



# Earth Negotiations Bulletin

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## MEETINGS OF THE SUBSIDIARY BODIES OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE 2 – 12 JUNE 1998

The subsidiary bodies of the United Nations Framework Convention on Climate Change (FCCC) will meet from 2-12 June 1998 in Bonn, Germany. This is the first meeting since the adoption of the Kyoto Protocol at the Third Conference of the Parties (COP-3) in December 1997. Both the Subsidiary Body for Scientific and Technical Assistance (SBSTA) and the Subsidiary Body for Implementation (SBI) will address aspects of national communications and mechanisms for cooperative implementation, such as the clean development mechanism, emissions trading and "joint implementation" (this term is used in the agenda for convenience).

SBSTA will also discuss, *inter alia*, cooperation with international organizations and methodological issues, such as emissions inventories and land use and forestry. SBI will address the financial mechanism, the second review of the adequacy of commitments and arrangements for COP-4. The *Ad Hoc* Group on Article 13 (AG13) will continue discussions on functions and procedures for a multilateral consultative process.

## POST-KYOTO ACTIVITIES

**PROTOCOL SIGNATURES:** On 16 March, the Kyoto Protocol officially opened for signature at UN headquarters and was signed by Argentina, Switzerland, the Maldives, Samoa, and Antigua and Barbuda. At the signing ceremony, FCCC Executive Secretary Michael Zammit Cutajar said he looked forward to the Protocol's entry into force very early in the next century and to a first review of its contents soon after. The first benchmark will be in 2005, when Parties must demonstrate progress in meeting the agreed emissions targets and start work on defining targets for the period after 2012.

On the occasion of the sixth session of the Commission on Sustainable Development (CSD-6), Japan signed the Protocol on 29 April, followed on 30 April by the 15 members of the EU, Australia, Brazil, Canada, Norway and Monaco. New Zealand signed on 25 May. On 29 May, China became the thirty-seventh country to sign. Fifty-five countries representing 55 percent of 1990 global carbon dioxide emissions must ratify the Protocol before it enters into force. No country has yet ratified the treaty.

**FORMAL AND INFORMAL MEETINGS:** The period following COP-3 witnessed a flurry of meetings, statements and events as countries embarked on the task of developing initial plans for implementation, addressing domestic reactions and developing processes to further define the terms of the Kyoto Protocol.

Implementation of the Protocol was addressed at a number of high-level meetings. On 17 May, the final communiqué of the G8 meeting in Birmingham, UK, welcomed the recent signature of the Protocol by some G8 countries and confirmed the intention of the rest to sign it within the next year. The leaders agreed to, *inter alia*: undertake domestic action to reduce emissions; develop flexible mechanisms; and draw up rules to ensure a verifiable trading system and an effective compliance regime. OECD Environment Ministers agreed on 3 April that OECD members would give a high priority to ratifying and implementing the Protocol. On 1 April, G8 Energy Ministers met in Moscow and signed a communiqué on cooperation in the energy sector that included a call to give special attention to the Kyoto Protocol. In a joint statement issued at the Summit of the Americas in Santiago, the presidents of the US and Chile, *inter alia*: stressed that the Protocol's market mechanisms would mobilize private sector resources; recognized the potential of the Clean Development Mechanism; and noted that developing countries should participate meaningfully in efforts to address climate change by, for example, taking on emissions targets.

On 30 May, the US, France, Britain and others began discussions in Paris on holding one or more international conferences to persuade India and Pakistan to renounce further nuclear testing in return for help from the industrial world in developing civilian nuclear power centers. French President Chirac also noted the threat of a "pollution bomb" if these and other Asian countries do not switch to clean energy sources, "a principal issue of the Kyoto conference on global warming last December." He said imposing sanctions on India and Pakistan would make it more difficult for them to switch.

Regional conferences in Asia, Eastern Europe, Africa and Latin America were organized to serve as fora for presentation of the methodological framework, results and experience of national studies, and their relevance and replicability in the region. A conference on Climate Change Mitigation in Africa was held in Victoria Falls, Zimbabwe from 18–20 May 1998. Twenty-four African countries were represented at the conference as well as representatives from the UNEP Centre Denmark, Danida, GTZ, UNDP and UNEP. The Conference was held as part of the final stage of the UNEP/GEF

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Chad Carpenter <chadc@iisd.org>, Deborah Davenport <ddavenport@unix.cc.emory.edu>, Angela Churie Kallhauge <churie@l.kth.se>, Peter Doran <pdforan@ecology.u-net.com>. Digital Content by Jeffrey Anderson <janderson@iisd.ca> and Andrei Henry <andrei.henry@utoronto.ca>. The Editor is Pamela Chasek, Ph.D. <pam@iisd.org> and the Managing Editor is Langston James "Kimo" Goree VI <kimo@iisd.org>. The Sustaining Donors of the *Bulletin* are the Netherlands Ministry for Development Cooperation, the Government of Canada (through CIDA) and the United States (through USAID). General Support for the *Bulletin* during 1998 is provided by the United Kingdom Department for International Development (DFID), the German Federal Ministry of Environment (BMU), the Swiss Office for Environment, Forests and Landscape, the European Community (DG-XI), the Government of Norway, the Ministries of Environment and Foreign Affairs of Austria UNDP and the Ministry for the Environment in Iceland. Funding for the French version has been provided by ACCT/IEPF, with support from the French Ministry of Cooperation. The *Bulletin* can be contacted at this meeting in Room 136 of the Maritim Hotel +49 (0)228 8108 136 or by e-mail at <enb@iisd.org> and at tel: +1-212-644-0204; fax: +1-212-644-0206. IISD can be contacted by e-mail at <info@iisd.ca> and at 161 Portage Avenue East, Winnipeg, Manitoba R3B 0Y4, Canada. The opinions expressed in the *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD and its funders. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications only and only with appropriate academic citation. For permission to use this material in commercial publications, contact the Managing Editor. Electronic versions of the *Bulletin* are sent to e-mail distribution lists and can be found on the Linkages WWW server at <http://www.iisd.ca/linkages/>. The satellite image was taken above New York City (c)1998 The Living Earth, Inc. <http://livingearth.com>. For information on the *Earth Negotiations Bulletin*, send e-mail to <enb@iisd.org>.



project "Economics of Climate Change Limitation," ran in parallel with the conference for Latin America held in Quito, Ecuador from 21 – 22 May.

At other meetings, the Protocol's flexibility mechanisms, particularly emissions trading, drew considerable attention. At the first GEF Assembly on 2 April, the World Bank's managing director of operations said the Bank plans to set up a pilot project to help countries trade their carbon dioxide emissions allowances. The project, called the Carbon Investment Fund, would help buyers and sellers trade their allowed emissions. He said the bank might be able to withdraw from the project eventually and let the private sector take it over and widen its scale.

A meeting on emissions trading, sponsored by the Columbia Earth Institute, UNDP, UNESCO, UNIDO and UNEP Organizing Committee, was held from 24-26 April in New York. Participants discussed several topics including the quantity and price of emissions permits, the necessity of private-sector participation, and the failure of past efforts to produce incentives for technology transfer. Panel discussions elaborated on issues such as opposition to the Kyoto Protocol by both the private sector and developing countries due to fear of negative economic impacts and achieving mitigation through interaction between developing countries and the private sector.

UNCTAD held an expert group meeting on emissions trading in London on 12 May. Some participants noted that attitudes toward the concept of trading were apparently shifting and said trading provides both efficiency and flexibility in meeting established targets and timetables, as well as incentives for the development of new technologies. Others, however, expressed concern about lack of interest in buying and selling something as diffuse and unclear as the right to emit carbon dioxide. Environmental NGOs were concerned that trading will allow wealthy countries to buy permits to emit carbon dioxide that has not been emitted by Russia due to its economic crisis.

Some countries and businesses have taken initial actions under the flexibility mechanisms. On 5 March, Suncor Energy Inc. (Canada) and Niagara Mohawk Power Corporation (US), announced a greenhouse gas emissions trade that the two companies hoped would be a first step towards the creation of a global market and an international trading system. On 11 March, a climate project in Bolivia was finalized, which participants hoped would become an example of how forest protection projects can be used to offset emissions. As part of the project, the Bolivian government has added 2.1 million acres of tropical forests to the Noel Kempff Mercado National Park, essentially doubling its size. By investing in the protection of this area, three U.S. corporations, American Electric Power, BP America and PacifiCorp, and the Bolivian government will receive carbon offset credits.

Russian President Boris Yeltsin and Prime Minister Ryutaro Hashimoto, in their summit on 19 April in Kawana, agreed to begin feasibility studies on twenty promising joint implementation projects to improve energy efficiency at Russian plants and reduce greenhouse gas emissions and gain offsets against their own emissions. The two leaders also agreed to expand cooperation in energy to the field of nuclear technology.

**OTHER EVENTS:** Several other events and meetings may likely influence the negotiations in Bonn. Newspaper accounts reported that European ministers, when signing the Protocol, expressed strong concern that the US, Japan and Russia were violating the spirit of the agreement by pursuing trading rather than domestic reductions. The UK noted that domestic actions must be the main means of achieving reductions and said the EU would

propose to limit the amount of emissions reductions that can be achieved through flexible mechanisms. He said developed countries need to consider ways for engaging developing countries in the process and supported a review of the commitments of all Parties rather than a pursuit of voluntary reduction targets. Following high-level consultations on 22 May, Japan and the EU publicly agreed to pool efforts to convince the US to sign the Protocol and encourage developing countries to reduce emissions.

In the US, the Clinton administration proposed domestic action on the Protocol, but not without generating considerable political resistance. On 29 January, US President Clinton announced a five-year, \$6.3 billion package of tax incentives and research to spur development of fuel-efficient automobiles and other energy-saving technologies. However, some members of the Congress have sought to block the administration from spending money on programs to reduce carbon emissions unless the Senate ratifies the Protocol. They characterized the administration's proposal as a "back door" way of implementing the Protocol without a Senate vote. On 22 May, US lawmakers sought to exempt US military operations from the Protocol by proposing an amendment to next year's military authorization bill that "prohibits the restriction of armed forces under the Kyoto Protocol."

Japan proposed domestic legislation that provides a basic framework for emission reductions by requiring both the central and prefectural governments to draw up plans to reduce emissions and make frequent progress reports. It does not require industries to disclose emission levels or to draw up reduction plans. The preliminary draft of the bill, which would have imposed stricter measures on industry, including mandatory reporting of emission reduction plans, was revised after it met resistance from the Ministry of International Trade and Industry. Environment agency officials said the significance of the legislation lies in its suggestion that companies should adopt "self-regulatory measures." Critics, however, said the proposal lacks measures necessary to ensure compliance by industry.

NGOs participating in the process also underwent changes. A new industry NGO, the Pew Center on Climate Change, was launched and includes corporate members from aerospace, auto and appliance manufacturers as well as several energy companies. Shell Oil announced its withdrawal from the Global Climate Coalition following irreconcilable differences over the Protocol. The US Chamber of Commerce launched an Internet campaign to disseminate information from foreign policy experts to the public in order to build opposition to the Kyoto Protocol, which it characterized as a threat to US security and sovereignty.

Scientists from the US and the UK announced that 1997 was the warmest year on record and that nine of the last eleven years were among the warmest periods ever recorded. Satellite images also confirmed that a section of an Antarctic ice shelf had broken away from the Larsen Ice Shelf. However, newspaper accounts reported that an informal group of industrialists had drafted a proposal to convince the public that the FCCC is based on unsound science. They would seek to recruit scientists who share their views on the science of climate change to help convince the public that the risk of global warming is too uncertain to justify emission controls.

## THINGS TO LOOK FOR

**SBI:** SBI will meet at 10:00 am in the Maritim Room.

**SBSTA:** SBSTA will meet at 11:00 am in the Beethoven Room.

**PLENARY:** Plenary will meet at 2:30 pm in the Maritim Room.