



# Earth Negotiations Bulletin

.....  
A Reporting Service for Environment and Development Negotiations

Vol. 12 No. 82

Published by the International Institute for Sustainable Development

Tuesday, 9 June 1998

## HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 8 JUNE 1998

The Subsidiary Body for Implementation (SBI) met to discuss arrangements for intergovernmental meetings, adverse impacts, national communications and NGO involvement. A joint SBI/SBSTA meeting convened in the afternoon to hear and discuss a report from the cooperative mechanisms contact group. The *Ad Hoc* Group on Article 13 (AG13) continued discussions on the Multilateral Consultative Process (MCP) in morning and afternoon sessions.

### SBI/SBSTA JOINT SESSION

A joint SBI/SBSTA session considered work on cooperative mechanisms. Contact group Co-Chair Ivo de Boer (Netherlands) reported that the group had met three times to: identify issues related to the mechanisms; consider a work programme; and suggest decisions. The group mandated a Co-Chairs' paper, submitted as a proposed schedule of work.

The G-77/CHINA, supported by the PHILIPPINES, SAUDI ARABIA and CHINA, called upon SBSTA to clarify methodological issues before substantive issues are discussed. He also: noted, with CHINA, the G-77/CHINA's current consideration of this item; called for consideration of rules, guidelines and modalities and other relevant issues; and, with the PHILIPPINES, opposed establishing another contact group on similar issues. The Chair stated that the two groups' work should be harmonized.

The EU introduced a proposal on international emissions trading, noting differences to the Canadian proposal in addressing: supplementarity; environmental effectiveness, compliance mechanisms, market transparency, risk and liability rules, reporting requirements, and eligibility.

### SUBSIDIARY BODY FOR IMPLEMENTATION

The Chair invited continued discussion on arrangements for intergovernmental meetings, including arrangements for COP-4 and the calendar of meetings. He noted a General Assembly (GA) resolution asking conferences to avoid collisions with GA meetings. After discussion, the Secretariat noted governments will have to decide how to address this. On COP-4's provisional agenda, the US said an item on voluntary commitments by non-Annex I Parties should be retained. The G-77/CHINA, supported by BRAZIL, SAUDI ARABIA and BURKINA FASO, said there was no group support for an item on voluntary commitments and, with CHINA, called for transparency in drafting high-level statements. JAPAN and CANADA supported the item on voluntary commitments for non-Annex I Parties. JAPAN noted a prospective proposal on incentives. CHINA, with SAUDI ARABIA and BURKINA FASO, said this item could lead to renewed confrontation. The EU called for a priori-

tized work program for Protocol activities. A number of outstanding questions remain, such as on implementation of commitments other than those in FCCC Article 4.2. The Chair will undertake informal consultations toward a draft conclusion and decision.

On implementation of FCCC Articles 4.8 and 4.9 with Decision 3/CP.3 and Protocol Articles 2.3 and 3.14, ZIMBABWE, for the G-77/CHINA, supported by SAUDI ARABIA, CHINA, INDIA, VENEZUELA and ETHIOPIA, called on the SBI to identify the needs of developing countries, requesting information from SBSTA and the IPCC. She called for a contact group to prepare a draft decision. She proposed that the item be taken up at all future COPs and proposed establishing a joint SBI/SBSTA working group. The EU welcomed the Secretariat's document (FCCC/SBI/1998/CRP.1) and noted the need for further analysis. On the paper's analytical framework for Articles 4.8 and 4.9, he said there was an overstatement of the certainty of information on adaptation. Possible actions were not restricted to funding, insurance and technology transfer. The SBI would not reach definitive conclusions by COP-4, which could initiate work by SBSTA. The US anticipated dramatic improvements in the state of knowledge concerning adaptation in the years ahead. He noted that the FCCC contains no provision similar to Article 4.4 obliging Annex I or Annex II Parties to compensate countries that could be affected by response measures. Any such obligation could have created a perverse disincentive to reduce GHGs. Instead, FCCC Article 4.8, on response measures, implies that, if possible, Parties should implement commitments while avoiding or minimizing impacts on developing country Parties. He noted the relevance of Protocol Article 2.3.

Regarding a call for Annex I Parties to submit information on potential impacts of policies and measures (P&Ms), he suggested that those whose own interests are at stake are better situated to identify impacts. In the absence of examples, he said it was premature to consider establishing a new subsidiary body. He said the possible impacts of response measures would be best raised individually by affected Parties. There could be no compensation for alleged adverse effects from implementation of Article 4 commitments. On adverse effects of climate change, and supported by CANADA and AUSTRALIA, he advocated starting with each Party's own assessment of its vulnerability in initial national communications. CANADA undertook to provide adaptation technology through the CDM. AUSTRALIA favored more work on the Secretariat's proposed analytical framework and anticipated working through the CDM. SAUDI ARABIA said complexity in other issues areas had not been given as a reason for deferring work. He expressed surprise at innovative interpretations of Articles 4.8 and 4.9 and the Protocol provisions. NORWAY supported CANADA and AUSTRALIA and

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Chad Carpenter <chadc@iisd.org>, Deborah Davenport <ddavenp@emory.edu>, Angela Churie Kallhaug <churie@l.kth.se>, and Peter Doran <pdoran@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>.



underlined the importance of cost effective implementation. ZIMBABWE clarified that the G-77's proposal calls for an *ad hoc* working group to meet during the COP.

CHINA called for action on funding and technology transfer, noting these are not to be limited to the CDM. Responding to a US request for clarification on contradictions in P&Ms, SAUDI ARABIA, supported by VENEZUELA, noted GHG-intensive energy subsidies and taxes, and commitments to reduce petroleum use alongside increasing domestic production. GEORGIA noted the readiness of many non-Annex I countries to take on voluntary commitments on GHGs, with adequate support under Article 4 within the framework of CDM. A contact group Co-Chaired by Tibor Faragó (Hungary) and Salamat Mohamad Salamat (Iran) will discuss the G-77/China's draft decision.

The US called for constructive dialogue on the flexibility mechanisms and noted the similarities between the UK and Canadian papers on emissions trading. The RUSSIAN FEDERATION said differences in group positions on trading could be narrowed. JAPAN suggested that the contact group reconvene in light of G-77/China's willingness to engage. CANADA said a prompt decision on the mechanisms was critical for encouraging: ratification of the Protocol; early reductions; and reduced cost. On the EU and Canadian papers, he noted commonality on reporting, monitoring and verification. The PHILIPPINES asked for clarification about the role of the contact group and, with INDONESIA, expressed concern about the ability of small delegations to participate in contact groups. The Co-Chair drew attention to a Secretariat paper on organization of work (FCCC/SBI/1998/1). He said all that was required was an endorsement of proposals on which subsidiary body was to deal with which issue. The CENTRE FOR INTERNATIONAL ENVIRONMENTAL LAW (CIEL) said there were issues regarding the mechanisms of grave concern to the environmental community. CIEL did not envisage that emissions trading would be used to evade responsibilities or weaken commitments. He offered sets of principles for the operation of the mechanisms.

The SBI considered a draft conclusion on national communications from Annex I Parties (FCCC/SBI/1998/CRP.2). An EU proposal for a draft COP-4 decision on revised guidelines was not supported. A SWISS proposal not to limit submission of Parties' views to "the scheduling of" subsequent communications was accepted.

On a draft conclusion on involvement of NGOs (FCCC/SBI/1998/CRP.3), the US, supported by SAUDI ARABIA and VENEZUELA, the EU, and CHINA, deleted a request for additional information on the objectives of NGOs. The EU supported existing arrangements accrediting three NGO constituencies. SAUDI ARABIA, supported by CHINA and VENEZUELA, proposed that "Parties" rather than "Chairmen" agree on NGO participation in informal contact groups. Delegates accepted a US compromise allowing participation unless the group objects.

### AD HOC GROUP ON ARTICLE 13

AG13 continued deliberating Paragraph 13 (outcome), specifically questions on the reporting of the Committee, access to the reports of the work of the Committee, and whether reports should be subject to consent of Parties concerned.

The US and G-77/CHINA questioned the need to link paragraph 11 (governance) and 13 (outcomes), since they address two distinct issues: general reporting of the Committee's overall work and reporting of the outcomes of that work. On reporting of the Committee's work, the US queried the frequency, form and content of reports to the COP. The G-77/CHINA and the EU suggested annexing a summary of conclusions and recommendations to full reports. The reports would be submitted at the ordinary sessions of the COP.

On the G-77/CHINA suggestion to make the reports, conclusions and recommendations available to the public upon request, IRAN and the US noted the Secretariat's existing dissemination

procedures. CANADA called for cross-reference to paragraph 5 (mandate of the Committee) and avoid use of language that expands or confuses the mandate of Committee. On consent by Parties, the G-77/CHINA noted the importance of doing so especially in situations where the concerned Parties did not trigger the process, saying this is necessary for fairness and appropriate acceptance of the conclusions.

The G-77/CHINA also proposed noting that the outcome of the Committee's work shall include, as necessary, measures for the effective implementation of the Convention. CANADA and the US said the G-77/China proposal changes the scope of the process, by referring to the entire Convention rather than the Parties in question. GHANA said comments from the MCP participants should be included in the report to the COP. The EU said the comments should be included if they diverge from the outcome of the process.

On paragraph 14 (evolution), delegates accepted text noting that these terms of reference may be amended by the Conference of the Parties. The Chair proposed that unresolved problems should be resolved in a drafting group.

CANADA, Chair of the drafting group, reported that Parties had agreed the MCP can be triggered by: a Party with respect to its own implementation; a group of Parties with respect to their own implementation; a Party or group of Parties with respect to implementation by another Party or group of Parties; and/or the Conference of Parties. On paragraph 13 (outcome), language was included that allows for concerned Parties' comments on the conclusions and recommendations to be forwarded with the report to the COP. The group agreed to defer decisions on the size and representation of the Committee to the final AG13 sessions, to allow further consultations. At the end of the session the delegates received a revised draft text.

### IN THE CORRIDORS

Industry lobbyists are looking for clearer indications from the Parties as to their expected role under Article 17 on emissions trading. Some have pointed out that, until now, the private sector's role has been assumed but far from assured. The spectrum of interests and positions within the industry lobby converge around the general concern that maximum flexibility be built into the flexibility mechanisms so that the free market can "get on with it." "There's the Protocol and there's real life," commented one observer on the key role of the markets. There is some skepticism about the level of capping flagged by the EU.

### IN THE CORRIDORS II

Some delegates voiced concern about the contact groups' progress or the lack thereof. On flexibility mechanisms, details from developing country delegates on a G-77/China position were sparse and frequently far from optimistic. Some were dismayed that emissions trading discussions are overshadowing those on the CDM. Others feared that discussions on the CDM would not address all developing countries equally. Still others cautioned that contact groups designated last week have not yet met, while new groups may proliferate.

### THINGS TO LOOK FOR

**SBI:** SBI will meet at 12:00 am in the Maritim Room.

**AG13:** AG13 will meet at 10:00 am in the Beethoven Room.

**Article 6 Workshop :** This group will meet at 1:00 pm in the Haydn Room.

**Reception:** Launch of "Rising Voices Against Global Warming", a book by Azza Taalab, with keynote speaker, Michael Zammit-Cutajar, at from 6:30-8:30 pm in the Maritim Piano Bar.