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HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 22 OCTOBER 1997

The *Ad Hoc* Group on the Berlin Mandate opened its eighth session (AGBM-8) on 22 October 1997. Delegates gave opening statements in a morning Plenary session. In the afternoon, a "non-group" meeting discussed policies and measures. The Chair of the AGBM held a briefing for observers. The Subsidiary Body for Implementation (SBI) discussed arrangements for intergovernmental meetings, administrative and financial matters, mechanisms for NGO consultations and legal matters.

AD HOC GROUP ON THE BERLIN MANDATE

AGBM Chair Raúl Estrada-Oyuela (Argentina) reminded delegates that only ten days remained for AGBM to complete its work. He said a "good dose" of willingness to enter into commitments is required, but noted he was not convinced that it is there in all sectors. He said it is not easy to understand statements that ignore the leadership commitment and real contributions made by developing countries. He noted that the proposals forming the basis for AGBM's work are well known. This last session should not repeat them, but make progress in the negotiations.

FCCC Executive Secretary Michael Zammit-Cutajar stated that equity should remain central to the Kyoto result. The globalizing world economy produces not only wealth but also inequality and social stress. Climate change adds a new factor, weighing most heavily on the poor and vulnerable that are least able to adapt. He noted that technological responses are emerging, but asked whether they would be available to developing countries without deliberate measures to stimulate technology transfer. He said leadership does not mean sacrifice but making the effort to change direction and take advantage of new opportunities.

TANZANIA, on behalf of the G-77/CHINA, said Parties stood at a defining moment and members of his group were ready to assume their differentiated responsibilities, in particular the existing commitments as set out in Article 4.1. He noted that there are to be no new commitments for non-Annex I countries and recalled his group's concerns about adoption of policies and measures that take into account impacts on developing countries. He identified unfulfilled commitments under Articles 4.3, 4.4, 4.5 and 4.7 as the stumbling blocks to advancement of existing developing country commitments. He tabled the G-77/CHINA position on QELROS, which proposes: time frames of 2005, 2010 and 2020; periodic review by the COP; return to 1990 emission levels by 2000; reductions in CO₂, CH₄, and N₂O by at least 7.5% of 1990 levels by 2005, by 15% by 2010, and by an additional 20% by 2020, thus leading to a total reduction of 35%; efforts to phase-out other GHGs including HFCs, PFCs and SF₆; achievement of

QELROs by domestic measures; minimizing adverse impacts on developing country Parties and a Compensation Fund; and a Clean Development Fund to assist developing country Parties, funded by contributions from Annex I Parties found to be in non-compliance with their QELROs.

JAPAN called on all Parties to exercise flexibility in their QELROs proposals and elaborated on the Japanese proposal intended to accommodate divergent views. The proposal is for a 5% base reduction rate for deciding a target for each Annex I country, with target periods of 2008 and 2012. It covers CO₂, CH₄, and N₂O. Individual country targets are differentiated by emissions per GDP, emissions per capita and population growth. It also provides for emissions trading and joint implementation. On developing countries, the proposal provides for enhanced efforts through the elaboration of existing commitments and urges more advanced developing countries to assume voluntary commitments. A new process to further discuss commitments by all Parties is proposed for after Kyoto.

LUXEMBOURG, on behalf of the EU, indicated concerns about references in the Chair's negotiating text to policies and measures and to advancing the implementation of Article 4.1 and associated financial provisions. He called for the inclusion of a Convention objective expressed in quantitative terms and a well-defined compliance regime. He noted that the European Commission had produced a document to demonstrate the feasibility of the EU reduction targets of at least 7.5% and 15% below 1990 levels by 2005 and 2010 respectively. The UK, also on behalf of the EU, outlined an explanation of the EU's joint or "bubble" approach to emissions obligations and offered text for insertion into the Chair's negotiating draft. He explained that, for example, the EU-proposed target of 15% reductions would be met jointly, with member states opting for joint implementation. These states would inform the Secretariat of the terms of the agreement for joint implementation five years before the expiry of the target period, with each declaring its share of the overall contribution to reductions. There would also be provision for amending or rescinding a burden-sharing agreement and for dealing with any failure to meet the total target.

SAMOA, for AOSIS, supported the G77/China statement and said all proposals remain on the table, including that of AOSIS. He expressed deep disappointment with Japan's proposals, whose flexibility would render the small effort non-legally binding. He supported the draft article that would permit Parties to assume commitments voluntarily.

ZIMBABWE, for the African group, emphasized per capita emissions as a basis of attaining equity. She called a 15% target by 2010 a minimum and demanded leadership from Annex I Parties, especially Japan and the US. She said a penalty clause for failure to

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meet targets is a necessary incentive. Reliable, predictable means are necessary to advance implementation of existing commitments under Article 4.1.

The US was extremely disappointed that the Chair's text omits its proposal that all Parties adopt quantified GHG emissions obligations by 2005. Kyoto should be part of a rolling series of negotiations and will be unacceptable if it fails to initiate a process that recognizes the global nature of the problem.

The RUSSIAN FEDERATION stressed maintaining the balance of interests, including those of countries with economies in transition. ICELAND pointed to differentiated emission objectives and the need to take account of differences in starting points, economies and resource bases.

Chair Estrada introduced a consolidated negotiating text (FCCC/AGBM/1997/7) that he hoped would serve as a basis for the completion of a protocol or another legal instrument. He said he had prepared the document based on proposals that had been submitted, AGBM-7 outcomes and informal consultations with Parties. He indicated that he had sought to streamline and address key aspects of current proposals. He noted that very few brackets appeared in the text, mainly on single-year targets or budget periods, flat rates, emissions credits and two alternatives on the governing body of the Protocol. He said Annexes I and II had been used as categories for countries.

The Business and Industry NGOs said that business and industry play a unique role in the implementation of FCCC. He said many business and industry members supported a variety of voluntary national and international initiatives that play a key role in limiting GHG emissions.

The US and European Business Councils for a Sustainable Energy Future said that the benefits of sustainable energy innovation are not only relevant to climate protection but also to employment, environmental and social policies, geopolitical stability and the national interest of fuel importing countries.

The Climate Action Network said that Japan, and possibly the US, were making proposals for targets and timetables that were ten-year extensions of existing commitments. She indicated that Japan's proposal only succeeds in lowering the overall level of negotiations by shifting the balance in favor of the weakest positions. The International Council for Local Environmental Initiatives (ICLEI) reported on examples of four successful local action plans to reduce GHG emissions and said participating cities were proceeding at a more rapid rate than their national governments.

NON-GROUP ON POLICIES AND MEASURES

The non-group on policies and measures (P&Ms) met in the afternoon and discussed the article on P&Ms contained in the consolidated negotiating text (FCCC/AGBM/1997/7). Proposed amendments put forth by two groups of countries met objection. One group proposed deleting a reference to an article on voluntary commitments by non-Annex I countries and suggested that P&Ms be adopted and implemented by Parties to achieve their QELROs. The other group, *inter alia*, proposed that a process be instituted to develop guidelines for modalities of coordination and cooperation for the implementation of P&Ms. It also proposed developing common performance indicators for P&Ms.

There was a discussion on whether the implementation of P&Ms should take into account, mitigate or avoid adverse effects, as well as on the types of effects and who is affected. A contact group was established to discuss the aim of implementing policies and measures: whether to "assist" or to "achieve" fulfillment of commitments.

OBSERVER BRIEFING

Chair Estrada briefed AGBM observers on his efforts to produce a negotiating text and highlighted difficult areas. He said the primary motivation was to shorten the text. He noted that the

article on P&Ms presents a middle ground. He said the EU sought to include P&Ms, but JUSCANZ countries resisted. He noted that the article that includes QELROs still lacks definitions and that he tried to leave all options open. He highlighted other topics, such as emissions trading, joint implementation, and the Meeting of the Parties

One article, developed from AOSIS and Swiss proposals, would allow non-Annex I countries to assume commitments voluntarily. In the article on continuing to advance the implementation of FCCC Article 4.1 (existing commitments), Estrada underscored language stating that no new commitments shall be introduced for non-Annex I countries. In addition to Annexes, the protocol foresees an attachment, which would allow flexibility in case of differentiated commitments. On entry into force, his text requires combined criteria; both the number of Parties and the amount of carbon emissions.

SUBSIDIARY BODY FOR IMPLEMENTATION

On arrangements for meetings, FCCC Executive Secretary Michael Zammit-Cutajar said details were still pending for COP-3. Noting the organization of COP-3 (FCCC/CP/1997/1), he said a general debate had been added to the proposed agenda. With no offers to host COP-4 the meeting will be in Bonn in November 1998. CHINA and the G-77/CHINA objected to consideration of the review of adequacy of Articles 4.2(a) and (b) on the COP-3 agenda, recommending that the review occur at COP-4. The EU and US said it was appropriate that COP-3 consider the review. The G-77/CHINA proposed an agenda for the high-level segment and objected to a reference to the "so-called post-Kyoto process" with the aim of including non-Annex I Parties in commitments. The PHILIPPINES asked for clarification of the post-Kyoto process in the SBI report. Zammit-Cutajar said that the post-Kyoto process also denoted implementation of any protocol. The Vice-Chair suggested raising the issues at Sunday's Bureau meeting.

On administrative and financial matters (FCCC/SBI/1997/18, /INF.2 and /INF.7), the Secretariat noted cash flow problems arising from late contributions and a US\$500,000 shortfall in the COP-3 participation fund. The Vice-Chair will prepare a draft decision urging contributions and covering other matters.

Delegates agreed to continue discussing mechanisms for consultation with NGOs after the Vice-Chair said a decision was not possible. The EU proposed giving NGOs seats and speaking opportunities as in SBSTA. MALAYSIA said delegations did not have time for multiple forums. SWITZERLAND suggested expanding the list of constituencies in line with Agenda 21's major groups, and did not support a business consultative mechanism. CANADA proposed permitting more than one NGO intervention when appropriate.

IN THE CORRIDORS

Suspense over the long-awaited position of the US ended with President Clinton's announcement a few hours after Wednesday's meeting. He called for stabilization of GHG emissions at 1990 levels by 2008-2012 and reducing emissions after that. He also called upon developing countries to participate in a meaningful way. Even prior to the announcement, delegates could be heard criticizing elements of the proposal in the corridors. Some were later heard criticizing it on the air on CNN.

THINGS TO LOOK FOR TODAY

Non-groups: Non-groups on QELROs and Article 4.1 will meet at 10:00 am. The non-group on institutions and mechanisms is expected to meet at 3:00 pm.

SBSTA: SBSTA is scheduled to hold a joint meeting with the IPCC at 3:00 pm.