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Ad Hoc Working Group on Long-term Cooperative Action under the Convention

Fourteenth session

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Item 3.2.1. of the agenda

**Nationally appropriate mitigation commitments or actions by developed
country Parties**

Workshop on assumptions and conditions related to the attainment of quantified economy-wide emission reduction targets by developed country Parties, as requested by decision 1/CP.16, paragraph 38

Report by the Co-Chairs of the workshop*¹

I. Mandate

1. The Conference of the Parties, by its decision 1/CP.16, paragraph 38, requested the secretariat to organize workshops to clarify the assumptions and conditions related to the attainment of the economy-wide emission reduction targets communicated by developed country Parties, including the use of carbon credits from market-based mechanisms and land use, land-use change and forestry (LULUCF) activities, and options and ways to increase their level of ambition.

II. Organization

2. The first workshop mandated as described in paragraph 1 above took place in conjunction with the first part of the fourteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) and the sixteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) at the United Nations Conference Centre, Economic and

* This document was submitted after the due date owing to the short interval between the first and the second parts of the fourteenth sessions of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention.

¹ This summary was prepared by the Co-Chairs of the workshop, under their responsibility, at the request of Parties.

Social Commission for Asia and the Pacific, Bangkok, Thailand, on 3 April 2011 from 10 a.m. to 7 p.m.

3. The workshop was Co-Chaired by Mr. Richard Muyungi (United Republic of Tanzania) and Mr. Maas Goote (Netherlands). After introductory remarks by the Executive Secretary, Ms. Christiana Figueres, presentations or oral statements were made by representatives of 18 Parties, 14 of which were Parties included in Annex I to the Convention (Annex I Parties), and included a presentation by a representative of the European Union, and four of which were Parties not included in Annex I to the Convention (non-Annex I Parties), and included presentations by representatives of the Group of 77 and China and the Alliance of Small Island States. The presentations were organized in four sessions, each session being followed by a question-and-answer (Q&A) session. One observer organization, Climate Action Network International, made an intervention and distributed its presentation. The agenda of the workshop, including the list of presenters, is provided in the annex. After the workshop, all the presentations were made available on the UNFCCC website.²

4. The workshop addressed a wide range of issues related to the attainment of the economy-wide emission reduction targets communicated by developed country Parties,³ including the assumptions and conditions associated with the targets and the use of carbon credits from market-based mechanisms and LULUCF activities, as well as some options and ways to increase their level of ambition. Also discussed was the way to advance the process. The discussion on the process covered issues such as the focus and need for such workshops in the future, their relationship with the technical paper to be prepared by the secretariat,⁴ the possible need for additional views from Parties and how to feed the results of the workshops into the negotiating process under the ad hoc working groups.

5. Parties requested the Co-Chairs of the workshop to prepare, under their responsibility, a written report on the workshop.

III. Summary of the proceedings

6. In accordance with its mandate, the workshop addressed, through presentations by Parties, subsequent Q&A sessions and a general discussion, the following issues:

- (a) The nature and level of economy-wide emission reduction targets communicated by developed country Parties;
- (b) The assumptions and conditions related to the attainment of these targets;
- (c) The use of carbon credits from market-based mechanisms and LULUCF activities;
- (d) Options and ways to increase the level of ambition in emission reduction.

7. Many Parties noted that the workshop was very useful and provided a much needed opportunity for Parties to share views on the issues listed above. The workshop showed emerging common understanding among Parties on some issues, as well as a diversity of views on other issues. This open exchange of views triggered by the presentations made the workshop very productive. Parties appreciated this opportunity and many speakers noted that the workshop was helpful in identifying ways for further movement in the negotiation process.

² <<http://unfccc.int/meetings/awg/items/5928.php>>

³ The economy-wide emission reduction targets communicated by developed country Parties are contained in document FCCC/SB/2011/INF.1.

⁴ Decision 1/CP.16, paragraph 39.

A. Nature and level of economy-wide emission reduction targets of developed country Parties

8. All developed country Parties⁵ that made presentations at the workshop explained their quantified economy-wide emission reduction targets. The targets presented were consistent with the quantified economy-wide emission reduction targets of Annex I Parties as communicated by them and compiled by the secretariat in document FCCC/SB/2011/INF.1. The targets are usually formulated as either ranges or options, the implementation of an option or a value in the range being either unconditional or dependent on certain assumptions and conditions.

9. Some developed country Parties noted that they had succeeded in decoupling their greenhouse gas (GHG) emissions from economic growth: in some, GHG emissions either increased slightly, remained stable or decreased, whereas over the same period the gross domestic product increased considerably. In that context, the possibility of combining economic growth with a reduction in GHG emissions was emphasized. However, some developing country Parties noted that this could happen only after a certain level of economic development had been achieved.

10. Most developed country Parties explained their policies and measures aimed at reducing or limiting GHG emissions. The importance of implementing a wide range of policies and measures across all economic sectors, enabled through domestic legislation, was highlighted in many of these presentations.

11. Several Parties indicated that they were preparing low-emission development strategies for the period beyond 2020, which will be used to sustain and deepen emission reductions with a view of achieving the long-term goal of limiting the temperature increase to 2 °C above pre-industrial levels. Some Parties described their long-term decarbonization pathways or mentioned the intention, in the context of an ambitious global agreement, to become carbon-neutral. One Party emphasized the existence of multiple pathways leading to a long-term emission reduction goal.

12. One Party put forward a concept of equitable access to atmospheric resources as a global dimension of sustainable development, based on an equitable sharing of a cumulative atmospheric carbon budget.

13. Japan made an intervention and explained the tremendous impact of the recent earthquakes and tsunami on social and economic life in Japan. Japan expressed its hope that other Parties will understand and appreciate this situation. Japan emphasized that this disaster resulted in the need to re-evaluate many policy issues, including climate change, but noted that it remains committed to the objective of developing a new, comprehensive climate change regime. Japan noted that such a re-evaluation had only just started and that it was premature to predict its possible outcomes.

B. Assumptions and the conditions related to the attainment of these targets

14. The presentations of developed country Parties described the assumptions and conditions associated with the attainment of their quantified economy-wide emission reduction targets. Such assumptions and conditions included the following: the achievement of a global and comprehensive agreement, the comparable commitment of

⁵ Consistent with the mandate of the workshop, the terms “developed country Parties” and “developing country Parties” are used in this report. In their presentations and interventions, Parties used not only these terms but also referred to “Annex I Parties” and “non-Annex I Parties”.

other developed countries and the contribution of developing countries to mitigation reduction efforts in accordance with their responsibilities and respective capabilities; the continued use of market-based mechanisms and LULUCF; and the ability to return to the pre-crisis level of economic growth.

15. Although there was some commonality among such conditions, it was also clear that many conditions or assumptions influencing mitigation potential and emission reduction pathways depend on national circumstances and are different from Party to Party. The need for continued dialogue among Parties on the conditions and assumptions as a means to ensure transparency was noted in several interventions.

16. A group of developing country Parties noted a number of issues related to assumptions and conditions that, in their view, require clarification by developed country Parties. These were the following: conversion of pledges to quantified emission limitation or reduction objectives; modalities for the measurement of emissions and removals; consideration of LULUCF rules; the nature and use of offsets; consideration of supplementarity (need for clarity on domestic effort versus the use of offsets); and the relationship between diversity and comparability. Several representatives of developed country Parties referred to these issues in their subsequent interventions and some clarifications were provided.

17. Developing country Parties expressed their concerns about the existence of various assumptions and conditions associated with the targets of developed country Parties, noting that in their view such conditionality may be delaying or weakening mitigation action by those Parties. In response, several developed country Parties provided rationale for their conditions, often with reference to the need for global mitigation efforts from all Parties, and clarified that certain targets were unconditional. The need to ensure transparency about conditions and assumptions was underlined by many speakers.

18. A considerable part of the Q&A sessions was devoted to discussion of the issues of comparability, compliance, accounting rules and the relationship of these issues with similar issues under the Kyoto Protocol.

1. Comparability

19. Most developing country Parties outlined the importance of comparability. In their view, the approach and rules of the Kyoto Protocol are the reference for comparability and there is a need for internationally defined rules to ensure comparability. These arguments initiated a debate on comparability rules and comparability indicators; some developed country Parties expressed the view that no single comparability measure or metric is possible because of the high diversity in national circumstances of individual Parties. The difference between comparability of efforts and comparability of targets was noted in some interventions.

2. Compliance

20. Similar to comparability, diverse views were expressed on this topic: some saw the need for a compliance mechanism, with the rules under the Kyoto Protocol being the reference or starting point, whereas for others compliance should be understood in the context of domestic legislation.

3. Accounting rules

21. Accounting rules were discussed extensively, in particular during the Q&A sessions. Many speakers referred to the importance of accounting rules, the need to ensure comprehensive coverage of all sources and all sinks across all sectors, and how accounting rules relate to transparency and the understanding of targets. Some developing country

Parties noted the importance of defining and applying accounting rules internationally. Some developed country Parties emphasized that accounting rules influence the level of emission reduction targets. One Party argued that the focus should rather be on transparency and rigour of reporting, because a solid framework for measurement, reporting and verification, including a process for the international assessment of emissions and removals, would be sufficient to ensure that emissions and removals are accounted for.

4. Relationship with the Kyoto Protocol

22. Several developed country Kyoto Protocol Parties noted that they are on track to meet their economy-wide quantified emission reduction or limitation targets established for the first commitment period under the Kyoto Protocol.

23. Developing country Parties noted the importance of retaining commitments for Annex I Parties under the Kyoto Protocol for the period beyond 2012. Many Parties noted the value of the rigorous accounting and compliance rules established under the Kyoto Protocol. One developed country Party noted, repeating earlier statements, that the country does not intend to join the Kyoto Protocol or be bound by rules based on the Kyoto Protocol approach.

24. One developing country Party stated that this workshop should have been conducted under the AWG-KP.

C. Use of carbon credits from market-based mechanisms and land use, land-use change and forestry activities

25. Quite a few presentations addressed the possible use of carbon credits from market-based mechanisms and LULUCF activities, including their consequences for the emission reduction targets of developed country Parties.

26. While most presentations of developed country Parties provided information on the role of market-based mechanisms and LULUCF activities, only a few provided quantitative information on the expected use of market-based mechanisms and LULUCF in their current pledges. However, most developed countries quantified the (expected) use/share of market mechanisms when asked during the Q&A session.

27. There were many references to accounting rules for the use of LULUCF activities and market-based mechanisms, and how they relate to the level and transparency of targets. There was also general recognition that such accounting rules will affect the level of ambition. In that context, most developed country Parties argued that the rules should be defined before finalizing emission reduction targets, which could also help to enhance their level of ambition without compromising the environmental integrity of the process. On the other hand, most developing country Parties argued that the emission reduction targets should be defined through a science-based, top-down approach, without finalizing the rules as a precondition.

28. Developed country Parties highlighted the importance of market-based mechanisms, which were viewed as cost-effective measures that could also help to increase the level of ambition. One Party stated that its emissions trading scheme is its flagship policy. However, some Parties expressed concerns related to the use of market-based mechanisms, which may lead to double-counting of emission reductions and thereby to a decrease in the level of ambition by developed country Parties. The importance of preventing double-counting was noted by both developed and developing country Parties.

D. Options and ways to increase the level of ambition

29. The workshop also covered, to some extent, options and ways to increase the level of ambition of the economy-wide emission reduction targets of developed country Parties, with a view to reducing their aggregate anthropogenic emissions of carbon dioxide and other GHGs not controlled by the Montreal Protocol and holding the increase in global average temperature below 2 °C above pre-industrial levels. This topic was emphasized particularly in the presentations of developing country Parties, some of which referred to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), the recent 'gap report' of the United Nations Environment Programme and some other studies.

30. Most Parties recognized that there is a gap between the current level of emission reduction targets and the level required according to science and as documented in the Fourth Assessment Report of the IPCC in order to realize the global goal of holding the increase in global temperature below 2 °C above pre-industrial levels. In this regard, many Parties, while highlighting the importance of the need for concerted effort from all Parties, expressed their expectation of leadership by developed country Parties. One Party noted that even if the pledges are not sufficient, they represent a step in the right direction.

31. There was a feeling that this workshop was focused more on the targets as communicated and that options and ways to increase the level of ambition were not covered sufficiently. The need to have more in-depth discussion on this issue was expressed by most developing country Parties, and was supported by some developed country Parties. There were also some specific suggestions for further consideration of options and ways to increase the level of ambition, including the following:

- (a) Addressing the issue on the basis of the concept of equitable access to atmospheric resources as a global dimension of sustainable development;
- (b) Launching a work programme to address options and ways to increase the level of ambition for developed country Parties;
- (c) Formalizing the rules for market-based mechanisms and LULUCF;
- (d) Expanding the coverage of sectors and gases, also by including emissions from bunker fuels in the scope of mitigation effort;
- (e) Full access to broad and efficient markets;
- (f) Enhanced implementation of policies and measures domestically.

E. Ways to advance the workshop process

32. In addition to the suggestions provided above, some Parties also provided specific suggestions on the ways to advance the workshop process:

- (a) While this workshop provided some clarity on the issues listed in the mandate for the workshop, most Parties emphasized the need to continue the dialogue in future workshops;
- (b) Parties may be invited to submit their views on the framework for such workshops in the future;
- (c) The outcome of the workshop, captured preferably in the form of a written report by the Co-Chairs of the workshop, should feed back into the negotiation processes under the ad hoc working groups; in this respect, Parties encouraged the Co-Chairs to report the outcome of the workshop to relevant ad hoc working groups;

(d) Those developed country Parties whose representatives did not make presentations of information relating to their economy-wide emission reduction targets at the workshop should be invited to make presentations at the relevant workshops in future and/or submit such information to the secretariat, which will make the information publicly available through the UNFCCC website.

Annex

Workshop agenda

10 a.m. to 1 p.m.

Opening:

- Opening remarks by the Executive Secretary
- Organization of the workshop by the Co-Chairs

Session I:

- European Union
- Group of 77 and China
- Norway
- United States of America
- France
- Questions and answers

Session II:

- Switzerland
- Alliance of Small Island States
- New Zealand
- Germany
- Questions and answers

Break

3 p.m. to 7 p.m.

Session III:

- Russian Federation
- India
- Sweden
- Japan
- Poland
- Australia
- Questions and answers

Session IV:

- Plurinational State of Bolivia
- United Kingdom of Great Britain and Northern Ireland
- Iceland
- Questions and answers
- Observer organization: Climate Action Network International

Discussion:

- Targets, assumptions and conditions
- Way forward

Closing remarks by the Co-Chairs
