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HIGHLIGHTS OF FCCC COP-2 THURSDAY, 11 JULY 1996

The fourth day of the Second Conference of the Parties (COP-2) to the Framework Convention on Climate Change (FCCC) commenced with meetings of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA). SBSTA contact groups met all day, while the *Ad Hoc* Group on the Berlin Mandate (AGBM) met in the afternoon.

SUBSIDIARY BODY FOR IMPLEMENTATION

SBI returned to Agenda Item 4, financial and technical cooperation (FCCC/CP/1996/8 & 9 and FCCC/SBI/1996/10). The G-77/CHINA called for harmonization of GEF strategies with those of FCCC, specifically: more flexible processes; clarifying incremental cost; removing conditionalities from GEF replenishment negotiations; and eliminating criteria of cost-effectiveness and avoiding duplication in funding for national communications. He later submitted a revised draft on the item.

Several developed country delegations endorsed the Chair's text on the financial mechanism. SWITZERLAND and CANADA called for expedited funding for national communications. FRANCE suggested that Parties submit complaints about GEF performance for review at future COP sessions. KENYA said many African countries are experiencing excessive delays and linkage of projects to operational conditions not required by FCCC.

MICRONESIA said small island States need the GEF to prioritize enabling activities and to be more responsive. JAPAN opposed the draft MOU approved by the GEF Council. KUWAIT said the COP is the supreme body as affirmed in Article 11.1 of the FCCC and not the GEF Council. CHINA said the GEF should accelerate project approval. The US conceded delays in developing guidelines on enabling activities but opposed the suggestion that cost effectiveness should not be a criteria. He discouraged micromanagement of the GEF. AUSTRALIA supported streamlining efforts. MEXICO supported the MOU and Annex. TUNISIA reported delays in GEF funding approval. The Chair noted a GEF Council undertaking to accelerate decision making. He invited Parties to refer draft decisions to an informal group chaired by John Ashe (Antigua and Barbuda).

The Chair then introduced Agenda item 3 (national communications), including the second compilation of first national communications from Annex I Parties (FCCC/CP/

1996/12 and Add.1) and emission inventories and projections for 2000 (Add.2) and the reporting schedule (FCCC/CP/1996/13). The G-77/CHINA expressed concern that few developed countries would reduce emissions to 1990 levels by 2000. The RUSSIAN FEDERATION called for expanded analysis of GHG emissions. The EU, supported by AUSTRALIA, said the documents are the principal source to assess progress. The US called for GHG emissions significantly below 1990 levels and policies beyond no-regrets actions.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA resumed discussion of AIJ following a meeting of the G-77/CHINA. The EU suggested reporting requirements be standardized, simplified, and more reflective of project cost effectiveness, and encouraged workshops. The G-77/CHINA, supported by COLOMBIA, INDIA and URAGUAY, noted the need to better distinguish between AIJ projects and those jointly implemented by Annex I countries. Financing and technology transfer for AIJ projects must be supplemental to what is stipulated in the FCCC. The CZECH REPUBLIC urged adherence to the framework for pilot projects adopted at COP-1 and supported the establishment of a uniform reporting format.

AUSTRALIA and PANAMA supported AIJ workshops and a uniform reporting format that is not onerous for developing countries. The PHILIPPINES, supported by EL SALVADOR, underscored technology transfer, capacity building, and analysis of social impacts in AIJ projects and called for transparency in reporting. NORWAY said it would be premature to draw conclusions from the pilot phase and proposed the establishment of an AIJ forum at SBSTA's December 1996 meeting. NICARAGUA supported NORWAY's proposal and uniform reporting requirements.

MALAYSIA supported by CHINA recommended deferring AIJ workshops until after COP-3 to avoid basing decisions on inaccurate information and requested information on budgetary implications of holding an AIJ forum. IRAN noted that the principle of cost-effectiveness was not applied in AIJ process and that some AIJ projects have been financed with GEF funds. The Chair convened a group to produce conclusions on the item.

On Agenda Item 8 (a) (roster of experts), the G-77/CHINA had not yet considered the item and reserved its position. The EU supported establishing an interim roster of experts to allow for a learning phase on providing specialized technical advice. He also accepted the addition of adaptation technologies to the list of potential subjects. CANADA, JAPAN AUSTRALIA and AOSIS also supported the roster of experts. The RUSSIAN

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FEDERATION said SBSTA should not focus on specific features and that the use of scientific data is a basic question for the experts. KIRIBATI asked that fisheries be specifically mentioned as a topic for consideration. The US said the issue should be deferred until SBSTA clarifies the tasks for experts that do not duplicate the work of other fora.

SBSTA resumed in the afternoon to consider Agenda Item 8(d) (long-term work of SBSTA). The Chair introduced text which was accepted. On Agenda Item 8(c) (cooperation with IPCC), several delegations including the EU, AUSTRALIA, US, CANADA, MYANMAR and MAURITIUS endorsed the IPCC. The RUSSIAN FEDERATION encouraged clarification of SBSTA's relationship to the IPCC concerning the use of data. BURKINA FASO called on the IPCC to expand research on regional GHG emission limitations. The ICAO sought additional research on the atmospheric effects of aviation. The Chair offered text on the item, which was accepted.

Regarding Agenda Item 8(b) (research and systematic observations), ARGENTINA, on behalf of the VALDIVIA GROUP, called for more research on natural climate variability in the region and on oceanic effects. IRAN sought enhanced data collection at regional and sub-regional levels. UNESCO/IOC expressed intent to expand research on the oceans' effects on climate change. CANADA, the RUSSIAN FEDERATION, the US and AUSTRALIA supported the expansion of research on climate change conducted by IGOs and national governments, particularly in the area of capacity building. The WMO expressed willingness to entertain specific research requests and cooperate with SBSTA in capacity building. COLOMBIA urged increasing financial support for research and capacity building at the national level.

On the business consultative mechanism, NEW ZEALAND reported the draft results of a contact group. The text proposes that the Secretariat explore further current mechanisms and procedures to improve efficiency.

On Agenda Item 7 (technology transfer), delegates considered the initial report on an inventory and assessment of technologies (FCCC/SBSTA/1996/4/Add.2) and a follow-up report on technological issues (FCCC/CP/1996/11). The EU said first priority should be given to identification of technology needs and the Secretariat should focus on existing systems information centers. IRAN called for establishment of an information pool on technology transfer. MALAYSIA expressed disappointment and said the report clearly describes developed country indifference.

The NETHERLANDS and the INTERNATIONAL ENERGY AGENCY described the Climate Technology Initiative, a cooperative effort to support the FCCC. CHINA suggested the Secretariat prepare a proposal on the format for their communication from Annex II on technology transfer. CANADA said governments must provide an enabling environment for the private sector to facilitate technology transfer.

The PHILIPPINES urged a hastening of work on technology assessment and transfer. The US noted the need for better reporting on technology transfer. He suggested "virtual" technology information centers and a clearing house function for the FCCC with private sector input.

The Chair presented a draft text on the SAR produced by the "friends of the Chair." The group also produced a draft of the Chair's summary. The US reported that the contact group on communications from non-Annex I Parties would reconvene Friday morning.

AD HOC GROUP ON THE BERLIN MANDATE

Convening AGBM 4 in the afternoon Chair Raul A. Estrada-Oyuela (Argentina) said the absence of legally binding criteria on a return to 1990 emission levels makes new

commitments difficult and did not reflect views during FCCC negotiations. There are various combinations of measures available to AGBM. It will not be possible to apply all voluntarily. The prior condition for new developing countries' commitments is compliance by developed countries. He noted absence of agreement on voting and that insistence on consensus might result in a veto. The option of an amendment to the FCCC is being kept open for a three-quarters majority.

Parties adopted the agenda (FCCC/1996/CP/1996/1 and Add. 2). The Chair noted that the Office of Legal Affairs had decided Article 17.2 of the FCCC does not rule out modification of a draft Protocol after circulation six months in advance of a session. An electric power sector NGO recommended measures for electric utilities and consumers. The WWF said there is an urgent need to accelerate negotiations. The Global Action Climate Network said the SAR implies that Parties must intensify efforts.

Under Agenda Item 3 (possible features of a protocol or another legal instrument) (FCCC/AGBM/1996/MISC.1/Add.1 and Add.3; MISC. 2 and Add 1; and 6), the EU said he had submitted a Protocol proposal and indicated support for "institutional economy" and a provision to allow Parties to adopt future obligations.

The US, supported by CANADA, called for a decision on the rules of procedure. CANADA and TRINIDAD AND TOBAGO on behalf of AOSIS stated that Article 17.2 (six month rule) should not hinder the new legal instrument. The RUSSIAN FEDERATION emphasized the principle of common but differentiated responsibility and a regional approach to GHG reduction. CANADA and JAPAN called for a flexible legal instrument. AUSTRALIA, generally supported by CANADA, JAPAN, CHINA, and NEW ZEALAND, called for a simple legally-binding instrument administered by the FCCC Secretariat. AUSTRALIA and JAPAN stated that its form should follow its content, while the RUSSIAN FEDERATION, CHINA, BANGLADESH, MARSHALL ISLANDS and MEXICO preferred a separate protocol.

AOSIS recalled its draft protocol calling for a 20% reduction in 1990 GHG emissions, and stated that the protocol should be open to all Parties. KUWAIT stated that scientific information in the SAR was insufficient to inform the AGBM process.

IN THE CORRIDORS

Observers were heard speculating on the outcome of Thursday night's contact group on the rules of procedure. Some said it could result in an agreement that institutionalizes the *status quo*, wherein oil-producing states would not receive their own seat on the Bureau but would be assured a regional group seat. Others predicted that some governments were still strongly opposed to this outcome and the group would likely result in a stalemate.

THINGS TO LOOK FOR TODAY

AD HOC GROUP ON THE BERLIN MANDATE: AGBM Informal Round Tables will meet at 10:00 a.m. (policies and measures) and 3:00 p.m. (QELROs) in room XXVI.

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

PLENARY: The Plenary will convene in the Assembly Hall from 3:00 - 4:30 p.m. to hear statements from non-Party delegations and UN agencies.

SUBSIDIARY BODY ON SCIENTIFIC AND TECHNICAL ADVICE: SBSTA will meet at 4:30 p.m. in room XIX.