



UNFCCC COP-7 HIGHLIGHTS FRIDAY, 2 NOVEMBER 2001

Delegates to COP-7 met in a morning Plenary session to hear progress reports from the chairs of the subsidiary bodies and the negotiating groups, and to consider input to the World Summit on Sustainable Development (WSSD). In the afternoon and evening, the negotiating group on mechanisms resumed its work, and drafting groups met on mechanisms, compliance and Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information). In addition, informal groups met on a number of issues, including the Consultative Group of Experts (CGE).

PLENARY

PROGRESS REPORTS BY THE CHAIRS OF THE SUBSIDIARY BODIES: SBI Chair Ashe said the SBI had considered all its agenda items and completed consideration of a number of these. He drew attention to areas requiring further work, including: proposals to amend the list in UNFCCC Annexes I and II; arrangements for intergovernmental meetings; matters relating to LDCs; the CGE; and possible options to respond to late payment of contributions. He indicated that consultations on these matters are ongoing.

SBSTA Chair Dovland informed delegates that SBSTA was holding informal consultations to prepare conclusions on several items. He reported that no major problems had been encountered, and hoped that work on outstanding items would be completed soon.

PROGRESS REPORTS BY THE CHAIRS OF THE NEGOTIATING GROUPS: Mechanisms: Co-Chair Estrada reported that two drafting groups had been formed, with one working on the CDM, and the other focusing on JI and emissions trading. He noted satisfactory progress, particularly in Thursday's meeting on Article 6 (JI). Describing Article 7.4 (assigned amounts) as a key article containing definitions of a number of aspects of the mechanisms, he noted that the G-77/China has now defined its position, and said he expected forward movement on this issue.

CANADA, for the UMBRELLA GROUP, expressed concern with the manner in which the issue of linkages between compliance and eligibility to participate in the mechanisms was dealt with in the mechanisms contact group Thursday evening. He said several Parties did not agree with the Co-Chairs' formulation on this issue, and expressed concern that these objections had been overruled. He requested that the text remain bracketed as in the

COP-6 Part II report (FCCC/CP/2001/5/Add.2, page 24 paragraph 18b). JAPAN supported Canada's statement and expressed "alarm" at how this issue had been addressed.

Co-Chair Estrada responded that the text used by the Co-Chairs was taken directly from the Bonn Agreements (FCCC/CP/2001/5, page 43, paragraph 11), and said the ministers' decision should be maintained. CANADA highlighted inconsistencies in the Bonn Agreements described by COP-6 President Pronk as a "clash" between the purpose of text on the mechanisms and the text on compliance. This inconsistency resulted in the Secretariat preparing a draft text on the mechanisms outlining three options, and that the negotiating group Co-Chairs had selected one of these. However, he noted that Canada, Japan and others had opposed this option and had asked the Co-Chairs for their preference to be considered at COP-7.

President Elyazghi said he would meet with negotiating group chairs, and highlighted the treatment of registers and assigned amounts as issues requiring further consideration.

Protocol Articles 5, 7 and 8: Chair Dovland reported that this group had engaged in an initial discussion on almost all outstanding issues, making some progress on a limited number of them. He indicated that two drafting groups had been formed to address the most difficult issues. One drafting group had taken up the matter of LULUCF reporting requirements, with much work remaining, including the question of how principles in the draft COP decision on LULUCF are addressed in reporting guidelines. The other drafting group had been tackling outstanding matters relating to expert review teams, Protocol Article 3.14 (adverse effects), and how Protocol Article 4 (regional integration organization) should be included. Chair Dovland stated that flexibility will be needed to ensure that the text forwarded to ministers does not contain too many unresolved issues.

The EU noted the need for urgency in negotiations, while calling for care and consistency in addressing technical issues. The CG-11 urged Parties not to reopen or reinterpret the Bonn Agreements.

Compliance: Co-Chair Slade reported on consultations on the draft compliance text in a drafting group and in smaller groups, noting that agreements had been confirmed or reconfirmed on a number of issues, but that a range of key issues remained unresolved, with some awaiting results of work in other groups.

WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT: On consideration of input to the WSSD, Parties stressed the principle of common but differentiated responsibilities, the importance of the three "pillars" of sustainable development, linkages between the UNFCCC, CCD and CBD, and the opportunity

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Emily Boyd <emily@iisd.org>, Lisa Schipper <lisa@iisd.org>, Malena Sell <malena@iisd.org>, Chris Spence <chris@iisd.org> and Juliette Voinov <cedrickohler@msn.com>. The Digital Editor is Franz Dejon <franz@iisd.org> and the photographer is Leila Mead <leila@iisd.org>. The Operations Manager is Marcela Rojo <marcela@iisd.org> and the On-Line Assistant is Diego Noguera <diego@iisd.org>. 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), the United States (through USAID), the Swiss Agency for Environment, Forests and Landscape (SAEFL), the United Kingdom (through the Department for International Development - DFID, and the Foreign & Commonwealth Office), the European Commission (DG-ENV), the Danish Ministry of Foreign Affairs, and the Government of Germany (through the German Federal Ministry of Environment - BMU, and the German Federal Ministry of Development Cooperation - BMZ). General Support for the *Bulletin* during 2001 is provided by the Ministries of Foreign Affairs and Environment of Finland, the Government of Australia, the Ministry of Environment and the Ministry of Foreign Affairs of Sweden, the Ministry of Foreign Affairs and Trade of New Zealand, the Ministries of Foreign Affairs and Environment of Norway, Swan International, and the Japan Environment Agency (through the Institute for Global Environmental Strategies - IGES.) 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 produced by The Living Earth, Inc. <http://livingearth.com>. For information on the *Earth Negotiations Bulletin* or to arrange coverage of a meeting, conference or workshop, send e-mail to the Director, IISD Reporting Services at <kimo@iisd.org>.



the WSSD offers to consider progress made since UNCED in 1992. A paper containing discussion elements for the COP contribution to the WSSD was distributed later on Friday.

OTHER MATTERS: On other matters, Parties adopted the draft decision on the letter from the Central Asia, Caucasus, Albania and Moldova countries on their status under the UNFCCC. The decision invites SBSTA to consider the request at its sixteenth session.

NEGOTIATING GROUPS

MECHANISMS: The negotiating group met in afternoon and evening sessions to consider the Annex on modalities and procedures for a CDM contained in the Co-Chairs' non-paper on work in progress in the negotiating group on mechanisms, distributed Thursday. Agreement was reached on a number of paragraphs, while several issues were referred to ministers.

On the role of the Executive Board in approving new methodologies and guidelines related to baselines, monitoring plans and project boundaries, CHINA, supported by BRAZIL and SAUDI ARABIA, proposed additional text suggesting the Board should review rather than approve new methodologies and guidelines, and should recommend these to the COP/MOP for approval. NORWAY, the EU and JAPAN disagreed. AUSTRALIA, supported by SAMOA, proposed a compromise text whereby the Executive Board would review and could make recommendations to the COP/MOP if it considered it necessary. In addition, the EU, opposed by CANADA and SAMOA, proposed the insertion of additional text to be considered under methodologies and guidelines. These matters were referred to ministers.

On issues relating to costs of participation of members in the Executive Board, SLOVENIA proposed reference to economies in transition in the draft text. The group agreed to a Co-Chairs' compromise referring to "other Parties eligible under UNFCCC practice." On the composition of the Executive Board, delegates agreed to additional text proposed by SAMOA whereby the COP/MOP will elect an alternate for each member of the Board. On the procedure for appointing a member to replace another member who has resigned or is unable to attend, the text was amended to specify that the member appointed would be from the same constituency. Suspending the meeting, Co-Chair Chow informed delegates that President Elyazghi had set a deadline of 7:00 pm Saturday for the negotiating group to complete its work.

During an evening session, delegates continued consideration of the Executive Board. The paragraphs on quorum and decision making were referred to ministers. On attendance of the meetings, delegates agreed to a proposal by SAMOA opening attendance to stakeholders. All the paragraphs in the section on accreditation and designation of operational entities were agreed, with minor drafting amendments.

In the section on designated operational entities, JAPAN, supported by several Parties, proposed adding references to "enhancements by sinks" in order to reflect the acceptance of afforestation and reforestation under the CDM in the Bonn Agreements. The EU, NEW ZEALAND, BRAZIL, INDIA and CHINA opposed this addition. They supported a discussion on the issue within the context of the draft COP decision, as proposed by Co-Chair Estrada, that elaborates on the eligibility of LULUCF activities in the first and future commitment periods as well as on the work to be undertaken by SBSTA. Delegates agreed to adopt the section as is, with the understanding that adjustments might need to be made, depending on the outcome of the discussion on the draft decision.

Delegates then considered Article 7.4 (assigned amounts). Position papers on this issue were introduced by the Umbrella Group, EU and G-77/China, and Parties agreed that the Co-Chairs would prepare a consolidated text incorporating these papers for consideration Saturday morning. Parties reconvened again at 10:00 pm to continue work on the remaining mechanisms-related issues.

INFORMAL GROUPS AND CONSULTATIONS

CDM EXECUTIVE BOARD: The informal group on the CDM Executive Board met in an evening session to consider outstanding issues relating to the nomination of the Board.

COMPLIANCE: The compliance drafting group met in an afternoon session to consider the section on consequences of the Co-Chairs' non-paper on outstanding issues and to discuss a new proposal from CANADA, JAPAN, the RUSSIAN FEDERATION and AUSTRALIA for the draft COP decision. Limited progress was reported on these issues. JAPAN also submitted a proposal outlining options setting limits on the possibility of a Party-to-Party trigger. The group also met in the evening in an attempt to resolve all outstanding issues, continuing its work late into the night.

PROTOCOL ARTICLES 5, 7 AND 8: The drafting group on elements related to LULUCF under the Articles 5, 7 and 8 guidelines met in the afternoon, with some progress reported. The meeting was suspended in the evening to allow regional groups to consult following disagreements regarding whether failure to report on LULUCF should trigger non-compliance.

CGE: The informal group on CGE met in the afternoon to continue discussion on the terms of reference, and begin considering the draft decision on the revision of guidelines for the preparation of non-Annex I communications. While several Parties supported the extension of the current terms of reference, there was no agreement on this issue. Text referring to LDCs was also left bracketed, as no outcome had been reached during the LDC consultations held Thursday. On the terms of reference, participants discussed: the cut-off time for reviewing national communications and for inclusion in the Secretariat's compilation and synthesis report; the number of workshops to be held during the next period; and the number of experts to be invited to these workshops. On the revision of guidelines, the US did not support deciding at COP-7 on the frequency of submission of national communications by non-LDC developing country Parties. Delegates agreed to continue their work in a drafting group.

IN THE CORRIDORS

"Fatigue" and "deadline" were the words on delegates' lips Friday. Observers noted that many negotiators were looking decidedly less fresh and energized following several long days of talks and running from one meeting to the next, with several participants openly hoping that Sunday would be a rest day before COP-7's final week and the high-level segment. The Saturday evening deadline announced by COP-7 President Elyazghi on Friday was generally well received, with some delegates seemingly pleased that a time had been set for completion of work, although several seemed to think that it might be overly optimistic.

In other news, the long-awaited meeting on accounting for assigned amounts under Article 7.4 finally took place Friday night. While some expressed frustration that the meeting was suspended following the submissions of new proposals from Parties, others felt the consolidation of these proposals by the Co-Chairs overnight would help considerably in further talks scheduled for Saturday.

THINGS TO LOOK FOR TODAY

NEGOTIATING GROUPS: Articles 5, 7 and 8: This group is expected to meet at 10:00 am in Fez 1 to hear reports on progress from the drafting groups.

Mechanisms: This group is scheduled to meet at 10:00 am in Plenary II to finalize its work.

INFORMAL GROUP ON LDCS: This group will convene at 3:00 pm in Plenary II.

Meeting times and locations are subject to change, and additional meetings are likely. Check the monitors for updates.