03 WHAT'S ON THE **TABLE**

For long-term cooperative action

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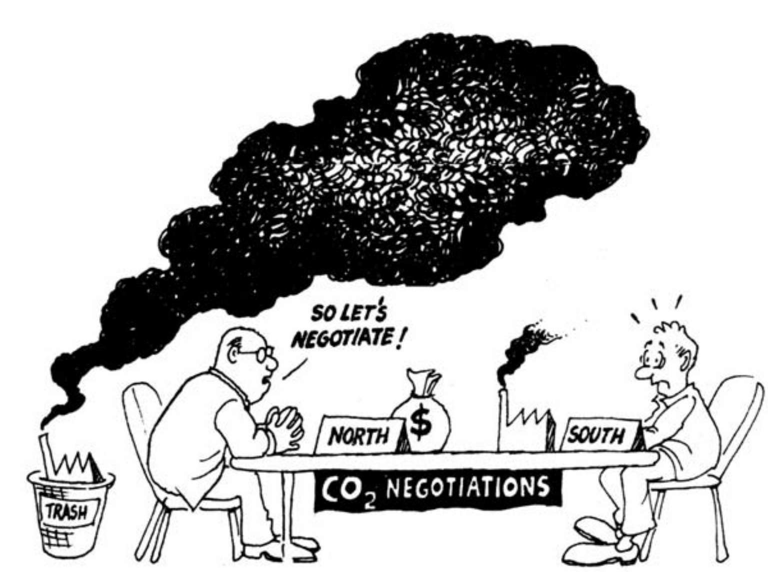
CoP14 UNFCCC

NEGOTIATE

CSE



SHARED VISION

Bali Action Plan 1(a): 'Countries must address the question of 'a shared vision for long-term cooperative action, including a long-term global goal for emission reductions, to achieve the ultimate objective of the Convention, in accordance with the provisions and principles of the Convention, in particular the principle of common but differentiated responsibilities and respective capabilities, and taking into account social and economic conditions and other relevant factors'

In terms of what the 'shared vision' should be, developing countries such as China and Brazil stand firmly by the UNFCCC; such a vision can only be guided by the principle of 'common but differentiated responsibilities', so maintaining the legal distinction between Annex I and non-Annex I countries.

Japan, echoing what many developed countries want, wishes to abolish this distinction. It wants a new protocol beyond 2012 or an amended Kyoto Protocol so that all countries take responsible actions. The definition of Annex I countries should be changed based on GDP, per capita emissions, cumulative emissions or future emissions. It further wants to differentiate within developing countries, creating segments of those who must act now and those who can act later.

In terms of stabilising emissions, there is consensus that the long-term goal is emission reduction by 2050. But there is clear division, and much animosity, about what happens in the interim. Developing countries are united in demanding Annex I countries must take on mid-term emission reduction targets, a 25-40 per cent reduction by 2020 (India says 'more than 25-40 per cent') from the 1990 baseline. Japan, contrarily, believes all parties 'should adopt the long-term goal of achieving at least 50 per cent reduction of global emissions of greenhouse gases (GHG) by 2050'; crucially, it does not suggest a base-year. The EU concurs, except that it politely inserts 1990 as the base-year; it is even willing to undertake 'clear mid-term targets', provided there are 'fair contributions from all Parties'.

'Equity must be central to the way forward', India believes. 'This requires that any stabilization target should be achieved on the basis of the principle that each human being has an equal right to the common atmospheric resource, accounting also for the historical responsibility of developed countries in building the concentration of greenhouse gases in the atmosphere'.

The international community must, therefore, agree to an'equitable sharing of carbon space'. India feels that a paradigm of convergence of per capita emissions of developing and developed countries, and also taking into account the historical responsibility of developed countries, provides an equitable approach to a fair and just burden sharing.

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MITIGATION

Bali Action Plan 1(b): Countries must tackle the question of 'enhanced national/international action on mitigation of climate change'

The politics here turns on the strong Annex I push to make developing countries take on mitigation commitments. Developing countries, using the text of the UNFCCC, say they do not need to.

Country stances turn shrill when clarifying what they wish to do to mitigate climate change. The US, for instance, wants to redefine the 'common' in 'common but differentiated responsibilities' in the context of mitigation. It wants to redefine 'developed' and 'developing' countries based on economic and emission trends, and that all countries should put forward their actions in a 'measurable, reportable and verifiable' manner.

Moreover, referring to the nature of national mitigation commitments and actions by developed countries, the US suggests applying the same 'character' of various countries' efforts (legally binding or voluntary) to all countries. Its wish is clearly to cancel out, in one diplomatic stroke, any scope of difference between countries.

Similarly, although not using the same language, the EU wants developing countries 'as a group' to take on commitments; it also wants to 'differentiate' among the different developing countries, based on level of development, to assign different levels of mitigation targets. It wishes more advanced developing countries to contribute adequately, a word open to interpretation, according to their responsibilities and respective capabilities. Japan goes further, creating three categories of developing countries.

The G77 bloc of developing countries has equally sharp counter-proposals. China warns that 'the principle of "common but differentiated responsibilities" between developed and developing countries is the keystone of the Convention and the Bali Action Plan. Any further sub-categorization of developing countries runs against the Convention itself and is not in conformity with the consensus reached in the Bali Action Plan'.

TECHNOLOGY

Bali Action Plan 1(d): Countries must negotiate the question of 'enhanced action on technology development and transfer to support action on mitigation and adaptation'

This is a highly divided terrain. The G77 countries want to create an instutitional arrangement to facilitate technology transfer and development under the rubric of UNFCCC. China calls it the Multilateral Technology Acquisition Fund; India calls it the Multilateral Climate Technology Fund—that is, financed by the developed world. By contrast, the EU and the US suggest the scope of the issue goes beyond the UNFCCC, and demand efforts taken outside be recognized. The US believes new institutions under the UNFCCC are not required; the EU is all for 'voluntary co-operative technology-oriented agreements'. Smelling an opportunity to push its Cool Earth programme (a roadmap for innovative technologies), Japan is enthusiastic about the issue, but has a devastating rider: to support actions by developing countries, it wants 'sectoral sub-groups with the participation of private sectors'.

It is clear that negotiations will revolve around the visible reluctance of the developed world to share technology via transfer. This attitude is most visible in the differing vocabulary used: the EU, for instance, wishes technology transfer to be limited to 'research, development and demonstration'; India, on its part, wants 'manufacture, commercialization, deployment and diffusion' of technologies.

It is also clear that the question of intellectual property rights (IPR) related to environmentally sound technologies (ESTS) will be debated; as always, without agreement. While China, for instance, clearly states the current IPR regime does not match the need to transfer technologies, specifically ESTS, the US wants developing countries to create 'an enabling atmosphere to attract private funds for ESTS'. It also expects major emerging economies to improve technologies 'through their own policies and resources'. Thus, while China and other developing countries want innovative IPR sharing arrangements to jointly develop ESTS, or criteria for compulsory licensing for patented ESTS, the US wants IPR enforcement and protection and the promotion of competitive and open markets for ESTS.

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ADAPTATION

Bali Action Plan 1(c): Countries must deliberate upon 'enhanced action on adaptation'

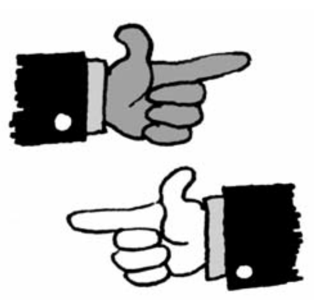
In 2001, the Marrakesh accord, the outcome of COP7, stressed the need for predictable and adequate levels of funding for parties not included in Annex I and the need to develop appropriate modalities for burden sharing among parties included in Annex II. Three new funds were established; 18 areas of assistance on adaptation were identified, including for GEF funding and developing National Adaptation Porgrammes for Action (NAPAS) for least developed countries. The adaptation fund was finally operationalised in Bali, where an adaptation fund board was set up, serviced by a secretariat (GEF) and a trustee (World Bank), on an interim basis.

While all agree on the need for adaptation measures, differences appear among countries on two counts: a) the question of responsibility and b) where the money is to come from. The Alliance of Small Island States suggests a Convention Adaptation Fund, linked to GHG emissions and based on the polluter pays principle (thus, responsibility falls upon developed countries); also, there should be an international insurance mechanism. G77 and China want the financing to be 'predictable and stable, new and additional, adequate and timely'; India adds that the element of 'automaticity' should also guide how money is generated for adaptation.

Striking a different note, the EU says effective action on adaptation is the responsibility of every country; it proposes a broad funding architecture that can leverage private and public financial flows. The US does not think an intergovernmental insurance mechanism is a good idea.

The Swiss government has proposed a fund for adaptation, based on a global burden sharing system. The funds would be raised, using the polluter pays principle, through a global levy of US \$2 per tonne of CO_2 on all fossil fuel emissions—roughly a burden of US \$0.5 cent per litre of liquid fuel. The uniform and global tax reflects the need to address the problem on a global scale, says the proposal.

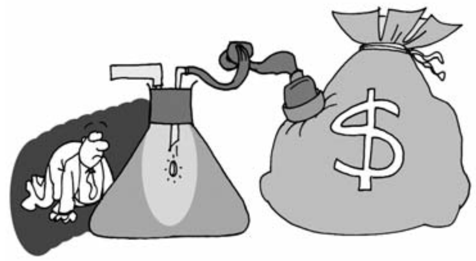
But to take into account the principle of common but differentiated responsibiities, a basic tax exemption of 1.5 tonne of CO_2 per inhabitant would be given. The estimated revenues, amounting to US \$18.4 billion, would be allocated to a multilateral adaptation fund.



SECTORS

Bali Action Plan 1(b)(iv): 'Cooperative sectoral approaches and sector-specific actions, in order to enhance implementation of Article 4, paragraph 1(c), of the Convention'

The most contentious matter within the larger rubric of mitigation, this is seen by developing countries as a convenient ploy to get sectoral commitments, which will then bind their industries to emission cuts. Norway has suggested continuing negotiations on how to include more sectors and even establish independent legally binding agreements covering some sectors. Australia endorses this, calling for establishing binding actions based on sectoral approaches for developing countries. The EU wants coverage to extend 'to all sectors' in 'countries with high capability' (read: India, China, Brazil, South Africa). The real politics here lies in the attempts of developed countries to push for global sectoral standards, and use these to dilute its requirements of technology transfer. China clearly warns them not to do so: 'the aim of cooperative sectoral approaches and sector-specific actions is to enhance cooperation between Parties at sectoral level for the purpose of promoting development, deployment, diffusion and transfer of GHG emissions control technologies, practices and processes. Any twist of this understanding or discussion under the AWG-LCA leading to global sectoral standards, benchmarks or emission reduction targets is not acceptable'.



FINANCE

Bali Action Plan 1(e): Countries must consider 'enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology co-operation'

Mexico's proposal, in this context, is indicative of what developing countries want. The proposal moots a World Climate Change Fund (Green Fund) as a financial scheme that complements existing mechanisms. All countries could contribute to the fund in accordance with the principle of common but differentiated responsibilities and respective capabilities.

The proposal provides a way to tackle the question of historical and cumulative effects. Importantly, it brings up the question of equity.

Not only total emissions but per capita emissions, the proposal clarifies, should be taken into account and there must be a progressive convergence of per capita emissions. There should also be a distinction between emissions for basic needs and emissions in countries with a much greater level of development. 'There should also be a sharing of the terrestrial and marine sinks, so that every person on Earth can benefit equally from this environmental service'. Catholic in its breadth, the proposal suggests 'In principle, all countries, developed or developing, would benefit from the fund'.

Like Mexico, G77 is united in its demand for a funding mechanism within the scope of the UNFCCC. The EU differs, suggesting a 'toolbox' to deliver finances, that contains already existing channels of financing also outside the treaty. As with the question of technology transfer, the US does not agree in creating a new institution under the UNFCCC, foregrounding its partnerships outside the ambit of the treaty as proof of its generosity.

The question now is: where will the deliberations in Poznan lead? The road to Copenhagen is just 12 months away and, already, it seems paved with dollops and dollops of procrastination.

REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION (REDD)

Bali Action Plan 1(b)(iii): 'Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries'

The role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries is on the discussion table. This happened in the backdrop of the IPCC's 4th assessment report, which estimated that global deforestation and degradation led to around 5.8 $GtCO_2$ being released annually into the atmosphere. The report also estimated that this sector in the developing countries might contribute roughly 20 per cent of the world's GHG emissions.

There are a number of issues to be resolved. The most intricate ones include the financing for REDD, a methodology to calculate emissions reductions and another to price forests. Belize, Bolivia, Cameron and others have also raised the issue of the ownership of forests. They want the rights of rural communities to be recognized and want REDD to support their social, environmental and economic development. They also want REDD to be voluntary, complementary and additional to CDM.

A combination of markets and fund-based mechanism has been proposed by Norway to finance REDD. New Zealand wants the mechanism to provide adequate financial resources to compensate countries for the economic benefits they lose by reducing deforestation. There are concerns that if REDD is used to offset emissions in the developed world, then it would flood the carbon market; depress carbon price; and slow the transition to clean energy.

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