

**AD HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION
UNDER THE CONVENTION
First part of the seventh session
Bangkok, 28 September to 9 October 2009**

Non-paper No. 17*

08/10/09 @ 15.00

**CONTACT GROUP ON ENHANCED ACTION ON MITIGATION AND
ITS ASSOCIATED MEANS OF IMPLEMENTATION**

**Subgroup on paragraph 1 (b) (iv) of the Bali Action Plan
(Cooperative sectoral approaches and sector-specific actions)**

Revised annex III D to document FCCC/AWGLCA/2009/INF.2

Non-paper by the facilitator

Structural proposals:

1) *This section should not be a separate section from NAMAs; it should be included in the section on nationally appropriate mitigation actions by developing countries.*

2) *Move paragraphs 135–138 (from the revised negotiating text, document FCCC/AWGLCA/2009/INF.1) on international aviation and maritime emissions to a new section separate from the general sectoral approaches.*

[What cooperative sectoral approaches and sector-specific actions (CSAs) should do]:¹

1. Cooperative sectoral approaches and sector-specific actions [shall][should][enhance the][be focused on the enhanced] implementation of Article 4.1 (c) of the Convention, on:
 - (a) The development, application and diffusion, including transfer, of technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol, applicable to all relevant sectors, including, but not limited to, the energy, transport, industry, agriculture, forestry, health, tourism and waste management sectors;
 - (b) The provision of information on available technologies, and strengthening conditions of access to and financing transfer of these technologies, including the development of effective modalities for the implementation of all stages of the technology cycle, from development, application, transfer, and diffusion for the implementation of NAMAs;
 - (c) Actions that cover the whole scope of technologies for both adaptation and mitigation, including those that control, reduce and prevent emissions, and for abatement of increases in emissions and enhancement of and removal by sinks, and include those technologies

* This non-paper supersedes non-paper No. 2.

¹ The headings in italics are used to indicate structure but will be removed from the text.

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that are publicly owned or in the public domain, as well as those held by the private sector.

2. Cooperative sectoral approaches and sector-specific actions should enhance the implementation of Article 4.1 (g) and (h) of the Convention through the provision of financial resources, including for transfer of technology, at agreed full incremental costs in accordance with Article 4.3 of the Convention.
3. [Cooperative sectoral approaches and sector-specific actions should]:
 - (a) [Be applied at the national level [only];]
 - (b) [[Be tailored to][Take into account] national sector-specific needs and priorities and [consider] social and economic conditions and other relevant factors.]
- 3.bis Global sectoral approaches should address emissions that cannot be attributed to any particular economy.
4. [*What they should do for all Parties*]:
 - (a) [The implementation of cooperative sectoral approaches and sector-specific actions should [be of voluntary nature][should not be imposed by one Party on another] and [complement and support national commitments of all Parties under Article 4.1;]]
 - (b) [Be used in the definition, analysis and implementation of mitigation actions in developed and developing countries and may also be used as instruments for both market and non-market mechanism;]
 - (c) [Bottom-up sectoral analysis may be used as a tool for analysing mitigation potential and informing national mitigation efforts, based on recent scientific findings and existing knowledge, taking into account the capabilities of each sector using a common methodology to determine sectoral baselines of Parties;]
 - (d) [Contribute to the enhancement of Parties' [measurable, reportable and verifiable] actions in order to ensure environmental integrity;]
 - (e) [[Assist in fostering][Foster private- and public-sector][national initiatives in R&D, capacity-building and [technological] [technology] cooperation.]
5. [*What they should do for developed country Parties*]:

For developed country Parties, sectoral efforts may contribute to, but cannot replace, legally binding absolute emission reduction targets (QELRCs) and mitigation commitments for all Annex I Parties.
6. [*What they should do for developing country Parties*]:
 - (a) [[[Facilitate][Assist] [as appropriate] in [achieving] [obtaining] [the levels of] financing and technology transfer] [and know-how] [necessary to address climate change] in a measurable, reportable and verifiable manner;]
 - (b) [Facilitate the identification of best practices and best available technologies for each sector through cross-border analysis and promote [the exchange of information and] the transfer of those best practices and best available technologies [from developed country Parties through analysing reduction potentials and setting indicators];]

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- (c) For developing country Parties, domestic sectoral efforts may be one option in the toolbox for national mitigation actions.

7. [Actions by developing countries to control their GHG emissions in the framework of cooperative sectoral approaches or sector-specific actions represent modalities of their implementation of Article 4.1 of the Convention. Annex II Parties must therefore meet their commitments for the provision of financial support in accordance with Article 4.3 and for the transfer of environmentally sound technology and know-how in accordance with Article 4.5 of the Convention. Article 4.7 on the balance between the provision of support by developed country Parties and implementation by developing country Parties also applies to such cooperative sectoral approaches or sector-specific actions.]

8. [*What they should not do*]:

- (a) [Cooperative sectoral approaches and sector-specific actions should not be used to circumvent or undermine the differentiation made in the Convention between Annex I and non-Annex I Parties or modify their respective commitments and obligations;]
- (b) [The implementation of cooperative sectoral approaches should [not replace the national targets of developed country Parties [or lead to [new commitments for developing country Parties, [transnational or national emission reduction targets,]] arbitrary or unjustifiable discrimination or disguised restriction on international trade[, or the application of global uniform and equal standards for Parties]]];]
- (c) Cooperative sectoral approaches shall not be a basis for the imposition of trade barriers, punitive trade measures, benchmarking or standards for developing countries, or any action that would be contrary to Article 3.5 of the Convention;
- (d) [Sectoral approaches and sector-specific actions should be cooperative and not imposed by one Party or some Parties on other Parties;]
- (e) [In particular, inclusion of international transport in an ETS shall not impose constraints and incremental costs on developing countries. Developing countries should be exempted or, if included they should be given financial and technological support to enable them to comply with these provisions without incurring any incremental costs.]

9. Means of implementation

- (a) Implementation of Article 4.1 (c) shall be financed at agreed full incremental costs, in accordance with Article 4.3 of the Convention;
- (b) Provision of financial resources and promotion and facilitation of access and transfer of technology in implementation of Article 4.1 (c) shall be accomplished under the guidance of the Executive Body on Technology of the Convention and the financial mechanism to be established under the authority of the Conference of the Parties.

10. [Priority areas shall be identified sector by sector and technology by technology. The possibilities of utilizing renewable energy resources shall be explored fully. The most climate-sensitive sectors, including GHG-intensive and climate-vulnerable sectors, shall be fully considered for the development, transfer and deployment of environmentally sound technologies. In line with the technology transfer mechanism and taking into account, among others, countries' technology needs assessments (TNA), if available, a list of major environmentally sound technology needs shall be assessed regularly, to include analysis of reliability, costs, penetration range, sectoral share of market production capacity and market obstacles. Measures shall be taken to overcome obstacles to development, transfer and deployment of technologies in specific sectoral contexts.]

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Agriculture

11. [All Parties, specifically taking into account Article 2, Article 4, paragraph 1 (c), and Article 3, paragraph 5 of the Convention, and their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall make efforts to enhance mitigation in the agriculture sector keeping in mind the need to improve the efficiency and productivity of agricultural production systems [in a sustainable manner] [taking into account the linkages between mitigation and adaptation] [without harming the interests of small and marginal farmers] [taking into account traditional knowledge and practices], [including by promoting and cooperating in the research, development, application and diffusion, including transfer, of technologies, practices and processes, [and methodologies]].]

Alternative to paragraph 11

[All Parties, taking into account their common but differentiated responsibilities and respective capabilities, shall promote and cooperate in the research, development, application and diffusion, including transfer, of technologies, practices and processes and methodologies in order to enhance mitigation in the agriculture sector through reducing emissions and enhancing removals.]

12. [Cooperative sectoral approaches in the agriculture sector shall not lead to carbon offsets or approaches that adversely impact forest land].

13. [Cooperative sectoral approaches in the agriculture sector should not result in the creation of international performance standards for the sector or any other measure that may [adversely affect sustainable development and] result in barriers to or distortion of, the international trade system of goods and products of the agriculture sector.]

14. [Requests the SBSTA[, at its thirty-second session,] to [initiate to] develop a programme of work [to facilitate] [on] [enhanced action on] mitigation [and means of implementation] in the agriculture sector [in considering the link to adaptation], [focusing on technological and scientific aspects of agriculture mitigation and adaptation] and invites Parties to submit their views on the work programme.]

International bunker fuels²

[Cluster 1]

15. [All sectors of the economy[, in particular those of Annex I Parties,] should contribute to limiting emissions, including international maritime shipping and aviation. [Multilateral collaborative action would be the most appropriate means to address emissions from international aviation and the maritime transport sector, the International Civil Aviation Organization and the International Maritime Organization dealing with this issue should prevent the adoption of trade restrictions and take into account the special economic conditions of developing countries and the principles of equity and of common but differentiated responsibilities and capabilities.]

16. [The International Maritime Organization shall be encouraged to continue without delay its activities for the development of policies and measures to reduce GHG emissions, and specifically:

² As agreed at the meeting of the subgroup on paragraph 1 (b) (iv) of the Bali Action Plan, held on 7 October 2009 (1500–1630 hrs), this section of the text contains the co-facilitators' proposed consolidated text on international bunker fuels, which was distributed to the drafting group on 6 October 2009 at 1500 hrs.

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- (a) [To achieve, through the use of its policies and mechanisms, total GHG emission reductions which are at least as ambitious as the total GHG emission reductions under the Convention;]

[To establish an ambitious global goal for the reduction or limitation of greenhouse gas emissions from ships to be achieved through the implementation of its policies and measures;]
- (b) To report regularly to the COP [and its subsidiary bodies as appropriate] on relevant activities, emission estimates and achievements in this respect;
- (c) To report to the COP [at its seventeenth session] on policies, established measures, measures under development, and expected emission reductions resulting from these measures.]³

17. [Taking into account the interests of developing countries,][All Parties][Developed country Parties][Parties][Annex I Parties] shall pursue limitation or reduction of emissions of GHGs not controlled by the Montreal Protocol from aviation and marine bunker fuels, working through the International Civil Aviation Organization and the International Maritime Organization, respectively.]

18. [In addressing emissions from international aviation and the maritime transport sector, the International Civil Aviation Organization and the International Maritime Organization shall be guided by the relevant dispositions and principles of the UNFCCC, in particular the principles of equity, common but differentiated responsibilities, and the promotion of a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, in particular developing country Parties. In so doing, the adoption of measures that could convert in disguised restrictions to international trade should be prevented, and the special economic and social conditions of developing countries should be taken into account.]

[Cluster 2]

19. [Parties shall take the necessary action to reduce emissions of GHGs not controlled by the Montreal Protocol from aviation and marine bunker fuels.

[Global reduction targets for such emissions from aviation and marine bunker fuels shall be set as equal to, respectively, [X per cent] and [Y per cent] below [year XXXX] levels in the commitment period [20XX to 20XX]. Units from existing and potential new flexibility mechanisms may contribute towards achieving these targets.]

Parties shall work through the International Civil Aviation Organization and the International Maritime Organization to enable effective international agreements to achieve these targets to be approved by 2011. Such agreements should not lead to competitive distortions or carbon leakage. Parties shall assess progress in the implementation of this work, and take action to advance it, as appropriate.]

20. [The Parties should pursue a collective reduction of [X per cent] below [year XXXX] for emissions of anthropogenic greenhouse gases not controlled by the Montreal Protocol from international aviation bunker fuels and [Y per cent] below [year XXXX] levels for emissions of anthropogenic greenhouse gases not controlled by the Montreal Protocol from international marine bunker fuels in the commitment period [20XX to 20XX].

³ Pending on the agreed form, proposed preambular paragraphs are provided in alternative to paragraph 136, page 133 of document FCCC/AWGLCA/2009/INF.1.

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The Parties should commence negotiations on two global sectoral agreements to address, respectively, international aviation and maritime emissions in 2010 with a view to concluding by COP 17 in 2011, taking into account work already done in ICAO and IMO.]

[Cluster 3]

21. [Noting that emissions from aviation and maritime transport can not be attributed to a particular economy, any measures taken by developed country parties through ICAO and IMO to reduce emissions from these sectors shall be taken on the basis of mutual consent of all Parties involved. In this regard, such measures should not constitute discrimination or disguised restriction on international trade.]
22. [Revenue from the implementation of such policy instruments be made available to support climate change adaptation and mitigation (NAMA) in developing countries and furthermore that traffic on routes to and from SIDS and LDCs be exempted.]
23. [Pending agreement in these organizations on an approach to addressing GHG emissions from these sectors, involvement of developing countries in unilateral regional schemes for these sectors should remain voluntary.]

Alternative to paragraph 15

[Those developed country Parties that are not Parties to the Kyoto Protocol shall undertake measures within the context of their national appropriate mitigation commitments to reduce emissions from international aviation and international maritime transport.

Developing country Parties may undertake actions to reduce emissions from international aviation and international maritime transport within the context of nationally appropriate mitigation actions.]

One Party proposed the following:

The deletion of the whole section of International bunker fuels (para. 14 – para. 18 of non-paper No. 2), due to the fact that such sectoral approach does not go in full conformity with the UNFCCC principle in Article 3.3 which stated the following: “... To achieve this, such policies and measures should take into account different socio-economic contexts, be comprehensive, cover all relevant sources, sinks and reservoirs of GHGs and adaptation, and comprise all economic sectors. Efforts to address climate change may be carried out cooperatively by interested Parties.”

Moreover, addressing GHGs in international aviation and maritime transport sectors should be dealt within the independent international organizations ICAO and IMO, respectively, as been indicated in the Kyoto Protocol Art. 2.3. On the same line, reference should be made to the IMO note to the 7th AWG-LCA meeting which stated in paragraph 10 the following: “Marine Environment Protection Committee MEPC 59 further agreed that any regulatory scheme to control GHG emissions from international shipping should be developed and enacted by IMO as the most competent international body.”

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Annex¹

**Proposed text on international bunker fuels by the facilitator of the subgroup on
paragraph 1 (b) (iv) of the Bali Action Plan
(Cooperative sectoral approaches and sector-specific actions)**

[International bunker fuels:

[Cluster 1]²

1. [Multilateral collaborative action would be the most appropriate means to address emissions from international aviation and the maritime transport sector.][Taking into account the interests of developing countries,] [all sectors of the economy[, in particular those of Annex I Parties,]] [all Parties][developed country Parties][Parties][Annex I Parties][shall] [should] pursue limitation or reduction of emissions of GHGs not controlled by the Montreal Protocol from aviation and marine bunker fuels, working through the International Civil Aviation Organization and the International Maritime Organization, respectively.]

2. [In so doing, ICAO and IMO shall be guided by the relevant dispositions and principles of the UNFCCC, in particular the principles of equity, common but differentiated responsibilities and capabilities, and the promotion of a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, in particular developing country Parties. In this way, the adoption of measures that could convert into disguised restrictions to international trade should be prevented, and the special economic and social conditions of developing countries should be taken into account.]

3. [The International Maritime Organization shall be encouraged to continue without delay its activities for the development of policies and measures to reduce GHG emissions, and specifically:

- (a) [To achieve, through the use of its policies and mechanisms, total GHG emission reductions which are at least as ambitious as the total GHG emission reductions under the Convention;]
[To establish an ambitious global goal for the reduction or limitation of greenhouse gas emissions from ships to be achieved through the implementation of its policies and measures;]
- (b) [To report regularly to the COP [and its subsidiary bodies as appropriate] on relevant activities, emission estimates and achievements in this respect;]
- (c) [To report to the COP [at its seventeenth session] on policies, established measures, measures under development, and expected emission reductions resulting from these measures.]]³

[Cluster 2]

4. [The Parties [shall] [should] [take the necessary action to] pursue a global reduction [target] of [X per cent] below [year XXXX] levels for emissions of anthropogenic greenhouse gases not controlled by the Montreal Protocol from international aviation bunker fuels and [Y per cent] below [year XXXX]

¹ This annex contains the proposed consolidated text on international bunker fuels, which was distributed to the drafting group on 6 October 2009 at 1800 hrs and presented at the meeting of the subgroup on paragraph 1 (b) (iv) of the Bali Action Plan, held on 7 October 2009 (1500–1630 hrs).

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levels for emissions of anthropogenic greenhouse gases not controlled by the Montreal Protocol from international marine bunker fuels in the commitment period [20XX to 20XX]. Units from existing and potential new flexibility mechanisms may contribute towards achieving these targets.]

5. [Parties shall work through the International Civil Aviation Organization and the International Maritime Organization to enable effective international agreements to achieve these targets to be approved by 2011. Such agreements should not lead to competitive distortions or carbon leakage. Parties shall assess progress in the implementation of this work, and take action to advance it, as appropriate.]

[Cluster 3]

6. [The Parties should commence negotiations on two global sectoral agreements to address, respectively, international aviation and maritime emissions in 2010 with a view to concluding by COP 17 in 2011, taking into account work already done in ICAO and IMO.]

[Cluster 4]

7. [Noting that emissions from international aviation and maritime transport cannot be attributed to a particular economy, any unilateral, regional or multilateral measures taken by developed country Parties to reduce emissions from these sectors shall be taken through ICAO and IMO, and shall be taken on the basis of mutual consent of all parties involved in and affected by these measures; [the involvement of developing countries shall remain voluntary]. In this regard, such measures should not constitute discrimination or disguised restrictions to international trade [taking into account national circumstances.]]

8. [Revenue from the implementation of such policy instruments [should][shall] be made available to support climate change adaptation and mitigation (NAMAs) in developing countries and furthermore that traffic on routes to and from SIDS and LDCs should be exempted.]]
