitious targets by developed countries.

**China** said that none of the proposals are its preference. It expressed concern that while people say we can avoid hot air by setting ambitious sectoral targets, countries are actually trying to get developing countries to take on targets through ambitious sectoral targets. It said that it is important to discuss the obligation of the developed countries first. It does not want to see developed countries step back from their obligations [to provide finance and transfer of technology to developing countries], by leaving them to the market.

**The United States** said it supports the inclusion of sectoral mechanisms although it can't see which proposal it prefers thus far. It wants clarity on new mechanisms in respect to new modalities, institutions, procedures for crediting, MRV (monitoring, reporting and verification) requirements, measures to avoid double counting, offsets, capacity building and so on. It stated that the market's carbon price signal is a necessary incentive to get private sector participation.

**Grenada** said that it shared the concerns of China and stated that all proposals have worrisome aspects in them. It said it is worried about talking about mitigation without a cap set on offsets.

**Saudi Arabia** said it is not against markets, but wants details before it can give approval or disapproval. The details will affect its decision and the details are not there. It supported the interventions by Kuwait and China, explaining that until we know what we are getting into we can't move forward.

**Japan** also stated that it needs more time to have a fixed position on the issue of new mechanisms and it seeks detailed explanation from proponents.

**Kenya** stated that it supports the idea of upfront financing, that there should be no MRV for voluntary NAMAs, and that NAMAs shouldn't be market driven. It supported the idea of subregional research centres, of short transaction periods on emission reduction projects, and of a country-driven process.

**Egypt** saw the need for new mechanisms, but believes that public finance and technology must be the basis of support. Listening to these proposals, however, it was concerned that it sounds like these new mechanisms will be delivered through markets.

# **Climate Briefings for Bangkok**



## New Report Warns of “Climate Genes” Biopiracy from Africa

*By Chee Yoke Heong*

Corporations and institutions are rushing to patent “climate genes” that can withstand environmental stresses with some of these genes originating from crops grown in Africa, thus igniting fears of potential “biopiracy” of the continent’s resources.

“Syngenta, Monsanto and others are positioning themselves to further penetrate African markets clutching the climate change banner,” said a new report by the African Center for Biosafety (ACB). This involved appropriating key African food crops to produce genetically modified (GM) climate crops.

According to the report, biotechnology is being used to identify “climate genes” in African crop plants, which can withstand stresses that are likely to become prevalent as the world’s climate changes and companies are patenting them to strengthen their hold on the seed market for GM crops.

Monsanto has obtained permits from the South African regulatory authority to conduct field trials on four events of its abiotic stress corn over a three-year period. (An “event” refers to a particular modification of an organism.)

The multinational corporation is also conducting studies on drought-tolerant soybean and cotton for commercialization.

Together with strategic partners, Monsanto is in the forefront of patenting parts of key African food crops such as sorghum, maize, peanut, cotton, wheat, manioc, sugar cane and banana for their “climate” properties including stress tolerance, biomass accumulation and drought tolerance.

An Israeli company, Evogene, partially owned by Monsanto, is claiming more than 700 climate-related gene sequences in a single patent application. The claim extends to the use of the gene sequences in key African crops such as maize, peanut, cotton, wheat, manioc as well as a number of economic plants such as ornamentals and teak species.

Another Monsanto ally, US-based Ceres Inc., which calls itself “the energy crop company”, has filed patents on numerous climate-related genes for both agrofuels and food crops of importance to Africa such as sorghum, maize, millets and rice.

Switzerland-based Syngenta, another multinational corporation, has also lined up climate change-related patent claims on genes related to drought and agrofuels that have implications for Africa. Some of these patent claims include development of GM plants that are resistant to saline soil and drought.

In an earlier report, the ETC Group in 2008 identified over 500 patent applications on climate genes around the world and since then many new applications have been filed. Apart from focusing on specific crops, the patent claims also extend to genes and biotechnology techniques that could be used on a large variety of plants.

According to the ACB report, Africa is constantly under pressure to extend the patent rights of the multinational seed industry which, together with its supporters as well as private funders, believe that mass adoption of genetically engineered “climate-ready” crops is the answer to dealing with the impact of climate change on Africa agriculture.

This is despite the fact that this “solution” poses serious biosafety risks as well as a threat to the continent’s food sovereignty, cautioned the ACB.

The activity of the multinational seed and agrochemical companies in African national markets is currently variable, depending on the country and its dominant crops. Their presence is currently felt more strongly in the temperate regions of Southern Africa where maize is grown on a large scale than in the central African rainforests.

According to the report, through pressure to expand their intellectual property rights over plants, these companies hope to strengthen their African presence in their search for greater profits.

The report also highlights the players behind the development of the “climate-ready” crops and who seek to control them through patents. It noted that while large seed and agrochemical companies often forge research alliances among themselves or with smaller companies involved in “gene recovery” relating to climate change crops, such alliances also extend into public sector plant breeding and research programmes through collaborative agreements often funded by multinationals and private philanthropy in the West.

Ceres, for example, has signed a deal for exclusive access to high biomass sorghum lines from Texas A&M University. Sorghum is a major African and Texas crop that is notable for its drought-tolerant quality and which recently has attracted renewed interest for grain, agrofuels and fodder production. For decades, the university had been a major source of publicly released sorghum breeding lines, but this public resource has now been endangered through Ceres’ exclusive arrangement.

Another initiative that has come under critical review is the Water Efficient Maize for Africa (WEMA) project. Funded by the Bill and Melinda Gates and Buffett Foundation, the project involves Monsanto, the International Maize and Wheat Improvement Center (CIMMYT), the African Agricultural Technology Foundation and the national agricultural research institutions of Kenya, Uganda, Tanzania and South Africa.

The project aims to develop and release conventional and genetically engineered drought-resistant maize varieties which its promoters say will be made available royalty-free to small farmers in Southern Africa. As such, the project is hailed as an example of corporate largesse and how biotechnology can supposedly solve climate change challenges. However, critics such as the ACB see it as a “Trojan horse intended to hook African farmers on GM seeds.”

Of the hundreds of patent claims on climate genes, it is difficult to predict which, if any, will ultimately prove commercially valuable or useful in Africa, says the ACB report. Because most claims are so broad – applying to the use of the genes in almost any plant – at this stage of technological development, there are few concrete examples beyond attempts to introduce transgenic drought tolerance traits into the largest global crops such as maize and rice, all of which remain experimental to date.

The report argued that Africa should rise to the challenges posed by climate change by collectively responding to new conditions using traditional knowledge and *in-situ* methods, supported by agricultural research and extension, to create the seeds and production systems necessary to cope with a rapidly changing environment. Extending patent monopolies to large corporations will only undermine and stymie climate adaptation by African farmers because it will stifle the free exchange of and experimentation with crops, activities which are critical to the development of indigenous solutions, says the report.

As such, the ACB urges African governments to investigate the patent claims that have been filed, particularly those that resemble “biopiracy” in asserting ownership to African genetic resources that would otherwise be commercialized elsewhere.

For the full report please see: <http://www.biosafetyafrica.net/index.html/index.php/20090928242/Climate-change-in-African-Agriculture/menu-id-100029.html>

### The Rise of ‘Climate Protectionism’

*By Martin Khor*

A new and dangerous form of trade and technology protectionism is fast emerging in the name of Climate Change, and it is poisoning North-South relations in the two negotiating arenas on climate change and on trade.

There are clear signs that some developed countries, especially the United States, are preparing to use unilateral trade measures, such as imposing tariffs, taxes or charges on the products of developing countries, on the grounds of combating climate change.

A bill passed recently by the US House of Representatives gives the US President authority to impose financial charges (or taxes) on some imports coming from developing countries that in the US view are not taking enough action to curb their Greenhouse Gas emissions.

The US House of Representatives has also sought protectionism against technology transfer through three bills it has adopted that prevent US negotiators in the UN Climate Change Convention from agreeing to any relaxation in the rules or enforcement of intellectual property.

There are signs that other developed countries, including in Europe, are also preparing the grounds for climate-linked protectionism.

The developing countries are starting to oppose these moves. Indian political leaders protested to Hilary Clinton about the threat of US carbon tariffs during her visit. China’s Commerce Ministry has also criticized the protection element in the US climate bill.

Most importantly, the developing countries have taken up the issue at the climate talks leading up to Copenhagen. On 13 August, the G77 and China made a statement at the Bonn climate talks, warning developed countries not to adopt unilateral trade-restrictive measures, as these would contravene the Climate Change Convention’s provisions.

India also proposed text for the Copenhagen outcome, that developed countries “shall not resort to any form of unilateral measures including countervailing border measures, against goods and services imported from developing countries on grounds of protection and stabilization of climate.”

The text listed many provisions of the Convention that would be violated if such measures are taken. This was supported by many countries, including China, Argentina, Brazil, Singapore, South Africa, Saudi Arabia, and by the G77 and China’s statement.

In Geneva, many developing country diplomats are increasingly concerned about the likelihood of the US and other developed countries making use of either tariffs or financial charges on imports of developing countries.

Imposing extra tariffs or financial charges on imports on the basis of how the products are produced (“process and production methods” or PPMs in technical jargon) is very controversial. It has been rejected by developing countries at the WTO since 1996 as a form of protectionism, which they say will unfairly curb developing countries’ exports. They also argue that it is against the rules of the WTO.

Many developed countries however have wanted to make use of trade measures on environmental grounds. They are preparing the case that trade measures linked to PPMs are legitimate, or else climate-linked trade measures are allowed under the GATT’s general exception for the environment.

Developing countries claim that linking trade measures to climate and the environment is unjust because they have lower technological capacity and thus cannot match the developed countries. Developing countries should instead be assisted through technology transfer, but the IPR regime (especially the TRIPS agreement) is an obstacle, and now the US Congress is proclaiming that the US administration cannot allow relaxation of the IP rules.

If climate protection is allowed, it will also open the floodgates to all kinds of protection by blocking developing country products on the basis of how they are made. This “mother of new trade protection” is coming at a time of economic recession when world leaders have piously proclaimed they will not resort to trade protection. The climate-trade issue is thus explosive, and is opening a Pandora’s Box which threatens to contaminate the negotiations in the UNFCCC as well as the WTO.

Before the situation deteriorates, developed countries should re-consider their moves on this issue, restrain the climate-protection forces in their society and commit instead to a “fair game”.

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