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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

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

Third session

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Item 20 (a) of the provisional agenda

Other matters

Report of the President of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session on the workshop on the proposal by the Russian Federation

**Views on the proposal by the Russian Federation for the development of
appropriate procedures to enable Parties to the Kyoto Protocol to adopt
voluntary commitments**

Submissions from Parties and a Party/observer State

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its second session, requested its President to convene a workshop during the sessional period in May 2007 to clarify and explore the scope and implications of the proposal by the Russian Federation that appropriate procedures be developed to enable Parties to the Kyoto Protocol to adopt voluntary commitments. The CMP further invited Parties to submit their views on this matter to the secretariat by 17 August 2007, for circulation in advance of the third session of the CMP (FCCC/KP/CMP/2006/10, paras. 135–136).
2. The secretariat has received seven submissions from Parties to the Kyoto Protocol and one submission from a Party to the Convention, observer State to the Kyoto Protocol. 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.

* 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/KP/CMP/2007/MISC.2

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* Australia signed the Kyoto Protocol on 29 April 1998, but has not ratified it to date.

** This submission is supported by Albania, Bosnia and Herzegovina, Croatia, The former Yugoslav Republic of Macedonia, Serbia, Turkey and Ukraine.

PAPER NO. 1: AUSTRALIA

Proposal by the Russian Federation

Australia supports the proposal by the Russian Federation that appropriate procedures be developed to enable parties to the Kyoto Protocol and the Convention to adopt voluntary commitments. The proposal is consistent with Australia's view that all major emitters need to be involved in future action on climate change. It recognizes the fact that action by developed countries alone cannot fulfil the objective of the Convention. Australia notes the relevance of the Russian proposal to Parties' ongoing discussions on future action under the Convention and the Protocol.

China's Views on the Russian Proposal

A workshop on the Russian Proposal was held during the sessional period in May 2007 in Bonn in accordance with the report of the Conference of Parties serving as the Meeting of the Parties to the Kyoto Protocol at its second session. The President of the CMP at its second session will report to the CMP at its third session on the proceedings and main points raised at the workshop under the agenda item dealing with other matters. For this purpose, the CMP at its second session invited Parties to submit their views on this matter to the secretariat by 17 August 2007, for circulation in advance of the third session of the CMP. In this regard, China would like to provide the following views regarding this issue:

1. From the clarifications and explanations by the Russian Federation on its proposal, China is of the view that the contents and concepts of the voluntary commitments proposed by the Russian Federation have already been covered in Article 4.1 of the United Nations Framework Convention on Climate Change and other relevant provisions of the Kyoto Protocol, all Parties are implementing their commitments under that provision. So there is no added value to develop additional procedures for taking these commitments. Any Party can take whatever policies and measures it likes to address climate change according to Article 4.1 of the Convention and other relevant provisions of the Kyoto Protocol.

2. The CMP at its second session only requested the President to hold a workshop and report back on the proceedings and main points raised at the workshop to the CMP at its third session under the agenda item dealing with other matters. The mandate of the CMP at its third session on the issue of the Russian Proposal is only to hear the report of the President of CMP at its second session on the workshop. Since the views expressed at the workshop are divergent and no consensus is emerging, so this agenda item shall conclude after the report of the workshop.

PAPER NO. 3: INDIA

Proposal by the Russian Federation:

India in accordance with FCCC/KP/CMP/2006/10, Paragraph 136 (Message to Parties on submission of views from Parties on the proposal by the Russian Federation that appropriate procedures be developed to enable Parties to the Kyoto Protocol to adopt voluntary commitments) submits the following views for consideration by the CMP at its next Session in view of the last sentence of the Chair's Report on the Russian Proposal read together with Paras 10 & 12.

(1) The "procedural" and "substantive" components of the proposal appear to relate to two quite different matters. The "procedural" question relates to the voluntary accession of a non-Annex I party to Annex I (for the purposes of the Kyoto Protocol) and the related question of determining its QELRO. In contrast, the "substantive" component concerns other non-Annex I parties.

(2) In our view, there is no need to "simplify" procedures for accession to Annex I (for the purposes of the Kyoto Protocol). It would be sufficient to clarify the existing provisions.

(3) As regards the "substantive" component, our view is that the existing provisions of Article 4 of UNFCCC require no addition or amendment.

PAPER NO. 4: JAPAN

Japan's Submission on the Proposal by the Russian Federation

1. General Comment

Japan welcomes and supports the Russian proposal on developing appropriate procedures for the approval of voluntary commitments for those Parties that are not included in Annex I of the Convention. Japan is of the view that the proposal encourages global efforts to stabilize GHG concentrations.

2. How the Russian proposal should be addressed

- (1) Based on the exchange of views at the workshop during the sessional period in May 2007, the proposal includes two main issues to be considered:
 - a) The issue of adding Parties to Annex I of the Convention and Annex B of the Protocol by the amendments of the Convention and the Protocol, as well as the issue of simplification of those procedures, and
 - b) The issue of identifying what should be regarded as voluntary commitments by the Parties that are not included in Annex I of the Convention.

Procedural debate regarding (1) a) above should be conducted formally under COP/MOP or SB. On the other hand, debate on (1) b) above should be taken up in an integrated manner along with negotiations and discussions on the future framework beyond 2012.

PAPER NO. 5: NEW ZEALAND

Proposal of the Russian Federation, New Zealand's initial views

New Zealand appreciates the clarification provided by the Russian Federation, at the sessional period in May 2007 and through the advance note circulated to Parties, on its proposal, and notes, in particular, that the proposal has two elements: (i) streamlining the procedure for inclusion of Parties into Annex I, and (ii) considering a system for voluntary commitments within the Convention framework.

New Zealand supports the goal of providing opportunities for Parties to contribute to achieving the ultimate objective of the Convention. For those countries that wish to contribute to greenhouse gas emission reductions or limitations, the process through which they can join Annex I should be made as simple and straightforward as possible.

New Zealand considers both elements of the Russian Federation's proposal deserve further consideration by Parties, and therefore would support a new agenda item on these issues to be placed on the COP and COPMOP agendas as appropriate.

Inclusion of Parties into Annex I of the Convention (and Annex B of the Protocol)

New Zealand agrees with the need to clarify and streamline the procedure for including Parties into Annex I of the Convention, and also Annex B of the Protocol.

New Zealand notes that the Gothenburg Protocol (a Protocol to the 1979 Convention on long-range transboundary air pollution to abate acidification, eutrophication and ground-level ozone) has been suggested as a possible model.

The Gothenburg Protocol has a similar structure to the Kyoto Protocol in that both instruments contain an annex listing the emission reduction commitments of the Parties. The Gothenburg Protocol differs from the Kyoto Protocol in that it establishes a particular process to enable countries not listed in the annex to take on emission reduction commitments under the Protocol. Specifically, Article 13 of the Gothenburg Protocol provides that any party to the Convention can propose an adjustment to Annex II of the Protocol so as to add to that annex its name, together with emission levels, ceilings and percentage reduction commitments. Such adjustments must be adopted by consensus by Parties present at a session of the Executive Body and will become effective for all Parties 90 days after written notification by the Commission to the Parties. It is not necessary for Parties to deposit instruments of acceptance for such adjustments to enter into force.

New Zealand considers that a similar tacit acceptance process to enable Parties to take on quantitative greenhouse gas emission reductions or limitations under Annex B of the Protocol may be an avenue worth exploring. A tacit acceptance process is already established under Article 21 of the Kyoto Protocol for amendments to any Annexes of the Protocol other than Annexes A and B. It would be important to consider the possible broader implications of extending the tacit acceptance process to Annex B, including any implications for Parties already listed in Annex B.

New procedures to facilitate voluntary commitments

New Zealand considers the second part of the Russian Federation proposal, the elaboration of new procedures to facilitate voluntary commitments on greenhouse gas emission reductions or limitations would be appropriately dealt with under the Convention, as one of the elements that need to be considered in a post-2012 framework.

PAPER NO. 6: PORTUGAL ON BEHALF OF THE EUROPEAN COMMUNITY
AND ITS MEMBER STATES

EU Submission on the Russian proposal

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

Portugal, on behalf of the European Community and its Member States, welcomes the opportunity to submit views on the proposal of the Russian Federation to develop appropriate procedures for the approval of voluntary commitments.

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 facing 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. All countries should be invited to contribute to the efforts under this framework according to their common but differentiated responsibilities and respective capabilities.

2. The European Council reaffirmed that absolute emission reduction commitments are the backbone of a global carbon market. Developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990. They should do so also with a view to collectively reducing their emissions by 60% to 80% by 2050 compared to 1990.

3. IPCC's Working Group III reported only recently that the macro-economic costs of such efforts are estimated at below 3% (in several studies 1-2%) of global gross domestic product. This corresponds to a reduction of the average annual GDP growth rates of less than 0.12%. The IPCC confirmed that mitigation opportunities with net negative costs have the potential to reduce emissions by around 6 Gt CO₂-eq per year by 2030, i.e. about 10% of the projected global emissions by that time. This means that ambitious further action is not only urgently required, but also feasible at moderate cost, and that a significant part of the reductions is profitable in economic and social terms.

II. EU VIEWS ON THE PROPOSAL BY THE RUSSIAN FEDERATION

4. The EU is grateful to the Russian Federation for clarifying its proposal at the workshop held on 11 May in Bonn. It is now clear that the Russian proposal to develop appropriate procedures for the approval of voluntary commitments has two separate components, which also need to be treated in separate ways procedurally. The first component aims at simplifying the procedures governing the accession of a Party to Annex I to the Convention and the assumption by a Party of a quantitative emission limitation or reduction commitment through accession to Annex B to the Kyoto Protocol; the second component aims to explore new forms

of engagement for Parties not included in Annex I to the Convention (non-Annex I Parties) in the collective effort envisaged by the Convention to protect the global climate.

5. The EU sees both components of the Russian proposal as a valuable contribution to the discussion on how to enhance global contributions to the overall effort in reaching the ultimate objective of the Convention, taking into account the latest scientific evidences resulting from the IPCC reports, and in line with the general principle of common but differentiated responsibilities and respective capabilities, and is interested in further exploring these ideas.

6. The first component of the Russian proposal addresses both the procedures of accession to Annex I of the Convention and to Annex B to the Kyoto Protocol. The EU believes that looking at ways to simplifying such procedures, with all rights and obligations attached to the respective status and due consideration of possible impacts on the carbon markets and the environmental integrity of the Protocol, should be addressed, but as an item of further work of the bodies of the Convention or Kyoto Protocol, as appropriate, preferably under existing agenda items.

7. With regards to accession to Annex I, as pointed out in the workshop, currently it can only be effected through an amendment, which requires the agreement of at least three fourths of the Parties to the Convention present and voting. It is also possible for a non-Annex I Party to notify unilaterally under Article 4.2(g) of the Convention its intention to be bound by subparagraphs (a) and (b) of Article 4.2. Following this procedure would define the notifying Party as an Annex I Party under the Kyoto Protocol, but not under the Convention. The EU considers that the Conference of the Parties should give consideration to the question whether this procedure remains relevant and adequate, or whether other procedures should be explored, including simplification of the procedure for Parties to accede to Annex I.

8. With regards to accession to Annex B of the Kyoto Protocol, at the workshop Parties addressed the need to review the current procedures. 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 is of the view that the second review under Article 9 of the Kyoto Protocol could provide an opportunity to further explore and discuss this issue, but is also willing to consider other options. 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. 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.

9. As a second component of its proposal, the Russian Federation has also suggested a whole range of possible options for voluntary contributions by non-Annex I Parties and foresees the elaboration of new provisions under the Convention to convey formal political recognition of national actions to further the objective of the Convention undertaken by non-Annex I Parties on their own initiative. As highlighted in the report on the workshop, such actions could be of different types, for example aiming at achieving emission targets, implementing policies and measures, or promoting technological deployment and would not impose penalties on a non-Annex I Party for not implementing fully the actions it had proposed.

10. The EU notes the increasing share of greenhouse gas emissions from developing countries and the need, in addition to deepen absolute emission reductions by developed countries, for

particularly the more advanced developing countries to address the increase in these emissions by reducing the emission intensity of their economic development, in line with the general principle of common but differentiated responsibilities and respective capabilities. Developing countries' contributions could take several forms and include many policy options where benefits outweigh costs and that support continued economic growth, strengthen energy security and benefit public health. In addition, sustainable development policies and measures, an enhanced CDM, non-binding targets or sectoral approaches could offer promising ways of enhancing participation of these countries.

11. Incentives that may be developed in order to support Parties to take on voluntary contributions would have to be additional to any existing benefits under the Convention, keeping in mind the necessity to ensure environmental effectiveness and preserving the integrity of the carbon market. Some Parties have pointed out in the workshop that benefits for Parties which take on voluntary contributions under the Convention must not lead to a diversion of the existing ones that non-Annex I Parties have under the Convention in a way that Parties not taking on a voluntary contribution lose the access to these benefits, e.g. transfer of technology, and the EU agrees with this view.

12. In the EU's view, these ideas as well as others put forward by Parties, including some non-Annex I Parties, on the issue of recognizing or providing incentives for voluntary contributions under the Convention deserve to be explored further, also in the context of the Convention Dialogue and the follow up to this Dialogue or through the Subsidiary Bodies. The EU is looking forward to studying these ideas and proposals in more depth than has been possible so far.

13. The EU is actively contributing to the ongoing deliberations under the Ad hoc Working Group on Further Commitments, to the preparations for the second review of the Kyoto Protocol according to its Article 9, and to the dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention. As we are consistently emphasizing, an agreement among all Parties resulting from these efforts must be reached in time to prevent a gap between the first and second commitment periods under the Kyoto Protocol, and to this end negotiations on a global and comprehensive post-2012 agreement need to be launched at COP13 and COP/MOP3 at the end of 2007 and completed by 2009. The EU would wish to see the discussion on the ideas put forward by the Russian Federation integrated in the further work of the UNFCCC bodies.

PAPER NO. 7: REPUBLIC OF KOREA

Position on Russia's proposal

As climate change is a global challenge, the international community must take collective measures to combat it.

Based on the principles of the UNFCCC, developed countries should take the lead in addressing climate change, especially by providing tangible outcomes through the on-going Post-2012 negotiations in the Ad hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol.

On the other hand, to accelerate the efforts of developed countries against climate change, the Post-2012 regime must be equipped with institutional devices such as incentives, in order to encourage developing countries to commit to voluntary GHG emission reductions.

In this regard, Russia's proposal has merit and must be further discussed.

With respect to the UNFCCC's view on Russia's proposal, institutional devices under the UNFCCC must be designed to encourage bottom-up voluntary commitments from developing countries by allowing a variety of different commitments based on the respective circumstances of each country, while also providing incentives for commitments. In addition, punitive aspects to the efforts of developing countries must be avoided. Details of elements for the devices should be discussed among parties to the UNFCCC.

PAPER NO. 8: UZBEKISTAN

View of the Republic of Uzbekistan

Republic of Uzbekistan supports the Secretariat activity on consideration of the proposal of the Russian Federation.

Republic of Uzbekistan approves the proposal of the Russian Federation on development of the procedures for adopting voluntary commitments.

Republic of Uzbekistan after having considered “Procedures and mechanisms related to the approval of voluntary commitments to reduce GHG emissions for the Parties not included in Annex I to the United Nations Framework Convention on Climate Change” FCCC/ KP/CMP/2006/MISC.4) recons as necessary to emphasize:

- **the objective** of proposed procedures and mechanisms is to stimulate, encourage and expand the possibilities to accept voluntary GHG emissions limitation or reduction commitments pursuant to the Kyoto Protocol which will **contribute additionally to the achievement** of the ultimate objective of the UNFCCC;
- **guiding principles and approaches** allow for the Party accepting the commitments use *preferable parameters of base year, commitment period and GHG emission limitation or reduction level*;
- **scope of the problem and procedures for its solving** foresee:
 - *procedure* covering *quantified commitments level* and *commitment period* which are determined by the Party assuming these commitments. *Transfer of technologies* effectively reducing GHG emissions could be the *incentive* for voluntary accepting commitments;
 - *procedures of consideration and approval* by COP/MOP;
 - *national policy and measures* are to be implemented during a year after adoption of the decision to approve such a commitments by respective COP/MOP. They include development of the *national amounts assessment system, national inventory of greenhouse gases* and their *monitoring system*;
 - an *incentive* is the *additional right* to participate in mechanisms established by the Kyoto Protocol.

In our view “Procedures and mechanisms related to the approval of voluntary commitments to reduce GHG emissions for the Parties not included in Annex I to the United Nations Framework Convention on Climate Change” proposed by the Russian Federation can be taken as a basis for further consideration of this point.
