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**AD HOC WORKING GROUP ON FURTHER COMMITMENTS
FOR ANNEX I PARTIES UNDER THE KYOTO PROTOCOL**

Third session

Bonn, 14–18 May 2007

Agenda items 3 and 4

Analysis of mitigation potentials and ranges of emission reduction objectives of Annex I Parties

Review of work programme, methods of work and schedule of further sessions

Analysis of mitigation potentials and programme of work

Draft conclusions proposed by the Chair

1. The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG) took note of the information provided by Parties in their submissions on the mitigation potential of policies, measures and technologies (FCCC/KP/AWG/2007/MISC.1 and Add.1) and on external bodies and forums that could provide expert input to the work of the AWG (FCCC/KP/AWG/2007/MISC.2 and Add.1), and of statements delivered by Parties, observer organizations and civil society during the third session of the AWG.
2. The AWG held a round table, on 14 May 2007 in Bonn, Germany, on the mitigation potential, effectiveness, efficiency, costs and benefits of current and future policies, measures and technologies at the disposal of Annex I Parties. The Chair of the AWG, Mr. Leon Charles (Grenada), and the Vice-Chair of the AWG, Ms. Outi Berghäll (Finland), co-chaired the round table and reported to the AWG on the proceedings and the main points.
3. The AWG welcomed the information presented at the round table, and the summary report by the co-chairs (see annex I to the report of the AWG at its third session). It expressed its appreciation to its Chair and Vice-Chair, presenters and the secretariat.
4. The AWG reaffirmed that, in pursuance of its mandate under decision 1/CMP.1, in accordance with Article 3, paragraph 9, of the Kyoto Protocol, its discussions would focus on the consideration of further commitments by Annex I Parties, to be established in amendments to Annex B to the Kyoto Protocol. It recalled that its work on further commitments by Annex I Parties should be guided by a shared vision of the challenge set by the ultimate objective of the Convention, based on the principles and other relevant provisions of the Convention and its Kyoto Protocol. Noting the co-chairs' report, the AWG considered that information received at its round table provides useful parameters for the overall level of ambition of further emission reductions by Annex I Parties, in particular the information that, according to the scenarios of the Intergovernmental Panel on Climate Change (IPCC) reports, global emissions of greenhouse gases (GHGs) have to be reduced to very low levels, well below half of levels in

2000 by the middle of the twenty-first century, in order to stabilize their concentrations in the atmosphere at the lowest levels assessed by the IPCC to date in its scenarios.

5. The AWG noted the usefulness of the information relating to the mitigation potential of Annex I Parties contained in the contributions of the working groups of the IPCC to the Fourth Assessment Report, in particular the contribution of Working Group III on the mitigation of climate change. It acknowledged that important information on the mitigation potential of policies, measures and technologies at the disposal of Annex I Parties was also shared by Parties and organizations during the workshops on mitigation requested by the Subsidiary Body for Scientific and Technological Advice at its twenty-third session.¹

6. The AWG has initiated the implementation of the work programme agreed at its second session.² It noted that the information referred to in paragraphs 1, 3 and 5, above, provides a solid foundation for the AWG to proceed with its work programme, including the analysis of the mitigation potential, effectiveness, efficiency, costs and benefits of current and future policies, measures and technologies at the disposal of Annex I Parties, appropriate in different national circumstances, taking into account their environmental, economic and social consequences, their sectoral dimensions, and the international context in which they are deployed. In this context, the inputs made by some Parties, presenters and observers during the session highlighted, inter alia:

- (a) The urgency with which reduction in GHG emissions are needed, as mitigation efforts during the next few decades will determine, to a large extent, the increase in global mean temperature over the long term (until the end of the twenty-first century) and the corresponding climate change impacts that can be avoided. In order to limit this temperature increase, GHG emissions need to peak in the next 10 to 15 years. This calls for GHG emission reduction commitments by Annex I Parties of between 25 and 40 per cent below 1990 levels for the period beyond 2012;
- (b) There is a considerable economic³ potential at the disposal of Annex I Parties for the mitigation of GHG emissions over the coming decades and, among other factors, this potential determines the contribution that these Parties are able to make to efforts to stabilize GHG concentrations in the atmosphere;
- (c) There exists a portfolio of mitigation policies, as well as a portfolio of technologies, that are commercially available today and others that are expected to be commercialized in coming decades, including many mitigation opportunities with negative costs. Accelerated deployment of low-carbon technologies yields economic benefits in terms of new investment and through the creation of new and sustainable employment;
- (d) The economic potential of policies, measures and technologies at the disposal of Annex I Parties is constrained by social, economic, political, technical and other barriers, and the applicability of these policies, measures and technologies depends on national circumstances. In this context there is a recognition of special circumstances of some Annex I Parties, in particular those with economies in transition. Incentives consistent with other relevant international obligations of Annex I Parties are known and could address some of these barriers;

¹ FCCC/SBSTA/2005/10, paragraph 26.

² FCCC/KP/AWG/2006/4, paragraph 17.

³ Economic potential, according to the IPCC, is the mitigation potential which takes into account social costs and benefits, and social discount rates, assuming that market efficiency is improved by policies and measures and that barriers are removed.

- (e) The role of carbon price signals is important in changing the behaviour of a wide range of actors and to realize the mitigation potential in all sectors;
- (f) Co-benefits of actions to reduce GHG emissions can be substantial and may offset a substantial portion of mitigation costs;
- (g) Any adverse social, environmental and economic consequences, including spillover effects, from the implementation of mitigation policies, measures and technologies at the disposal of Annex I Parties could be minimized through appropriate choices;
- (h) The mitigation potential of policies, measures and technologies at the disposal of Annex I Parties can be further expanded through the use of flexibility mechanisms and sinks.

7. The AWG took note of the arrangements for the first part of its fourth session, to be held from 27 to 31 August 2007 in Vienna, Austria, in conjunction with the last workshop under the dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention. It agreed to continue, at that session, which will be resumed in December 2007, the analysis of mitigation potential of policies, measures and technologies at the disposal of Annex I Parties, and to address the identification of possible ranges of emission reductions by Annex I Parties and analysis of their contribution to the ultimate objective of the Convention, as specified in document FCCC/KP/AWG/2006/4, paragraph 17 (a) (ii). The AWG agreed to proceed to the analysis of possible means to achieve mitigation objectives, as specified in document FCCC/KP/AWG/2006/4, paragraph 17 (b), at its fifth session.

8. In order to facilitate discussions at its fourth and subsequent sessions, the AWG invited Annex I Parties, in a position to do so, to submit to the secretariat, by 22 June 2007, information and data on the mitigation potential of policies, measures and technologies at their disposal, with a view to providing a basis for indicative ranges of emission reduction objectives by Annex I Parties. It requested the secretariat to prepare, under the guidance of the Chair of the AWG and subject to the availability of resources, a technical paper that synthesizes these submissions and available information, inter alia, considering factors and criteria, relevant to the determination of the mitigation potential and to the identification of possible ranges of emission reduction objectives of Annex I Parties.

9. The AWG invited Parties and accredited observer organizations to submit to the secretariat, by 15 February 2008, information and views on the means to achieve mitigation objectives of Annex I Parties referred to in document FCCC/KP/AWG/2006/4, paragraph 17 (b). It requested the secretariat to compile these submissions for consideration by the AWG at its fifth session.

10. The AWG agreed to continue with its work programme as agreed at its second session. It also agreed to consider, at its resumed fourth session, this work programme and to develop a timetable to guide the completion of its work in order to avoid a gap between the first and second commitment period.
