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INC-11 HIGHLIGHTS WEDNESDAY, 8 FEBRUARY 1995

PLENARY

The Plenary met Wednesday morning so that AOSIS could introduce its draft protocol and Germany could introduce its proposal for further elements of a protocol. Afterwards, the Plenary addressed Agenda Item 4, Review of Annexes to the Convention, and Agenda Item 5(c), Location of the Permanent Secretariat. The Secretariat also announced that Kiribati has deposited its instrument of ratification, bringing the number to 120.

AGENDA ITEM 1(b) — INTRODUCTION OF THE AOSIS DRAFT PROTOCOL: Amb. Annette des Iles (Trinidad and Tobago) introduced A/AC.237/L.23, the draft protocol submitted on behalf of AOSIS in September 1994, in accordance with Article 17 of the Convention. She noted that the protocol does not impose any additional obligations on developing country Parties. Its specific provisions include the following: The **Preamble** emphasizes that the burden of achieving the Convention's objectives rests with the developed States. In **Article 1** (Definitions) Sections (1), (7) and (8) differentiate between "Parties" to the Protocol and "Parties to the Convention." **Article 2** (Basic Commitment) restates the core of the commitment contained in Article 4(1)(b) of the Convention. **Article 3** (Targets for greenhouse gas reductions) is based on the "Toronto target." It requires developed country Parties to the Protocol who are included in Annex I to reduce their CO₂ emissions by 2005 to a level at least 20% below that of 1990 and to establish timetables for controlling emissions of other greenhouse gases. Article 3(1)(b) requires that Annex I Parties adopt specific targets on other greenhouse gases. Article 3(2) (Review and revision of targets) authorizes the Meeting of the Parties to "review and revise" both the CO₂ targets and timetable and the controls for other greenhouse gases. Article 3(3) (Accession of non-Annex I Parties to the specific commitments) says the commitments are binding only on the Annex I Parties. **Article 4** (Coordination Mechanism) creates a subsidiary body to provide advice to the Meeting of the Parties. **Article 5** (Reporting Requirements) includes a new reporting requirement in Article 5(2) that Annex I Parties provide a cost/benefit analysis of measures undertaken. **Article 6** (Institutional Arrangements) uses institutions established under the Convention. **Article 7** (Technology transfer) requires that the "best available technologies...are expeditiously transferred to developing countries" under "fair and most favourable conditions." **Article 8** establishes a Meeting of the Parties with powers to review the Protocol's implementation. **Article 9** (Dispute settlement) states that disputes are to be settled in accordance with the Convention.

Article 10 establishes the same procedure for amendments to the Protocol as amendments to the Convention.

Dr. Michael von Websky (Germany) introduced A/AC.237/L.23/Add.1 and noted that the proposal addresses targets and timetables, as well as policies and measures. He said ambitious reduction targets for CO₂ and other greenhouse gases, such as methane and N₂O, would make it possible to formulate clear political objectives. He suggested the broader application of economic instruments, increasing energy efficiency, increased use of renewable energy sources, the preservation, sustainable management and improvement of existing forests, and afforestation. He said a consensus was required at the COP on a commitment by Annex I Parties to stabilize their CO₂ emissions, individually or jointly, at 1990 levels by 2000.

AGENDA ITEM 4 — REVIEW OF ANNEXES TO THE CONVENTION: The Czech Republic announced that his Government should be prepared to amend Annex I at COP-2. In response to a question from Japan, the Chair said Czechoslovakia was an Annex I country and since it has been succeeded by two countries, the annex has to be amended accordingly.

AGENDA ITEM 5(c) — PHYSICAL LOCATION OF THE PERMANENT SECRETARIAT: The Chair reminded delegates that a contact group was established to advise the Committee on the location of the Secretariat. He then gave the floor to the representatives of the countries offering to host the Secretariat. The information about each offer is contained in A/AC.237/79/Add.4. Canada explained how Toronto is a leader in environmental protection and a multicultural city that is well suited to host the Secretariat. Germany outlined its proposal to host the Secretariat in Bonn, which has excellent communications and transportation facilities and is a major academic, scientific and cultural center. Switzerland said that the choice for the Secretariat's location should be based on effectiveness, not finance or prestige, and that Geneva, as a UN centre, would be the most effective. While Uruguay could not offer monetary subsidies or financial assistance to developing countries, the low cost of living and services in Montevideo would amply offset the absence of generous subsidies. Kenya announced that it has withdrawn its offer to host the Secretariat. Further discussion will take place on Friday.

WORKING GROUP I

AGENDA ITEM 7(b) — ADEQUACY OF COMMITMENTS: Following the introduction of the AOSIS protocol and German elements paper in the Plenary, Working Group I resumed its discussion of Agenda Item 7(b), Adequacy of Commitments. New Zealand, Hungary, France (on behalf of the EU), Japan, Canada, Denmark, Switzerland, Norway, the Netherlands, Australia, Belgium, Sweden and Mexico said

This issue of the *Earth Negotiations Bulletin* © <enb@igc.apc.org> is written and edited by Chad Carpenter <carpente+aWWFUS%WWFUS@mcimail.com>, Pamela Chasek <pchasek@pipeline.com>, Anilla Cherian <cherian@titan.ucs.umass.edu>, Langston James Goree VI "Kimo" <kimo@pipeline.com> and Steve Wise <swise@igc.apc.org>. General funding for the *Bulletin* has been provided by the International Institute for Sustainable Development (iisd@web.apc.org), the Government of Denmark and the Pew Charitable Trusts through the Pew Global Stewardship Initiative. Funding for this volume of the *Bulletin* has been provided by the Interim Secretariat for the Framework Convention on Climate Change. The authors can be contacted at their electronic mail addresses and by phone and fax at +1-212-888-2737. IISD can be contacted by phone at +1-204-958-7700, by fax at +1-204-958-7710. The opinions expressed in *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD and other funders. Excerpts from the *Earth Negotiations Bulletin* may be used in other publications with appropriate citation. Electronic versions of the *Bulletin* can be found on the gopher at <gopher.igc.apc.org> and in searchable hypertext through the *Linkages* WWW-server at <http://www.iisd.ca/linkages/> on the Internet. This volume of the *Bulletin* is uploaded into the APC conferences <enb.library> and <climate.news>.

commitments under Article 4.2(a) and (b) are not sufficient. New Zealand, supported by Japan, Switzerland, Norway, Australia and others, called for a consultative mechanism to create a dialogue with business interests. Saudi Arabia and Kuwait did not support this proposal since it would impose new conditionalities on developing countries. Hungary said that COP-1 should begin negotiations, and that Annex I countries could make commitments beyond 2000. France, on behalf of the EU, supported a comprehensive protocol on all GHGs. He said that COP-1 must at least initiate negotiations on a protocol and that negotiations should occur in an *ad hoc* working group. He also called for agreements on coordinated policies and measures where competitiveness concerns exist. Japan said that there is an emerging consensus that a new international framework should be considered. He suggested completing protocol negotiations by COP-3, under the SBI. Switzerland said an *ad hoc* working group should prepare a protocol for adoption by 1998. Norway said launching negotiations on new and binding commitments should be COP-1's top priority.

The Russian Federation said it would be premature to take on new commitments, and that the German proposal does not provide for countries with economies in transition. The Netherlands said it is absolutely necessary to develop new agreements beyond 2000, and called for Annex I Parties to promise not to increase emissions even if no agreement is in place. Australia said negotiations should take place in a body established under SBI authority and conclude by 1998 to leave time for ratification by 2000. Sweden suggested setting a joint target under which countries would reduce emissions as a percentage of total global emissions.

The Philippines, on behalf of the G-77 and China, noted that one of the cardinal principles of the Convention is "common but differentiated responsibilities." He said that repair for damage to the environment should be borne by those principally responsible for the damage. Any attempt to reassign responsibilities could be interpreted as transferring the burden to the victims rather than the perpetrators of climate change. He added that the necessary improvements could be made at a more opportune time. Argentina, Fiji, Colombia, Mauritius, Chile, Malaysia and Bolivia supported the AOSIS protocol, while expressing concern that Annex I Parties were not able to meet current commitments. Saudi Arabia and Kuwait urged caution in accepting new commitments, given scientific uncertainty and the inability of Annex I Parties to meet existing commitments. China said protocol negotiations were premature and noted that neither the best available scientific information nor the national communications provided a sufficient basis for renegotiating. Germany reiterated the need for a protocol on greenhouse gas reduction in all countries and a consensus at COP-1 by Annex I Parties to stabilize emissions at 1990 level by the year 2000. The US highlighted the need for new aims, including a common menu of action, review of national communications by the SBSTA and strengthening the process of negotiations through the SBI to anchor the post-2000 era. France called for cost-benefit analysis of targets and timetables. Some developing countries, including Iran, Uganda, Kenya, Mali and Algeria, urged Annex I Parties to meet their commitments.

WORKING GROUP II

Working Group II completed discussion on the maintenance of interim financial arrangements and continued its discussion of the unresolved paragraphs in A/AC.237/Misc.41 on guidance to the financial mechanism.

AGENDA ITEM 8(b) — MAINTENANCE OF INTERIM FINANCIAL ARRANGEMENTS: The afternoon session opened with a report from John Ashe (Antigua and Barbuda) on the results of the small working group addressing unresolved issues on the maintenance of interim arrangements. The group agreed on the following. The restructured GEF shall continue, on an interim basis, to be the international entity entrusted with the operation of the financial mechanism referred to in Article 11. In accordance with Article 11.4 of the Convention, the COP will review the

financial mechanism within four years and take appropriate measures, including a determination of the definitive status of the GEF in the context of the Convention. The US accepted this, but reiterated that the text does not inspire confidence in the GEF.

AGENDA ITEM 8(a)(I) — GUIDANCE: The Group then resumed consideration of A/AC.237/Misc.41.

Sub-paragraphs 1(b)(I)-(iv): India, supported by Saudi Arabia, Iran and Egypt, proposed deleting sub-paragraphs (ii) (information from financial institutions) and (iv) (promoting consistency) because they imposed new conditionalities on activities undertaken outside the framework of the financial mechanism. The US, Australia and the EU expressed concern about the placement of sub-paragraph (iii), which prohibits new forms of conditionality, in this paragraph. The Co-Chair summarized that developing countries prefer keeping (ii), developed countries prefer (iii), and (iv) is a problem for everyone.

Sub-paragraph 1(a)(vii): Based on the concern that the proposed language confused the responsibilities of the COP and the entity operating the financial mechanism, France offered substitute text that attempted to clarify the roles.

Sub-paragraph 2(b): France, supported by the US, suggested deleting this sub-paragraph, on assistance for research and development, stating that the entity should fund specific projects relevant to national programmes, not new or existing institutions. India, Benin, Brazil, China and Colombia stressed the need for including existing institutions and networking to facilitate technology transfer. India agreed to limit the provision to existing institutions, but Sri Lanka and Kuwait commented that they have no existing institutions. The US voiced concern over the commercial connotation of "research and development." The Co-Chair recommended continuing this discussion on Thursday.

Paragraph 2(d): Delegates redrafted this paragraph as follows: "The operating entity or entities should, in accordance with the policies, programme priorities and eligibility criteria as established by the COP, [be available to assist, if so requested/give priority to assisting developing country Parties] in the implementation of the national programmes adopted by developing country Parties." Germany and the Netherlands preferred the second bracketed option. The US, supported by the Netherlands, proposed moving sub-paragraph 1(a)(v) to follow 2(d), since it deals with the same topic. The Chair and India disagreed since 1(a)(v) deals with policies and 2(d) addresses priorities.

Paragraph 2(e): Australia proposed maintaining this paragraph on supporting activities to mitigate greenhouse gas emissions. The EU proposed expanding the paragraph to provide greater detail about how the financial mechanism will support mitigation activities and will circulate its text.

IN THE CORRIDORS

The bidding war is on. Canada, Germany, Switzerland and Uruguay are actively campaigning to be selected as the host for the Permanent Secretariat. While Bonn and Geneva may be the front runners, there is clearly no consensus yet. For Canada, Switzerland and Uruguay a decision at INC-11 would be to their advantage. If a decision is postponed until COP-1, Bonn is clearly the favorite. But then, as one delegate pointed out, there is always the possibility that the decision will be postponed by COP-1 and that Geneva could remain the "interim" location for the foreseeable future.

THINGS TO LOOK FOR TODAY

WORKING GROUP I: Working Group I will continue its discussion of the adequacy of commitments this morning. Agenda Item 7(c), Criteria for joint implementation, is scheduled to be discussed in the afternoon.

WORKING GROUP II: This morning, Working Group II will continue its discussion on guidance for the financial mechanism. In the afternoon, the Group is scheduled to discuss Agenda Item 9, Provision of technical and financial support to developing countries.