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## REPORT OF THE MEETINGS OF THE SUBSIDIARY BODIES TO THE FRAMEWORK CONVENTION ON CLIMATE CHANGE 28 JULY - 7 AUGUST 1997

The subsidiary bodies to the Framework Convention on Climate Change (FCCC) met from 28 July - 7 August 1997 at the Hotel Maritim in Bonn, Germany. A total of 145 Parties and Observer States participated in the session, as well as 691 representatives from NGOs and the media. The seventh session of the *Ad Hoc* Group on the Berlin Mandate (AGBM-7) further streamlined the negotiating text for a protocol or another legal instrument. The Subsidiary Body for Implementation (SBI-6) reached agreement on arrangements for intergovernmental meetings and the programme budget, but will have to further discuss the financial mechanism and national communications at its next meeting.

Discussions in the Subsidiary Body for Scientific and Technological Advice (SBSTA-6) centered on methodological issues, such as methods for inventories and projections of greenhouse gas (GHG) emissions. SBSTA also considered technology transfer and activities implemented jointly (AIJ). A joint SBI/SBSTA contact group produced a decision for adoption at COP-3 on the division of labor between the two groups. The fifth session of the *Ad Hoc* Group on Article 13 (AG13-5) continued its review of proposals for a multilateral consultative process (MCP).

### A BRIEF HISTORY OF THE FCCC

#### COP-1

The first meeting of the Conference of the Parties to the FCCC (COP-1) took place in Berlin from 28 March - 7 April 1995. Delegates reached agreement on what many believed to be the central issue before COP-1 - adequacy of commitments. The result was a mandate to launch a process toward appropriate action for the period beyond the year 2000, including strengthening of the commitments of developed countries. Delegates also reached agreement on a number of other important issues including: the establishment of a pilot phase for implementation of joint projects; the location of the Permanent Secretariat in Bonn, Germany; the budget for the Secretariat; financial procedures; and the establishment of the subsidiary bodies. Delegates, however, did not reach consensus on the rules of procedure. This critical issue, including a decision on the voting rules and the composition of the Bureau, was deferred until COP-2.

**AD HOC GROUP ON THE BERLIN MANDATE (AGBM):** COP-1 established an open-ended *Ad Hoc* Group on the Berlin Mandate (AGBM) to begin a process to enable it to take appropriate action for the period beyond 2000, including the strengthening of the commitments of Annex I Parties through the adoption of a protocol or another legal instrument. At AGBM-1, held in Geneva from 21-25 August 1995, delegates considered several issues, including an analysis and assessment to identify possible policies and measures for Annex I Parties and requests for inputs to subsequent sessions. At

AGBM-2, which was held in Geneva from 30 October - 3 November 1995, delegates heard new ideas for the structure and form of a possible protocol.

At AGBM-3, held in Geneva from 5-8 March 1996, delegates heard a number of specific proposals on new commitments for Annex I Parties, including a two-phase CO2 emissions reduction target proposed by Germany. They also discussed how Annex I countries might distribute or share new commitments, and whether those should take the form of an amendment or protocol. AGBM-4, held from 8-19 July 1996 in Geneva, completed its in-depth analyses of the likely elements of a protocol or other legal instrument, and appeared ready to move forward on the preparation of a negotiating text at its next session.

**SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE (SBSTA):** SBSTA was established by COP-1 to link: scientific, technical and technological assessments; information provided by competent international bodies; and the policy-oriented needs of the COP. At SBSTA-1, held in Geneva from 28-30 August 1995, delegates confronted technically and politically complex issues including: scientific assessments, national communications and AIJ under the pilot phase. Among the more contentious issues were definition of SBSTA's relationship with the Intergovernmental Panel on Climate Change (IPCC), the terms of reference and composition of the technical advisory panels on technologies and methodologies (TAPs) and the elaboration of guidelines for national communications from non-Annex I Parties.

SBSTA-2, held in Geneva from 27 February-4 March 1996, considered the IPCC's Second Assessment Report (SAR) and the Technical Advisory Panels (TAPs) and could not yet agree on how to absorb or respond to scientific predictions of climate change. Although initial discussions gave the impression that SBSTA-2 would greet the IPCC's predictions with less resistance than in previous FCCC negotiations, oil producers and other developing countries ultimately blocked consensus on specific conclusions about the SAR. Weekend negotiations resulted in a fragile agreement on language defining the divergence of opinion.

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At SBSTA-3, held from 9-16 July 1996, delegates discussed the SAR and sent an unfinished draft decision with brackets to the COP for resolution. Decisions were adopted in conjunction with the SBI on Communications from Annex I Parties and on Communications from non-Annex I Parties. Progress was made on a roster of experts and technical panels.

**SUBSIDIARY BODY FOR IMPLEMENTATION (SBI):** The SBI was established by the COP to assist in the review and assessment of the implementation of the Convention and in the preparation and implementation of the COP's decisions. SBI-1 took place from 31 August - 1 September 1995 in Geneva. The SBI addressed a number of issues and recommended that the COP adopt the draft Memorandum of Understanding with the GEF as the financial mechanism, proposing a draft decision on this item to be adopted by COP-2.

At SBI-2, held in Geneva from 27 February - 4 March 1996, delegates considered in-depth reviews of national communications, and matters related to the financial mechanism. While delegates welcomed the GEF Council's adoption of its operational strategy, many noted the need to expedite the process of providing "full agreed costs" for non-Annex I communications or risk serious delay. At SBI-3, held from 9-16 July 1996 in Geneva, differences were resolved in closed sessions, and were considered for adoption by the open SBI session only after consensus had been reached on: technology transfer; the operating budget of the Secretariat; the Annex to the Memorandum of Understanding (MOU) between the GEF Council and the COP; and national communications from non-Annex I Parties.

**AD HOC GROUP ON ARTICLE 13 (AG13):** AG13 was set up to consider the establishment of a multilateral consultative process available to Parties to resolve questions on implementation. AG13-1, held from 30-31 October 1995 in Geneva, decided to request Parties, non-Parties, and intergovernmental and non-governmental organizations to make written submissions in response to a questionnaire on a multilateral consultative process. At AG13-2, held in July 1996 in Geneva, participants received a synthesis of responses to a questionnaire on establishing an MCP under Article 13 (FCCC/AG13/1996/1) to be considered at the Group's December session. Delegates adopted a decision extending the AG13 mandate to COP-3 and establishing a role in examining ways to apply an MCP to a protocol in cooperation with the AGBM.

### **COP-2**

The Second Conference of the Parties (COP-2) met in Geneva from 8-19 July 1996. More than 1500 participants from governments, intergovernmental organizations and NGOs participated. While many of the more contentious issues, such as treatment of the IPCC Second Assessment Report (SAR), were left unresolved, COP-2 did produce some important political statements. The COP concluded by noting the "Geneva Declaration," which endorses the IPCC conclusions and calls for legally-binding objectives and significant reductions in greenhouse gas emissions.

The Conference also saw a significant shift in position by the US, which for the first time supported a legally binding agreement to fulfill the Berlin Mandate. However, even as Parties prepared to strengthen commitments, COP-2 highlighted the sharpest differences yet between delegations. The strong declarations of support for the SAR were far from unanimous, suggesting the need for substantial work in future sessions of the COP's subsidiary bodies before December 1997 when COP-3 meets in Kyoto, Japan.

**SUBSIDIARY BODY MEETINGS AFTER COP-2:** The subsidiary bodies met in Geneva from 9-18 December 1996. AGBM-5 considered proposals from 14 Parties or groups of Parties regarding the strengthening the commitments in Articles 4.2(a) and (b), advancing the implementation of Article 4.1 and possible elements of a protocol or another legal instrument. Delegates adopted conclusions requesting the Secretariat to produce a "framework compilation" of proposals for further consideration. At SBSTA-4, discussions were complex and often difficult, but delegates confirmed future cooperation with the IPCC and agreed to apply the revised IPCC 1996 guidelines for national greenhouse gas (GHG) inventories. Delegates also agreed to further work on revisions to the Uniform Reporting Format and methodological issues pertaining to AIJ. SBI-4 finalized agreement on the Annex to the Memorandum of Understanding (MOU) between the

Conference of the Parties (COP) and the Council of the Global Environmental Facility (GEF). AG13-3 further elaborated positions on a possible MCP and agreed to continue consideration at the next meeting in February.

Three of the subsidiary bodies met in Bonn, Germany, from 25-28 February 1997. SBSTA-5 considered a number of issues and reached agreement on the Uniform Reporting Format, requested a work plan for an in-depth review of second national communications and requested a number of reports on technology transfer. AG13-4 made notable progress in further refining the function and scope of a MCP and agreed to a "framework compilation" that reflects areas of convergence and divergence. SBI-5 discussions were complex and often lengthy, but delegates agreed on the timetable and process for review of the programme budget and agreed on the FCCC input to the UN General Assembly Special Session (UNGASS). SBI-5 could not agree on the review of the financial mechanism or the activities of the GEF.

AGBM-6 met from 3-7 March 1997 in Bonn. Delegates focused deliberations on the Framework Compilation, which incorporated the textual proposals from Parties as well as other proposals for elements of a protocol or another legal instrument. AGBM-6 also convened "non-groups" to exchange views and merge different proposals.

Delegates "streamlined" the compilation text by merging or eliminating some overlapping provisions within the myriad of proposals contained in the Framework Compilation and brought the process one step, albeit a small one, closer to fulfilling its mandate. Much of the discussion centered on a proposal from the EU for a 15% cut in a "basket" of greenhouse gases by the year 2010 compared to 1990 levels. Nonetheless, other proposals emerged in the eleventh hour, signaling that AGBM-6, despite the hopes of many observers, had yet to foster much progress on several fundamental points.

## **REPORT OF THE MEETINGS OF THE SUBSIDIARY BODIES**

The subsidiary bodies to the Framework Convention on Climate Change (FCCC) met from 28 July - 7 August 1997 at the Hotel Maritim in Bonn, Germany. AGBM-7 met from 31 July - 7 August 1997. SBI-6 and SBSTA-6 met from 28-30 July and held final sessions on 5 August. AG13-5 met from 28-30 July 1997.

AGBM-7 met in four "non-groups," which were closed to observers, and deliberated at length. The non-groups considered: the advancement of existing commitments under Article 4.1; policies and measures; quantified emission limitation and reduction objectives (QELROs); and institutions and processes. The non-groups produced four revised texts in which all paragraphs remain open for final negotiation and are not agreed.

SBI-6 met in Plenary, as well as in a number of contact groups, and considered: the financial mechanism; national communications; arrangements for intergovernmental meetings; the programme budget and an NGO consultation mechanism. SBSTA-6 plenary sessions discussed cooperation with international organizations, technology transfer and AIJ. A contact group met several times to consider methodological issues. A joint SBI/SBSTA contact group considered the division of labor between the two groups. AG13 further considered proposals on a possible multilateral consultative process (MCP) during three sessions.

### **AD HOC GROUP ON THE BERLIN MANDATE**

#### **PLENARY**

Chair Raúl Estrada-Oyuela (Argentina) opened the seventh session of the AGBM on 31 July and noted that as COP-3 approached, he remained optimistic despite expected difficulties. He noted that the G-7+1 meeting in Denver and UNGASS demonstrated new interest in climate change. He pointed out that despite some criticism of the scope of the Berlin Mandate, AGBM is not competent to change it. He noted that under the FCCC, developed countries committed themselves to take the lead in reducing emissions, and not until this occurred could developing countries assume greater responsibilities. He acknowl-

edged progress toward an agreement, and pointed to the EU commitment and proposal as a step forward. He noted that two Parties' target definitions would be crucial.

FCCC Executive Secretary Michael Zammit-Cutajar indicated that, at Kyoto he expected a clear agreement on the understanding of Annex I country commitments under the FCCC. The result from Kyoto should be a "strong punch" against "business as usual." It should send a signal to the real economic actors that things would change in a way that is compatible both with their interests and with sustainable development. Although optimistic, he recognized the difficulty in reducing the proposals on the table to the sort of signal he described. He urged delegations to enter into a negotiating mode proving that they are able to go beyond "playing with text."

TANZANIA, on behalf of the G-77/China, said that the basis for action and for an agreement must be strict adherence to the Convention and to the Berlin Mandate. He indicated that an agreement entailed advancing commitments for Annex I Parties while avoiding new ones for non-Annex I Parties. He referred to UNGASS outcomes, highlighting that in addition to establishing targets, there was widespread agreement that it will be necessary to take into account the adverse effects of response measures on all countries, especially developing ones.

IPCC Chair Bert Bolin remarked on the Second Assessment Report (SAR), which states that "the balance of evidence suggests a discernible human influence on global climate." He stated that enhanced GHG concentrations correspond to a change in global mean temperature of 0.7-2.1°C, but are limited to 0.2-1.1°C by aerosol concentrations and climate system inertia. He stated that global warming for the full range of IPCC emission scenarios and climate sensitivities was estimated to be in the range 1.0-3.5°C by the year 2100. He noted that recent analysis shows that Annex I countries were responsible for 64% of the total CO<sub>2</sub> emissions in 1996, down from 75% in 1985. Although most of the increased emissions stem from non-Annex I countries, they will not reach 50% of the total emissions for another 15-20 years. He noted that stabilization of CO<sub>2</sub> in the long-term requires efforts by all countries.

LUXEMBOURG, on behalf of the EU, recalled its proposal that "Annex X" Parties, individually or jointly, in accordance with the Berlin Mandate, should reduce emission levels for CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O together (weighted total, using Global Warming Potential with a 100-year time horizon) by 2005 by at least 7.5% below 1990 levels. He also proposed that HFC, PFC and SF<sub>6</sub> should be added no later than 2000 to the "basket" of gases for these reduction objectives. He said that developed countries must face up to their responsibilities and take the lead. However, all Parties must realize that in the longer term an increasingly global effort is needed to tackle the issue.

BRAZIL summarized its proposal (FCCC/AGBM/1997/MISC.1/Add.3) by calling for a direct and objective link to be established between the annual rate of GHG emissions and the increase in global mean surface temperature. He proposed that reduction targets be established in terms of temperature change. He called for the establishment of a mechanism to guarantee that non-Annex I countries address climate change. He called for the development of quantitative targets for non-Annex I countries as they reach appropriate levels of well-being. He proposed that the Clean Development Fund receive mandatory contributions from Annex I Parties in proportion to their overall non-compliance. He noted four points of negotiation: reduction targets of Annex I Parties expressed in temperature change; time of performance review for Annex I countries; initial year of consideration for historical emissions; and value of assessed contribution to the Clean Development Fund. He requested that the proposal be formally submitted to COP-3.

ZIMBABWE, on behalf of the African Group, expressed hope that the AGBM will accelerate the negotiating process and reach agreement by the end of the next session. She noted that African countries are often marginalized by the interim funding mechanism process. She expressed concern with the lack of progress made in political deliberations and urged that the policies and measures and quantified emissions limitation and reduction objectives within specified time frames contain provisions for socio-economic impact assessments. She noted that any decision reached should not increase the socio-economic and

environmental burdens placed on Africa. She stated that an agreement should include commitment of financial resources and technologies for African countries.

The RUSSIAN FEDERATION said the outcome should go through the same ratification process as the Convention and that CO<sub>2</sub> reduction targets must be considered alongside goals for removal. SLOVENIA signaled its preparation to eventually join Annex I Parties in complying with legally binding commitments and supported an EU proposal for GHG reductions.

The US said the AGBM agreement must: maintain legally binding targets; provide maximum flexibility; include credible and realistic levels; include mechanisms for national compliance; and involve all countries. He said it was not possible to decide what kind of numerical target might be undertaken without knowing what constraints would be imposed on such a target. The US had introduced proposals on emissions trading, joint implementation, a budget process and a banking process to increase flexibility and reduce costs. In this regard he outlined two new proposals, which he said are critical in determining the agreement structure. He explained that a legally binding agreement would require a compliance mechanism to which flexibility concepts could be added, although these were currently tinged with some political heat. He also called for a comprehensive approach including all GHGs, sources and sinks. Where countries failed to use the enabling IPCC methodology to adopt such an approach they should be penalized. On all-country participation, he called for an improved definition of Article 4.1 and the Berlin Mandate. He noted that while there is a difference between Annex I and non-Annex I countries, it was unreasonable to expect that nothing could be done between the Annex I and non-Annex I commitments. The US proposal includes a recommendation for a long-term process toward the objective of the Convention including all countries and seeking evolution. A new negotiation would certainly follow the AGBM, and within that timeframe all countries must participate.

UZBEKISTAN said the countries with economies in transition require investment in new technologies.

SAUDI ARABIA addressed contradictions in Annex I policies, such as increased fossil fuel production by developed countries in the event of lower consumption, leading to lower imports, and subsidies provided to some fossil fuel sectors while taxing the use of other fossil fuels. He asked for consideration of compensation in the event of negative economic impacts on some States.

The Chair introduced the documentation, including the main negotiating text compiled at AGBM-6 (FCCC/AGBM/1997/3/Add.1) and proposals from Parties received after AGBM-6 (FCCC/AGBM/1997/MISC.1/Add.2,3,4, and 5). The Chair stated that delegates would meet in closed sessions and briefings for observers would be held each morning.

The Chair then invited a number of Parties with new proposals to make presentations. JAPAN called for: a SBSTA study on the removal of carbon dioxide via sinks before the issue is taken up under QELROS; a review process to reflect the latest science; and for linkage between entry into force of an agreement and the total aggregate emissions of ratifying countries.

GEORGIA called for improved financial mechanisms for the energy sector and encouragement of private sector participation in AIJ. SAMOA, on behalf of the ALLIANCE OF SMALL ISLAND STATES (AOSIS), outlined proposals to fully reflect the precautionary principle in the work of the AGBM. He said a guiding objective of the AGBM agreement should be to ensure that global sea level rise resulting from climate change does not exceed 20 cm above 1990 levels, and that the average global temperature does not exceed 2°C above the pre-industrial level.

In Plenary on 4 August, the Chairs of the non-group reported on their work to date. Delegates also heard presentations from NGOs, including the International Council for Local Environmental Initiatives, a representative from business and industry, and the Climate Action Network. JAPAN commented on an NGO report suggesting that Japan had proposed targets that would allow for large increases of CO<sub>2</sub> emissions by Annex I countries by the year 2010. He stressed that Japan had not made such a proposal and reiterated Japan's position to

reduce CO<sub>2</sub> emissions to less than 1 ton per capita by the year 2100. The Chair of the OECD Expert Group on Annex I Countries indicated that the group sought to provide analytical support for AGBM.

## REPORTS OF THE NON-GROUPS

### NON-GROUP ON QELROS

The non-group on QELROS held a number of meetings throughout the week and, based on a draft by Chair Luiz Gylvan Meira Filho (Brazil), produced a consolidated text with alternatives for each of the following sections: coverage, nature of target and baseline, banking, borrowing, Parties with economies in transition, regional economic integration organizations, flexibility (emissions trading, joint implementation and cooperative efforts by interested Parties), measurement, reporting and communication of information, review of implementation and compliance, possible impacts on developing countries, and an annex listing gases.

Two safeguard “notes” were introduced at the beginning of the draft negotiating text. One indicates that “all paragraphs remain open for final negotiation, and existing brackets within each paragraph do not prejudice the status of that paragraph.” The other states, *inter alia*, that in the view of many delegations, there are some very important inter-linkages between the different elements of the text and inclusion of proposals in any section of the text does not prejudice consideration of those inter-linkages.

Differing views on how alternatives on flat rate targets and differentiation would be reflected in the document were settled after extensive consultations through a chapeau in the section on “Nature of target and baseline” stating that “as yet no consensus has been reached on QELROs and Parties recognize that when consensus on the establishment and nature of QELROs is reached, further consolidation and amendment of the text will be required.”

**Coverage:** Bracketed text in this section refers to the anthropogenic emissions by sources, anthropogenic removals by sinks and GHGs to which QELROs shall apply. Brackets also encompass methodologies for establishing anthropogenic removal by sinks and the criteria for addition of greenhouse gases to an “Annex G” under which these gases would be listed. Other brackets refer to the periodic revision of the list of GHGs.

**Nature of target and baseline:** In this section nine alternatives address distribution of QELROs for Parties according to a flat rate approach or a differentiated one, and include an alternative on budget periods. Variations of flat rate targets and baselines include the establishment of target dates for the return of anthropogenic emissions to 1990 levels by a certain year (2000, 2005, 2010), and reduction of anthropogenic emissions by an average 15% to 20% below 1990 levels by a certain year (2005, 2010, 2020).

The alternative on budget periods entails setting caps for GHG emissions within specific time periods for countries listed under “Annex Q” or “Annex Q1.” The countries to be included in these annexes has yet to be determined. Countries listed under Annex Q shall adopt national policies and measures necessary to “limit” and “reduce emissions” by sources, while countries under Annex Q1 shall undertake policies and measures for the “mitigation of climate change.”

The alternative on budget periods includes provisions on meeting emission limitation objectives, calculation of emissions budgets and the procedure for establishing Annex Q1 Party Commitments.

One of the alternatives addresses the need to establish “equity” between the Parties. In this regard, it determines that commitments will be “governed by the principle that mitigation action by Parties listed in Annex Q shall result in those Parties incurring equal percentage changes in per capita economic welfare.”

Another alternative determines that the range within which each Party’s differentiated QELROs would fall, would be between a 30% reduction by 2010 from its 1990 level of emissions and a 40% increase by 2010 over its 1990 level of such emissions.

Other alternatives propose that Parties listed in Annex I to the Convention shall individually or jointly cooperate to ensure that their total aggregate annual/net emissions of GHGs within a specific time period shall be a percentage lower than their aggregate emissions for a previous time period.

**Over-achievement/Banking and Under-achievement/Borrowing:** These sections refer to how Parties can “bank” or “borrow” shares of emissions according to the emissions budgets they have been allocated within a specific time period. They include a proposal on financial contributions as penalties for not “maintaining emissions below the respective effective emissions ceiling.”

**Regional Economic Integration Organizations:** This section includes provisions to allow States that are members of a regional economic integration organization to cooperate in the implementation of their commitments.

**Flexibility:** This section includes subsections on emissions trading, joint implementation and cooperative efforts by Parties.

**Emissions Trading:** Three alternatives have been included in this subsection. One establishes that commitments shall be fulfilled individually and not through coordinated actions, including emissions trading. Another states that trading in emissions permits between “Annex Q” Parties shall take place only after a satisfactory equitable initial allocation of QELROs/emissions budgets has been agreed upon. The third alternative determines that, except as otherwise provided for, any “Annex Q” Party may transfer to or acquire from any other “Annex Q” or “Annex Q1” Party any of its emissions allowed for a budget period for the purpose of meeting its emissions limitation and reduction commitments. Under this alternative, certain criteria and restrictions have been introduced for the way emissions trading will operate.

**Joint Implementation:** The first alternative under this subsection reiterates that commitments shall be fulfilled individually and not through coordinated actions. The second alternative allows for each “Annex Q” or “Q1” Party to fulfill part of their QELROs obligations to limit or reduce anthropogenic emissions by all sources and enhance anthropogenic removal by sinks of GHGs through joint implementation of mitigation measures. Several options have been included under this alternative on participation.

**Cooperative Efforts by Interested Parties:** This subsection includes a provision according to which Annex I countries, under certain conditions, may transfer to or receive from any Party listed in Annex I to the Convention any of the equivalent emissions reductions or sink enhancements resulting from specific investments for the purpose of meeting its obligations. It also states that any Party not listed in Annex I to the Convention may, on a voluntary basis, carry out projects that limit GHGs or remove GHGs by sinks and reservoirs, in accordance with their development priorities and strategies.

**Possible impacts on developing countries of new commitments in the new instrument/socio-economic injuries sustained by developing countries:** This section reiterates that in the implementation of policies and measures, provisions in the Convention pertaining to countries that are particularly vulnerable to climate change (Art.4.8), shall be fully taken into account. It also proposes the creation of a concrete compensation mechanism for damages incurred by developing countries arising from the implementation of response measures. Several modalities for the compensation mechanism have been contemplated, including coverage of social and economic losses and the right to seek redress for loss of income from export of fossil fuels.

**Measurement, reporting and communication of information:** This section relates to the communication of information related to the implementation of the protocol or legally binding instrument that Parties shall undertake. It encompasses provisions on the need for comparability, consistency and transparency of information as well as content and timing.

**Review of information, implementation and compliance:** Provisions for the revision of information with a view to assess compliance of obligations are in this section. Modalities of reviews by expert teams or committees have been contemplated, as well as frequency of the reviews, and recommendations to be made based on outcomes of the reviews.

**Review of commitments:** Seven alternatives appear under this section, and focus on the modalities, frequency and methodology for the review of the commitments. Options for entities in charge of conducting the reviews are incorporated (COP or Meeting of the Parties).

### NON-GROUP ON POLICIES AND MEASURES

Mohamed Ould El Ghaouth (Mauritania) chaired the non-group on policies and measures (P&Ms), which met twice during AGBM-7. The discussion focused on whether P&Ms should be legally binding and whether they should be differentiated. Some delegations favored legally binding P&Ms and referred to proposals on several annexes setting differentiated policies and measures. A group of countries submitted a non-paper on this issue. Other delegations favored a flexible approach whereby countries should be able to set their own P&Ms.

In the final Plenary, delegates received the revised draft text produced by the non-group. The document refers to the P&Ms that countries listed in an "Annex Q" shall adopt or give high priority. Types of policies and measures to be adopted by Annex Q countries are classified in lists: P&Ms in List A would be adopted; those in List B would be accorded high priority; and those in List C would be given priority. The revised draft negotiating text includes provisions according to which policies and measures applied by Annex Q countries shall: address "all" GHGs, their emissions by sources and removal by sinks and relevant sectors; and contribute to stabilization of GHG concentrations in the atmosphere. It also states that P&Ms will have no adverse impacts on socio-economic conditions of developing country Parties, especially those listed in Article 4.8 of the Convention.

The draft text calls for: Annex Q countries to draw up national plans for limiting and reducing anthropogenic emissions by sources, and enhancing removal of GHGs by sinks and reservoirs. It determines that national plans shall be binding on the submitting Party. Another provision states that "Parties will continue to retain maximum flexibility deciding how best, based on their national circumstances, they can reach emission limitation/reduction objectives."

In the draft, the sectors to be covered by P&Ms include energy, transport, industry, agriculture, forestry and waste management. Listings of specific P&Ms to be included under List A are heavily bracketed. Among them are: the abolition or phasing out of subsidies on fossil fuels "as the most polluting source of energy;" increased taxation on "oil/energy/CO<sub>2</sub>/GHGs;" the exemption of aviation fuel from taxes; and energy-consumption labelling.

Language on establishing performance indicators to measure the achievement of P&Ms and goals is also heavily bracketed.

### NON-GROUP ON ARTICLE 4.1 (COMMITMENTS)

The non-group on continuing to advance commitments under Article 4.1 met three times under the chairmanship of Evans King (Trinidad and Tobago). When King had to return to his country, the non-group continued consultations under John Ashe (Antigua and Barbuda).

Initially delegates agreed to negotiate on the basis of a paper prepared by the Chair. Regarding chapeau paragraphs on advancing the implementation of commitments, some non-Annex I countries reportedly sought to include references to the Berlin Mandate. They also supported referring to FCCC elements, including a specific reference to the introduction of no new non-Annex I commitments, but some Annex I countries objected.

Some delegations were reluctant to include a reference to the principle of common but differentiated responsibilities. There were proposals to delete paragraphs that conditioned advancement of commitments by non-Annex I Parties on the provision of financial resources and transfer of technology by developed countries.

A developed country put forward an alternative draft paper that would commit Parties to advance implementation of Article 4.1 and to strengthen collaboration.

Several paragraphs were deleted including those that called on Parties to: recognize the progress that has been made on Article 4.1; reaffirm their commitments to 4.1; and to develop further international cooperation on the basis of mutually beneficial incentive structures.

One delegation called for the preparation of national inventories on an annual basis. Some non-Annex I countries opposed annual inventories because of financial and technical limitations.

Many countries proposed the deletion of a paragraph calling for cooperation to facilitate mitigation and adaptation to climate change. Non-Annex I countries noted a strong objection to the paragraph calling for specific definitions on policies and measures.

Paragraphs noting the role that development and transfer of technology should play and calling for entities entrusted with operation of the financial mechanism to make available financial assistance for the introduction of technology were deleted.

On Saturday, 2 August, the Chair agreed to produce a new text for further discussion containing alternatives for articles lacking consensus. The draft text on advancing implementation of existing commitments in Article 4.1 has a chapeau and two alternatives. The chapeau language that the "text is without prejudice to the provisions of Article 4.1" resulted from a debate over whether the draft should include full references to FCCC articles. The note that "all paragraphs remain open for negotiation and are not agreed" appears on the text, most of which is heavily bracketed.

The first alternative notes common but differentiated responsibilities, capabilities, national and regional development priorities, objectives and circumstances. It states that Parties shall not introduce any new commitments for non-Annex I Parties but reaffirm and continue to advance existing ones.

The second alternative also pledges Parties to advance Article 4.1 commitments and adds that they shall strengthen collaboration through bilateral, multilateral and Convention-based mechanisms. Text on existing commitments by non-Annex I Parties makes implementation contingent upon effective implementation of Annex I Parties' commitments related to financial resources and technology transfer. It also calls economic development and poverty eradication the "first and overriding priority" of developing country Parties.

The financial mechanism, according to bracketed text in the second alternative, is to provide necessary resources for implementation of provisions in 10 areas based on sub-articles of the FCCC: emissions inventories; national programmes; technology; GHG sinks and reservoirs; climate change impacts; climate change considerations in relevant policies and actions; research and observation; information exchange; education, training and public awareness; and information related to implementation. The alternative states that a fund or funds for provision of new and additional financial resources, which are predictable and adequate for developing countries implementation of existing commitments, shall be set up under the Protocol.

The section on emissions inventories includes bracketed references to submissions on "an annual basis" and "annual" inventory data. The section on relevant policies and actions includes two alternatives on indicators: one calling for use of "national level" indicators and the other suggesting use of relevant indicators to the extent possible. The section on information related to implementation contains three alternatives. One calls for communication of information by the second COP of the protocol. The second calls for in-depth reviews. The third describes in depth reviews of "Annex I" or "Annex Q" parties communications and consideration of "non-Annex I" or "non-Annex Q" communications.

### NON-GROUP ON INSTITUTIONS AND MECHANISMS

The non-group on institutions and mechanisms, chaired by Takao Shibata (Japan), met four times during AGBM-7. The non-group considered proposals from the AGBM Chair's compilation text on the Preamble, Institutions and Mechanisms and Final Elements. Parties were invited to send their comments to the Secretariat on a number of the Final Elements that were not discussed.

In the final draft text, two proposals remain. The first proposal, in brackets, notes that Parties have concluded that paragraphs 2(a) and (b) of Article 4 are not adequate, and that they adopted the Berlin Mandate to strengthen Annex I commitments. It recognizes that the process will not introduce any new commitments for non-Annex I Parties but reaffirms Article 4.1 commitments, taking into account Articles 4.3, 4.5, and 4.7.

A second and more extensive proposal includes bracketed introductory paragraphs. One refers to the COP-1 decision on the Berlin Mandate. The other paragraph includes twice-bracketed references to "Article 7 paragraph 2" and "the Provisions" of the Convention, taking into account that the Protocol is a related legal instrument to the Convention.

Brackets also appear around the potential contribution of the elimination of subsidies to the reduction of GHGs in Annex I countries. The bracketed text notes that "therefore highest priority should be given to those policies in implementing their commitments." The second proposal also includes references to: likely impacts on developing countries and fossil fuel producers; future re-examination of global efforts to combat climate change by FCCC Parties; indicators for limiting GHGs; a comprehensive approach; voluntary measures by all Parties to set QELROS; joint implementation; flexibility; a future concentration-based approach to emission limitation goals; and effective enforcement.

On institutions and mechanisms, there were lengthy exchanges on the core issue of the relationship between the COP/FCCC and any new instrument. While there was general support for "institutional economy," whereby the FCCC COP would serve as the meeting of the Parties to the Protocol, opposing views were put forward on what authority the COP would have in regard to the Protocol. Some developing country Parties were uneasy with the prospect of the Protocol developing a life of its own and eventually subsuming the FCCC. They argued for the right of all Parties to the FCCC to amend the Protocol. Some developed country Parties were concerned about the future influence of non-ratifying Parties over the Protocol. One delegate argued for a distinction between the legal and political relationship between the COP and the Protocol. There was general agreement on the possibility of a multilateral consultative process but decisions about its relation to the protocol were left open.

The draft text includes two proposals on the Conference of the Parties. The first proposal asserts that the COP of the Convention shall serve as the COP to the Protocol, on condition that decisions on the Protocol should be taken only by FCCC Parties also party to the Protocol, and that any member of the FCCC COP Bureau who is not a Party to the Protocol shall be substituted by a member elected by and from Protocol Parties. A paragraph on voting also brackets the type of majority vote and which Protocol Parties can vote.

The second proposal establishes a Meeting of the Parties to the Protocol (MOP). In it the FCCC Secretariat shall serve as the Protocol secretariat, and the FCCC subsidiary bodies shall also serve as the Protocol's subsidiary bodies. The section stating that the financial mechanism defined in the FCCC shall serve as the mechanism for the Protocol contains brackets around text stating that the mechanism shall be guided by the Protocol's COP when dealing with Protocol activities.

There are four proposals on review of information and review of implementation and compliance. Two of the proposals refer to the involvement of expert teams in the review of information. The third states that the MOP shall receive, review and ensure publication of information. A fourth, in brackets, states that the COP and its appropriate subsidiary bodies shall receive national communications and ensure their in-depth review. Bracketed references to the multilateral consultative process include the timing of the establishment or consideration of a MCP, the MCP referred to in FCCC Article 13, and a reference to promoting effective implementation.

There are three proposals in the Dispute Settlement section. The first applies FCCC Article 14 to the Protocol. A second proposal restricts initiation of disputes to Parties other than regional economic integration organizations. There are bracketed references to disputes concerning implementation of commitments and any claim made concerning economic injuries sustained by developing countries, and to the Article on a compensation mechanism. A reference to the submission of the dispute to the International Court of Justice is also bracketed. The third proposal on mandatory, binding dispute settlement has brackets around a reference to "specific consequences flowing from a violation."

On final elements, a number of participants expressed the view that certain proposals had been placed "on ice" until encompassing issues at the AGBM had been cleared. In the discussion on annexes, a number

of developing and newly industrialized country Parties sought to ensure that an amendment procedure as rigorous as that of the FCCC would govern the status of Parties included in the Protocol's annexes. On the relationship of the Protocol to other agreements, some Parties opposed a proposal on derogation, fearing that it would subordinate the Protocol to other institutions, particularly the World Trade Organization (WTO). Others sought to establish that the Protocol would not prejudice the rights and obligations of WTO members. On entry into force, two main positions emerged. Some supported ratification based on the number of signatories. Others supported a "weighted entry into force" approach, linking ratification to the percentage contributions to GHG emissions of ratifying Parties. There was some debate on whether the percentage should refer to GHGs emitted by Annex I Parties or to the global figure. Some Parties argued for a proposal to ensure that any Party withdrawing from the Protocol would continue to be liable for any claim accruing against it as a result of economic injury sustained by developing countries.

Three proposals on the Protocol's Relationship to the Convention remain in brackets. The first states that: the FCCC COP must also review implementation of the Protocol; Parties to the Protocol may seek guidance on matters of duplication from the COP; and FCCC provisions relating to protocols are to apply to the Protocol except where otherwise stated. The second proposal states that Protocol commitments do not cancel Annex I commitments for the period before 2000. The third proposal states that the instrument is a supplement to and integral part of the FCCC.

In the section on the Adoption and amendment of annexes, there are bracketed references to: a restriction on the form (i.e., to lists) of annexes other than those adopted with the instrument; voting majorities options for annexes; and entry into force of amendments.

The entire section "Relationship to other agreements," which states that the instrument shall not derogate from the rights and obligations of Parties under existing international agreements, in particular, the agreement establishing the WTO, is bracketed. A section on Provisional application of the Protocol prior to its entry into force also remains in brackets.

There are three proposals on entry into force. The bracketed second proposal places entry into force after the deposit of the "fiftieth" ratification, or the deposit by which the total aggregate emissions for 1990 of "carbon dioxide" and/or "GHGs" of the depositing Parties exceed "three-fourths" of the total aggregate emissions of "Parties listed in Annex 1 to the Convention" or "all Parties of the Convention" for 1990, whichever is later. The bracketed third proposal states that the instrument shall enter into force on the 90th day after ratification by all Annex I Parties and on the 90th day after implementation of all Annex I FCCC commitments.

## FINAL PLENARY

The Chair of the institutions and mechanisms non-group introduced a new draft revised negotiating text and noted that many brackets remain, but that delegates had succeeded in streamlining and consolidating the text. He noted that he will be available to receive comments on the text. The Chair of the QELROs non-group introduced a draft revised negotiating text and stated that he was pleased with the constructive exchange of views between Parties. He noted that the non-group had made progress in identifying alternatives, but that the entire text remains in brackets and will be considered at the next meeting in October. He stated that the non-group did not have time to consider the voluntary application of commitments by non-Annex I Parties. He noted that a proposal calling for a section on stabilization levels was submitted to the Chair of the AGBM for consideration. On review of commitments, the Chair of the non-group stated that because of uncertainty on how the process will evolve, it was appropriate to keep the Chair's negotiating text.

He requested the Chair of the AGBM to consider how the review of commitments will be dealt with in the future. On measurement, reporting and review of information and compliance, the Chair suggested that the review be forwarded to the non-group on institutions and mechanism for possible discussion. SAUDI ARABIA called on the Chair to ensure that the draft includes a chapeau stating, *inter alia*, that all paragraphs remain open for final negotiation and that existing brackets do not prejudice the status of a paragraph.

The AGBM Chair introduced the draft revised negotiating text on policies and measures. He noted that there had been considerable discussion on the option of no reference to policies and measures versus the option of a detailed list of common coordinated policies and measures. The Chair for the non-group on Article 4.1 introduced a draft revised negotiating text and noted that although nothing has been agreed upon within the text, it offers a good starting point for negotiations in October.

The G-77/CHINA reminded delegates that the Berlin Mandate process should not introduce new commitments for non-Annex I Parties, but advance the implementation of existing commitments of all Parties. He stated that proposals for new commitments have been used to obscure the lack of political will of Annex I Parties. He noted that no countries have proposed sharing the burden of the effects of climate change despite the historical emissions of many Annex I Parties. He stated that the biggest handicap for non-Annex I countries is that they have no other forum for discussions other than the negotiating sessions.

The US stated that it is committed to reach an agreement that will take serious steps to limit GHG emissions. He noted that paragraphs on the evolution of emission limitation commitments were not discussed, and called for their consideration at the next meeting. ZIMBABWE, on behalf of the African Group, noted that African nations will leave the meeting concerned about the pace of progress while the negative effects of climate change continue. She noted four principles that need to be clearly defined: limitations of all GHGs; setting realistic per capita emissions rights that consider population growth and differentiation; reducing the emissions of Annex I Parties while controlling growth of emissions of non-Annex I Parties; and appropriate time frames that consider the current impacts of climate change. The Chair called on Annex I Parties to spare no effort in consulting among themselves to find a compromise during the intersessional period. KENYA called for a strong protocol or another legal instrument. SAUDI ARABIA proposed that Annex I Parties identify the specific policies and measures that they intend to adopt to achieve their QELROs, and provide an analysis of the environmental, social and economic effects of the proposals on non-Annex I Parties. GHANA noted that many African countries are implementing sustainable development action plans but that the efforts are being undermined by climate change. He recognized the importance of non-Annex I Party commitments and stated that the use of differentiation for QELROs is both fair and reasonable. LUXEMBOURG, on behalf of the EU, noted the flexibility and contribution that the EU has shown in its position and noted the concerns expressed by the G-77/CHINA.

The Chair noted that all the proposals in the negotiating text (FCCC/AGBM/1997/3/Add.1 and MISC. 1/Add. 2, 3, 4, and 5) remained on the table and that not all elements of the negotiating text had been taken up at AGBM-7. The draft texts presented by the Chairs as outcomes from their non-groups at AGBM-7 would be annexed to the report of the Session in the same way that SBI had annexed documents on non-Annex I communications and the review of the GEF. Encouraged by Parties' remarks, the Chair added that he would continue with consultations during the intersessional period and prepare a Chair's text for AGBM-8, which would serve as the focus of the work.

The Chair noted that the AGBM would end with the final session in October. After that all that would remain will be to present a report to COP-3. He recalled his opening statement to the Plenary in which he had emphasized the need for proposals for quantitative targets for QELROS and re-stated that such targets remained the goal. He noted that with those numbers most other points would fall into place and stated that nobody should underestimate the obstacles to be overcome during AGBM-8. He urged Parties to come to AGBM-8 determined to advance consensus.

On the report of the meeting, the Chair said the annotations to the Agenda would state that the texts produced by non-groups would be issued as addenda to the report. The report itself would be largely procedural. He invited Parties to authorize the Rapporteur to complete the report after the session in cooperation with the Chair and the Secretariat. Responding to questions by SAUDI ARABIA, the Chair said the Saudi invitation to Annex I countries to provide information on impacts would form part of the conclusions in the report. The Chair

noted that the Berlin Mandate may actually extend until COP-3, and that he would prepare his Chair's text as soon as he could. The Session was adjourned.

## SUBSIDIARY BODY FOR IMPLEMENTATION

On 28 July, Chair Mohamed Ould El Ghaouth (Mauritania) convened SBI-6. He reminded delegates that the SBI would not meet at COP-3 and must finalize a number of recommendations at this session and at SBI-7 in October. On the adoption of the agenda (FCCC/SBI/1997/7), he invited the Philippines to ask colleagues if they were prepared for a preliminary exchange of views on proposals for amendments to the FCCC and its annexes (FCCC/SBI/1997/11). If not, the proposals would go directly to COP-3. SAUDI ARABIA, supported by KUWAIT, sought deletion of an agenda item on matters arising from UNGASS. He said there was little of substance from UNGASS to send to COP-3. The Chair said the item was simply for information.

**Divisions of Labor between SBI and SBSTA:** On 28 July, delegates considered document (FCCC/SB/1997/2) and agreed that a joint SBI/SBSTA contact group, chaired by Amb. Mark Hambley (US) and José Romero (Switzerland) would consider the issue. The group met throughout the week and on 4 August, an informal SBI meeting approved the contact group's draft decision. On 5 August, SBI and SBSTA both decided to recommend the draft decision for adoption by COP-3.

The draft decision outlines a general approach, under which one of the bodies will take the overall responsibility in considering an issue and will request specific inputs from the other body if necessary. Where overall responsibility is not assigned, agendas should be organized to avoid SBSTA and SBI dealing with such issues in parallel. Where this is not possible consideration should be given to holding *ad hoc* joint sessions.

SBI will have responsibility for developing guidelines on the processes for consideration of national communications and other relevant documentation. SBSTA, in cooperation with SBI, shall have responsibility for developing guidelines for the provision of comparable information including all related methodological issues, and shall consider national communications, such as technical papers, with the aim of, *inter alia*, verifying methodologies used.

SBI will, with input from SBSTA, have responsibility for assisting the COP in the assessment and review of the effective implementation of the Convention with respect to the development and transfer of technology. As stipulated by the Convention, the SBSTA shall have responsibility for providing advice on all scientific, technological and methodological aspects.

SBI will have overall responsibility for all policy questions and relevant inputs related to issues dealing with NGO consultations, as appropriate. Should SBSTA or any other subsidiary body conclude that NGOs could provide relevant input on an item under consideration, that body could seek and consider such inputs. Issues involving provisional accreditation related to individual NGOs will be the responsibility of the relevant body.

On AIJ, SBSTA will have the responsibility for developing the framework for reporting, including consideration of scientific, technical and methodological aspects of the reports. SBSTA will also prepare reports on activities for the COP. SBI will have the responsibility for assisting the COP with the review of the progress of AIJ under the pilot phase, on the basis of inputs from SBSTA.

SBSTA will have overall responsibility for issues related to research and systematic observation and shall play a coordinating role in such activities related to implementation. SBSTA will also have overall responsibility for providing advice on education, training, public awareness programmes and public access to information.

**Annex I Communications:** On 30 July, the Secretariat introduced documents including: a tentative schedule of the in-depth review of the second national communications of Annex I Parties (FCCC/SB/1997/5) in advance of preparations of a final schedule at SBI-7; an update on trends in past GHG emissions and future projections (FCCC/SB/1997/6); and a status report on a review of the first national communications (FCCC/SB/1997/INF.3) due for completion by SBI-7. The Secretariat noted the slow pace of submission of second national communications that were due in April this year. The EU called on Parties to contribute

to a successful conclusion of the communications process. CHINA asked the Secretariat to include statements on the difficulties Annex I Parties have experienced in meeting their commitments.

In the report of the meeting, delegates took note of the Secretariat's progress report and requested a report on experiences with the review process of the first national communications for consideration at SBI-7.

Draft conclusions on Annex I communications (FCCC/SBI/1997/CRP.5) were also adopted. They state, *inter alia*, that the Secretariat should submit a report at SBI-7 on the progress of Annex I Parties "individually or jointly" in returning to their 1990 levels of GHG emissions. The US noted that their acceptance of "individually or jointly" did not prejudice its position on other texts under negotiation. The PHILIPPINES called for the inclusion of a specific reference to Article 4.2 (b). SBI also expressed concern at the late submission of communications by many Annex I Parties and took note of the report on the informal workshop on Annex I communications. Annex II Parties were requested to provide information in accordance with Article 12.3, which calls for information on financial resources, adaptation assistance and technology transfer.

**Non-Annex I Communications:** On 29 July, the Secretariat presented documents on Secretariat activities regarding financial and technical support (FCCC/SBI/1997/9) and on submission of initial national communications (FCCC/SBI/1997/13). She noted that Argentina and Jordan have submitted national communications and 40 other non-Annex I Parties had indicated they would do so by 2000. Luxembourg, on behalf of the EU, said the review process for non-Annex I communications should begin as soon as possible. CANADA urged acceleration of non-Annex I communications. She supported a process for consideration of non-Annex I communications as a way of advancing commitments under Article 4.1, including guidelines and country visits. AUSTRALIA emphasized the review component as an integral part of the process, noting that country visits with participation by non-Annex I experts were helpful in the Annex I Parties process.

ARGENTINA said consideration of non-Annex I communications should be facilitative, not confrontational, and that he had no problem with in-depth studies of non-Annex I communications. TANZANIA, on behalf of the G-77/CHINA, supported by AUSTRALIA and CUBA, said the discussion of Annex I and non-Annex I communications should be based on differentiation. CHINA and MALAYSIA recommended an overall assessment rather than individual review, noting that initial non-Annex I Parties' communications may not be as consistent or complete as Annex I Parties'. The US said consideration of non-Annex I Parties' commitments need not be as detailed nor as extensive as that for Annex I Parties. She said compilation and synthesis of non-Annex I communications did not require the same schedule or frequency but could contribute to a comprehensive synthesis report, which could identify gaps or inconsistencies in non-Annex I communications.

The PHILIPPINES said a GHG abatement strategy is beyond developing country commitments and should not be mentioned except as a possible voluntary activity. With CHINA, INDIA, MALAYSIA and COLOMBIA, she emphasized that non-Annex I communications are governed only by FCCC provisions and the relevant COP-2 decisions. ZIMBABWE, CUBA and others said provision of initial communications is linked to provision of funds. SAUDI ARABIA said the financial support must be sustainable and linked to capacity building.

The REPUBLIC OF KOREA and MALAYSIA underscored varying country conditions and capacities. BANGLADESH and BURKINA FASO supported regional workshops. JAPAN said it is strengthening training courses for developing country experts to increase capacity. SENEGAL promised to submit its communication by the Kyoto meeting. The Chair suggested forming a contact group on this issue to be led by the US and Malaysia.

The contact group met a number of times but did not reach consensus. In final Plenary, CHINA reported on discussions in the contact group, highlighting financial and technical difficulties and the problems posed for consideration of communications given the staggered submission schedule. Delegates agreed that deliberations will continue at SBI-7 and adopted the contact group's draft conclusions. Two annexes to the conclusions contain draft proposals from the G-77/

CHINA and the US. Under the G-77/CHINA proposal, the COP would decide to: consider the overall aggregate effects of measures taken pursuant to FCCC; compile a list of projects submitted by non-Annex I Parties for financing and seek funding from the financial mechanism; and consider the non-Annex I communications in a facilitative, non-confrontational, open and transparent manner. SBI would conduct initial consideration of the communications and submit a synthesis report to the COP on the overall aggregate effects of measures taken pursuant to the FCCC. The Secretariat was requested to prepare a report on the guidelines for the preparation of initial communications with a view to enhancing compatibility.

Under the US draft decision, the COP would decide that consideration of initial non-Annex I communications will include, *inter alia*, the tasks of assessing quantitative and qualitative information for consistency with applicable guidelines and preparing a report on the application of guidelines. The draft decision also requests that the Secretariat: select experts from names nominated by Parties to assist in the consideration process; compile and synthesize information contained in individual national communications; compile a compendium of projects and related information submitted by non-Annex I Parties; arrange regional expert workshops; and note instances where in-country expert visits would be beneficial and make appropriate arrangements.

**Financial Mechanism:** On 29 July, the Secretariat summarized the compilation of the views submitted by Parties (FCCC/SBI/1997/MISC.3) and the synthesis report (FCCC/SBI/1997/8). The Chair requested comments on the financial mechanism, and noted that in the first GEF replenishment period no climate change related activities were denied funding. SAUDI ARABIA noted that the GEF was sufficient for the interim period, but was outdated. Along with KOREA, IRAN and the G-77/CHINA, he called for additional time to consider the financial mechanism.

KUWAIT, NIGERIA and SAUDI ARABIA suggested that Parties consider other options for a financial mechanism. CHINA called for an increase in the replenishment funds, and requested that additional funds be allocated for technology transfer. MALAYSIA noted that two of its project proposals have been turned down by the GEF.

The EU stated that the report presented by the Secretariat provided sufficient basis to support replenishment, and suggested that the GEF be appointed the permanent operating entity of the financial mechanism. AUSTRALIA, the US, CANADA, JAPAN and the UK noted the success of the GEF and supported making the GEF the permanent mechanism at COP-3. The UK stated that it is committed to the GEF and prepared to make substantial contributions. The GEF welcomed the review of the financial mechanism and noted that it has provided US\$4 billion in operational support for climate change projects. The G-77/CHINA called for all sources of information to be carefully examined, and noted that he was willing to submit a draft decision on the review process. A contact group chaired by John Ashe (Antigua and Barbuda) was established to consider the issue.

The contact group met throughout the week and on 31 July produced a text that contained bracketed references noting the work done by GEF since its inception and the initial concerns raised by some non-Annex I Parties. In a section welcoming the outcome of UNGASS, the text contains bracketed references recognizing that implementation of commitments made under international environmental treaties can be promoted by secure, sustained and predictable financial support, sufficient institutional capacity, human resources and adequate access to technology.

Under a bracketed option, the GEF would be appointed the financial mechanism of the Convention and SBI would initiate arrangements for Parties to further consider the GEF's activities, including a method for Parties to raise performance issues. Under a bracketed alternative, the GEF would continue as the financial mechanism on an interim basis pending a review by COP-4.

The text was adopted in the report of the meeting. SBI also decided to defer consideration of this issue until its next session and urged all Parties to submit their views on the financial mechanism no later than 8 September. A number of delegates noted concern with the date of 8 September and stated that they had agreed to submit the reports by 25 September to give more time for consideration of the issue. A compromise date of 15 September was agreed upon.



**Administrative and Financial Matters:** On 28 July, the FCCC Executive Secretary introduced documentation on the programme budget for the years 1998-1999 (FCCC/SBI/1997/10, INF.1, and INF.2). He drew attention to an informal document on the status of payments to the FCCC core budget and said the cash flow situation continued to warrant concern. He said the level of initial budget estimates had been revised downwards but would remain above the 1997 level.

He also discussed a proposal to maintain a post-Kyoto contingency fund for the management of any unanticipated process to emerge from COP-3. On the Participation Fund, he warned that some linkage might be introduced between Parties' applications for funding and the status of their contributions.

The EU introduced a formal statement on the programme budget for 1998-1999, noting continuing concern at the total amount of the budget proposals presented by the Secretariat and a proposed 50% increase overall. The EU proposed a contact group to take the work on the budget forward.

Delegates at an informal budget discussion that afternoon differed on the implications of budgetary decisions for AGBM and COP-3 deliberations. Some supported including funds for a possible post-Kyoto process within a proposed contingency budget or even including those funds in the FCCC's core budget, while others said the budget should not prejudice whether coming negotiations will establish such a process. The need for separately listing funds for Annex I and non-Annex II Parties' implementation was also questioned, but a number of delegations said the distinction in Parties' responsibilities should not be eliminated in the budget. Several delegations also expressed concerns about the apparent increase in staff and overall budget amount compared to 1997 figures. They requested further information on these issues from the Secretariat.

In the final Plenary, the Chair presented the draft conclusions on the programme budget for 1998-1999 and noted that they will be included in a formal annex. The delegates adopted the annex. The EU noted that a 15% increase over two years in the budget shows the importance that the EU attaches to the implementation and further development of the Convention. The Executive Secretary expressed his appreciation for early closure on this issue and noted that five of the 10 largest contributions for the year have still not been received.

**Arrangements for Intergovernmental Meetings:** On 29 July, delegates considered document FCCC/SBI/1997/11. On arrangements for COP-3, the G-77/CHINA, supported by NIGERIA, VENEZUELA, SAUDI ARABIA, KUWAIT, CHINA, MALI, IRAN, KOREA, CENTRAL AFRICAN REPUBLIC, COLOMBIA and INDIA said the proposed ministerial segment must include all heads of delegations and their advisors, not just ministers. Some delegations said it should be renamed a "high level" segment and any text for discussion must be distributed well in advance of the ministerial roundtable. On COP-3 agenda, the G-77/CHINA supported holding COP-4 in 1998. The EU and AUSTRALIA preferred scheduling COP-4 in early 1999. Delegates expressed varying opinions as to the value of a ministerial segment. NIGERIA, CHINA and SAUDI ARABIA cautioned against including selected partner organizations and NGOs in the ministerial roundtable and questioned who would make the selections. JAPAN said NGOs should be excluded from the ministerial segment given its highly political nature.

On 30 July, the SBI Chair reported that there was no agreement on a draft decision on preparations for COP-3 and COP-4 prepared by the G-77/CHINA, which will include the second review of Annex I Party commitments. The FCCC calls for the second review no later than 31 December 1998. The Chair appealed for flexibility from the G-77/CHINA, which had experienced difficulties with a proposal for a date for COP-4. The Chairs of the G-77/CHINA and the EU agreed to consult with the SBI Chair on arrangements for COP-3 and COP-4.

In an informal meeting on 1 August, delegates continued to debate draft conclusions on arrangements for COP-3, particularly with regard to a proposal that the Secretariat make all necessary preparations for COP-3 to conduct the second review of the adequacy of Article 4.2 (a) and (b) and the review of Annexes I and II. Debate also centered on text describing the dates of the high-level segment and noting that the COP President will promote informal dialogue among Ministers and Heads of delegations.

In final Plenary, delegates accepted draft conclusions that, *inter alia*, request the Secretariat to make all necessary preparations for COP-3 to consider the second review of the adequacy of Article 4.2 (a) and (b) and that COP-3 place on the agenda for COP-4 the second review of those articles. A request for the Secretariat to make preparations for the review of Annexes I and II was replaced with a recommendation that COP-3 undertake a review of available information with a view to taking decisions regarding amendments to Annexes I and II.

The conclusions also recommend that a High Level Segment of Ministers and other Heads of Delegations at COP-3 take place from 8-10 December. Following a G-77/CHINA request, a paragraph regarding an informal dialogue among Ministers and other Heads of Delegations was deleted.

Regarding arrangements for COP-4, the SBI recommended that COP-4 be held in November 1998. The venue will be Bonn unless a proposal by Party to host the COP is received.

**NGO Consultation Mechanisms:** On 29 July, SBI considered mechanisms for consultation with NGOs. The Secretariat introduced two documents (FCCC/SBI/1997/14 and Add.1). Regarding access by NGOs, one document contains proposals on the improvement of existing mechanisms and the establishment of new ones, including a Business Consultative Mechanism (BCM). The other document (Add.1), contains additional reflections by the Secretariat. A representative of public utilities commissions and the Climate Action Network agreed with increased transparency in the accreditation and registration process. A speaker representing business and industry NGOs supported the concept of a BCM, and stressed the need to improve current communications mechanisms. The International Council for Local Environmental Initiatives (ICLEI) noted that a report will be submitted to the COP and its subsidiary bodies providing data on local government initiatives to reduce GHGs. The US, MALAYSIA, EGYPT, SENEGAL, the EU, CANADA, INDONESIA, AUSTRALIA, BENIN and VENEZUELA welcomed participation of the NGOs in the Convention. MALAYSIA and BENIN stated that NGOs who are not supportive of the Convention process should not be allowed to attend.

INDONESIA called for the mechanism for consultation to be broadened to include local government and business NGOs. CANADA, AUSTRALIA and VENEZUELA noted the financial constraints of the Secretariat. CANADA suggested improving existing bodies and mechanisms. The Chair called on Parties to submit comments and noted that the issue will be taken up again at SBI-7.

In final Plenary, SBI took note of the Secretariat's documents on mechanisms for consultations with non-governmental organizations. The Chair noted that a contact group would be created at SBI-7 for consideration of this item. The SBI also urged all Parties to submit their views on this item by 25 August.

**Other Issues:** On 30 July, SBI decided to refer its agenda item on development and transfer of technology to SBSTA. In final Plenary, Parties adopted ad referendum draft conclusions on reducing the volume of documentation and the calendar of meetings (FCCC/SBI/1997/11). SBI also took note of the information provided by the Secretariat regarding UNGASS.

**Report of the Meeting:** In final Plenary on 5 August, the Chair noted that most decisions by the contact groups were outlined in the draft report (FCCC/SBI/1997/L.2). Delegates reviewed the report of the meeting and adopted it as amended. The Chair adjourned the meeting at approximately 11:30 am.

## SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA Chair Tibor Faragó (Hungary) opened SBSTA-6 on 28 July and highlighted the interest in enhancing commitments under the FCCC as expressed at UNGASS. He noted that Burundi had recently become an FCCC Party and said the Ukraine and Singapore would soon follow. FCCC Executive Secretary Michael Zammit-Cutajar noted that while much attention has focused on the AGBM, the other subsidiary bodies would also make positive contributions to COP-3.

He expressed concern at the slow pace of submission of national communications, which are a basic commitment and affect the Secretariat's ability to compile and synthesize information.

On the adoption of the agenda, the G-77/CHINA, reserved its position on addressing methodological issues related to joint implementation as a separate issue. CHINA proposed bracketing the item. The US requested an explanation of this action. The Chair proposed including this item under the general discussion on activities implemented jointly. Delegates agreed to consider the item under the discussion on methodological issues.

On the election of officers, Soobaraj Sok Appadu (Mauritius) was elected Vice-Chair and Alvaro Jose Rodriguez Gómez (Colombia) as Rapporteur. On the organization of work, the Chair proposed establishing informal groups to consider the division of labor between SBSTA and SBI. He also proposed establishing a group on methodological issues, to be chaired by Harald Dovland (Norway) and SBSTA Vice-Chair Appadu. Thirty-four delegations expressed interest in participating.

**Division of Labor:** On 28 July, delegates considered the document on division of labor (FCCC/SB/1997/2). The document proposes, inter alia, that only one subsidiary body would address any particular issue and, if necessary, the other body would consider certain aspects of the issue. LUXEMBOURG, on behalf of the EU, along with JAPAN, supported the proposed approach and, with SWITZERLAND, emphasized the need for education and public awareness. JAPAN noted that the division of labor for national communications and AIJ needs clarification. The US noted that SBSTA should only refine unclear areas rather than redefine decisions.

Some delegations, including MALAYSIA, SAUDI ARABIA and IRAN emphasized the importance of technology transfer to developing countries and the need for more detailed discussions. Some disagreed with the document's proposal that SBI only address technology transfer "at some point in the future." CANADA noted that some elements are appropriate to SBSTA's expertise, while others fall outside that, such as intellectual property rights, financial mechanisms and the role of the private sector.

Delegates convened a joint informal group to produce draft conclusions, which was chaired by Amb. Mark Hambley (US) and José Romero (Switzerland). The group held consultations throughout the week and presented its conclusions on 6 August. The same conclusions had been presented and adopted by SBI (see above).

**Methodological Issues:** On 28 July, the Chair opened discussion on methodological issues and financing by noting that an informal group, chaired by Harald Dovland (Norway), would also be considering the issue. He urged delegates to limit their discussion to general comments on the documents (FCCC/SB/1997/INF.2, FCCC/SBI/1997/10 and FCCC/SB/1997/INF.1) and leave detailed discourse for the informal discussions. The EU, the US and JAPAN stated that the documents were reasonable and useful. However, each group noted reservations and agreed to participate in informal discussions. The EU and the US questioned how funding should be allocated to different bodies. MALAYSIA noted the importance of methodological issues and called for an increase in the budget. CHINA called for the work to be implemented on a regional basis and stressed that this should be a priority task.

On 29 July, an informal group on methodological issues heard a presentation by the Secretariat on its Methodological Work Programme. On 30 July, the methodological group reported to Plenary that the group had found little overlap between the work of the Secretariat and other international organizations. SAUDI ARABIA objected to the paper to be presented by the methodological group and stated that the Secretariat should not be given additional responsibility. He called for a new working group to discuss Intergovernmental Technical Advisory Panels (ITAPs) and reminded the Chair of the G-77/CHINA's proposal on ITAPs.

On 31 July, the Chair of the contact group on methodologies presented its conclusions in Plenary. The G-77/CHINA requested more time to consider this paper before approval. ZIMBABWE noted that there was limited participation from non-Annex I countries. The methodologies contact group reconvened for further consultations.

On 5 August, the revised draft conclusions of methodologies group were presented in the revised report of SBSTA-6. Regarding the work programme to be conducted by the Secretariat, SBSTA decided: to give highest priority to activities relating to methods for GHG inventories; high priority to projections of GHG emissions and sinks; and priority to methods for evaluating and monitoring the effectiveness of specific policies and measures for assessing adaptation strategies and technologies.

The revised conclusions, inter alia: request the Secretariat to prepare a progress report on the work programme on methodologies; note that SBSTA-7 will begin consideration of appropriate ways to provide terms of reference for expert contributions and the review of technical documents; and provide an opportunity for submitting initial comments on priority areas and options for work on projections by 20 January 1998. The conclusions also contain an indicative budget for the methodological work programme.

On 28 July, delegates considered methodological issues related to crediting under joint implementation. The US and the EU supported immediate discussion of this matter and said that joint implementation would be limited without resolving the issue of credits. The G-77/CHINA and the RUSSIAN FEDERATION noted that it was premature to talk about crediting. They emphasized that joint implementation is still in its pilot phase with few projects and few countries involved. NORWAY emphasized that the issue of crediting is complex and addressing methodology alone may not be beneficial. He called for a broad examination of the issue before the specifics of methodology are considered.

The Chair suggested postponing discussion of crediting until early next year in order to await the political deliberations that will take place at AGBM. CANADA noted that each COP is responsible for the review of pilot projects and was concerned that the issue of crediting was being ignored.

The Chair called on the US, NORWAY, CANADA and CHINA to draft a compromise text for consideration in Plenary. On 30 July, the US reported that this small informal group had not produced agreed text and would continue consultations until the final SBSTA meeting. On 5 August, CHINA reported that the group had still not reached agreement. The Chair proposed that the report of the meeting state that SBSTA had considered the issue and decided to defer consideration to a future session. CHINA proposed deleting the reference to future consideration. The PHILIPPINES asked if the issue would again be considered a separate agenda item or together with methodological issues. The US noted the need for further discussions and that the clearly divergent views were evidenced by the fact that there are no conclusions on this matter. Delegates agreed to consider the issue at a future session.

**Cooperation with International Organizations:** On 30 July, delegates considered document FCCC/SBSTA/1997/MISC.4. The Chair noted that there was little documentation and encouraged inter-governmental and international organizations to brief the delegates on their activities. The International Oceanographic Commission (IOC) cited the need for modernizing global sea level observations and called for assistance from international bodies. The Scientific and Technical Advisory Panel (STAP) to the Global Environment Facility (GEF) summarized its activities and workshops on climate change and noted its cooperation with other international organizations. The World Meteorological Organization (WMO) reported on the development of the Climate Agenda and noted that a report will be submitted to COP-3. The United Nations Environment Programme (UNEP) stated the importance of equity in methodological issues and called for a resolution. He noted the advantages gained by sharing of information between groups interested in activities implemented jointly (AIJ), but cautioned that AIJ could weaken the development of local technologies.

The IPCC stated that the Third Assessment Report (TAR) is scheduled for completion by the end of 2000. In addition to physical, chemical and ecological processes, the TAR will integrate natural and social sciences and address sectoral issues and regional perspectives. The IPCC will also produce a "policy relevant" synthesis report.

LUXEMBOURG, on behalf of the EU, highlighted its submission containing questions from policy makers, which focuses, inter alia, on progress in detecting change, non-intervention scenarios and possible

policy combinations. SWITZERLAND noted the importance of disseminating the TAR results in all UN languages and ensuring adequate resources for the IPCC secretariat.

CHINA said the TAR should reflect the implementation of Articles 4.2(a) and (b), and with the US, called for briefings on the consultations of the Joint Working Group of the FCCC and IPCC officers. ZIMBABWE, on behalf of the African Group, as well as CUBA and ZAMBIA, sought stronger national observation and research systems. She also urged the IPCC to produce simplified summaries of regional impact studies and regretted that the GEF did not support UNEP's proposed climate awareness programme.

The MARSHALL ISLANDS stated that the IPCC should strive for better information on possible scenarios, such as sea-level rise and socio-economic impacts resulting from inaction. Any steps towards a "user friendly" synthesis report would assist political leaders. SAMOA cited the fact that some regions do not have experts in this field as proof of the need to build capacity. PERU called for work on tropical forest methodology and the ocean carbon cycle according to region.

In the report of the meeting, delegates noted the information provided by the various international organizations and requested that the Secretariat organize an informal meeting at SBSTA-7 to discuss key issues to be addressed in the TAR. Following a US proposal, the conclusions call upon Parties to work through other relevant organizations, including the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO).

**National Communications:** On 28 July, the Secretariat introduced documents on communications from Annex I Parties (FCCC/SB/1997/5) and inventory and projection data (FCCC/SB/1997/6), which delegates noted without discussion. On communications from non-Annex I Parties, delegates had before them documents (FCCC/SBI/1997/9 and FCCC/SBI/1997/13) and agreed to await the outcome of the SBI deliberations.

**Technology Transfer:** On 30 July, the Chair invited comment on a progress report (FCCC/SB/1997/3), an update on the report (FCCC/SB/1997/4) and a technical paper on trends and conditions employed by multilateral lending institutions (FCCC/TP/1997/1). TANZANIA, on behalf of the G-77/CHINA, said technology transfer remains an essential component and priority element of FCCC implementation. SBSTA should continue to establish expert groups on specific issues using the roster of experts. ZIMBABWE, on behalf of the African Group, demanded a reopening of the question of ITAPs, which could be a first step toward a clearinghouse mechanism. CHINA said SBSTA should set up ITAPs to facilitate technology transfer.

The US and the EU suggested that action on ITAPs await a planned review of the roster at the next SBSTA. JAPAN said SBSTA should concentrate on updating the roster and should carefully consider qualifications for ITAPs. MALAYSIA said ITAPs and the roster should be enhanced to draw expertise from within governments.

The US said governments' role in technology transfer is to encourage technology diffusion and remove market barriers. The focus should be on informing developing country Parties of channels and conditions for financing. CANADA stated that the private sector is the preferred vehicle for technology transfer, with governments playing a facilitating role. The EU noted the increasing significance of private sector financial flows and said work related to public sector financial flows should focus on energy and transport. UZBEKISTAN suggested an international technology exchange advisory group.

The draft conclusions on transfer of technologies accepted on 5 August, state that SBSTA took note of the Secretariat's technical and progress reports and supported the Secretariat's plans to prepare reports on the role of the private sector and on barriers and enabling activities of governments related to technology transfer. Under the draft conclusions, SBSTA encouraged the Secretariat to extend its cooperation with other organizations with the aim of, *inter alia*, improving the availability of climate relevant data. The draft conclusions also state that SBSTA discussed ITAPs and noted that the Secretariat has been requested to prepare a report on its experience using the roster of experts. It recalled that the subject of ITAPs, including their possible establishment, would be considered by SBSTA-7. Parties may submit proposals on the issue until 31 August 1997. SBSTA welcomed

the Secretariat's use of the roster in three expert meetings on technology and technology transfer issues and recalled its request to Parties to nominate experts for the roster.

**Activities Implemented Jointly:** On 28 July, delegates discussed activities implemented jointly (AIJ) under the pilot phase in Plenary. The Secretariat introduced document FCCC/SBSTA/1997/INF.2, which contains a list of projects that have been accepted, approved or endorsed by the designated national authorities.

The EU called for the establishment of a credible baseline that would reflect what would have happened in the absence of an AIJ project. The calculation of the benefits should be transparent and include only those leading to genuine GHG reductions. She noted that further work was required on technology-specific baselines and third party verification. The US noted that a considerable amount of progress on practical options can be identified, and highlighted several aspects of criteria for assessing AIJ, such as monitoring and verifying results, quantification of project costs and measuring emission benefits. He underscored the need to examine links between these issues and credits. The US and CANADA said the Secretariat's forthcoming synthesis document should begin to draw conclusions from AIJ projects. NORWAY highlighted national experience in AIJ and noted efforts to develop a portfolio of projects with a view to balancing sectors and technologies. COSTA RICA said the willingness to pay for GHG reductions through AIJ is linked to financing and stressed the need for crediting.

ZIMBABWE, CHINA, KUWAIT and MALAYSIA cautioned against forming premature conclusions on AIJ based on the pilot phase. ZIMBABWE and CHINA said it would not be possible to assess the effectiveness of AIJ by 2000. SAUDI ARABIA said many activities had been initiated to reaffirm the idea of AIJ and noted that project approval by the host government is not a sign of success because some countries lack the capacity to judge benefits. SAMOA noted that only 12 Parties, two from Annex I, were currently involved in AIJ activities. While significant opportunities for AIJ exist worldwide, few countries in the Asia-Pacific region have an understanding of this issue.

In the report of the meeting, SBSTA took note with appreciation of the Secretariat's information on AIJ and the ongoing work in the field.

**Report of the session:** On 30 July, Rapporteur Alvaro J. Rodriguez (Colombia) introduced the draft "skeleton" report of SBSTA (FCCC/SBSTA/1997/CRP.2), which delegates amended and adopted. On 5 August, delegates discussed the remaining issues on their agenda, considered a revised draft report of the meeting (FCCC/SBSTA/1997/L.4), and heard a presentation on the SBI workshop on Annex I communications. SBSTA took note of the methodological issues outlined in the workshop report. Delegates adopted the report, as amended, and the Chair adjourned the meeting at 5:00 pm.

### AD HOC GROUP ON ARTICLE 13

On 28 July, Chair Patrick Széll (UK) opened the fifth session of the Ad Hoc Group on Article 13 (AG13-5), the last AG13 meeting before COP3. He recalled that at AG13-4 some progress had been made, mainly due to the decision that AG13 should not aim to conclude its work before COP-4, pending a decision by the AGBM on the nature of the compliance regime.

The Chair called attention to the draft Multilateral Consultative Process (MCP) (FCCC/AG13/1997/2, Annex II) containing proposals on functions and procedures with a number of bracketed references. He indicated that additional submissions by Switzerland and Uzbekistan had been circulated (FCCC/AG13/1997/Misc.2).

The Chair requested that delegations circulate amendments on the draft MCP immediately to allow for their consideration overnight. The Chair also outlined a draft decision he had prepared for COP-3 requesting provision for two more AG13 sessions, each lasting six half-days, with the aim of completing work by COP-4. Meeting the target date would not be guaranteed.

On the scope and elements of an MCP, the Chair invited comments on the ordering of paragraphs in the MCP compilation text. The EU said the opening paragraph should refer to a "process" as mandated by FCCC Article 13. Reference to the establishment of a committee should follow later. The US warned against getting ahead of COP-3

and added that he was not in a position to endorse any course of action for AG13. The Chair invited comments on the first paragraph of the MCP compilation. Parties discussed: the introduction of a reference to FCCC Article 13; whether the paragraph should refer only to the establishment of a committee or to a process with a subsequent paragraph on a committee, or both; whether such a committee should be "standing" or "ad hoc;" and whether a committee should report directly to the COP or to the SBI.

On 29 July, delegates engaged in a paragraph-by-paragraph review of the draft compilation of proposals. Parties agreed on a reformulated introductory paragraph prepared by a working group chaired by Zimbabwe. The paragraph establishes the MCP as a set of procedures to be served by a committee. There was no agreement on whether the committee should be standing or *ad hoc* or whether it should be established under the SBI.

On a paragraph that sets out objectives, the Chair noted an EU proposal, supported by SWITZERLAND and AUSTRALIA, to refer to the "process" rather than the committee. The US, supported by SAUDI ARABIA, proposed that the MCP provide Parties with advice on "their" implementation of the Convention. The EU said Article 13 of the FCCC refers to advice on "the" implementation.

On related subparagraphs, there was no agreement on the objectives of promoting understanding of the Convention and preventing disputes. The Chair noted support from IRAN, CHILE and CHINA for the inclusion of the provision of assistance to Parties together with an EU suggestion that the committee advise other elements of the FCCC on providing financial and technological assistance.

The Chair agreed to note IRAN's proposal, supported by SAUDI ARABIA, to reformulate three subparagraphs to read: "Providing [consultative] assistance to the Parties in need in order to facilitate implementation of the Convention and finding solutions to the possible problems in this regard." The Chair noted that the question of providing assistance was likely to continue to haunt the Parties.

AUSTRALIA and the US objected to a suggestion by SWITZERLAND, supported by FRANCE, that the objectives include a reference to a protocol. The Chair advised Parties to forget references to a protocol until next year.

The Chair said a paragraph stating that the MCP will be separate from and without prejudice to the provisions of FCCC Article 14 (settlement of disputes) is based on wording from the Montreal Protocol. SAUDI ARABIA recalled that FCCC Article 13 is not a non-compliance procedure. The Chair invited Parties to ask whether the MCP's relationship to the settlement of disputes in FCCC Article 14 arose at all, given its "helpline" nature.

Delegates also discussed a paragraph concerning the committee mandate. It was agreed that the title should be changed to "Mandate of the Committee." There was significant debate on provision of assistance to Parties, including proposals by CHINA, SWITZERLAND, the EU and the US. SWITZERLAND agreed to go along with the EU proposal that assistance should consist of advice and recommendations on technical and financial aspects. The remaining proposals will appear in the new compilation text. There was considerable debate on the role of the COP.

On 30 July, AG13-5 considered the draft report to COP-3 (FCCC/AG13/1997/CRP.2). The draft report states that the establishment of any MCP must be within the framework of the FCCC. AG13's next session will consider whether to adjust its framework draft text in light of the AGBM negotiations. Parties decided to hold two more sessions of six and eight meetings to complete work before COP-4. The entire framework text remains in brackets.

In the introductory paragraph the options describing the MCP procedures as "*ad hoc*" or "standing" remain in brackets. Each of the proposals on objectives of the MCP, a new proposal on providing consultative assistance to Parties, and elements in the proposed Mandate of the Committee are also bracketed. Decisions have also been held over on questions of how issues will be taken up by the MCP, and whether one or more Parties will be involved in making submissions. In the Outcome section, a paragraph that would subject conclusions and recommendations from the MCP to the consent of the Party or Parties concerned remains in brackets.

The EU, supported by CHILE, SAUDI ARABIA and SWITZERLAND called for at least two more AG13 sessions, each lasting eight half-days and, with KUWAIT and FRANCE, called for a stronger commitment to completion of work by COP-4. The US and CHINA did not agree. Chair Szell modified the draft decision for COP-3 (FCCC/AG13/1997/CRP.2 Annex III) to indicate that AG13 should continue beyond the COP, invite AG13 to complete its work by COP-4 and request it to report to COP-4 on progress if it fails to meet the target date. He also amended the draft report (Organizational Matters) to indicate that AG13 will require two further sessions each consisting of about six to eight meetings.

Reviewing the draft compilation for a Multilateral Consultative Process (MCP) (Annex II), in a paragraph describing how issues are to be taken up, CHINA asked for the re-insertion of a reference, in brackets, to consideration of any submission made by "a Party on its own request." KUWAIT, CHINA and SAUDI ARABIA questioned the adequacy of a decision to cross-reference this procedural paragraph in an earlier paragraph on the Mandate of the Committee.

Rapporteur Andrej Kranjc (Slovenia) presented the draft report of AG13-5 for adoption. The Chair noted that detailed discussions would be needed at AG13-6 on: assistance to Parties; the question of who can trigger proceedings; and the implications of COP-3.

## A BRIEF ANALYSIS OF THE AGBM

Now that AGBM-7 is history, many may ask if governments are any closer to reaching agreement on strengthening the Framework Convention on Climate Change. Alas, an assessment of just how much was achieved is as open to interpretation as was the much disputed status of Schubert's "unfinished symphony." To make such an assessment, three key questions were put to delegates and observers as they moved between the Beethoven, Schubert and Haydn Rooms at the Maritim Hotel during AGBM-7: where did the movement or progress occur in this round of negotiations; what are the emerging linkages or tradeoffs; and what are the key opportunities in the all-important forthcoming intersessional period to advance the process to achieve an outcome acceptable in the eyes of the Parties.

**THE AGBM'S SEVENTH MOVEMENT:** In the absence of initial formal proposals for emissions reduction targets by the US and Japan, there was a widespread sense that most of the progress achieved at this session was limited to a reduction in the number of proposals in Chair Estrada-Oyuela's negotiating text. One NGO hoped that Parties might now begin to distance themselves from ownership of individual proposals and recognize the Chair's forthcoming text at AGBM-8 as more of a common enterprise. Others were less than impressed. They suggested that some negotiating positions had hardened while some Parties, clearly determined to distance themselves from the whole process, had tabled unrealistic proposals to cover their retreat.

Stepping tentatively toward negotiation, the US went some way towards accepting, in principle, the so called European "bubble" concept, i.e. internally differentiating targets for emission reductions. The EU made it clear that they would accept trading if the levels of targets agreed under the Berlin Mandate are "adequate." Another development has been the shift in the OECD countries' position on a comprehensive approach. A majority of these countries now view the multiple gases approach as a way of delivering stronger targets -- something they could not be confident about in regard to CO<sub>2</sub>. An issue that is now likely to emerge is the complexity of the monitoring regime required. A "qualified comprehensive approach" may emerge, with an initial focus on industrial gases. A third shift was the proposal by Brazil, the first large developing country to envision a future in which all countries adopt new commitments and the first outside AOSIS to discuss targets.

The EU's bid for a leadership role on strong targets along with policies and measures was frustrated by the near absence of support from other developed countries and the G-77. One observer's explanation for the absence of that support in the case of the G-77/CHINA referred to Tanzania's leadership role within the G-77/CHINA, compounded by the political dynamic in the group. The Tanzanian Chair, new to the intergovernmental process but an expert in the issues, stuck hard and fast to the group principle that no position should be adopted where one member dissents. This principle stems from what has been described as a "false sense of brotherhood" defined by an unwavering

opposition to the OECD. Whoever manipulates that opposition effectively tends to win out within the group. This helps to explain the influence of a handful of countries in the G-77/CHINA decision-making process. Saudi Arabia, for example, reportedly managed to become more entrenched than ever as a key player within the Group at this session of the AGBM and was allowed to present the Group's position on a couple of occasions.

Other key players also attracted criticism. While the Clinton administration has been moving toward a strong stand on climate change policy, it has been reported that opponents of the administration "caused havoc" and even engaged in attempts to undermine and discredit the US delegation in Bonn. The intense domestic political battles in the US were, in effect, being played out around the edges of the negotiations at the AGBM, helping to put the brakes on progress. A remotely controlled intervention in the process came via the Senate resolution demanding that the US negotiators dig their heels in to avoid any unilateral commitments by industrialized countries. A co-sponsor of the resolution, West Virginia Senator Robert Byrd, privately lobbied Chair Estrada but got short shrift.

An academic observer suggested that the G-77/China position had hardened in response to the Senate resolution and US calls for an evolutionary approach to the Berlin Mandate. He agreed with speculation that this outcome was the objective of some sophisticated lobbying by US industrialists who were determined to attack the "soft underbelly," of the process, i.e. exploiting the North-South tensions and fears about losing jobs at home.

The domestic difficulties of the US are echoed somewhat in Japan. The latter's difficulties are compounded by the responsibilities that go with playing host to a major UN conference, a privilege which must now appear to some in Tokyo as a poison chalice. Japan's domestic constituency is for the most part in favor of a strong protocol. Initial signals on Japanese targets -- proposals permitting some developed country emission increases tentatively floated in the corridors -- met with a hostile reception from NGOs. One senior European observer marked this down as a notable political development in itself. Observers further noted that this kind of public pressure from NGOs will be an important element of remaining negotiations despite the "lock-out" from formal meetings.

Political tensions in Japan as to what type of targets to support are reflected in political divisions between Japanese government ministries, with serious concern at the Ministry of International Trade and Industry. The Prime Minister is expected to intervene soon to "knock heads together" to avoid an embarrassing struggle at Kyoto and -- above all -- to avoid surprises.

**NORTH-SOUTH OVERTURES:** Even rabid "evolutionists" do not necessarily insist that the new developing country actions take place now, but that they must establish some mechanism that will consider when those actions may occur and how they may be determined. Observers say that scheduled reviews of commitments under the FCCC could provide a venue for considering developing country actions that is politically linked to but formally separate from a new protocol or legal instrument agreed in Kyoto. The review of annexes is another tool cited by observers as a means of extending the group of countries taking primary responsibility for FCCC commitments. Both of these approaches could leave the onus of responsibility on Annex I countries while eventually answering the concern that all parties participate. Presentation and appearance are often key to political success, and the presentation of a two-part package -- with the non-Annex I Parties on board for Berlin Mandate - The Sequel -- could offer a solution.

In this regard, some observers were surprised to find that the US had not pushed harder in its negotiations on Article 4.1. They concluded that the delegation had decided to "put most of their eggs into another basket," i.e. the demand for an evolutionary approach to the Berlin Mandate (bringing developing countries in sooner rather than later), focusing on a review of the adequacy of commitments and joint implementation. This may explain Chair Estrada's decision to avoid an "explosion" and leave evolution and review of adequacy out of his negotiating text.

**AN INSTRUMENT FOR FOUR SEASONS:** The headline issues of greenhouse gas emission targets and timetables are so far untouchable, quietly muffled beneath the shade of the obscure term

"QELROs." The lack of specific target proposals from two of the largest GHG producers places a hold on that aspect of the process. So much so that the Chair of the QELROs non-group speculated that an attempt to address them might embarrass some Parties.

Whether policies and measures should be legally binding or not, is another issue yet to be resolved. Although there are provisions in the current draft to the effect that Parties must draw up binding national plans for limiting and reducing anthropogenic emissions by sources and enhancing removal by sinks, there is a draft escape clause that states: "Parties will continue to retain maximum flexibility in deciding how best, based on their national circumstances, they can reach emission limitation/reduction objectives." The ongoing debate over flexibility resumes in the discussion of policies and measures. There seems to be a tendency to accept that some P&Ms will be classified as mandated way, but which ones, how many and other details are far from clear.

Regarding whether objectives shall be achieved individually or jointly, a distinction was established whereby commitments will be met individually, but P&M's may be undertaken in a common/coordinated way. Further clarification will be needed on how the common/coordinated approach will operate. A reference was made to a coordination process to be instituted under SBSTA to develop guidelines for implementing the common measures set out in both mandatory and high priority P&Ms. The inclusion of an "Annex Q1" of countries that are to take measures to mitigate climate change hints at another route to inclusion of non-Annex I Parties in new commitments.

**INTERLUDE:** The intersessional period leading up to AGBM-8 in October and the period between AGBM-8 and COP-3 will undoubtedly assume unusual significance. Key events along the way will be an imminent intersessional meeting in Germany to be chaired by Estrada, a White House meeting in October when targets may be announced, a Japanese-hosted meeting for 10 Annex I Parties in early September, EU-US bilaterals, and a G-7+I meeting in November. Estrada is also expected to conduct other informal consultations.

**REPRISE:** The real world political and economic global order as we enter the 21st century is more complex than it was when climate change arrived on the political agenda -- a fact that raises all kinds of contradictions in the structure of the FCCC, not least the question of who really belongs in Annex I and Annex II and the distribution of responsibility. Weighed against that observation is the fact that debts to history -- notably the history of North-South relations and that of industrial GHG emissions-- survive much longer than contemporary economic trends.

While climate change is undoubtedly an environmental issue -- the paramount issues at the AGBM are increasingly exposed as questions concerning the concealed political and economic costs of the industrialized world's free ride to unsustainable development. Whether Berlin Mandate negotiators will produce what one observer called "an impossible mass" to resolve at Kyoto, or the critical mass to address an objective to which all Parties have already committed, must become clearer with the passing of the seasons.

## THINGS TO LOOK FOR IN THE INTERSESSIONAL PERIOD

**FCCC SUBSIDIARY BODIES:** The next sessions of the subsidiary bodies are scheduled to take place in Bonn from 20-31 October 1997. SBI and SBSTA will meet from 20-22 October and will hold their final sessions during the second week. The remainder of the time will be devoted to AGBM. AG13 will not meet. The third Conference of the Parties (COP-3) is scheduled for 1-10 December 1997 in Kyoto, Japan. For all meetings related to the FCCC, contact the secretariat in Bonn, Germany; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.de. Also try the FCCC home page at <http://www.unfccc.de> and UNEP's Information Unit for Conventions at <http://www.unep.ch/iuc.html>.

**TRAINING WORKSHOP ON PRESENTING NATIONAL IMPLEMENTATION STRATEGIES:** The Training Workshop on Presenting National Implementation Strategies will be held from 25-27 August 1997 in Lima, Peru. The objective is to prepare national

implementation strategies. For more information contact Stephen Gold, CC:TRAIN; tel: +41-22-733-1383; fax: +41-22-733-1383; e-mail: sgold.unitar@unep.ch.

**AFRICAN REGIONAL WORKSHOP ON THE PREPARATION OF INITIAL NATIONAL COMMUNICATIONS:** This workshop will be held from 28-30 August 1997 in Dakar, Senegal. The workshop, which will be held in English and French, will cover a wide range of issues and focus on the specific and needs of African countries. Working Groups will be established for different thematic areas. For information contact: Youba Sokona, ENDA-Energy; tel: +221-225-983; fax: +221-217-595.

**US REGIONAL CLIMATE CHANGE WORKSHOPS:** Regional workshops will examine the vulnerabilities of various regions of the US to climate variability and climate change and to aggregate information across regions to support national-scale scientific assessment. The New England Workshop will be held from 3-5 September 1997 in Durham, New Hampshire. For more information contact: Clara Kustra; tel: +1-603-862-3484; fax: +1-603-862-1915; e-mail: clara@unh.edu. Also try <http://www.necci.sr.unh.edu/>. The Southwest Regional Workshop will be held from 3-4 September 1997 in Tucson, Arizona. For more information contact Jon Unruh; tel: +1-520-621-7189; e-mail: unruhj@u.arizona.edu. Also try: [http://vpr2.admin.arizona.edu/udall\\_center/CLIMATE.HTM](http://vpr2.admin.arizona.edu/udall_center/CLIMATE.HTM). The National Workshop on Climate Change Impacts will be held from 10-12 November 1997 in Washington, DC.

**TRAINING WORKSHOP ON PRESENTING NATIONAL IMPLEMENTATION STRATEGIES:** The Training Workshop on Presenting National Implementation Strategies will be held from 15-19 September 1997 in Senegal. The objective is to train participants to prepare national implementation strategies. For more information contact Stephen Gold, CC:TRAIN; tel: +41-22-733-1383; fax: +41-22-733-1383; e-mail: sgold.unitar@unep.ch.

**REGIONAL WORKSHOP ON CLEAN ENERGY TECHNOLOGIES, PROJECT DEVELOPMENT AND FINANCE FOR ECONOMIES IN TRANSITION:** This workshop, scheduled from 22-26 September 1997 in Budapest, Hungary, will provide a forum for the facilitation of projects on greenhouse gas mitigation technologies between energy efficiency and renewable energy project developers and the international financial community. For information contact: Christopher Bordeaux; tel: +1-202-586-3070; fax: +1-202-586-3485/3486; e-mail: christopher.bordeaux@hq.doe.gov.

**KLIMA '97 LEIPZIG:** This conference and trade fair, scheduled from 25-28 September 1997 in Leipzig, Germany, encompasses all technical, scientific, economic and social measures relating to the protection and preservation of the climate. For information contact: Ingomar Brandl, UTEC International Kongress-und Ausstellungs-Service GmbH, Hainstrasse 16, D-04109 Leipzig; tel: +49-341-960-6797; fax +49-341-960 6798.

**GREENHOUSE GAS EMISSIONS TRADING MEETING:** The OECD Environmental Directorate will hold a meeting to discuss "International Greenhouse Gas Emission Trading" from 29-30 September 1997 in Paris. For more information contact the OECD; tel: +33-01-45-24-82-00; fax: +33-01-45-24-85-00; e-mail: news.contact@oecd.org. Also try <http://www.oecd.org/>.

**LATIN AMERICAN REGIONAL WORKSHOP ON PREPARATION OF NATIONAL COMMUNICATIONS:** This workshop will be held in Itaipu, Brazil, from 30 September - 2 October 1997 and will be held in Spanish and Portuguese. It will include individual country presentations on the status of the preparation of national communications and include rapporteurs reporting back on thematic issues for group discussions. For more information contact: John O'Brien, UNDP/GEF in New York; tel: +1-212-906-6033; fax: +1-212-908-6998.

**TRAINING WORKSHOP ON PREPARING IMPLEMENTATION STRATEGIES:** The Training Workshop on Preparing National Implementation Strategies will be held from 29 September - 3 October 1997 in Benin. Other training workshops will be held in Chad from 20-24 October 1997 and in Bolivia from 5-7 November 1997. The objectives is to train participants to prepare national implementation strategies. For more information contact Stephen Gold, CC:TRAIN; tel: +41-22-733-1383; fax: +41-22-733-1383; e-mail: sgold.unitar@unep.ch

**INTERNATIONAL CONFERENCE ON ENERGY AND THE ENVIRONMENT, EFFICIENT UTILIZATION OF ENERGY AND WATER RESOURCES:** This conference is scheduled from 12-14 October 1997 in Limassol, Cyprus. For information contact: Dr. Savvas Tassou, Department of Mechanical Engineering, Brunel University, Uxbridge, Middlesex, UB8 3PH, United Kingdom; Fax: +44 (0)1895-256392; e-mail: savvas.tassou@brunel.ac.uk.

**ASIA-PACIFIC INITIATIVE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY '97:** Asia Pacific Initiative for Renewable Energy & Energy Efficiency '97 will be held from 14-16 October 1997 in Jakarta, Indonesia and is sponsored by Alternative Development Asia; tel: +852-257-49133; fax: +852-257-41997; e-mail: altdev@hk.spuer.net.

**CONFERENCE ON CLIMATE CHANGE:** The Conference "Targeting Kyoto and Beyond," sponsored by Climate Network Europe (CNE), the Global Legislators Organization for a Balanced Environment (GLOBE-EU) and Germanwatch, will be held from 16-17 October 1997 at the Bundestag in Bonn, Germany. The Conference will feature a parliamentarians workshop, a ministerial panel and a business roundtable. For information contact: CNE; tel: +32-2-231-01-80; fax: +32-2-230-57-13; e-mail: canron@gn.apc.org.

# CLIMATE-L

## *An E-mail List for the UNFCCC Process*

The International Institute for Sustainable Development (IISD), publisher of the Earth Negotiations Bulletin, is pleased to announce a new e-mail distribution list intended to facilitate information exchange on the UN Framework Convention on Climate Change process.

CLIMATE-L is a moderated list for the dissemination of news, information on past and upcoming meetings related to the UNFCCC, copies of position papers and pointers to on-line resources such as WWW sites and longer documents.

CLIMATE-L is intended to be a very focused list with short messages and messages with links to other on-line documents. If you wish, it is possible to configure your subscription to the digested version so that you receive only one e-mail message per week from the list.

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