



UNFCCC COP-6 PART II HIGHLIGHTS SATURDAY-MONDAY, 21-23 JULY 2001

Delegates to the resumed COP-6 met throughout the weekend and into Monday morning in high-level negotiations. Following extensive talks, Ministers and other senior officials met in a Plenary session late Monday morning, where they agreed to a proposed draft decision produced by President Pronk. The decision sets out a political text outlining core elements for the implementation of the Buenos Aires Plan of Action (BAPA).

PRESIDENT'S GROUP

SATURDAY - FIRST MEETING: In a mid-afternoon meeting of the President's Group – a single, main plenary of Ministers and other senior officials – President Pronk updated participants on progress in consultations held earlier Saturday on the issues of finance, mechanisms, LULUCF and compliance.

Secretary of State Philippe Roch (Switzerland) reported on the consultations on finance. He emphasized the diverse positions on fundamental aspects of funding and reported possible progress on four elements: the necessity to clearly separate between the implementation of the UNFCCC and the Protocol in order to allow those Parties not wishing to ratify the Protocol to continue to participate in mitigation work under the UNFCCC; the need for additional funding for the implementation of the UNFCCC and the Protocol; the need for funding to be predictable; and the need to quantify the funding. He explained that this last element constituted the weakest result of his consultations.

Minister Peter Hodgson (New Zealand) reported on his consultations on the mechanisms. He said that although no explicit agreement had been reached, progress on some matters had been made, in particular with the introduction of new text that "might fly." On complementarity, he said the EU had "moved big distances." He reported that he had suggested text that includes a reference to "significant" as an elaboration of the term "supplemental"; requests Annex I Parties to provide relevant information in relation to such domestic action; and provides that the facilitative branch of the Compliance Committee address questions of implementation on this issue. On nuclear, he suggested an addition to the language in the Pronk text giving an assessment role to the host country in terms of the sustainability of the project. On the Supervisory Committee, Minister Hodgson said the "ball is in the court" of the Russian Federation and Ukraine.

On LULUCF, Ambassador Raul Estrada (Argentina) said consultations had focused on individual and collective caps. He emphasized that the principal problem was the "Big Absent" of the

negotiations, and that efforts had been made to protect this "absent" country's interests to facilitate its joining the Protocol at a later stage.

Minister Valli Moosa (South Africa) reported on the consultations on compliance. He said that given the legally binding nature of the Protocol, its compliance mechanism must go well beyond a mere "gentlemen's agreement." He suggested a stepped approach for the compliance system with an emphasis on facilitation. The first step would be an early warning system through the review teams setting a process of facilitation to assist Parties in cases where there might be non-compliance. During the compliance period itself, legally binding consequences would need to ensure "environmental restoration" rather than punish the Party concerned. He also indicated the need for certainty for market mechanisms.

President Pronk then reported on his consultations on technology transfer. He said the name of the body had been agreed upon and that there was "flexibility in the air" with regard to its composition. On adverse effects of policies and measures, he suggested, *inter alia*, a move towards a "global cost-effective" approach to minimize costs for all countries. He concluded the session by saying that, following the request from the G-77/China and other Parties, he would prepare a proposal to be tabled later that day.

SATURDAY - SECOND MEETING: Late evening Saturday, President Pronk reported again to the Group, observing "increasing consensus" following high-level substantive discussions held Friday and Saturday. He then presented a proposal for a draft decision outlining political agreements on core elements of the BAPA.

Pronk's "core elements" proposal: Notable features of the proposal include enforcement consequences aimed at restoring non-compliance and repairing the damage to the environment in cases of non-compliance. On LULUCF, the text proposes including activities under Protocol Article 3.4 (additional activities) during the first commitment period, with individual Party caps on credits from forest management. On finance, a political declaration "inviting" funding from Annex II Parties. Key proposals on the mechanisms include: afforestation and reforestation projects in the CDM during the first commitment period; Annex I Parties refraining from using nuclear in the CDM and JI; domestic action constituting a "significant element" of Annex I Parties' efforts to meet commitments; and a provision on financial additionality. The proposal is available online at:

http://www.unfccc.int/COP-6_2/index.html

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President Pronk expressed the hope that delegates would be able to agree on his text on Sunday. Towards this end, he said he would conduct bilateral consultations with the different political/regional groups throughout the night and until early afternoon Sunday.

SUNDAY MEETING: In a briefing to the Group held at 5:00 pm Sunday, President Pronk stated that, in spite of numerous expressions of concern, the EU, the Transcaucasian Group, CG-11, and the Environmental Integrity Group had expressed their willingness to accept the proposal as it stands, provisional on other countries not demanding amendments.

President Pronk noted that several members of the Umbrella Group had expressed concerns, particularly on finance-related issues and compliance. Three members of the group had indicated that they could compromise and agree to the text. However, other members of the Umbrella Group wanted to “further improve” the text. The G-77/China had indicated that it was not yet willing to accept the text.

President Pronk noted that discussions were taking place between the EU and the G-77/China on a possible declaration on funding. He concluded by saying he would continue to consult with delegates, including separately with individual Umbrella Group members. He hoped to come forward with a specific proposal aimed at securing a deal by Sunday evening.

MONDAY MEETING: At 12:30 am Monday, 23 July, President Pronk reconvened the Group. He reported that he had not produced a new text because he believed an agreement remained possible on his “core elements” proposal. He said that although ongoing consultations had managed to address some Parties’ concerns, not all problems had been cleared up. Suggesting that Groups’ overriding remaining concerns related to the compliance section, he said further consultations would be held on that section only. He suggested that if delegates could not reach agreement, he would bring the text back for adoption in Plenary as it stood.

PLENARY

At 11:55 am Monday, 23 July, delegates reconvened in a Plenary session of the COP. President Pronk reported that intense negotiations had been undertaken throughout the night on the section on compliance, and had concluded around 10:00 am.

He introduced the draft decision resulting from negotiations, which is contained in two informal papers entitled “core elements for the implementation of the BAPA.” The first, dated 21 July, was distributed Saturday night (see Pronk’s “core elements” proposal on page one). The second, dated 23 July, contains the revised text on compliance. The compliance text was amended in three key areas: consequences to be applied by the enforcement branch shall aim at ensuring “environmental integrity” rather than “reparation of damage to the environment”; the stipulation that payments be made to “repair damage to the environment” is deleted; and COP-6 adopts the compliance regime and recommends to COP/MOP-1 the adoption, in terms of Article 18 (compliance), of procedures and mechanisms relating to compliance.

Commenting on the draft decision, President Pronk noted that some legal and technical points will also have to be cleared up in the text. He then proposed that the COP approve the draft decision on the understanding that the formal adoption will follow at its next Plenary meeting when the text has been issued as an official conference paper. The COP adopted the decision, with a standing ovation.

Thanking all delegates and staff for their cooperative spirit and devotion to reach a result, President Pronk said this result was necessary not just for the climate but to underline the value of multilateral negotiations within the framework of the UN.

UNFCCC Executive Secretary Michael Zammit Cutajar thanked President Pronk, all the Parties, the UNFCCC Secretariat and his colleagues from the wider UN family, for giving him “such a bright and hopeful moment.”

In general statements, many Parties expressed satisfaction at the adoption of the decision. IRAN, for the G-77/CHINA, said this was an “honorable deal” that represents a historic achievement and “the triumph of multilateral negotiations over unilateralism.”

The EU said the agreement was historic and, with the ENVIRONMENTAL INTEGRITY GROUP, stressed that it was very positive for the international community. He said the door had been left open for a country that considers that the Protocol is not the best tool to address climate change, to join at a later stage. He then read the text of a Political Declaration submitted by the EU, Canada, Iceland, Norway, New Zealand and Switzerland on funding to developing countries, which includes an engagement to provide an annual contribution of US\$ 410 million by 2005.

AUSTRALIA said the Umbrella Group would meet its responsibilities. CANADA announced that it would allocate ten million dollars to jump-start the fund to help meet the adaptation needs of LDCs. CHINA thanked the EU and others for their Political Declaration and said the agreement had demonstrated that, in times of crisis, the international community continues to move in the right direction. JAPAN expressed pleasure in joining the consensus that constitutes a vital step towards realizing the entry into force of the Protocol by 2002. She added that a global effort is needed to achieve the Protocol’s objectives. CG-11 said individual members promised to do their best to engage the Protocol ratification process and hoped the “skeptical” country would join the global endeavor.

The US noted that the COP recognizes a segregation between funding under the UNFCCC and the Protocol. She added that the fact that the US did not seek to block consensus did not change her country’s view that the Protocol is “not sound policy.” The RUSSIAN FEDERATION said that although his country is not currently able to join in financial assistance to developing countries, he thinks it will be able to do so sometime in the future. SAUDI ARABIA said that, in spite of some concerns, it had agreed to join the consensus. The meeting closed at 2:05 pm.

IN THE CORRIDORS

A profound sense of relief swept the corridors late Monday morning as it finally emerged that Ministers and other high-level officials had achieved a result in Bonn on key political issues after “marathon” talks. While many bleary-eyed observers were noting that this text involved many compromises, especially on the part of the EU and the G-77/China, most seemed elated that an agreement had been reached, even if the general perception was that it was not as strong as it could have been. Some participants noted that, with the US no longer in the Protocol picture, the remaining Umbrella Group members had “held all the cards” coming into these talks, meaning that a result generally favoring their positions on key issues such as sinks, compliance and funding was always likely if a deal was to be struck at all. Several participants also suggested that this outcome was a “victory for multilateralism.”

THINGS TO LOOK FOR TODAY

SUBSIDIARY BODIES: The SBI is expected to convene at 10:00 am, while the SBSTA is scheduled to take up its work at 11:00 am.

PLENARY: Delegates are likely to meet at 3:00 pm in Plenary I to formally adopt the decision on Pronk’s “core elements” text.