

COP 12 AND COP/MOP 2 HIGHLIGHTS: TUESDAY, 7 NOVEMBER 2006

On Tuesday, the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG) convened throughout the day for an in-session workshop focused on the scientific basis for further Annex I commitments, and on Annex I parties' emissions trends and mitigation potential. In addition, SBSTA convened in the morning to consider emissions from deforestation in developing countries, research and systematic observation, methodological issues under the UNFCCC and Kyoto Protocol, and various other matters. SBI met in the afternoon to take up issues relating to the UNFCCC's financial mechanism, education and public awareness, capacity building, and the adverse impacts of climate change and response measures (UNFCCC Article 4.8 and 4.9).

AWG WORKSHOP

The AWG convened an in-session workshop chaired by AWG Vice Chair Luiz Alberto Figueiredo Machado.

SCIENTIFIC BASIS FOR FURTHER ANNEX I

COMMITMENTS: On the stabilization of greenhouse gas concentrations, Bert Metz, Intergovernmental Panel on Climate Change (IPCC), reviewed scenarios set out in the Panel's Third Assessment Report. He said the forthcoming Fourth Assessment Report will deal with climate sensitivity, stabilization calculations for all greenhouse gases, new mitigation options, and stabilization targets below those set out in the Third Assessment Report.

Artur Runge-Metzger, European Commission, described the EU's agreed policy of aiming to limit global temperature rise to 2°C Celsius, based on a stabilization of concentrations at 450ppm. He said this would mean emissions reductions of between 60-80% by 2050 for industrialized countries, assuming US participation.

Harald Dovland, Environment Ministry of Norway, noted that Norway also had a long-term "aspirational goal" of 2°C. On future policies, he highlighted recommendations from the Norwegian Commission on Low Emissions, and a focus on renewable energy, pioneering and developing carbon dioxide capture and storage, and awareness raising campaigns.

Mutsuyoshi Nishimura, Ministry of Foreign Affairs of Japan, emphasized the UNFCCC objective of stabilizing emissions. He said the next commitment period should achieve stabilization through an effective framework that adds new tools and strategies to the "Kyoto toolbox." He urged "fairness and equity on burden sharing" among countries if the process is not to collapse. SAUDI ARABIA said many Annex I countries had not shown leadership. Nishimura replied that Japan is "deadly serious" about climate change.

José Domingos Gonzalez Miguez, Brazil's Ministry of Science and Technology, presented the Brazilian proposal emphasizing historical responsibility and shifting the focus from emissions to temperature increase. FINLAND suggested the AWG look into differentiation

methodologies and not just historical responsibility, while CANADA said such responsibility is "nuanced." AWG Chair Zammit Cutajar wondered if current discussions on further emissions reductions by Annex I countries should consider this broader historical approach.

ANNEX I PARTIES' EMISSION TRENDS AND

MITIGATION POTENTIAL: Sergey Kononov, UNFCCC Secretariat, noted increasing emissions for Annex I parties, highlighted the relevance of LULUCF for some parties' emissions profiles, and underscored the high growth rate for emissions in transport.

Alf Wills, Department of Environmental Affairs and Tourism, South Africa, underlined the significance of using cumulative emissions data as the basis for an equitable approach to determining future commitments and providing space for developing countries to achieve their sustainable development goals. NORWAY observed that emissions reduction targets for developing countries were not discussed during the workshop.

Adrian Macey and Hayden Montgomery, New Zealand, presented on mitigation of methane and nitrous oxide emissions from agriculture, noting that mitigation options are limited and calling for increased international research efforts.

Mutsuyoshi Nishimura highlighted Japan's energy efficiency and decoupling of emissions from growth in GDP. He emphasized the importance of policies and measures other than the market to drive technological innovation.

Artur Runge-Metzger underlined that offsetting emissions through the CDM cannot solve the climate problem. He pointed to the limited global emissions stabilization impact if all Annex I parties were to achieve all their reductions through domestic action, given the proposed 2°C target for temperature rise.

During the subsequent discussion, TUVVALU noted the need to include all major emitters and sectors, and consider the cost of adaptation. SOUTH AFRICA said the question of equity needs to be addressed at a fundamental level. NEW ZEALAND underscored the theme of equity, questioned assumptions about curbing the growth in emissions, and highlighted the sectoral approach.

SBSTA

REDUCING EMISSIONS FROM DEFORESTATION: The Secretariat presented on the Rome adaptation workshop (FCCC/SBSTA/2006/10). Many parties supported holding a second workshop and further discussing the workshop's scope. TUVVALU, supported by the INTERNATIONAL INDIGENOUS FORUM ON CLIMATE CHANGE, proposed including Indigenous Peoples' views in future meetings and submissions. The US supported a focus on technical and methodological issues and on data availability, while BRAZIL supported a policy focus. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, highlighted environmental services. TANZANIA underscored biomass and problems accessing market mechanisms.

INDONESIA and the GLOBAL ENVIRONMENT CENTRE pointed to the role of peatlands in the carbon cycle, and NEPAL stressed community forestry. Hernan Carlino (Argentina) and Audun Rosland (Norway) will co-chair a contact group.

RESEARCH AND SYSTEMATIC OBSERVATION: The Global Climate Observation System (GCOS) presented on revising reporting guidelines (FCCC/SBSTA/2006/MISC.12) and a regional workshop programme (FCCC/SBSTA/2006/MISC.13). The Committee on Earth Observation Satellites (CEOS) presented on the coordinated response to the GCOS implementation plan (FCCC/SBSTA/2006/MISC.14). AUSTRALIA, NORWAY and the EU supported improving satellite observation systems. SWITZERLAND stressed the continued need for *in-situ* observations to calibrate satellites and input to models. Stefan Rösner (Germany) and Soobaraj Nayroo Sok Appadu (Mauritius) will co-chair a contact group.

METHODOLOGICAL ISSUES UNDER THE CONVENTION: The Secretariat presented a technical review of and updated guidelines on greenhouse gas inventories (FCCC/SBSTA/2006/INF.6; FCCC/SBSTA/2006/9). Chair Kumarsingh reminded parties that greenhouse gas inventories will be reviewed in 2007 and proposed preparing draft decisions.

METHODOLOGICAL ISSUES UNDER THE PROTOCOL: Implications of awarding CDM credits to new HCFC-22 facilities for the destruction of HFC-23: The Secretariat presented on this issue (FCCC/SBSTA/2006/MISC.11). ARGENTINA and the EU welcomed the decision by Montreal Protocol parties to assess measures to reduce production of HCFCs and to consider the influence of the CDM on HCFC-22 production in consultation with the UNFCCC Secretariat, IPCC and CDM Executive Board. Lambert Schneider (Germany) will conduct informal consultations.

Issues relating to greenhouse gas inventories: The Secretariat presented results from a training programme for review experts under Protocol Article 8 on review of national communications (FCCC/SBSTA/2006/INF.7). Chair Kumarsingh suggested parties begin a review of Protocol Article 7.1 (annual inventories) on a voluntary basis, especially Decision 26/CMP.1 (timing and scope of review). Draft conclusions will be prepared.

PROTOCOL ARTICLE 2.3: The EU noted that Article 2.3 (adverse effects of policies and measures) was addressed under other agenda items. JAPAN proposed integrating the item with discussions on Protocol Article 3.14 (adverse effects). Saudi Arabia, for the G-77/CHINA, said they are separate issues. GHANA said the issue is not just an OPEC issue and should be considered broadly, including how policies and measures in developed countries will affect trade. Chair Kumarsingh will consult informally.

BUNKER FUELS: The International Maritime Organization (IMO) reported on its work on emissions from international shipping. He informed participants of a new amendment to the London Protocol to allow carbon sequestration in seabed geological formations. KUWAIT, with SAUDI ARABIA and opposed by the EU, JAPAN, NORWAY and others, proposed removing this agenda item. CHINA said any decision should strictly follow Protocol Article 2.2 (Annex I targets and the Montreal Protocol) and only apply to Annex I parties. IMO proposed establishing a benchmark for maritime emissions. Chair Kumarsingh will consult informally.

SBI

FINANCIAL MECHANISM OF THE CONVENTION: SCCF: The EU and SWITZERLAND stressed the need to fully operationalize the SCCF. Chair Becker referred the issue to informal consultations coordinated by Bubu Pateh Jallow (Gambia).

Third review of the financial mechanism: The EU, US and SWITZERLAND said the GEF is performing effectively and welcomed its fourth replenishment. The Philippines, for the G-77/CHINA, expressed concerns over the GEF's performance and its resource allocation framework (RAF). CHINA said the GEF implementing and executing agencies' performance should be assessed, and the REPUBLIC OF KOREA suggested examining the impacts of GEF funds on emissions reductions. Bangladesh, for LDCs, urged inclusion of a vulnerability index in the RAF.

Report of the GEF: In its report (FCCC/CP/2006/3), the GEF highlighted climate change as the fourth replenishment's highest-ever allocation. The G-77/CHINA requested that the GEF also report on predictable and available funding for implementation. ZAMBIA said RAF indicative allocations disadvantage most developing countries. MICRONESIA said the RAF indicator on emissions reduction potential penalizes SIDS. The EU stressed the RAF's mid-term review. The US encouraged the GEF to further consider, *inter alia*, carbon capture and storage technologies, while TUVVALU said such technologies may present a disincentive for renewable energy projects. EGYPT called for GEF funding for biofuels.

Additional guidance to the GEF: The Secretariat briefed delegates (FCCC/SBSTA/2006/INF.1). CHINA supported further streamlining GEF procedures on the project cycle, enhanced country ownership of projects, and increased GEF support for adaptation and technology transfer. Tina Guthrie (Canada) and Osita Anaedu (Nigeria) will co-chair a contact group on the financial mechanism.

UNFCCC ARTICLE 6: On Article 6 (education, training and public awareness), the Secretariat presented a synthesis report on four regional workshops (FCCC/SBI/2006/17) and parties' views on advancing work on CC:iNet – the prototype information network clearinghouse (FCCC/SBI/2006/MISC.15). UNEP reported on relevant Article 6 activities. Many parties commended these reports. SWITZERLAND advised pursuing synergies between capacity building and Article 6. Informal consultations will be conducted by Marie Jaudet (France).

UNFCCC ARTICLE 4.8 AND 4.9: The Secretariat briefed participants on intersessional meetings (FCCC/SBI/2006/13, FCCC/SBI/2006/18 and FCCC/SBI/2006/19) and GHANA highlighted a recent African workshop on adaptation. The EU noted more regional meetings scheduled for 2007 and anticipated further action at COP 13. Angela Churie-Kallhauge (Sweden) and Samuel Adejuwon (Nigeria) will co-chair a contact group on climate change response measures.

Matters relating to LDCs: The Secretariat and LDC Expert Group (LEG) Chair Bubu Pateh Jallow reported on LDC issues and progress on NAPAs (FCCC/SBI/2006/23). The EU stressed the LEG's role in NAPA preparation, monitoring NAPA implementation, and developing best practice standards for adaptation measures. SIERRA LEONE, TANZANIA and MOZAMBIQUE stressed the importance of NAPA preparation and implementation. Chair Becker will prepare draft conclusions.

CAPACITY BUILDING UNDER THE CONVENTION: The Secretariat reported on capacity building implementation, GEF's capacity building performance indicators and monitoring (FCCC/SBI/2006/5; FCCC/SBI/2006/16; FCCC/SBI/2006/22) and on parties' views on regular monitoring of activities (FCCC/SBI/2006/MISC.4, Corr.1 and Add.1). Tanzania, for the G-77/CHINA and supported by JAPAN, the US and EU, highlighted the importance of reaching consensus on this issue and stressed the use of existing reporting mechanisms in monitoring of capacity building. Crispin d' Auvergne (Saint Lucia) and Helmut Hojesky (Austria) will co-chair a contact group.

IN THE BREEZEWAYS

The AWG's in-session workshop appeared to generate some talk in the corridors. Discussions were widely regarded as candid, although one delegate described the workshop as a "shadow-boxing" exercise, while another commented: "There is no single vision, no single truth." However, others were more positive, noting that no consensus could possibly emerge for some time to come. "At least we're talking about these issues openly now," said one delegate. Themes for further AWG workshops are under discussion.

The Russian proposal on long-term commitments also generated discussion. Informal talks on Tuesday apparently did not lead to a breakthrough, with the current discussions being described by one observer as "more of an agenda fight." However, early reports suggest the proposal is likely to be part of the so-called "multi-track process" on post-2012 issues for some time.