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HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 11 JUNE 1998

The Subsidiary Body for Scientific and Technical Advice (SBSTA) met in the morning and afternoon to adopt decisions. The Subsidiary Body for Implementation (SBI) met in the afternoon to consider election of officers, non-Annex I communications, review of information and arrangements for intergovernmental meetings. The *Ad Hoc* Group on Article 13 (AG13) adopted the report of its meeting. Contact groups continued discussions throughout the day.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNICAL ADVICE

Chair Kok Kee Chow (Malaysia) introduced draft conclusions on Annex I communications (FCCC/SBSTA/1998/L.2), which were adopted without amendment. Regarding draft conclusions on emissions inventories (FCCC/SBSTA/1998/L.3), the US proposed that SBSTA encourage the IPCC/OECD/IEA inventories programme to give high priority to completing its work on uncertainty, as well as to preparing a report on good practices in inventory management for consideration by COP-5. Draft conclusions on the roster of experts (FCCC/SBSTA/1998/L.4) were also adopted.

In the afternoon, the delegates adopted the conclusions on impacts of a single project on emissions in the commitment period (FCCC/SBSTA/1998/L.5) and acknowledged the additional information provided by ICELAND (FCCC/SBSTA/1998/Misc.1/Add.4). ICELAND specified that separate reporting can only be initiated in the event that the assigned emissions amounts are exceeded as a result of single projects.

The delegates also adopted conclusions (FCCC/SBSTA/1998/L.6) on Methodological Issues: Scientific and Methodological Aspects of the Proposal by Brazil (FCCC/AGBM/1997/MISC.1/Add.3) that recognize the outstanding issues raised in the proposal and welcome the offer by Brazil to host a workshop to develop them further.

SUBSIDIARY BODY FOR IMPLEMENTATION

On election of officers other than the Chair, the Chair announced that regional coordinators had reached no agreement and therefore proposed keeping the item under consideration for COP-4.

The PHILIPPINES, for the Asian Group and supported by INDIA, PAKISTAN, CHINA, SAUDI ARABIA, INDONESIA, KUWAIT AND IRAN, stated that no agreement had been reached on the election of the Vice-Chair because the incumbent regional group intended to keep it for a second term. The Asian Group had asked for a guarantee to honor the UN principle of geographical rotation after the next term but this had been rejected. On behalf of the Western

European and Others Group (WEOG), AUSTRIA recalled that the Rules of Procedure allow a second term and called for making use of the experience of WEOG's candidate. She expressed WEOG's willingness to undertake further consultations.

On communications from non-Annex I Parties, contact group Co-Chair Reifsnyder (US) said he hoped for a resolution of some translation issues by Friday. On review of information and possible decisions under FCCC Article 4.2(f), VENEZUELA reported that consultations with Turkey are ongoing. The Chair said the issue would go to SBI-9. On arrangements for intergovernmental meetings and COP-4, the Chair noted that his conclusions had been circulated in a non-paper. JORDAN said his government would be pleased to host COP-5. The Chair said the date and venue would be kept open until SBI-9. SAUDI ARABIA sought clarification on the high-level segment at COP-4. The Chair said the President of Argentina would attend the COP-4 opening ceremony on 11 November, and high level speeches would follow on 12 and 13. The US queried SBI recommendations that all heads of delegations be "accorded equal treatment" and that the segment be conducted in a "transparent manner." CHINA cited the lessons of the past. The Chair proposed consultations between the US and Venezuela. The EU wondered if the recommendations on the high-level segment showed proper respect for and trust in the host country. VENEZUELA said the organization of the COP was the responsibility of the FCCC and the recommendations on equal treatment and transparency were not directed at Argentina. He noted his pleasure at the UK's interest in the respect due Argentina. ARGENTINA said she did not believe the paragraph was offensive to her country. Her country had defended it in the G-77/China group.

AD HOC GROUP ON ARTICLE 13

AG13 Chair Patrick Széll reported on the contact group tasked to resolve outstanding issues on paragraph 11 (Committee) of the report of the meeting and on paragraph 9 of the terms of reference for the Multilateral Consultative Process (MCP). The group has agreed that: in paragraph 9, "geographical distribution" will not be placed in brackets, but a footnote denoting that this represents the G-77/China view will be included; the proposal by the US to designate half the members for Annex I Parties and half for non-Annex I Parties will be placed in brackets with a similar footnote denoting that it represents the view expressed by some Parties. The report of the meeting and draft of the MCP were adopted and will be presented at COP-4.

CONTACT GROUPS

Land Use Change and Forestry: The contact group on Land Use Change and Forestry adopted the Chair's revised draft conclusions. Under the conclusions, SBSTA would, *inter alia*: organize a workshop prior to COP-4 to consider data availability in relation to

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Article 3.3; plan a workshop after COP-4 to focus on issues arising from Article 3.4; ask the IPCC to prepare a special report to enable the COP to take decisions on land use, land change and forestry at COP/MOP-1. The special report would address the methodological, scientific and technical implications of the Protocol, particularly Article 3. The conclusions state that issues not covered by the special report would be included in the TAR.

Technology: On technology information centre(s), the G-77/CHINA requested more time to reach a group position. The EU asked for comments on the remainder of the text. Following proposals from the PHILIPPINES, the US cautioned against re-opening agreed text. The group could not reach a conclusion and will consider the issue at SBSTA-9.

Adverse Effects of Climate Change and Impacts of Response Measures: The contact group on implementation of FCCC Articles 4.8 and 4.9 (adverse effects and impacts) reconvened to review a Co-Chairs' compilation together with a G-77/China draft decision paper. SAUDI ARABIA bracketed a US proposal to reference an AGBM roundtable and the IPCC Oslo workshop on the economic impacts of Annex I actions on all countries. Parties disagreed over the "considerable uncertainties" associated with the assessment of adverse effects of climate change and "very considerable uncertainties" regarding the impact of response measures. The US, the EU and AUSTRALIA said the uncertainties regarding the impact of response measures are greater. SAUDI ARABIA preferred "considerable uncertainties" regarding response measures and proposed merging effects and impacts in one paragraph. He bracketed the word "very." The US objected and said there were huge uncertainties surrounding the impact of response measures. The G-77/CHINA agreed to use two paragraphs and proposed deleting the word "very." The G-77/CHINA and the US supported deletion of a paragraph noting the difficulty in distinguishing between natural and human-induced climate change. The EU placed it in brackets.

On a paragraph requesting the SBSTA to provide information, JAPAN proposed deleting a reference to Protocol Articles 2.13 and 3.14, and said Parties needed to agree a process for delivery of the information. VENEZUELA proposed adding a reference to assisting the COP/MOP-1 in its consideration of the Protocol Articles. The alternative proposals referencing the Protocol were placed in brackets. The EU, supported by AUSTRALIA, JAPAN and the US, preferred to drop the list of information requests and to reference an earlier paragraph in the Co-Chairs' text, on identification of effects and impacts. The additional request for information related to the [identification] of adverse effects and impacts was also placed in brackets together with a reference to vulnerability assessment. The US added national communications under FCCC Article 12 to information sources. Parties agreed a paragraph stating that the Secretariat could assist SBSTA by, if necessary, drawing on the roster of experts and organizing expert meetings.

Mechanisms: The contact group on mechanisms continued discussion of the elements of the G-77/China's proposed work programme. Countries were limited to volunteering proposals for additional elements and questions for clarification. For CDM and Article 6 projects, delegates considered elements under methodological/technical work, institutional issues, process and linkages, as well as participation in projects under CDM. For emissions trading between Annex I Parties, delegates considered general issues.

On emissions trading, the US questioned the inclusion of language on rights and entitlements of Annex I Parties. The G-77/CHINA commented that "rights" is in the literature on domestic common property resource trading schemes and in the FCCC regarding the right to develop. The EU, with the US, stated that entitlements for trading have already been established under the Kyoto Protocol. The US said it is not "rights" but "assigned amounts" that are discussed in the Protocol, and that the emissions and allocations

of non-Annex I Parties will only be addressed in the longer term when they participate. He invited discussion on this. Several delegates questioned the inclusion of language on funding of adaptation in the G-77/China's paper.

Additional elements were proposed by Annex I Parties, including SWITZERLAND, the EU, the US, CANADA, AUSTRALIA and NEW ZEALAND. Under emissions trading, new text covered, *inter alia*, involvement of legal entities and verification, reporting and accountability with regard to principles, modalities, rules and guidelines. Under the other topics additions were proposed on such topics as: review of implementation of Article 6 by expert review teams; methodological issues surrounding additionality; guidelines for projects and project base-lines on sinks; an overall institutional framework; Executive Board supervision; and accessibility of participation. A proposal for guidelines on the eligibility of projects initiated under the AIJ pilot phase for generation of emissions reduction units was opposed by the G-77/CHINA.

The Chair proposed to prepare a set of "Chairs' personal notes" based on the discussion.

In the evening, Chair Meira Filho (Brazil) recalled that work remained on linkages under CDM and Article 6. Delegates received a revised proposal on the work programme on mechanisms incorporating additions from the morning session, as well as "Chairs' personal notes." The EU sought clarification on whether issues mentioned yesterday would be reflected in the proposed work programme. The US queried the status of the new paper and objected to the Chair's suggestion that no new items or categories should be added. Noting the efforts to provide flexibility, the US said he could not accept the paper as a consensus document. The Chair clarified that due to time constraints, the contact group could not wait for consideration of issues raised by the US and proposed addressing them in the next session. The US objected to the Chair's proposal, saying all ideas must be presented in a complete way.

SAUDI ARABIA noted the efforts made by the G-77/China and stressed that other issues must be considered. He said that all issues are a package and progress on one issue cannot be expected while others are blocked. The US expressed disappointment that the G-77/China position paper (FCCC/SB/1998/Misc.1/Add.5) had just emerged as a miscellaneous (misc.) document. He called for a break to study the document.

Following several breaks, the Chair proposed to take into account all comments discussed, prepare a Co-Chairs' report with a section on personal notes and on the proposed work programme, including new submissions of items. The paper will have no legal status and will not be subject to editing. He requested the group to allow the Co-Chairs to conclude this and only show the outcome to representatives of the G-77/China, the EU, the US, Saudi Arabia and any interested Parties before presenting it to the Chairs of the subsidiary bodies. The group adjourned at approximately 10:45 pm.

Review of Adequacy of Commitments: The contact group on review of adequacy of Article 4.2(a) and (b) met in a closed meeting in the afternoon.

Allocation of Work for COP/MOP-1: The contact group on allocation of work for COP/MOP-1 failed to reach agreement. The Chair stated that he would report the results to the Chairs of the subsidiary bodies.

THINGS TO LOOK FOR

SBI: SBI will meet at 10:00 am and 3:00 pm in the Maritim Room.

SBSTA: SBSTA will meet at 10:00 am and 3:00 pm in the Beethoven Room.