



UNFCCC SB-18 HIGHLIGHTS WEDNESDAY, 4 JUNE 2003

The Eighteenth Sessions of the UNFCCC Subsidiary Bodies (SB-18) opened on Wednesday, 4 June, in Bonn, Germany. The Subsidiary Body for Scientific and Technological Advice (SBSTA) convened in morning and evening sessions, and the Subsidiary Body for Implementation (SBI) met during the afternoon. The SBSTA addressed organizational matters, methodological issues, and the IPCC Third Assessment Report (TAR). The SBI took up organizational matters, implementation of UNFCCC Article 4.8 and 4.9 (adverse effects), and administrative and financial matters. Contact groups were held to discuss Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information), and sinks in the CDM.

SBSTA

OPENING OF THE SESSION: SBSTA Chair Halldór Thorgeirsson (Iceland) welcomed delegates to SBSTA-18. UNFCCC Executive Secretary Joke Waller-Hunter said that SBSTA's discussions would shape its future work programme. MOROCCO, on behalf of the G-77/CHINA, appealed for a focus on adaptation, and emphasized the need to operationalize funds created under the Protocol and UNFCCC. He also called for a reversal in the decline in funding for the participation of developing country delegations, and for the Protocol's entry into force. The EU said that work on methodologies should ensure the integrity of inventories. TUVALU, for AOSIS, said that the IPCC TAR should inform discussions on the development of the climate regime. SWITZERLAND announced that it had ratified the Kyoto Protocol on 2 June 2003.

The SBSTA adopted the agenda (FCCC/SBSTA/2003/1) without amendment.

METHODOLOGICAL ISSUES: Review of methodological work under the UNFCCC and Protocol: The IPCC reported on its work to revise the 1996 inventory guidelines requested at SBSTA-17. Delegates raised the need to, *inter alia*: identify methodological needs from thematic discussions; distinguish between methodologies for uniform application and those specific to national circumstances; and involve a broad range of scientists with expertise on different issues. Chair Thorgeirsson requested Harald Dovland (Norway) to facilitate informal consultations and develop conclusions for SBSTA's consideration.

Issues relating to Protocol Articles 5, 7 and 8: Auden Rosland (Norway) reported on the workshop held on Article 5.2 (adjustments). He summarised outcomes from discussions on refining the draft technical guidance on adjustments, and highlighted tables on conservativeness factors for adjustments to be considered by SBSTA. SWITZERLAND and the EU underscored the importance of training reviewers. JAPAN expressed concern about language requirements for lead reviewers. Chair Thor-

geirsson requested Helen Plume (New Zealand) and Newton Paciornik (Brazil) to co-chair a contact group to prepare draft SBSTA conclusions and a draft COP decision.

On Article 7.4 (registries), Murray Ward (New Zealand) summarised pre-session consultations on registries and the transaction log. He said that the consultations had focused on the elaboration of data exchange standards and the sharing of experiences regarding the development of national registries. He underscored the need for sufficient funding to allow the Secretariat to continue its work on this issue. Chair Thorgeirsson said Murray Ward would hold informal consultations on this matter, and prepare draft conclusions and a draft COP decision.

Issues relating to reporting and review of Annex I greenhouse gas inventories: Chair Thorgeirsson said the issues of training of expert review team (ERT) members and the treatment of confidential information would be addressed by the contact group on Articles 5, 7 and 8.

LULUCF afforestation and reforestation activities under Protocol Article 12: Thelma Krug (Brazil) gave an overview of the recent workshop on modalities and definitions for including afforestation and reforestation (A&R) project activities under Article 12 (CDM) in the first commitment period. She said the workshop helped to prepare draft consolidated text on modalities and definitions under Article 12. Chair Thorgeirsson noted the Convention on Biological Diversity work on UNFCCC-related matters and said that it would affect the work of SB-18 and future sessions. Chair Thorgeirsson said a contact group on this issue would be co-chaired by Karsten Sach (Germany) and Thelma Krug.

Good practice guidance on LULUCF: The IPCC reported on its work on LULUCF and second-order drafts regarding good practice guidance, and definitions and methodological options to inventory emissions from direct human-induced degradation of forests and devegetation of other vegetation types. He also said work has begun on methodologies to factor out direct human-induced changes from indirect and natural effects. Reporting on the work of the Collaborative Partnership on Forests, the FAO noted the importance of: consistent forest and carbon-related terminology; rationalized methods for assessing forest carbon stocks and their changes; and streamlined reporting. Informal consultations on LULUCF common reporting issues will be chaired by Margaret Mukahanana-Sangarwe (Zimbabwe) and Auden Rosland.

Emissions resulting from fuel used in international aviation and maritime transportation: The International Civil Aviation Organization (ICAO) stressed the need for more reliable aviation emission inventories, and described its continuing work on policy options to limit or reduce aviation emissions; development of technology and related world-wide emissions standards; reduction of fuel burn through improved operational measures; and the use of market-based mechanisms. The International Maritime Organization (IMO) discussed its work to improve the quality

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of reporting and comparability of greenhouse gases from ships and reported on the informal meeting between the Secretariats of the UNFCCC and IMO.

IPCC TAR: Scientific, technical and socioeconomic aspects of impacts of, and vulnerability and adaptation to, climate change, and scientific, technical and socioeconomic aspects of mitigation: MALAYSIA, on behalf of the G-77/CHINA, said the TAR's conclusions should be used cautiously. CHINA noted the "widespread suspicion or disagreement" associated with some of the conclusions and suggested that SBSTA request further comments from the IPCC regarding those conclusions. SWITZERLAND said that the TAR should be routinely considered in all agenda items and, opposed by the G-77/CHINA, suggested that future annotated agendas should reference the TAR. AUSTRALIA, with CANADA, the EU and AOSIS, supported discussions on the TAR as a separate agenda item. AOSIS also noted that SBSTA had so far failed to successfully integrate the TAR's findings into its work. CANADA emphasized the need for discussions on cross-cutting issues relating to both adaptation and mitigation. A contact group co-chaired by David Warrilow (UK) and Walid Al-Malik (UAE) will further discuss these issues.

SBI

OPENING OF THE SESSION: SBI Chair Daniela Stoycheva (Bulgaria) opened the first meeting of the SBI, and introduced the agenda for adoption (FCCC/SBI/2003/1). SWITZERLAND, supported by the G-77/CHINA, proposed the inclusion of non-Annex I national communications on the agenda. The US, supported by CANADA and AUSTRALIA, and opposed by the G-77/CHINA, proposed that this item address the submission of second and subsequent national communications. Chair Stoycheva agreed to suspend the adoption of the agenda, in order to allow the G-77/China to consider the US proposal.

IMPLEMENTATION OF UNFCCC ARTICLE 4.8 AND 4.9: Progress on the implementation of activities under decision 5/CP.7: The Secretariat announced a workshop mandated by decision 5/CP.7 (implementation of Article 4.8 and 4.9) on possible synergies with other multilateral environmental conventions and agreements scheduled for 2-4 July, in Helsinki, Finland.

Chair Stoycheva reported on the recent workshops on insurance-related matters. KUWAIT called for long-term international solutions to minimizing the adverse effects of response measures. BURKINA FASO suggested according the insurance industry observer status in the climate process to enhance their understanding of the issue. CANADA said the Marrakesh Accords give sufficient guidance on the implementation of decision 5/CP.7 and stressed the need to strengthen adaptive capacities and mainstream climate change adaptation into national sustainable development strategies. The US and EU underscored the importance of the third GEF replenishment in supporting developing country work in this regard. A contact group co-chaired by Fadhel Lari (Kuwait) and Robert Mason (UK) will consider this item and prepare draft conclusions.

Matters relating to LDCs: LDC Expert Group (LEG) Chair Laavasa Malua (Samoa) reported on the work of the LEG. TANZANIA, for the LDCs, underscored the need to operationalize the LDC Fund in the short term to support immediate and urgent needs. CANADA said that decision guidance should not emphasize any specific adaptation measures as this might prejudice the outcomes of national adaptation programmes of action (NAPAs). The EU stressed the need to ensure that NAPA implementation enhances synergies with other UN conventions.

ADMINISTRATIVE AND FINANCIAL MATTERS: Chair Stoycheva presented the interim financial performance for the biennium 2002-2003, which notes outstanding arrears of US\$ 8.5 million and indicates that two-thirds of member States have not made their contributions for 2003. Karsten Sach indicated that the German Government had recently agreed to support and accommodate all Bonn-based UN agencies at one site. The Executive Secre-

tary presented the draft programme and budget for the biennium 2004-2005, which contains a 29% budget increase for the 2003-2004 biennium. The Secretariat estimates that US\$ 3.2 million will be required for Protocol activities, should it enter into force during the 2004-2005 biennium. SAUDI ARABIA emphasized the need for balanced funding in the biennial budget for items such as workshops. The US requested more detail on the Secretariat budget and expressed concern over the proposed apportionment between UNFCCC and Protocol activities. CANADA supported a "one-time jump" in the budget.

CONTACT GROUPS

PROTOCOL ARTICLES 5, 7 AND 8: Contact group Co-Chair Helen Plume noted that the group's tasks include addressing criteria for selection of lead reviewers, the training of ERTs, the treatment of confidential information, the improvement of the performance and professionalism of ERTs, and completing technical guidance on adjustments and discussions on Article 8. On adjustments, Auden Rosland explained the "band" approach for calculating conservativeness factors to control uncertainty within the uncertainty levels. Delegates also discussed placement of the information, limiting discretion of the ERTs, and how to address recalculations with respect to adjustments.

On the treatment of confidential data, the EU, supported by CHINA, said that confidential information should be available to review teams during desk reviews and stressed the development of guidelines for managing electronic information. Delegates also considered the proposed code of practice for the treatment of confidential information in the Annex I greenhouse gas inventory review process. Delegates agreed that both Secretariat staff and ERT members shall be instructed on responsibilities, and trained and tested in procedures to protect confidential information.

On agreement for expert review services, SWITZERLAND inquired about the consequences of disclosing confidential information. Co-Chair Plume said an informal drafting group would meet to work on adjustments guidance.

SINKS IN THE CDM: This contact group, co-chaired by Karsten Sach and Thelma Krug, met briefly in the evening to present the draft consolidated text on A&R project activities.

IN THE CORRIDORS

SB-18 got off to a "lackluster" start Wednesday. The SBI failed to adopt its agenda because of differences in delegates' understanding of a potential agenda item on non-Annex I national communications. Confusion over whether the item should be included in order to address frequency of submissions, or whether its inclusion should be to discuss related funding issues indicated rifts within and between negotiating groups. Together with the introduction of debate on budget issues, SB-18 has so far signaled that financial concerns will probably feature significantly in discussions during the coming week and a half.

THINGS TO LOOK FOR TODAY

SBI: The SBI will meet from 10:00 am to 1:00 pm in Plenary to adopt the agenda and discuss, among other things, administrative and financial matters, arrangements for intergovernmental meetings, non-Annex I financial matters, and capacity building.

SBSTA: The SBSTA will convene from 3:00 to 6:00 pm to take up policies and measures, technology transfer, research and systematic observation and cooperation with relevant international organizations, and other matters.

INFORMAL GROUPS: Informal contact groups will meet on the IPCC TAR, and sinks in the CDM.

ENB in French and Spanish: The *Earth Negotiations Bulletin* at SB-18 will be published in French and Spanish as well as English every day.