

SBSTA: Markets discussion under time pressure to move ahead in Warsaw

London, 19 June (Kate Dooley) – Discussions on market and non-market approaches closed with concerns raised by China, the Philippines, Bolivia, Venezuela and Tuvalu that the draft conclusions on the framework for various approaches were not balanced and were also overly prescriptive.

Concern was also expressed by several developing countries over the suggestion to hold a workshop before the next SBSTA meeting in November.

Parties to the UN Framework Convention on Climate Change (UNFCCC) met on Wednesday 12 June for the closing meeting of the contact groups under agenda item 12 – the framework for various approaches (12a), non-market approaches (12b) and the new market mechanism (12c) – of the Subsidiary Body on Scientific and Technological Advice (SBSTA)

The closing contact group meeting of the framework for various approaches saw some disagreement among Parties on the extent to which the draft conclusion text presented a balance of views, with China, the Philippines, Bolivia, Venezuela and Tuvalu finding the guiding questions for submissions overly prescriptive in terms of defining the purpose and scope of the FVA. Brazil noted that it saw the three parts of agenda item 12 as a package which needed to be adopted together.

The United States, Australia, the EU and others said they would like to adopt the text in the spirit of compromise, and Norway emphasised the need to move forward.

SBSTA agenda item 12a – Framework for Various Approaches (FVA)

Co-chairs Giza Gaspar Martins (Angola) and Martin Cames (Germany) opened the contact

group by saying that Parties had rich discussions during their time in Bonn which gave a general idea on each of the agreed elements but raised questions for clarification. To advance the work, the Co-chairs identified the need for extra technical work, submissions and a workshop.

Co-chair Martins presented the draft conclusions, and requested agreement from Parties to forward them to the Conference of Parties (COP) in November in Warsaw, Poland. He said the draft conclusions contain a number of questions to guide Parties in preparing their submissions and in workshop discussions, but that this is not an exhaustive list and Parties are welcome to discuss further elements in the work programme this year.

Brazil took the floor to say that it does not see 12(a) in isolation from the other parts of agenda item 12. Brazil sees 12(a), (b), (c) as a package which need to be adopted together. Brazil said it was confident all three draft conclusions would be adopted.

Angola said that in general it was fine with the draft conclusions, but suggested some changes related to emphasizing the elements and principles of the approach, before moving to the more technical details, and that the workshop should be open rather than tied to specific questions. Angola said that discussions had raised proposals for initiatives outside of the Convention, related to the trade of units under the Convention and suggested that submissions could further elaborate on this issue for further clarification.

Co-chair Martins responded that the questions are not listed in order of priority, which would take a long time to agree amongst Parties, and emphasized that this list does not close the discussions, as Parties can raise whatever issues

they deem relevant. The questions are intended as a general guidance, not a prescriptive list.

China suggested it would be more appropriate to list the elements (contained in the COP Decision 1/CP.18, paragraph 46) in the questions, and that some questions in the draft conclusions pre-judge the outcomes. In relation to paragraph 5(c), it said this question was prejudging the outcome on what will be the institutional arrangement for the FVA. It suggested rephrasing 5 (c) from “how will the FVA assess the institutional arrangement of various approaches” to “what will be the institutional arrangements for the framework for various approaches”.

Bolivia emphasized the need to focus on purpose and scope, and not move ahead with prescriptive questions prematurely. It agreed with China that para. 5(c), on how the FVA would assess institutional arrangements of various approaches, was pre-emptive as to the purpose and scope of the FVA.

With regards to the proposed synthesis of materials by the Secretariat, Bolivia expressed concern that the synthesis would focus primarily on market approaches, and said it would prefer not to have a technical synthesis, in order to have a more balanced debate between market and non-market based approaches.

Venezuela, the **Philippines** and **Tuvalu** supported Bolivia’s concerns regarding the lack of balance in the text generally.

Venezuela said it could not support the draft decision text as it was not balanced in terms of reflecting discussions, and the questions of purpose and scope of the FVA had not been resolved. It said there was not a clear understanding among Parties with regards to how the FVA relates to raising ambition, and to non-market approaches and the NMM.

Tuvalu questioned why the contact group was not working systematically through the text to address concerns raised by Parties, saying that the text tends to direct the possible outcome. It said discussions should remain open ended to give fair consideration to this issue.

The **Philippines** said that all approaches under the Convention were non-market approaches, and what we are really doing here is discussing the introduction of markets to the Convention. The draft conclusions relate to the purpose of market mechanisms. It said that some questions

in this text reflect elements of the Kyoto Protocol flexible mechanisms. The Philippines said that introducing such elements under the Convention was a very serious issue for its delegation and it would look very carefully at the proposed development of the framework.

It said that markets are outside of the Convention, and represent new responsibilities for developing countries. It noted that workshops held outside of official sessions resulted in limited participation from developing countries, reducing the transparency of the process, and called for workshops to be held in-session.

The **United States** said it was willing to move forward, despite not being happy with all elements of the text. It recognized the text as a carefully balanced perspective in the spirit of moving forward, and noted it was not a decision text but only for guidance.

Liechtenstein on behalf of the Environmental Integrity Group, the **European Union**, **Australia**, **New Zealand**, **Japan** and **Norway** supported the US position that the draft conclusions reflected a balanced outcome and reiterated that the questions are not exhaustive.

Brazil said that while the questions were not the ideal formulation, if we engage in an exercise to reformulate there will not be time to finish the conclusions and forward to the SBSTA Chair, resulting in no submissions and workshop. Brazil appealed to Parties that they could highlight where they disagreed with the questions in their submissions, and highlight better questions. At this time we should take the text as it is, and the only outstanding issue is whether to have the workshop prior to or in conjunction with COP 19 (in Warsaw).

Saudi Arabia suggested moving paragraphs 4 and 5 (on the role of the FVA and the technical design of the FVA) to apply as questions to guide the workshop discussions. It also suggested postponing the workshop to SBSTA 40 in 2014, as rushing to hold this workshop prior to Warsaw (COP19) was making the work schedule too congested.

Senegal on behalf of Least Developed Countries and **Saint Lucia on behalf of the Alliance of Small Island States**, shared the concerns expressed by others around paragraph

5 (c), but in general were satisfied with the draft conclusions.

South Africa suggested the text was balanced, as everyone is equally unhappy.

Venezuela and the **Philippines** supported the proposal from Saudi Arabia to streamline the text, moving the list of questions to the end of the document to apply to the workshop rather than the submissions. The Philippines also suggested that the workshop should be postponed until SBSTA 40 if there was no time for an in-session workshop during SBSTA 39.

Co-chair Martins summarized that while some were pointing to the need to rephrase questions, there would be an opportunity for Parties to do this during submissions and the workshop. He drew Parties' attention to the fact that all questions were *inter alia*, and encouraged Parties to further clarify positions in their submissions.

Regarding the workshop, the Co-chair said they were considering a three-day workshop (one for each sub-item of agenda item 12), and he would further consult with Parties to make a proposal. He noted the importance of maximizing participation, in particular for developing countries.

The Chair requested Parties to authorise the Co-chairs to forward the text to the SBSTA plenary for adoption.

After the Co-chair closed the session, **Tuvalu** called a point of order, to say that it still had problems with the text. It said there are assumptions in the questions that need to be resolved before the text can be forwarded. It noted there was a broad range of views about the text, and further consideration of this text is needed before it can be forwarded to the plenary.

Brazil repeated that as it sees the three texts as a package, if we cannot agree on the FVA, we cannot agree on the new market mechanisms or the non-market-based approach. It suggested the need for informal discussions, as it does not make sense to hold the other two contact groups until this agenda item is resolved.

Tuvalu noted that this group's mandate is "under the Convention" and this should be reflected in the questions. It observed there had been some useful suggestions made and proposed changes to the text in 4 (c) and 5 (c) to ensure the questions were open ended, by adding "and if so, how?" to questions of the elements and institutional arrangements, and to emphasise

any potential elements operating *under* the principles of the Convention.

Co-chair Martins consulted informally with Parties, including Tuvalu, Brazil, Bolivia and Australia. After consultation, he invited Brazil to take the floor to formally table the suggested changes.

Brazil outlined the suggested changes which included deleting the last line of paragraph 3 (which referred to the questions in paragraphs 4 and 5 guiding the work under the SBSTA), and moving paragraphs 4 and 5, on the role and technical design of the FVA, to be included in paragraph 6 (a) as guiding questions for the submissions (rather than the work programme overall).

Tuvalu added that 4 (c) should read "should the elements operate under the principles and commitments of the Convention and if so, how?", with a similar formulation to apply to 5 (c).

Co-Chair Martins said with these changes we have finalized the text on 12 (a) and closed the session.

SBSTA agenda item 12 (b): Non-market-based approaches

Chair Jose Eduard Sanhueza (Chile) opened the final contact group meeting on non-market-based approaches by reminding Parties that there had been very little guidance from the COP on this agenda item, so the work programme must be designed to maximise opportunities for the effective engagement of Parties.

The Chair presented the draft conclusions, which outlined further consideration on elements of the work programme, including submissions from Parties and a workshop to be held jointly with agenda items 12 (a) and 12 (b). The Chair noted that submissions are intended to facilitate our understanding of what is a market-based and non-market-based approach.

With no interventions from the floor, the Chair closed the session and announced the text would be forwarded to the SBSTA plenary.

SBSTA agenda item 12 (c) new market mechanisms (NMM)

Co-Chairs Collin Beck (Soloman Islands) and Laurence Mortier (Switzerland) opened the final contact group on the NMM by announcing that, guided by the COP request to SBSTA, Parties had engaged in rich and fruitful discussions in

Bonn. Co-chair Collin Beck said Parties had made fruitful interventions, with productive and useful debate on how the NMM can be used and designed in a way that best meets the real world challenge.

The Co-Chair explained the draft conclusions presented set out indicative questions on the role and design of the NMM. These questions are aimed to prompt and guide discussions as Parties continue on their journey to Warsaw.

The Co-chair further announced that as mentioned in the other contact groups under agenda item 12, the conclusions will be restructured to be consistent with these items. He said that Co-chairs of the three contact groups would advise the SBSTA Chairs regarding views expressed on the timing of the joint workshop, to ensure broad participation of developing country parties, subject to availability of resources.

The **Philippines** noted that the timing of the workshop needs to be resolved, and expressed concern over the phrase “ensuring participation”. It stated that it was not just a

question of our participation, but the quality of our participation. A three-day workshop would need to be attended by 2 or 3 delegates to ensure quality of participation, and the Philippines reiterated its strong preference for an in-session workshop during SBSTA 39.

The Chair reminded Parties that they would need to consult regarding the timing of the workshop, but would keep in mind all concerns raised. The draft decision would be revised to reflect this, but the timing of the workshop cannot be solved here and now.

After **China** proposed some language on the workshop, “Conduction of workshop subject to availability of resources”, the Co-chairs adopted the draft conclusions.

In the SBSTA closing plenary, on June 14, the Philippines, Uruguay, Mali and Venezuela once again highlighted the importance of holding workshops in-session or back to back with sessions to ensure the participation of developing countries (see TWN Bonn Climate News Update No.25).