

Parties agree to further consideration of draft texts on markets/non-market approaches

Kathmandu, 2 July (Perna Bomzan): Parties have agreed to further continue the consideration of draft decision texts on matters related to the market and non-market mechanisms under Article 6 of the Paris Agreement (PA) in conclusions adopted on 27 June, at the plenary of the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA), on the final day of the Bonn climate talks. This was on the understanding that the proposed decision texts have yet to have any consensus.

Following interventions by Parties during the final contact group meeting, in the final conclusions that were adopted at SBSTA, Parties agreed to the consideration of the draft decision texts on this matter at its next session, "with a view to recommending a draft decision for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (PA) at its second session" which will be held in December 2019, in Santiago, Chile.

Three separate set of draft conclusions on each of the three items under Article 6 (i.e. on the international transfer of mitigation outcomes [ITMOs] under Article 6.2; the sustainable development mechanism under Article 6.4 and the framework for non-market approaches under Article 6.8) were proposed for consideration by the **SBSTA Chair Paul Watkinson (France)** at the fourth and final contact group meeting morning of 27 June.

Each of the draft conclusions contained three paragraphs: the first para recognised the work carried out at the Bonn session; the second stated that there is agreement to continue consideration of the draft decision text (to advance further negotiations on the matter) at the next session of the SBSTA in Dec. 2019 (with the decision text referenced in a footnote) and the third para provided a placeholder for intersessional work (i.e. for a technical paper and workshop) within

brackets, due to different views of Parties on the matter.

There was no consensus on the conduct of intersessional work on the matter, leading to no mandate for any intersessional work in the final conclusions adopted.

Below is a report of what transpired during the final contact group session.

Watkinson opened the floor for comments to the proposed three draft conclusions as well as to the three draft decision texts (produced at the third contact group on 26 June where Parties had requested more time to reflect on the new draft texts).

China said that it could go along with the first two paragraphs of the draft conclusions as well as with the "current [decision] texts" as there was "still possibility to revise them". It supported proposal for a technical paper but did not think a workshop was necessary.

Brazil said that the texts were a good basis for future deliberations, although it had concerns about different parts of the texts, in particular on Article 6.4 with the "framing" of "evolution of ideas" (referring to a new phrase/concept used by co-facilitators in the session to advance work). It also expressed "concerns about the intersessional work".

Tuvalu for Least Developed Countries (LDCs) said the decision texts showed "good progress." It also saw the value in having intersessional work and "encouraged" Parties to hold the workshop in Tuvalu.

Senegal for Africa Group said it had "some comments" on the proposed decision texts but agreed that there was "good basis" for further work. It also supported the need for intersessional work on a "technical paper", and was open to whether a workshop was appropriate.

Saudi Arabia (in its national capacity) said that it had questions on the "content" and "status" of the decision

texts and sought clarification on how “comments” could be “addressed”.

Watkinson responded that “some editing” needed to be done as well as work on some of the issues like “fully capturing every bracket”. In terms of the status, he said that “this is what represents a consensus and the content is for Parties to negotiate” when they are in Santiago, Chile.

India said it understood the “limitations” of the process and hoped to come back and work on the texts in the “best possible manner”. It also said it could not support any proposal for a technical paper or any assessment of work done by Parties by the secretariat.

Bolivia expressed concerns that it had hoped for a rich discussion of Article 6.8 (framework for non-market approaches) as more Parties were speaking up to support a robust framework with a strong permanent governance at least as those for Articles 6.2 and 6.4, but regretted that discussions “moved very quickly” to other sub-items. It added that during the Articles 6.2 and 6.4 discussions, some Parties had the chance to “modify the draft decision texts” and to even introduce what was called an “evolution of ideas”, which it said was “a concept heard for the first time during these negotiations.” It lamented that “the Article 6.8 decision texts would have benefitted from a similar treatment”. Bolivia stated further that it was not ready to refer to the outcome on Article 6.8 as “draft decision text” and proposed the use the term “informal note”. It also did not support the proposal for intersessional work and hoped that the same amount of time would be allocated for all the three Articles during COP25 in Santiago.

Ecuador shared the views stated by Bolivia and was concerned that Article 6.8 was not allocated the same amount of time and interest”, and called for “balance in the negotiations”. It also could not accept proposals for intersessional work.

Belize for **Alliance of Small Island States (AOSIS)** said that the “group will benefit certainly from a technical paper” as well as it was “happy for a workshop”. **Costa Rica** for **Independent Alliance of Latin America and the Caribbean (AILAC)** said the text was “solid basis for work” and it supported “intersessional work”, and also “Tuvalu’s offer”. **Kenya** also supported “further technical work” saying a technical paper would “add value” and it was “open to Tuvalu’s suggestion”.

Egypt for **Arab Group** made comments on “typo mistakes” and “sequencing of options” including “use of brackets” in the draft decision texts but considered it as a “good input” for Santiago. It stressed that there

was no need for intersessional work as “we already have a good understanding of Parties’ views and have already engaged in substantive discussions”.

Iran said that the decision texts need “further work and elaboration” in COP25 and also did not support any intersessional meetings as not all Parties could participate in that process.

Australia supported the proposal for intersessional work and expressed “disappointment” as a “general observation” on the decision texts. It lamented that the “approach” taken was of “specific proposals of particular Parties” and started providing specific substantive comments in detail. **Watkinson** made a point of order requesting Australia not to comment or discuss in detail the decision texts.

Egypt for the **Arab Group** took the floor again seeking “clarity on the mode of work” and objected to “technical points and substantive comments” since Parties had agreed to move forward on the decision texts.

Watkinson urged Parties to focus on the draft conclusions and important messages that Parties wanted to give on the draft texts for further consideration in Santiago. He also urged Parties “not to go into details of the texts line by line” and requested Australia to “focus on the way forward”. “This is not a consensus document”, he added and there was “lot of work to do”.

India also took the floor again underscoring that “we are not discussing the decision texts”. **Singapore** said that the text “needs more work” and it was “happy to take it to Santiago”.

Saudi Arabia for the **Like-Minded Developing Countries (LMDC)** aligned with Egypt, Iran, Bolivia and India and questioned the “mode of work” given “textual proposals by one Party” and expressed concerns over the phrase “evolution of ideas” which has been “coming up lately” as to “how this evolving or evolved ideas will actually affect the comprehensiveness of the text as well as future iterations of the text”. It also stressed on the need for “a balanced approach across overall agenda items” and did not support technical work as “these activities need to be inclusive.” Given that all Parties could not participate in these activities, there would be “a misrepresentation of views and this is our concern,” it explained further.

Norway said that it was “clear” that the draft decision texts are “not consensus documents”. It supported intersessional work and particularly believed that “technical papers will be useful”. **New Zealand**

supported “this text going forward” and “need for intersessional work”. It aligned with Bolivia on Article 6.8 and urged Parties to turn attention to this issue.

The **United States** supported the “proposed way forward.” **Canada** said “we support your way forward to bring these texts forward recognising that we do not agree to the texts”. **Japan** supported the texts as “good basis” although there were “many things to discuss”.

Saudi Arabia for **LMDC** said “if we are to forward these texts with no status to Santiago, then it would be acceptable to us”. It reiterated its concern for intersessional technical work and stressed that “anything produced at this point was not produced by Parties actually.”

Switzerland for **Environmental Integrity Group (EIG)** agreed with Saudi Arabia as the texts have “no consensus.”

The **European Union** said it had “general and specific concerns and we need to resolve them to deliver the mandate agreed to in Paris”. It said that the texts were a “fair picture”, “not much of evolution but of reflections” of ideas. It added that there were fundamental issues before us and supported further technical work.

Following these extensive interventions, the SBSTA Chair **Watkinson** after hearing “divergent views” on intersessional work said that there was “no consensus” and therefore suggested that the draft conclusions “do not include intersessional work”.

He also said that draft decision texts “do not represent a consensus among Parties,” and assured Parties that there would be no further iteration of the texts (prior to the meeting in Chile). He also clarified that the only editing that would be taken into account are such as “brackets are correctly inserted” and “accurate representation of inputs of Parties”.

Following this agreement on a “no consensus” draft decision texts, the draft conclusions forwarded to the SBSTA plenary were duly adopted.

Further work to craft the rules of implementation for the Article 6 mechanisms/approaches will be undertaken at the next SBSTA session in Chile, end of this year. Whether and how an agreement will be reached remains to be seen.

Edited by Meena Raman.