



HIGHLIGHTS FROM THE FCCC SUBSIDIARY BODIES MEETINGS WEDNESDAY, 2 JUNE 1999

The Subsidiary Body for Scientific and Technological Advice (SBSTA) discussed methodological issues and the development and transfer of technology. The Subsidiary Body for Implementation (SBI) considered administrative and financial matters and Annex I communications. A Joint Working Group on compliance under the Protocol met in the afternoon. Contact groups were convened on: guidelines for Annex I communications; land use, land-use change and forestry (LULUCF); and, activities implemented jointly (AIJ).

SBSTA

On LULUCF, NORWAY said SBSTA-10 can make progress on policy and procedural issues and guide IPCC with its preparation of a Special Report on LULUCF. AUSTRALIA called for focus on key policy and procedural issues relevant to the negotiating process, and for clarification of the Protocol's reference to establishing 1990 carbon stock levels. The EU called for clear definitions of terms and for work on the eligibility of additional activities between now and COP-6.

NEW ZEALAND urged SBSTA to adopt a long term approach and further consider treatment of harvested wood products. The US stressed making timely decisions on LULUCF. NIGERIA said the Special Report should include definitions of baselines for carbon stocks in sinks and should ensure that policy options are consistent with other convention requirements. SAUDI ARABIA, SWITZERLAND, GREENPEACE and others expressed reservations about the proposed timing for deliberation on some issues, noting the relevance of the Special Report.

On emissions resulting from fuel used for international transportation, the Secretariat reported that the International Maritime Organization (IMO) is currently considering a study on emissions from ships to develop an internationally accepted policy document. The International Civil Aviation Organization (ICAO) presented an overview of technology and standards, operational measures and market-based options aimed at providing a technical and policy basis for decisions to limit bunker emissions. SWITZERLAND stressed the need to introduce more stringent regulations, improve air traffic management nationally and internationally and use economic instruments such as eliminating tax privileges on aviation fuel. SAUDI ARABIA said the use of market-based mechanisms would burden developing countries.

On reporting of bunker emissions, the EU proposed that any decision on their inclusion in national inventories should be applied in the second commitment period. The US preferred treating bunker emissions separately from national inventories, which the

EU said results in no direct incentives to limit or reduce bunker emissions. The REPUBLIC OF KOREA called for further clarification in defining international bunker fuels.

On allocation of bunker emissions, AUSTRALIA highlighted the need to establish a policy framework and adopt the most suitable method of recording emissions. Stating that this is a complicated process, JAPAN called on ICAO and IMO to provide necessary information to help identify possible solutions. The EU said it would be practical to include bunker fuel emissions in inventories of Parties where the fuel is sold. Chair Chow proposed drafting conclusions on this matter.

Regarding information on impacts, adaptation and mitigation assessment methods, UNEP reported on its recent work on methodologies, including provision of guidance for national strategy development and capacity building on GHG abatement. TANZANIA suggested establishing FCCC collaborating centers in developing countries for information purposes and capacity building. UGANDA supported regional capacity building and South-South sharing of expertise.

On other matters, BRAZIL reported on a recent workshop held to consider its proposal on determining responsibility based on historical emissions. He noted that the proposal will be on SBSTA-11's agenda. The IPCC reported on the status of the forthcoming Special Report on Methodological and Technological Issues in Technology Transfer that will present a broad conceptual framework on the complex way technology transfer occurs and reflect the role of governments and other stakeholders.

SBI

On the program budget for the biennium 2000-2001, FCCC Executive Secretary, introduced the documents FCCC/SBI/1999/4 and FCCC/SBI/1999/4/Add.1. He highlighted its new features, *inter alia*, a cross-cutting emphasis on capacity building and strong focus on ensuring high quality of inventory data. He said the budget also seeks to strengthen capacity within the Secretariat to enable it to respond effectively to Parties' demands. He informed delegates of a 50% increase in the budget for programme activities. Chair Kante initially sought to confine discussion to consultations to be led by Mohamed Mahmoud Ould El Ghaouth (Mauritania) but at the insistence of CHINA, the PHILIPPINES, SAUDI ARABIA and INDIA, allowed Parties to make general statements in Plenary. The PHILIPPINES stressed that capacity building was for developing countries not for the Secretariat. IRAN, with CHINA, BRAZIL, SAUDI ARABIA, INDIA and the PHILIPPINES expressed concern over a steep increase in the proposed budget's expenditure levels.

On income and budget performance in the biennium 1998-1999, the EU called for timely payment of contributions. The PHILIPPINES noted that developing countries were penalized for arrears in their contributions by being denied the benefit of the trust

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fund for participation and inquired whether similar penalties existed for Annex I countries. The EU said options to deal with cash surpluses and carry-over of resources from previous biennium periods required further consideration. SWITZERLAND asked why there were unspent reserves. JAPAN said it preferred repayment to the Parties.

On the institutional linkage of the Convention Secretariat to the United Nations, the FCCC Executive Secretary said the institutional linkage was working well. The G-77/CHINA accepted the document. The EU said its experiences with the linkage were positive and welcomed its continuation. The US queried whether maintenance of the institutional linkage was part of the problem with respect to financing of conference services. The Executive Secretary suggested that this issue be discussed by the contact group on the budget. Chair Kante proposed drafting a decision on the issue.

On annual inventories of national greenhouse gas data from Annex I Parties, the EU called for a single document containing all available data from Annex I Parties and urged Parties that had not done so to submit their inventories. The US underscored the importance of good quality reports and questioned the delay in submission of Annex I inventories.

On reporting on technology transfer and financial assistance, CANADA, with the US, said exhaustive reporting on all areas related to climate change, including reporting on private and public technology transfer, is impractical and beyond the means of most Parties' budgets. On the future review process, the US said the review process under the FCCC and the review of implementation under Article 8 of the Protocol are fundamentally different. The EU noted that work should first be undertaken to develop the review for inventories and then guidelines developed for the review process under the Convention and the Protocol.

JOINT WORKING GROUP ON COMPLIANCE

The Joint Working Group (JWG) on procedures and mechanisms relating to compliance under the Protocol, co-chaired by Harald Dovland (Norway) and Espen Rønneberg (Marshall Islands), considered a compilation of submissions from Parties (FCCC/SB/1999/MISC.4, Add. 1 and 2, FCCC/SB/1999/CRP.1).

On the proposed agenda, the G-77/CHINA called for a discussion on the basic principles for a compliance regime. She noted a lack of submissions received from developing countries and, with KENYA, supported compiling views through a questionnaire. SAUDI ARABIA emphasized that many countries were not ready for discussion on elements or defining the programme of work. AOSIS acknowledged the utility of discussing principles, but was ready to work on the basis of the Secretariat's synthesis of submissions. CHINA supported including a section on basic principles, particularly on common but differentiated responsibilities. He said the Multilateral Consultative Process (MCP) could play an important role.

The EU said the working group should identify the compliance-related elements under the Protocol, define the work programme, and identify linkages to other groups. With SWITZERLAND, he called for a draft negotiating text by COP-5. The REPUBLIC OF KOREA said the facilitative and punitive aspects of taking measures against non-compliance should be incorporated in a balanced way. CANADA said the first task is stocktaking of the compliance-related elements and, with NEW ZEALAND and the US, underscored the importance of tracking other groups' work. CLIMATE ACTION NETWORK proposed that Parties request a synthesis of compliance-related work being done in other groups or request a workshop that addresses the full range of compliance issues. JAPAN highlighted the importance of examining other multilateral environmental agreements. RUSSIA called for a well-

defined legal interpretation of compliance. The US cautioned against postponing substantive discussion until the proposed questionnaire was completed.

Chair Rønneberg outlined the elements of JWG's provisional agenda, including identification of compliance-related elements, objectives and nature of a comprehensive compliance system, design of a compliance system and consequences of non-compliance. CHINA proposed including a reference to "principles" in the agenda. After extensive debate, Parties deleted the item on objectives and nature and added a new sub-item on "other elements as identified in Decision 8/CP.4 and in the progress of work" to ensure that the Agenda was not "set in stone."

On identification of compliance-related elements and gaps, the US, with CANADA and the EU, indicated the need to differentiate elements from gaps and proposed three categories to identify them: substantive rules; procedures for addressing compliance; and consequences of non-compliance. She noted gaps were identifiable for procedures and consequences of non-compliance other than for substantive rules. UNITED ARAB EMIRATES said these were not yet identifiable because mechanisms' operation was still under discussion. AOSIS cautioned against making a "crude" distinction between substance and procedure. JAPAN noted that although expert review teams were useful in assessing implementation, determining non-compliance was not within their mandate. On modalities for inter-linkage, the US noted the need to link Articles 5 (national system to estimate emissions), 7 (communication of information), 6 (joint implementation), 12 (CDM) and 17 (emissions trading) to compliance because the first two are means to assess conformity with assigned amounts and the last three are means to meet commitments. AUSTRALIA and other delegations noted the need for continuous feedback between the JWG and other contact groups to avoid overlap and contradictions on substantive rules.

CONTACT GROUPS

The contact group chaired by Paul Maclons (South Africa) and Maciej Sadowski (Poland) met in the evening to consider LULUCF issues, including policy and procedural matters and data to establish 1990 carbon stock levels. Participants agreed to continue their discussions, recognizing that many decisions must await SBSTA's consideration of the relevant IPCC Special Report due in May 2000. A contact group co-chaired by Jim Penman (UK) and Mark Mwandosya (Tanzania) met in the afternoon to consider text on draft guidelines for the preparation of Annex I communications.

IN THE CORRIDORS

Some observers reported rumblings beneath the meeting's seemingly placid surface. Temperatures rose at a meeting of the European Commission and NGOs. The EU delegates felt stung by NGO critiques of the EU formula to establish a ceiling on the use of the mechanisms by Annex B Parties. One calculation suggested the formula would result in the EU using the mechanisms to meet at least 65% of their own commitments. However, others still consider the EU proposal a progressive step.

THINGS TO LOOK FOR TODAY

SBI: SBI will meet in the Maritim Room at 10:00 am.

SBSTA: SBSTA will meet in the Maritim Room at 3:00 pm.

CONTACT GROUPS: Contact groups will meet throughout the day. Consult the meeting board for rooms and times.