

31 March 2010

ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SUBSIDIARY BODY FOR IMPLEMENTATION

Thirty-second session

Bonn, 31 May to 9 June 2010

Item 17 (d) of the provisional agenda

Administrative, financial and institutional matters

Methodology for the collection of international transaction log fees

Views on the approach to be taken by the Executive Secretary with regard to the collection of international transaction log fees

Submissions from Parties

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its fifth session, invited Parties to the Convention that are also Parties to the Kyoto Protocol wishing to do so to submit to the secretariat, by 22 March 2010, their additional views¹ on the approach to be taken by the Executive Secretary with regard to the collection of international transaction log fees.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.

¹ Previous views from Parties on the approach to be taken by the Executive Secretary with regard to the collection of international transaction log fees have been compiled in document FCCC/SBI/2009/MISC.3 and Add.1.

² Decision 10/CMP.5, paragraph 13.

* 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.

FCCC/SBI/2010/MISC.4

GE.10-60575

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* This submission is supported by Croatia, the Former Yugoslav Republic of Macedonia, Serbia and Turkey.

PAPER NO. 1: CROATIA

Class: 018-05/09-05/5
Reg.No.: 531-13-1-2-10-5
Zagreb, 09 March 2010

Climate Change Secretariat
(UNFCCC)
International Transaction Log
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GERMANY

Subject: Collection of ITL fees

According to paragraph 13 of the Draft decision *-/CMP.5 Programme budget for the biennium 2010–2011*, by which Parties of the Kyoto Protocol are invited to present additional views on the approach to be taken by the Executive Secretary with regard to the collection of ITL fees, the Croatian view is that according to the present methodology, disproportionately high fees for the ITL are specified for the Republic of Croatia compared to similar Annex I Parties.

We suggest a modification of the existing methodology in order to achieve an equal fee distribution among the Parties and to harmonize the fees with the existing and expected operations in terms of transactions.

PAPER NO. 2: JAPAN

Additional view on the approach to be taken by the Executive Secretary
with regard to the collection of international transaction log fees

In accordance with paragraph 13 of decision -/CMP. 5 entitled “Programme budget for the biennium 2010-2011”, Japan is pleased to provide its additional view on the approach to be taken by the Executive Secretary with regard to the collection of ITL fees.

Japan supports the current hybrid methodology whereby a portion of the fees is calculated by flat rate and the remainder is calculated on the basis of the adjusted KP scale to be applied for the biennium 2012-2013. The approach has been proven to be able to ensure reliable and predictable funding for the ITL.

As regards the methodology whereby the ITL fees are calculated on the basis of the transaction volumes, Japan is concerned that the methodology will make it very difficult for a Party to ensure it has sufficient financial resources to bear the fee because the Party's share will vary significantly in one biennium to the other.

Besides, technically speaking, in order to capture the whole picture of costs needed to run the ITL, other factors, such as the system availability of the ITL or required human resources and expected service level of the ITL Service Desk, also need to be taken into account. Relying solely on the transaction volumes may lead to an irrational conclusion in terms of the burden sharing.

For these reasons, it is Japan's strong view that the transaction volume based methodology is not appropriate as a basis for calculating the ITL fees.

PAPER NO. 3: SPAIN AND THE EUROPEAN COMMISSION
ON BEHALF OF THE EUROPEAN UNION
AND ITS MEMBER STATES

**SUBMISSION BY SPAIN AND THE EUROPEAN COMMISSION ON
BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES**

This submission is supported by Croatia, the Former Yugoslav Republic of Macedonia, Serbia and Turkey.

Madrid, 5 March 2010

**Subject: International transaction log (SBI)
Parties to the Convention that are also Parties to the Kyoto Protocol are invited to submit their additional views on the approach to be taken by the Executive Secretary with regard to the collection of international transaction log fees**

The EU welcomes the opportunity to submit its additional views on an approach to be taken by the Executive Secretary with regard to the collection of ITL fees.

The EU is of the view that the current methodology used to collect ITL fees should be kept for the next biennium 2012-2013, as it ensures predictable, reliable and adequate funding of the ITL.

Transaction based methodologies may dissuade trading among Parties. Furthermore, a methodology based on transactions adds further complexity to the budget and creates uncertainty as the rate of the levy changes for every biennium. This will, in turn, increase administrative costs.

The UNFCCC Secretariat may want to take the proposed changes in the EU registry structure into consideration when planning resources and preparing the overall budget requirement for the ITL in the next biennium, as these changes will significantly reduce the workload on the ITL and its support structure. The EU recognises that some costs are fixed and are not impacted by a change in volume.

PAPER NO. 4: SRI LANKA

International transaction log (SBI)

We would like to have International transaction log fees collect in due date in order to continue the programmes as planned by the secretariat.
