



TECHNICAL PAPER ON ARTICLE 6.2

EU VIEWS ON THE SECTION ON AUTHORISATIONS

27/10/2023

Recalling the main elements of our submission from July 2023

Important that CMA5 adopts:

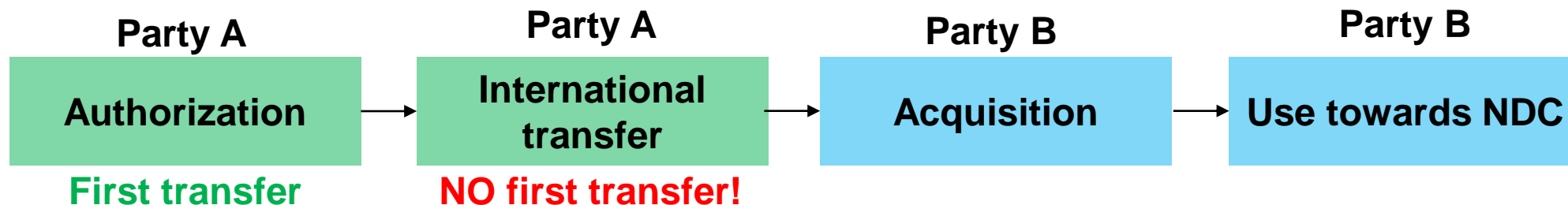
- **Guidance on three distinct authorisations: of the approach, of the ITMOs, and of entities.** This should include minimum requirements for each regarding **content, timing, format and possibly changes/revocation.**
- This is **necessary** for tracking/reconciliation of ITMOs and corresponding adjustments and **to enable finalisation of the AEF.**
- **Content:** Minimum information needed for each of the 3 distinct stages of authorisation (to be found in our submission)
- **Timing:** Authorisation of the cooperative approach prior to authorisation of ITMOs; authorisation of specific ITMOs prior to their use or transfer; authorisation of entities prior to any transfer of ITMOs to those entities.
- **Changes/Revocation:** Principle of non-retroactivity as underlying principle. Changes or revocation of any type of authorisation should not affect ITMOs already transferred to other accounts at that time.

Authorization of cooperative approaches

- Authorization **process** set out in the technical paper is overall appropriate. Both Parties should express **consent** to information presented → not just **no objection**. **This is cooperation and not a passive exercise. We need a definition of cooperative approach that makes this clear.**
- **Content** of authorization of the approach should be further elaborated: A name, metric and sector is not sufficient, we need clarity on how the approach satisfies relevant Article 6.2 requirements. The authorisation should make these choices clear.
- The paper does not directly address cooperative approaches involving **OIMP**. There are potentially multiple Parties responsible for authorisation of approaches, of uses and of entities.
- **Changes** to cooperative approaches should be actively **agreed** by participating Parties → not just a **no objection** notification.
- We support the proposed approach to non-retroactivity with respect to **revocations** of cooperative approaches, i.e. that revocations do not affect already authorized ITMOs. The same should apply to changes to authorizations of cooperative approaches.

Authorization of ITMOs (1)

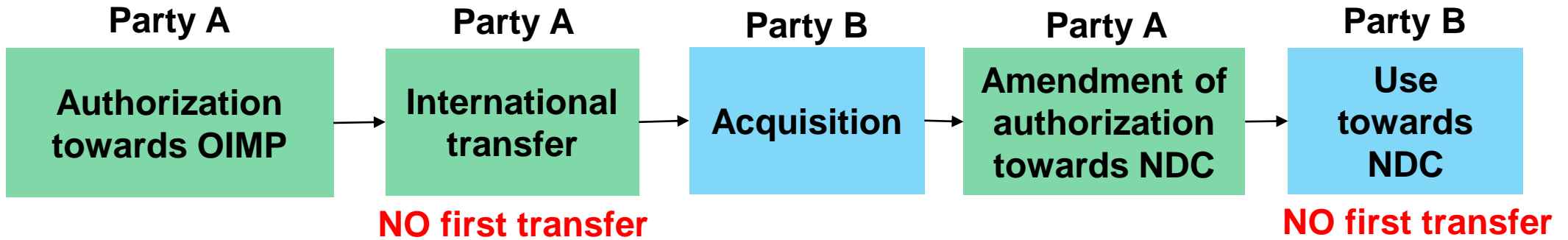
- **Content:** Critical to define minimum content – not addressed in technical paper
- **Timing:** We support that authorization of the cooperative approach must precede authorization of ITMOs
- **Process:** We support the proposed options for tagging of ITMOs and the process of issuing ITMOs to the registry following authorizations
- **Approach towards “first transfer”:** We support the general approach, but it needs refinement: Where “authorization” or “issuance” are defined as “first transfer”, the “first international transfer” is no longer a “first transfer”



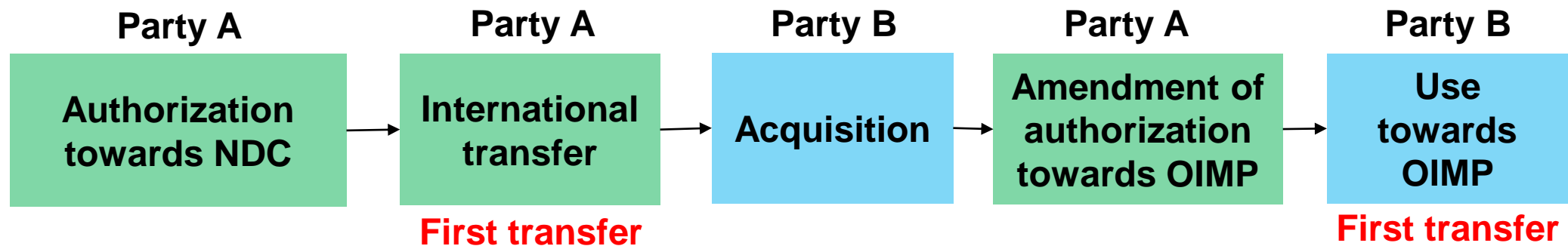
Authorization of ITMOs (2)

Proposed approach to **changes to authorizations** of ITMOs can lead to

- Double counting:



- Double-application of corresponding adjustment by host Party:



Authorization of ITMOs (3)

- Approach in the technical paper to changes to authorizations of ITMOs would require the **retroactive correction/adjustment/reclassification** of **already reported** information
- We should **avoid retroactivity** => It would make accounting very complex
- **Proposed approach:** Changes in the purpose of authorizations of ITMOs, or revocations, should only be possible as long as the ITMO has **not yet been transferred** to another Party or third-party authorized entity

Authorization of entities

- Authorization should be **specific to a cooperative approach**
- Proposed approach towards initial reports (specifying the type of entities to be authorized) and a technical process (authorizing specific entities) is good
- Options and recommendations for identifying entities appear appropriate
- We need to further look into:
 - Information to be made **publicly available**
 - **Consequences of changes or revocations** on ITMOs held by authorized entities