



## UNFCCC COP-6 PART II HIGHLIGHTS THURSDAY, 19 JULY 2001

Delegates to the resumed Sixth Conference of the Parties to the UNFCCC met in the morning to address organizational matters and hear the reports of the Co-Chairs of the negotiating groups that met from 16-18 July. In the afternoon, the High-Level segment of the meeting began with a ceremonial opening, followed by statements from Parties. In the evening, an informal High-Level Plenary marked the beginning of negotiations at the ministerial level.

### PLENARY

**ORGANIZATIONAL MATTERS:** Delegates met in a morning Plenary session to address organizational matters and hear the reports from the Co-Chairs of the four negotiating groups. The COP noted that there are 186 Parties to the UNFCCC and that 34 states have deposited their instruments of ratification or accession to the Kyoto Protocol. President Pronk added that Vanuatu had recently ratified the Protocol, and ARGENTINA, SENEGAL, COLOMBIA, the COOK ISLANDS and BANGLADESH said they had taken similar steps. On the admission of observers, the COP approved the list of organizations recommended by the Bureau.

**REPORTS OF THE NEGOTIATING GROUPS:** The Co-Chairs of the negotiating groups then presented their reports.

**Finance:** Co-Chair Ashe reported on the status of the work on capacity building, technology transfer, guidance to the GEF, and funding issues. He highlighted bracket-free draft decisions on capacity building in developing countries and in countries with economies in transition. On guidance to the GEF, he indicated that the draft decision reflected agreement on all outstanding matters. He said agreement had not been reached on funding issues, but an informal paper on funding and resource levels had been drafted. Co-Chair Kranjc said discussions on UNFCCC Article 4.8 and 4.9 and Protocol Article 3.14 (adverse effects) had not been completed. He indicated that an informal paper had been prepared outlining the agreed and disputed elements of the text. Both Co-Chairs indicated that consultations on the remaining unresolved issues would continue.

**Land use, land-use change and forestry (LULUCF):** Co-Chair Gwage reported that the group had identified and made progress on three technical issues. On definitions, he said these could still be affected by the outcome of political decisions. On Principles, he suggested the Ministers use the G-77/China proposal as a basis for their work. On accounting rules for activities eligible

under Protocol Article 3.3 (afforestation, reforestation and deforestation) and Article 3.4 (additional activities), he said particular issues under consideration related to slow and fast-growing forests. Co-Chair Gwage then presented the key political issues, which include: the crediting of Article 3.4 activities during the first commitment period and the scope of LULUCF activities under the CDM. He outlined the many options available to resolve these issues. Co-Chair Dovland emphasized the need to resolve Article 3.4 issues in order to move forward.

**Mechanisms:** Co-Chair Estrada presented a list of technical and political issues that need to be resolved. Political issues include: equity; supplementarity; nuclear; the nature of a supervisory committee; the composition of the Executive Board; the share of proceeds for adaptation; the reserve level for the commitment period for emissions trading; compliance agreement as an eligibility criterion; unilateral CDM; sinks in the CDM; Protocol Article 4 (joint fulfillment); special needs of developing country Parties in the context of the CDM; financial additionality; and equitable geographic distribution of CDM projects.

On technical issues, Co-Chair Estrada noted the good progress of the two relevant working groups. The G-77/CHINA stressed the importance of equity, environmental integrity, adaptation, supplementarity, additionality and distribution of CDM projects. AUSTRALIA and JAPAN said the wording in the mechanisms text describing the compliance agreement as an eligibility criterion implied that such an agreement already existed. SAUDI ARABIA suggested referring expressly to developing country Parties particularly vulnerable to impacts of adverse effects. JAPAN proposed that the reference to ODA as meeting financial obligations, should be considered under financial issues rather than mechanisms.

**Compliance:** Co-Chair Slade said the compliance report identified six outstanding issues. He suggested that the resolution of key political issues – the consequences to be applied by the branches and the composition of those branches – be given priority. On the former issue, he highlighted the options identified in the report on the rate to be applied by the enforcement branch, and the differentiation between Annex I and non-Annex I Parties in the consequences to be applied by the facilitative branch.

The COP took note of the Co-Chairs' reports to be forwarded to the Ministers as an input to their work. COP-6 President Pronk concluded the meeting by saying he would consult with the negotiating groups' Co-Chairs and convene an extended Bureau meeting to strengthen the management process.

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## HIGH-LEVEL SEGMENT

COP-6 President Pronk welcomed participants to the ceremonial opening of the High-Level Segment of the conference. He said delegates have all the tools needed to complete their work, including a consolidated, unbracketed text he had prepared to facilitate an agreement. Emphasizing that the Protocol is “the only game in town” and that it is fair and credible, he urged Parties not to hold back on ratifying because one nation feels it cannot join.

Barbel Dieckmann, Mayor of Bonn, elaborated on the presence of the UNFCCC Secretariat and other UN bodies and agencies in Bonn. She outlined plans to continue increasing the UN presence, including plans for a new UN campus.

UNFCCC Executive Secretary Michael Zammit Cutajar recalled the aims of the Buenos Aires Plan of Action (BAPA), and highlighted the challenges and needs of developing countries in responding to climate change. Noting progress in talks during the past few days, he said it would be a waste to “abandon the investment” of several years of negotiations.

Robert Watson, Chair of the Intergovernmental Panel on Climate Change, stated that all the scenarios considered for the next century predict an ongoing increase in carbon dioxide levels, more extreme weather events, temperature increases, changes in precipitation, sea level rise, and impacts on agricultural productivity. He noted that cost-effective technologies exist to target greenhouse gas emissions. He said the costs of addressing climate change domestically are estimated at 0.2-2 percent of GDP, falling even lower if international cooperation occurs.

Representatives of a recent Youth Conference on Climate Change delivered their views. One speaker urged delegates not to increase the use of sinks in the Protocol, and said Annex I Parties should meet at least half of their commitments domestically. A second speaker told delegates that young people were “extremely disappointed with your disregard for our future” at The Hague, and urged them not to fail at Bonn.

A number of Parties then made general statements. IRAN, for the G-77/CHINA, expressed concern with the unilateral approach of the US, and emphasized: preference for three separate decisions on mechanisms; the need to address adverse effects; support for legally binding consequences of non-compliance; and the need for further negotiations on LULUCF. BELGIUM, for the EU, said it is ready for compromises with all Parties to reach agreement on a balanced package that respects: environmental integrity; equity and solidarity with developing countries; and economic efficiency and flexibility in meeting the agreed targets. SAMOA, for AOSIS, emphasized the need for additional funds to undertake adaptation. The CZECH REPUBLIC, for CG-11, expressed concern with the Pronk text on financial obligations for Parties included in Annex I and not included in Annex II, and with proposals for a levy on joint implementation and emissions trading. MOROCCO expressed his hope that COP-7 would provide renewed impetus ahead of the Johannesburg 2002 Summit.

AUSTRALIA stated that uncertainty regarding future involvement of certain states should not stop key issues from being addressed, and emphasized: the non-discriminatory rules on sinks; a compliance system that assists Parties rather than punishes non-compliance; and the launch of dialogue on action with developing countries. CANADA underlined the importance of efficient and accessible market mechanisms, the role of forests and agriculture, and the need to encourage developing country action.

Underlining the importance of US participation, JAPAN said she is proactively engaged in consultations with the US, but that this should not delay progress in this session. She said JAPAN will exert its utmost efforts to make it possible for many countries, including itself, to conclude the Protocol, aiming at entry into force

by 2002. The US said it intends to address climate change in a “serious, sensible and science-based manner” and would not prevent others from going ahead with the Protocol “so long as they do not harm legitimate US interests.”

SWITZERLAND, for the ENVIRONMENTAL INTEGRITY GROUP, said sinks should be of a limited scale, mechanisms should complement domestic action, and there should be a strong compliance regime with legally binding consequences. CHINA noted a document outlining its achievements to address climate change. The RUSSIAN FEDERATION emphasized the need for simplicity in the mechanisms, including sinks and nuclear, and expressed concern with proposals on financial issues.

## INFORMAL HIGH-LEVEL PLENARY

President Pronk opened the first meeting of the Informal High-Level Plenary on Thursday evening, stressing that participants are here to resolve the political issues related to the BAPA. He invited the Co-Chairs of the four negotiating groups to present their reports on the key outstanding issues and options for resolving them. He said the four reports were being combined into one streamlined document available Friday morning. On the further process, including negotiations in smaller groups, President Pronk said the extended Bureau would meet Thursday night to take decisions.

On mechanisms, Co-Chair Estrada identified the major issues requiring a political decision. Co-Chair Dovland highlighted two key questions related to LULUCF – whether there should be credits for activities under Article 3.4 during the first commitment period, and whether there should be credits for LULUCF activities under the project-based mechanisms. In presenting the report of the compliance group, Co-Chair Slade outlined the available options relating to the consequences and the composition of the branches. He said the resolution of both matters would pave the way to agreement on other issues. On financial issues, Co-Chairs Ashe and Kranjc presented an overview of the questions and options to be addressed by Ministers.

President Pronk encouraged Ministers to approach these questions with “political eyes,” no longer repeating well-known positions, but taking a step back to consider the options of other groups and those outlined in his text. He said each issue should be viewed as a possible element of an overall deal, and called on Ministers to think in terms of the full package and make decisions accordingly.

## IN THE CORRIDORS

Much of the discussion in the corridors Thursday night was on the process for the ministerial segment. On the substance of negotiations, some participants expressed optimism regarding President Pronk’s approach of focusing on the highest political issues, which are being articulated to Ministers through very specific questions with a limited number of options. However, delegates appear to remain divided on the ongoing problem of how the negotiations should proceed in organizational terms. Participants in a meeting of the extended Bureau late Thursday night left without resolving process questions such as negotiations in small groups, and transparency and representation in meetings.

The EU’s likely strategy going into the ministerial discussions has also been a topic of conversation. In particular, participants have been speculating what its “bottom lines” might be, and how far they may “bend” to accommodate the demands of Umbrella Group countries.

## THINGS TO LOOK FOR TODAY

**PLENARY:** A High-Level Plenary is likely to convene following a meeting of the extended Bureau, which is scheduled for 10:00 am. The Bureau will report to Plenary on its talks on the way forward. New streamlined text will be available in the morning.