



## SIXTEENTH SESSIONS OF THE SUBSIDIARY BODIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: 5-14 JUNE 2002

The Sixteenth Sessions of the Subsidiary Bodies (SB-16) to the 1992 United Nations Framework Convention on Climate Change (UNFCCC) begins today at the Maritim Hotel in Bonn, Germany. Having completed three years of negotiations on the operational details of the Kyoto Protocol in November 2001, Parties to SB-16 will take up a variety of issues, including: technology transfer; the Third Assessment Report (TAR) of the Intergovernmental Panel on Climate Change (IPCC); a proposal on cleaner or less greenhouse gas-emitting energy; national communications; implementation of UNFCCC Article 4.8 and 4.9 and Protocol Article 2.3 (adverse effects); matters relating to least developed countries (LDCs); capacity building; preparations for the World Summit on Sustainable Development (WSSD); and methodological issues, including guidelines under Protocol Articles 5, 7, and 8, and land use, land-use change and forestry (LULUCF). Outcomes from the Fourth Session of the Preparatory Committee for the WSSD, being held in Bali until 7 June, may have an impact on the discussions at SB-16.

### A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

Climate change is considered one of the most serious threats to human health and well-being, the global economy, and the sustainability of the world's environment. Mainstream scientists agree that the Earth's climate is affected by the anthropogenic emissions of greenhouse gases, such as carbon dioxide. Despite some lingering uncertainties, a majority of scientists believe that precautionary and prompt action is necessary.

The international political response to climate change took shape with the development of the UNFCCC. Adopted in 1992, the UNFCCC sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases to avoid "dangerous interference" with the climate system. The UNFCCC entered into force on 21 March 1994. It now has 186 Parties.

**THE KYOTO PROTOCOL:** In 1995, the first meeting of the Conference of the Parties (COP-1) established the *Ad Hoc* Group on the Berlin Mandate, whose task was to reach agreement on strengthening efforts to combat climate change. Following intense negotiations culminating at COP-3 in Kyoto, Japan, in December 1997, delegates agreed to a Protocol to the UNFCCC that commits developed countries and countries making the transition to a market economy to achieve quantified emissions targets. These countries, known under the UNFCCC as Annex I Parties,

committed themselves to reducing their overall emissions of six greenhouse gases by at least 5% below 1990 levels over the period 2008 and 2012 (the first commitment period), with specific targets varying from country to country. The Protocol also established three mechanisms to assist Annex I Parties in meeting their national targets cost-effectively – an emissions trading system, joint implementation (JI) of emissions-reduction projects between Annex I Parties, and a Clean Development Mechanism (CDM) to encourage projects in non-Annex I (developing country) Parties.

It was left for subsequent meetings to decide on most of the rules and operational details that determine how these cuts in emissions will be achieved and how countries' efforts will be measured and assessed. Eighty-four countries have signed the Protocol. To enter into force, the Protocol must be ratified by 55 Parties to the UNFCCC, including Annex I Parties representing at least 55% of the total carbon dioxide emissions for 1990. To date, 73 Parties have ratified the Protocol, including 21 Annex I Parties, representing a total of 35.4% of the emissions.

**THE BUENOS AIRES PLAN OF ACTION:** At COP-4, which met in Buenos Aires, Argentina, in November 1998, Parties set a schedule for reaching agreement on the operational details of the Protocol and for strengthening implementation of the UNFCCC itself. In a decision known as the Buenos Aires Plan of Action (BAPA), delegates agreed that the deadline for reaching agreement should be COP-6. Critical Protocol-related issues needing resolution included rules relating to the mechanisms, a regime for assessing Parties' compliance, and accounting methods for national emissions and emissions reductions. Rules on crediting countries for carbon sinks were also to be addressed. Issues under the UNFCCC requiring resolution included questions of capacity building, the development and transfer of technology, and assistance to those developing countries that are particularly vulnerable to the adverse effects of climate change or to actions taken by industrialized countries to combat climate change.

Numerous formal and informal meetings and consultations were held during 1999 and 2000 to help lay the foundations for an agreement at COP-6. However, as COP-6 drew closer, political positions on the key issues remained entrenched, with little indication of a willingness to compromise.

**COP-6 PART I:** COP-6 and the resumed thirteenth sessions of the UNFCCC's subsidiary bodies were held in The Hague, the Netherlands, from 13-25 November 2000. During the second week of negotiations, COP-6 President Jan Pronk, Minister of Housing, Spatial Planning and Environment of the Netherlands, attempted to facilitate progress on the many disputed political and technical issues by convening high-level informal Plenary sessions. He grouped the issues into the following four "clusters" or "boxes":

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(a) capacity building, technology transfer, adverse effects and guidance to the financial mechanism; (b) mechanisms; (c) LULUCF; and, (d) compliance, policies and measures (P&Ms), and accounting, reporting and review under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information).

However, by Thursday, 23 November, negotiations remained stalled, and President Pronk distributed a Note containing his proposal on key issues in an attempt to encourage a breakthrough. After almost 36 hours of intense talks, negotiators could not achieve an agreement, with financial issues, supplementarity in the use of the mechanisms, compliance and LULUCF proving particularly difficult. On Saturday afternoon, 25 November, President Pronk announced that delegates had failed to reach agreement. Delegates agreed to suspend COP-6, and expressed a willingness to resume their work in 2001.

**PREPARATIONS FOR COP-6 PART II:** A number of meetings and consultations were convened after COP-6 Part I in an effort to get negotiations back on track. In late June 2001, President Pronk presented a consolidated negotiating text to help negotiators reach a compromise. However, while some participants expressed the opinion that positions did not appear to have shifted since COP-6 Part I, others suggested that positions had possibly widened on issues such as LULUCF, sinks in the CDM, and funding.

In addition to official preparations for COP-6 Part II, there were a number of political developments following the meeting in The Hague. In March 2001, the US administration repudiated the Protocol, stating that it considered the Protocol to be "fatally flawed," as it would damage its economy and it exempts developing countries from emissions targets.

**COP-6 PART II:** COP-6 Part II and the fourteenth sessions of the UNFCCC's subsidiary bodies met in Bonn, Germany, from 16-27 July 2001. From 16-18 July, delegates met in closed negotiating groups to settle differences on key texts. On 19 July, the high-level segment began, with participants striving to achieve a "political" decision on key outstanding issues. After protracted consultations, President Pronk presented his proposal for a draft political decision outlining agreement on core elements of the BAPA. However, in spite of several Parties announcing that they could support the political decision, disagreements surfaced over the section on compliance. After several further days of consultations, ministers finally agreed to adopt the original political decision, with a revised section on compliance. The political decision – or "Bonn Agreements" – was formally adopted by the COP on 25 July.

Although draft decisions were approved on several key issues, delegates were unable to remove all brackets in text on the mechanisms, compliance and LULUCF. Since not all texts in the "package" of decisions were completed, all draft decisions were forwarded to COP-7.

**COP-7:** Delegates met for COP-7 and the fifteenth sessions of the UNFCCC's subsidiary bodies in Marrakesh, Morocco, from 29 October - 10 November 2001. The main goal was to complete tasks left unfinished at COP-6 Parts I and II, thereby bringing to a close three years of negotiations. The Bonn Agreements served as the basis for delegates striving to finish their work.

From 30 October to 6 November delegates met in negotiating groups, closed drafting groups and informal consultations in an attempt to resolve outstanding issues relating to the mechanisms, compliance, accounting, reporting and review under Articles 5, 7 and 8, and LULUCF. Ongoing negotiations were also held on draft COP decisions relating to LDCs, the Consultative Group of Experts on non-Annex I National Communications (CGE), and input to the WSSD.

On Wednesday, 7 November, COP-7's high-level segment began, with ministers and senior officials seeking to bring negotiations to a successful conclusion. After protracted bilateral and multilateral talks, a package deal on LULUCF, mechanisms, Protocol Articles 5, 7 and 8, and input to the WSSD was proposed on Thursday evening, 8 November. Although the deal was accepted by most regional groups, including the G-77/China and the EU, the Umbrella Group (a loose alliance of Annex I Parties that includes Canada, Australia, Japan, the Russian Federation, and New Zealand) did not join the consensus, with key areas of dispute including eligibility requirements and bankability under the mechanisms. However, following extensive negotiations, a package deal was agreed, with key features including consideration of LULUCF Principles and limited banking of units generated by sinks under the CDM.

### **INTERSESSIONAL HIGHLIGHTS**

**PREPARATIONS FOR SB-16:** A series of workshops that have taken place since COP-7 will provide participants with input for discussions at SB-16. In April, workshops were held on: methodologies for technology needs assessments; technology information; the revision of the guidelines for non-Annex I national communications; the CGE; the terms of reference and an agenda for work related to definitions and modalities for including afforestation and reforestation activities under Article 12 in the first commitment period; the IPCC TAR; and the elaboration of draft technical guidance on methodologies for adjustments under Protocol Article 5.2 (adjustments). In May, workshops were held on the status of models designed to assess the adverse effects of climate change and impacts of response measures, and on cleaner or less greenhouse gas-emitting energy. Two additional workshops on developing a work programme on activities related to UNFCCC Article 6 (education, training and public awareness), and on the draft revised uniform reporting format for activities implemented jointly, were held immediately prior to SB-16, along with consultations on registries.

**RECENT DEVELOPMENTS:** Since COP-7, 33 additional Parties have ratified the Protocol. This includes Japan, and the fifteen member States of the European Union, which delivered their instruments of ratification to the UN on 31 May. Several other Parties have also begun the process of ratification and are expected to complete this procedure by the start of the WSSD in August.

On 17 January, Joke Waller-Hunter (the Netherlands) was named the new Executive Secretary of the UNFCCC. SB-16 marks her first major UNFCCC meeting in this role. During the Nineteenth Session of the IPCC held in April, Rajendra K. Pachauri (India) was named the new Chair of the IPCC.

### **THINGS TO LOOK FOR TODAY**

**SBSTA:** SB-16 is expected to begin at 10:00 am with an opening session of the Subsidiary Body for Scientific and Technological Advice (note that the Subsidiary Body for Implementation does not meet until 10 June). In the morning, SBSTA is scheduled to consider organizational matters, the TAR, and various methodological issues. In the afternoon, it is likely to discuss technology transfer, the relationship between efforts to protect the ozone layer and the climate system, and policies and measures.

**INFORMAL CONSULTATIONS:** Informal consultations are likely late in the afternoon. Please check the television monitors for further details.