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SUMMARY OF THE SECOND CONFERENCE OF THE PARTIES TO THE FRAMEWORK CONVENTION ON CLIMATE CHANGE: 8 - 19 JULY 1996

The Second Conference of the Parties (COP-2) to the United Nations Framework Convention on Climate Change (FCCC) met in Geneva from 8-19 July 1996. More than 1500 participants from governments, intergovernmental organizations and NGOs took part in the meetings. While many of the more contentious issues, such as treatment of the IPCC Second Assessment Report (SAR), were left unresolved COP-2 did produce some important political statements. The COP concluded by noting the "Geneva Declaration," which endorses the IPCC conclusions and calls for legally binding objectives and significant reductions in greenhouse gas (GHG) emissions.

The Conference also saw a significant shift in position by the US, which for the first time supported a legally binding agreement to fulfill the Berlin Mandate. However, even as Parties prepared to strengthen commitments, COP-2 highlighted the sharpest differences yet between delegations. The strong declarations of support for the SAR were far from unanimous, suggesting the need for substantial work in future sessions of the COP's subsidiary bodies before COP-3 in Kyoto, Japan, in December 1997.

A BRIEF HISTORY OF THE FCCC

Increasing scientific evidence in the 1980s about the possibility of global climate change led to a growing consensus that human activities have been contributing to substantial increases in the atmospheric concentrations of greenhouse gases. In response, in 1990, the 45th session of the UN General Assembly adopted a resolution that established the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change (INC/FCCC) to prepare an effective convention. The INC held five sessions between February 1991 and May 1992. The UN Framework Convention on Climate Change was adopted on 9 May 1992, and was opened for signature at the UN Conference on Environment and Development in June 1992 in Rio de Janeiro, where it received 155 signatures. The Convention entered into force on 21 March 1994, 90 days after receipt of the 50th

ratification. To date, the Convention has been ratified by almost 160 countries.

The first meeting of the Conference of the Parties to the UN Framework Convention on Climate Change (COP-1) took place in Berlin from 28 March - 7 April 1995. Delegates reached agreement on what many believed to be the central issue before COP-1 — adequacy of commitments. The result was a mandate to launch a process toward appropriate action for the period beyond the year 2000, including the strengthening of the commitments of developed countries. Delegates also reached agreement on a number of other important issues, including the establishment of a pilot phase for implementation of joint projects, the location of the Permanent Secretariat in Bonn, Germany, the budget for the Secretariat, financial procedures and the establishment of the subsidiary bodies. Delegates, however, did not reach consensus on the rules of procedure. This critical issue, including a decision on the voting rules and the composition of the Bureau, was deferred until COP-2.

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AD HOC GROUP ON THE BERLIN MANDATE (AGBM)

COP-1 established an open-ended *Ad Hoc* Group on the Berlin Mandate (AGBM) to begin a process to strengthen the commitments of industrialized countries to reduce greenhouse gas emissions beyond the year 2000 through the adoption of a protocol or other legal instrument.

At its first session (AGBM-1), held in Geneva from 21-25 August 1995, delegates considered several issues, including an analysis and assessment to identify possible policies and measures for Annex I Parties and requests for inputs to subsequent sessions. They debated the nature, content and duration of the analysis and assessment and its relationship to other aspects of the process. Several developed and developing countries stressed that analysis and assessment should be conducted in parallel and not prior to the negotiations, but a few developing countries insisted that more time was needed, particularly to evaluate economic costs.

At AGBM-2, held in Geneva from 30 October - 3 November 1995, debate over the extent of analysis and assessment continued, but delegates also heard new ideas for the structure and form of a possible protocol. Delegates considered: strengthening of commitments in Article 4.2 (a) and (b) regarding policies and measures, as well as Quantified Emission Limitation and Reduction Objectives (QELROs) within specified time-frames; advancing the implementation of Article 4.1; and possible features of a protocol or other legal instrument.

At AGBM-3, held in Geneva from 5-8 March 1996, delegates heard a number of specific proposals on new commitments for Annex I Parties, including a two-phase CO₂ emissions reduction target proposed by Germany. They also discussed how Annex I countries might distribute or share new commitments, and whether those should take the form of an amendment or protocol. Developing countries raised questions on whether policies and measures under discussion would represent barriers to trade. Delegates agreed to compile proposals for new commitments for consideration at AGBM-4, and to hold informal roundtable discussions on policies and measures as well as on QELROs.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE (SBSTA)

SBSTA was established by COP-1 to link scientific, technical and technological assessments, information provided by competent international bodies, and the policy-oriented needs of the COP. The first meeting of the SBSTA (SBSTA-1) was held in Geneva from 28-30 August 1995. Delegates confronted technically and politically complex issues, including: scientific assessments, national communications from Annex I Parties, methodologies, first communications from non-Annex I Parties, and activities implemented jointly under the pilot phase. The SBSTA was supposed to establish intergovernmental technical advisory panels on technologies (TAP-T) and methodologies (TAP-M), however, it did not have time to consider all of these issues. Among the more contentious issues were definition of SBSTA's relationship with the IPCC, the terms of reference and composition of the TAPs and the elaboration of guidelines for national communications from non-Annex I Parties. Delegates successfully identified areas for cooperation with the IPCC, agreed on a division of labor with the SBI on technology transfer issues, and requested the Secretariat to organize a workshop on non-governmental inputs. However, no progress was made on the formation of the TAPs and delegates had to resume this discussion at SBSTA-2.

SBSTA-2, held in Geneva from 27 February - 4 March 1996, considered scientific assessment and cooperation, including the SAR, reporting by Annex I and non-Annex I Parties, activities implemented jointly (AIJ) and the Technical Advisory Panels (TAPs). The main result was that Parties documented that they

could not yet agree on how to absorb or respond to scientific predictions of climate change. Although initial discussions gave the impression that SBSTA-2 would greet the IPCC's predictions with less resistance than in previous FCCC negotiations, oil producers and other developing countries ultimately blocked consensus on specific conclusions about the SAR. Weekend negotiations resulted in a fragile agreement on language defining the divergence of opinion. Three paragraphs in the SBSTA's report list points of contention, alternately highlighting the urgency and uncertainty in the IPCC report of a "discernible human influence" on climate change. One line of the SBSTA's conclusions tells the story of the TAPs: at this stage the SBSTA could not agree on modalities.

SUBSIDIARY BODY FOR IMPLEMENTATION (SBI)

The first meeting of SBI (SBI-1) took place from 31 August - 1 September 1995 in Geneva. The SBI addressed: communications from Annex I Parties; a progress report on in-depth review; institutional and budgetary matters; matters relating to the financial mechanism; and the elaboration and scheduling of the programme of work for 1996-1997. Delegates rapidly adopted SBI's work programme and recommended that the COP adopt the draft Memorandum of Understanding with the GEF as the financial mechanism, and proposed a draft decision on this item to be adopted by COP-2.

At SBI-2, held in Geneva from 27 February - 4 March 1996, delegates considered in-depth reviews of national communications, matters related to the financial mechanism, financial and technical cooperation, transfer of technology, arrangements for the relocation of the Secretariat to Bonn and COP-2. SBI-2 delegates could claim some measurable progress, yet comments on the floor frequently highlighted what had not been done to implement the Convention. While delegates welcomed the GEF Council's adoption of its operational strategy, many noted the need to expedite the process of providing "full agreed costs" for non-Annex I communications or risk serious delays. Developing countries frequently noted that providing funds to the GEF and providing funds to countries were not the same thing. SBI's review of in-depth reports revealed that many delegations found the national communications in need of comparability and consistency. The problem of membership distribution provoked several lengthy debates on the composition of the Bureau, a question pending since COP-1. Despite numerous consultations, the issue remained outstanding.

AD HOC GROUP ON ARTICLE 13 (AG-13)

At its first session, the Ad Hoc Group on Article 13 decided to request Parties, non-Parties, and intergovernmental and non-governmental organizations to make written submissions in response to a questionnaire on a multilateral consultative process (FCCC/AG13/1995/2, para. 17). Nineteen Parties, one non-party and ten NGOs submitted responses, which were compiled in documents FCCC/AG13/1996/MISC.1 and MISC.2. The documents provide a spectrum of views on the multilateral consultative process and identify common areas of understanding.

REPORT OF THE CONFERENCE

The Second Conference of the Parties to the UN Framework Convention on Climate Change opened on Monday, 8 July 1996. At the end of the first day, the Plenary suspended its work to allow the COP's four subsidiary bodies to meet. The Subsidiary Body for Scientific and Technological Advice (SBSTA), the Subsidiary Body for Implementation (SBI), the *Ad Hoc* Group on the Berlin Mandate (AGBM), and the *Ad Hoc* Group on Article 13 (AG-13) met from 9-16 July. COP-2 resumed on 17 July with a high-level segment consisting of two plenary sessions and an informal roundtable, before the closing Plenary convened on 19 July to review and adopt the decisions put forth by the subsidiary bodies.

OPENING PLENARY

Angela Merkel, Federal Minister for the Environment, Nature Conservation and Nuclear Safety (Germany) and COP-1 President, opened the Conference and noted that the time-frames specified by the Berlin Mandate are very ambitious. A convergence of views on central issues is not yet in sight. The SAR's results are alarming. The results of the review of the first national communications of Annex I Parties are a matter of concern. Fifteen developed countries accountable for 55% of the greenhouse gas (GHG) emissions of the Parties currently expect emissions levels by the year 2000 to exceed those of 1990. She called for ambitious reduction targets in the short and medium term.

Merkel then introduced Item 2 of the Provisional Agenda, the election of COP-2 President Chen Chimutengwende, Minister of Environment and Tourism (Zimbabwe). In his opening statement, Chimutengwende said outstanding issues included reporting by Annex I Parties, preparation of guidelines for submission of initial communications by non-Annex I Parties, new and additional financial resources to meet the agreed full incremental costs incurred by developing country Parties, the role of the GEF, and the role of activities implemented jointly and other mechanisms.

The Plenary then heard statements from: Nitin Desai, UN Under-Secretary General, delivering the message of the UN Secretary General; Claude Haegi, State Counselor of Geneva; Michael Zammit Cutajar, FCCC Executive Secretary; G.O.P. Obasi, Secretary General of the World Meteorological Organisation (WMO); Elizabeth Dowdeswell, Executive Director of the UN Environment Programme (UNEP); Bert Bolin, Chair of the IPCC; Mohamed El-Ashry, Chair and CEO of the GEF; Robert Priddle, Executive Director of the International Energy Agency of the OECD; Anders Wijkman, UN Development Programme (UNDP); and Assad Kotaite, Executive Director of the International Civil Aviation Organization (ICAO).

The President then invited adoption of the programme of work. The RUSSIAN FEDERATION proposed that the Plenary be extended to allow the Parties to determine how the SAR should be used in making decisions, particularly regarding the Berlin Mandate and how countries will fulfill their obligations. He said these decisions should not be made by the subsidiary bodies. The Executive Secretary noted that Items 3, 4(a) and (b) of the provisional agenda for SBSTA stipulate that the subsidiary bodies will make initial recommendations on which the Parties will vote. SBSTA Chair Tibor Farago (Hungary) said his group would report its findings on the SAR to the COP. SAUDI ARABIA cautioned against a selective approach to the SAR findings.

Parties then adopted the agenda (FCCC/CP/1996/1). Under Item 4(a) on National Communications from Parties included in Annex 1, the President reported that the United Republic of Tanzania and Qatar are to become signatories to the FCCC before the end of the Conference, and Israel will become a non-Annex I Party in August. The Czech Republic, Monaco, and Slovakia have applied to become Annex I Parties. Introducing Agenda Item 4(b), Adoption of the Rules of Procedure, the President said he would conduct consultations to resolve the issue of rule 42 (voting). SAUDI ARABIA said agreement on rule 22 (election of officers) is also pending. Rule 22 should be limited to regional group representatives. The President said each of the five regional groups are to be represented by two Bureau members and one Bureau member will represent the small island developing States (SIDS). SAUDI ARABIA objected to the nomination of a Bureau member from Samoa to represent the SIDS. The US said it was important to follow precedent in the election of officers to the Bureau and include the SIDS nominee. Parties proceeded to the election of the Bureau. GERMANY said the SIDS were represented in the Bureau of the INC in 1991. SAUDI ARABIA said he could not support the

elections as proposed. The President postponed the election of vice-presidents.

OTHER PLENARY MEETINGS

On Wednesday, 10 July, the Plenary met 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 to the Bureau: 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 G.M. La Viña (Philippines) as Rapporteur. SAUDI ARABIA and KUWAIT expressed concern about the COP's failure to adopt the rules of procedure and said that a compromise must be reached soon.

It was announced that the High-Level Segment will consist of three plenary sessions and one informal Round Table meeting to be chaired by Ruth Dreifuss (Switzerland). Plenary statements will be limited to five minutes and entry to the Round Table 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 Round Table 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 was also recommended. The President agreed to consider the recommendations and report back to the Plenary.

On Friday, 12 July, the Plenary considered Agenda Item 3(b), Other statements. IRAN announced its ratification of the FCCC. He said the SAR confirms that it is not scientifically possible to link climate change and GHGs. TURKEY explained that it had not signed the FCCC because its status as a developed or developing country is uncertain. SOUTH AFRICA said ratification has been slow and it has begun an inventory of internal emissions. OPEC stated that the IPCC "broke the rules" by implying consensus among scientists in its conclusions. He called for full compensation for any economic damage arising from the implementation of the FCCC. Statements were also made by several IGO and NGO representatives.

The Plenary also considered Agenda Item 9, Special Session of the UN General Assembly) and decided that SBI-4 should prepare a contribution to the Special Session on Agenda 21.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA Chair Tibor Farago (Hungary) opened the third session by noting the deadlocked state of many SBSTA issues and expressing hope that the spirit of cooperation would prevail. After a brief discussion during which VENEZUELA and KUWAIT suggested that a written report accompany SBSTA decisions, delegates adopted the provisional agenda for the session (FCCC/CP/1996/1/Annex I).

CONSIDERATION OF THE SAR: The Secretariat then introduced documents concerning consideration of the SAR (FCCC/SBSTA/1996/7/Rev. 1) and three addenda. He recalled the report of SBSTA-2 (FCCC/SBSTA/1996/8) and highlighted two paragraphs, one noting some delegations' acknowledgment of specific findings, the other expressing some delegations' view that it would be premature to give effect to specific findings. IPCC Chair Bert Bolin recommended that the SBSTA should not elaborate on specific findings but discuss the results more generally with the aim of taking political action and setting targets.

Many delegations, including the EU, the US, CANADA, ARGENTINA, the REPUBLIC OF KOREA, COLOMBIA, NEW ZEALAND, BANGLADESH, NORWAY, FIJI, URUGUAY, MAURITIUS, JAPAN, BENIN, SWITZERLAND, MYANMAR, BULGARIA, SAMOA, MICRONESIA, the MALDIVES, NIUE, the MARSHALL ISLANDS and COSTA RICA, endorsed the SAR as the most comprehensive assessment of scientific information on climate change available and viewed it as a basis for urgent action.

The RUSSIAN FEDERATION disagreed, saying that the SAR fails to identify the permissible level of human impact on the climate system. SAUDI ARABIA, OMAN, KUWAIT, the UNITED ARAB EMIRATES (UAE), VENEZUELA, IRAN, NIGERIA and AUSTRALIA thought it would be premature to make recommendations, citing a lack of certainty in the SAR data. The following views were also expressed: INDIA said natural climate variation and the effects of extraterritorial activities on climate change should be studied in greater detail; PAKISTAN and GEORGIA thought the SAR should be amended to reflect regional differences in climate change; and the PHILIPPINES, INDONESIA, BRAZIL and others said the SAR should be used as a comprehensive whole and not selectively. A "Friends of the Chair" group was formed to try to reach consensus regarding the use of the SAR. While Parties agreed that the IPCC should be commended for its work and encouraged in its continued cooperation with the SBSTA and the AGBM, the group was unable to resolve the key issue of the SAR's use as a basis for action.

SBSTA submitted its draft decision (FCCC/CP/1996/L.11) to the COP with two bracketed paragraphs, the first noting some delegations' view that the SAR should be used as a basis for urgent action to implement the FCCC, and the second noting other delegations' opinion that the SAR should only be taken into account during consideration of the implementation of the FCCC, given the lack of scientific certainty in some of its findings. Both paragraphs were deleted, however, when considered in the closing Plenary.

COMMUNICATIONS FROM ANNEX I PARTIES: With regard to national communications from Parties included in Annex I, a possible revision of guidelines was circulated (FCCC/SBSTA/1996/9). JAPAN and the US proposed a separate informal session to revise the guidelines and a joint contact group between the SBSTA and SBI was established for this purpose. The G-77/CHINA, COLOMBIA, MARSHALL ISLANDS, MICRONESIA, UZBEKISTAN, INDIA and others said Annex I countries should communicate GHG emission limitations and their commitments concerning financial resources and technology transfer. MOROCCO said capacity building mechanisms should also be included. The EU supported expanding the minimal information required and suggested that revised guidelines include targets and timetables. AUSTRALIA called for the inclusion of performance indicators. BULGARIA, HUNGARY, POLAND and ROMANIA sought flexibility in report preparation for Parties with economies in transition and approval to use years prior to 1990 as their base years.

In its decision FCCC/CP/1996/L.13, the contact group proposed some amendments to current guidelines and continued review of the guidelines at SBSTA-4. This decision was adopted by the COP at the Closing Plenary.

COMMUNICATIONS FROM NON-ANNEX I PARTIES: A joint contact group involving both SBSTA and SBI delegates was also formed to address communications from non-Annex I Parties. The group established that its work would not be prejudiced by the COP's initial decisions on guidelines for communications on the abatement of emissions. Several delegations, including CHINA, KUWAIT, INDIA, COSTA RICA, the PHILIPPINES, CANADA, the US and JAPAN, acknowledged

the cooperative efforts of non-Annex I Parties and endorsed their expanded reporting responsibilities. These include national inventories of anthropogenic GHG emissions and their removals by sinks, proposed steps to implement the Convention and, where possible, material relevant to global emission trends. Non-Annex I countries should also specify their development priorities, objectives and circumstances under which they will address climate change. The PHILIPPINES stated that non-Annex I Parties' increased responsibilities should be reflected in funding mechanisms. The group's decision (FCCC/CP/1996/L.12) was adopted by the COP during the Closing Plenary.

ACTIVITIES IMPLEMENTED JOINTLY: On AIJ, delegates considered an annual review of progress under the pilot phase (FCCC/CP/1996/14 and Add 1). While most delegations were generally supportive of AIJ, several, including the G-77/CHINA, COLOMBIA, INDIA, URUGUAY, the PHILIPPINES and EL SALVADOR, expressed the need to better distinguish between AIJ projects and those implemented jointly between Annex I Parties. They said financing and technology transfer for AIJ projects must be supplemental to what is stipulated in the FCCC. The US, JAPAN, PANAMA, COLOMBIA, AUSTRALIA and others supported workshops for AIJ and many delegations recommended use of a uniform reporting format that is not onerous for developing countries.

The PHILIPPINES and EL SALVADOR highlighted the need for capacity building and analysis of social impacts for AIJ projects. The NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS said that AIJ should be a permanent part of the FCCC process. NORWAY thought it was premature to draw conclusions from the pilot phase at this time and proposed the establishment of an AIJ forum at SBSTA's December 1996 meeting. CHINA and MALAYSIA suggested postponing AIJ workshops until after COP-3 to avoid basing decisions on incomplete information. IRAN said the cost-effectiveness of AIJ projects should be considered and noted that some projects have been financed with GEF funds.

A joint SBSTA and SBI contact group recommended that the COP continue the AIJ pilot phase and invited Parties to continue reporting under the initial reporting framework adopted by SBSTA during its second session (FCCC/CP/1996/L.7). This decision was adopted by the COP at the Closing Plenary.

DEVELOPMENT AND TRANSFER OF TECHNOLOGIES: Regarding the development and transfer of technologies, delegates reviewed the initial report on an inventory and assessment of technologies (FCCC/SBSTA/1996/4/Add. 2) and a follow-up report (FCCC/CP/1996/11). The EU said priority should be given to identifying technology needs. IRAN and the US called for the establishment of an information center/clearinghouse for technology transfer. CANADA called for the creation of an environment enabling input from the private sector. The NETHERLANDS and the INTERNATIONAL ENERGY AGENCY described the Climate Technology Institute, an initiative to support the FCCC in addressing technology transfer needs.

On reconsideration of the issue, the Chair reported that it is a shared responsibility of SBSTA and SBI, and that SBI would take SBSTA's views on the issue and manage its progress through an open-ended working group. The working group recommended the following actions (FCCC/CP/1996/L.16), which were adopted by the COP during its final Plenary: enhancement of reports on access to and transfer of environmentally sound technology; prioritizing the completion of a survey on initial technology needs; active consideration of the Climate Technology Initiative; the expedition of reports on adaptation and mitigation technologies; the preparation of a roster of experts; and the organization of a technology transfer roundtable at COP-3.

MECHANISMS FOR CONSULTATIONS WITH NGOS:

Delegates also considered issues concerning mechanisms for consultations with NGOs (FCCC/SBSTA/1996/11 and FCCC/SBSTA/1996/Misc. 2). The EU, JAPAN and others strongly supported the role of NGOs and remained open to tailoring different consultative mechanisms for different NGO constituencies. Recognizing the important role of industry in implementation of the FCCC, NEW ZEALAND and CANADA endorsed the development of a business consultative mechanism, although CANADA opposed open access to NGOs on the floor during negotiations. The US said expanding access to only one type of NGO would be inappropriate and suggested that existing consultative channels for all NGOs be strengthened. A representative from the environmental NGOs supported the US position and sought expanded access to the floor during negotiations. In contrast, a representative from the business NGOs supported the development of a business consultative mechanism given industry's ultimate role in implementation, but added that any process should be transparent. The Chair requested that New Zealand take the lead in forming a contact group on the issue.

NEW ZEALAND later presented the draft results of the group, which recommend that the Secretariat further explore current consultative mechanisms and propose procedures to improve their efficiency. No formal decision was taken on this issue. It will be considered at future SBSTA sessions.

On the roster of experts, the EU supported establishing an interim roster to provide insight on accessing and applying specialized technical advice. He endorsed adding adaptation technologies to the list of potential topics on which experts were sought. CANADA, JAPAN, AUSTRALIA, AOSIS and others supported the development of a roster of experts. KIRIBATI called for the inclusion of an expert on fisheries. The US recommended the issue be deferred until SBSTA clarifies the tasks envisioned for experts so they do not duplicate the work of other fora. The G-77/CHINA noted the need to include experts from developing countries and sought full transparency. He said experts should be strictly technical rather than political. The Chair later reported that while the issue was to be resolved in collaboration with the SBI, the SBI would manage the remaining progress, given the technical subject matter. No formal decision was taken on this issue. It will be considered at future SBSTA sessions.

RESEARCH AND SYSTEMATIC OBSERVATIONS:

Regarding research and systematic observations, ARGENTINA, on behalf of the Valdivia Group, sought expanded research on natural climate variability in the region and on oceanic effects. IRAN and BURKINA FASO called for enhanced data collection at regional and subregional levels. CANADA, the RUSSIAN FEDERATION, the US and AUSTRALIA endorsed the continuation of climate change research conducted by IGOs and national governments. UNESCO/IOC stated its intent to increase research regarding the oceans' effects on climate change. The WMO expressed willingness to entertain specific research requests and cooperate with SBSTA in capacity building. The ICAO sought expanded research concerning the impact of aircraft emissions. No formal decision was taken on this issue. It will be considered at future SBSTA sessions.

COOPERATION WITH THE IPCC: Upon considering SBSTA's cooperation with the IPCC, many delegations, including the EU, AUSTRALIA, the US, CANADA and MYANMAR, endorsed the IPCC's efforts. The RUSSIAN FEDERATION sought clarification of SBSTA's relationship to the IPCC concerning the use of its data. No formal decision was taken on this issue. It will be considered at future SBSTA sessions.

PROGRAMME OF WORK: SBSTA was able to adopt its long-term programme of work, which provides the tentative

schedule for forthcoming SBSTA sessions. Issues such as scientific assessments, national communications, AIJ and NGO consultative mechanisms will be considered.

Concerning the report of the third session, the Chair stated that he would present general oral comments on unresolved issues to the closing Plenary. Written comments may be included in the reports and recommendations submitted jointly by SBSTA and SBI. SBSTA concluded its third session on 16 July 1996, amid some feelings of frustration regarding the group's inability to reach agreement on the issue of the SAR.

SUBSIDIARY BODY FOR IMPLEMENTATION

During the third session of the SBI, which was chaired by Mohamed Ould El Ghaouth (Mauritania), little discussion of difficult issues took place during open sessions. Delegates noted their objections to several draft decisions, which were referred immediately to contact groups by the Chair. Differences were ironed out in closed sessions by Parties, and were considered for adoption by the open SBI session only after consensus had been reached. Contact group issues included: technology transfer; the operating budget of the Secretariat; legal issues concerning relocation of the Secretariat to Bonn and the possibility of setting up a liaison office with the Secretariat at UN Headquarters in New York; guidance to the GEF Council; the Annex to the Memorandum of Understanding (MOU) between the GEF Council and the COP; and national communications from non-Annex I Parties. The contact groups were able to resolve all outstanding issues with the exception of the Annex to the MOU. The SBI's decisions, as well as an explanation of the unresolved MOU issue, are contained in the report of SBI-3 (FCCC/SBI/1996/L.3).

COMMUNICATIONS FROM NON-ANNEX I PARTIES:

The decision on communications from non-Annex I Parties (FCCC/CP/1996/L.12) was drafted with input from the SBSTA. During the SBI regular session, several developing country delegations objected to language in the Secretariat's draft that called on non-Annex I countries to include information on GHG mitigation measures in their national communications. This matter was resolved in a contact group.

The decision adopted by the Plenary requests the Secretariat to facilitate assistance to non-Annex I Parties in the preparation of their first national communications through regional workshops and other fora. The decision incorporates an annex with guidelines for preparation of initial communications, and determines that national and regional development priorities should be taken into account by the COP in considering initial communications. Parties wishing to volunteer more information are to use national reporting guidelines for Annex I Parties.

Guidelines for communications from non-Annex I Parties require the following: a national inventory of anthropogenic emissions by sources and removals by sinks of all GHGs; a general description of steps to implement the FCCC; and other information relevant to calculation of global emission trends.

GUIDANCE TO THE GLOBAL ENVIRONMENT

FACILITY: During the SBI regular session, several developing country delegations objected to conditionalities placed on GEF project approvals by the GEF Council, stating that all guidelines on GEF projects should come from the COP, not the GEF Council. Among the GEF Council guidelines that delegates objected to were requirements that projects be cost-effective and not duplicative. Delegates also called for accelerating the project approval process. This matter was resolved in a contact group that discussed COP guidance to the GEF Council.

The decision adopted by the Plenary (FCCC/CP/1996/L.9) calls on the GEF, as the interim operating financial mechanism of the FCCC, to: implement enabling activities that facilitate capacity

building in data collection, consistent with policy guidance, programme priorities and eligibility criteria provided by the COP; provide agreed full incremental costs to implement measures covered by Article 4.1 (commitments under common but differentiated responsibility) in accordance with Article 4.3 (new and additional resources), and to enhance transparency and flexibility; finance full incremental costs only upon request of the interested Party; expedite approval of full agreed costs for preparation of national communications by non-Annex I Parties; and report on these activities at COP-3.

ANNEX TO THE MOU BETWEEN THE COP AND THE GEF COUNCIL: During the SBI regular session, several developing country delegations objected to language in the Secretariat's draft that contained text of a draft Annex already approved by the GEF Council. The purpose of the Annex is to define funding requirements for implementation of the FCCC, to be used by the GEF Council during GEF replenishment negotiations. Developing country Parties called for specific reference to funding full agreed costs of national communications, as well as full incremental costs of other measures in support of FCCC implementation. This matter was referred to a contact group.

By the Closing Plenary, Parties had still not reached consensus on this issue. The draft Annex to the MOU (FCCC/CP/1996/9) had already been approved by the GEF Council. It asks the COP to define the funding requirements from the GEF for implementation of the FCCC as follows: taking into account information communicated under Article 12 (national communications); national programmes formulated under Article 4.1(b) (mitigation measures); information communicated to the COP from the GEF regarding project proposals submitted; and other sources of funding available for implementation.

The G-77/CHINA tabled its own draft decision that asks the COP to define funding requirements from the GEF for implementation of the FCCC as follows: agreed full costs incurred by developing country Parties to prepare national communications; agreed incremental costs to implement measures under Article 4.1 (commitments under common but differentiated responsibility); and costs of adaptation to the adverse effects of climate change. The draft also states that: GEF replenishment will be based on the COP's assessment; the GEF shall clearly indicate how funds designated as "new and additional" are so defined; and the COP shall review necessary funding for implementation at each replenishment of the financial mechanism. The Parties will consider this draft, along with the one approved by the GEF Council, as well as other proposals if submitted, at the fourth meeting of the SBI in December 1996.

SECRETARIAT ACTIVITIES RELATING TO FINANCIAL AND TECHNICAL SUPPORT TO PARTIES: The decision (FCCC/CP/1996/L.5) takes note of the technical and financial support provided by the Secretariat to developing country Parties, including a World Wide Web site on national implementation measures. It urges all Parties to contribute to the trust fund for supplementary activities and requests the Secretariat to prepare a progress report on these activities.

DEVELOPMENT AND TRANSFER OF TECHNOLOGIES: During the SBI regular session, several developing country delegations called for language in the draft decision to urge developed countries to accelerate the pace of technology transfer. This matter was resolved in a contact group.

The decision adopted by the Plenary (FCCC/CP/1996/L.16) expresses concern over the slow pace of technology transfer, and requests the Secretariat to: enhance progress reports on transfer of environmentally sound technologies (ESTs) based on information in national communications; give high priority to development of a survey of initial technology needs of non-Annex I Parties, to be

presented at SBSTA-4; initiate action, taking account of the Climate Technology Initiative of the OECD to develop databases on ESTs; and prepare reports on adaptation technology and on know-how conducive to mitigating and adapting to climate change and to prepare a roster of experts.

The decision also urges Parties to: include information on technology transfer in their national communications and improve the enabling environment for technology transfer.

ACTIVITIES IMPLEMENTED JOINTLY: The decision (FCCC/CP/1996/L.7), which takes note of the Secretariat's progress report on AIJ (FCCC/CP/1996/14 and Add.1), decides to continue the pilot phase, invites Parties to report on their activities and requests the Secretariat to support the work on AIJ as agreed by the SBI and SBSTA. The progress report on AIJ includes submissions by Australia, Canada, Germany, the Netherlands (including a joint report with Hungary), Norway (including a joint report with Mexico), and the US, for a total of 32 ongoing or planned projects. The projects are classified as follows: five in energy efficiency; twelve in renewable energy; five in fuel switching; five in forest preservation, restoration or reforestation; four in afforestation; and one in fugitive gas capture.

ESTABLISHMENT OF THE PERMANENT SECRETARIAT: Decisions FCCC/CP/1996/L.2 and L.14 take note of the Convention Secretariat's impending move to Bonn and requests Parties to communicate to the Secretariat their designation of focal points, to enable the Secretariat to explore the cost and need to establish liaison arrangements in New York and Geneva.

INCOME AND BUDGET PERFORMANCE FOR 1997: Decisions FCCC/CP/1996/L.3 and L.8 note that the net total requirement for the 1996-1997 core budget fund is currently estimated as US\$13,573,500 and that the level of the working capital reserve will remain at 8.3% of estimated expenditure for 1997. The Secretariat is called on to consider options for reducing the cost of documentation.

PROGRAMME OF WORK, 1996-1997: The decision (FCCC/CP/1996/L.4) takes note of the 1996-1997 programme of work developed by the SBI (FCCC/SBI/1996/11). The programme of work covers the following elements: communications from Annex I as well as non-Annex I Parties; allocation and control of emissions from international bunker fuels; matters relating to the financial mechanism; transfer of technology; activities implemented jointly under the pilot phase; technical and financial support by the Secretariat; and institutional and budgetary matters.

AD HOC GROUP ON THE BERLIN MANDATE

The fourth session of the AGBM considered strengthening the commitments in Article 4.2 (a) (policies and measures) and (b) (QELROS within specified time frames); implementation of Article 4.1 (national reports); the possible features of a protocol or other legal instrument; and the Berlin Mandate process. In his draft report of AGBM-4 (FCCC/AGBM/1996/L.2), Rapporteur Dan Reifsnnyder (US) reported that the AGBM Chair Raúl Estrada-Oyuela (Argentina) recalled, at the opening meeting on 11 July, that Parties are now halfway through the preparation period a protocol or other legal instrument. The Chair also expressed concern at the lack of progress made by some Annex I Parties in reducing GHG emissions and at the perception of some Parties that commitments do not extend beyond 2000. To facilitate exchange, the group convened three round tables.

ROUND TABLE ON POLICIES AND MEASURES: This round table was chaired by Suphavit Piamphongsant (Thailand). There was broad agreement that Parties should have considerable flexibility in deciding policies and measures based on starting points and national circumstances, but disagreement on whether national action is adequate in all cases and whether some measures

need to be mandated internationally. Advocates of the former suggested a menu approach. Others argued for a limited number of required or harmonized policies and measures because some desirable elements would not be implemented unilaterally for competitive reasons.

Criteria for selecting policies and measures would include their potential to limit GHG emissions, economic cost, political feasibility and the need for common action. Priority areas include "no regrets" strategies, renewable energy, product standards, industrial sectors with high energy demand, CFCs, the international air and marine transport sector, economic/fiscal instruments, reductions in subsidies to, for example, coal, and financing mechanisms for economies in transition. Also discussed were the possibility of developing countries acceding voluntarily to commitments, linkage of policies and measures and QELROs, and the need to amend policies and measures in light of new information and transparency.

ROUND TABLE ON POSSIBLE IMPACTS ON DEVELOPING COUNTRY PARTIES OF NEW COMMITMENTS TO BE NEGOTIATED BY ANNEX I PARTIES: This round table was chaired by Kilaparti Ramakrishna of the Woods Hole Research Center (US). On the impact of possible new Annex I commitments, participants agreed that developing countries would be affected by action taken by Annex I Parties to address climate change. The extent of the impact and their positive and/or negative nature was the subject of disagreement. Cited studies indicate loss of export revenue, especially for fossil fuel exporters, increased barriers to trade, and spill-over effects. Negative effects in Annex I countries may have an impact on aid flows. Potential positive benefits include technical innovation and transfers, and renewed growth based on low-emission activities. A key theme was the uncertainty concerning economic and social impacts of mitigation policies.

On the question of weighing the economic and social impacts of Annex I Parties' action against the economic, social and environmental costs of inaction, participants drew attention to non-economic costs including ecosystem degradation. Noting the special vulnerability of developing countries to climate change, speakers said the short-term negative costs resulting from Annex I actions would be dwarfed by the consequences of inaction. Doing nothing is not an option.

On the question of where Parties go from here, there was agreement on the need to achieve equitable and appropriately financed burden sharing through global cooperation in conformity with the FCCC. Noting the flexibility enjoyed by Annex I Parties, participants advocated well-designed, cost-effective responses that stimulate technological innovation and improved efficiency. No regrets and low-cost strategies were emphasized along with AIJ. Further study and a compensation fund were proposed.

ROUND TABLE ON QUANTIFIED EMISSION LIMITATION AND REDUCTION OBJECTIVES: This informal round table on quantified emission limitation and reduction objectives (QELROs) was chaired by Dan Reifsnnyder (US). Panelists noted the inherent difficulties on the question of level or levels of emissions limitation and reduction. Some highlighted that even the best efforts of Annex I Parties would not lead to a stabilization of global emissions. Ultimately the determination of QELROs would be politically based.

On whether or not eventual quantified objectives should be legally binding, a number argued that legally binding commitments would increase credibility and send appropriate signals to the market place where they are required for competitiveness reasons. Binding commitments could coexist with flexibility. Others favored an indicative target. Monitoring of compliance and enforcement was also considered.

On whether commitments should be multi-Party obligations, single Party, or a combination, panelists generally agreed on a preference for the single Party option, even if an overall objective for Annex I Parties is set. On appropriate end year(s), panelists concentrated on calls for early action. Diverse views were offered on the question of differentiated commitments which, it was said, had the potential to achieve a more equitable and efficient outcome than a flat rate approach. Proposals for differentiation included: energy efficiency per unit of GDP; the cost of GDP foregone; marginal costs of abatement; and a flat rate reduction effort combined with full trading among Annex I Parties.

AGBM-4: The Chair drew attention to the apparent preference among the Annex I Parties for a draft protocol, but noted that the continuing divergence of views on the majority required for its adoption meant that an amendment remained an option. During discussion on policies and measures and QELROs, the AGBM debate centered on the pros and cons of mandatory approaches and their market-based alternatives. The US argued that no single set of policies and measures could apply to all countries given their diverging circumstances. The EU, calling for the widest possible measures and significant emission reductions, put forward three categories of policies and measures, ranging from required elements to a broad list from which Parties might choose.

A number of non-Annex I Parties expressed concern about existing Annex I Party implementation, while some countries suffered the effects of inaction. BANGLADESH reminded developed countries about their obligations. AUSTRALIA cautioned that the potential to limit GHG emissions without seriously undermining economic growth is limited and ruled out flat emissions as neither environmentally nor cost effective. At the final meeting of AGBM-4, SAUDI ARABIA complained about a lack of transparency in discussion regarding Annex I countries and called for an international approach to revenue recycling, mirroring the approach to burden sharing. KUWAIT stressed an assessment of policies and measures and QELROs based on their economic impact on developing countries. The EU said a draft protocol should be negotiated at AGBM-6 based on a synthesis of proposals received in time for AGBM-5.

In his draft conclusions, the Chair, Raúl A. Estrada-Oyuela (Argentina), recorded points of agreement and contention. Many delegations stressed that the form of the protocol or other legal instrument to be adopted at COP-3 should flow from its substance. Delegates agreed on the principle of institutional economy to avoid a proliferation of new bodies and mechanisms. Parties also supported a single process for communication and review of information. The AGBM will explore the possibility of having a single COP and streamlined budgetary processes, with voting on a new instrument restricted to member Parties. Many Parties favored a protocol. The US and AUSTRALIA objected to the inclusion of a reference already binding Parties to the inclusion of a list of options or a "menu" in the Chair's draft conclusions.

There was support for both the draft protocols submitted by the EU and AOSIS. Several reserved their position pending decisions by the COP on rules of procedure and by the AGBM on the substance of any new instrument. Several delegations reaffirmed support for legally binding QELROs, ruled out a regional mechanism, favored flexibility to reflect different national circumstances possibly including differentiated commitments, and emphasized a design that can accommodate evolution via a mechanism to review provisions. A strengthened in-depth review process and a mechanism to accumulate experience in activities implemented jointly were also noted.

AD HOC GROUP ON ARTICLE 13

The *Ad Hoc* Group on Article 13 (AG-13) met for its second session. Article 13 calls on the COP to consider the establishment of a "multilateral consultative process" (MCP) available to Parties to resolve questions on implementation.

PANEL PRESENTATION AND DISCUSSION: AG-13
Chair Patrick Szell (UK) convened a Panel Presentation and Discussion on MCPs on Tuesday, 9 July. Presentations on MCPs were made by representatives from the International Labour Organisation (ILO) on ILO conventions, the World Trade Organisation on the GATT, the International Instruments Branch of the Centre for Human Rights on compliance with human rights conventions, the Implementation Committee of the Montreal Protocol, and the Basel Convention on Transboundary Movement of Hazardous Waste and Disposal, on a dispute resolution mechanism still under development.

The Chair's Report of the meeting summarized lessons learned from other procedures as follows: most procedures set forth have evolved over time as a result of experience and political expediency; internal procedures and approaches are complementary; dispute resolution with States is usually cooperative, intended to facilitate implementation rather than to punish; all but the WTO MCP are multilateral processes; a clear structure with a standing committee is desirable; some procedures require publication of reports as a mechanism to publicize non-compliance; and some procedures allow for stronger compliance measures.

Following these presentations, a group of NGOs presented the results of a study of successful MCPs, as well as responses to a questionnaire sent out by AG-13 following its first session to Parties, non-Parties, intergovernmental organizations and NGOs. The study and survey results highlighted the following desirable elements of a MCP: transparent and non-confrontational operation; accurate and full reporting of data; a role for NGOs in filing submissions on non-compliance; cooperative and non-judicial mechanisms; provision of technical assistance to States to facilitate compliance, including capacity building, country studies and national compliance supervision; linkage to other articles of the FCCC; and assurance of the sovereignty of States over their national compliance procedures.

SECOND SESSION OF AG-13: Following the Panel Presentation and Discussion, the second session of AG-13 met to formally discuss a MCP for the FCCC. Participants received 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 were postponed until December. 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. The Chair recommended draft decisions on the continuation of AG-13 and to report results to COP-3. The Chair accepted a Saudi Arabian proposal to replace a reference to the possible design of a MCP with one on reporting to the COP as instructed. The meeting adopted the draft decision.

The meeting then adopted the Chair's draft text on linkages between AG-13 and AGBM, as amended by the US and SOUTH AFRICA, asking 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.

Both of these draft decisions were incorporated into the Report of AG-13 (FCCC/CP/1996/L.1) and adopted by the COP.

HIGH LEVEL SEGMENT

COP-2 convened a Ministerial Segment from 17-19 July and heard over 100 statements. A number of issues were common to most statements, such as the adoption of protocol or other legal instrument. The majority of ministers supported a protocol, based on their endorsement of the SAR. However, some Parties disagreed on the need, type and timing for a protocol. The EU, and some of its member States such as SPAIN and ITALY, strongly endorsed the SAR as the basis for a protocol and urged decisive action. The US, in a shift from past positions, supported the development of a legally binding agreement to lower emissions. NEW ZEALAND stated that a protocol must lead to equitable marginal abatement costs across borders utilizing economic instruments. NORWAY outlined a legally-binding commitment that recognizes industry structures, is equitable and verifiable, and utilizes fiscal measures.

Some Parties, primarily oil producers, raised doubts on both the SAR and the need for urgent action. They also questioned the FCCC process and the economic impact of measures. NIGERIA stated that the FCCC cannot use the SAR as a basis for action and called for compensation to African countries for the economic consequences of a protocol. SAUDI ARABIA highlighted the need for an equitable approach and said the SAR should be considered by the COP in making balanced decisions. He called for a study on the impact of adopting policies and measures in developing countries. SYRIA said more research was needed in order to find the appropriate solutions. KUWAIT said there are no satisfactory answers to uncertainties and contradictory data. He said that despite inadequate knowledge about climate change and its impact some countries are calling for stringent measures that will impede international trade.

JORDAN expressed concern over the conclusions of the SAR, particularly as it addresses developing country impacts. VENEZUELA cautioned against putting fossil fuels on the "accused" bench. Rather than pursuing a carbon tax, which gives carte blanche to those with enough money to pollute, Parties should put resources toward research and development of technology. The RUSSIAN FEDERATION said the SAR does not yet provide sufficient policy information. AUSTRALIA said it would be premature to establish a particular point at which levels of GHGs become dangerous.

Regarding current commitments, some Annex I Parties were optimistic about their ability to reduce their emissions to below 1990 levels. SWITZERLAND said its GHG inventory indicates that carbon dioxide emissions may stabilize at 1990 levels by 2000. AUSTRIA stated that it has de-coupled economic growth and an increase of emissions and will meet the stabilization targets in the year 2000. The EU said its members are on course to return CO₂ emissions to 1990 levels by 2000.

However, a number of developing countries, such as URUGUAY and VIETNAM, were critical of developed country progress on reaching 1990 levels, as well as their efforts toward fulfilling the Berlin Mandate. MALAYSIA called it "regrettable" that the AGBM is still exchanging views and is unable to narrow down policies and measures. He criticized the suggestion by some Annex I Parties that they be granted flexibility in meeting emission targets. PERU and BRAZIL said the credibility of Annex I Parties and the principle of equity are in danger. COLOMBIA stated that developed countries suffer from the "disease of forgetting". ZAMBIA criticized some Annex I Parties for saying they are not legally bound to return to 1990 GHG levels. THAILAND said developing countries cannot be expected to undertake commitments in the near future, given the performance of Annex I Parties. The lack of progress by Annex I Parties on financial backing and technology transfer was also noted by CUBA, the PHILIPPINES, CHINA and INDIA.

Developing countries also voiced many other concerns. COSTA RICA, on behalf of the G-77/CHINA, called for strengthening developed country commitments through the establishment of policies and measures and QELROs within specified time frames. Some, including SENEGAL, focused on the GEF. GHANA called for expeditious funding from the GEF and noted that the GEF's actions depend on decisions of the COP and not the reverse. KENYA criticized GEF conditionality. EL SALVADOR said the COP should define criteria for use by the GEF. INDONESIA and UGANDA sought assistance with capacity building.

PORTUGAL, HUNGARY, UZBEKISTAN, GEORGIA, CENTRAL AFRICAN REPUBLIC, EGYPT, BANGLADESH, PAKISTAN, MEXICO, BENIN, MAURITIUS, MOROCCO and NEPAL reported on the effects of climate change on their country and national efforts to address the problem. BURKINA FASO, ETHIOPIA, ZAIRE, the GAMBIA, KENYA and CHAD highlighted the difficult economic and social context for developing countries in Africa and noted that increasing problems of desertification and drought indicate climate change. GUATEMALA, on behalf of the Central America Group, and PANAMA described political changes in their region and activities, such as recognizing the validity of the IPCC and promoting awareness of the human impact on the environment and consolidating national environmental legal instruments.

Small island developing States (SIDS) pointed out the potentially devastating consequences of climate change for their countries and expressed support for the AOSIS protocol. SAMOA, on behalf of AOSIS, endorsed the targets and timetables in the AOSIS protocol, which was introduced at COP-1. KIRIBATI stressed the coral atolls that comprise his nation are three meters above sea level, and urged that decisions under the FCCC be guided by the need to save the most vulnerable ecosystems. MALDIVES described itself as a "front line" State for climate change and the MARSHALL ISLANDS drew attention to regional studies on sea level rises that correlate closely with SAR findings. MICRONESIA noted the degree to which political considerations have hindered COP-2's discussion, and spoke against delegations "shamelessly" blocking consideration of the SAR. NIUE said that FCCC processes must be more flexible for small island States.

Countries with economies in transition noted their efforts in light of recent economic and political changes, and called for flexibility in meeting commitments. BULGARIA said the first national communication utilizes 1988 rather than 1990 base year data, due to a radical drop in production in 1990 following political changes. POLAND said reduced emission levels in countries with economies in transition helped to offset slight increases by OECD country Parties. ROMANIA, LITHUANIA and ALBANIA said economic and social progress must be harmonized with environmental protection by applying the principle of sustainable development. ARMENIA expressed caution about the adoption of a protocol including firm base years for GHG reductions, saying countries should not be completely prevented from developing. The CZECH REPUBLIC said that emissions in his country have decreased more than 20% since 1990 due to extreme economic changes, but such a "shock approach" is not available for all countries. SLOVENIA stressed the importance of appropriate technology.

Ministers also discussed policies and mechanisms needing further consideration by COP. AUSTRALIA, the US, BHUTAN and BOLIVIA highlighted the importance of AIJ, while DENMARK said AIJ must not be a loophole for subsidizing energy exports to developing countries nor a "sorry excuse" for postponing actions needed in developed countries. TANZANIA noted that technology transfer and capacity building should not be left to AIJ. INDONESIA welcomed AIJ on a voluntary basis.

Some developed countries noted the increasing need for cooperation to address climate change. GERMANY supported international cooperation that recognizes Parties' "common but differentiated" responsibilities. JAPAN proposed creation of a foundation for global measures. Similar concerns were voiced by CÔTE D'IVOIRE and TUNISIA, who called for international solidarity and encouraged technology sharing, and GREECE, who noted the need for international cooperation in achieving targets based on equity principles that address social and economic impacts. SUDAN and TURKMENISTAN encouraged international cooperation to revive traditional means of transportation and enhanced energy efficiency. The REPUBLIC OF KOREA said the new SAR findings demand unity in tackling climate change.

Some delegations suggested the use of taxation schemes and economic instruments. SWEDEN and DENMARK supported coordinated measures in taxation, and FRANCE called for a tax on CO₂ emissions and a simple differentiation mechanism. MOLDOVA suggested taxes on oil imports and excessive emissions and credits for technology transfer. FINLAND said international coordination is needed in the case of economic instruments. The UK called for removing subsidies on the use of fossil fuels, introducing competitiveness into energy markets, increasing road fuel duties, improving fuel efficiency in cars, increasing tax on aviation fuel by removing the present exemption and improving domestic efficiency standards.

The NETHERLANDS reported on the Climate Technology Initiative (CTI) on behalf of the OECD and the EUROPEAN COMMISSION. The CTI is a linked set of international measures to promote awareness of technical responses to climate change and identify and share expertise between countries.

CANADA highlighted the participation of industry and NGOs in an open and transparent process. ICELAND underlined the need for additional efforts to fulfill the Berlin Mandate. BELGIUM emphasized the link between FCCC negotiations and those at the CSD and said the Special Session of the General Assembly will be the "moment of truth." SRI LANKA stressed the need for sustained economic growth and alleviation of poverty when reviewing the implementation of the Convention. BOTSWANA stated that national communications are not useful in the long run if the data is not comparable. The DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA called for GHG mitigation guidelines that are simple and equitable, taking different social and economic situations into account. ZIMBABWE said emerging interest groups had slowed negotiations and appealed to Parties to conclude issues blocking implementation. ARGENTINA called for a substantive and binding Ministerial Declaration to support the SAR, one based on consensus that is a "convergence of opinion," not necessarily unanimity.

MINISTERIAL ROUNDTABLE: On Wednesday afternoon, 17 July 1996, Ruth Dreifuss, Head of the Federal Department of the Interior (Switzerland), chaired a closed Ministerial Round Table on political issues emerging from the agenda, with Ministers, Heads of Delegations and Executive Directors of international organizations. She later gave a report on the Round Table to the Plenary.

On new scientific findings in the IPCC Second Assessment Report and its consequences for political action, the Ministerial Round Table recognized the outstanding work of the IPCC scientists and agreed that the SAR provides important scientific elements to be considered in decision-making. Many ministers noted with concern the SAR's conclusion that there is a discernible human influence on the global climate. Taking into account the precautionary principle, they underlined the need for urgent action at the widest possible level. A large majority endorsed the SAR as the basis for political action. The Round Table agreed that Parties should only ask the IPCC to respond to scientific questions.

Ministers also stressed the adverse social and economic impacts of climate change, particularly the impact on the agricultural sector. Representatives of small island developing States and African countries highlighted their particular vulnerability and the lack of technical and financial resources for prevention and adaptation, and called on the GEF to play an enabling role. On efforts needed to advance existing FCCC commitments, participants reiterated that developed countries must take the lead and strengthen efforts to stabilize GHG emissions at 1990 levels by 2000. The urgent need for collaboration between different ministries was highlighted.

Technology and financial transfers to developing countries were also underlined. Oil exporting countries voiced concern about the adverse economic impacts of Annex I Party commitments and called for re-evaluation and development of new uses for petroleum products. On strengthening Annex I Party commitments within the context of the Berlin Mandate, the ministers confirmed their willingness to accelerate negotiations so as to have a protocol or other legal instrument adopted at COP-3. They signaled the need to start negotiating text at AGBM-5.

GENEVA DECLARATION: On Thursday morning, the President introduced an "advance text" of a Ministerial Declaration, which was produced by a drafting group. In the afternoon, he returned to the issue of the Declaration, stating that it had emerged from consultations with a representative group of "Friends of the Chair" overseen by Canada. He asked the COP to take note of the Declaration and his introductory remarks, which will be included in his Report, and to annex the Declaration to the report of the Conference. This was accepted, but a number of delegates took the floor to express their concerns.

AUSTRALIA had difficulty with the aspect of the text committing Parties to legally binding targets in a final legal instrument without the nature and context being clear, and could not associate itself with the language on targets. The US "wholeheartedly" endorsed the Declaration and said the one point not specified was that the negotiated outcome must ensure maximum national flexibility for all Parties to implement their medium-term legally binding commitments. There is also a need to work toward a longer term concentration goal, and AIJ on a global basis and international emissions trading must be part of any future regime. NEW ZEALAND had difficulty with a reference concerning targets in the Declaration and his country's support must be qualified by the view that it can only be advanced on the basis of a least cost approach.

SAUDI ARABIA, on behalf of VENEZUELA, IRAN, KUWAIT, UAE, SYRIA, QATAR, JORDAN, the RUSSIAN FEDERATION, NIGERIA, OMAN, BAHRAIN, SUDAN and YEMEN, reported a lack of transparency throughout the Conference. He read a formal objection from this group of Parties to the adoption, approval or acceptance of the draft Ministerial Declaration due to the: lack of opportunity for the COP to discuss the draft; failure of the draft to reflect the views of many Parties as stated at COP-2, with the result that the draft reflects only some views that exist among the Parties; non-objective characterization and selective reference to some of the information in the SAR, resulting in a draft that is biased and misleading; and failure to adhere to the customary procedures of UN bodies and the absence of adoption of rules of procedure for the COP.

The EU fully and unequivocally supported the Ministerial Declaration and GHANA said the FCCC is "a matter of life and death," and noted the need for the Declaration.

This high-level statement was christened the "Geneva Declaration" during the Closing Plenary on Friday, 19 July. When the President proposed that COP-2 "take note" of the Declaration and that it be annexed to the Report of the Session

(FCCC/CP/1996/L.10), SAUDI ARABIA asked to have his statement annexed to the report as well.

The Geneva Declaration notes that the ministerial meeting is a demonstration of the intention to take an active and constructive role in addressing climate change. It states that the ministers and other heads of delegations:

- recall Article 2 (objective of the FCCC) as well as the principles of equity, common but differentiated responsibility, the respective capabilities of Parties, the precautionary principle, and development priorities;
- recognize and endorse the SAR of the IPCC, noting in particular its findings that the balance of evidence suggests a discernible human influence on climate and that significant reductions in net GHG emissions are possible and feasible;
- believe that the findings of the SAR indicate dangerous interference with the climate system;
- recognize the need for continuing IPCC studies to minimize uncertainty; and
- reaffirm existing commitments to the FCCC, especially of Annex I Parties.

The document also states that the ministers and heads of delegations:

- take note that Annex I Parties are fulfilling their commitments to mitigate climate change through national policies and measures and that these Parties need to make additional commitments to return GHG emissions to 1990 levels by 2000;
- acknowledge the work of the AGBM and call on all Parties to submit proposals for substantive negotiations at AGBM-5;
- instruct their representatives to accelerate negotiations on a legally-binding protocol or other legal instrument to be completed by COP-3;
- welcome the efforts of developing country Parties to implement the FCCC and call on the GEF to provide expeditious and timely support;
- recognize the continuing advancement of existing commitments by developing country Parties; and
- thank the Swiss government for its contribution to COP-2 and look forward to COP-3 in Kyoto, Japan.

CLOSING PLENARY

Japan's Minister of State and Director General of the Environment Agency, Sukio Iwaware, thanked the COP for its decision to take up his country's offer to host and cover the costs of COP-3 in Kyoto, Japan, from 1-12 December 1997. He said much remains to be done if a protocol or other legal instrument is to be adopted at COP-3. The meeting will be a significant step forward to the construction of an economy and society that place less of a burden on the environment. His delegation supported agreement on an effective legal instrument at COP-3.

REPORTS FROM THE SUBSIDIARY BODIES: SBSTA Chair Tibor Farago (Hungary) reported on the SBSTA's discussion on the IPCC SAR. He said an unfinished draft decision with brackets (FCCC/CP/1996/L.11) remained for the COP to resolve. The draft decision provides advice on how the SAR can be used for implementation. He suggested that bracketed texts with alternative references to the SAR be deleted. He also reported on decisions adopted in conjunction with the SBI on Communications from Annex I Parties (FCCC/CP/1996/L.13 and Add. 1) and on Communications from non-Annex I Parties (FCCC/CP/1996/L.12). The SBI and the SBSTA also agreed on a decision on activities implemented jointly (FCCC/CP/1996/L.7). Progress was made on a roster of experts and technical panels and the SBSTA will also reconsider NGO consultation mechanisms and cooperation with the IPCC.

SBI Chair Mohammad Ould El Ghaouth (Mauritania) also referred to the three draft decisions agreed with the SBSTA. He said the process has not been easy and it is the responsibility of the COP to define changes and directions to be taken in future to secure the support of the largest number of Parties. The starting point for open and purposeful examination in future will be based on the view that a certain body of experience is necessary. This will make a non-confrontational approach possible.

AGBM Chair Raúl A. Estrada-Oyuela (Argentina), reported that he will present a summary of all proposals received by 15 October at AGBM-5 in December 1996. It is hoped that this contribution will provide a framework tool for discussion and be a major step forward in developing a negotiating text. To date, much attention has been given to analysis and assessment exercises. The debate has been difficult, however, the round tables produced satisfactory results. No great progress was made on policies and measures. With regard to QELROs, it was necessary to reconcile fairly divergent views. Participants focused on differentiation of commitments and the likely impact on developing countries of new Annex I undertakings. Implementation of Article 4.1 (common but differentiated responsibilities) of the FCCC by non-Annex I Parties was also considered.

He stated that the AGBM is no more than the sum of the will of the governments represented. Many would have preferred to have made greater progress. The Geneva Declaration will be particularly significant for future AGBM activities. Detailed consideration will be given to the legally binding nature of the targets and objectives.

AG-13 Chair Patrick Szell (UK) said the first session of this Group dealt with a questionnaire sent to Parties, IGOs and NGOs, inviting views on the definition of a multilateral consultative process and views on the way in which such a process should relate to other articles.

There was also a call for a panel presentation on the experiences of other bodies with MCPs. This workshop took place during COP-2, with nine invited speakers addressing compliance in international environmental agreements. One of the main messages was that other organizations use a variety of mechanisms ranging from the provision of advice or assistance through to full complaint or supervisory regimes. A decision will be needed on which approach will be most appropriate for Article 13 or whether either or a combination will be appropriate.

A half-day meeting of AG-13 took place after the workshop. It received a report on the workshop and a formal presentation of a synthesis document containing responses to the questionnaire. Two draft decisions were adopted, one on the Group's continued existence into 1996-1997, and a second to enable the AGBM, should it be considered desirable, to seek AG-13 advice on a multilateral consultative process (FCCC/CP/1996/L.1). It may not be possible to complete the Group's work for COP-3, but the work of AG-13 should be on the road to completion by December 1997.

ADOPTION OF DRAFT DECISIONS: The Plenary then considered adoption of the draft decisions negotiated by the subsidiary bodies. Under reports of other subsidiary bodies (Agenda Item 7), the following documents were adopted without amendment: Report of the Subsidiary Body for Implementation (FCCC/CP/1996/L.4 and FCCC/CP/1996/L.5) and Report of the *Ad Hoc* Group on Article 13 (FCCC/CP/1996/L.1). Under review of the implementation of the FCCC and of COP-1 decisions (Agenda Item 5), the following documents were adopted without amendment: Development and transfer of technologies (FCCC/CP/1996/L.16) and Activities implemented jointly, annual review of the pilot phase (FCCC/CP/1996/L.7).

Two alternate paragraphs in brackets, in the Report of the Subsidiary Body on Scientific and Technological Advice (FCCC/CP/1996/L.11), containing SBSTA's interpretation of the

Second Assessment Report of the IPCC, were deleted at the suggestion of the President. The amended document, lacking an interpretation of the SAR, was adopted. The MARSHALL ISLANDS pointed out that a majority of delegations supported the stronger interpretation of the SAR. He stated that he would reluctantly go along with the decision, which he called a "victory for the minority." The EU called the SAR the most authoritative assessment on the science of climate change, and strongly endorsed it as the basis for urgent action to negotiate a protocol or other legal instrument. SAUDI ARABIA disagreed with this assessment.

No consensus was reached on a number of issues under this agenda item. Under communications to the GEF (Agenda Item 5(a)), the President asked for submissions from Parties for consideration at future meetings. Under intensifying efforts under the Berlin Mandate process, the President asked for submissions from Parties to provide an initial negotiated text at AGBM-5.

Under decisions to promote effective implementation (Agenda Item 6), the following documents were adopted without amendment: Communications from Annex I Parties (FCCC/CP/1996/L.13 and Add.1); Communications from non-Annex I Parties (FCCC/CP/1996/L.12); and Guidance to the GEF (FCCC/CP/1996/L.9). The G-77/CHINA emphasized that this is the only document accepted by the COP on guidance to the GEF. The President then stated that no consensus had been reached on the Annex to the Memorandum of Understanding between the COP and the GEF Council. He noted that two documents would be submitted to SBI-4 for further consideration, the draft MOU already adopted by the GEF Council (FCCC/CP/1996/9), and an alternate text submitted by the G-77/CHINA. He invited Parties to submit additional comments before then. This course of action was accepted by the Plenary.

Under administrative and financial matters (Agenda Item 8), the following documents were adopted without amendment: Establishment of the permanent Secretariat (FCCC/CP/1996/L.2 and FCCC/CP/1996/L.14) and Income and budget performance and resource deployment for 1997 (FCCC/CP/1996/L.3 and FCCC/CP/1996/L.8).

The Plenary then considered the schedule of meetings and the election of officers other than the President. Raúl A. Estrada-Oyuela (Argentina), who chaired a contact group on the issue, reported that there was no consensus among the regional groups. Consultations will continue before the subsidiary body meetings in December 1996.

Parties then considered the Ministerial Declaration. The President recalled the discussions during the Ministerial Segment, where delegates agreed to note the decision and attach it to the report of the meeting. He allowed some delegates to make statements for the record. VENEZUELA stated that it did not support the draft Declaration, which is neither balanced nor objective. He said there are scientific doubts and called for a dialogue on consensus. The RUSSIAN FEDERATION asked that its prepared statement be reflected in the report of the session, and called for a notation that a group of Parties raised objection to the text of the Ministerial Declaration. KUWAIT proposed inserting a footnote stating that several countries have objected. AOSIS accepted the Declaration as a statement of determination to give force and direction to the Berlin Mandate. ARGENTINA objected that many of the delegates who spoke were not ministers. He said the COP was aware that some delegations have disassociated themselves from the Declaration. GERMANY proposed referring to the declaration as the "Geneva Declaration."

The Plenary then considered the Draft Report of the Conference of the Parties on its Second Session (FCCC/CP/1996/L.10). SAUDI ARABIA and the RUSSIAN FEDERATION proposed that their statements on the Ministerial Declaration be annexed to the report

in their entirety. The section on the rules of procedure notes that the President proposed that consideration of the item be postponed to give time for further consultations. It also notes that the draft rules of procedure should continue to be applied, with the exception of Rule 42 (voting). SAUDI ARABIA also requested that its objection to the rules of procedure be noted. JAMAICA stressed the need for transparency in the consultative process on the rules of procedure.

CLOSING STATEMENTS: The Plenary then heard closing statements. COSTA RICA, on behalf of the G-77/CHINA, expressed concern with the procedure used for adoption of the Geneva Declaration, calling for transparent decision making.

EL SALVADOR, on behalf of the Latin American and Caribbean Group, called it "deplorable" that COP-2 had not been able to elect officers "in a proper manner," and requested the Secretariat to continue to strengthen the "consultation machinery."

The Executive Secretary of the FCCC, Michael Zammit Cutajar, noted that the political content of COP-2 had exceeded his expectations, calling the Geneva Declaration the most important and visible outcome. He also singled out the decision on non-Annex I communications, calling it a further step towards "universality." He praised the weight given to the implementation of commitments. He also stated that the FCCC has "some way to go" to encourage technology transfer, and he regretted it was not possible to agree on implementation of Article 6 (education and public awareness). He commended the Swiss government for organizing the "cybercafe", a public link to the World Wide Web set up at COP-2 as a step toward reducing the volume of paper used to provide information.

COP-2 President Chen Chimutengwende (Zimbabwe) described his election as the "easiest thing" at this Conference, adding that "almost everything after that was marked with 'no.'" He noted that it had been impossible to reach a consensus on the rules of procedure, highlighting the "dilemma" of "trying to run everything without rules." Although he emphasized the stress involved in carrying out his duties, Chimutengwende also expressed satisfaction with the outcome of the conference. COP-2 concluded at 4:30 pm on 19 July 1996.

A BRIEF ANALYSIS OF COP-2

The Second Conference of the Parties (COP-2) to the Framework Convention on Climate Change (FCCC) sent out a number of important political signals as the COP continues toward the goal of strengthening the commitments on the part of industrialized countries to reduce greenhouse gas (GHG) emissions beyond the year 2000. COP-2, marking the mid-point in the schedule for the fulfillment of the Berlin Mandate, "noted" a strong Ministerial Declaration confirming the findings of the IPCC Second Assessment Report (SAR) and calling for "legally binding" commitments. COP-2 also convened a Ministerial Round Table, which endorsed the points in the Declaration. In a dramatic change of position, the US announced support for a legally binding protocol or other legal instrument.

Nonetheless, many longstanding disagreements on fundamental issues appeared to solidify, both in the subsidiary bodies and the COP. For example, delegates could not agree on references to the SAR or on the election of officers, leaving the COP to again "apply" rather than "adopt" the rules of procedure. Also, the US support for a protocol was linked to a preference for a tradeable permit system, raising many new complexities for delegations. These signals — both positive and negative — indicate that many obstacles await future negotiations.

AD HOC GROUP ON THE BERLIN MANDATE (AGBM): AGBM-4 completed its in-depth analyses of the likely elements of a protocol or other legal instrument, and appeared ready to move

forward to the preparation of a negotiating text at its next session in December. Most of the discussions dealt with approaches to policies and measures, Quantified Emission Limitation and Reduction Objectives (QELROs), and an assessment of the likely impact of new commitments for Annex I Parties on developing countries.

While many interpret the Geneva Declaration as a signal that sufficient consensus has formed to accelerate the AGBM process, the protocol status of a new agreement is by no means finalized. If a framework for negotiations has begun to be defined, so too have the political hurdles. These will include: striking a balance between an agreed set or menu of policies and measures; satisfying developing and oil exporting countries' concerns that sufficient safeguards will be taken to offset economic losses likely to be incurred as a result of new Annex I Party commitments; striking a balance between a legally binding agreement and specificity of targets; the strength and credibility of the multilateral consultative process (MCP) called for in Article 13; and embedding the principle of equity and burden sharing in any new agreement.

SUBSIDIARY BODY FOR IMPLEMENTATION: The SBI and the COP were unable to agree on the Annex to the Memorandum of Understanding (MOU) between the COP and the GEF Council. The purpose of this Annex, previously approved by the GEF Council, is to provide guidance on determining the financial requirements for implementation of the FCCC to be used by the GEF during the next round of replenishment negotiations.

While at first sight the disagreement over the MOU seems little more than another institutional rivalry between two international bodies, the fracture runs far deeper. Developing country delegates expressed dissatisfaction with what they saw as an attempt by developed countries to shift the burden of implementation from Annex I to non-Annex I Parties, in part by manipulating the balance of projects that will define funding requirements in the MOU Annex. These delegates objected strongly to proposed language that referred explicitly to funding mitigation projects by non-Annex I Parties. Delegates suspected that, by implying a high priority for funding GHG reduction by non-Annex I Parties, this would remove some of the pressure on Annex I Parties to take the concrete (and likely painful) actions to reduce their GHG emissions to below 1990 levels.

Nevertheless, it was apparent that many favored the introduction of language on the responsibility of all Parties to reduce GHG emissions. Ultimately, this was reflected in a decision submitted by the SBI (FCCC/CP/1996/L.12) on communications by non-Annex I Parties, which will require a national inventory of anthropogenic emissions by sources and removals by sinks of all GHGs as well as a general description of steps taken to implement the FCCC. This decision elicited praise from Executive Secretary Michael Zammit Cutajar during the Closing Plenary.

SUBSIDIARY BODY FOR SCIENTIFIC AND

TECHNOLOGICAL ADVICE: As one observer noted, SBSTA-2, for the most part, proved but a dress rehearsal for SBSTA-3, with delegates delivering many of the same arguments in a more dramatic fashion. Agreement on the treatment of the SAR, perhaps the most difficult issue of COP-2, eluded the SBSTA once again. Many delegations endorsed the SAR as the most comprehensive assessment on climate change available, while others, including many oil producing States and Australia, thought it would be premature to make recommendations. A "Friends of the Chair" group was ultimately formed to reach a consensus, but the group was unable to resolve anything. This issue demonstrates that the boundaries between science and politics are becoming increasingly difficult to maintain.

AD HOC GROUP ON ARTICLE 13: The AG-13 offered to provide input to the AGBM process on the design of a multilateral

consultative process (MCP). Drawing on its examination of other international environmental agreements' compliance procedures, it is likely to contribute to the development of a hybrid mechanism, which might combine assistance with reporting requirements with more stringent compliance monitoring. AG-13 has been preparing the ground for one of the features that will set the Berlin Mandate process apart from the non-binding nature of the FCCC.

MINISTERIAL DECLARATION: There were heated discussions as Parties exchanged views on the adoption of the Ministerial Declaration, or "Geneva Declaration" as it was christened during the Closing Plenary. The Declaration endorses the IPCC's conclusions, including the finding that the continued rise in GHG concentrations will interfere with the climate system, and calls for legally binding objectives and significant reductions in emissions. However, environmental NGOs quickly noted that the Declaration does not specify that reductions should be well below the 1990 level set in the FCCC, fails to call for binding coordinated measures, and does not specify an upper-bound concentration level of GHGs. Sixteen delegations, including many oil producers, objected to both the Declaration's content and handling, as well as the transparency of the process that produced it.

US SHIFT IN POSITION: The change in the US position to support a legally binding agreement pleased many environmental NGOs, and some predicted that the move by the US would force many delegations, some of whom had shielded their own opposition behind that of the US, into supporting a legally binding agreement. However, linking a protocol to tradeable permits led some delegates to raise both theoretical and practical issues. AOSIS members openly noted that this could leave the AOSIS protocol, which calls for a 20% reduction in emissions, "dead in the water." Some developing countries spoke against heavy reliance on market-based schemes, arguing that markets favor the wealthy and often solidify, rather than resolve, inequities. Many delegates noted that a tradeable permit scheme raises a myriad of practical questions and expressed concern about "creative" implementation.

RULES OF PROCEDURE: It has been suggested by one NGO that the issue of the unresolved rules of procedure continues to "dangle like the sword of Damocles over these negotiations." Without agreement on the voting procedures for a protocol (Rule 42), observers fear that COP-3 may be forced to settle for an amendment to the FCCC, rather than a protocol, because delegates have already agreed on the provision for adoption of an amendment by a three-quarters majority when consensus cannot be reached. The AGBM Chair confirmed that the preference of the Parties is a draft protocol, but said the "continuing divergence of views on the majority required for its adoption" means that an amendment remains an option. The Canadian delegation believes the absence of rules of procedure means a protocol — the preferred route for realizing the Berlin Mandate — can only be adopted by consensus. There is no agreed procedure for the adoption of a protocol within the FCCC, although Parties might appeal to state practice in the UN system, whereby substantive decisions can be taken by a two-thirds majority if consensus cannot be reached. The COP President is continuing intersessional consultations on this issue.

COP-2 was also unable to resolve another procedural question, the election of officers other than the President. Delegates at COP-1 were unable to agree on the composition of the Bureau, with oil-producing States making a bid for group representation. The small islands States were given a seat on the Bureau, in light of their strong interest in the FCCC, and oil-producers have argued for similar treatment. Consultations were conducted by the COP-1 President over the course of the past year, but to no avail. At COP-2, Parties again were unable to reach agreement, despite continued consultations conducted by AGBM Chair Raúl A. Estrada-Oyuela (Argentina). This question, which is politically linked with the voting question, will continue to plague

negotiations through 1997. It is unlikely to be resolved until the outline of a protocol emerges. As a delegate from an oil-producing State repeatedly asked, "How much longer can the COP continue without adopting its rules of procedure?"

INDUSTRY SUPPORT: During the first week of COP-2, an international group of insurance companies issued a position paper calling for "early substantial reductions" in GHG emissions. Deborah Vorhies, Coordinator of the Trade and Environment Unit at UNEP, said the insurance industry recognizes the impact of climate change on its business, with increasing storm damage and other phenomena. Managing risk is the business of the insurance industry and climate change has forced some parts of the industry to recognize that their own interests will be best served to press for a stronger Convention. In a world of trade liberalization and reduced governmental intervention in the market, the active involvement of the insurance industry introduces a new dynamic into traditional industry input into the COP.

CONCLUSIONS: Definitive judgments on the future of the FCCC process are difficult to make, given the mixed signals emanating from COP-2. The challenge facing the subsidiary bodies will be to produce a negotiating text that can reconcile divergent interests and maintain credibility and effectiveness. In environmental negotiations the measure of a successful compromise is primarily a measure of its effectiveness in bringing about the desired and sustainable outcome. A compromise *per se* is not an option and not necessarily a solution. The AGBM will test to the limits the UN system's ability to broker a deal between those States prepared to invest in a post-fossil fuel era and those who stand to lose on their investment in business as usual. In these terms COP-3's significance will be immense.

The fulfillment of the Berlin Mandate — set against the failure of most Annex I Parties to fulfill their voluntary commitments under the existing FCCC — will be a significant measure of the degree to which the international community has marshaled the political will required to build on its commitment to sustainable development since UNCED. The debate on the AGBM will continue to spill over into the entire COP process, with Parties unlikely to give way on vital issues including the effectively-engineered dispute over the rules of procedure until the Berlin Mandate's fate — together with the future of the global climate system — begins to take shape.

THINGS TO LOOK FOR BEFORE COP-3

FCCC SUBSIDIARY BODIES: The FCCC subsidiary bodies will meet from 9-18 December 1996 in Geneva. AGBM-5 is scheduled for 9-13 December 1996. The meeting will begin with Round Table sessions and the formal agenda is expected to begin on 10 December 1996. SBSTA-4 and AG-13-3 are scheduled for 16-18 December 1996. SBI-4 has been scheduled for 10-11 December 1996 and is intended to resolve the questions on the Annex to the Memorandum of Understanding to the GEF.

The subsidiary bodies are also scheduled to meet from 24 February - 7 March 1997 in Bonn. SBSTA-5 and SBI-4 will meet from 24-28 February 1997. AGBM-6 and AG-13-4 will be held from 3-7 March 1997. This schedule will be reviewed at the December meetings.

COP-3: COP-3 is scheduled for 1-12 December 1997 in Kyoto, Japan. SBSTA, SBI and AG-13 will not meet during COP-3, which will be reserved for the AGBM. For information contact the UNFCCC Secretariat; tel: +41 22 979 9111; fax: +41 22 979 9034; e-mail: Secretariat.unfccc@unep.ch. As of 12 August 1996, the Secretariat can be contacted at: tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.de. Also try the home page of the Secretariat and UNEP's Information Unit for Conventions at <http://www.unep.ch/iuc.html>.

IPCC WORKSHOPS: A Workshop on the Preparation of Regional Climate Projections for Impact will be held in London from 24 - 26 September 1996. It will be a meeting of modeling communities (including emissions, climate and impacts) to develop recommendations for regional climate projections for the impact of assessments for use in the preparation of the IPCC's Third Assessment Report. The IPCC will also hold workshops on integrated assessment modeling in France (October 1996) and Japan (March 1997). As a follow-up, a workshop on adaptation measures will be held in Canada in 1997. In addition, three meetings of experts have been organized on emissions inventory methodologies. These are part of the ongoing work programme on inventory methodologies aimed at submitting revised methodologies to IPCC-12. For more information contact: IPCC Secretariat, WMO, 41 Av. Giuseppe-Motta, C.P. N 2300, 1211 Geneva 2 Switzerland, tel: +41 22 730 8215/254/284, fax: +41 22 733 1270, e-mail: narasimhan.sundaraman@itu.ch.

OTHER WORKSHOPS, CONFERENCES AND SEMINARS

International Workshop on Greenhouse Gas Mitigation-Technologies and Measures: This workshop is co-sponsored by the US Country Studies Program (USCSP), Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) mbH, the People's Republic of China (PRC) State Science and Technology Commission (SSTC), the Netherlands Ministry of Foreign Affairs, Canadian Environmental Protection Service and others. The workshop, scheduled for 12-15 November 1996 in Beijing, will provide an international forum for the exchange of information among representatives of countries conducting studies on greenhouse gas mitigation technologies and measures and other international experts. For information contact: Ron Benioff, USCSP, 1000 Independence Ave. SW, PO-63, Washington, DC 20585, USA, tel: +1 202 426-0011, fax: +1 202 426-1540, e-mail: csmt@igc.apc.org; Prof. Wu Zongxin, China Country Study Office (CCSO), Energy Science Bldg., Tsinghua University, Beijing 100084, PRC, tel: +8610-259-4828; fax: +8610-256-4177; e-mail: THINET@beep2.ihep.ac.cn. Also try <http://www.ji.org>.

International Workshop on the Preparation of Climate Change Action Plans: This workshop, co-sponsored by the Indonesian Ministry of the Environment and the USCSP, is scheduled for January 1997. The workshop will provide a forum for countries to share their experiences and preliminary results from their planning activities, as well as training and technical assistance to countries on the preparation of climate change action plans. Participation is open to all countries. For information contact: Sandy Guill, USCSP, P.O. Box 63, 1000 Independence Avenue, SW, Washington, DC 20585, USA, tel +1 202 426-1464, fax: +1 202 426-1540 or 1551, e-mail: sguill@igc.apc.org.

International Conference on Environmental Implications of Energy and Transport Subsidies: The Conference, scheduled for 11-12 September 1996, is organized by the OECD, the Italian Agency for New Technologies, Energy and the Environment, with support from US EPA. Its objectives are to: review studies on the environmental and economic effects of removing subsidies and other supports to energy and transport; and consider advantages and disadvantages of different approaches to reforming policies and addressing externalities in the energy and transport sectors. For information contact: Laurie Michaelis, OECD, tel: +33 1 45 24 98 17, fax: +33 1 45 24 78 76, e-mail: laurie.michaelis@oecd.org; GianCarlo Tosato, ENEA, tel: +39 6 3048 3958, fax: +39 6 3048 3657; e-mail tosato@casaccia.enea.it.

Landfill Gas-to-Energy Training Workshops: The US Environmental Protection Agency (US EPA) is sponsoring workshops for government officials and private-sector firms to learn about the benefits of landfill gas-to-energy recovery projects, which involve capturing methane produced from landfills or large open dumps for use as a cost-effective energy source. The workshop for Asia and the Pacific is scheduled for 22 August 1996 at the UN Conference Center in Bangkok, Thailand. The workshop for Central and Eastern Europe is scheduled for 9 September 1996 at the Warsaw Marriott Hotel, Warsaw, Poland. For more information contact: Tom Kerr, US EPA, tel: +1 202 233-9768; fax: +1 202 233-9569; e-mail: kerr.tom@epamail.epa.gov.

International Conference on Energy Efficiency — Technologies and Services: This conference is scheduled for 3-5 September 1996 in Monterey, California, USA. For information contact Ron Benioff, USCSP, 1000 Independence Ave. SW, PO-63, Washington, DC 20585, USA, tel: +1 202 426-1637, fax: +1 202 426-1551. Also try <http://www.ji.org>.

ACTIVITIES IMPLEMENTED JOINTLY

Conference on AIJ from the Perspective of Developing Countries: At the initiative of the Netherlands, Development Alternatives is organizing a Conference on AIJ from the perspective of developing countries from 8-10 January 1997 in New Delhi, India. The objectives of the Conference are: to evaluate activities that are planned to be implemented jointly by Annex I and non-Annex I Parties; to assess learning experiences from current and proposed projects for input to the COP and its subsidiary bodies; to promote the role of the private sector and NGOs in AIJ; and, to contribute to formulating a methodology to design a pilot phase AIJ project and develop indicators to measure local and global benefits. For more information contact: K. Chatterjee, Conference Coordinator, Development Alternatives, B-32 Qutab Institutional Area, Hauz Khaz, New Delhi 110016, India, tel: +91 11 66 5370 or +91 11 65 7938, fax: +91 11 686 6031, e-mail: tara@sdalt.ernet.in.

UNEP Conference on Activities Implemented Jointly under the UN Framework Convention on Climate Change, San Jose, Costa Rica: This Conference, scheduled for 29-31 October 1996, will be sponsored by UNEP in collaboration with the Earth Council and the Government of Costa Rica. The meeting is designed to support the work of the FCCC as it prepares the work programme on AIJ. The working session will be organized into a series of round table discussions to promote and open and frank exchange of views. The meeting will emphasize the airing of concerns of host countries and investing organizations. For more information contact UNEP, C.P. 356, Geneva Executive Center, 1219 Châtelaine, Geneva, Switzerland, Tel: +41 22 979 9111; fax: +41 22 797 3464 Also try UNEP at <http://www.unep.ch>.

The Climate Change Secretariat is Moving! (effective 12 August 1996)

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