



## UNFCCC COP-7 HIGHLIGHTS

### TUESDAY, 6 NOVEMBER 2001

Delegates to COP-7 met in SBSTA and SBI to adopt a number of draft decisions and conclusions. Negotiations also continued on mechanisms, compliance, and Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information). A late evening Plenary was held to take stock of progress.

#### SBSTA

The final meeting of SBSTA-15 was held in the afternoon, with the report of the session and the following conclusions being adopted without discussion: ongoing activities on reporting and GHG inventories from Annex I Parties; emissions resulting from bunker fuels; good practice guidance for LULUCF; emissions from forest harvesting and wood products; technology transfer; cooperation with relevant international organizations; education, training and public awareness; AIJ; and the special circumstances of Croatia.

On organizational matters, delegates elected Philip Weech (the Bahamas) as SBSTA Vice-Chair and Tatyana Ososkova (Uzbekistan) as SBSTA Rapporteur. On methods to evaluate impacts and adaptation, the conclusions were amended to include reference to "global and regional" international organizations. The conclusions on issues relating to hydrofluorocarbons and perfluorocarbons were amended to provide for China's proposal that only "Annex I" Parties be encouraged to update information on means for limiting such emissions. The conclusions relating to Canada's proposal on cleaner or less greenhouse gas emitting energy were adopted, with the EU emphasizing the need for well defined terms of reference for the workshop.

On P&Ms, the EU proposed reference to the October 2001 workshop report, rather than to its terms of reference. SAUDI ARABIA, opposed by POLAND, SWITZERLAND, CENTRAL AFRICAN REPUBLIC and CANADA, advocated deleting a paragraph inviting Parties to consider and submit their views on the workshop, and on further action to advance the work on P&Ms. Following discussion, the original conclusions were adopted, with the EU expressing reluctance in doing so.

On the conclusions relating to the IPCC Third Assessment Report (TAR), SAUDI ARABIA and KUWAIT proposed deferring the issue to SBSTA-16. The EU and others urged adoption of the conclusions. Following further informal consultations, compromise text was agreed. References to assessing "the implications" of the TAR were deleted, and the scope of the proposed workshop on the TAR was amended to include reference to "scientific uncertainty" and to the "effects of measures."

#### SBI

SBI met in the afternoon to resume consideration of its agenda. On organizational matters, delegates elected Daniela Stoytcheva (Bulgaria) as SBI Vice-Chair and Emily Ojoo-Massawa (Kenya) as SBI Rapporteur. On matters referred to the SBI by the COP, delegates adopted the draft conclusions on the report of the GEF. The SBI then agreed to recommend to the COP a decision amending the Annex II list by removing Turkey and inviting Parties to recognize its special circumstances as an Annex I Party. On Kazakhstan's proposal to add its name to Annex I, the SBI adopted conclusions whereby the COP notes that Kazakhstan, *inter alia*, becomes an Annex I Party for the purposes of the Protocol upon ratification.

On the date and venue of COP-8, Karsten Sach (Germany) reported that two Parties were still considering hosting it. Delegates then adopted draft conclusions on the calendar of meetings of Convention bodies 2005-2007 and on feasibility of developing guidelines for the review of Annex I national communications, and recommended to the COP a draft decision on the review of the third national communications and the roster of experts. The SBI forwarded to the COP a draft decision on the third compilation and synthesis of initial national communications from non-Annex I Parties. On the CGE, Contact Group Chair Ojoo-Massawa stressed that paragraphs relating to NAPAs and the LDC Expert Group remained bracketed pending discussions in the LDC group. Approval of the relevant draft decisions was deferred.

Delegates also adopted: draft conclusions on the provision of financial and technical support; the draft report of the CGE; the programme budget for the biennium 2002-2003; and recommendations on the interim financial performance for 2000-2001. On administrative and financial matters, delegates noted that possible options to respond to late payment of contributions had not been agreed, with delegates deciding to forward the matter to SBI-16. On the implementation of the Headquarters Agreement, no further progress was reported, and this item was concluded at SBI-15.

Chair Ashe noted that consideration of the report of the session, matters relating to LDCs and the CGE would be deferred to the next SBI meeting on Thursday.

#### NEGOTIATING GROUPS AND INFORMAL CONSULTATIONS

**PROTOCOL ARTICLES 5, 7 AND 8:** The negotiating group on Articles 5, 7 and 8 met in the morning to work on outstanding issues. JAPAN highlighted its proposal on the review for reinstatement of mechanisms eligibility. Several Parties supported the proposal, but suggested elaborating the issue at a subsequent

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SBSTA session. JAPAN agreed to discuss the proposal bilaterally to reach some basic agreement and introduced another proposal on review of the compilation and accounting report to assess Article 3.1 (assigned amount) compliance.

On the Article 8 draft COP decision, delegates agreed on language requesting SBSTA-16 to commence consideration of guidelines on new and additional topics, including some left unresolved at SBSTA-15. On the draft Article 7 COP/MOP-1 decision, delegates agreed to delete a subparagraph making failure to submit information on the commitment period reserve a mechanisms' eligibility criteria.

Delegates then turned to outstanding LULUCF issues in the Article 7 guidelines and the related COP/MOP-1 decision. After extensive discussion, including compromise proposals from several Parties and Chair Dovland, the LULUCF package was forwarded to ministers, with the main area of contention being whether the LULUCF principles as included in the Bonn Agreements should lead to specific, mandatory reporting requirements within the Article 7 guidelines or should remain preambular guiding principles.

On the issue of loss of mechanisms' eligibility in the draft Article 7 COP/MOP-1 decision, Parties considered an EU package proposal on thresholds that, *inter alia*, involves loss of eligibility following failure to submit an annual inventory or to include an estimate for a source category of seven percent or more. Delegates provisionally agreed to the EU proposal pending the outcome of relevant discussions in the mechanisms group.

Regarding reporting under Article 7.2 (national communications) on P&Ms, delegates failed to agree on whether reporting shall take into account relevant decisions by the COP and COP/MOP.

Resuming in an evening session, the group considered the bracketed text on review of information under Protocol Article 3.14 (adverse effects) in guidelines under Article 8. Chair Dovland highlighted a compromise proposal supporting annual as well as periodic reporting and review of information under Article 3.14, and said the key starting point is whether such reporting should trigger loss of mechanisms eligibility. Parties did not reach agreement on this. On a new Russian proposal on confidentiality, Parties raised concerns and the issue was not resolved. On supplementarity in the guidelines under Article 7, the US, supported by CANADA, highlighted the lack of legal context of a Chinese proposal specifying the aim of reducing per capita emissions differences between developed and developing countries. Work is expected to continue in informal consultations.

**COMPLIANCE:** The negotiating group on compliance met in an evening session to consider the new Co-Chairs' non-paper on compliance, an "EU/Umbrella Group proposed compliance package," as well as new text for a draft COP decision. CANADA introduced the package proposal, highlighting that it focused on trigger, appeal, compliance action plan and suspension of eligibility to make transfers under Article 17. The G-77/CHINA and the ENVIRONMENTAL INTEGRITY GROUP supported the package. The NETHERLANDS then reported on the outcome of consultations on outstanding issues not reflected in the Co-Chairs' new non-paper. On the mandate of the facilitative branch, he reported agreement on the deletion of wording specifying that it was "the only branch" responsible for addressing questions of implementation. On the consequences applied by the facilitative branch, he said delegates had agreed that these be applied "taking into account," rather than "on the basis of," the principle of common but differentiated responsibilities and respective capabilities. Delegates agreed to the new Co-Chairs' non-paper on procedures and mechanisms, as amended. Everton Vargas (Brazil) then

reported on consultations he facilitated on the draft COP decision and recommended that the group adopt his proposed draft decision, with an editorial amendment. Delegates agreed, thus completing the work of the negotiating group.

**MECHANISMS:** Delegates met in a brief morning session of the negotiating group. Co-Chair Estrada said the Co-Chairs would hold bilateral informal consultations in order to produce a new text on mechanisms that should be acceptable to all Parties. He also said that the drafting group on Article 7.4 chaired by Murray Ward would continue its work, starting with the third part of the non-paper on modalities for the accounting of assigned amount which tackles the issue of compilation and accounting of emission inventories and assigned amounts.

Delegates reconvened in an evening session to hear feedback from the Co-Chairs on new text on unresolved mechanisms and Article 7.4 issues. Co-Chair Estrada reported that progress had been made on key issues relating to the commitment period reserve, the transaction log, eligibility criteria, and definition of units, including the removal unit. However, divergence still remained on several areas. On Article 7.4 negotiations, Chair Ward reported that unresolved differences still existed on the third part of the non-paper. The meeting ended with Parties agreeing to forward a new Co-Chairs' text on mechanisms to Plenary, with the understanding that several countries had not agreed to the draft text.

#### PLENARY

In a late evening Plenary, COP-7 President Elyazghi invited the negotiating group Chairs to report on progress. Compliance group Co-Chair Slade reported that the text had been fully agreed and, with Co-Chair Dovland, thanked all delegations. Mechanisms group Co-Chairs Estrada and Chow reported progress, although some "controversial" issues from the three drafting groups remained in the text to be submitted to ministers. On Articles 5, 7 and 8, Chair Dovland highlighted two issues delegates had been unable to resolve, namely reporting on LULUCF activities, and review and consequences of failure to report on Article 3.14. He suggested that, with the completion of the work on compliance, this issue might be more easily resolved, and noted that the group's work on Article 7.4 could not be finalized until related work in the mechanisms group had been completed.

#### IN THE CORRIDORS

There was both joy and disappointment at COP-7 Tuesday night as negotiators cut a deal on compliance but fell short of the mark on the mechanisms and Articles 5, 7 and 8. Although there were handshakes and hugs as the compliance group finished its work, some observers were already speculating on possible trade-offs involved in securing the deal. The mood in the mechanisms group was more muted. Although the Co-Chairs' new text is free of brackets, it was apparent that a number of key issues had yet to be resolved. On an optimistic note, however, some said that although the paper was not an agreed document, it was better to have a clean text that was not universally supported than one littered with brackets.

#### THINGS TO LOOK FOR TODAY

**HIGH-LEVEL SEGMENT:** COP-7's High-Level Segment will begin with a welcoming ceremony at 10:00 am in Salle des Ministres. At 3:00 pm in Plenary I, ministers and other heads of delegation will begin to make official statements, which will continue over the next two days.