

**CHINA'S VIEWS ON ENABLING THE FULL, EFFECTIVE AND SUSTAINED
IMPLEMENTATION OF THE CONVENTION THROUGH LONG-TERM
COOPERATIVE ACTION NOW, UP TO AND BEYOND 2012**

28th September 2008

China presents this document as a submission of views on the elements contained in paragraph 1 of the Bali Action Plan, taking into account the interlinkages among the elements and the specific subparagraphs under each of the elements, as requested in the document FCCC/AWGLCA/2008/8, paragraph 25.

1. A shared vision for long-term cooperative action

- a) A shared vision for long-term cooperative action is an exchange of views or ideas about how to enable the full, effective and sustained implementation of the Convention, addressing cooperative and enhanced action on mitigation, adaptation, technology, finance and capacity building, guided by the ultimate objective of the Convention and the principle of "common but differentiated responsibilities" between developed and developing countries, with developed countries taking the lead in reducing their emissions of greenhouse gases, while ensuring development rights and spaces for developing countries;
- b) A shared vision in itself shall not be a final result or anything that would be reflected in the textual language in the agreed outcome to be reached at COP15 in Copenhagen, but rather to provide general and clear guidance for actions to enable the full, effective and sustained implementation of the Convention;
- c) While it is desirable to share views on the long-term global goal for emission reductions, it is most important to firstly set the mid-term emission reduction target for developed country Parties. Only with such a mid-term target being clearly determined, is it meaningful to talk about any long-term goals for emission reductions. Any long-term global goals shall be based on sound science, economic practicality, technology feasibility, environmental integrity and the principle of equality, ensuring adequate spaces for developing countries to achieve substantive development and eradication of poverty goals.

2. Enhanced national/international action on mitigation of climate change

- a) The Annex I Parties that are not Parties to the Kyoto Protocol shall maintain quantified emission reduction targets that would be comparable to the commitments under the Kyoto Protocol undertaken by the developed country Parties;
- b) All developed country Parties to the Convention shall commit to a reduction in GHG emissions by at least 25-40% below 1990 levels in 2020 and by approximately 80-95% in 2050;
- c) Commitments under the Convention and associated actions by Annex I Parties shall be measureable, reportable and verifiable in accordance with the methodologies, procedures and mechanisms, similar to those under the Kyoto Protocol;
- d) Nationally appropriate mitigation actions by developing country Parties shall be taken in the context of their sustainable development and, supported and enabled by technology transfer, financial assistance and capacity building to be provided by the developed country Parties;
- e) Technology transfer and the provisions of financial support and capacity building by developed country Parties for national mitigation actions in developing country Parties shall be measurable, reportable and verifiable, and be new and additional to ODA;
- f) The principle of “common but differentiated responsibilities” between developed and developing countries is the keystone of the Convention and the Bali Action Plan. Any further sub-categorization of developing countries runs against the Convention itself and is not in conformity with the consensus reached in the Bali Action Plan;
- g) The aim of cooperative sectoral approaches and sector-specific actions is to enhance implementation of Article 4, paragraph 1(c) of the Convention. That is, to enhance cooperation between Parties at sectoral level for the purpose of promoting development, deployment, diffusion and transfer of GHG emissions control technologies, practices and processes. Any twist of this understanding or discussion under the AWG-LCA leading to global sectoral standards, benchmarks or emission reduction targets is not acceptable.

3. **Enhanced action on adaptation**

- a) With regard to National Planning for Adaptation:

- i. Prepare National Adaptation Programmes of Action (NAPAs) in all developing countries:
 - o Assess the vulnerability to current climate variability, extreme events and future climate change;
 - o Assess adaptation cost and identify key adaptation measures;
 - o Identify priority activities/projects intended to address urgent and immediate adaptation needs of developing country Parties.
 - ii. Integrate climate change considerations into their relevant social, economic and environmental policies and actions.
- b) With regard to Streamlining and Scaling up Financial and Technological Support:
- i. The developed country Parties shall fulfill their commitments as stipulated in Article 4.3, 4.4, 4.5, 4.8, and 4.9 under the Convention to provide new, additional, adequate, and predictable resources for the implementation of adaptation;
 - ii. Establish Adaptation Fund under the Convention. Annex I Parties shall provide necessary financial resources, including assessed contributions. The fund shall be used to support and enable developing country Parties to:
 - o Prepare NAPAs;
 - o Integrate adaptation actions into sectoral and national planning;
 - o Improve the assessment on vulnerability and adaptation, including assessment of adaptation cost;
 - o Implement urgent adaptation actions;
 - o Implement adaptation projects and programmes;
 - o Implement risk management and risk reduction strategies;
 - o Build climate resilience through economic diversification;
 - o Exchange information;
 - o Promote education, training and public awareness related to climate change;
 - o Enhance capacity building, including institutional capacity, for preventive measures, planning, preparedness of disasters relating to climate change;
 - o Have access to adaptation technologies, develop and enhance endogenous capacities and technologies;
- c) With regard to Enhancing Knowledge Sharing:
- i. Support public information and awareness;
 - ii. Establish and maintain databases on adaptation related information;

- iii. Prepare and disseminate compilations and syntheses of best practices for adaptation;
 - iv. Strengthen information Networks.
- d) With regard to Institutional Framework of Action:
- i. Establish “Regional Adaptation Network Centers” in Asian, African, Pacific, South American regions for capacity building and knowledge sharing, etc. The centers shall:
 - o Provide research, training, education as well as scientific and technical support in specialized fields of climate change;
 - o Enhance capacity, including institutional capacity, to integrate adaptation into sustainable development programmes;
 - o Coordinate and disseminate information on best practices and technology transfer;
 - o Support pilot or demonstration projects;
 - o Support capacity building, including institutional capacity, on preventive measures, planning, preparation of disasters related to climate change;
 - o Strengthen early-warning systems for extreme weather and/or climate events.
 - ii. Establish “Adaptation Committee” under the Convention to enhance adaptation actions. The committee shall provide guidance for enhancing adaptation, planning, capacity building, information sharing, monitoring and evaluating adaptation actions.

4. **Enhanced action on technology development and transfer**

- a) A subsidiary body under the Convention shall be established by the COP;
 - i. Organizational framework. The Subsidiary Body for Development and Transfer of Technologies shall be an operational and implementing body. It consists of a strategic planning committee and several panels on (1) technology needs assessment and information; (2) dialogue and coordination for enabling policy and measures, intellectual property management; (3) management of financial resources targeting at development, transfer, and deployment (D&T&D) of environmentally sound technologies (ESTs); (4) capacity building; and (5) monitoring and assessment of performance.
 - ii. Functions.
 - o Provide advice, guidance and recommendations;

- Coordinate actions by different international stakeholders and governments' policies;
 - Guide and supervise utilization of special TT fund based on public finance;
 - Promote communication and info/knowledge sharing; and
 - Monitor and assess the performance and progresses.
- iii. Governance: member distribution and decision-making process. The Subsidiary Body for Technology is open to all the Parties. Members of corresponding committee and panels shall be determined by the COP. Decisions shall be made by consensus.
- b) Performance assessment and monitoring. The speed, range, scale, and barriers of technological flows from developed to developing countries shall be regularly monitored and assessed. A set of indicators, data base, steps and modalities shall be developed to implement monitoring and assessment. The results of monitoring and assessment shall be fully used for planning and further decisions;
- c) Financial mechanism. The basic idea of the financial mechanism supporting D&T&D of ESTs is to develop public private partnership by linking public finance with carbon market, capital market and technology market and, leveraging larger amount of private finance by smaller amount of public finance. A Multilateral Technology Acquisition Fund (MTAF) shall be established with sources mainly from public finance from developed countries. The sources for the MTAF may be from parts of the regular fiscal budget for R&D, fiscal revenues from taxation on carbon transaction and/or auction of emission permit in carbon market, as well as fiscal revenues from energy or environmental taxation. The MTAF shall be used as a catalyst to provide stakeholders with incentives to implement D&T&D of ESTs by means of proper policy instruments, financial instruments/products and investments;
- i. The policy instruments, among others, may include:
- Subsidies in R&D for invention and demonstration of identified ESTs in prioritized areas;
 - Insurance to curb risks of investment in D&T&D of new ESTs;
 - loan guarantee or subsidies for exporting and diffusing ESTs;
 - Direct investment in D&T&D of ESTs as share holder in normal forms or via venture capital investment;
 - Investment in financial products related to D&T&D of ESTs by holding stocks, bonds and other potential financial products;

- Investment in infrastructures like information, transaction platform, monitoring and enforcement system;
 - Expenses on capacity building in developing countries with development of human resources as a priority;
 - Purchases of ESTs by governments;
 - Permits, compulsory licensing for patented ESTs, etc.; and
 - Others.
- ii. Incremental costs for D&T&D of ESTs in developing countries shall be compensated by appropriate policy instruments as mentioned above. Agreements shall be reached on methodologies to determine baseline cost of technological change in specific sectors and technological areas, against which incremental costs are estimated;
- iii. Full costs of such activities as capacity building, technology need assessment, information service, construction of policy infrastructure, among others, shall be covered by the proposed financial mechanism.
- d) With regard to Intellectual Property Rights. The existing IPR system does not match the increasing needs for accelerating D&T&D of ESTs to meet challenges of climate change. Compulsory licensing related patented ESTs and specific legal and regulatory arrangement to curb negative effects of monopoly powers shall be put in place as part of the efforts to implement the UNFCCC. An innovative IPR sharing arrangement shall be developed for joint development of ESTs;
- e) With regard to Cooperative Sectoral Approaches and Sector-Specific Actions. Cooperative sectoral approaches and sector-specific actions shall enhance the implementation of Article 4, paragraph 1 (c), of the Convention. To this end, priority areas shall be identified sector by sector and technology by technology. Most climate sensitive sectors, including GHG-intensive and climate-vulnerable sectors shall be fully considered for D&T&D of ESTs. A list of major ESTs needs shall be assessed on a regular basis with analysis of reliability, costs, penetration range, sectoral shares of market production capacity and market obstacles. Measures shall be taken to overcome obstacles of D&T&D in specific sectoral context.

5. Enhanced action on the provision of financial resources and investment

- a) China fully supports the establishment of a Financial Mechanism for Meeting Financial Commitments under the Convention, proposed by Philippines on behalf of G77 and China, for the operationalisation of an effective financial mechanism under

the COP;

- b) Developed country Parties shall take substantive action to provide financial resources mainly from their public finance on grant and concessional basis for developing country parties, in accordance with Article 4.3, 4.4, 4.5, 4.8, 4.9 and Article 11 of the UNFCCC;
- c) The financial resources provided by developed country Parties shall be new, additional, adequate, predictable and sustained. The funding scale shall be 0.5-1% of the annual GNP of Annex I Parties and additional to the existing ODA;
- d) The funding is used to enhance actions on adaptation, mitigation and technical research, development, demonstration and transfer, as well as related capacity building, through establishing specialized funds such as the Convention Adaptation Fund, the Mitigation Fund and the Multilateral Technology Acquisition Fund;
- e) The governance of the financial mechanism shall follow specific principles, such as A) being under the authority and guidance of, and fully accountable to the COP, which is entitled to decide the climate change policies, programme priorities and eligibility criteria for funding; B) equitable and balanced representation of all Parties with a transparent and efficient system; and C) easy access and lower management cost;
- f) The financial mechanism shall facilitate linkages between various funding sources and separate funds in order to promote access to a variety of available funding sources and reduce fragmentation. Modality/ies of determining the role of existing funds and entity/ies for the operation of the mechanism shall be developed;
- g) Any funds pledged outside the UNFCCC shall not be regarded as the fulfillment of commitments by developed country Parties in Article 4.3 of the Convention and the Bali Action Plan.

6. **Reducing emissions from deforestation and forest degradation (REDD)**

- a) Successful implementation of REDD shall enable the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012;
- b) Developed countries shall provide policy approaches and positive incentives to encourage maximum participation of developing countries in REDD, however it is subject to developing countries' own decision on whether participating in the implementation of REDD;
- c) It is very important to equally treat reducing emissions from deforestation and forest

degradation in developing countries, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries, in accordance with paragraph 1(b) (iii) of decision 1/CP13;

- d) The successful implementation of REDD in developing countries relies on adequate, predictable and sustainable financial resources, financial and technical support, and the provision of new and additional resources as well, including official and concessional funding for developing countries, and relevant aspects as elaborated in Paragraph 1(e) of decision 1/CP13;
- e) The implementation of REDD shall promote sustainable development and poverty reduction as well as maximize co-benefits in the forest region in developing countries.
- f) Reliable methodology is very important for implementing REDD to achieve real and integral mitigation effect. However, development of concrete and reliable methodology, especially the modalities and procedures to guide the implementation of REDD remains unsolved. Therefore, it is necessary for the SBSTA to discuss relevant methodology issues and keep certain flexibility in the development of methodology, taking into account the specific circumstances of developing countries. The Good Practice guidance on LULUCF developed by IPCC is a good basis for detailed discussion on relevant REDD methodology issues;
- g) Discussion on policy approaches and positive incentives shall be included in the AWG-LCA agenda. Discussions on non-market and market-based mechanisms related to policy approaches and positive incentives are welcomed;
- h) Developed countries shall provide concrete and strong supports to developing countries to implement REDD actions. To improve the capacity of developing countries, similar international processes on REDD shall be further harmonized and complement each other;
- i) Demonstration activities shall be further encouraged at both sub-national and national levels, so that sufficient lessons and experiences can be accumulated. The REDD website launched by the secretariat of UNFCCC shall serve as an important platform for sharing those lessons and experiences.

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