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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

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

**Fifth session**

**Bangkok, 31 March to 4 April 2008, and Bonn, 2–12 June 2008**

**Item 4 of the provisional agenda**

**Consideration of relevant methodological issues**

**Views and information on relevant methodological issues relating to the  
analysis of means to achieve mitigation objectives**

**Submissions from Parties**

1. At its resumed fourth session, the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG) invited Parties to submit to the secretariat, by 21 March 2008, their views and information<sup>1</sup> on methodological issues relevant to matters raised in paragraph 17 (b) (i) and (ii) of document FCCC/KP/AWG/2006/4, as well as on the topics to be covered and experts/organizations to be invited to participate in an in-session workshop on these issues. This workshop will be organized by the secretariat at the resumed fifth session of the AWG.
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 at <[http://unfccc.int/parties\\_and\\_observers/ngo/items/3689.php](http://unfccc.int/parties_and_observers/ngo/items/3689.php)>.

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<sup>1</sup> FCCC/KP/AWG/2007/5, paragraph 19 (d) (iii).

\* 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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\* This submission is supported by Bosnia and Herzegovina, Croatia, Serbia and Turkey.

PAPER NO. 1: SAUDI ARABIA

Consideration of relevant methodological issues

Saudi Arabia welcomes the opportunity to submit its views on Consideration of methodological issues relevant related to matters raised in paragraph 17 (b) (i) and (ii) of document FCCC/KP/AWG/2006/4, as well as views on the topics to be covered and expert/organizations to be invited to participate in the thematic in-session workshop (to be held at the resumed fifth session of the AWG) on relevant methodological issues. Reference was also made to document FCCC/KP/AWG/2007/L.6/Rev.1, paragraph 5(b) (ii)

**I. Saudi Arabia has examined all means mentioned in FCCC/KP/AWG/2006/4, paragraph 17(b) (i). The following is an identification of methodologies to enhance the effectiveness of the following means and their contribution to sustainable development:**

- **Emissions Trading (ET)** – ET is a good means to achieve mitigation objectives provided that it is among Annex I Parties to the Convention. It should also be non sectoral and does not cause spillover effects. To ensure that spillover effects are addressed, ET should not include vital sectors for developing countries such as Aviation and Marine transports. Unilateral Regional actions will not contribute to international Sustainable Development and should not be allowed under AWG.
- **Project-based mechanisms under the Kyoto Protocol** – Project based mechanisms are a good means to achieve mitigation objective provided that:
  - They Continue to be project based and should be done between Annex I and non-Annex I Parties (Bilateral),
  - They Take into account reduction from win-win technology-based solutions (i.e, CCS),
  - Their share of proceeds should only be used for adaptation and should not be used for administrative purposes,
  - They do not become a burden on non-Annex I Parties. Therefore, Annex I Parties should contribute to the adaptation fund with an equal amount to the collected project share of proceeds since it is coming from non-Annex I source.
  - Any similar mechanisms among Annex I Parties (ie, JI) should also have a comparable share of proceeds from the system that is equal to Annex I-non Annex I mechanisms (ie, CDM).
- **The rules to guide the treatment of LULUCF** – LULUCF is a very important and relevant emission source that should be treated in a balanced manner, similar to emissions from other sources. This will contribute greatly to the mitigation potential. Furthermore, LULUCF is the sector that has the least spillover effects on developing countries that will be impacted most from mitigation actions. Therefore, having adequate rules to guide the treatment of LULUCF is essential to achieve the objectives of Sustainable Development
- **Green House Gases** – To ensure that spillover effects are minimized, the following are ways to enhance the effectiveness of the means and contribute to Sustainable Development:
  - Deal with all green house gases in a comprehensive manner,
  - Give priority to those gases that have the highest warming potentials,

- Give priority to those gases that have the least spillover effects in developing countries (ie, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>)
- **Green house sectors and sources** – To ensure that spillover effects are minimized, all sectors and sources should be dealt with in a comprehensive manner.
- **Sectoral emissions** – We do not believe that sectoral approaches can contribute effectively to Sustainable Development to the following concerns:
  - **Distributional and Equity Aspects:** Policies and measures under this category, do not:
    - Balance burden across sectors,
    - Balance treatment of emission sources,
    - Minimize impacts on developing countries.
  - **Efficiency and Implementation Aspects:** Policy and measures under this category do not employ instruments and implementation mechanisms that encourage emissions reductions from sources having the least abatement costs.
  - **Technology Aspects:** Policies and measures under this category will:
    - Not avail a leveled playing field for innovation,
    - Create distorted market signals to investment in energy technologies,
    - Not encourage technologies with large emissions abatement potentials.

Another alternative approach is a **uniform economy-wide approach**. This will ensure **fair treatment** of all sectors.

**II. Saudi Arabia has examined all means mentioned in FCCC/KP/AWG/2006/4, paragraph 17(b) (ii). There is a need to develop methodologies on how to reduce the impacts of Policies and Measures on Developing Country Parties when using:**

- Emission Trading,
- A project base mechanisms,
- Rules for the LULUCF,
- Coverage of GHGs, sectors and source categories,
- Sectoral approaches.

**1. FCCC/KP/AWG/2007/L.6/Rev.1, paragraph 5(b) (ii)**

Saudi Arabia suggests the following topics to be included:

- Identification of ways, means and methodologies to minimize spillover effects from emission trading, project-based mechanisms, rules for the LULUCF, coverage of GHGs, sectors and source categories, and sectoral approaches.

Saudi Arabia suggests inviting experts from Oil Producing Exporting Countries to participate in the thematic in-session workshop.

PAPER NO. 2: SLOVENIA ON BEHALF OF THE EUROPEAN COMMUNITY  
AND ITS MEMBER STATES

**This submission is supported by Bosnia and Herzegovina, Croatia, Serbia and Turkey**

**Subject: Consideration of relevant methodological issues  
Views and information on methodological issues relevant to matters raised in paragraph 17(b)(i) and (ii) of document FCCC/KP/AWG/2006/4 as well as views on the topics to be covered and expert/organizations to be invited to participate in the thematic in-session workshop (to be held at the resumed fifth session of the AWG) on relevant methodological issues**

Slovenia on behalf of the European Community and its Member States reiterates its commitment for the work-plan and time table for the work of the AWG this year and welcomes the opportunity to outline its views on methodological issues to be addressed relevant to the work of the AWG. The EU has already set out a number of issues to be addressed by the AWG during its sessions this year in its submission on means that may be available to Annex I Parties to reach their emission reduction targets. The EU recognises that there may also be methodological questions arising from the substantial work on means (AWG 5 agenda item 3) and that addressing these issues will be important in taking forward the work of the AWG efficiently and expeditiously. The EU believes, however, that, those methodological issues should be addressed as appropriate under the relevant sub items of agenda item 3 to avoid unnecessary duplication of discussions in different agenda items. We believe that the work on those means should focus on the most important political questions and design choices

More specifically, in terms of the flexible mechanisms and LULUCF, the EU believes that any methodological questions that may arise either from enhanced or additional mechanisms (e.g. sectoral crediting), or in relation to LULUCF, should be discussed in conjunction with consideration of these issues themselves.

As the EU already pointed out, with regard to international aviation and maritime transport, the availability of methodologies and availability and quality of data for estimating GHG emissions is comparable to other sectors covered by the UNFCCC. It was concluded at the Oslo workshop on Emissions from Aviation and Maritime Transport<sup>1</sup> that, while there are still technical issues related to the monitoring and accounting of emissions from the international aviation and maritime sectors, they are not so significant as to prevent those emissions from being reported. The workshop also concluded that the inclusion of these sectors in a future climate regime is mainly a political and not a methodological question. The EU believes that remaining methodological questions should be considered together with the negotiations on the inclusion of the two sectors in a future climate change regime.

With regard to methodologies to be applied for estimating anthropogenic emissions<sup>2</sup>, the EU believes that the general approach adopted under the Kyoto Protocol should continue in the future, this means national greenhouse gas inventories prepared under Article 4 of the Convention should also be used for reporting of GHG emissions under of a post-2012 agreement. The IPCC methodologies adopted for reporting national greenhouse gas inventories under Article 4 of the Convention should also apply to greenhouse gas inventories reported in relation to a post-2012 agreement.

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<sup>1</sup> <http://www.eionet.europa.eu/training/bunkerfuelemissions>

<sup>2</sup> Unless otherwise indicated reference to emissions includes removals

Similar to the Kyoto Protocol, a post-2012 agreement will require the reporting of annual supplementary information that includes any additional information needs arising from the agreement in particular in relation to the accounting of emissions and removals related to post-2012 commitments. However such supplementary information is unlikely to be affected by the IPCC estimation methodologies for emissions and removals in most sectors.

Under the Convention, it was agreed at the 26<sup>th</sup> session of SBSTA that the consideration of the 2006 IPCC Guidelines in the context of the revision of the UNFCCC reporting guidelines for Annex I Parties will continue at the 30<sup>th</sup> session of SBSTA in May/ June 2009 in order to allow time to gain further experiences with the revised 2006 IPCC Guidelines. A submission on Parties' experiences with the 2006 IPCC Guidelines and considerations related to the future revision of the UNFCCC reporting guidelines for Annex I Parties is due by 15 February 2009. The EU believes that this process under the Convention should also take care of the needs related to the methodologies to be applied for estimation of anthropogenic emissions and removals under a post-2012 agreement. No parallel discussion process related to the 2006 IPCC Guidelines should be started, at least until this discussion is further advanced.

Although the methodologies are the same, the only sector where the reporting under the Convention and under the Kyoto Protocol currently differs is the LULUCF sector. In its submission on "views and information on means that may be available to Annex I Parties to reach their emission reduction targets", the EU already outlined that many provisions (definitions, modalities, rules and guidelines) relating to land use, land-use change and forestry activities were decided upon for the first commitment period and need to be revisited for the post 2012 regime. In the 2006 IPCC Guidelines the Agriculture and LULUCF<sup>3</sup> sector have been merged into one sector. A more general discussion on definitions, modalities and accounting rules for the LULUCF, and possibly also the Agriculture sector seems to be the 1<sup>st</sup> step and should take place as soon as possible. A more specific discussion on methodologies for the estimation of emissions and removals from agriculture, forestry and other land use activities should be the 2<sup>nd</sup> step.

The EU acknowledges that there might be methodological questions arising from the substantial work on means (AWG 5 agenda item 3), but such methodological work should be taken up under these items as appropriate.

The EU proposes to update the global warming potentials (GWP) currently used for the estimation of emissions and removals under the Kyoto Protocol and the Convention (GWPs from the 2<sup>nd</sup> IPCC Assessment Report from 1995) and to use the global warming potentials as provided in the 4<sup>th</sup> IPCC Assessment Report because these GWPs reflect the latest scientific findings and the considerable additional scientific knowledge gained since 1995. The GWPs are part of the accounting issues that should be specified in future UNFCCC guidelines on inventory reporting. A change of GWPs will affect the contribution of non-CO<sub>2</sub> gases and will lead to the recalculation of the entire inventory time series of CO<sub>2</sub> equivalent emissions back to the base year and a change in GWPs should not result in any time-series inconsistencies.

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<sup>3</sup> The EU notes that the LULUCF sector in the 2006 Guidelines is covered under AFOLU.

PAPER NO. 3: SWITZERLAND

**VIEWS ON THE METHODOLOGICAL ISSUES RELEVANT TO THE RULES TO GUIDE THE TREATMENT OF LAND USE, LAND-USE CHANGE AND FORESTRY (LULUCF) – 17 (B) I (FCCC/KP/AWG/2006/4)**

The fourth session of the AWG agreed that its resumed fifth session would continue work on the tasks set out in paragraph 17 (b) (i)<sup>1</sup> of its work programme (FCCC/KP/AWG/2006/4), and take into account the outcomes of a round table it will conduct on these matters. In preparation for the resumed part of its fifth session, the AWG invited Parties to submit to the secretariat, by 21 March 2008, their view and information on methodological issues relevant to matters raised in paragraph 17 (b) (i) of document FCCC/KP/AWG/2006/4.

Switzerland is pleased to provide this submission in response to that invitation. While including the relevant sources and sinks from land use, land-use change and forestry (LULUCF) is necessary to achieve the ultimate objective of the UNFCCC, we consider that the ways in which LULUCF activities are included in the Marrakech Accords should be simplified and that more cost effective reporting and monitoring ways should be elaborated for the post-2012 regime. In the following, we present three general considerations, which we regard as important and which should – in our view - be addressed in upcoming negotiations on a post-2012 agreement.

1. The design of the current LULUCF accounting framework includes a defined set of land-use activities. While some of them have to be included into the accounting of the first commitment period in a compulsory way (specified in Article 3.3), others can optionally be accounted for (specified in Article 3.4). Switzerland would welcome an effort exploring ways to include all managed lands and associated processes, rather than including only some nominated activities. Such an approach might reduce complexity, avoid unbalanced accounting, remove the selective inclusion of activities, and minimize the issue of within-country leakage as no activities are outside the accounting boundary.

If monitoring and reporting costs of such an approach turn out to be excessive, Switzerland suggests investigating a system of mandatory reporting of deforestation, forest degradation and devegetation activities of managed forests combined with voluntary reporting of stock-enhancing activities, such as forest restoration. This proposal places importance on the inclusion of significant emissions by sources, and gives countries the flexibility to omit small and short-term removals occurring in sustainable management practices where these are not so significant to warrant the monitoring and reporting costs involved.

In either case, Switzerland would welcome an effort to increase consistency between the accounting approaches and the definitions used under the UNFCCC and under the Kyoto Protocol. The differences between the reporting systems unnecessarily increase monitoring and reporting costs.

2. Switzerland would recommend exploring ways to provide incentives for sustainable forest management practices in order to ensure environmental integrity and sustainable development in the post-2012 regime. While Article 3.3 and Article 3.4 define the activities allowed for accounting biogenic carbon sinks, the impact of their long-term implementation on C-sequestration and other environmental objectives is not addressed. Practices that maximize C-sequestration might not deliver

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<sup>1</sup> Analysis of means that may be available to Annex I Parties to reach their emission reduction targets, including: emissions trading and the project-based mechanisms under the Kyoto Protocol; **the rules to guide the treatment of land-use, land-use change and forestry (LULUCF)**; the greenhouse gases (GHGs), sectors and source categories to be covered, and possible approaches targeting sectoral emissions; and identification of ways to enhance the effectiveness of these means their contribution to sustainable development.

optimal outcomes for other environmental goals. A system encouraging commitments not specified in terms of tons of greenhouse gases, such as commitments to sustainable forest management practices in a certain region, might meet multiple goals, and thus be more effective in addressing climate change in the long term.

While the LULUCF activities currently accounted for provide two opportunities to mitigate climate change - C-sequestration (enhancement of terrestrial C-stocks), and indirectly substitution for more energy-intensive materials and fossil fuels - incentives for emission removals by conservation of C stock in wood products are not included in the rules. Switzerland would welcome efforts to get a consensus on accounting for harvested wood products. This would encourage silvicultural measures without losing the value of the forest carbon sink.

3. Reduction of deforestation provides a large potential for reducing emissions and enhancing the provision of forest services. Switzerland is of the view that as of yet imperfect cooperation between international, national, subnational, and local actors, as well as so far insufficient cross-sectoral collaboration are the main reasons for ongoing deforestation and forest degradation. Incentives that encourage Forest Sector Governance and responsible forest management would increase success of REDD (Reducing Emission from Deforestation and Forest Degradation in Developing Countries) projects, and should thus be investigated in post-2012 negotiations. For more details on this matter, please consult Switzerland's submission as a response to the invitation in SBSTA 27 (FCCC/SBSTA/2007/L.23/Add.1/Rev.1, paragraph 7a).



PAPER NO. 4: UZBEKISTAN

**VIEWS OF THE REPUBLIC OF UZBEKISTAN ON RELEVANT METHODOLOGICAL ISSUES, AS WELL AS ON THE TOPICS TO BE COVERED AND EXPERTS/ORGANIZATIONS TO BE INVITED TO PARTICIPATE IN THE WORKSHOP OF THE AD HOC WORKING GROUP ON FURTHER COMMITMENTS FOR ANNEX I PARTIES UNDER THE KYOTO PROTOCOL**

According to conclusions of the IPCC Fourth Assessment Report, the Annex I parties as a group have to reduce their emission by 2020 in a range of 25-40 percent below 1990 level. This ambitious goal requires development of an integrated approach. In this regard, the following methodological issues are topical in our opinion:

1. Methodologies to estimate uncertainties in GHG emission projections.
2. Methodologies for more precise GHG measurement.
3. Methodologies to reduce methane emission from the enteric fermentation.
4. Methodologies to estimate the interaction between global warming and different mitigation measures.
5. Methodologies to assess cost of mitigation actions versus cost of inaction.

We would suggest the following topics for the in-session workshop “*Consideration of relevant methodological issues, including the methodologies to be applied for estimating anthropogenic emissions and the global warming potential of GHGs*”:

1. Approaches to more precise GHG measurement – the experience of different countries.
2. Suggested factors and criteria for comparing domestic mitigation potential between Parties.
3. Best practice in methane emission reduction in agriculture.

The participants of this workshop should be international and intergovernmental organizations, UN bodies, international financing institutions, academia and R&D institutions, ministries of energy, environment, economy, agriculture, public and private companies focused on energy efficiency in various sectors. The participants should also be representatives of both developing and developed countries to construct a dialog and exchange by opinions and experience.

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