

SUGGESTIONS FROM THE EUROPEAN UNION AND ITS 28 MEMBER STATES TO IMPROVE THE STRUCTURE OF THE GENEVA TEXT – SECTION D - *paragraph 39 of Section D on Mitigation*

In our most recent submission on ‘Use of International Markets and Related Accounting’ of 29th of May, which relates directly to paragraph 39 of section D of the ADP text, in concrete terms we have proposed that there should be two provisions in the agreement:

- The first providing that Parties may count use of international markets towards their commitments provided the Parties involved apply rules which ensure that their contributions are respected – accounting rules.
- The second providing for a market mechanism under the UNFCCC which facilitates participation by Parties on the basis of their contribution to mitigation – a market mechanism.

We assert that the agreement will best address use of markets at the level of principle, setting out high-level requirements, and that more detailed provision could be set out in a COP decision in Paris and further elaborated after Paris.

We believe that this approach is best reflected in option 2 of paragraph 39 of the current negotiating text.

In the current structure of paragraph 39 and the 6 options therein, one could clearly highlight topics that could be used to structure the existing text. This may help Parties in any exercise on streamlining the text further in order to limit the number of options and facilitate our discussions.

The following headings could provide structure for further consolidation of text:

As indicated in the paper from the Secretariat on duplications ([‘Identification of overlaps and duplication in the negotiating next’](#)) we note that there are market related provisions across the entire ADP text which will need to be addressed later. In addition we identify a section in paragraph 39 (option 3), most of which could be more usefully addressed separately under general accounting principles and accounting principles for the land use sector in the mitigation section in new paragraphs (see separate EU submission on mitigation/accounting).

Cluster of Issues	PARAGRAPH
• PURPOSE /PRINCIPLES	Option 1 - 39.1 (a) – (h) Option 4 – 39.8 Option 5 – 39.1
• APPROACHES	
○ USE/MARKETS ACCOUNTING	Option 1 – Chapeau of 39; tiret (i) Option 2 – 39 Option 3 -39.1 (g); 39.3 (a) Option 5 – 39.4
○ UNFCCC MARKET MECHANISM/CERTIFICATION	Option 1 – Chapeau of 39; tiret (ii); 39.3 Option 2 – 39.1 Option 4 – Chapeau of 39; 39.1; 39.2 (a,b); 39.3; 39.4 (a, b); 39.5; 39.6
○ OTHER MARKET MECHANISMS/CONFORMITY	Option 1 – 39 tiret (iii)
• OTHER REQUIREMENTS	Option 1 - 39.2; 39.4
• PROCEDURE/FURTHER PROCESS	Option 1 -39.6 Option 2 – 39.2 Option 4 – 39.7 Option 5 – 39.2; 39.3
• LAND USE ACCOUNTING (to be dealt with separately)	Option 1 - 39.5 (a, b) Option 3 - 39.2 (a – f)
• GENERAL ACCOUNTING PRINCIPLES (to be dealt with separately)	Option 3 – Chapeau of 39; 39.1 (a, b, c, d, e, f, h);
• OTHER	Option 6