

## SB 26 HIGHLIGHTS: TUESDAY, 8 MAY 2007

On Tuesday morning, SBSTA considered agenda items on Kyoto Protocol Article 2.3 (adverse effects of policies and measures) and emissions from fuel used for international aviation and maritime transport. SBI took up issues relating to Annex I national communications, the Adaptation Fund, amendment of the Protocol with respect to compliance, the international transaction log, and privileges and immunities for individuals serving on constituted bodies established under the Protocol. Following these sessions, contact groups began discussions on technology transfer, IPCC guidelines for national greenhouse gas inventories, the budget for 2008-2009, reducing emissions from deforestation in developing countries, and arrangements for intergovernmental meetings.

### SBI

**ANNEX I COMMUNICATIONS:** The Secretariat introduced the item on demonstrable progress on commitments under the Protocol (Article 3.2), and documents synthesizing reports from parties (FCCC/SBI/2006/INF.2 and INF.4). Informal consultations will be conducted by Henriëtte Bersee (Netherlands) and Arthur Rolle (Bahamas).

**FINANCIAL MECHANISM:** The Secretariat introduced the item on the Adaptation Fund and a submission received from an institution interested in managing the Fund (FCCC/SBI/2007/MISC.2). South Africa, for the G-77/CHINA, supported by AOSIS, LDCs and the AFRICAN GROUP, stressed that the Fund's management criteria must be finalized before deciding on the managing entity. JAPAN supported the GEF as the managing entity. The EU called for building on the positive momentum created in Nairobi. TUVALU proposed a special funding window for SIDS. A contact group was established co-chaired by Osita Anaedu (Nigeria) and Jukka Uosukainen (Finland). Australia pledged AU\$7.5 million for the LDC Fund.

**COMPLIANCE AMENDMENT:** Regarding the item on amendment of the Kyoto Protocol in respect to procedures and mechanisms relating to compliance, Chair Asadi said he will prepare draft conclusions.

**INTERNATIONAL TRANSACTION LOG:** The Secretariat briefed delegates on progress on implementation of the international transaction log (ITL), noting the development and deployment of the ITL software (FCCC/SBI/2007/INF.3). Chile, for the G-77/CHINA, and the EU, expressed concern over the timely implementation of the ITL, and the G-77/CHINA added that the ITL should be fully functional by

the end of 2007. NEW ZEALAND drew attention to its national registry and encouraged other parties to complete their registry development.

The EU requested more detailed budget information, said the ITL administrator should provide a management plan, and suggested that during the operational stage the ITL budget should be substantially lower. SWITZERLAND noted concerns regarding testing delays and said resource issues should be addressed as a matter of urgency. Shuang Zheng (China) will conduct consultations.

**ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Privileges and immunities:** The Secretariat introduced the item on privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol (FCCC/SBI/2007/MISC.4 and Add.1; FCCC/SBI/2006/21). The EU said it would like to gain more experience with the measures adopted at COP/MOP 2 and that legally-binding measures should be considered in the context of discussions concerning post-2012 arrangements. SWITZERLAND cautioned against a costly and complicated mechanism. The issue was referred to a contact group to be chaired by Paul Watkinson (France).

**OTHER MATTERS: ARGENTINA,** supported by BRAZIL, objected to the UK's inclusion of Islas Malvinas/Falklands Islands and other South Atlantic islands in its national communications, citing sovereignty disputes. The UK expressed its understanding that the inclusion of these territories was in compliance with its obligations with regards to national communications. He said he would respond in more detail once the UK had reviewed Argentina's statement.

### SBSTA

**PROTOCOL ARTICLE 2.3:** Chair Kumarsingh invited parties to discuss a way forward on Article 2.3 (adverse effects of policies and measures). Saudi Arabia, on behalf on the G-77/CHINA, drew attention to a document it had submitted to the Secretariat, and requested formal negotiations. JAPAN and the EU asked for this agenda item to be removed as it is addressed elsewhere in the SB's agenda. SAUDI ARABIA opposed this and outlined the differences between Article 2.3 and 3.14 (adverse effects and response measures). He cautioned that "blocking" this issue was not the way to build good faith and could result in issues of importance to certain other parties being blocked too. Chair Kumarsingh will consult informally.

**METHODOLOGICAL ISSUES (CONVENTION): Emissions from fuel used for international aviation and maritime transport:** On the issue of bunker fuels, SAUDI ARABIA, opposed by NORWAY, the EU and AOSIS, proposed deleting this agenda item. Expressing concern with the steady increase in emissions from bunker fuels and

lack of progress on this agenda item since SB 22, NORWAY announced that it would host a technical workshop to address reporting issues, in Oslo from 4-5 October 2007. The EU said it was considering including emissions from aviation in the EU Emissions Trading Scheme in the near future.

Chair Kumarsingh proposed holding consultations on this agenda item jointly with the agenda item on Protocol Article 2.3. The EU and NORWAY opposed the linkage with Article 2.3, while SAUDI ARABIA supported it. Chair Kumarsingh responded that he would consult on these two agenda items "separately, in the same room, at the same time."

#### CONTACT GROUPS

**TECHNOLOGY TRANSFER:** Co-Chair Shimada introduced the text discussed at COP 12 (FCCC/SBSTA/2006/11 and FCCC/CP/2006/5/Add.1), noting agreement in Nairobi on the chapeau paragraphs and drawing attention to the bracketed sections yet to be agreed. He further reported on the "informal informal" consultations in Tokyo in March 2007, where institutional arrangements, financial mechanism, and monitoring and performance were identified as key issues. CHINA reported on the workshop for developing countries held in Beijing in April 2007, where much progress was made.

Parties considered a list of six functions a new body could carry out, including: analyzing and identifying ways and means to facilitate technology transfer activities; overseeing implementation of technology needs assessment results; developing performance indicators; developing short, medium and long term strategies, especially for Africa and SIDS; assessing existing strategies; and proposing a multi-year programme of work.

Parties considered the new body's composition and financing mechanisms. CANADA and others commended the work of the Global Energy Efficiency and Renewable Energy Fund, and the Private Financing Advisory Network. INDONESIA supported exploring further innovative financing options.

**GREENHOUSE GAS INVENTORIES: IPCC guidelines for national greenhouse gas inventories:** Riitta Pipatti (Finland) and Nagmeldin Elhassan (Sudan) co-chaired this meeting, noting that harvested wood products will be dealt with separately on 10 May. Many parties acknowledged the IPCC guidelines and supported developing a process and plan to use the 2006 guidelines in the future. The US proposed a two-year period during which parties can voluntarily submit views on the 2006 guidelines and later consider a timeline for revision of the current reporting guidelines. TUVALU and others supported this, but TUVALU expressed concerns about certain methodological issues pertaining to land designation and natural disturbances, hoping for further work by the IPCC on this in time for presentation at a workshop planned for 2008. BRAZIL was concerned with "managed land" categorization incorporating non-anthropogenic sinks under the new guidelines. Ghana, for the G-77/CHINA, supported voluntary use of the guidelines but stressed that capacity building was an issue.

**BUDGET:** On the proposed budget for 2008-2009, the Secretariat elaborated on issues relating to income generated by the share of proceeds from CDM projects, noting that CDM activities under the Kyoto Protocol were moved from the core budget to fee-based income. He also clarified that increases in the UN scale of indicative contributions might affect individual party contributions.

SOUTH AFRICA observed that under certain conditions, it appeared that a large amount of the CDM fee-based income would actually be generated from developing countries, and asked whether developing countries would in effect be funding a significant amount of the expanded Secretariat budget.

Chair Dovland proposed that parties consider the budget proposal overnight. He signaled that it might be prudent to support the Executive

Secretary's first budget to enable him to strengthen capacities in key areas and implement outlined activities.

**ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS:** Chair Berghäll outlined plans to include the IPCC Fourth Assessment Report (AR4) on COP 13 and COP/MOP 3 agendas and consider it during a joint high-level segment. The Secretariat recalled that the second and third IPCC assessment reports had been on the COP agenda. SAUDI ARABIA explained that the G-77/China was still considering its position. The EU, CANADA and NORWAY supported AR4's consideration in Bali. The US questioned the consideration of this specific item during the high-level segment. NEW ZEALAND responded by recalling roundtable discussions on various topics at previous COPs. On future sessions, AUSTRALIA identified the need to communicate meeting dates to avoid conflicting with other relevant bodies, such as CSD.

**DEFORESTATION:** Co-Chairs Hernán Carlino (Argentina) and Audun Rosland (Norway) presented a SBSTA draft conclusion and COP draft decision prepared by SBSTA Chair Kumarsingh to serve as a basis for discussions. Reacting to the text, JAPAN questioned reference to enabling activities and expressed concern with the call for new and additional resources from Annex II parties. The US emphasized ongoing actions, and BRAZIL, TUVALU and others opposed a pilot project approach. PAPUA NEW GUINEA highlighted accounting for different national circumstances and moving toward stabilization and conservation and, with NEW ZEALAND, TUVALU and others, underscored forest degradation.

The UK, for the EU, and supported by many others, called for a more ambitious COP 13 decision that is less focused on technical and methodological issues. BRAZIL preferred reference to complementing the objectives of relevant international agreements but not enhancing synergies and, with NEW ZEALAND, emphasized the need for clarity when using terms such as "equitable," "cost-effectiveness" and "verifiable." BOLIVIA suggested mention of a possible Stabilization Fund, highlighted sectoral approaches and, with TUVALU, questioned reference to the use of IPCC Good Practice Guidance for LULUCF. NORWAY, TUVALU and SWITZERLAND called for reference to leakage and non-permanence of carbon sinks. SINGAPORE emphasized the cost-effectiveness of reducing deforestation in mitigation. TUVALU underscored the need to ensure emissions reductions, and urged caution on potential perverse feedbacks and reference to other institutions. CANADA stressed capacity building and INDONESIA concrete and prompt action, and positive incentives.

#### IN THE CORRIDORS

Some delegates were discussing the "agenda debates" evident in plenary on Monday and Tuesday, with more than one expressing concern that some agenda items were being "held hostage," with the trade-off being adequate consideration of other agenda items. "These kind of disputes are nothing new, but this time it seems more deliberate and premeditated," observed one veteran negotiator.

Several participants brought up Yvo de Boer's planned quick trip to New York for the formal announcement of the Secretary-General's high-profile "special envoys" on climate change. Apparently, the plane that was supposed to take Mr. de Boer to New York was delayed, meaning he was unable to travel after all.

Meanwhile, a number of delegates noted with satisfaction the positive atmosphere at the CDM Executive Board's lunchtime question-and-answer session, contrasting it with some of the earlier, far more divisive sessions. While some participants highlighted the remaining problems with equitable distribution and sustainable development indicators, many commended the Board for its recent work.