



EIGHTEENTH SESSIONS OF THE SUBSIDIARY BODIES OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: 4-13 JUNE 2003

The eighteenth sessions of the Subsidiary Bodies (SB-18) of the United Nations Framework Convention on Climate Change (UNFCCC) opens today at the Maritim Hotel in Bonn, Germany. Delegates will continue to address issues under negotiation since COP-8 and prepare for the Kyoto Protocol's entry into force.

The Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) are expected to address a range of agenda items, including methodological issues, such as definitions and modalities for including afforestation and reforestation activities under Protocol Article 12 (Clean Development Mechanism), and financial matters relating to non-Annex I Parties under the UNFCCC, including the Special Climate Change Fund.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

Climate change is considered one of the most serious threats to the global environment, with negative impacts expected on human health, food security, economic activity, water and other natural resources, and physical infrastructure. Global climate varies naturally, but scientists agree that rising concentrations of anthropogenically emitted greenhouse gases in the Earth's atmosphere are leading to a change in the climate. According to the Intergovernmental Panel on Climate Change (IPCC), the effects of climate change have already been observed, and a majority of scientists believe that precautionary and prompt action is necessary.

The international political response to climate change began with the adoption of the UNFCCC 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. Controlled gases include methane, nitrous oxide, and, in particular, carbon dioxide. The UNFCCC entered into force on 21 March 1994. It now has 188 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, and charged it with reaching 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 (EITs) to achieve quantified emission reduction targets. These countries, known under the UNFCCC as Annex I Parties, agreed to reduce their overall emissions of six greenhouse gases by at least 5% below 1990 levels between 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) that encourages projects in non-Annex I (developing country) Parties.

At subsequent meetings, Parties negotiated most of the rules and operational details determining how countries will cut emissions and measure and assess emissions reductions. To enter into force, the Protocol must be ratified by 55 Parties to the UNFCCC, and by Annex I Parties representing at least 55% of the total carbon dioxide emissions for 1990. To date, 109 Parties have ratified the Protocol, including 31 Annex I Parties, representing 43.9% of the emissions.

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

COP-6 PART I: COP-6 and the resumed SB-13 were held in The Hague, the Netherlands, in November 2000. Positions on the key issues remained entrenched, with little indication of a willingness to compromise. During the second week of negotiations, COP-6 President Jan Pronk (the Netherlands) attempted to facilitate negotiations on the many disputed political and technical issues by convening high-level informal Plenary sessions. After almost 36 hours of intense talks in the final two days of COP-6, negotiators could not agree on a range of issues, particularly financial issues, complementarity in the use of the mechanisms, compliance and land use, land-use change and forestry (LULUCF). On Saturday afternoon, 25 November, President Pronk announced that delegates had failed to reach agreement. Delegates agreed to suspend COP-6 and resume negotiations in 2001.

COP-6 PART II: 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 exempt developing countries from emission reduction targets. Parties

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reconvened at COP-6 Part II and SB-14, in July 2001, in Bonn, Germany. After protracted consultations, President Pronk presented his proposal for a draft political decision. Despite support from several Parties, disagreements surfaced over the nature of the compliance regime. After several days of consultations, ministers agreed to adopt President Pronk's political decision, with a revised section on compliance on 25 July 2001. The political decision – or “Bonn Agreements” – needed to be operationalized through COP decisions. These decisions were considered a “package,” and since no agreement was reached on the mechanisms, compliance and LULUCF, all draft decisions were forwarded to COP-7.

COP-7: Delegates continued discussions on the Bonn Agreements at COP-7 and SB-15 in Marrakesh, Morocco, from 29 October to 10 November 2001. After lengthy negotiations, a package deal on LULUCF, mechanisms, Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information), and input to the World Summit on Sustainable Development (WSSD) was proposed on 8 November. Although the deal was accepted by most regional groups, some Annex I Parties, including Australia, Canada, Japan, New Zealand, and the Russian Federation, did not join the consensus. They disputed, among other things, eligibility requirements and credit banking under the mechanisms. However, following extensive negotiations, the “Marrakesh Accords” were agreed, with key features including consideration of LULUCF Principles and limited banking of units generated by sinks under the CDM.

SB-16: Parties met at SB-16 in Bonn from 5-14 June 2002. Participants considered several issues previously left off the agenda due to the pressing BAPA negotiations. Views on the direction of the climate process differed, with some Parties looking back to recent debates and others looking ahead toward the next commitment period. Many hoped the Protocol could enter into force by the WSSD in August 2002. The EU and Japan announced their Protocol ratifications just prior to the WSSD.

COP-8: Delegates to COP-8 and SB-17 met from 23 October to 1 November 2002, in New Delhi, India. On the final day of COP-8, they adopted the *Delhi Declaration on Climate Change and Sustainable Development*. The Declaration reaffirms development and poverty eradication as overriding priorities in developing countries, and recognizes Parties' common but differentiated responsibilities and national development priorities and circumstances in the implementation of UNFCCC commitments. Parties at COP-8 considered institutional and procedural issues under the Protocol and adopted several decisions, including on the rules and procedures for the CDM.

INTERSESSIONAL HIGHLIGHTS

WORKSHOP ON DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION PROJECT ACTIVITIES UNDER PROTOCOL

ARTICLE 12: This workshop was held from 12-14 February 2003, in Foz do Iguaçu, Brazil. In addition to considering issues associated with afforestation and reforestation in the CDM, the workshop assisted governments in the preparation of draft text for modalities for including afforestation and reforestation project activities under the CDM in the first commitment period. Key themes included non-permanence, baselines, additionality, leakage; socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems; and cross-cutting issues.

WORKSHOP ON ADJUSTMENTS UNDER PROTOCOL ARTICLE 5.2: This workshop took place from 7-9 April 2003, in Lisbon, Portugal, and assessed case studies undertaken by the

UNFCCC Secretariat for simulating the calculation of adjustments under Article 5.2. The outcome was refined draft technical guidance on methodologies for adjustments under Article 5.2. SBSTA-18 is expected to complete the technical guidance.

WORKSHOP ON THE USE OF THE GUIDELINES FOR THE PREPARATION OF NON-ANNEX I NATIONAL

COMMUNICATIONS: This workshop, held in Port Luis, Mauritius, from 8-11 April 2003, examined the guidelines for the preparation of non-Annex I national communications agreed at COP-8. Participants heard a number of presentations on the guidelines, and other reporting guides and programmes for facilitating the preparation of non-Annex I national communications.

WORKSHOP ON ENABLING ENVIRONMENTS FOR TECHNOLOGY TRANSFER:

This workshop was convened from 9-10 April 2003, in Ghent, Belgium. The workshop provided an overview of technology transfer, reviewed the draft technical paper on enabling environments for transfer of environmentally-sound technology for consideration by the Expert Group on Technology Transfer (EGTT) at its third meeting, and examined barriers and opportunities to technology transfer. Working groups discussed ways in which governments could identify and remove barriers to technology transfer; and how multilateral lending institutions, bilateral programmes and the private sector could assist governments.

WORKSHOPS ON INSURANCE AND RISK ASSESSMENT IN THE CONTEXT OF CLIMATE CHANGE AND EXTREME WEATHER EVENTS, AND ON INSURANCE-RELATED ACTIONS TO ADDRESS ADVERSE EFFECTS:

These two workshops were held back-to-back from 12-13 May and 14-15 May 2003, in Bonn. The first workshop heard presentations from reinsurance companies, researchers and multilateral bodies on the possible roles of insurance and risk assessment in responding to climate change. The second workshop focused on insurance-related actions for addressing the adverse effects of climate change and from the impact of the implementation of response measures.

MEETINGS OF CONSTITUTED BODIES: The following UNFCCC constituted bodies held meetings since COP-8. The LDC Expert Group held its third meeting from 3-5 March 2003, in Samoa. The CDM Executive Board held its seventh and eighth meetings in Bonn from 20-21 January 2003 and 20-21 March 2003, respectively. The EGTT held its third meeting from 30-31 May 2003. In addition, pre-sessional consultations were held on 2 June to discuss registries, and the Global Climate Observing System second adequacy report.

THINGS TO LOOK FOR TODAY

SBSTA-18 OPENING PLENARY: SBSTA will meet at 10:00 am and again at 7.00 pm to discuss methodological issues, including the review of methodological work under the UNFCCC and Protocol; issues relating to Protocol Articles 5, 7 and 8; issues relating to reporting and review of greenhouse gas inventories from Annex I Parties; LULUCF; and emissions resulting from fuel used in international aviation and maritime transportation. Delegates will also address the IPCC Third Assessment Report and “good practices” in Policies and Measures.

SBI-18 OPENING PLENARY: The SBI will open at 3:00 pm to take up organizational matters; financial matters relating to non-Annex I Parties; implementation of UNFCCC Article 4.8 and 4.9 (adverse effects); administrative and financial matters; and arrangements for intergovernmental meetings.