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HIGHLIGHTS FROM THE SIXTH SESSION OF THE AD HOC GROUP ON THE BERLIN MANDATE MONDAY, 3 MARCH 1997

The sixth session of the Ad Hoc Group on the Berlin Mandate (AGBM-6) of the UN Framework Convention on Climate Change opened on Monday, 3 March 1997 in Bonn, Germany. Following opening statements, delegates adjourned the formal session and convened an informal round table on new proposals from Parties. Parties elaborated on their proposals and responded to questions. Delegates also agreed to convene "non-groups" to exchange views and merge different proposals.

OPENING SESSION

AGBM Chair Raúl Estrada-Oyuela (Argentina) noted the considerable number of new proposals and called for long-term sustained efforts from industrialized countries. He said changes would be neither easy nor inexpensive, but added that the costs resulting from inaction far outweigh the costs of preventative measures. He welcomed Dan Reifsnnyder (US) as rapporteur.

FCCC Executive Secretary Michael Zammit-Cutajar noted that AGBM-6 marks the last session prior to the six-month deadline for circulating a draft protocol. The negotiating text must "contain the seeds" of the final outcome and there should be no surprises after 1 June 1997.

The WORLD COUNCIL OF CHURCHES appealed to delegates to act now and noted that delayed action will involve even higher demands. He said climate change is an issue of global justice and called on AGBM to promote lifestyle changes in developed countries.

The secretariat introduced the "Framework Compilation of Proposals" (FCCC/AGBM/1997/2 and Add. 1); "Implementation of the Berlin Mandate: proposal from Parties" (FCCC/AGBM/1997/Misc.1) and "Comments from Parties" (FCCC/AGBM/1997/Misc.2). Regarding the organization of work, the Chair urged AGBM to produce, elaborate on and streamline a negotiating text to be ready by 1 June. He proposed establishing two "non-groups": one non-group to focus on institutions and processes, final elements, definitions and the preamble, and one non-group to work on continuing to advance commitments in Article 4.1. He said the main purpose of the non-groups is to exchange views, rather than to negotiate, and to merge different proposals into one text in order to facilitate adoption of a negotiating text.

CHINA, IRAN and MOROCCO, on behalf of the African Group, requested clarification on the division of tasks between non-groups and asked whether the non-groups would address P&Ms and QELROs. The G-77/CHINA, supported by the EU, MALAYSIA and the AFRICAN GROUP urged for a limited number of additional groups, given the constraints facing small delegations. CHINA also cautioned AGBM not to "waste time" on issues related to institutions and definitions. The Chair said P&Ms and QELROs would be addressed in Plenary and noted the value of institutions and legal systems.

The EU urged countries to provide input in legal language and streamline the Framework Compilation text by focusing on achievable options. The EU also suggested that the Chair develop a protocol or another legal instrument by 1 June, if AGBM does not complete this work by the end of the week. IRAN said the EU proposal was premature and SAUDI ARABIA urged that AGBM complete a negotiating text and not leave work for the Chair. The Chair noted that non-groups will be open only to Parties and will not involve negotiation.

ROUND TABLE ON NEW PROPOSALS FROM PARTIES

AGBM Vice-Chair Suphavit Piamphongsant (Thailand) opened the round table and noted that 18 new proposals have been submitted. The proposal by POLAND, BULGARIA, ESTONIA, LATVIA and SLOVENIA, stated that QELROs should be legally binding. Proposed criteria for QELROs include: GDP per capita; each Party's contribution to global emissions; emissions per capita and/or emissions intensity of GDP. He also preferred the "menu approach" for establishing measures to be adopted by Parties.

The EU proposal includes a general commitment for Parties listed in "Annex X," which would consist of OECD members and countries with economies in transition. It groups P&Ms into Annex A (mandatory), Annex B (high priority) and Annex C (priority). The proposal allows for joint implementation and voluntary application by non-Annex X Parties.

The G-77/CHINA urged AGBM to adhere to the Convention and the Berlin Mandate and refrain from developing new commitments for non-Annex I Parties. The G-77/CHINA proposal calls for: ensuring that P&Ms have no adverse socio-economic impacts on developing countries; establishing a concrete compensation mechanism for damage in developing countries arising from implementation of response measures; and setting QELROs within specified time frames, such as 2005, 2010 and 2020.

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FRANCE proposed differentiating the commitments of Annex I Parties according to present emission levels of greenhouse gases per inhabitant and per GDP. He proposed coordinating P&Ms at an international level and considering joint measures between Annex I and non-Annex I Parties.

ICELAND proposed differentiation and the following parameters for identifying differences in national circumstances: GHG emission intensity and level, share of renewable energy sources and GDP per capita. He supported the formula Norway presented at AGBM-5, amended to account for the share of renewable energy. MALAYSIA commented that parameters are changing regularly. MAURITIUS inquired about a supervisory mechanism for this formula. VENEZUELA, supported by COSTA RICA, suggested "historical responsibility" as an additional criterion for differentiation. SWITZERLAND added "past efforts" by countries to reduce greenhouse gas emissions as another criterion.

IRAN's proposal opposes CO₂ taxes, energy taxes and new commitments for non-Annex I countries. His suggestions for reducing GHG emissions include: a focus on all GHGs, market-determined energy prices, removal of subsidies on coal and polluting energy sources, development of renewable energy sources, enhancement of sinks and attention to production and consumption sector activities and industrial processes. IRAN also proposes a compensation mechanism for adverse impacts of response measures. Responding to ZIMBABWE, IRAN noted that its proposed compensation mechanism is designed to compensate countries that incur losses due to policies and measures stipulated by the AGBM legal instrument and does not provide funds for countries that incur damages resulting directly from climate change. The US suggested that the proposal requires AGBM to project the consequences of non-action and asked what methodology would be used to make such a projection. IRAN replied that further details would be supplied at a later date.

AUSTRALIA proposed: a collective reduction objective for "Annex A" Parties, which are those listed in Annex I of the FCCC; mitigation activities that result in equal percentage changes in per capita economic welfare among "Annex A" Parties; differentiated commitments; use of indicators in the negotiation process; and further consideration of market-based approaches such as emissions trading and joint implementation. The proposal also supports a regular review process that Parties may activate in regard to their own commitments. Responding to MALAYSIA, AUSTRALIA said formula approaches are too simplistic to account for wide variations among countries' circumstances and emphasized that differentiation is not a means to delay action, but to achieve fairness. AOSIS asked why supporters of differentiation had not pooled their proposals and requested information on how differentiation would work in practice. CHINA expressed concern that emissions trading would replace government commitments with activities of firms and individuals.

KUWAIT, NIGERIA and SAUDI ARABIA supported the proposal by the G-77/China. They expressed concern about economic and social consequences of developed country Parties' policies and measures and requested adequate compensation for developing countries. They recalled Article 4.8(h), which refers to countries whose economies are highly dependent on income generated from fossil fuels, and 4.10, which states that Parties shall take into consideration the specific needs and concerns of fossil fuel producing countries and adverse effects resulting from the implementation of commitments. They noted that developed country Parties should take the lead in combating climate change.

The US asked: whether developed countries that export fossil fuel or suffer from increased oil prices are eligible for compensation; whether developers of solar power are liable for injury; and whether developed countries that take action to prevent damage in developing countries are also liable under this proposal. SAUDI ARABIA reiterated that developed country Parties should bear more of the burden and accommodate such effects through measures like differentiation. ITALY pointed out that the Convention does not include a compensation mechanism. SAUDI ARABIA, supported by IRAN, noted Article 4.8, stating that funding action be considered in regard to the specific needs of developing countries. KUWAIT noted his disappointment that the developed countries' proposals do not mention any provision for developing countries' compensation.

CANADA noted that economic change in energy sources has occurred over the past century and will continue regardless of a protocol. SAUDI ARABIA emphasized that it is the right of every Party to try to minimize the adverse impacts of an international binding agreement according to provisions given in the Convention.

NEW ZEALAND emphasized the importance of flexibility with respect to time (multi-year average emission limitations); place (emission trading); and coverage (all GHGs and sinks).

The US proposal contains: emissions budgets (banking and borrowing emissions); annual reports on measurement, reporting and compliance by "Annex A" and "Annex B" countries. Annex B would contain countries that have voluntarily entered before protocol adoption; non-compliance measures (e.g. denial of opportunity to engage in emission trading or loss of voting rights); continuing to advance implementation of Article 4.1, particularly "no regrets" measures; emission trading between Parties with budgets, and joint implementation between all Parties. Several countries noted the complexity of the US proposal. In response to the EU, the US highlighted the ability of countries to determine their own budgets and the penalty for emission borrowing. THAILAND suggested that AGBM not spend time discussing emissions trading.

UZBEKISTAN proposed differentiation for Annex I Parties, according to the level of economic development and GDP per capita. He urged for flexibility regarding obligations of countries with economies in transition, and developed-country support for non-Annex I country activities.

IN THE CORRIDORS

Several AGBM participants commented on developments towards a common position regarding QELROs within one regional economic integration organization. Despite its internal debate on burden sharing, agreement was reached on a common target. Some delegates suggested that this common position could advance the entire AGBM process by sparking a transatlantic debate. In contrast, others characterized the proposed target as "unrealistic" and doubted it would be taken seriously. One developing country delegate said the proposal could sharpen AGBM's focus on strengthening developed country commitments, while others noted that the target's timeframe greatly lessens its impact.

THINGS TO LOOK FOR TODAY

AGBM: Plenary will convene at 10:00 am in the Plenary I Hall and begin consideration of the preparation of a protocol or another legal instrument. Following Plenary, AGBM will divide into two "non-groups."