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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**

Eighth session

Bonn, 1–12 June 2009

Item 3 (b) of the provisional agenda

Consideration of further commitments for Annex I Parties under the Kyoto Protocol

Proposals by Parties on issues outlined in the work programme of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol

Views on options and proposals for addressing definitions, modalities, rules and guidelines for the treatment of land use, land-use change and forestry

Submissions from Parties

1. The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP), at its seventh session, continued its deliberations on how to address, where applicable, the definitions, modalities, rules and guidelines for the treatment of land use, land-use change and forestry (FCCC/KP/AWG/2009/5, chapter V B). It invited Parties to submit to the secretariat, by 24 April 2009, views on annex V to the report on its seventh session (FCCC/KP/AWG/2009/5) for compilation into a miscellaneous document for consideration at its eighth session.
2. The secretariat has received 17 such submissions from 25 Parties. 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.

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* These submissions are supported by Croatia, the former Yugoslav Republic of Macedonia, Serbia and Turkey.

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PAPER NO. 1: AUSTRALIA

AUSTRALIA

Land Use, Land-Use Change and Forestry (LULUCF)

**Text to be included in the
"Draft conclusions proposed by the Chair" (FCCC/KP/AWG/2009/L.3)**

Submission to the AWG-KP

April 2009

This submission outlines the additional proposals Australia wishes to see included in the further elaboration of the Annex to the "Draft conclusions proposed by the Chair" (FCCC/KP/AWG/2009/L.3) which will be compiled into a miscellaneous document for consideration at the eighth session of the AWG-KP. The proposals put forward in this submission are not intended as draft treaty or decision text but as a basis for further negotiation.

These proposals, put forward by Australia in our November 2008 and March 2009 LULUCF submissions¹, and presented to Parties at formal and informal negotiations at the seventh session of the AWG-KP, were not captured in FCCC/KP/AWG/2009/L.3 as noted in paragraph 3 of that document.

Australia intends to make a further submission prior to AWG-KP8 refining our input to FCCC/KP/AWG/2009/L.3.

1. Additional text for inclusion in the Annex under Option 1.

Add:

"Proposed A bis. Consideration of LULUCF

(new 1). National accounts should include emissions and removals from anthropogenic sources only, consistent with the way the UNFCCC pursues its objective and with the treatment of other sectors.

(new 2). For the purposes of describing mitigation commitments for the [second] commitment period, LULUCF [should] be included in mitigation commitments and

¹ FCCC/AWGLCA/2008/Misc.5/Add.2 (Part I) page 64 (Australia's November 2008 LULUCF submission; FCCC/KP/AWG/2009/MISC.5 (Australia's March 2009 LULUCF submission)

baselines [should] include all mandatory and elected sources of anthropogenic emissions and removals in the sector, including deforestation.

(new 3). Robust estimation methods [will] be used to ensure confidence in the emissions and removals from LULUCF. Parties should be transitioning towards higher level (Tier 2 and Tier 3) accounting methodologies.

(new 4). For the third commitment period, LULUCF accounting [should] use an approach based on the Convention's land-use categories to provide a comprehensive framework and enhanced capacity for comparing the land use accounts of all Parties that undertake mitigation commitments."

B. Article 3, paragraph 3

Add:

"2 bis. Parties [shall] include emissions and removals from deforestation, afforestation and reforestation in their baseline towards the determination of their assigned amount for the [second] commitment period."

C. Article 3, paragraph 4

Add:

"9 ter. Parties [should] include emissions and removals from elected activities in their baseline towards the determination of their assigned amount for the [second] commitment period; and [should] include in their accounts emissions and removals from elected activities in the [second] commitment period."

E. General

Add:

"19 bis. The land sector is also influenced by non-anthropogenic emissions and removals and legacy effects of pre-1990 activities that need to be identified and quantified to allow exclusion from accounting. These are due to:

- i) Natural disturbance;
- ii) Inter-annual variability;
- iii) the age structure of forests."

Move:

21 bis to new paragraph 19 ter.

Add:

"19 qua. Annual reporting should report emissions estimates in a manner that more clearly reflects anthropogenic trends in LULUCF activities. Parties that use annual data to produce emissions estimates can report using a rolling average of annual greenhouse gas emissions estimates for the LULUCF sector."

Add:

"19 quin. The 2006 IPCC Guidelines will be reviewed in consideration of the post-2012 accounting framework agreed by the Parties for the land sector."

2. Australia's proposals that are incorporated to some degree in the Annex

The inclusion of new activities in a [second] commitment period is covered in Option 1, A. Definitions. Australia will consider our preferred formulation ahead of AWG-KP8.

Treatment of harvested wood products in a [second] commitment period is covered in Option 1. E. General, 21 ter to 21 sept. Australia will consider our preferred formulation ahead of AWG-KP8.

The timing of the election of activities under Article 3, paragraph 4 for a [second] commitment period, is covered in Option 1, C. Article 3, paragraph 4, 6. Australia will consider our preferred formulation ahead of AWG-KP8.

The treatment of the afforestation/reforestation sub-rule in a [second] commitment period is covered in Option 1, B. Article 3, paragraph 3, 4. Australia will consider our preferred formulation ahead of AWG-KP8.

The coverage of LULUCF in the CDM for a [second] commitment is covered in Option 1, D. Article 12, 13, 13 bis and 13 ter. The limit on the total additions to a Party's assigned amount resulting from LULUCF CDM projects is covered in Option 1, D. Article 12, 14. Australia will consider our preferred formulation ahead of AWG-KP8.

Министерство природных ресурсов и охраны окружающей среды
Республики Беларусь

**Сообщение по вопросам определения условий, правил
и руководящих принципов для режима осуществления
деятельности в секторе «Землепользование, изменение
землепользования и лесное хозяйство»
во втором периоде обязательств**

в соответствии с документом FCCC/КР/АВГ/2009/Л.3 пара 3
Специальной рабочей группы по дальнейшим обязательствам согласно Киотскому
протоколу для Сторон, включенных в Приложение I

Введение

Республика Беларусь приветствует предложение Специальной рабочей группы по дальнейшим обязательствам согласно Киотскому протоколу для Сторон, включенных в Приложение I (СРГ-КП), предоставить свои соображения по дальнейшей разработке вариантов, элементов и вопросов, содержащихся в приложении «Варианты и предложения в отношении определения условий, правил и руководящих принципов для деятельности в секторе ЗИЗЛХ» документа FCCC/КР/АВГ/2009/Л.3.

А. Определения^{*1}

Республика Беларусь поддерживает Опцию 1 Приложения FCCC/КР/АВГ/2009/Л.3 и, в частности, определение для “Wetland restoration”:

«Wetland restoration is a direct human-induced activity to reduce emissions of greenhouse gases and thus limiting carbon stock degradation by restoring degraded wetlands. The activity includes emissions of greenhouse gases and reduction of carbon stocks resulting from human-induced drainage of wetlands».

Одновременно, по аналогии с лесными угодьями, мы предлагаем ввести дополнительное определение для “Wetland conservation”, в следующей формулировке:

«Wetland conservation is a direct human-induced activity that avoids emissions of greenhouse gas emissions from wetlands, maintaining and sometimes enhancing their carbon stocks».

Республика Беларусь полагает, что отчетность по новым видам деятельности, основанным на поддерживаемом и предлагаемом определениях должна носить добровольный характер.

^{*)} – ссылки на пункты и варианты даются в соответствии с приложением к документу FCCC/КР/АВГ/2009/Л.3

Республика Беларусь считает необходимым подчеркнуть, что новые определения принимаются решением сторон, что не требует внесения поправок в Киотский протокол и их последующей ратификации.

С. Пункт 4 Статьи 3 Киотского протокола

Республика Беларусь призывает всесторонне рассмотреть и скорректировать правила учета деятельности, осуществляемой согласно пункту 4 статьи 3. В этой связи мы поддерживаем полный текст пункта 6 с добавлением “Wetland conservation” и предлагаем опустить квадратные скобки:

«Prior to the start of the second commitment period a Party included in Annex I may choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from any or all of the following human-induced activities, other than afforestation, reforestation, deforestation, and any activity under Article 3, paragraph 4 elected in the first commitment period: revegetation, devegetation, forest management, cropland management, grazing land management, wetland restoration and wetland conservation».

Республика Беларусь подчеркивает, что данное содержание пункта, как и предложенное выше определение не вводит в Киотский протокол новые виды деятельности.

Д. Статья 12 Киотского протокола

Республика Беларусь поддерживает опцию 2 пункта 13 с включением в механизмы гибкости, в том числе механизм чистого развития Киотского протокола, проектов в области борьбы с деградацией лесов. В эту же деятельность мы предлагаем также включить категории проектов, связанных с восстановлением и сохранением болот, устойчивым лесопользованием и землепользованием.

Е. Общие вопросы

Республика Беларусь отмечает, что опция 1 пункта 21 bis более соответствует устойчивому лесопользованию и направлена на снижение выбросов от естественных возмущений. Полагаем, что для стимулирования этой деятельности необходимо рассмотреть варианты учета естественных возмущений и их влияние на баланс выбросов парниковых газов.

Республика Беларусь поддерживает включение проектов по заготовке лесоматериалов в перечень учитываемой деятельности (21 ter, опция 1).

Заключение

Республика Беларусь придает особое значение сектору ЗИЗЛХ и заинтересована в совершенствовании условий, правил и руководящих принципов для осуществления деятельности в секторе ЗИЗЛХ во втором периоде обязательств.

The Ministry of Natural Resources and Environmental Protection
of the Republic of Belarus

Submission on definitions, modalities, rules and guidelines for the treatment of land use, land-use change and forestry (LULUCF) in the second commitment period

in accordance with document FCCC/KP/AWG/2009/L.3 para 3
of the Ad Hoc Working Group on Further Commitments
for Annex I Parties under the Kyoto Protocol

Introduction

The Republic of Belarus welcomes the proposal of Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol to provide its views and proposals on further elaboration of the options, elements and issues contained in the annex “Options and proposals on how to address definitions, modalities, rules and guidelines for the treatment of land use, land use change and forestry” of document FCCC/KP/AWG/2009/L.3.

A. Definitions^{*)}

The Republic of Belarus supports Option 1 of the annex to document FCCC/KP/AWG/2009/L.3 and, in particular, the definition for “Wetland restoration”:

«Wetland restoration is a direct human-induced activity to reduce emissions of greenhouse gases and thus limiting carbon stock degradation by restoring degraded wetlands. The activity includes emissions of greenhouse gases and reduction of carbon stocks resulting from human-induced drainage of wetlands».

At the same time, by analogy with forest, we suggest introducing an additional definition for “Wetland conservation” as follows:

«Wetland conservation is a direct human-induced activity that avoids emissions of greenhouse gas emissions from wetlands, maintaining and sometimes enhancing their carbon stocks».

The Republic of Belarus deems that reporting on the new activities relevant to the definitions supported and suggested above should be of voluntary basis.

The Republic of Belarus considers necessary to underline that the new definitions are adopted through decisions of the Parties, and this does not require an amendment to the Kyoto Protocol and its subsequent ratification.

^{*)} – references to paragraphs and options are given in accordance with the annex to document FCCC/KP/AWG/2009/L.3

C. Para 4 Article 3 of the Kyoto Protocol

The Republic of Belarus calls upon to review and revise the rules of accounting of the activities implemented in accordance with para 4 Article 3. In this regard, we support the entire text of item 6 with an addition of “Wetland conservation” and propose to remove the brackets:

«Prior to the start of the second commitment period a Party included in Annex I may choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from any or all of the following human-induced activities, other than afforestation, reforestation, deforestation, and any activity under Article 3, paragraph 4 elected in the first commitment period: revegetation, devegetation, forest management, cropland management, grazing land management, wetland restoration and wetland conservation»

The Republic of Belarus stresses that the given content of the item as well as the above definition do not introduce and new type of activities.

D. Article 12 of the Kyoto Protocol

The Republic of Belarus supports Option 2 of item 13, which stipulates inclusion of projects in the field of combating forest degradation in the flexible mechanisms, including clean development mechanism under Article 12 of the Kyoto Protocol. We also suggest including in this activity the project categories connected to restoration and conservation of wetlands, sustainable forest-use and land-use.

E. General issues

The Republic of Belarus notes that Option 1 of item 21 bis conforms more to sustainable forest management and in long-term perspective is directed to reduction of emissions from natural perturbation. We deem that for stimulation of this activity, it is necessary to consider options for accounting of natural perturbances and their impact on GHG emission balance.

The Republic of Belarus supports inclusion of timber harvest and lumbering in the list of considered activities (21 ter, Option 1).

Conclusion

The Republic of Belarus attaches a particular importance to LULUCF sector and is interested in improvement of conditions, rules and guiding principles for implementation of activities in LULUCF sector in the second commitment period.

PAPER NO. 3: CANADA

**Land Use, Land-use Change and Forestry (LULUCF)
AWG-KP**

**Submission by Canada
April 2009**

1. Introduction

Canada is committed to working to develop an effective system for the treatment of LULUCF within a post-2012 agreement. Agreement on the rules for accounting in all sectors and mechanisms is needed before agreement on commitments. This is because Parties must have a clear, common agreed understanding of the means by which commitments can be met. At its seventh session, the Ad-hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) made good progress in considering options and proposals for treatment of land use, land-use change and forestry (LULUCF). Some of the options and proposals were attached in an Annex to the conclusions on LULUCF at that session (FCCC/KP/AWG/2009/L.3), and Parties were invited to submit views on the Annex.

In previous submissions Canada provided detailed views on guiding principles and characteristics of improved LULUCF accounting. This submission presents further views and proposals in the form of initial text proposals. Canada may revise and improve its text proposals as the negotiations on LULUCF continue. As well, text may require adjustment depending on the form of a post-2012 outcome.

This submission follows the structure of the Annex to FCCC/KP/AWG/2009/L.3. For each item, a brief explanation is given followed by Canada's initial text proposal. All proposals are defined in relation to paragraphs in the Annex. This submission does not comment on all parts of the Annex – Canada will provide detailed views on other issues and proposals under discussion during the course of the LULUCF negotiations.

2. Soil Carbon Saturation (Paragraph 9bis)

Paragraph 9 of the Annex to Decision 16/CMP.1 describes net-net accounting for cropland management, grazing land management and revegetation in the first commitment period. For cases in which the base year is a net sink, the net-net approach can have a perverse accounting effect because of eventual soil carbon 'saturation'. After a change in land management that increases net inputs of carbon into a soil, the rate of carbon removal increases at first and then gradually declines over time as the soil carbon reservoir fills. Once the rate of removals drops below that of the base year, net-net accounting produces a debit for the activity – even though there are no net emissions to the atmosphere and the practices that elicited the C sink in the base year have been maintained. Had the activity been a net source in the base year, the activity would produce a net credit at 'saturation'.

Canada's proposal is intended to address this unintended consequence of the net-net accounting approach. This proposal does not prejudge the form of a post-2012 outcome.

9 bis. If a Party elected a voluntary LULUCF activity and it was a net sink in the base year, the Party may incur zero accountable anthropogenic greenhouse gas emissions by sources and removals by sinks for that activity if the Party provides information to demonstrate that for the land subject to the activity, changes in land management practices since the base year have not reversed removals by sinks or increased emissions. The Party would provide the information in their national inventory and it will be subject to review.

3. Forward-Looking Baseline (Paragraph 11, Option 4)

The text proposal below implements Canada's forward-looking baseline proposal as outlined in previous submissions. It can replace the proposal description shown under paragraph 11, Option 4. Under Canada's proposal a Party would do the following:

1. Prior to the commitment period, develop a forest management reference level (the forward looking business-as-usual baseline) for its commitment period emissions and removals, considering forest inventory information, actions taken to reduce emissions and increase removals, historical information and business-as-usual management plans. Impacts of natural disturbances in the commitment period would not be included. The reference level would be subject to Expert Review.
2. After the commitment period, estimate actual emissions or removals in the period and exclude the impacts of natural disturbances (so as to have estimates consistent with those of the reference level). This would be subject to Expert Review. Excluding the emissions and removals due to natural disturbance would be optional.
3. Compare the commitment period estimate with the reference level to determine debits or credits.

The proposal effectively addresses several important concerns raised by Parties.¹

- *Age-class legacy effects* are included in both the reference level and the commitment period estimates and so are removed by comparing what happened in the commitment period with the reference level.
- *CO₂ fertilization and nitrogen deposition effects* are largely factored out because these should be very similar in the reference level and commitment period estimates.
- *Natural disturbance impacts* can be explicitly excluded, if desired by a Party, because they are non-anthropogenic, unpredictable and beyond management control.
- *Incentives* are provided to change management in a way that reduces emissions and increases removals. Only the impacts of these changes in management enter the accounting because only the difference between the business-as-usual reference level and commitment period estimates enters the accounting.
- *Transparency* is achieved by requiring full reporting of relevant information in national inventory reports.

¹ An alternative and equivalent approach is to add the observed impacts of natural disturbances in the commitment period to the reference level, and then compare this updated reference level to the actual emissions and removals in the commitment period. This approach is not addressed in this submission.

- *Rigour and environmental effectiveness* is achieved by requiring Expert Reviews similar to reviews currently done under the Kyoto Protocol.

The text proposal below does the following.

1. The first paragraph (paragraph 11) establishes the “forest management reference level greenhouse gas emissions by sources and removals by sinks in the commitment period” as the forward-looking business-as-usual baseline.
2. The second paragraph (11bis) specifies how the reference level is to be estimated and the specific elements that must be included in the estimation. The IPCC could be asked to provide guidance in relation to methodological issues for establishment of the reference level.
3. The third paragraph (11ter) establishes the requirement to report a reference level and the information to be used in establishing it, and makes them subject to expert review. The mechanism and timing of the reporting and review, which would be prior to 2013, need to be established.
4. The fourth paragraph (11qua) provides the option of excluding emissions and removals associated with natural disturbances from the estimates of forest management emissions and removals in the commitment period.
5. The fifth paragraph (11quin) specifies that if a Party chooses to exclude emissions and removals associated with natural disturbances then it must be able to spatially identify the areas subject to natural disturbance and provide information for review.

11. For the second commitment period, additions to and subtractions from the assigned amount of a Party resulting from forest management under Article 3.4 shall be determined as forest management greenhouse gas emissions by sources and removals by sinks in the commitment period, after the application of paragraph 11qua, less forest management reference level greenhouse gas emissions by sources and removals by sinks in the commitment period, defined as per paragraphs 11bis and 11ter.

11bis. A Party that has elected to account for forest management under Article 3.4 shall determine the forest management reference level greenhouse gas emissions by sources and removals by sinks in the commitment period in accordance with (reference to IPCC guidelines and guidance) and considering

- (a) Current forest inventory information*
- (b) Actions already taken to reduce emissions and increase removals*
- (c) Historical data and forest management activities*
- (d) Business-as-usual forest management plans, and*
- (e) The relationship between (c) and (d).*

11ter. A Party that has elected to account for forest management under Article 3.4 shall report

- (a) The forest management reference level greenhouse gas emissions by sources and removals by sinks in the commitment period determined in accordance with paragraph 11bis.*
- (b) A description and justification of the reference level and the information used to establish it, including how the Party has considered the elements mentioned in paragraph 11bis.*

The information reported under this paragraph will be subject to expert review.

11qua. A Party that has elected to account for forest management under Article 3.4 may choose to exclude non-anthropogenic emissions by sources and removals by sinks resulting from natural disturbances from the estimates of forest management emissions by sources and removals by sinks in the commitment period if transparent and verifiable information is provided per 11quin that the natural disturbances and associated greenhouse emissions by sources and removals by sinks are non-anthropogenic and not direct human-induced.

11quin. When a Party chooses to exclude from its accounting for forest management under Article 3.4 the non-anthropogenic emissions by sources and removals by sinks resulting from natural disturbances, as described in paragraph 11qua, the national inventory system shall ensure that areas of land subject to these natural disturbances are identifiable, and that information about these areas and natural disturbances is provided as described in paragraph 21bis. This information will be subject to expert review.

4. Limits on LUULCF in the CDM (Paragraph 14)

Paragraph 14 limits the use of CDM LULUCF credits. The options for paragraph 14 should reflect the same options identified in Annex I to the conclusions for emissions trading and the project-based mechanisms (paragraph 4, Annex I, FCCC/KP/AWG/2009/L.2), including the option of no restrictions on the use of CDM LULUCF credits.

5. Harvested Wood Products (Paragraph 21)

Substantial amounts of carbon are taken out of the forest ecosystem for use in harvested wood products (HWPs). Emissions associated with this carbon are most appropriately included in the accounting by adding HWP as another pool, in addition to the five ecosystem pools, for which changes must be accounted. Carbon flows into and out of the HWP pool depend on the type, use and disposal of harvested

wood products, which in turn influence the emissions of HWP carbon and the length of time HWP carbon resides in the pool.

How the emissions associated with the HWP pool are treated in the accounting will need to be addressed because the approach to HWP in the first commitment period is highly inaccurate. A more accurate reflection of what happens to HWP carbon is needed to better focus the accounting on what the atmosphere sees. Canada will present more detailed views on HWP accounting during the negotiations.

21. *Each Party included in Annex I shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, soil organic carbon and harvested wood products. A Party may choose not to account for a given pool in a commitment period, if transparent and verifiable information is provided that the pool is not a source.*

6. Adjusting for Natural Disturbances (Paragraph 21bis, Option 1)

Natural disturbances are a key issue for some Parties as the high variability from year-to-year and the inability to predict, plan for or manage the impact can have significant implications for emissions and removals. Moreover, natural disturbances are not direct human-induced and non-anthropogenic, meaning that their inclusion in the accounting will mask the influence of the direct human actions on LULUCF emissions and removals that are the focus of the United Nations Framework Convention on Climate Change. Current LULUCF rules do not address this issue.

Parties should have the option to remove the impacts of natural disturbances from the accounting, and Canada's forward-looking baseline proposal provides that option. If the emissions associated with natural disturbances are excluded from the accounting then removals from regrowth on the disturbed areas also must be excluded from the accounting. If a country decides to remove natural disturbance impacts then it will need to make the case for why and how it does so, as per the proposed paragraph below. It would need to provide information about the natural disturbance events and information that demonstrates that the emissions and removals are non-anthropogenic and not direct human-induced. To ensure transparency and environmental rigor the information provided would be subject to review. Principles will be needed to guide Parties in reporting on emissions and subsequent removals resulting from natural disturbance events.

Canada believes that a request to the IPCC could be made to assist in defining methodological approaches related to how natural disturbance emissions and removals are excluded, and related to demonstrating that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced.

21bis *When a Party chooses to exclude from its accounting the non-anthropogenic emissions by sources and removals by sinks resulting from natural disturbances, it must report information on the natural disturbances in its national inventory report including a demonstration that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced. This shall include, inter alia:*

- (a) Information that identifies the location, cause and scale of impact of the natural disturbance events*
- (b) Information that demonstrates that no land-use change has followed the natural disturbance events*
- (c) Information on the emissions and removals that would be excluded*
- (d) Information that demonstrates that the excluded emissions and removals are non-anthropogenic and not direct human-induced.*

This information will be subject to expert review.

PAPER NO. 4: CENTRAL AFRICAN REPUBLIC, ECUADOR, GHANA, GUYANA, HONDURAS, MADAGASCAR, NICARAGUA, PANAMA, PAPUA NEW GUINEA AND UGANDA

Submission by:

Central African Republic, Ecuador, Ghana, Guyana, Honduras, Madagascar, Nicaragua, Panama, Papua New Guinea, and Uganda

Subject:

- **Item 5(b) of the provisional agenda on Other issues arising from the implementation of the work programme of the Ad Hoc Working Group on Land use, land-use change and forestry; and**
- **Item 5 (g) of the provisional agenda on Other issues arising from the implementation of the work programme of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol - Legal matters arising from the mandate of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol**

Call for Environmental Integrity

The above referenced Parties believe that the present LULUCF rules significantly erode the environmental integrity of the efforts made by Annex-B Parties to fulfill their quantified emission limitation and reductions commitments under Article 3 of the Kyoto Protocol and compromise global efforts to achieve the ultimate objective of the Convention, specifically by:

1. Annex B Parties can opt out of article 3.4 thereby avoiding to report on a significant portion of anthropogenic fluxes of greenhouse gases generated from their national territory. Indeed, only anthropogenic fluxes of greenhouse gases from afforested/reforested and deforested areas (less than 1% of Annex-B Parties total area) have to be reported mandatorily;
2. Further, when opting to apply Articles 3.4, Annex B Parties have the ability to ‘cherry pick’ areas and activities for reporting within their national boundaries, thereby allowing them not to report on land areas with high emissions and only report on areas where it is possible to achieve removals. All the while incentivizing the leakage of emission from reported areas to excluded areas;
3. Finally, the use of bioenergy does not produce accountable CO₂ emissions so that any Annex B Party which increases its share of bioenergy by depleting carbon stocks in lands which are not accounted for formally reduces its emissions, although the total balance of anthropogenic emissions by sources and removals by sinks generated within its national boundaries shows a surplus of emissions due to the decrease in carbon stocks in those lands excluded from the accounting.

For these reasons, we believe that Annex B Parties must mandatorily report on all land areas and on all land uses which generate direct human-induced fluxes of greenhouse gases.

Overview of Land-Based and Land-Use Accounting

The above referenced Parties see the adoption of Option 2 (FCCC/KP/AWG/2009/INF.1), the so-called land-based approach, as a way forward to ensure the environmental integrity of the Kyoto Protocol and the needed flexibility for coping with national circumstances; furthermore a simple rule, the so-called

“debit rule” is proposed to avoid instances in which large inter-annual variability of sector estimates due to natural disturbances could affect the Party’s compliance.

Adopting Option 2 would imply that anthropogenic GHGs emissions by sources and removals by sinks from Agriculture, Forestry and Other Land Uses (AFOLU) would be accounted for in the same manner as any GHGs anthropogenic emissions generated by sectors included in Annex A during the first commitment period.

The AFOLU sector:

- would contribute to the Assigned Amount calculation, and the contribution would be equal to the set *reference level* (i.e. the average annual aggregate anthropogenic GHGs emissions by sources and removals by sinks from the AFOLU sector reported for a reference period);
- would deliver benefits when, compared to the reference level, a reduction in emissions or an enhancement in removals is monitored, reported and verified.

In this way, the potential contribution of the AFOLU sector would be fully reflected in the process of setting the reference level and the overall target so that any potential national circumstance would be taken into consideration and accommodated.

In order to cope with natural disturbances, Parties would be required to set the level of *expected net emissions* from the AFOLU sector for the relevant commitment period. Failure in reaching the agreed level, likely due to spikes in emissions caused by natural disturbances, would not be further penalized while the resulting debit (calculated at the end of the commitment period as the difference between the reported net emissions of the AFOLU sector and the expected net emissions, when it results in a positive value) would be carried over to the following commitment period (i.e. the “debit rule”).

Two Appendixes have been provided: Appendix 1 with suggested legal text for amending the Kyoto Protocol and Decision 16/CMP.1; and Appendix 2 which includes figures to make clear how the so-called “debit rule” would be applied.

Introduction to the Land-Based and Land-Use Accounting

The increasing rate of climate change demands society undertakes additional efforts in stabilizing atmospheric greenhouse gases concentrations. In this respect, a series of contiguous and progressively deeper targets to limit and reduce aggregate net emissions¹ of greenhouse gases (GHGs) is the mechanism established by the Kyoto Protocol to stimulate a gradual approach to achieve the ultimate objective of the UNFCCC.

The Intergovernmental Panel on Climate Change in its Fourth Assessment Report recognizes that the LULUCF sector is responsible for circa 35% of historical GHGs emissions, as well as for circa 30% of current GHGs emissions together with the agriculture sector. These numbers demonstrate the importance of addressing the sector in a manner that does not infringe on the environmental integrity of the Kyoto Protocol and does not compromise the ultimate objective of the Convention.

As a matter of fact, the current system of rules implemented under the Kyoto Protocol for the LULUCF sector does not reflect the contribution of this sector to the increasing GHGs concentration in the atmosphere nor its mitigation potential. Indeed, only net carbon stock changes in areas where a land-use conversion from or to forest use has occurred since 1990 shall be accounted for (Article 3.3 of the KP).

¹ The amount resulting from the algebraic sum of all anthropogenic GHGs emissions by sources and removals by sinks from categories included in Annex A

Those areas represent less than 1 % of the whole of Annex I Party territory.² For the remaining national territory current rules allow for voluntary and selective accounting of only some portions of the entire land area. Therefore, a relevant fraction of anthropogenic emissions by sources and removals by sinks can be intentionally excluded under Kyoto Protocol accounting and, therefore not included in the mitigation accounting of Annex-B Parties.

However, accounting for emissions is the best way to incentivize their reduction. The sustainable management of the entire land area requires that bad practices are not simply moved from one place to another in order to exclude them from the accounting. A comprehensive approach, such as the land-based and land-use approach (Option 2 of document FCCC/KP/AWG/2009/INF.1) addresses these issues. A text for elaborating Option 2 in the Chair's text referred in Draft conclusion contained in documents FCCC/KP/AWG/2009/L.3 and FCCC/KP/AWG/2009/L.5 is provided in Appendix 1.

Implementing Land-based and Land-Use Accounting (Option 2)

Land-based and land-use accounting, Option 2, defines accounting for all anthropogenic emissions by sources and removals by sinks as anthropogenic emissions from sectors listed in the Annex A of the Kyoto Protocol. Option 2 would require amending Annex A of the Kyoto Protocol, notably adding LULUCF categories to the Agriculture sector, so that the resulting sector would include GHGs emissions and removals from Agriculture, Forestry and Other Land Uses. This amendment would dramatically simplify the current framework of reporting and accounting rules for the LULUCF sector under the Kyoto Protocol.

1. Reference level inclusion in the assigned amount calculation

Consequent to the amendment of Annex A, average annual anthropogenic GHGs emissions by sources and removals by sinks from the AFOLU sector reported for a reference period³ would be included in the Assigned Amount calculation, and regarded as a **reference level**⁴. In this way, the full mitigation potential of the sector would be reflected in the target setting, therefore taking into consideration national circumstances such as the level of saturation of sinks capacity.

2. Additionality

Having the reference level included in the Assigned Amount results in crediting and debiting incremental changes only - i.e. net emissions reported during the commitment period are discounted by net emissions reported as a reference level, so that both an enhancement in removals and a reduction in emissions over the reference level would be credited while a reduction in removals and an enhancement in emissions would be debited.

3. How to set the reference level

Setting of the reference level could be analogous to the "Bar Approach" described under Option 1 of document FCCC/KP/AWG/2009/L.3. As a default, the reference level should be set as the average annual amount of net emissions from Agriculture, Forestry and Other Land Uses, reported in the reference period⁵ 2000 – 2005. However, in order to take into account national circumstances mainly linked to inter-annual variability in data reported for the reference period and its impact on sinks capacity during the commitment period, Parties could

² Estimate based on data submitted by Parties under the UNFCCC - http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/4303.php

³ As the base year for sectors already included in the Kyoto Protocol

⁴ As the base-year emissions for sectors already included in Kyoto Protocol

⁵ The longer the base period the lower the impact of inter-annual variability on the reference level. Moreover, setting the base period as close as possible to the commitment period will guarantee that only incremental changes due to additional actions will be accounted for.

propose an alternative reference level in a submission prepared before the Ninth session of the AWG-KP and providing relevant elements in support.

4. *Coping with natural disturbances*

Because of inter-annual variability, mainly determined by natural factors,⁶ the LULUCF sector could flip from sink to source and its order of magnitude could impact dramatically the overall national GHGs balance of Annex I Parties; this problem must be addressed by any potential framework of accounting rules. A simple and fair solution is the exclusion of the **debit**⁷ of the sector from the compliance check, so that the Party can carry over the debit to the following commitment period without any penalization.

This simple rule would ensure that each anthropogenic GHGs emissions by sources and removals by sinks will be offset (liability) without making compliance unreachable because of the dramatic fluctuation of sectoral net emissions. Therefore, Parties would be encouraged to sustainably manage their carbon pools⁸ without having to suffer the consequence of the inter-annual fluctuations in net emissions due to disturbances out of the human control.

Moreover, the carry-over of debit fits the “slow-in and fast-out” rule which characterizes the carbon cycle in biological systems. Indeed, biological systems can fix carbon dioxide within carbon pools at a slow rate, while the oxidation of carbon stocks could occur in a very short period (e.g. fires, harvesting etc). In practice, the carry over of debit is equivalent to averaging net emissions caused by natural disturbances over a longer period (the return period) than the commitment period. In the following commitment periods, because of the biomass regrowth, the sectoral contribution will offset the inherited debit.

5. *How to calculate debit from the Agriculture, Forestry and Other Land Uses (AFOLU) sector*

In any potential accounting system, the contribution of the AFOLU sector will be taken into account for setting the overall Party’s target for the second commitment period (and subsequently). The mitigation potential of all sectors will be the base for target calculation, so that for each sector it will be possible to set an expected amount of net emissions to be achieved in the commitment period.

To implement the “debit rule” the **expected net emissions** (expressed as GgCO_{2eq}) from the AFOLU sector for the commitment period should be calculated on the basis of data submitted by Parties in the abovementioned submission, reflecting national circumstances, and registered for the second commitment period in the CMP decision related to the sector (i.e. the former 16/CMP.1).

If at the end of the commitment period the difference between the reported net emissions and the expected net emissions results in a positive value – i.e. in a debit - then that value shall be subtracted from the aggregate net emissions reported by the Party⁹ and added to the aggregate anthropogenic emissions by sources and removals by sinks reported in the following commitment period (see Appendix 2), so resulting in a carry over of the debit.

⁶ Such as fires, droughts, parasites, etc.

⁷ Debit means that the difference at the end of the commitment period between the reported net emissions of GHGs from the Agriculture, Forestry and Other Land Uses sector and the expected net emissions of GHGs results in a positive value (see Appendix 2)

⁸ Since the accounting of the whole land surface

⁹ Algebraic sum of all anthropogenic GHGs emissions by sources and removals by sinks during the commitment period from categories listed in Annex A

6. *The data issue: availability, quality and factoring out*

The so-called land-based approach is founded on the current reporting framework of anthropogenic emissions by sources and removals by sinks under the Convention. Since 2005 Annex I Parties are required to report annually anthropogenic GHGs emissions by sources and removals by sinks from land use categories. Submitted data consist in a complete timeseries of annual estimates from 1990 to 2 years before the year of submission (e.g. in 2009 the timeseries 1990-2007 will be submitted). In these 5 years (2005-2009), Parties have continuously and considerably increased the quantity and quality of data reported. Further improvements are expected to take place before the reporting for the second commitment period (i.e. 2015) starts.

On data availability and quality two considerations should be undertaken:

- a) The tiered approach of the IPCC GPG allows Parties to fill any gap in GHGs estimates in any sector following tier 1 methods and applying tier 1 data (default).
- b) The key category analysis singles out categories where a higher quality of estimates is needed, so giving guidance to Parties for further improvements of estimates.

The complete accounting of all anthropogenic GHGs emissions by sources and removals by sinks can be fulfilled by Parties applying a principle of conservativeness to estimates. Indeed, a Party may apply low tiers methods and data (e.g. the IPCC default) for calculating estimates if it demonstrates that resulting reductions in emissions or increases in removals are not over-estimated. In this case, even if the lack of accuracy was identified by reviewers and improvements requested, estimates would not be subject to an adjustment procedure.

Regarding the: (i) elevated carbon dioxide concentrations above their pre-industrial level; (ii) indirect nitrogen deposition; and (iii) dynamic effects of age structure resulting from activities and practices before the reference year; it shall be noted that because of the reference level they are factored out from the accounted quantities.

Concluding Issues

Annex-B Parties are experienced in land-based reporting under the Convention. Further, the data needed to assess the impact of the AFOLU accounting on Parties' targets and compliance are available. Additionally, conservative estimates allow a Party to report a complete set of all anthropogenic GHGs emissions by sources and removals by sinks for the AFOLU sector, ensuring at same time the environmental integrity of the Kyoto Protocol. Conversely, data are not readily available on the activity-based accounting (i.e. Option 1), nor have Parties gained sufficient experience in reporting activities as the first submission will only occur in 2010.

The land-based approach is fully consistent with the treatment of the LULUCF sector in the first commitment period as the accounting of each area of land accounted for during that period will be ensured. Further, AR-CDM project activities can continue without any additional rules needed. Finally, regarding the treatment of Harvested Wood Products the text included under Option 1 of the document FCCC/KP/AWG/2009/L.3 could be the basis for Option 2. However, the above referenced Parties see the production method, together with conservative assumptions on final use of exported wood, as the most appropriate for HWP accounting.

APPENDIX 1

To make Option 2 operational, both the Kyoto Protocol and the implementing Decision 16/CMP.1 should be amended. Hereafter the proposed amendments:

Kyoto Protocol amendments

Article 3.1 AMENDED

Because of the inclusion of sinks among categories listed in Annex A the following addition (underlined) is requested:

“The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent **net** emissions of the greenhouse gases listed in Annex A do not exceed their assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall **net** emissions of such gases by at least **XX** per cent below 1990 levels in the commitment period **2013** to 2017.”

Article 3.3 SUBSTITUTED

The following text, needed to fix the reference level (i.e. the Bar Approach implementation) for the AFOLU sector, should replace the current text of Article 3.3:

“**Any Party included in Annex I should apply as reference level for the Agriculture, Forestry and Other Uses sector the average value of the annual anthropogenic carbon dioxide equivalent net emissions¹⁰ of the greenhouse gases listed in Annex A in the period 2000 - 2005, for the purposes of the calculation referred to in paragraph 7 below. Taking into account national circumstances, any Party included in Annex I may apply different values providing relevant elements in support of such a deviance.**”

Article 3.4 DELETED

Article 3.7 AMENDED

In the first paragraph some text for implementing the reference level for the AFOLU sector (new Article 3.3) is added (underlined):

“In the **second** quantified emission limitation and reduction commitment period, from **2013** to 2017, the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in Annex B of its aggregate anthropogenic carbon dioxide equivalent **net** emissions of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 **and 3** above, multiplied by five.”

The second paragraph is deleted:

~~“Those Parties included in Annex I for whom land use change and forestry constituted a net source of greenhouse gas emissions in 1990 shall include in their 1990 emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in 1990 from land use change for the purposes of calculating their assigned amount.”~~

Article 3.13 AMENDED

Because of the inclusion of sinks among categories listed in Annex A, the following addition (underlined) is requested:

¹⁰ Net emissions is the amount resulting from the algebraic sum of anthropogenic GHGs emissions by sources and removals by sinks and it is expressed in CO₂ equivalent

“If the **net** emissions of a Party included in Annex I in a commitment period are less than its assigned amount under this Article, this difference shall, on request of that Party, be added to the assigned amount for that Party for subsequent commitment periods.”

Article 4.1 AMENDED

Because of the inclusion of sinks among categories listed in Annex A, the following addition (underlined) is requested:

“Any Parties included in Annex I that have reached an agreement to fulfill their commitments under Article 3 jointly, shall be deemed to have met those commitments provided that their total combined aggregate anthropogenic carbon dioxide equivalent **net** emissions of the greenhouse gases listed in Annex A do not exceed their assigned amounts calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B and in accordance with the provisions of Article 3. The respective emission level allocated to each of the Parties to the agreement shall be set out in that agreement.”

Annex A AMENDED

LULUCF categories have to be added (underlined) to the Agriculture sector. Because of the addition of sinks the “source categories” become “categories”:

...

Sectors/~~source~~ categories

...

Agriculture, **Forestry and Other Land Uses**

Enteric fermentation

Manure management

Rice cultivation

Agricultural soils

Prescribed burning of savannas

Field burning of agricultural residues

Forest Land: Forest land remaining forest land

Land converted to forest land

Cropland: Cropland remaining cropland

Land converted to cropland

Grassland: Grassland remaining grassland

Land converted to grassland

Wetlands: Wetlands remaining wetlands

Land converted to wetlands

Settlements: Land converted to settlements

Other Land: Land converted to other land

Other

Amendments to decision 16/CMP.1
(Agriculture, Forestry and Other Uses sector)

Annex to Decision 16/CMP.1 “Modalities, rules and guidelines relating to accounting for Agriculture, Forestry and Other Uses sector under the Kyoto Protocol”

AMENDED *as follows*:

A. Definitions DELETED (*furthermore, definitions of Forest, Afforestation and Reforestation moved to Decision 5/CMP.1*)

B. Article 3, paragraph 3 DELETED

C. Article 3, paragraph 4 DELETED

D. Article 12 *text included under Option 1 of the document FCCC/KP/AWG/2009/L.3 could be extended to Option 2 as well.*

E. General AMENDED *as follows*:

Paragraph 16 SUBSTITUTED

The following text, needed to implement the “debit rule” for the accounting of the AFOLU sector, should replace the current text of paragraph 16

“Together with the list of Quantified emission limitation or reduction commitments for Parties inscribed in the Annex B of the Kyoto Protocol an Appendix to this Annex with a list of expected net emissions from the Agriculture, Forestry and Other Uses sector for each Party inscribed in the Annex B, shall be adopted by the Conference of the Parties serving as the meeting of the Parties of the Kyoto Protocol. The expected net emissions is the algebraic sum of anthropogenic emissions by sources and removals by sinks from the AFOLU sector of the greenhouse gases listed in Annex A that it is expected to be accounted for during the commitment period to which it is applied; and it is expressed in Giga-grams of carbon dioxide equivalent.”

New Paragraph 16bis ADDED

The following text, defines the rules regarding the selection by Parties of their reference level (i.e. the Bar Approach implementation):

“Any Party included in Annex I may apply a different reference level for the AFOLU sector than that selected in Article 3.3 of the Kyoto Protocol. To do so the Party shall submit no later than 2 years before the starting of the relevant commitment period the proposed values and relevant elements in support of such a deviance. The submission should be done together with its annual GHGs Inventory submission. Submitted data should be subject to the review procedure and the agreed values for the reference level should be part of the Party’s annual review report on GHGs Inventory.”

Paragraph 17 AMENDED

In order to implement the “debit rule” the following changes are needed:

“At the end of the commitment period any Party included in Annex I shall calculate the difference between anthropogenic greenhouse gases emissions by sources and removals by sinks measured as verifiable changes in carbon stocks, and non-carbon dioxide greenhouse gas emissions during the period 1 January 2013 to 31 December 2017 resulting from categories listed in Annex A of the Agriculture, Forestry and Other Uses sector and the expected net emissions of that Party inscribed in the Appendix to this Annex. Where the result of this calculation is a positive value, this value shall be

subtracted from the accounted **net emissions** of that Party; **moreover, an equivalent amount shall be added to the accounted net emissions of that Party for the following commitment period.**”

Paragraph 18 SUBSTITUTED

Because of the need to fix a value for the “expected net emissions” and because of the chance to fix a different reference value (i.e. the Bar Approach implementation), Annex I Parties are requested to submit data before an agreement on Quantified emission limitation and reduction commitments inscribed in Annex B is reached:

“The Parties included in Annex I shall submit a proposed value for the reference level and for the expected net emissions of the AFOLU sector for the following commitment period together with data which support the selected values. The values and data shall be submitted to the Conference of the Parties serving as the meeting of the Parties of the Kyoto Protocol before an agreement on the Quantified emission limitation and reduction commitments for the commitment period to which data refer is reached.”

Paragraph 19 DELETED

Paragraph 20 DELETED

Paragraph 21 AMENDED

Because of the presence of a reference level, in order to allow the exclusion of a carbon pool from the accounting, the carbon balance of a pool during the commitment period shall be compared to the carbon balance that pool had during the reference period:

“Each Party included in Annex I shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, soil organic carbon and harvested wood products. A Party may choose not to account for a given pool in a commitment period if transparent and verifiable information is provided that the exclusion of that pool does not result in discounting a debit.¹¹”

New Paragraph 21bis ADDED

Because of the presence of a reference level, in order to allow the exclusion of an AFOLU-category from the accounting, its GHGs balance during the commitment period shall be compared to the GHGs balance that category had during the reference period:

“Each Party included in Annex I shall account for all changes in the AFOLU categories listed in Annex A. A Party may choose not to account for a given category in a commitment period if transparent and verifiable information is provided that the exclusion of that category does not result in discounting a debit.¹²”

New Paragraph 21ter ADDED

In this paragraph, a conservativeness principle that allows Parties to provide estimates in line with requirements of the accounting procedure under the Kyoto Protocol for each category even if data available are few and/or not accurate, all the while ensuring the environmental integrity of the Kyoto Protocol, is implemented:

“A Party included in the Annex I may report estimates for the AFOLU sector applying lower IPCC tiers than that suggested as a good practice if transparent and verifiable information is

¹¹ A debit means that either average annual net increase in carbon stocks reported in the commitment period is smaller than that reported in the reference period or an average annual net decrease in carbon stocks has been reported in the reference period

¹² A debit means that the difference between the annual average net emissions of GHGs reported in the commitment period and the annual average net emissions of GHGs accounted in the reference period for that category results in a positive value

provided that the resulting accounted reduction of emissions or enhancement of removals is not overestimated.”

Appendix to Annex to Decision 16/CMP.1

AMENDED

The amended Appendix shall contain the list of agreed “expected net emissions” values:

Party	Expected net emissions
	Gg CO ₂ equivalent
Australia	
Austria	
...	

Amendments to other relevant CMP decisions

To be elaborated

APPENDIX 2

Figures on how the “debit rule” should work:

Table 1		scenario's					
		A	B	C	D	E	F
		GgCO _{2eq}					
1	expected net emissions	90	-90	100	-100	-10	10
2	reported net emissions	100	-100	90	-90	10	-10
3	Difference (row2 - row1)	10	-10	-10	10	20	-20
		debit	credit	credit	debit	debit	credit

In table 1, the complete series of possible scenarios (6) resulting from the application of the “debit rule” have been reported. In scenarios A, D and E the rule would be applied since the reported net emissions for the AFOLU sector was either a higher emission or a lower removal than the expected one.

Table 2		scenario's					
		A	B	C	D	E	F
		GgCO _{2eq}					
1	expected net emissions in the AFOLU sector	90	-90	100	-100	-10	10
2	reported net emissions in the AFOLU sector	100	-100	90	-90	10	-10
3	Difference (row2 - row1)	10	-10	-10	10	20	-20
4	reported aggregate net emissions (all sectors)	1,000	1,000	1,000	1,000	1,000	1,000
5	assigned amount	990	1,000	1,000	990	980	1,000
6	accounted aggregate net emissions	990	1,000	1,000	990	980	1,000
7	compliance	ok	ok	ok	ok	ok	ok
8	Amount to be added to the aggregate net emissions of the following commitment period	10	0	0	10	20	0

In table 2, the complete series of possible scenarios (6) resulting from the application of the “debit rule” have been reported. In scenarios A, D and E (with numbers in bold) the rule would be applied since the reported net emissions for the AFOLU sector was either a higher emission or a lower removal than the expected one. Therefore, for scenarios A, D and E, even if the reported aggregate net emissions (row 4) are higher than the assigned amount (row 5), the compliance test is passed (row 7) because of the application of the “debit rule” which discounts the accounted net emission (row 6) by the amount of the debit reported for the AFOLU sector (row 3) and adds that debit to the following commitment period aggregate net emissions (row 8).

PAPER NO. 5: CHINA

SUBMISSION BY CHINA ON LULUCF UNDER AWG-KP

The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol at its seventh session held in Bonn invited Parties to submit to the AWG-KP through the Secretariat, by 24 April 2009, views and proposals for further elaboration of the options, elements and issues contained in the annex "Options and proposals on how to address definitions, modalities, rules and guidelines for the treatment of land use, land use change and forestry". China welcomes this opportunity and would like to submit the following views.

1. The mandate of the AWG-KP, as clearly defined in decision 1/CMP.1, is to consider further commitments for Parties included in Annex I for the period beyond 2012 in accordance with Article 3, paragraph 9, of the Protocol. This is a focused mandate which shall be completed by the adoption of an amendment to Annex B of the Kyoto Protocol.

2. For completion of this mandate, the AWG-KP decided that its work shall include three tasks as set out in paragraph 17 of FCCC/KP/AWG/2006/4, namely (a) analysis of mitigation potentials and ranges of emission reduction objectives of Annex I Parties, (b) analysis of possible means to achieve mitigation objectives and (c) consideration of further commitments by Annex I Parties. The purpose of work on (a) and (b) is to inform work on (c), the focus of AWG-KP is work on (c) which does not depend on the outcome of work on (a) and (b). The AWG-KP had already spent almost three year discussing (a) and (b), which is helpful to the consideration of (c). In 2009 the AWG-KP should focus without delay its work on (c).

3. The treatment of LULUCF should not lead to the creation of loopholes to enable Annex I Parties to achieve their emissions reduction commitments by simply doing "magic" paper work. Also complex and lengthy technical discussions on LULUCF should not be used by Annex I Parties as an excuse for delaying tactics. Nor does discussion on this issue have to be completed before the completion of the work of AWG-KP.

4. China reiterates that the definitions, modalities, rules and guidelines for the treatment of

LULUCF as contained in Decision 16/CMP.1 should be maintained, considering the uncertainties caused by natural disturbance, inter-annual variation, CO₂-fertilisation and nitrogen deposition.

5. To ensure the continuity of activities, and environmental integrity, the activity-based accounting approach and the base year of 1990 should be kept unchanged. The accounting of source and removal of LULUCF should follow the principle of conservativeness and symmetric. The contribution of LULUCF activities should not result in reduction of the mitigation efforts in other sectors.

6. The options, elements, and issues contained in annex III to the report of AWG-KP at its sixth session and annex IV to the report of AWG-KP at its resumed fifth session should be narrowed down. With specific attention on the accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4 of Kyoto Protocol, it could be voluntarily or compulsorily accounted and reported, but the net-net method with certain discount factors or limitation could be a better option.

7. China agrees to continue the CDM A/R activity in the second commitment period of the Kyoto Protocol. Due to difficulties in relevant data and methodologies, the new elements under LULUCF such as carbon storage in harvested wood product, the wetland restoration and management, and other additional activities should not be taken into consideration at this stage.

PAPER NO. 6A: CZECH REPUBLIC ON BEHALF OF THE EUROPEAN
COMMUNITY AND ITS MEMBER STATES

**SUBMISSION BY THE CZECH REPUBLIC ON BEHALF OF THE EUROPEAN
COMMUNITY AND ITS MEMBER STATES**

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

Prague, 27 April 2009

Subject: Definitions, modalities, rules and guidelines for the treatment of land use, land-use change and forestry (LULUCF) in the second commitment period (AWG-KP). Views and proposals for further elaboration of the options, elements and issues contained in the annex “Options and proposals on how to address definitions, modalities, rules and guidelines for the treatment of land use, land-use change and forestry”

Before commenting on the text of possible amendments the EU would like to stress that the AWG-KP agreed to take into account developments under the AWG-LCA and other bodies and processes under the Convention and its Kyoto Protocol. This is of particular importance with regard to the legal form of the Copenhagen agreed outcome, which could have implications for the final form and content of amendments to the Kyoto Protocol. The AWG-KP should seek coherence and maximise synergies in the work of different bodies and processes.

The EU is of the view that addressing definitions, modalities, rules and guidelines for the treatment of LULUCF may require both amendments of the Kyoto Protocol, and the revision of the Decision 16/CMP.1 (see also the submission on Other issues arising from the implementation of the work programme of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol - Land use, land-use change and forestry)

New elements that would require amendments to KP:

Art 3.3 and 3.4

- Option 1 in FCCC/KP/AWG/2009/INF1 (the option within option 1 that leads to the merging of 3.3. and 3.4. Require amendments to KP.)
- Option 2 in FCCC/KP/AWG/2009/INF1 (may require amendments to KP in form of amendment of Art 3.1, the deletion of 3.3 and 3.4 and the insertion of LULUCF in Annex A)

New Paragraph in Article 3

- New provisions on natural disturbances and HWP would require amendments to KP.

Art 3.7

- Option 1 (Require amendments to KP regarding provisions for the 2nd CP. See non-paper from AWG-KP Chair).
- Option 2 (may require deletion of second sentence of Article 3.7)

New elements that would require amendments to 16/CMP.1 only:

- Definitions
- New provisions considering activity-based accounting for the 2nd CP (e.g. gross-net, net-net, bar approach)

Information indicating necessary or preferable changes in Article 3 of the KP regarding LULUCF provisions and whether these changes could instead be made in 16/CMP 1

Redrafted provisions should not be seen as final proposals for legal text.

There are two main options:

1. Activity based accounting
2. Land based accounting

Activity based accounting

This option would require the following changes:

ARTICLE 1

Add the definitions in the Annex to decision 16/CMP1 [amend where necessary e.g. for forest management, extreme disturbances and new activities]

ARTICLE 3.3

For the first commitment period the net changes in greenhouse gas emissions by sources and removals by sinks resulting from direct human-induced land-use change and forestry activities, limited to afforestation, reforestation and deforestation since 1990, measured as verifiable changes in carbon stocks in each commitment period, shall be used to meet the commitments under this Article of each Party included in Annex I.

NEW PARA 3 bis in Article 3.

For the second commitment period the net changes in greenhouse gas emissions by sources and removals by sinks resulting from direct human-induced land-use change and forestry activities, limited to afforestation, reforestation and deforestation since 1990, measured as verifiable changes in carbon stocks in each commitment period, shall be used to meet the commitments under this Article of each Party included in Annex I.

or

NEW PARA 3 bis in Article 3.

For the second commitment period a new option where afforestation, reforestation and deforestation in 3.3 and forest management activities in 3.4 are merged.

ARTICLE 3.4

Prior to the first session of the Conference of the Parties serving as the meeting of the Parties to this Protocol, each Party included in Annex I shall provide, for consideration by the Subsidiary Body for Scientific and Technological Advice, data to establish its level of carbon stocks in 1990

and to enable an estimate to be made of its changes in carbon stocks in subsequent years. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session or as soon as practicable thereafter, decide upon modalities, rules and guidelines as to how, and which, additional human-induced activities related to changes in greenhouse gas emissions by sources and removals by sinks in the agricultural soils and the land-use change and forestry categories shall be added to, or subtracted from, the assigned amounts for Parties included in Annex I, taking into account uncertainties, transparency in reporting, verifiability, the methodological work of the Intergovernmental Panel on Climate Change, the advice provided by the Subsidiary Body for Scientific and Technological Advice in accordance with Article 5 and the decisions of the Conference of the Parties. A Party may choose to apply such a decision on these additional human-induced activities for its first commitment period, provided that these activities have taken place since 1990.

NEW PARA 4 BIS IN ARTICLE 3

With a view to meet its commitments for the second commitment period under Article [...] each Party [included in Annex I] [with a commitment inscribed in Annex B] [may choose to]/[shall] account for any of the following human-induced activities: forest management, cropland management, grazing land management, [and] revegetation [and devegetation, and wetland management]. A party included in Annex I shall demonstrate that such activities [have occurred since 1990 and] are human-induced. The accountable anthropogenic greenhouse gas emissions by sources and removals by sinks, resulting from cropland management, grazing land management, revegetation [and devegetation, and wetlands management] under this paragraph, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [five times] [Y] the anthropogenic greenhouse gas emissions by sources and removal by sinks, resulting from these activities [in 1990] [a base period]. The accountable anthropogenic greenhouse gas emissions by sources and removal by sinks, resulting from forest management [and afforestation, reforestation, deforestation] shall be equal to:

- GN with a [cap] [discount factor]
- NN [base year] [base period]
- Bar approach [including a band]

NEW PARA 7 BIS IN ARTICLE 3.

In the second quantified emission limitation and reduction commitment period, from [2013] to [...], the assigned amount for each Party included in Annex [B] [I] shall be equal to the percentage inscribed for it in the third column of the table contained in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by [Y] *[Those Parties included in Annex [B] [I] for whom land-use change and forestry constituted a net source of greenhouse gas emissions in [1990] [a base period] shall include in their 1990 emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in [1990] [a base period] from land-use change for the purposes of calculating their assigned amount.] [The text in italics would be deleted in case of land-based accounting and may be deleted in case of activity-based accounting.]*

Land-based accounting

This option would require the following changes:

NEW PARA 1 BIS IN ARTICLE 3

The Parties included in Annex 1 shall, individually or jointly, insure that their aggregate anthropogenic carbon dioxide equivalent emissions by sources and removals by sinks of greenhouse gases listed in Annex A do not exceed their assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B [...]

or

NEW PARA AFTER PARA 3.2

With a view to meet its commitments for the second commitment period under Article [...] each Party [included in Annex I] [with a commitment inscribed in Annex B] shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks on land use, land-use change and forestry as reported under the UNFCCC by including these emissions and removals in the emissions from the base year, [1990], [and all subsequent years]

Deletion of Articles 3.3, 3.4 and the second sentence of Article 3.7, and amendment of Annex A by inserting LULUCF categories.

Other optional changes in the KP regarding LULUCF

NEW PARA 3 TERS IN ARTICLE 3.

The following principles shall govern the treatment of land use, land-use change and forestry activities: add the principles 1(a) to 1(h) of Decision 16/C PM.1

NEW PARA 4 TER

The COP/MOP shall, [at its ... session], adopt modalities and procedures to account emissions and subsequent removals in forest management resulting from extreme disturbances.

NEW PARA 4 QER

The COP/MOP shall, at its fifth session, adopt modalities and procedures to account for carbon stock changes associated with harvested wood products.

PAPER NO. 6B: CZECH REPUBLIC ON BEHALF OF THE EUROPEAN COMMUNITY
AND ITS MEMBER STATES

**SUBMISSION BY THE CZECH REPUBLIC ON BEHALF OF THE EUROPEAN
COMMUNITY AND ITS MEMBER STATES**

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

Prague, 27 April 2009

**Subject: Other issues arising from the implementation of the work programme of the Ad
Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto
Protocol - Land use, land-use change and forestry.**

The EU is of the view that addressing definitions, modalities, rules and guidelines for the treatment of LULUCF would require both amendments of the Kyoto Protocol, and the revision of the Decision 16/CMP.1 (see also the submission on Definitions, modalities, rules and guidelines for the treatment of land use, land-use change and forestry (LULUCF) in the second commitment period (AWG-KP))

The EU submits the following in response to the request in paragraph 3 of the conclusions concerning Land use, Land-use Change and Forestry (LULUCF) reached at the seventh session of the AWG-KP, held in Bonn in April 2009. This request invites Parties to submit views on the annex to the document FCCC/KP/AWG/2009/L.3 which contains options and proposals on how to address definition, modalities, rules and guidelines for the future treatment of LULUCF.

The EU wishes to retain for the second and subsequent commitment periods of the Kyoto Protocol, the principles governing the treatment of LULUCF contained in paragraph 1 of the Decision 16/CMP.1. Proposals for modification of the Annex to the decision 16/CPMP.1 are presented below.

EU views on the revision of the Annex to Decision 16/CMP.1

Option 1

A. Definitions

1. For land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, the following definitions shall apply:
 - (a) "Forest" is a minimum area of land of 0.05–1.0 hectare with tree crown cover (or equivalent stocking level) of more than 10–30 per cent with trees with the potential to reach a minimum height of 2–5 metres at maturity in situ. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10–30 per cent or tree height of 2–5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest
 - (b) "Afforestation" is the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forested land through planting, seeding and/or the human-induced promotion of natural seed sources

- (c) “Reforestation” is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land. For the first and subsequent commitment periods, reforestation activities will be limited to reforestation occurring on those lands that have not contained forest since 31 December 1989
- (d) “Deforestation” is the direct human-induced conversion of forested land to non-forested land
- (e) “Revegetation” is a direct human-induced activity to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of afforestation and reforestation contained here. If elected the activity includes accounting for direct human-induced activities that decreases carbon stocks on land which has been categorized under the revegetation activity, and does not meet the definition of deforestation.
- (f) “Forest management” is a system of practices for stewardship and use of forest land aimed at fulfilling relevant ecological (including biological diversity), economic and social functions of the forest (*The EU proposes this deletion because unsustainability is no reason to neglect emissions*).
- (g) “Cropland management” is the system of practices on land on which agricultural crops are grown and on land that is set aside or temporarily not being used for crop production
- (h) “Grazing land management” is the system of practices on land used for livestock production aimed at manipulating the amount and type of vegetation and livestock produced.
- (i) “Wetland management” is a system of practices for stewardship and use of wetlands, including drainage or wetland restoration practices.
- (j) “Force majeure” means, for the purposes of this decision, an extraordinary event or circumstance that is beyond the control of Parties

B. Article 3, paragraph 3

- 2. For the purposes of Article 3, paragraph 3, eligible activities are those direct human-induced afforestation, reforestation and/or deforestation activities that meet the requirements set forth in this annex and that started on or after 1 January 1990 and before 31 December of the last year of the commitment period.
- 3. For the purposes of determining the area of deforestation to come into the accounting system under Article 3, paragraph 3, each Party shall determine the forest area using the same spatial assessment unit as is used for the determination of afforestation and reforestation, but not larger than 1 hectare.
- 5. Each Party included in Annex I shall report, in accordance with Article 7, on how harvesting or forest disturbance that is followed by the re-establishment of a forest is distinguished from deforestation. This information will be subject to review in accordance with Article 8.

C. Article 3, paragraph 4

- 6. A Party included in Annex I [may choose to] [shall] account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from [any or all of] the following human-induced activities, other than afforestation, reforestation and deforestation: revegetation, [forest management], cropland management, grazing land management and wetland management.
- [6 bis. All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from the activity under Article 3, paragraph 4 forest management in the second commitment period unless transparent and verifiable information is

provided that this activity is not a source] *(Would imply deletion of forest management from paragraph above)*

- [7. A Party included in Annex I wishing to account for activities under Article 3, paragraph 4, shall identify, in its report to enable the establishment of its assigned amount pursuant to Article 3, paragraphs 7 and 8, the activities under Article 3, paragraph 4, which it elects to include in its accounting for the second commitment period. Upon election, a decision by a Party will be fixed for the second and subsequent commitment period.] *(Delete or revise if all or some activities are mandatory)*
8. During the second commitment period, a Party included in Annex I that selects any or all of the activities mentioned in paragraph 6 above, shall demonstrate that such activities have occurred since 1990 and are human-induced. A Party included in Annex I shall not account for emissions by sources and removals by sinks resulting from activities under Article 3, paragraph 4, if these are already accounted for under Article 3, paragraph 3.
9. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from [forest management], cropland management, grazing land management, revegetation and wetland management under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [five] [X] times the anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from these eligible activities in the [base year] [base period] of that Party, while avoiding double accounting. *(Forest management would be deleted from this paragraph if one of the other options identified below were adopted)*
- [10. For the second commitment period, a Party included in Annex I that incurs a net source of emissions under the provisions of Article 3, paragraph 3, may account for anthropogenic greenhouse gas emissions by sources and removals by sinks in areas under forest management under Article 3, paragraph 4, up to a level that is equal to the net source of emissions under the provisions of Article 3, paragraph 3, but not greater than 9.0 megatonnes of carbon times five, if the total anthropogenic greenhouse gas emissions by sources and removals by sinks in the managed forest since 1990 is equal to, or larger than, the net source of emissions incurred under Article 3, paragraph 3.] *(Could be deleted depending on accounting method or if Article 3.3 and 3.4 are merged).*
- [11. For the second commitment period [only], additions to and subtractions from the assigned amount of a Party¹ resulting from forest management under Article 3, paragraph 4, [after the application of paragraph 10 above] and resulting from forest management activities undertaken under Article 6, shall:

Option 1: be subject to the application of a [x%] discount factor.

Option 2: not exceed the value inscribed in the appendix bellow, time five.

Option 3: for the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from [forest management under Article 3 paragraph 4] [forest land]², shall be:

Option 3.a): *(BAR including band from 0 to BAR. Only removals by sinks above BAR or net-emissions are accounted for, values between 0 and BAR are neither credited nor debited, values below 0 are debited)*

¹ In accordance with decision -/CMP.1 *(Modalities for the accounting of assigned amounts)*.

² This refers to that the BAR could be used in the context of 3.4 forest management, 3.3+3.4 forest or land based approach.

- where a Party is reporting net removals in the commitment period larger than [five] [x] times the reference level inscribed in Annex [F³] for that Party, equal to the net removals in the commitment period, less [five] [x] times the reference level inscribed in Annex [F] for that Party,
- where a Party is reporting in the commitment period net removals smaller than [five] [x] times the reference level inscribed in Annex [F] for that party, equal to zero, and
- where a Party is reporting a net emission in the commitment period, equal to the net emission in the commitment period.

Option 3.b) (*BAR including band from BAR-X% to BAR+X%. Values above BAR+X% are credited, values below BAR-X% are debited, and values between BAR-X% and BAR+X% are neither credited nor debited*)

- where a Party is reporting net removals or net emissions in the commitment period larger than [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [%⁴] [ton], equal to the net removals or net emissions in the commitment period, less [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [%] [ton], and
- where a Party is reporting net removals or net emissions in the commitment period smaller than [five] [x] times the reference level inscribed in Annex [F] for that Party minus X [%] [ton], equal to net removals or net emissions in the commitment period less [five] [x] times the reference level inscribed in Annex [F] for that Party minus X [%] [ton], and
- where a party is reporting net removals or net emissions in the commitment period smaller than [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [%] [ton] and larger than the reference level inscribed in Annex [F] for that Party minus X [%] [ton], equal to zero.

Option 3.c) (*BAR only; no band – pure net-net compared to BAR level*)

- net emissions or net removals in the commitment period less [five] [x] times the reference level inscribed in Annex [F] for that Party.

D. Article 12

13. The eligibility of land use, land-use change and forestry project activities under Article 12 is. [Option 1: limited to afforestation and reforestation.

³ As a default, agreed levels for the BAR could be set by using the average removals or emissions from forest management for historical base years or periods. Otherwise countries could propose an alternative removal or emission level and provide relevant elements in support. An alternative level could apply where national circumstances, particularly the legacy effects of age structure, lead to a declining sink in projected emissions even in the presence of sustainable forest management. The EU in due course will provide relevant data, further information on how to set the BAR and other quantities called for in this submission.

⁴ X% refers to a percentage of the reference level. Assumes same value would apply for all countries.

Option 2: *Expand the list of activities*⁵]

14. For the second commitment period, the total of additions to a Party's assigned amount resulting from eligible land use, land-use change and forestry project activities under Article 12 shall not exceed [one] [X] per cent⁶ of base year emissions of that Party, times [five] [X].
15. The treatment of land use, land-use change and forestry project activities under Article 12 in future commitment periods shall be decided as part of the negotiations on the third commitment period. *(This paragraph may need further amendment taking account of the wider negotiations)*

E. General

16. Each Party included in Annex I shall, for the purposes of applying the definition of "forest" as contained in paragraph 1 (a) above, select a single minimum tree crown cover value between 10 and 30 per cent, a single minimum land area value between 0.05 and 1 hectare and a single minimum tree height value between 2 and 5 metres. The selection of a Party shall be fixed for the duration of the second commitment period. The selection shall be included as an integral part of its report to enable the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8, in accordance with decision 19/CP.7, and shall include the values for tree crown cover, tree height and the minimum land area. Each Party shall justify in its reporting that such values are consistent with the definition used in the first commitment period and if they differ, explain why and how such values were chosen and what implications it may have on the consistency of the accounting.
 17. For the second commitment period, and subject to other provisions in this annex, the additions to and subtractions from the assigned amount of a Party pursuant to Article 3, paragraphs 7 and 8, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks measured as verifiable changes in carbon stocks, and non-carbon dioxide greenhouse gas emissions during the period [1 January 2013 to] [31 December [YY]] resulting from afforestation, reforestation and deforestation under Article 3, paragraph 3, and forest management under Article 3, paragraph 4, that have taken place since 1 January 1990. Where the result of this calculation is a net sink of greenhouse gases, this value shall be added to the assigned amount of that Party. Where the result of this calculation is a net source of greenhouse gas emissions, this value shall be subtracted from the assigned amount of that Party. *(This paragraph may need to be revised to be consistent with e.g. paragraph 9 and 11)*
 18. Accounting of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, shall begin with the onset of the activity or the beginning of the commitment period, whichever comes later.
- Option: [19. Once land is accounted for under Article 3, paragraphs 3 and 4, all anthropogenic greenhouse gas emissions by sources from, and removals by sinks on this land must be accounted for throughout subsequent and contiguous commitment periods.] *(This paragraph will need to be revised if activities in Article 3.4 continue to be electable)*
20. National inventory systems under Article 5, paragraph 1, shall ensure that areas of land subject to land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, are identifiable, and information about these areas should be provided by each Party included in Annex I in their national inventories in accordance with Article 7. Such information will be reviewed in accordance with Article 8.

⁵ EU notes that CDM is not the only mechanism where LULUCF activities in developing countries can be handled.

⁶ The EU is willing to discuss the level of the cap on the use of CDM A/R credits. A cap could be determined taking account the overall emissions reductions to be achieved, the desirable carbon price signal and the extra potential for A/R activities.

21. Each Party included in Annex I shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, soil organic carbon and harvested wood products. A Party may choose not to account for a given pool in a commitment period if transparent and verifiable information is provided that the pool is not a source.
22. A Party included in Annex I where a “force majeure” has occurred during the second or subsequent commitment periods, affecting carbon stocks in forests under Article 3, paragraph 3, and [if elected] [forest management] [other activities] under Article 3, paragraph 4 may :
- Option 1: request [a review process⁷], at the end of the commitment period, for the emissions and subsequent removals, up to the levels prior to the extraordinary event, resulting from the event classified as “force majeure”, to be removed from accounting. The carbon stocks resulting from any land-use changes that occur in those areas shall not be removed from accounting and the corresponding emissions shall be fully accounted for.

Option 2: choose to carry-over to the next commitment period(s) the non-anthropogenic emissions resulting from the event classified as “force majeure”.

23. In the application of “force majeure” a Party shall provide information to the Expert Review Team:
- on all areas subject to the application of “force majeure”, including the date(s) and nature of the event(s);
 - proving that the level of emissions resulting from “force majeure” is [X%] higher than the total national emissions in the commitment period;
 - showing that the occurrence or severity of the “force majeure” was not materially influenced by the Party
 - on actions undertaken to reduce the consequences of “force majeure”.
24. Carbon in wood and other biomass removed from forests accounted for under the Kyoto Protocol under:
- Option 1: Article 3, 6 and 12, shall be accounted for on the basis of default instantaneous oxidation or on the basis of estimates as to when emissions occur provided verifiable data are available. Such carbon, including carbon in exported wood, may be transferred to a harvested wood products pool to be accounted for by the Party producing the wood. Emissions, occurring during the commitment period⁸, from the harvested wood pool⁹ arising from wood removed prior to 31 December 2007 shall also be accounted.
- Option 2: Article 3 shall be accounted for on the basis of default instantaneous oxidation or on the basis of estimates as to when and where emissions occur provided verifiable data are available. [Accounting would be confined to domestically produced and consumed wood products originating from forests for which emissions and removals are accounted for]. Emissions from the existing harvested wood pool shall be accounted.

Option 2

A. Definitions

1. For land use, land-use change and forestry, the following definitions shall apply:
- (a) “Forest” is a minimum area of land of 0.05–1.0 hectare with tree crown cover (or equivalent stocking level) of more than 10–30 per cent with trees with the potential to reach a minimum height of 2–5 metres at maturity in situ. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high

⁷ Using guidance to be agreed.

⁸ Noting that emissions from harvested wood products originating from harvests in Article 3.3 over the period 2008 to 2012 have already been accounted for.

⁹ Definition for harvested wood pool may be needed

proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10–30 per cent or tree height of 2–5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest

- (b) 'Forest land' includes all land with woody vegetation, which falls under the definition of 'Forest'.
- (c) 'Cropland' includes all arable and tillage land as well as agro-forestry systems, that do not fall under the category of 'Forest land'.
- (d) 'Grassland' includes [all] rangeland and pasture land as well as agro-forestry systems, that do not fall under the categories of 'Forest land' and 'Cropland'.
- (e) 'Wetlands' includes land that is covered or saturated by water for all or part of the year, such as peatland, and that does not fall into the Forest land, Cropland, Grassland or Settlements categories.
- (f) 'Settlements' includes all developed land, including transportation infrastructure and human settlements of any size, that does not fall into the Forest land, Cropland, Grassland or Wetlands categories.
- (g) 'Other land' includes bar soil, rock, ice and all land areas that do not fall into Forest land, Cropland, Grassland, Wetlands or Settlements categories.
- (h) "Force majeure" means, for the purposes of this decision, an extraordinary event or circumstance that is beyond the control of Parties

B. Accounting rules for GHG emissions and removals from land-use, land-use change and forestry

2. Option 1: For the purposes of accounting GHG emissions and removals from land-use, land-use change and forestry, a Party shall account for those anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land, cropland, grassland, wetlands and settlements as well as greenhouse gas emissions by sources and removals by sinks resulting from land-use changes occurring from the land categories forest land, cropland, grassland, wetland, settlement to any other land category.
Option 2: For the purposes of accounting GHG emissions and removals from land-use, land-use change and forestry, a Party shall account for those anthropogenic greenhouse gas emissions by sources and removals by sinks from land-use changes occurring from the forest land to other land use categories and vice versa, and may account for those anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land, cropland, grassland, wetlands and settlements as well as greenhouse gas emissions by sources and removals by sinks resulting from land-use changes occurring for cropland, grassland, wetland, settlement to any other land category.
3. Anthropogenic GHG emissions and removals from land-use, land-use change and forestry shall be estimated using the guidance provided in the 2006 IPCC Guidelines for GHG Inventories or any further guidelines for GHG Inventories adopted by Parties for this purpose.
4. For the purpose of accounting, greenhouse gas emissions by sources and removals by sinks resulting from land-use change occurring on forest land, cropland, grassland, wetland, settlement during the commitment period shall be reported under the land category that the land has been converted to.
5. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land-use, land-use change and forestry shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [five] [X] times the anthropogenic greenhouse gas emissions by sources and removals by sinks that take place on [forest land], cropland, grazing land, wetlands and settlements in the [base year] [base period] of that Party, while avoiding double accounting.

6. For the second commitment period [only], additions to and subtractions from the assigned amount of a Party¹⁰ resulting from anthropogenic greenhouse gas emissions by sources and removals by sinks occurring on forest land shall:

Option 1: be subject to the application of a [x%] discount factor.

Option 2: not exceed the value inscribed in the appendix below, time five.

Option 3: for the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks occurring on forest land, shall be:

Option 3.a): (*BAR including band from 0 to BAR. Only removals by sinks above BAR or net-emissions are accounted for, values between 0 and BAR are neither credited nor debited, values below 0 are debited*)

- where a Party is reporting net removals in the commitment period larger than [five] [x] times the reference level inscribed in Annex [F¹¹] for that Party, equal to the net removals in the commitment period, less [five] [x] times the reference level inscribed in Annex [F] for that Party,
- where a Party is reporting in the commitment period net removals smaller than [five] [x] times the reference level inscribed in Annex [F] for that party, equal to zero, and
- where a Party is reporting a net emission in the commitment period, equal to the net emission in the commitment period.

Option 3.b) (*BAR including band from BAR-X% to BAR+X%. Values above BAR+X% are credited, values below BAR-X% are debited, and values between BAR-X% and BAR+X% are neither credited nor debited*)

- where a Party is reporting net removals or net emissions in the commitment period larger than [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [%¹²] [ton], equal to the net removals or net emissions in the commitment period, less [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [%] [ton], and
- where a Party is reporting net removals or net emissions in the commitment period smaller than [five] [x] times the reference level inscribed in Annex [F] for that Party minus X [%] [ton], equal to net removals or net emissions in the commitment period less [five] [x] times the reference level inscribed in Annex [F] for that Party minus X [%] [ton], and
- where a party is reporting net removals or net emissions in the commitment period smaller than [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [%] [ton] and

¹⁰ In accordance with decision -/CMP.1 (*Modalities for the accounting of assigned amounts*).

¹¹ As a default, agreed levels for the BAR could be set by using the average removals or emissions from forest management for historical base years or periods. Otherwise countries could propose an alternative removal or emission level and provide relevant elements in support. An alternative level could apply where national circumstances, particularly the legacy effects of age structure, lead to a declining sink in projected emissions even in the presence of sustainable forest management. The EU in due course will provide relevant data, further information on how to set the BAR and other quantities called for in this submission.

¹² X% refers to a percentage of the reference level. Assumes same value would apply for all countries.

larger than the reference level inscribed in Annex [F] for that Party minus X [%] [ton], equal to zero.

Option 3.c) (*BAR only; no band – pure net-net compared to BAR level*)

- net emissions or net removals in the commitment period less [five] [x] times the reference level inscribed in Annex [F] for that Party.

C. Article 12

7. *Same as Option 1 - para 13*
8. *Same as Option 1 – para 14*
9. *Same as Option 1 – para 15*

D. General

10. *Same as Option 1 – para 16*
11. For the second commitment period, and subject to other provisions in this annex, the additions to and subtractions from the assigned amount of a Party pursuant to Article 3, paragraphs 7 and 8, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks measured as verifiable changes in carbon stocks, and non-carbon dioxide greenhouse gas emissions during the period [1 January 2013 to] [31 December [YY]] occurring on forest land. Where the result of this calculation is a net sink of greenhouse gases, this value shall be added to the assigned amount of that Party. Where the result of this calculation is a net source of greenhouse gas emissions, this value shall be subtracted from the assigned amount of that Party. (*This paragraph may need to be revised to be consistent with e.g. paragraph 5 and 6*)
12. *Same as Option 1 – para 19*
13. *Same as Option 1 – para 20*
14. *Same as Option 1 – para 21*
15. A Party included in Annex I where a “force majeure” has occurred during the second or subsequent commitment periods, affecting carbon stocks on forest land [and [, if elected,] other land categories] may :

Option 1: request [a review process¹³], at the end of the commitment period, for the emissions and subsequent removals, up to the levels prior to the extraordinary event, resulting from the event classified as “force majeure”, to be removed from accounting. The carbon stocks resulting from any land-use changes that occur in those areas shall not be removed from accounting and the corresponding emissions shall be fully accounted for.

Option 2: choose to carry-over to the next commitment period(s) the non-anthropogenic emissions resulting from the event classified as “force majeure”.

16. *Same as Option 1 – para 23*
17. *Same as Option 1 – para 24*

¹³ Using guidance to be agreed.

ICELAND

Submissions

to

the Ad Hoc Working Group

on further commitments for Annex I Parties under the Kyoto Protocol
(AWG-KP)

Submission II

With reference to paragraph 4 in document FCCC/KP/AWG/2009/L.3 (Draft conclusions proposed by the Chair on Land use, Land-use change and forestry), Iceland submits the following proposal concerning decision 16/CMP.1.

Proposal

A proposal for an amendment to decision 16/CMP.1 on Land use, land-use change and forestry

Annex to 16/CMP.1, Section A, Definitions

Add the following sentence to the definition of "Revegetation":

"If elected the activity includes accounting for direct human-induced activities that decreases carbon stock on sites which has been categorized as a revegetation area and does not meet the definition of deforestation."

The definition of "Revegetation" will then read as follows:

"Revegetation" is a direct human-induced activity to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of afforestation and reforestation contained here. If elected the activity includes accounting for direct human-induced activities that decreases carbon stock on sites which has been categorized as a revegetation area and does not meet the definition of deforestation.

Add new definition on wetland restoration:

"Wetland restoration" is a direct human-induced activity to reduce emissions of greenhouse gases and thus limiting carbon stock degradation by restoring degraded wetlands. If elected, the activity includes accounting for emissions of greenhouse gases resulting from direct human-induced drainage of wetlands.

Annex to 16/CMP.1, Section C, Article 3, paragraph 4

Paragraph 6

In the enumeration after the colon at the end of the paragraph add the words "wetland restoration".

Submission by Government of India on AWG-KP agenda item 5 (b): Other issues arising from the implementation of the work programme of the AWG-KP on Further Commitments for Annex I Parties under the Kyoto Protocol: LULUCF

(Ref: FCCC/KP/AWG/2009/L.3, paragraph 3)

1. AWG-KP in its seventh session in Bonn from 29 March to 8 April 2009 agreed to continue its deliberations on how to address, where applicable, the definitions, modalities, rules and guidelines for the treatment of LULUCF. The AWG also noted that the Annex to draft conclusions proposed by the Chair (FCCC/KP/AWG/2009/L.3) does not capture all the proposals and options put forward by Parties in their submissions and during the discussion at the seventh session, and, therefore, invited Parties to submit to the secretariat by 24 April 2009 views on the Annex for compilation into a miscellaneous document for consideration at its eighth session.

Our submission in respect of paragraph 1 above is as under:

General

The contribution of LULUCF in Annex I commitments has been increasing substantially. This increased reliance on LULUCF is not desirable as it diverts attention of Annex I Parties from, and dilutes more tangible action in crucial sectors of energy, transport, industry and waste management. India, therefore, proposes to *reasonably* limit the use of LULUCF by Annex I countries to meet their commitments in second commitment period (2 CP). We favour an overall upper ceiling, limiting the use of LULUCF with flexibility of differential ceilings on individual activities of LULUCF like forest management (FM), grazing land management (GM), cropland management (CM) and revegetation (RV). We, however, are open to the alternative of prescribing upper ceilings separately and individually to different activities.

We do not support the linking of commitments of Annex I Parties under Article 3 paragraph 9 of Kyoto Protocol with the outcome of discussions on this agenda item on treatment of LULUCF in 2 CP.

In respect of this agenda item, we favour discussions based on the framework of Decision 16/CMP.1 relating to treatment of LULUCF in first CP.

Option 1 (Based on decision 16/CMP.1)

- A. Definitions:** Definitions would be finalized only after the text in sections B, C, D and E of the Annex is agreed and frozen.
- B. Article 3, paragraph 3:** It is difficult to comprehend the equivalence/congruity between “planted production forest” and “equivalent forest” as both differ widely in age structure and carbon content.
- C. Article 3, paragraph 4:** We do not support inclusion of new activities unless these improve the accounting or plug accounting-out of emissions. As regards ‘cap’, or ‘discount factor’ or

‘bar’, we would support their application only if it is in consonance with our overall stated objective of limiting the use of LULUCF.

- D. Article 12:** We will offer comments once the negotiations on expanding the activities under this section are initiated.
- E. General:** We do not support the application of ‘force majeure’ in an open ended manner and to all the activities. Similarly, we consider the concession in accounting for natural disturbance a grey area requiring an in-depth analysis and debate as there is a thin line between an event being ‘force majeure’ or being man-made. Absence of preventive measures before occurrence of an event or inadequate control measures after its occurrence may pose difficulty in categorizing the incident or its severity as ‘force majeure’. Also, accounting for carbon locked in harvested wood products (HWPs) in terms of quantum and duration is not easy. As no universally acceptable methodology for accounting of HWPs is currently available, we consider this to be a grey area, and, therefore, cannot agree to any accounting that is not foolproof.

Option 2 (Land-based accounting system)

This option requires more discussions, and the present level of experience, knowledge and information does not warrant its adoption in 2 CP.

PAPER NO. 9: INDONESIA

Jakarta, 24 April 2009

VIEWS AND PROPOSALS ON DEFINITIONS FOR THE TREATMENT OF LAND USE, LAND USE CHANGE AND FORESTRY IN 2ND COMMITMENT PERIOD OF KYOTO PROTOCOL

Submission on the Agenda Item 5 (b) of AWG-KP: Other Issues arising from the implementation of the work programme of the Ad-Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol: Land use, land-use change and forestry

In Bonn, 28 March - 8 April 2009, the Ad-Hoc Working Group on Further Commitment for Annex I Parties under the Kyoto Protocol (AWG-KP) invited parties to submit *their views and proposals for further elaboration of the options, elements, and issues contained in the annex "Options and Proposals on Definitions, Modalities, Rules and Guidelines for the Treatment of Land Use, Land Use Change and Forestry" as contained in document FCCC/KP/AWG/2009/L.3*

In this regard, Indonesia welcomes the important opportunity to submit its views to improve the environmental integrity of the current LULUCF activities in order to strengthen and safeguard the credible basis to account for only anthropogenic emissions by sources and removals by sinks of greenhouse gases in land sector in support of the achievement of the ultimate objective of the UNFCCC. Indonesia is consistently held a view that ensuring real additionality and, therefore, real human induced emissions reduction will be a crucial element for Post 2012 LULUCF activities. To this end, we would like to underline the importance of assessment on changes that may be made to the current LULUCF rules to ensure the consistency and sustainability of actions taken to avoid emissions from LULUCF in the second commitment period of Kyoto Protocol.

At the outset, we would like to re-iterate our statement in AWGKP 7 in Bonn that while LULUCF is among the most important issues for Indonesia, we would like to emphasize that the need to have further elaboration on the issues related to land-use, land-use change and forestry should not be linked directly to other work programme in the AWGKP, namely consideration of the scale of emission reduction target by Annex-I Parties to Kyoto Protocol in the second commitment period and the amendment to Annex B of the Protocol.

The Government of Indonesia hereby submits its views on the elements contained in Annex I of document FCCC/KP/AWG/2009/L.3, in particular on the definition, to the AWG-KP.

Overview

Indonesia is in the view while it is not necessary to replace type of activities included in LULUCF as defined in Article 3.3 of the Kyoto Protocol, it is necessary to further assess the definition of "Forest", "Afforestation" and "Reforestation" as contained in Decision 16/CMP.1,

with a view of amendment for the second commitment period, taking into account the experience of the implementation of such activities in first commitment period.

Meanwhile, for other activities to be included in LULUCF activities as contained in Article 3.4, the following are suggested to AWG-KP for further consideration.

Amendment of definition of “Revegetation”

Indonesia recognize the importance of having a wider definition of revegetation to include activities that are not covered by current definition as contained in Decision 16/CMP.1. We also in a view that “minimum area of coverage” shall be increased, for the reason of practical registry system.

To this end, we propose the following paragraph to be amended in Decision 16/CMP.1:

“Revegetation” is a direct human-induced activity to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.25 hectares and does not meet the definitions of afforestation and reforestation above. If elected the activity includes accounting for direct human-induced activities that decreases carbon stocks on land which has been categorized as a revegetation area and does not met the definition of deforestation.

Amendment of definition of “Forest Management”

Indonesia underlines the importance of forest degradation (human induced decrease in carbon stocks on forested land remaining forested land) as one of the major source of emissions from LULUCF. In our view, a more exhaustive definition of “forest management” than what contained in Decision 16/CMP.1 shall be defined, covering forest degradation as well as the increasing role of enhancement of carbon stock as a tool to address such action to reduce emission from forest degradation.

Our proposal is as follow:

“Forest management” is a system of practices for stewardship and use of forest land aimed at fulfilling relevant ecological (including biological diversity), economic and social functions of the forest in a sustainable manner. Human induced decrease and increase in carbon stocks on forested land remaining forested land shall be included.”

Amendment of definition of “Cropland Management”

As developing country where many of its citizens are depend on agricultural crops, Indonesia considers cropland management is importance to be addressed in second commitment period. We recognize its significant contribution to emission from LULUCF, therefore it is important to have some concrete examples of type of plantation included in this activity.

In this regards we propose the following paragraph:

“Cropland management” is the system of practices on land on which agricultural crops are grown and on land that is set aside or temporarily not being used for crop production, include, if applicable, commercial plantations such as palm oil or rubber.

Inclusion of “Wetland Restoration”

In accordance with parameters of the achievement of the ultimate objective of the UNFCCC, efforts to stabilize GHG concentrations in the atmosphere at a safe level should “ensure that food production (as a legitimate priority need of developing countries) is not threatened”. This is also important to “enable economic development to proceed in a sustainable manner”.

In this regards, while wetland restoration is one of the most important additional activities under LULLUCF for the second commitment period, the activity shall not undermine the need of developing countries to produce important food products, particularly staple food production that is inextricably linked with the livelihoods and basic needs of a large number of people, such as paddy field.

To this end, our proposal for the definition of “Wetland Restoration” is as follow:

“Wetland restoration” is a direct human-induced activity to reduce emissions of greenhouse gases and thus limiting carbon stock degradation by restoring degraded wetlands. If elected the activity include emissions of greenhouse gases and reduction of carbon stocks resulting from human-induced drainage of wetlands, with exception of staple food production such as paddy fields.

Inclusion of “Planted Production Forest”

Planted Production Forest has been one of the most important economic activities in many developing countries. It has significant contribution to the improvement of livelihood in many communities living near the forest. For Indonesia, many of these planted production forests are established in the areas where non-productive forest lands are being continuously degraded.

To this end, we would like to include the following definition of activities to be elected in LULUCF activities in second commitment period:

“Planted production forest” is a forest consisting of introduced species that met all the following criteria: dominated by one or two species at plantation, even age class, and regular spacing. The “planted production forest” shall have been established by direct human-induced conversion of non-forest land to forest land or non-productive forest land to planted production forests by the planting and/or seeding provisions of an afforestation or reforestation activities.

Inclusion of “Force Majeur” definition

Compare to industrial-based emission that majorly planned and induced by human activities, LULUCF-based emission sometimes occur as result of extreme weather events or severe climate events. Indonesia, like many others, has experienced such event in 1998 when more severe and frequent ENSO events are happened across the country and damage many of our tropical forests.

In this regard, we would like to support the inclusion of “Force Majeur” term in the modalities of LULLUCF in second commitment period, with definition as follow:

“Force majeure” means, for the purposes of this decision, an extraordinary event or circumstance that is beyond the control of Parties, and may include, wildfire, severe pest outbreak, flooding, landslide, volcano, earthquake, severe wind storm, or other forms of climatic variability and extreme weather events.

Inclusion of “Certified Sustainable Forest Management” on the modalities of additional activities of LULUCF

Indonesia supports the proposal to assess the possibility of having “certified sustainable forest management” on the modalities of LULUCF, if economic viability is included as one of parameters to measure and verify the sustainability of such certified forest management.

In this regard, we propose the following paragraph to be considered:

“Certified Sustainable Forest Management” is socially just, economically viable, and ecologically responsible management of forests that has been certified, and that such certification has been considered by SBSTA and subsequently approved by the Conference of Parties serving as the meeting of Parties and is based on the criteria provided for in this Annex”.

Japan's view on the Annex of the conclusion of the AWG-KP7: Options and proposals on how to address definitions, modalities, rules and guidelines for the treatment of land use, land-use change and forestry (LULUCF)

Japan appreciates the effort made by Co-chairs of the contact group of agenda item 5 (b) of the AWG-KP7 to prepare the Annex titled "Options and proposals on how to address definitions, modalities, rules and guidelines for the treatment of land use, land use change and forestry" to its conclusion (FCCC/KP/AWG/2009/L.3), which provides a good basis for further consideration. Japan welcomes the opportunity to present the view on the Annex, in addition to its view on the treatment of LULUCF submitted in February, 2009 (FCCC/KP/AWG/2009/MISC.5, pp.42-47), and hereby submits it as follows.

It should be noted that, depending on the outcomes of deliberation on other issues, in particular treatment of base years and flexibility mechanisms, the following views and relevant paragraphs of the Annex, may need to be adjusted.

1. General view

As described in Japan's view submitted in February, 2009 (FCCC/KP/AWG/2009/MISC.5, pp. 42-47), regarding forest management under Article 3, paragraph 4, of the Kyoto Protocol, gross-net accounting can provide incentives for sustainable forest management regardless of the stage of forest maturity without causing new methodological challenges and arbitrariness in accounting. In addition, strict application of the activity-based approach, which allows accounting for removals only from forests where human-induced activities since 1990 are clearly identified, is the most appropriate way to deal practically with the issue of factoring out.

Applying a cap properly reflecting removal potentials of forest management in the national emission reduction commitment of each country in a transparent manner with consideration to specific aspects of LULUCF can avoid granting excessive credits and undermining emission reduction efforts.

There should be a continuity of the rules for the treatment of forest-related activities because the growth of forest will take several decades and forest/forestry policy needs continuity.

From the aspects above, Japan strongly supports keeping the current treatment of forest management, i.e. the gross-net accounting applying a cap under the activity-based approach, as an option in the Annex to the document FCCC/KP/AWG/2009/L.3 (Option 1 of paragraph 11 in the Annex).

2. Views on each item

(1) Option 1 of the Annex

A. Definitions

Paragraph 1

- Replace (e) by Option 2 of (e bis), and delete Option 1 of (e bis).

[Rationale] Option 1 is not practical, because enormous resources would be required and significant technical difficulties would arise for the exhaustive identification of devegetated areas in a whole country and quantitative measurement of the loss of carbon stocks on small pieces of areas. It would not be cost effective for any countries. On the contrary, Option 2 would

not have significant obstacles in accounting for either increase or decrease of carbon stocks on the areas of revegetation while it could maintain symmetry in accounting.

In that case, the bracketed "devegetation" in paragraph 6 and the bracketed ", devegetation" in paragraph 9 can be deleted accordingly.

- Insert "and/or the management" just after "through the establishment" of the first sentence of Option 2 of (e bis), and add "or the definition of forest management below" at the last part of the first sentence of Option 2 of (e bis).
[Rationale] Revegetation should encompass the concept of vegetation management in addition to vegetation establishment as in the case of forest management, cropland management and grazing land management.
- Japan's proposal for this paragraph (modified Option 2 of (e bis)) is as follows:

"Revegetation" is a direct human-induced activity to increase carbon stocks on sites through the establishment and/or the management of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of afforestation and reforestation above or the definition of forest management below. If elected the activity includes accounting for direct human-induced activities that decrease carbon stocks on land which has been categorized as a revegetation area and does not meet the definition of deforestation.

- Replace the bracketed "Human induced decrease in carbon stocks and/or increases in greenhouse gas emissions on forested land remaining forested land shall be included" in (f) by "If elected, human-induced decrease in carbon stocks and/or increases in greenhouse gas emissions on forest land remaining forest land shall be accounted for as well".
[Rationale] If the original bracketed clause intends to make clear the accounting of both removals and emissions to ensure symmetry in accounting, it is also necessary to make clear that it applies only for Parties choosing forest management as activities under Article 3, paragraph 4.
- Delete (h sept).
[Rationale] There is no "Certified Sustainable Forest Management" in the paragraphs below.
- Replace (h oct) by the text below:

"Harvested wood products" are carbon-based products derived from forests accounted for under the Kyoto Protocol.

- Delete (h dec) and (h onc).
[Rationale] It is not appropriate to include HWP produced in non-Annex I Parties in the accounting in Annex I Parties.

C. Article 3, paragraph 4

Paragraph 6

- Delete the bracketed "and any activity under Article 3, paragraph 4 elected in the first commitment period".
[Rationale] Compulsory accounting of activities under Article 3, paragraph 4, elected in the first commitment period should be reconsidered when rules change substantially.

Paragraph 6 bis

- Delete.

[Rationale] It is premature to discuss compulsory accounting of forest management. It should be discussed at the end of the deliberation of the rules in the light of consideration of such aspects as land use circumstances of each country and continuity of the rules.

Paragraph 8

- Delete the bracketed ", in addition to those already selected for the first commitment period,".

[Rationale] Compulsory accounting of activities under Article 3, paragraph 4, elected in the first commitment period should be reconsidered when rules change substantially.

Paragraph 9

- Japan supports keeping this paragraph, which means the net-net accounting for revegetation, cropland management and grazing land management.

Paragraph 10

- Keep the current rule as described in Option 1.
- Replace "in the managed forest" by "resulting from forest management under Article 3, paragraph 4", to clarify the triggering condition of this clause.
- Japan's proposal for the last part of this paragraph is as follows:

if the total anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, since 1990 is equal to, or larger than, the net source of emissions incurred under Article 3, paragraph 3.
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Paragraph 11

- Delete the brackets and keep "after the application of paragraph 10 above" in consistence with Option 1 of paragraph 10.
- Keep Option 1.
[Rationale] As described in "1. General view " above.
- Revise the appendix of Option 1 in accordance with removal potential of each Party.
- Delete footnote 4 related to the appendix.
- Delete Option 2.
[Rationale] As clearly described in the IPCC report, it is difficult to set discount factors with sound scientific justification.
- Japan supports Option 1 to secure the effects of gross-net accounting described in "1. General view " above. In case Option 3 is to be considered, however, it is necessary to develop criteria which enable a bar to be set in a manner that incentives for forest management should be provided with each country. From this aspect, there should be several criteria, without implying any priority among them, for a country to use for setting its country-specific bar based on its data and information because due consideration to each country's national circumstances is necessary. Therefore, the original bracketed "The bar could be established considering:" should be replaced by "The bar shall be established with due consideration to national circumstances, such as:", and the

following should be included in the criteria:

- (a) Historical removals or emissions from forest management
(Replace original "(a) Agreed levels could be set and provide relevant elements in support.")
- (b) Degree of forest management measures implemented
- (c) Legacy effects of age structure, in particular those which lead to declining removals even if the presence of sustainable forest management
(Replace original "(b) An alternative level could apply the presence of sustainable forest management.")
- (d) Continuity of national forest policies and measures in line with the accounting rules and methodologies to identify forests under forest management, especially for Parties which elected forest management in the first commitment period
(Replace original "(c) Continuity of the provision in the first commitment period.")

Japan's proposal for Option 3 is as follows:

Option 3: be subject to the application of a bar as inscribed in the appendix below. The bar shall be established with due consideration to national circumstances, such as:

- (a) Historical removals or emissions from forest management
- (b) Degree of forest management measures implemented
- (c) Legacy effects of age structure, in particular those which would lead to declining removals even if the presence of sustainable forest management
- (d) Continuity of national forest policies and measures in line with the accounting rules and methodologies to identify forests under forest management, especially for Parties which elected forest management in the first commitment period

- Delete Option 4.
[Rationale] It is difficult to set a baseline in a transparent and verifiable manner avoiding any arbitrariness.

Paragraph 12

- Delete.

D. Article 12

Paragraphs 13 bis and 13 ter

- Delete.

[Rationale] Land eligibility for AR-CDM has already been resolved, as CDM-EB35 developed a new tool for this issue following the request from CMP2.

E. General

Paragraph 16

- Replace "the second commitment period" by "the second and subsequent commitment periods" in the second sentence.

[Rationale] The definition of forest in each country should not be changed over time. In addition, any new concept should not be added to the definition of forest, because the continuity from the first commitment period should be ensured and complication of rules should be avoided.

- Japan's proposal for this sentence is as follows:

The selection of a Party shall be fixed for the duration of the second and subsequent commitment periods.

Paragraph 19

- Whole paragraph should be bracketed.

[Rationale] Compulsory accounting of the land once accounted for in the first commitment period should be reconsidered when rules change substantially.

Paragraph 21 bis

- Excluding natural disturbance impacts from accounting has a risk to hamper incentives for prevention of and restoration from natural disturbance which should be implemented through the management practices in the area where human-induced activities since 1990 have been identified.

However, if a method to exclude extraordinary natural disturbance impacts is needed from the viewpoint of reducing inevitable compliance risks, the following points should be duly explored in accordance with Option 1 of this paragraph: definition of natural disturbance to be excluded, method to determine whether specific emissions/removals are caused by natural disturbances, transparent and comparable measurement, reporting and verification method, securement of prevention of and restoration from natural disturbances, etc.

Paragraph 21 ter

- Add Option 4 as follows, in line with the above proposed amendment to paragraph 1 (h oct):

Option 4:

- (a) Harvested wood products to be accounted for shall be those products within the country of origin of forests where the wood products were grown.
- (b) Harvested wood products to be accounted for shall consist of roundwood and other solidwood products such as sawnwood, plywood and wood-based panels, but shall not include paper, pulp, fuelwood or other short-lived wood products.
- (c) Notwithstanding the provisions of (a) and (b) above, harvested wood products in solid waste disposal sites shall not be accounted for.

[Rationale] This option is proposed in accordance with the view on harvested wood products included in Japan's previous submission (FCCC/KP/AWG/2009/MISC.5, p.43-44), considering that the accounting for exported or imported harvested wood products may create additional uncertainties in lifetime of exported wood products and in origin of imported wood products, while harvested wood products in solid waste disposal sites should not be promoted, since they do not produce any substitution effects, which cascade use of wood products do.

Paragraph 21 qua

- Delete.

[Rationale] It is premature to discuss limitation of the use of LULUCF for achieving national emission reduction commitments, before conclusions on the LULUCF accounting rules are reached and LULUCF removal potentials are subsequently specified.

(2) Option 2 of the Annex

- Delete Option 2.

[Rationale] It is extremely difficult for all Annex I Parties to account for emissions and removals from all managed lands in a manner consistent throughout time with due accuracy available for achieving national emission reduction commitments. If such significant and diversified uncertainties are brought into national emission reduction commitments, comparable efforts among all countries will be jeopardized. Furthermore, any specific proposals to make in-depth discussions have not been provided.

PAPER NO. 11: MALAYSIA

**Submission by Malaysia on AWG-KP Agenda Item 5 (b)
Land use, Land use Change and Forestry (LULUCF)**

On the issue of Land use, Land use Change and Forestry (LULUCF), Malaysia believes that it is important to maintain consistency with the rules that apply to LULUCF in the first commitment period, as well as to LULUCF in the general context of the Convention and the Kyoto Protocol.

Malaysia strongly believes that the treatment of LULUCF should not lead to the creation of loopholes that would allow Annex I parties to achieve their emission reductions through technicalities; neither should the implementation of LULUCF activities be used to justify reductions in mitigation efforts in other sectors.

Malaysia holds the view that CDM Afforestation and Reforestation activities should be continued in the second commitment period of the Kyoto Protocol, including modalities and procedures for alternatives to tCERs and ICERs to address the issue of permanence in Afforestation and Reforestation activities.

PAPER NO. 12: NEW ZEALAND

New Zealand

**A Submission to the Ad-Hoc Working Group on Further Commitments for Annex I Parties
under the Kyoto Protocol (AWG-KP)**

Land Use, Land Use Change and Forestry (LULUCF)

24 April 2009

Introduction

1. At its seventh session the AWG-KP requested its Chair to prepare a text on other issues¹ for consideration at its eighth session in June 2009, as part of its work on agreeing further commitments for Annex I Parties under the Kyoto Protocol.
2. The AWG-KP also requested that the elements in the Chair's text relating to the definitions, modalities, rules and guidelines for the treatment of LULUCF be based on the annex of the conclusions of the seventh session as contained in document FCCC/KP/AWG/2009/L.3.
3. The AWG-KP concluded that progress on LULUCF made at its seventh session (as reflected in the annex identified above) could facilitate its deliberations at its eighth session in June 2009.
4. The AWG-KP invited Parties to submit to the secretariat, by 24 April 2009, views on the annex for compilation into a miscellaneous document for consideration at its eighth session.
5. The AWG-KP also invited Parties to submit to the secretariat views on possible improvements to emissions trading and the project-based mechanisms, as detailed in FCCC/KP/AWG/2009/L.2. These include possible changes to the treatment of LULUCF activities under the clean development mechanism (CDM).
6. This submission responds to those invitations issued above. In preparing this submission, we have taken into account information and ideas contained in Annex IV to the report of the AWG-KP at its resumed fifth session, Annex III to the report of the AWG-KP at its sixth session, the Annex to the conclusions of AWG-KP at its seventh session, and Parties' previous submissions.

Context

7. The rules for LULUCF under Articles 3 and 12 as agreed in the Annex to Decision 16/CMP.1 and in the Annex to Decision 5/CMP.1 are for the first commitment period only. As such, there are no rules for LULUCF post-2012. This means that a new decision on rules for LULUCF post-2012 will have to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/CMP). This is an opportunity to remedy the widely recognised inadequacies in the current rules, in order to improve their environmental effectiveness.

¹ As outlined in the report on its resumed sixth session in FCCC/KP/AWG/2008/8, paragraph 49

8. New Zealand has a particular interest in LULUCF rules because this sector has a disproportionate weight in New Zealand's emissions profile compared to other Annex I Parties. Relatively minor rule changes can have a large impact on the cost of our commitments under the Protocol. Therefore, certainty over the rules that will apply in the second commitment period is important for New Zealand, before finalising our further commitments.
9. We do not consider that amendments are required to the Kyoto Protocol in order to develop and apply rules for LULUCF post-2012.
10. While acknowledging that there may be a number of ways that improvements can be made to the rules under different formulations, our detailed proposals for land-use flexibility for planted production forests, the Afforestation/Reforestation (A/R) Debit Credit rule, and harvesting emissions (Emissions to Atmosphere) as presented in previous New Zealand submissions still stand. We refer readers to our submission contained in (FCCC/KP/AWG/2009/MISC.5).
11. We request that the legal text on flexibility for planted production forests as presented in the Annex to the conclusions of AWG-KP at its seventh session be updated to reflect the text from our submission of 15 February 2009 (FCCC/KP/AWG/2009/MISC.5 - legal text box on page 52).
12. In this submission, we identify areas where we feel there is convergence between options, suggest areas where we would like to focus attention, and suggest areas that we consider do not merit further attention.
13. Specific issues discussed in this submission include:
 - Natural disturbances
 - The "Bar" approach
 - Emissions from harvesting (Harvested Wood Products)
 - Option 2 – land based accounting
 - Article 12 – LULUCF in CDM

Natural Disturbances

14. New Zealand has previously stated that we are open to considering all approaches to factor out natural disturbances, including methodological approaches and/or policy approaches. This position still stands.
15. New Zealand considers that the factoring out of natural disturbances for Article 3.4 forests is fundamentally different than it is for Article 3.3 Afforestation / Reforestation forests. The key difference between these two types of forests lies in a Party's ability to manage compliance risk: whereas Article 3.3 Afforestation / Reforestation forests receive credits for the bulk² of the carbon sequestered, in many cases Article 3.4 forests do not as a significant carbon stock was already present in 1990.
16. This difference needs to be taken into account in the future rules. New Zealand does not believe it is necessary to apply 'time outs' or other policies for natural disturbances to Article 3.3 A/R forests, provided that the A/R Debit Credit rule is updated to include our

² Except for the carbon stored between 1990-2008

proposed amendment as outlined in our 15 February submission (FCCC/KP/AWG/2009/MISC.5).

17. Australia's proposal, in its November 2008 submission, to allow Parties to symmetrically include or exclude non-anthropogenic emissions and subsequent removals from extraordinary natural disturbances from their mitigation commitments has many merits and we consider that it warrants serious consideration.
18. We also consider that the concept of *Force Majeure*, as suggested by Tuvalu, is a useful concept to explore further. This could include a codified objective definition or test of what 'extraordinary' means in practice.
19. In this respect, New Zealand considers that the concept of *Force Majeure* under the Kyoto Protocol should relate to extraordinary natural disturbances where an extraordinary event or circumstance that is beyond the control of Parties (e.g., wildfire, severe pest outbreak, flooding, landslide, volcano, earthquake, or severe wind storm) results in a compliance risk.
20. Assuming that the principal concern is addressing extraordinary natural disturbances that result in a compliance risk, we believe that this should be ascertained in an objective manner. Parties with significant concerns of extraordinary natural disturbances should already have a good idea of the scale of the event that would likely present a compliance risk to them. Examples from Parties will be helpful in defining the appropriate standard to apply.
21. It could possibly be done by comparing the scale of the event as a percentage of AAUs, as a percentage of total emissions, relative to Convention reporting, or some other factor. Such an approach could be predetermined and would provide certainty and transparency.
22. New Zealand considers that the following elements should be considered as part of any approach to symmetrically include or exclude non-anthropogenic emissions and subsequent removals from extraordinary natural disturbances:
 - a. Provision should only apply to Article 3.4 forests [forest lands] – as we expect that the A/R Debit Credit sub-rule will be continued post-2012 (in line with New Zealand's proposal).
 - b. The standard for a qualifying extraordinary natural disturbance should be defined in the CMP decision.
 - c. The quantum of carbon stock lost due to an extraordinary natural disturbance should be the sum of all carbon pools for that unit of land (including that retained in the harvested wood products pool). Therefore, carbon moved from the living biomass pool to the deadwood pool or the harvested wood products pool should only be taken into account when emitted (assuming the Emissions to Atmosphere approach as put forward in New Zealand's submission of 15 February 2009).
 - d. Carbon stock changes on the unit of land that is excluded should continue to be reported to enable transparent monitoring.
 - e. Provision should only apply to units of land that do not undergo a subsequent land-use change.

- f. The unit of land should only re-enter a Party's national accounts once the carbon dioxide removals equalled the carbon stock losses from the extraordinary natural disturbance.
 - g. A Party should take reasonable steps to ensure that the carbon stocks are recovered.
 - h. The Party should provide verifiable geo-spatially referenced information on the land subject to the extraordinary natural disturbance.
 - i. Once land has been timed out it shall continue to be reported during and beyond the second commitment period until such time as the land has recovered the carbon stocks to the state prior to the extraordinary natural disturbance.
23. The provision could continue across commitment periods. Parties would need to agree on a year of disturbance before which these provisions would not apply, so that they do not receive an imbalanced benefit from the re-growth of carbon stocks up to and during the second commitment period, yet faced major emissions since 1990³.

Approval process

24. A Party included in Annex I which has suffered an extraordinary natural disturbance during the second commitment period or subsequent commitment periods (where electing 3.4 Forest Management), may seek approval from the appropriate body⁴ to seek a time out and hence eliminate such land from the accounting system for a period of time until the carbon stocks on the land are returned to the state prior to the extraordinary natural disturbance.

“The Bar” approach

25. For New Zealand a pre-condition of the Bar approach is that post-1989 A/R forests continue to be fully credited for carbon stock change.
26. New Zealand considers that the Bar approach should be considered as an accounting method for post-2012. We consider it could be used for the accounting of 'forest management' only, or possibly for all forests, thereby removing the distinction between 3.3 and 3.4 forests in the rules⁵ (i.e. via a CMP decision).
27. New Zealand considers that the Bar is the best estimate of carbon stock change (net emissions and removals) in the pre-1990 forest still in existence at 31 December 2012⁶ that can be expected to occur over the next (and possibly subsequent) commitment period(s) under business as usual management. At the end of the period, carbon stocks above the agreed level would be credited and carbon stocks below would be debited. The Bar would be adjusted for national circumstances and in order to reflect a degree of continuity with previous accounting approaches.

³ If the Bar proposal was to proceed, re-growth could be incorporated into the reference level.

⁴ Appropriate body could be the compliance committee or other independent reviewer. We do not believe that COP is the appropriate body for this task.

⁵ While maintaining Article 3.3 and 3.4 in the Kyoto Protocol without amendment.

⁶ The end of the first commitment period, with reductions in area already been accounted for.

28. Therefore the bar could be set as an emission for some periods. This would reflect the harvesting of these forests as business as usual management. The carbon stock would be restored in subsequent periods as sequestration occurs in newly planted trees, meaning that in future periods the bar could be a sequestration. In the case of New Zealand the net result of crediting and debiting would be close to zero across multiple periods, unless there was some significant management change.
29. In this approach the following information would be required:
 - a. Pre-1990 forest as at 31 December 2012;
 - b. The carbon content of pre-1990 forest as at 31 December 2012;
 - c. The business as usual harvesting and growth of these pre-1990 forests given the management regime they are under as at 31 December 2012.
30. The effect of CO₂ fertilisation and nitrogen deposition can be addressed (at least in part) by the Bar if projections (reference levels) are based on recent models. Similarly, background natural disturbances can also be factored in to the Bar reference level, and only exceptional events (e.g. extraordinary natural disturbance) would need to be addressed through some other mechanism, e.g. time-out.
31. Further considerations for the Bar:
 - a. The bar should be negotiated and agreed before commitments are made. This will require the establishment of criteria.
 - b. Agreed reference levels for each Party could be included as Annex to a CMP decision.
 - c. Considerations will need to be given as to how the bar would be set for future commitment periods.

Emissions from Harvesting (Harvested Wood Products)

32. New Zealand has proposed that emissions from harvesting activities, post-2012, should be accounted for, in the producing country, on the basis of *when* they occur. This is called the "Emissions to Atmosphere" (ETA) approach.
33. We have previously submitted proposed legal text for our ETA approach.
34. In our proposed ETA, accounting for emissions using this approach would be voluntary. This decision to use the ETA approach would be based on a number of factors, including data availability and cost-effectiveness. Where a Party may have limited data or the cost of obtaining the data did not make sense (e.g. for some short-lived products, or small volumes of particular products) they might choose to use the default instant oxidation assumption. It is New Zealand's view that cost-effectiveness should be a consideration of the Party wishing to account for emissions, rather than a decision made on the Party's behalf by arbitrarily limiting the application of the approach.

35. It is New Zealand's view that imported harvested wood products from another country should not enter the accounting system. Accounting for wood products should be the responsibility of the producing country.
36. All pools should be considered when calculating emissions from harvesting.
37. We note that in the Annex to the conclusions of AWG-KP at its seventh session, there is an alternative approach suggested to address emissions from harvesting/harvested wood products⁷. We consider that while the approach is broadly consistent with New Zealand's suggested ETA approach, there are several differences that deserve further comment, specifically:
 - a. instant oxidation of exports
 - b. instant oxidation for short-lived products
 - c. instant oxidation from deforestation
38. ***Instant oxidation of exports*** - New Zealand does not consider it appropriate to assume instant oxidation of exported timber. This is for the following reasons:
 - a. The wood is not oxidised instantly.
 - b. All lifetimes developed and used in the accounting of emissions from harvested timber will be subject to review. The agreement should not pre-suppose the ability to collect data on this. This is particularly true when the scientific body charged with developing methodologies, the IPCC, included default values for timber lifetimes in their Good Practice Guidance for LULUCF.
 - c. It would remove some of the incentive to work with developing countries to provide traceability of timber supplies and products and improve the lifetimes of these products.
 - d. It would be inconsistent with Article 2.3 of the Kyoto Protocol, by creating adverse effects in the trade of timber sourced from within the Kyoto Protocol regime compared to other sources, incentivising the trade in timber sourced from outside the Kyoto accounting regime. This could exacerbate illegal logging and deforestation issues that may exist already, hence the proposed accounting for imported timber from non-Annex I to Annex I. We do not consider that this is necessary if we do not limit the approach to domestically produced and retained wood products.
39. ***Instant oxidation for short-lived products*** - New Zealand believes short-lived products should be included in accounting as many options exist to extend their lifetimes. Exclusions based on product categories (e.g. paper, cardboard) will remove an incentive to do this. Conversely defining a 'short-lived' product based on a time horizon would create an exaggerated reward for lengthening the lifetime by a small amount. In reality, as most of the short-lived materials would oxidise during the commitment period in question, there would be no material change to the RMUs at the end of the period.

⁷ See Annex to FCCC/KP/AWG/2009/L.3, Section E, paragraph 21 ter, Option 2.

40. **Instant oxidation from deforested land** – we do not consider this is practical or necessary.

Option 2 – Land-based Accounting

41. New Zealand does not support land-based accounting in CP2 for a number of reasons, including:
- a. It would arbitrarily penalise Parties that were sequestering carbon in 1990/baseyear.
 - b. The information requirements are large, and often unobtainable.
42. This does not mean we should not at some stage be investigating this for future periods. However, we believe that there is broad consensus that land-based accounting is not possible for CP2. Further consideration of this option now will therefore be an unnecessary distraction for the task at hand, which must be to establish rules for LULUCF that will apply in CP2 in a timely manner to allow Annex I Parties to set commitments for CP2.

Article 12: Emissions to Atmosphere approach for Afforestation and Reforestation (A/R) activities in the CDM

43. As we have suggested in the section on Emissions from Harvesting (Harvested Wood Products) in our previous submission of 15 February 2009 (FCCC/KP/AWG/2009/MISC.5), we consider that the Emissions to Atmosphere approach could be applied to A/R activities in the CDM.
44. This should also improve the incentives for the establishment of such projects and sustainable, high value timber production from them.

Proposed legal text

Carbon removed in wood and other biomass from forests accounted for under Article 12 of the Kyoto Protocol shall be accounted for on the basis of default instantaneous oxidation or on the basis of estimates as to when emissions occur provided verifiable data are available. Such carbon, including carbon in exported wood, may be transferred to a harvested wood products pool to be accounted for by the Party producing the wood.

45. Note that the issue of accounting guidelines and good practice for the post-2012 period will need to be addressed as a cross-cutting issue in the final LULUCF decision text, as will provisions for reporting and review.

Non-permanence

46. New Zealand considers that there are a number of ways to address the issue of non-permanence of A/R activities in the CDM.
47. In the first commitment period it was resolved through the issuance of differentiated credits (tCERs and /CERs) for A/R activities in the CDM.

48. Experience so far has shown that this has probably prevented many A/R CDM projects from being established in the first place (although there are many reasons why investors may choose not to invest in forests under the CDM). This is a substandard outcome for those non-Annex I Parties with great potential for afforestation and reforestation activities.
49. New Zealand considers an option to address non-permanence of A/R projects in the CDM would be for non-Annex I Parties to voluntarily take on responsibility for any reversal of carbon stored through an A/R activity. This is how the issue of non-permanence is addressed within Annex I Parties. We consider that non-Annex I Parties could be offered the same opportunity.
50. Non-Annex I Parties would only enter into this sort of arrangement at their own discretion and if they wished increase the viability of their A/R CDM projects. The existing tCER and ICER framework would still be available to non-Annex I Parties that do not want to take on such a responsibility.
51. Non-permanence ceases to be an issue if there is full compensation at the time of reversal of the carbon that was once stored. These long-term obligations could be met by non-Annex I governments (the host Party).
52. New Zealand considers this approach could be applied to other LULUCF activities in the CDM should they become eligible post-2012.
53. This approach would require changes to the Annex to Decision 5/CMP.1, which currently applies for the first commitment period only.

Proposal legal text: Modification to the Annex to Decision 5/CMP.1: Addressing non-permanence of afforestation and reforestation project activities under the CDM

In the second and subsequent commitment periods, the project participants shall select one of the following approaches to addressing non-permanence of afforestation or reforestation project activity under the CDM:

- (a) Issuance of tCERs for the net anthropogenic greenhouse gas removals by sinks achieved by the project activity since the project start date in accordance with paragraphs [AA-BB]⁸
- (b) Issuance of ICERs for the net anthropogenic greenhouse gas removals by sinks achieved by the project activity during each verification period in accordance with paragraphs [CC-DD]⁹
- (c) Issuance of CERs for the net anthropogenic greenhouse gas removals by sinks achieved by the project activity since the project start date in accordance with paragraphs [*New provisions governing CERs for afforestation and reforestation projects*] (see below)

For Parties electing to apply the approach in sub-paragraph (c), the designated operational entity shall, prior to the submission of the validation report to the Executive Board, have

⁸ This corresponds to the provisions governing tCERs as provided in paragraphs 41-44 of the Annex to Decision 5/CMP.1.

⁹ This corresponds to the provisions governing ICERs as provided in paragraphs 45-50 of the Annex to Decision 5/CMP.1.

received from the project participants written confirmation by the host Party that the host Party will replace the required number of CERs issued for that project at the time where either:

- (a) The certification report of the DOE indicates a reversal of net anthropogenic greenhouse gas removals by sinks since the previous certification; or
- (b) The certification report of the DOE has not been provided in accordance with paragraph [EE]¹⁰.

The approach chosen to address non-permanence shall remain fixed for the crediting period, including any renewals.

New provisions governing CERs for afforestation and reforestation projects

A Party included in Annex I may use CERs from afforestation and reforestation projects towards meeting its commitment for the commitment period in which they were issued and in subsequent commitment periods. Such CERs may be carried over to a subsequent commitment period.

The CDM registry shall include a CER replacement account for each commitment period for each Party not included in Annex I hosting an afforestation or reforestation CDM project activity and requesting such an account. The purpose of this replacement account shall be for that non-Annex I Party to replace CERs from afforestation and reforestation projects at the time where either:

- (a) The certification report of the DOE indicates a reversal of net anthropogenic greenhouse gas removals by sinks since the previous certification, or
- (b) The certification report of the DOE has not been provided in accordance with paragraph [EE]¹⁰.

Where a non-Annex I Party is required to replace CERs pursuant to either subparagraph (a) or (b) above¹⁰, the Executive Board shall notify the non-Annex I Party hosting the project of the requirement to replace an equivalent number of CERs. Within 30 days of receiving such notification the non-Annex I Party hosting the project shall transfer the required number of CERs to its CER replacement account for the current commitment period.

Agriculture Soil Carbon in the Clean Development Mechanism

- 54. New Zealand believes that the inclusion of agriculture soil carbon should be considered as an eligible activity under the CDM post-2012.
- 55. We recognise that methodologies will need to be developed at the project level to ensure verified removals/emissions of soil carbon (and other agriculture greenhouse gases) below baselines; that additionality will need to be demonstrated; and that as with A/R in the CDM, non-permanence will need to be addressed appropriately.
- 56. New Zealand considers that the same approach we have suggested to address non-permanence in CDM A/R activities could be applied to CDM soil carbon activities; that is

¹⁰ This corresponds to the appropriate paragraph in the section on verification and certification, which is paragraph 33 of the Annex to Decision 5/CMP.1.

through the issuance of /CERs or tCERs or by non-Annex I Party voluntarily taking on responsibility for any reversal.

Proposed legal text

Decides that the eligibility of land use, land-use change and forestry project activities under the clean development mechanism for the second and subsequent commitment periods is limited to afforestation, reforestation, cropland management and grazing land management.

**The views and proposals on the annex to Conclusions of the Chair of AWG-KP LULUCF,
7th session**

A. Definitions

1. For land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, the following definitions shall apply:

(a) "Forest" is a minimum area of land of 0.05–1.0 hectare with tree crown cover (or equivalent stocking level) of more than 10–30 per cent with trees with the potential to reach a minimum height of 2–5 metres at maturity in situ. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10–30 per cent or tree height of 2–5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest

Proposal: *due to the proposal of separate determination of "Planted production forest", the definition of "forest" should consider only forestry ecosystems with minimum area and tree crown cover that corresponds to parameters of natural forests.*

"Forest" is a minimum area of land of 1.0 hectare with tree crown cover (or equivalent stocking level) of more than 30–50 per cent with trees with the potential to reach a minimum height of 2–5 metres at maturity in situ. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands ~~and all plantations~~ which have yet to reach a crown density of 30–50 per cent or tree height of 2–5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest

...

(c) "Reforestation" is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land. For the first commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989

Proposal: *"Reforestation" is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land. **Tree crown cover after reforestation should not be smaller than it was originally on this territory.** For the first commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989*

B. Article 3, paragraph 3

3. For the purposes of determining the area of deforestation to come into the accounting system under Article 3, paragraph 3, each Party shall determine the forest area using the same spatial assessment unit as is used for the determination of afforestation and reforestation, but not larger than 1 hectare.

Proposal: For the purposes of determining the area of deforestation to come into the accounting system under Article 3, paragraph 3, each Party shall determine the forest area using the same spatial assessment unit as is used for the determination of afforestation and reforestation, but not larger than 0.00005 per cent of total forest area in the country. Parties shall provide transparent and verifiable information on how the time-series consistency of the reported 3.3 activities is maintained in case of changing the spatial assessment unit for determining forest area for second commitment period.

(see an Appendix to this submission)

C. Article 3, paragraph 4

11. For the first commitment period only, additions to and subtractions from the assigned amount of a Party⁴ resulting from forest management under Article 3, paragraph 4, after the application of paragraph 10 above and resulting from forest management project activities undertaken under Article 6, shall not exceed the value inscribed in the appendix⁵ below, times five.

...

Option 3: be **subject to the application of a bar as inscribed in the appendix below**. The bar could be established considering:

- (a) Agreed level could be set by using the average removals or emissions from forest management for agreed historical base year or period. Otherwise countries could propose an alternative removals or emissions level in the submission mentioned below and provide relevant element in support.
- (b) An alternative level could apply where national circumstances, particularly the legacy affects of age structure, lead to a declining sink in projected emissions even if the presence of sustainable forest management.
- (c) Continuity of the provisions for accounting in the first commitment period.

Proposal: to authors of this option to evaluate further concept of “bar” including 2 opportunities for a band around the bar level:

- band which is up and below of bar level to account for interannual variability
- band which is between bar level and zero

Option 4: Accounting for forest management using a forward looking Baseline. The elements that would need to be reflected in a legal text to implement the proposal are the following:

....

- (g) A Party could decide to exclude emissions and subsequent removals resulting from natural disturbance events from its estimate of forest management emissions and removals in the commitment period.
- (h) A Party that decided to exclude the emissions and removals resulting from natural disturbances would need to provide information on the natural disturbances in its national inventory report. This would include a demonstration that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced. The information provided would be subject to review.

Proposal: these two paragraphs should be included as possibilities under Option 3 as well.

Appendix. Minimum area for accounting Article 3, paragraph 3

Party	Total forest area in 2006, th. ha	0,00005% (ha)
Australia	16909,59	8,5
Austria	3619,887	1,8
Belarus	8082,3	4,0
Belgium	620,9811	0,3
Bulgaria	4076,464	2,0
Canada	229995,2	115,0
Croatia	1889,638	0,9
Czech Republic	2592,954	1,3
Denmark	475,6	0,2
Estonia	2251,9	1,1
European Community (15)	121286,9	60,6
Finland	22145,69	11,1
France	16384,23	8,2
Germany	10798,94	5,4
Greece	6560,213	3,3
Hungary	1805,802	0,9
Iceland	55,91	0,03
Ireland	553,9966	0,3
Italy	11261,38	5,6
Japan	24986,4	12,5
Latvia	2929	1,5
Liechtenstein	6,148047	0,003
Lithuania	2030	1,0
Luxembourg		
Monaco		
Netherlands	478,799	0,2
New Zealand	1839,838	0,9
Norway	9435,121	4,7
Poland	8990,62	4,5
Portugal	3475,776	1,7
Romania	6754,7	3,4
Russian Federation	619349,2	309,7
Slovakia	1932	1,0
Slovenia	1173,847	0,6
Spain	14190,94	7,1
Sweden	28226,08	14,1
Switzerland	1301,023	0,7
Ukraine	9766,413	4,9
United Kingdom of Great Britain and Northern Ireland	2494,347	1,2
United States of America	256358,2	128,2

PAPER NO. 14: SAUDI ARABIA

SUBMISSION BY SAUDI ARABIA

April 24, 2009

Definition, modalities, rules and guidelines for the treatment of land use, land-use change and forestry (LULUCF) in the second commitment period (AWG-KP)

Saudi Arabia welcomes the opportunity to submit its views on Definition, modalities, rules and guidelines for the treatment of land use, land-use change and forestry (LULUCF) in the second commitment period (AWG-KP) by 24 April, 2009 as included in the following documents:

1. FCCC/KP/AWG/2009/L.3, paragraph 3

LULUCF is a very important and relevant emission source that should be treated in a balanced manner to emissions from other source and it 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, Saudi Arabia calls for as well as supports:

- Utilization of the full mitigation potentials in the sector towards the further Annex I parties commitments.
- Development of adequate rules and modalities to guide the treatment of LULUCF to achieve the objective of Sustainable Development.
- An urgent settlement of the GWP issue.

Singapore's Submission to the Ad-hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol

1 At the Seventh Session of the Ad-hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG), Parties were invited to provide additional information, views and proposals on the definitions, modalities, rules and guidelines relating to Land Use, Land-use Change and Forestry (LULUCF). This submission details Singapore's views on the LULUCF discussions.

Forested peatlands or wetlands

2 Singapore notes that wetlands and forests are currently two separate categories of land-use under the Good Practice Guidelines for LULUCF (IPCC 2003). Emissions from wetlands, in particular wetlands over peat soils, are not currently accounted for under the Kyoto Protocol. Many of the wetlands over peat soil in Southeast Asia are naturally forested. As such, there is potential for oversight and overlap when accounting for these two land-uses. Without clear definitions of wetlands and former wetlands, areas that are no longer forested or flooded might not be included in either category of land-use.

3 To make accounting for emissions and removals from wetlands symmetrical with accounting procedures used for forests, Singapore sees potential for the current definitions of reforestation and afforestation to be applied to formerly forested peatlands or wetlands, using a 50-year cut-off period.

4 Singapore is of the view that emissions from underground fires in peat and coal seams should be included as anthropogenic emissions. Singapore notes that fires in and beneath degraded wetlands, especially during El Nino years, are a major cause of emissions due to peat and coal deposits. Prevention of fires occurring in these areas (e.g. by rewetting) will serve the purposes of the UN Framework Convention on Climate Change, the UN Convention on Biological Diversity and the UN Convention on Combating Desertification.

Definitions

5 The proposed definition of planted production forest is “a forest consisting of introduced species, which as at 1990 met all the following criteria: one or two species at plantation, even age class, and regular spacing.” Singapore finds the

specification of “introduced” species unnecessary and believes that this word should be removed from the definition.

Harvested wood products

6 With reference to the Non-Paper prepared at the AWGKP 7 (FCCC/AWG/2009/KP/INF.1), Singapore recommends that the status of commercially important saps and resins be clarified whether in respect of harvested wood products from Annex I or Non Annex I Parties so as to avoid future dispute. Singapore notes the key differences between Para 1(h oct) Harvested wood products (excluding short-lived products; excluding fuels) and Para 1 (h onc) Non Annex I wood products (including short-lived products; including fuels). Singapore recommends that definitions of these wood products use the expression “carbon removed in wood and other biomass from forests” as reflected in Para 21 (ter).

Accounting Options 1 (Activity-based) and 2 (Land-based)

7 A land-based approach is specifically included as Option 2 in FCCC/AWG/2009/KP/INF.1. Singapore recognizes that Option 1 (Activity-based approach) may not adequately address the full and effective accounting of emissions and removals from changes in land-use. Singapore considers Option 2 (Land-based approach) a more comprehensive approach in this respect.

8 Options 1 and 2 have been presented as alternative accounting methodologies. Singapore does not see the two options as mutually exclusive. It views Option 2 as an ideal framework within which it may be possible to fill in details derived from the Option 1 approach. Singapore advocates a phased transition between the two: for example, from an activity-based Option 1 approach to a combined Option 1 + Option 2 approach, in which the land-based Option 2 approach serves as the broader theoretical matrix. Within this matrix, accounting figures derived from Option 1 calculations may be fitted, accepting that some cells in the matrix will remain empty until suitable and accepted methodologies are developed for all the component parts.

PAPER NO. 16: SWITZERLAND

SUBMISSION OF SWITZERLAND
Land-Use, Land-Use Change and Forestry (LULUCF)
Submission to the AWG-KP, 24th of April, 2009

Switzerland welcomes the opportunity to respond to the AWG-KP's invitation to Parties to submit to the Secretariat, by 24th of April, 2009, views on the annex of the further elaboration of the options and proposals on how to address definitions, modalities, rules and guidelines for the treatment of LULUCF prepared by the Chair at the AWG-KP's seventh session¹, building on annex III of the report of the AWG-KP at its sixth session and annex IV of the report of the AWG-KP at its resumed fifth session.

All proposals in this submission are further elaborations on our submission of February 15th, 2009². With this submission, Switzerland provides brief explanations and suggested text that we hope will contribute to the selection of viable options to be considered at the eighth session. We are pleased to provide our views and proposals on:

1. The inclusion of (voluntary) wetland management within Article 3.4 accounting
2. Mandatory accounting during the second and subsequent commitment periods for the following Article 3.4 activities: forest management, cropland management and grazing land management
3. The application of a discount rate to accounting for carbon credits and debits from Article 3.3, 3.4 activities, as well as forest management activities under Article 6
4. Voluntary accounting for harvested wood products

Wetland Management

For the 2nd CP Switzerland wishes an extension of paragraph 1 of the Annex to 16/CMP.1 and 11 CP.7 by adding a further paragraph:

Recommended text (Option 1 A. Definitions, i)

- (i) "wetland management" is the system of practices on wetlands aimed at manipulating the amount and type of vegetation and soil carbon.

Compulsory Article 3.4 Accounting

To further promote the comprehensiveness of the next LULUCF regime, Switzerland wishes that Article 3.4 of the Kyoto Protocol is implemented so as to make any accounting for forest management, cropland management and grazing land management compulsory as of the second commitment period.

Recommended Text for Section C. Article 3, paragraph 4, 6)

6 ter. All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from all of the following human-induced activities as defined in this Annex, other than afforestation, reforestation, deforestation: forest management, cropland management, grazing land management.

6 qua. A Party included in Annex I may choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks from any or all of the human-induced activities as defined in this Annex other than the activities contained in paragraph 6 above.

¹ FCCC/KP/AWG/2009/L.3

² FCCC/KP/AWG/2009/MISC.5: pp. 67-68

In accordance with paragraph 1 (b) and 19 from 16/CMP.1 the insertion of the following text appears to be helpful in the immediate context of the above proposed paragraphs:

Recommended Text for Section C. Article 3, paragraph 4, 6

6 quin. A Party included in Annex I shall choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks for any or all of the human-induced activities, as defined in this Annex, that the Party has elected to account for in the previous commitment period as described in paragraph 6 bis above.

Discount Rate

Switzerland recommends a simple and symmetrical solution for factoring out for windfall effects and natural disturbances. To keep credits from removals and debits from natural disturbance-caused sources balanced, symmetrical discount factors should be applied to removals by sinks and emissions by sources. Such a simple accounting rule would also facilitate the transition to a land-based accounting system as Switzerland proposes for the third commitment period. This rule could read as follows:

Recommended Text (Option 1. C. Article 3, paragraph 4, 11)

11. A discount rate of [x]% shall be applied during the accounting phase to all carbon credits and carbon debits, which result from activities under articles 3.3, 3.4 and from forest management under article 6 beginning with the onset of the second and subsequent commitment period.

Harvested Wood Products

Accounting for HWPs could begin on a voluntary basis, and would be greatly facilitated if forest management is compulsory in order to avoid perverse incentives. Under the condition that a Party accounts for forest management, only minimal, approach-specific data on the use of wood would be needed.

Switzerland can agree with the HWP definitions (1 (h oct) to (h onc)) in the annex as they are. In order to ensure conservative accounting, Switzerland suggests that HWPs from Non-Annex I Parties be not eligible for crediting unless they are procured by activities such as afforestation or reforestation under Article 12. Therefore Switzerland proposes the following text under option 3 (voluntary basis):

Recommended Text. E. General, 21, Option 3:

As of the second commitment period a Party may choose to account for long-lived "harvested wood products" provided verifiable data on amounts, carbon content, and decay rates and/or emissions from "harvested wood products" are available.

A country that has elected accounting for "harvested wood products" shall account for the amount of carbon in the "harvested wood products" produced in that country and either add the carbon contained in the net import of "harvested wood products" or subtract the carbon contained in the net export of "harvested wood products".

Notwithstanding the provisions in the paragraph above, a country that has elected accounting for "harvested wood products" shall account as emissions from sources within its jurisdiction any "harvested wood products" that are imported from Non-Annex I Parties unless the wood was harvested from forests that are currently involved in activities under Article 12.

Notwithstanding the provisions in the paragraph x above, a country that has elected accounting for "harvested wood products" may account for "harvested wood products" it has exported to another Annex I country that does not account for "harvested wood products" by transferring it to a separate pool of "harvested wood products" that are stored outside of the exporting country provided the wood was produced by the exporting country and verifiable decay rates for those pools are available.