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HIGHLIGHTS OF FCCC COP-2 WEDNESDAY, 10 JULY 1996

The third day of the Second Conference of the Parties (COP-2) to the Framework Convention on Climate Change (FCCC) commenced with a meeting of the *Ad Hoc* Group on Article 13 (AG-13) and a brief meeting of the Plenary to elect officers and discuss the agenda for the Ministerial Segment. The Subsidiary Body for Scientific and Technological Advice (SBSTA) met all day, while the Subsidiary Body for Implementation (SBI) met in the afternoon, following an informal morning meeting on budgetary matters.

PLENARY

The COP met in Plenary to discuss Agenda Items 4(d) and 4(f), election of officers other than the President, and the Ministerial Segment. The President reported that consultations on the rules of procedure would continue as new proposals have been introduced. Application of the draft rules will continue until a consensus is reached. The following delegates were elected: Alexander Bedritsky (Russian Federation), Rene Castro Hernandez (Costa Rica), John Ashe (Antigua and Barbuda), Anthony Clark (Canada), Cornelia Quennet-Thielen (Germany), Tuiloma Neroni Slade (Samoa), and Abbas Naqi (Kuwait) as vice-presidents, and Antonio La Viña (Philippines) as Rapporteur. SAUDI ARABIA and KUWAIT expressed concern about the COP's failure to adopt rules of procedure and said that a compromise must be reached soon.

The upcoming ministerial segment will consist of three plenary sessions and one informal roundtable meeting to be chaired by Ruth Dreifuss (Switzerland). Plenary statements will be limited to five minutes and entry to the roundtable will be restricted to heads of delegations at the ministerial level. SAUDI ARABIA, supported by the REPUBLIC OF KOREA, the US, IRAN and BANGLADESH, objected to restricting the roundtable to ministers, saying all heads of delegations should be welcome regardless of rank. To do otherwise would prejudice those delegations not able to send ministers. Increased transparency for the roundtable was also recommended. The President agreed to consider the recommendations and report back to the COP.

AD HOC GROUP ON ARTICLE 13

The *Ad Hoc* Group on Article 13 met in the morning to discuss a multilateral consultative process (MCP). Under Agenda item 3 (election of officers other than the Chair), the Chair

explained that the COP President is involved in discussions to agree on a balanced list for subsidiary bodies. Under item 4(a) (panel summary), the Chair recommended that his report on a panel presentation become an annex to the Session report. The US noted that elements are not listed in order of priority. Under item 4(b) (synthesis), participants adopted a synthesis of responses to a questionnaire on establishing a MCP under Article 13 (FCCC/AG13/1996/1) to be considered at the Group's December session. The EU regretted that substantive discussions will be postponed until then. He recommended a draft decision extending the AG-13 mandate to COP-3 and a role in examining ways to apply a MCP to a protocol in cooperation with AGBM. Under item 4(c) (draft decisions), the Chair recommended draft decisions on the continuation of AG-13 and inviting the Group to report to COP-3. The Chair accepted a Saudi Arabia proposal to replace a reference to the possible design of a MCP with one on reporting to the COP as instructed.

The meeting then considered the Chair's draft text on linkages between AG-13 and AGBM. The text stated that AGBM should take into account advice on a MCP, from AG-13, if it decides that such a process should apply to a "protocol". Several delegations objected that referring to both a protocol and a MCP as part of this protocol prejudged the work of AGBM. Some delegations stated that other subsidiary bodies should be encouraged as well, though not required, to consult with AG-13 should they identify a need for a MCP. Final wording of a redrafted text, as amended by SOUTH AFRICA and the US, removes all reference to a protocol and asks the COP to decide that the AGBM may, in its consideration of a MCP, seek such advice as may be deemed necessary from AG-13.

SUBSIDIARY BODY FOR IMPLEMENTATION

SBI met formally to consider Agenda item 4 (financial and technical cooperation). The Secretariat introduced the GEF Report to COP-2 (FCCC/CP/1996/8), which considers the relationship between the GEF and the COP. The Secretariat also introduced a draft Annex to the draft Memorandum of Understanding between the GEF and COP (MOU) on determination of necessary funding and its availability for implementation of the FCCC (FCCC/CP/1996/9).

The G-77/CHINA requested a postponement of discussion. The EU and the US welcomed the GEF report, especially the operational strategy and its emphasis on enabling activities, and, along with POLAND, supported designation of the GEF as the permanent funding mechanism. FRANCE cautioned that failure to approve the funding document might hinder input from the

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COP to the next GEF replenishment. The Chair postponed discussion until Thursday.

Under Agenda Item 4(b) on Secretariat activities relating to technical and financial support to the Parties (FCCC/SBI/1996/10), the Secretariat reported on an extended mandate on preparing communications from non-Annex I Parties, including the Climate Convention Information Exchange Programme, training provision, and financial considerations. The US requested further information on the Secretariat's cooperation with the UNDP, and encouraged close cooperation with the GEF Secretariat, other agencies and bilateral donors.

The EU suggested a draft decision on the need for voluntary contributions to support the Secretariat's activities. Under Agenda item 3(a), the Secretariat introduced a compilation of national communications from Annex I Parties (FCCC/CP/1996/12 and Add.1 and 2) and a report on experiences and results of the review process on submission of communications (FCCC/CP/1996/13). The SBI was invited to consider the report in detail and convey conclusions to the AGBM and COP-2. In-depth reviews are available from Japan, Spain and Norway. Reports from Denmark and the Netherlands will be available soon.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Debate resumed on Agenda Item 4(a) (national communications from Annex I Parties). The G-77/CHINA, supported by COLOMBIA and INDIA, proposed Annex I parties communicate GHG emission limitations and commitments related to financial resources and technology transfer. ESTONIA, supported by LATVIA and the REPUBLIC OF KOREA, said guidelines should be revised with flexibility.

MOROCCO stated that Annex I Parties should also be required to report on capacity building mechanisms and encouraged a paragraph by paragraph review of the document. NEW ZEALAND sought increased transparency in the reporting process and suggested the formation of a contact group to revise reporting guidelines.

The MARSHALL ISLANDS and MICRONESIA highlighted the need for information related to technology transfer for adaptation. UZBEKISTAN said the guidelines should contain more detail, including guidelines for emission control. NORWAY and CANADA suggested introducing their proposals for technical revisions in a contact group. CHINA noted that Annex I Parties are committed to assisting developing countries through technology transfer and financial assistance, but this has not been highlighted in the documents revision.

The Secretariat introduced additional documents for the agenda item: methodological issues (FCCC/SBSTA/1996/9/Add.1) and electricity trade and bunker fuels (Add.2). The Chair noted he would convene a contact group on these issues. The RUSSIAN FEDERATION drew attention to problems with net emissions and noted the absence of a recognized principle on accounting for timber exports. The EU stressed that allocation issues cannot be isolated from development of policies and measures for GHG emissions, and suggested that AGBM should elaborate policies and measures on bunker fuel emissions.

On Agenda Item 4(b) (national communications from non-Annex I Parties), the Chair proposed a contact group. He also formed a contact group for Annex I Party communications. For the Chair's summary of deliberations on the SAR, he proposed convening a "friends of the Chair" group.

SBSTA then considered Agenda Item 7 (mechanisms for consultations with NGOs). The President introduced the relevant documents (FCCC/SBSTA/1996/11 and FCCC/SBSTA/1996/Misc.2). The EU, supported by JAPAN, strongly supported the role of NGOs and remained open to tailoring different mechanisms for different NGO constituencies. The US said expanding access to only one type of NGO would be inappropriate and suggested strengthening existing channels. NEW ZEALAND urged the development of a special consultative mechanism for business NGOs as they will play a vital role in implementation. CANADA supported a business consultative mechanism if it will facilitate implementation and opposed open access to NGOs on the floor during negotiations.

CLIMATE ACTION NETWORK sought equitable participation among all NGOs, enhancement of existing consultative mechanisms and expanded access to the floor during negotiations. INTERNATIONAL CHAMBER OF COMMERCE supported the development of a business consultative mechanism, noting the importance of business input in implementation and acknowledging the need for transparency. The President urged New Zealand to take the lead in forming a contact group to make recommendations to SBSTA on the issue.

Delegates then considered activities implemented jointly under the pilot phase. The Secretariat introduced an annual review of progress (FCCC/CP/1996/14 and Add.1). The G-77/CHINA and the EU were not prepared to speak on the issue. CANADA said SBSTA should not significantly change the reporting format at this session. She endorsed continuation at the pilot phase, with further assessment at COP-3. The US recommended adoption of the Progress Report and Addendum as the first annual report on AIJ, and expressed willingness to host the initial workshop on methodological issues as proposed by the Secretariat. She supported the formation of an AIJ forum, and suggested that Parties provide submissions for annual reports three months in advance. JAPAN suggested standard operational procedures for AIJ projects, monitoring and revision and supported the workshop on methodologies.

The REPUBLIC OF KOREA called for systematic improvement of AIJ to improve research and development capacity. The NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS stated that AIJ should be a permanent part of the FCCC. SWITZERLAND described plans to finance pilot AIJ projects with Annex II partners.

IN THE CORRIDORS

At an informal meeting of participants in the Subsidiary Body for Implementation (SBI), Parties agreed to review a Secretariat proposal to raise capital reserves from 8.3% to 15% at COP-3, as well as outstanding questions regarding relocation to Bonn, liaison points in New York and Geneva, and the budget.

THINGS TO LOOK FOR TODAY

SUBSIDIARY BODY ON SCIENTIFIC AND TECHNICAL ADVICE: SBSTA will reconvene at 11:00 a.m. in room XIX and meet again in the afternoon.

AD HOC GROUP ON THE BERLIN MANDATE: AGBM will convene at 3:00 p.m. in room XX.

SUBSIDIARY BODY ON IMPLEMENTATION: SBI will convene at 10:00 a.m. in room XX.

ACCT: There will be a meeting of Francophone countries, please check the board for further details.