



## HIGHLIGHTS FROM THE FCCC SUBSIDIARY BODIES MEETINGS FRIDAY, 4 JUNE 1999

The Subsidiary Body for Scientific and Technological Advice (SBSTA) discussed development and transfer of technology and FCCC Articles 4.8 and 4.9 (adverse effects). The Joint Working Group on compliance met in the afternoon. Contact groups were convened on: the budget; Annex I communications; non-Annex I communications; land use, land-use change and forestry (LULUCF); and the Protocol mechanisms. Informal consultations on research and systematic observation were held.

### SBSTA

KOREA supported the consultative process on development and transfer of technology and noted the critical and catalytic role governments could play. EGYPT stressed the need to make publicly owned technology available to developing countries and expressed concern about the limited attention given to adaptation technologies. The EU favored a practical sectoral approach for the forthcoming workshops and said they should take stock of existing expertise, technology needs and capacity building. AUSTRALIA stressed the importance of country specific market-based approaches, the private sector and the role of the clean development mechanism (CDM) in facilitating technology transfer. The US, NETHERLANDS, GERMANY, FRANCE and AUSTRALIA announced financial contributions to support the consultative process.

The US reported on the Technology Cooperation Agreement Pilot Project (TCAPP), a bilateral effort to facilitate effective technology transfer aimed at assisting developing countries attract investment in clean energy technologies. The G-77/CHINA, supported by KIRIBATI, MAURITIUS, PHILIPPINES and CAMEROON, suggested the creation of a permanent mechanism to facilitate technology transfer. The PHILIPPINES, with CAMEROON, said technology transfer should be tackled as a commitment not as a commercial undertaking. MAURITIUS noted the urgent need to identify specific regional requirements. SLOVENIA underscored the need for capacity building, as well as incentives to the owners of technology to deliver them to the developing countries. He also stressed the need for a systematic approach to technology transfer, partly through the CDM and partly through Convention bodies. THAILAND expressed his support for the consultative process and offered to host a regional workshop. Climate Technology Initiative described its work addressing the questions and issues raised by Decision 4/CP.4, through, *inter alia*, regional seminars on technology diffusion in coordination with business partners. CAMEROON stressed the importance of

training to enable developing countries to benefit from technology transfer. Chair Chow said an informal group would aim to produce conclusions for SBSTA on Wednesday.

Mohammed Reza Salamat (Iran) reported on informal consultations on the terms of reference for a workshop envisaged on implementation of Articles 4.8 and 4.9 of the Convention and 2.3 and 3.14 (adverse effects) of the Protocol. He said the group reached consensus on the terms of reference (FCCC/SBSTA/1999/CRP.1) that will be annexed to the COP-4 decision 5/CP.4 that initiated the consultations. He stressed the need for balanced participation in the workshop by developed and developing country experts, in particular from Africa. The G-77/CHINA reserved its right to introduce substantive issues should other Parties do the same. Delegates adopted the terms of reference by consensus.

### JOINT WORKING GROUP ON COMPLIANCE

On the design of a compliance system, many countries stressed the system's facilitative and preventative nature. The US also emphasized the importance of transparency and, with JAPAN, called for reasonable certainty about consequences for non-compliance. AUSTRALIA, CANADA and the US called for a regime tailored to the Kyoto Protocol, as it differs from other multilateral environmental agreements. JAPAN said the system may need a short grace period at the end of commitment period. The EU said the system should apply to all obligations under the Protocol. It could also provide advice to Parties on implementation, prevent disputes, and impose consequences, including sanctions, if appropriate. With NEW ZEALAND, he stressed the importance of due process and allowing the Parties involved to participate. IRAN noted that Protocol Article 18 (non-compliance) does not specify any particular articles, but applies to the entire Protocol. He called on the COP to create a specific body for non-compliance and said an expert review team does not have the authority or capacity to determine non-compliance. The G-77/CHINA said it was working on a position and unable to participate.

On institutional issues, the US noted a number of questions including: who could trigger the non-compliance mechanism; whether one body would deal with both the facilitative and non-compliance aspects of the process; and whether the body would be composed of Parties or be independent. The EU said compliance processes should: operate through one supervisory body; function through a single set of procedures; and provide for measures that apply in a graduated manner. An independent committee of experts from relevant fields should operate the body. NEW ZEALAND said creating a list of non-compliance scenarios was impractical. CLIMATE ACTION NETWORK supported a standing committee

This issue of the *Earth Negotiations Bulletin* © (enb@iisd.org) is written and edited by Paola Bettelli (pbettelli@iisd.org), Chad Carpenter (chadc@iisd.org), Valerie Colas (vcolas@iisd.org), Angela Churie (churie@l.kth.se), Lavanya Rajamani (lavanya.rajamani@hertford.ox.ac.uk) and Chris Spence (spencechris@hotmail.com). The Editor is Pamela Chasek, Ph.D. (pam@iisd.org) and the Managing Editor is Langston James "Kimo" Goree (kimo@iisd.org). The WWW Content Editor is Peter Doran (pfdoran@ecology.u-net.com). Digital engineering by Andrei Henry (ahenry@iisd.ca), David Fernau (david@virtualstockholm.net) and Jeff Anderson (janderson@iisd.ca). French translation by Mongi Gadhoum (mongi.gadhoum@enb.intl.tn). Logistics coordinated by Molly Rosenman (mrosenman@iisd.org) and Kevin Cooney (kcooney@uclink4.berkeley.edu). The Sustaining Donors of the Bulletin are the Netherlands Ministry of Foreign Affairs, the Government of Canada (through CIDA), the United States (through USAID), the Swiss Agency for Environment, Forests and Landscape, and the United Kingdom Department for International Development (DFID). General Support for the Bulletin during 1999 is provided by the German Federal Ministry of Environment (BMU) and the German Federal Ministry of Development Cooperation (BMZ), the Danish Ministry of Foreign Affairs, the European Community (DG-XI), the Ministries of Environment and Foreign Affairs of Austria, the Ministries of Foreign Affairs and Environment of Norway, the Ministry of Foreign Affairs and Ministry of Environment of Finland, the Government of Sweden, the United Nations Development Programme (UNDP), the Global Environment Facility (GEF) and the Ministry for the Environment in Iceland. Specific funding for this meeting has been provided by the UNFCCC Secretariat. The *Bulletin* can be contacted by e-mail at (enb@iisd.org) and at tel: +1-212-644-0204; fax: +1-212-644-0206. IISD can be contacted by e-mail at (info@iisd.ca) and at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada. The opinions expressed in the *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 non-commercial publications only and only with appropriate academic citation. For permission to use this material in commercial publications, contact the Managing Editor. Electronic versions are sent to e-mail distribution lists and can be found on the Linkages WWW server at <http://www.iisd.ca/linkages/>. The satellite image by The Living Earth, Inc., at <http://www.livingearth.com>. For information on the *ENB*, send e-mail to (enb@iisd.org).



composed of independent experts to respond to a wide array of circumstances. Action could be triggered by the Article 8 review process, a Party, the Secretariat or civil society.

The US said the compliance system would apply to any obligation of the Protocol but not to non-binding obligations. AOSIS cautioned against attempting to differentiate legally binding from non-legally binding obligations, and IRAN underscored the legally binding character of the Protocol as a whole. CHINA said Article 18 applies to all obligations of the Protocol. AUSTRALIA said a distinction between binding and non-binding aspects would be necessary for practical reasons. AUSTRALIA and JAPAN, opposed by the UNITED ARAB EMIRATES, stressed the usefulness of peer reviews, rather than a punitive regime, to enforce obligations.

On consequences of non-compliance, all delegates emphasized the preliminary character of their comments. The EU, supported by JAPAN and AOSIS, noted its preference for a system that combines "hard" and "soft" enforcement measures that are graded according to the gravity of the breach and the nature of the obligation. CANADA referred to procedural steps leading to the application of consequences as an integral part of the compliance system. She highlighted the need to determine instances where consequences would automatically apply. The US referred to prior agreement and a degree of automatic application as requisites for binding consequences. She drew attention to a provision in the Protocol (Article 6.1.c) penalizing non-compliance by forbidding a Party to sell emission reduction units when not in compliance with its obligations under Articles 5 (national systems for estimation of net emissions) and 7 (annual GHG inventories). CLIMATE ACTION NETWORK noted the need for an innovative approach and referred to a compliance fund whereby Parties in non-compliance can choose to pay into the fund.

#### CONTACT GROUPS AND INFORMAL CONSULTATIONS

**Protocol Mechanisms:** The Joint Working Group on mechanisms met in the evening to deliberate on the Chairs' Synthesis of Parties' Proposals. The G-77/CHINA said that it was still in the process of synthesizing national positions and requested time to deliberate later that evening.

**Annex I Communications:** The contact group on Annex I communications met in morning and evening sessions to consider draft guidelines for reporting national inventories of greenhouse gases. Participants negotiated substantive amendments to text on: estimates of emissions and removals; the response to inventory assessment; and national inventory reports. Participants also considered the updated draft common reporting format tables, and made a number of changes, including, *inter alia*: deleting the table on anticipated future improvements in methodologies; removing national and foreign flag statistics in fuel consumption figures for international transport in the table on sectoral background data for energy; including a data year indicator for all appropriate tables; and making optional the use of a number of tables relating to land-use change and forestry, as well as making provision of these tables a part of national inventory reports.

**Non-Annex I Communications:** A contact group chaired by Dan Reifsnyder (US) and Paul Maclons (South Africa) met in the afternoon to consider non-Annex I communications. The G-77/CHINA tabled a draft decision on initial and subsequent national communications from non-Annex I Parties to be considered for adoption at COP-5. The proposal outlines decisions on: guidelines and guidance; timing of submissions of non-Annex I national communications; financial and technical support; consideration of non-Annex I communications; and the review of the GEF's enabling activities.

**LULUCF:** The contact group on land use, land-use change and forestry (LULUCF) met in the afternoon to consider draft conclusions on policy and procedural matters aimed at facilitating future development of rules and guidelines for LULUCF. After considerable debate, delegates could not agree on many elements of the proposed text, and placed a number of sentences and paragraphs in brackets. The group decided to postpone its discussion on the draft conclusions pending consideration of a proposed process flow chart of SBSTA activities from SBSTA-10 through to SBSTA-13 designed to facilitate progress in negotiations.

**Budget:** The contact group on the budget, chaired by Mohamed Ould el Ghaouth (Mauritania), met at noon. Presentations were made by the Secretariat on its activities regarding non-Annex I Party greenhouse gas (GHG) communications and inventory data. The Secretariat noted that extensive analysis of non-Annex I Party communications indicated that many Parties had provided more information than that requested by the IPCC guidelines, that communications differed slightly from the IPCC format and that several innovative elements were improvements to the process. The Secretariat also referred to capacity-building activities related to preparation of national communications.

The PHILIPPINES underscored the need for continuity of work on non-Annex I Party communications, inquired about the extent of compliance to IPCC guidelines and noted the need to identify Parties' technical and financial constraints. On the status of carry-overs, the Secretariat indicated that it is assessed on a biannual basis and that the status for 1999 would only be known by the end of the year. The US referred to a budgetary rule that impedes the expenditure of carry-overs from previous period contributions as a "perverse incentive" against timely payment of contributions. The EU said untimely contributions were not the only cause of carry-overs. The Secretariat suggested a COP decision to allow expenditure of carry-overs up to the amount approved by the budget.

**Research and Systematic Observation:** Delegates meeting in informal consultations on research and systematic observation agreed on a series of conclusions that, *inter alia*, urged Parties to enhance support for capacity building in developing countries to enable them to reverse degradation of observing capacity and improve data collection and use to meet local, regional and international needs.

#### IN THE CORRIDORS

Attempts to clarify the sequencing and content of work on LULUCF continued in the corridors after little progress was made during an afternoon meeting to discuss "draft conclusions" on methodological issues. Hints of a convergence of views began to emerge at the Executive Secretary's reception based on a proposed process flow chart tabled by members of the Umbrella Group. The IPCC is expected to seek clarification on some elements, including the provision of adequate time for governments to "digest" the IPCC Special Report before a Special Workshop next year.

#### THINGS TO LOOK FOR

**Contact Group on Mechanisms:** The contact group on mechanisms is scheduled to meet at 10:00 am.

**Joint Working Group:** The Joint Working Group on compliance is scheduled to meet at 4:00 pm.

*Consult the meeting board for the time and location of other meetings.*