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HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 1 AUGUST 1997

The Chair of the *Ad Hoc* Group on the Berlin Mandate (AGBM) held a morning briefing for observers on Thursday's work in the non-group sessions. On Friday, the non-group on elements related to institutions, mechanisms and introductory and final clauses met in a morning session. The non-group on elements related to quantified emission limitation and reduction objectives (QELROs) met in an afternoon session. The non-group on elements related to advancing the implementation of existing commitments in Article 4.1 met throughout the day. The chairs of SBI informal groups reported on their progress in an afternoon session.

OBSERVER BRIEFING

AGBM Chair Raúl Estrada-Oyuela (Argentina) stated that negotiations are at an advanced stage and closed sessions were necessary to produce results. He also recognized the need to keep intergovernmental and non-governmental observers informed and said morning briefings would be held throughout the week.

Luiz Gylvan Meira Filho (Brazil), Chair of the non-group on QELROS, reported that delegates had been "extremely cooperative" and refrained from reiterating justifications for their positions. The group focused on which greenhouse gases (GHGs) to include in the agreement and whether to adopt a gross or net approach. On coverage, he said consensus is likely for including a list of gases and expressed hope that discussions would produce a well-defined mechanism for adding more gases in the future. On whether to adopt a gross or net approach, he said the group would submit alternatives with and without carbon sinks. He said the group would next consider units of emission, mass per year and how to weight the contributions of each gas to climate change.

Evans King (Trinidad and Tobago), Chair of the non-group on Article 4.1, reported that the group had begun by considering material in clusters and reorganizing material in the chapeau, which refers to advancing the implementation of commitments and the Berlin Mandate. He said a solid foundation had been laid for work on the text, and he would propose that the group complete a first reading of the section to streamline the text.

Takao Shibata, Chair of the non-group on institutions, mechanisms and final clauses expressed hope that his group could build agreement on the issues that are somewhat peripheral to the core issues under debate. A representative from the International Chamber of Commerce (ICC) protested the exclusion of NGOs from the non-group sessions.

NON-GROUP ON ARTICLE 4.1

The delegates continued negotiations on the draft text by the non-group chair. Several paragraphs within the text were deleted including those that called on Parties to: recognize the progress that has been made on 4.1; reaffirm their commitments to 4.1; and to develop further international cooperation on the basis of mutually beneficial incentive structures. One delegation called for the preparation of national inventories on an annual basis. Some non-Annex

I countries opposed annual inventories because of financial and technical limitations. Many countries proposed the deletion of a paragraph calling for cooperation to facilitate mitigation and adaptation to climate change. Non-Annex I countries noted a strong objection to the paragraph calling for specific definitions on policies and measures. One delegate proposed that all Parties under the Convention engage in transfer of technology. Paragraphs noting the role that development and transfer of technology should play and calling for entities entrusted with operation of the financial mechanism to make available financial assistance for the introduction of technology were deleted.

On Saturday, 2 August, the non-group on Article 4.1 continued discussing the Chair's text until 2:00 pm. The Chair will produce a new text for further discussion that will contain alternatives for articles lacking consensus.

NON-GROUP ON QELROS

Interest was shown in the budget or multi-year approach with the proviso that budget schedules begin promptly and not extend over a long time period. On proposals for a banking approach, some Parties suggested using limits on borrowing to penalize non-compliance. Parties broached the issue of whether the base year measurement should be fixed or averaged. Flexibility in this regard was considered for the economies in transition, as they would have most to lose from averaging out a base year figure.

There was general support for a strong compliance regime with penalty provisions. One Annex I Party reportedly called for the use of "review teams" of experts as opposed to SBSTA. A penalty system of imposing percentage increases in the required emissions reductions for non-compliance was also raised. Others sought a shift away from penalties and towards realizable targets. A proposal linking the annual rate of GHG emissions to the increase in global mean surface temperature was called into question when it was suggested that this new modeling process would slow progress.

On Saturday, 2 August, the non-group discussed, *inter alia*, a compensation mechanism for the effects of response measures.

NON-GROUP ON INSTITUTIONS AND MECHANISMS

The Chair offered to produce a consolidated text to facilitate discussion on numerous proposals on the table. A discussion took place on the criteria for inclusion of proposals. The Chair indicated that equivalent proposals would be merged and those containing direct quotes from the FCCC would be altered to include references to specific FCCC articles. Regarding the subsidiary bodies and the Secretariat, there was broad agreement that those serving the Convention should also serve the Protocol.

There were differing views on whether the same Conference of the Parties should serve the Convention and the Protocol. There was a proposal whereby the COP would operate for both instruments, but each of these would have its own bureau. There was another proposal to establish a Meeting of Parties to the protocol or legally binding instrument. An FCCC provision stating that only the protocol Parties shall take decisions under the protocol was reiterated.

SBI INFORMAL GROUPS

In an informal meeting, SBI heard reports from the chairs of contact groups on outstanding issues. On review of the financial mechanism, a contact group produced a text on 31 July that contains bracketed references noting the work done by GEF since its inception and the initial concerns raised so far by some non-Annex I Parties on their experiences with the financial mechanism. In a section welcoming the outcome of UNGASS, the text contains bracketed references recognizing that implementation of commitments made under international environmental treaties can be promoted by: secure, sustained and predictable financial support; sufficient institutional capacity; human resources; and adequate access to technology.

A bracketed option states that SBI decides to appoint the GEF as the financial mechanism of the Convention and shall initiate arrangements for Parties to further consider GEF's activities, including a method for Parties to raise issues in the SBI with regard to the financial mechanism's performance. A bracketed alternative would have SBI decide that the GEF will continue as the financial mechanism on an interim basis pending the review by COP-4. This text will be annexed to SBI's draft conclusions, under which SBI decided to defer consideration of this issue until its next session. SBI urged all Parties to submit their views on the financial mechanism no later than 8 September.

On national communications, an informal contact group will meet again prior to SBI's final meeting on Tuesday. The Chair's draft conclusions under consideration contain proposed language under which SBI would: express concern at the non-submission of communications by many Annex I Parties; request a report on progress achieved in returning emissions to 1990 levels and projected emission by 2000 by each Party based on their national communication; and request Annex II Parties to provide detailed information in accordance with Article 12.3, which calls for information on financial resources, adaptation assistance and technology transfer.

A draft decision on division of labor between SBSTA and SBI was approved. The decision outlines the general approach, under which one of the bodies will take the overall responsibility in considering an issue and will request specific inputs from the other body. Where overall responsibility is not assigned, agendas should be organized to avoid SBSTA and SBI dealing with such issues in parallel. Where this is not possible, consideration should be given to holding *ad hoc* joint sessions.

SBI will have responsibility for developing guidelines on the processes for consideration on national communications and considering the information contained in national communications and other relevant documentation. SBSTA, in cooperation with SBI, shall have responsibility for developing guidelines for the provision of comparable information including all related methodological issues, and shall consider national communications such as technical papers, with the aim of, *inter alia*, verifying methodologies used.

SBI will, with input from SBSTA, have responsibility for assisting the COP in the assessment and review of the effective implementation of the Convention with respect to the development and transfer of technology. As stipulated by the Convention, the SBSTA shall have responsibility for providing advice on all scientific, technological and methodological aspects.

SBI will have overall responsibility for all policy questions and relevant inputs related to issues dealing with NGO consultations, as appropriate. Should SBSTA or any other subsidiary body conclude that NGOs could provide relevant input on an item being considered, that body could seek and consider such inputs. Issues involving provisional accreditation related to individual NGOs will be the responsibility of the relevant body.

On activities implemented jointly, SBSTA will have responsibility for developing the framework for reporting, including consideration of scientific, technical and methodological aspects. SBSTA will also prepare a synthesis report of activities for the COP. SBI will have the responsibility for assisting the COP with reviewing the progress of the activities implemented jointly under the pilot phase, on the basis of inputs by SBSTA.

SBSTA will have overall responsibility for issues related to research and systematic observation and shall play a coordinating role in such activities related to implementation. SBSTA will also have overall responsibility for providing advice on education, training, public awareness programmes and public access to information.

Delegates continued to debate draft conclusions on arrangements for COP-3, particularly with regard to a proposal that the Secretariat make all necessary preparations for COP-3 to conduct the second review of the adequacy of Article 4.2 (a) and (b) and the review of Annexes I and II. Debate also centered on text describing the dates of the high-level segment and noting that the COP President will promote informal dialogue among ministers and heads of delegations. On arrangements for COP-4, draft conclusions contain bracketed alternative dates stating that the COP will be held either in November 1998 or early 1999.

IN THE CORRIDORS

An international business NGO used the first briefing for observers to protest the decision to hold negotiations in closed non-groups. Business representatives later indicated that they would be discussing the matter with national governments in the hope of reversing the decision in time for AGBM-8 in October. While conceding the requirement for closed negotiations in the latter stages of the process, business representatives expressed dismay at the decision to go into closed sessions when negotiating positions of countries are well known.

An environmental NGO representative indicated that the AGBM decision on access had been anticipated. Nevertheless, there were concerns that a precedent has been set - one that will not go unchallenged when NGOs next meet with the AGBM Chair and Parties. To the suggestion that negotiations might advance with more openness in closed sessions, an NGO representative said there had been no evidence of this to date.

IN THE CORRIDORS II

With non-groups working to cull down the number of positions in working texts, delegates and observers noted little movement on major issues in AGBM negotiations. Discussions outside the non-groups aimed at developing common positions among groups of countries have begun on such issues as the commitments of non-Annex I countries and the basis and form of emissions reductions. Some stated that progress seems slow for this stage of the process, while others commented that clearly defining options is sufficient at this stage.

THINGS TO LOOK FOR TODAY

AGBM: AGBM is expected to meet at 10:00 am in the Maritim Room.

The Linkages WWW-server, in addition to the daily ENB reports, now features photos and Real Audio recordings, including excerpts from Chair Estrada's and Executive Secretary Zammit-Cutajar's opening statements. The Linkages site can be found at <http://www.iisd.ca/linkages/climate/climate.html>.