



HIGHLIGHTS FROM FCCC SB-13 WEDNESDAY, 13 SEPTEMBER 2000

Contact groups met throughout the day to consider: adverse effects; technology transfer; capacity building; land use, land-use change and forestry (LULUCF); policies and measures; the mechanisms; and guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information). The Joint Working Group on Compliance convened to continue discussions on the Co-Chairs' text. Informal consultations on guidance to the financial mechanism were also held.

CONTACT GROUPS AND INFORMAL MEETINGS

PROTOCOL ARTICLES 5, 7 & 8: Delegates considered draft SBSTA conclusions. On demonstrable progress, SAUDI ARABIA, opposed by the EU, proposed deleting the paragraph recognizing the first national communication submitted under Article 7.2, stressing that the approach was too narrow. SWITZERLAND suggested compromise language that was accepted by the group. Delegates then considered Part II of the guidelines under Article 8. Under Identification and Classification of Problems by Expert Review Teams (ERTs), the US, opposed by the EU, proposed moving the section on classification, stressing that ERT's should identify rather than classify problems. On Timing, the US suggested setting strict deadlines for submission of reports, while leaving broader issues flexible. On Reporting, the US proposed integrating the paragraphs on status reports, individual inventory review reports and adjustment reports into earlier sections.

Parties considered New Zealand's proposal on Part III of the guidelines under Article 8. The G-77/CHINA proposed bracketing the entire text. On the scope of the review, GERMANY suggested that it cover cancellation of assigned amount units, including cancellation with respect to LULUCF. With SWITZERLAND, she asked why the section on reporting had been deleted. Parties also briefly considered text on the annual compilation and accounting of emissions inventories and assigned amounts.

ADVERSE EFFECTS: Parties continued deliberations on Vulnerability and Adaptation in the revised Co-Chairs' draft text on FCCC Article 4.8 and 4.9. Delegates stressed that lack of agreement on the chapeau would have implications for discussions on other paragraphs. CHINA underscored integrating adaptation into sustainable development programmes, as this is the ultimate objective of the FCCC, but stressed the right of a sovereign state to design its own national policies. The US cautioned against the implications of this for GEF funding according to the three-stage process set out by decision 11/CP.1. The EU, supported by the US and CANADA, endorsed text on pilot and/or demonstration projects, which supported the concept of learning by doing. The G-77/CHINA preferred text on immediate implementation of adaptation activities where sufficient information is available.

On establishing a fund for climate-related disaster relief, the EU cautioned against duplicating other organizations' work. With the US, he highlighted that such a fund could add complexity to the provision of funding due to the difficulty in distinguishing between natural and human-induced climate disasters.

TECHNOLOGY TRANSFER: Delegates revisited amendments proposed Tuesday by different Parties on Purposes and Overall Approach in the draft framework for meaningful and effective actions to enhance implementation of FCCC Article 4.5. On Purposes, diverging views were expressed over whether the framework "shall serve as the framework for" or "enhance" Article 4.5 implementation.

Several Parties objected to reference to "state of the art" technologies, stating that those are not always economically viable. JAPAN proposed referring to technologies that are "suitable to local needs," while the EU suggested "technologies that are appropriate to the situation in the respective country."

The REPUBLIC OF KOREA underscored the role of governments in providing a regulatory framework for a market for ESTs. The G-77/CHINA stressed putting into context the role of governments and the private sector in removing barriers and restrictions to technology transfer.

The US opposed the G-77/CHINA proposal to delete reference to "integrated approaches" to technology transfer. Noting continuing disagreement over large parts of the text, Co-Chair Cooper proposed preparing draft conclusions noting the decision to continue deliberations during the second half of SBSTA-13.

POLICIES AND MEASURES (P&Ms): Delegates completed discussions on the elements for a draft decision on best practices in P&Ms. CANADA, the US, JAPAN and AUSTRALIA, opposed by the EU, urged bracketing all references to the "consultative process." The US and JAPAN bracketed the list of activities aimed at improving the transparency, effectiveness and comparability of P&Ms. JAPAN and the US, opposed by the EU and G-77/CHINA, advocated deleting the link between P&Ms and demonstrable progress. JAPAN questioned reference to measuring demonstrable progress by means of criteria and quantitative parameters. The G-77/CHINA and SAUDI ARABIA, opposed by CANADA and AUSTRALIA, proposed text on the need to minimize the adverse effects of Annex I Parties.

On the contribution of international organizations to the process, the G-77/CHINA and SAUDI ARABIA urged specific reference to OPEC. HUNGARY and the EU proposed reference to relevant international and intergovernmental organizations. The US bracketed a request to the Secretariat to organize a workshop and report its results to COP-7. The draft conclusions were amended, with reference to Article 2.1 and the consultative process being deleted.

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Angela Churie <angela@iisd.org>, Jon Hanks <jon.hanks@iisee.lu.se>, Lavanya Rajamani <lavanya@iisd.org>, Malena Sell <malena@iisd.org>, Chris Spence <chris@iisd.org> and Lisa Schipper <lisa@iisd.org>. The Digital Editor is Andrei Henry <andrei@iisd.org>. The Photographer is Leila Mead <leila@interport.net>. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. The Sustaining Donors of the *Bulletin* are the Netherlands Ministry of Foreign Affairs, the Government of Canada (through CIDA and DFAIT), the United States (through USAID), the Swiss Agency for Environment, Forests and Landscape (SAEFL), the United Kingdom Department for International Development (DFID), the European Commission (DG-ENV) and the Rockefeller Foundation. General Support for the *Bulletin* during 2000 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 Ministry of Environment and the Ministry of Foreign Affairs of Austria, the Ministries of Foreign Affairs and Environment of Norway, the Ministries of Foreign Affairs and Environment of Finland, the Government of Australia, and BP Amoco. This issue was prepared in cooperation with 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 Director of IISD Reporting Services. Electronic versions of the *Bulletin* are sent to e-mail distribution lists and can be found on the Linkages WWW server at <http://www.iisd.ca>. The satellite image was taken above Lyon ©2000 The Living Earth, Inc. <http://livingearth.com>. For information on the *Earth Negotiations Bulletin*, send e-mail to <enb@iisd.org>.



CAPACITY BUILDING: Economies in transition (EITs):

Delegates considered the framework for capacity building in EITs and a proposed draft decision on capacity building in EITs. SLOVENIA introduced the draft decision that, *inter alia*, decides to establish a process and create a framework for capacity-building activities in EITs, urges Annex II Parties to ensure financial support required for the implementation of the capacity building process and further urges the GEF to develop an operational strategy to implement the elements of a framework process for capacity building. Following comments and questions on the decision, Co-Chair Uosukainen requested Slovenia to consult informally to seek agreement on the text.

Among the issues raised in discussing the draft framework were the need to elaborate one formulation regarding implementation of the FCCC and Protocol and to clarify how information will be provided to enable the COP to review progress in implementing the framework.

Developing countries: On text outlining a framework relating to capacity building in developing countries, UGANDA, speaking for the LDCs, said the group's position had not been reflected in the text. Participants agreed to continue informal consultations in a smaller group.

LULUCF: Delegates provided their views on the Co-Chairs' text on elements related to Protocol Article 3.3 and 3.4, focusing on definitions for, *inter alia*: forest; afforestation, reforestation and their distinctions; deforestation; size of the assessment unit; and forest management. SWITZERLAND submitted a written proposal on behalf of the ENVIRONMENTAL INTEGRITY GROUP.

Following discussions, Co-Chair Thorgeirsson noted support by several Parties for the FAO forest definition with Party-specific thresholds, and by some for definitions at the international level, as determined by the COP. He recognized that Parties did not find a separate definition of "historic" with regards to afforestation and reforestation useful. He said some Parties suggested removing paragraphs distinguishing harvesting from deforestation, and that the group would be considering the issue of degradation further. He noted useful guidance received on the size of the assessment unit, and welcomed discussion of forest management. BOLIVIA, on behalf of several Latin American countries, introduced a textual proposal that also relates to Article 12 (CDM). Delegates then addressed issues relating to eligibility of activities.

MECHANISMS: Delegates considered the text on modalities and procedures for a CDM. JAPAN, HONDURAS and several Latin American Parties, opposed by TUVALU, proposed deleting the list of requirements for project activities. The AFRICA GROUP urged equitable geographic distribution of CDM projects. The US highlighted elements in its written submission relating to, *inter alia*: an "eligibility threshold" that addressed difficulties with investment additionality; standards for baselines; and crediting for sinks. The EU emphasized its proposals on baselines and public participation in the CDM. The G-77/CHINA highlighted additionality, stressing that this is wider than baselines. The REPUBLIC OF KOREA said baselines are the only practical criteria for screening business-as-usual projects. CANADA highlighted difficulties in implementing various forms of additionality other than environmental additionality.

On the linkage between CDM and LULUCF, BRAZIL, with the G-77/CHINA, argued that CDM discussions be contingent on decisions in the LULUCF contact group, and objected to a proposed presentation by the Secretariat on this issue, and to a question-and-answer session by the Chair. AUSTRALIA, the US, JAPAN, SWITZERLAND, and NEW ZEALAND expressed concern with this objection. In closing discussions on the CDM, Chair Chow expressed concern with the number of key issues on which Parties had not given guidance.

FINANCIAL MECHANISM:

Informal consultations were held regarding a G-77/China proposal on providing additional guidance to the GEF. The US, with CANADA and the EU, said the proposal addressed issues currently under consideration in other negotiating groups, such as discussions on Stage III adaptation, and cautioned against moving beyond other related negotiations. CANADA suggested initially considering parts of the text relating to operational aspects of the financial mechanism. The G-77/CHINA said ongoing discussions in other groups should not prevent guidance being given to the financial mechanism.

JOINT WORKING GROUP ON COMPLIANCE

Delegates continued deliberations on the Co-Chairs' text. On the submission of questions of implementation, BRAZIL, with SAUDI ARABIA and EGYPT, bracketed text permitting the compliance committee to receive questions indicated in Protocol Article 8 ERT reports. AUSTRALIA, opposed by SAMOA, bracketed text permitting one Party to raise questions with respect to another. The G-77/CHINA, opposed by NEW ZEALAND, supported a role for the COP/MOP in submitting questions

Regarding allocation of questions, SAUDI ARABIA, opposed by SAMOA, suggested that guidelines be formulated to aid allocation. The G-77/CHINA proposed that a plenary of the compliance committee perform the allocation function.

On the preliminary examination of questions, the US suggested that with respect to eligibility requirements under the mechanisms the determination be made according to the non-compliance criteria in Articles 5, 7 and 8. SAMOA asked that the formulation not be limited to Articles 5, 7 and 8, but leave room for other criteria developed in the mechanisms group, such as on supplementarity. On sources of information, the US, supported by NEW ZEALAND and SAMOA, suggested text permitting outsider participation. On the expedited procedure for the mechanisms, NEW ZEALAND, opposed by SAMOA, suggested that its link to the appeal makes it credible. On appeal, the EU, SAMOA and the FEDERATED STATES OF MICRONESIA doubted the necessity of an appeal, as it would delay the process and merely afford Parties the opportunity to have their case heard twice.

IN THE CORRIDORS

Some observers have detected a growing feeling of frustration and unease as time for negotiation in Lyon starts to run out. Wednesday's stand-off in the mechanisms group on whether to include LULUCF in the CDM, loss of momentum on the technology transfer text, and an outcome in the P&Ms meeting that some found disappointing, all contributed to a sense of concern at the apparent lack of progress.

THINGS TO LOOK FOR TODAY

Informal meetings and contact groups are scheduled to take place throughout the day to continue the week's discussions on draft text proposed by group Chairs.

MECHANISMS: This group is to meet at 10:00 am in Auditorium Lumiere.

LULUCF: This group will meet in Amphitheatre at 10:00 am.

COMPLIANCE: The JWG will convene at 3:00 pm in Auditorium Lumiere.

TECHNOLOGY TRANSFER: This group will convene at 3:00 pm in Salon Pasteur.

ARTICLES 5, 7 & 8: This meeting is taking place at 5:00 pm in Salon Pasteur.

ADVERSE EFFECTS: This group will meet at 5:00 pm in Amphitheatre.

CAPACITY BUILDING: This meeting is scheduled to take place at 9:30 pm in Amphitheatre.