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**CONFERENCE OF THE PARTIES SERVING AS THE
MEETING OF THE PARTIES TO THE KYOTO PROTOCOL**

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Item 11 of the provisional agenda

Second review of the Kyoto Protocol pursuant to its Article 9: scope and content

Scope and content of the second review under Article 9 of the Kyoto Protocol and the preparations required for conducting the review

Submissions from Parties

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its second session, decided that the second review of the Kyoto Protocol pursuant to its Article 9 should take place at the fourth session of the CMP in 2008. It further decided to consider the scope and content of this review at its third session, and invited Parties to submit to the secretariat, by 17 August 2007, their views including regarding the scope and content of the second review under Article 9 of the Kyoto Protocol and the preparations required for conducting the review (decision 7/CMP.2).
2. The secretariat has received four such submissions. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the language in which they were received and without formal editing.
3. The secretariat has also received one submission from an accredited non-governmental organization. In line with established practice, the secretariat has posted this submission on the UNFCCC website <http://unfccc.int/parties_and_observers/ngo/items/3689.php>.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

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China's Views on the Second Review of The Kyoto Protocol under its Article 9

The Conference of Parties serving as the Meeting of the Parties to the Kyoto Protocol at its second session decided to consider the scope and content of the second review under Article 9 of the Kyoto Protocol at its third session, and invited Parties to submit to the secretariat, by 17 August 2007, their views including regarding the scope and content of the second review under Article 9 of the Kyoto Protocol. With regard to the second review of the Protocol under Article 9, China would like to submit the following preliminary views:

1. The negotiations of the Ad hoc Working Group for further commitments for Annex I Parties under the Kyoto Protocol, which is critical for the future survival of the Kyoto Protocol, have not yet made any substantive progress. China is of the view that the second review of the Protocol under its Article 9 shall take in account the progress in the negotiations of the AWG, so as to make it a meaningful review.

2. The scope and content of the second review should be focused on the implementation by Annex I Parties of their commitments under the Protocol, in particular the reduction/limitation of GHG emissions and the provision of financial resources and technology transfer. For this purpose, Annex I parties shall provide adequate information on the progress of the implementation of their commitments under the Protocol, so as to facilitate the review of the Protocol.

3. The climate is changing and will continue to change in the future. Developing countries are most vulnerable to the adverse impacts of climate change, so it is of utmost importance to enable them to adapt to the inevitable climate change. Therefore adaptation shall be an integral part of the second review which is expected to lead to real enhancement of developing countries' capability to adapt to climate change.

4. The second review shall not lead to the introduction of any new commitments for Non-Annex I Parties other than those under the Convention and the Kyoto Protocol. It has to be noted that sustainable development and poverty eradication is the current overriding priority for developing countries.

PAPER NO. 2: NEW ZEALAND

Second review of the Kyoto Protocol under Article 9

New Zealand's initial views

New Zealand welcomes the opportunity to provide its initial views, including regarding the scope and content of the second review under Article 9 of the Kyoto Protocol and the preparations required for conducting the review, as invited to do so in Decision 7/CMP.2. New Zealand will submit more detailed views on specific issues during the course of the preparations for the second review.

Context for the second review

There is an important relationship between the second review of the Kyoto Protocol and the AWG. And beyond that to the broader framework of action required to make further progress towards the overall objective of the Convention.

As New Zealand highlighted in its June 2007 submission to the AWG, the broader context for considering commitments for Annex I Parties beyond 2012 includes having greater certainty in a number of areas, including on the rules for LULUCF post-2012, the issue of reducing emissions from deforestation in developing countries (and any implications that this may have for new Annex I commitments), and the Kyoto flexibility mechanisms. The treatment of emissions from international bunker fuels should be added to this list.

New Zealand considers it will be important to have greater certainty in these areas to inform the AWG's consideration of indicative ranges of emission reductions for Annex I Parties. The second review could be used to work through these issues.

The Kyoto Protocol in its present form, and with only some countries having accepted legally binding targets, cannot deliver effectively on the objective of the Convention. This raises a number of important issues that should be dealt with in the second review.

Scope of the second review

New Zealand considers the following issues as important candidates for the second review of the Kyoto Protocol. Agreement on these issues will underpin the future implementation of the Kyoto Protocol, and the level of ambition that Annex I Parties can consider in the context of the AWG's work.

- (i) **The rules relating to the treatment of particular sectors post-2012, in particular land use, land use change and forestry (LULUCF).** New Zealand considers it will be important to have certainty of the rules applying to LULUCF post-2012 to inform the AWG's consideration of indicative ranges of emission reductions for Annex I Parties. The second review could be used to work through these issues.
- (ii) **Streamlining the ability of Parties to join Annex B.** New Zealand considers the second review could be used to progress consideration of the first element of the Russian Federation's proposal to make it simpler for Parties to join Annex B. This approach could still be useful if the Kyoto Protocol is substantially modified as a result of the review or of future negotiations within the UNFCCC on the post-2012 climate change regime.

- (iii) **Form of the CDM post-2012.** The future shape of the flexibility mechanisms, in particular the Clean Development Mechanism, and the extent of their contribution towards effective global emission reductions is a key question. Again, this is an important element in informing the work of the AWG.
- (iv) **The nature of commitments made under the Protocol.** Providing scope for countries to make contributions to international climate efforts in ways that make sense for them is important. In New Zealand's view, we should explore options for commitments other than a single quantified emission limitation or reduction objective per country as in the present Annex B of the Kyoto Protocol. For example, sectoral or intensity target commitments could also form part of a new package of commitments. It will also be necessary to examine other issues, such as the length of commitment period.

Preparation

New Zealand agrees that the second review should be based on the best scientific information and assessments, including the fourth assessment report of the IPCC, and relevant technical, social and economic information.

It was clear from the inadequate nature of the first review of the Kyoto Protocol that a proper preparatory process is required to enable a meaningful second review to take place.

Parties have agreed to consider the scope and content of the second review at the third session of the COP/MOP in Bali in 2007, and for the second review to take place at the fourth session of the COP/MOP in 2008. Having learnt from the first review, New Zealand considers a clear, time-defined process needs be established and agreed at COP/MOP3, which will proceed during 2008, and conclude with the second review at COP/MOP4.

With only 12 months available, there is a need for focused and intensive preparations during 2008. New Zealand considers that Parties will need to meet as part of the process to prepare for the second review. This should be augmented through opportunities to provide written submissions, together with technical meetings/workshops, on specific issues during 2008.

A distinct process, such as an Ad Hoc Working Group, should be used to prepare for the second review. Given the importance of the second review, it is not an appropriate task for the existing subsidiary bodies, although specific tasks could be designated as required to the relevant subsidiary body.

The second review to be undertaken at the third session of the COP/MOP should also be able to draw on work undertaken elsewhere under the Convention and Protocol. All of these processes are mutually supportive and should build on each other rather than duplicate work.

Some of the issues identified for attention in the second review may, as appropriate, be also dealt with in the ongoing work of the AWG.

PAPER NO. 3: NORWAY

Submission by Norway on Review of the Kyoto Protocol pursuant to Article 9

Norway welcomes the opportunity to submit its views regarding the scope and content of the second review of the Kyoto Protocol pursuant to Article 9, to take place at CMP 4 in 2008.

General remarks

The Fourth Assessment Report from the Intergovernmental Panel on Climate Change (IPCC) clearly demonstrates that emissions of greenhouse gases are causing significant anthropogenic climate change. The available scientific knowledge shows that to meet the ultimate objective of the Convention, a global response to reduce emissions is urgently needed. The Norwegian government has previously concluded that in order to stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, the global mean temperature increase should be kept below 2 °C compared to pre-industrial levels. This will require a reduction in global emissions of greenhouse gases in the order of 50 % compared to 1990 levels by the middle of this century is needed.

The total emissions of greenhouse gases from the countries which presently have emission limitation and reduction commitments under the Kyoto Protocol represent about 30% of the global emissions, and the relative share is decreasing. Simply strengthening the commitments of these countries is inadequate as a long term response to the global challenge we are facing. This fact should serve as a background for the review under the Kyoto Protocol.

Scope and content of the review

Article 9 specifies that the Parties shall review the Protocol “in light of the best available scientific information and assessments on climate change and its impacts, as well as relevant technical, social and economic information”. Norway considers the Fourth Assessment Report (AR4) of the IPCC as the main input to the second review. Other available material will also provide valuable input. Furthermore, the review should take into account experiences gained in implementing the Protocol.

The review should cover all parts of the Kyoto Protocol. In Norway’s view, essential elements include:

- The role of the Kyoto Protocol in reaching the ultimate objective of the Convention.
- Consideration of whether the commitments in Annex B are adequately formulated or whether other or additional formulations might be considered, particularly with the view to enlarge the number of Parties in the Annex.
- Consideration of Annex A (greenhouse gases, sectors/source categories), including consideration of the inclusion of emissions from international aviation and maritime transport.
- Consideration of how to include land-use, land-use change and forestry (LULUCF).
- Review of the scope and effectiveness of the Kyoto mechanisms (JI, CDM and international emissions trading).

Review process

As indicated above, several issues should be included in the review and some of them require analytical work. Norway considers it important to avoid duplication of work and that the review process should make full use of ongoing or foreseen activities. The AWG (Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol) has on its work plan elements that are highly relevant for the review. Furthermore, it is foreseen that an activity to consider the AR4 may be established at COP 13/CMP 3. The review process should be launched at CMP 3 and finalised at CMP 4. It is important that CMP 3 carefully considers how the review should be organized with a view to avoid duplication of work.

PAPER NO. 4: PORTUGAL
ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES

ARTICLE 9 OF THE KYOTO PROTOCOL

This position is supported by Albania, Bosnia and Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Serbia and Ukraine

Portugal, on behalf of the European Community and its Member States welcomes the opportunity to submit views on the second review under Article 9 of the Kyoto Protocol, including its scope and content and the preparations required for conducting the review.

I. GENERAL REMARKS

1. In its conclusions in March 2007, the European Council stressed that international collective action will be critical in driving an effective, efficient and equitable response on the scale required to face the climate change challenges. To this end, negotiations on a global and comprehensive post-2012 agreement, which should build upon and broaden the Kyoto Protocol architecture and provide a fair and flexible framework for the widest possible participation, need to be launched at the UN international climate conference beginning at the end of 2007 and completed by 2009. The European Council endorsed the following elements identified by the Council (Environment) of 20 February 2007 as essential parts of an effective and appropriate framework beyond 2012:

- a shared vision to reach the ultimate objective of the Convention;
- deeper absolute emission reduction commitments by developed countries;
- further fair and effective contributions by other countries, including incentives set by new and flexible types of commitments, to reduce the greenhouse gas emission intensity of economic development;
- extending the carbon market, including innovative and enhanced flexible mechanisms;
- increasing cooperation on technology research, development, diffusion, deployment and transfer;
- enhancing efforts to address adaptation, including risk management instruments, finance and technologies for adaptation;
- addressing emissions from international aviation and maritime transportation, making further use of the expertise, experience and work of relevant international organisations;
- reducing emissions from deforestation and enhancing sinks by sustainable forest management and land use practices

2. The review under Article 9 of the Kyoto Protocol has the potential to provide essential input to many of these issues. As the EU has already stated in its 2006 submission on this topic, there is already valuable experience on many issues, like the flexible mechanisms, the handling of land use, land use change and forestry and the other methodological rules of the Kyoto Protocol, for which the review under Article 9 provides an opportunity for evaluation and forward looking discussions. Not only is there more data contained in the inventories over a longer time period, but there is also experience in implementing the existing rules which may also have shown scope for improvement in certain cases.

II. SCOPE AND CONTENT OF THE REVIEW

3. The first review under Article 9 of the Kyoto Protocol, which was conducted in Nairobi, could not be comprehensive due to lack of time and preparation. However, Parties did find agreement on pointing out some strengths and weaknesses of the Protocol. The cooperation between developed and developing country Parties, including through the Clean Development Mechanism was stressed as one of the positive outcomes. Adaptation was recognized as one of the elements of the Protocol which could be further elaborated upon.

4. In the first years of its existence the Kyoto Protocol has proved to be an innovative and promising instrument that provides the tools for concerted international action, involving both developed and developing countries, in order to achieve global, long term and cost efficient emissions reductions. It targets a multitude of sectors, sources and gases and addresses the impact of human induced activities on natural carbon stocks. The creation of a carbon price through the flexible mechanisms was one of the most important developments in climate policy in the last years and the CDM extends this signal to non-Annex I countries. The EU is convinced that in the future, the carbon market and flexible mechanisms should become an even stronger and wider deployment instrument to incentivise the development and deployment of clean technologies in key sectors around the world and enable deeper emission reductions for Annex I Parties.

5. This is the reason why the EU wants to build upon and broaden the Kyoto Protocol architecture. The review should inform the COP/MOP in order to take appropriate actions based on lessons learned to further enhance the Protocol and its global environmental effectiveness in pursuit of the ultimate objective of the Convention and taking into account its guiding principles. The EU is convinced that there are technically, legally and methodologically necessary amendments, as well as several other issues that need to be looked at in detail. Such amendments and issues that might need to be addressed in the review include, inter alia:

- How carbon markets can be developed and expanded. This entails a review of the scope and effectiveness of the flexible mechanisms, including their contribution to the development, deployment, diffusion and transfer of low carbon technologies.
- The treatment of land use, land use change and forestry.
- The scope of the sectors and sources included.
- Existing annexes and procedures for amending these annexes.
- The provisions and decisions related to adaptation.
- Privileges and immunities.

6. The EU considers the analysis to be undertaken under the review of the Protocol to be complementary and interdependent with ongoing work under the Dialogue and the AWG.

Carbon market and flexible mechanisms

7. Significant development of the global carbon market and the enhancement of the flexible mechanisms are essential. They are a cost-effective tool to provide incentives for climate-friendly investments and provide opportunities to finance projects that can facilitate a transition to a less carbon intensive global economy. The establishment of an adequate global carbon price, creates incentives for mitigation, and enhances investments in technology research, development and implementation.

8. The EU considers that elements of the existing regulated carbon markets, such as emission trading – including linking between existing and future emission trading schemes and crediting schemes –, the CDM and Joint Implementation need to be scaled up and strengthened in order to enhance their roles in promoting low carbon economies, sustainable development, capacity building, and development, deployment and transfer of technologies at least cost.

9. While agreeing that the CDM has proven to be a successful tool that generates significant investments in climate-friendly technologies, current experience shows that there is still a lot of scope for improving, e.g. expanding the scope of the CDM in the future while furthering its environmental effectiveness and its contribution to sustainable development and preserving the integrity of the carbon market. The CDM has generated considerable interest in both developing and developed countries, particularly in the private sector. The extension of the CDM beyond 2012 is a key demand of many stakeholders and governments in Annex I and non-Annex I countries alike. The EU has already signalled the importance it attaches to the continuation of the CDM beyond 2012 in its submissions to the UNFCCC.

10. Many Annex I countries are using the CDM to meet part of their emission reduction targets under the first commitment period abroad. Through this, the CDM has proven its capacity to direct investment decisions towards low cost emission reductions. Many stakeholders and governments are requesting initiatives to streamline, improve and upscale the CDM and creating innovative flexible mechanisms that can enable moves beyond pure offsetting approaches (e.g. sectoral crediting mechanisms). These issues must be seriously considered, and a process should be initiated to assess the potential implications of different proposals for the wider carbon market and the attainment of the stabilisation goal. The review should look into the possibilities to enhance and expand the CDM and to develop new and innovative flexible mechanism while preserving and strengthening its environmental integrity and its contribution to sustainable development. In this respect, there is a need to review current modalities and procedures for the CDM, including the rules for the Executive Board of the CDM.

11. CDM has sometimes been criticised for not reaching its full potential with regard to technology transfer or sustainable development and with regard to the distribution of CDM projects across regions and technologies. This particular criticism should be evaluated in any review of the mechanism.

12. There is not as much experience with JI as there is with the CDM, but we have recently seen an increasing interest and an increasing number of projects. The Joint Implementation Supervisory Committee has been working for over a year now and has collected valuable insights into the efficiency, effectiveness and potential of this mechanism. In the EU's view it is well worthwhile assessing the role, opportunities and potential improvements of JI beyond 2012.

Land use, land use change and forestry

13. Quantified emissions limitation and reduction targets were agreed at Kyoto in the expectation of additional flexibility from sinks, but before the scope of activities had been agreed. The outcome for the first commitment period of the Kyoto Protocol was partial inclusion of the LULUCF sector. In Annex I countries, accounting is mandatory for afforestation, reforestation and deforestation only and additional activities (revegetation, forest management, cropland management and grass land management) can be selected voluntarily. CDM project activities are limited to afforestation and reforestation. Large sources of greenhouse gas emissions are, therefore, not part of the system, e.g., emissions from deforestation (currently responsible for about 20% of anthropogenic CO₂ emissions). Most provisions (definitions, modalities, rules and guidelines) relating to land use, land-use change and forestry activities under Articles 3, 6 and 12 of the Protocol were decided upon only for the first commitment period and need to be revisited. We are much better informed on sinks issues now, including on reducing emissions from deforestation, than at the time the Kyoto Protocol was negotiated and should use this additional information and knowledge to explore options for including the LULUCF sector in a more systematic way. This will constitute important information for the work of the AWG.

14. The current provisions in COP/MOP decisions reflect the need to deal with differences in national circumstances and sectoral characteristics, and aim to provide extra flexibility in meeting commitments without undermining the environmental integrity of the Kyoto Protocol. The complexity of these provisions limits the potential incentives for Parties to protect and develop their carbon stock in forests, agricultural lands and grasslands, to promote the use of wood as a biomaterial, or to promote the use of sustainable forest biomass for energy production. An agreement for the future treatment of this sector should aim to strengthen incentives to reduce emissions from deforestation and enhance sinks by sustainable forest management and land use practices, while reducing complexity and costs and maintaining the integrity of the climate regime, taking advantage of lessons learned and systems established by Parties during the first commitment period.

International aviation and maritime transport

15. During the negotiation of the Kyoto Protocol, emissions from international aviation and maritime transport were not included in national totals as agreement on methodologies for allocating emissions to national inventories of Parties was not reached, despite early discussions at SBSTA level on several accounting options. The Kyoto Protocol therefore requested Annex I Parties to pursue policies and measures to address these sectors, working through ICAO and IMO. Decision 2/CP.3 further emphasized the need for methodological work to be pursued, with a view to the possible inclusion of these emissions under national totals. That discussion was meant to be resumed at SBSTA 22, but has not moved forward since then.

16. Worldwide, emissions from international maritime transport and aviation are rising fast. Emissions from international transport are now 39% above their 1990 levels according to the IPCC Fourth Assessment Report.

17. The academic and policy analysis community has considerably improved the knowledge of methodological issues and developed proposals on how to deal with emissions from these sources. Despite this progress, introduction of mitigation measures as a result of deliberations in ICAO and IMO has been limited.

18. The EU underlines that action on addressing emissions from international aviation and maritime transportation is an essential part of an effective and appropriate framework for

international action to address climate change post-2012. The EU is of the view that in the light of the leading role of UNFCCC in climate change policy in general, the cooperation between UNFCCC, IMO and ICAO to achieve common goals of the international community in the global fight against climate change should be reviewed to ensure a consistent and effective approach. The EU further emphasizes that options for addressing international maritime transport and aviation emissions should be considered in the review of the Protocol.

Annexes and procedures for amending annexes

19. At the workshop on the Russian proposal, Parties addressed the need to review the current procedures that enable Parties currently not in Annex B of the Kyoto Protocol to join the Annex. As the Russian Federation rightly pointed out in its presentation at the Workshop, simplifying the procedures would itself require an amendment of the Protocol. The EU believes that consideration of this issue should continue in order to explore possibilities for simplifying the procedures for joining Annex B. The EU would like to suggest that the criteria that should guide a belated setting of targets for Parties wishing to join Annex B might be an important element in these discussions. The second review under Article 9 of the Kyoto Protocol would provide an opportunity to further explore and discuss this issue. In this respect, due consideration should also be given to possible impacts on the carbon markets and to the overall integrity of the regime. In the workshop there seemed to be general consensus that this is an important issue and that all Parties are willing to work on a solution. The EU is looking forward to working actively with the Russian Federation and all other Parties on the substance of this issue.

Adaptation

20. During the first review at COP/MOP2 it was concluded that adaptation was an issue that could be further elaborated upon. The Kyoto Protocol in Article 10b refers to adaptation as a means to achieve sustainable development. In addition, the funding of adaptation in developing countries is considered in Article 12.8 on the CDM, where it is stated that a share of proceeds from certified project activities is to be used to assist those that are particularly vulnerable to the adverse effects of climate change to meet the cost of adaptation. Therefore, at COP7, in Marrakesh, Parties agreed to establish the Adaptation Fund under the Kyoto Protocol. Progress was achieved on that at SB26 and further work on the pending issues will proceed in order to operationalise the fund as soon as possible.

21. To adapt to the adverse effects of climate change, there is a need for securing adequate and predictable resources for adaptation, in particular for the most vulnerable countries. The review could, inter alia, aim at exploring ways to improve these.

Privileges and Immunities

22. The EU has consistently addressed the issue of privileges and immunities for members of constituted bodies under the Kyoto Protocol with the objective of ensuring its effective functioning. To this end, members of constituted bodies must be adequately protected from claims before national courts relating to the exercise of their official functions.

23. The EU would like to base future consideration of this issue on further experience gained with existing arrangements. The review could provide an opportunity to explore long-term measures that may be necessary to deal with this issue.

III. PREPARATIONS REQUIRED FOR CONDUCTING THE REVIEW

24. The review should take place in the light of the best available scientific information and assessments on climate change and its impacts, as well as relevant technical, social and economic information, taking full consideration of the IPCC's Fourth Assessment Report, and other relevant information. In addition, such assessments and information could be made available by Parties and relevant international organisations.

25. The European Union also notes that the analytical work to be undertaken by the second review and action that may be decided upon by the COP/MOP are of relevance to the work of the AWG and that some issues, such as adaptation, the role of technology and enhancing the functioning of carbon markets have also been taken up in the Convention Dialogue. It is therefore important for the COP/MOP to address this issue and decide how to ensure that the processes function in harmony.

26. The EU suggests that SBSTA prepares for the review by organising an intersessional or an in-session workshop before or in conjunction with SB28 to facilitate carrying out the review at COP/MOP4 in a meaningful manner. In addition, the Secretariat should be mandated to prepare a technical paper on the issues identified by COP/MOP3 and additional submissions from Parties as an input to the workshop. The submissions for the AWG on information and means to achieve mitigation objectives of Annex I Parties by 15 February 2008 should also be taken into account. Based on the outcome of this workshop and the technical paper, SB28 should decide on further preparations for the review and consider preparation of a draft decision on the review for the consideration of COP/MOP4.

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