



## HIGHLIGHTS FROM THE FOURTH UNFCCC CONFERENCE OF THE PARTIES 4 NOVEMBER 1998

The Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) considered the Kyoto Protocol's flexibility mechanisms in a joint plenary and contact group. SBSTA debated development and transfer of technology, and research and systematic observation. SBI considered national communications, the financial mechanism and amendments to the FCCC Annexes.

### SBSTA/SBI JOINT SESSION

The SBI and SBSTA discussed the Protocol's flexibility mechanisms (FCCC/1998/CP/MISC.7 and Add.1; FCCC/SBSTA/1998/6; FCCC/CP/1998/INF.3). The G-77/CHINA reiterated the need for the flexibility mechanisms to proceed step-by-step. MEXICO said quotas on implementation would be inappropriate and flexibility on sustainable development criteria is required. BRAZIL said the CDM should not be operational before ratification of the Protocol and implementation of domestic measures. AOSIS stated, *inter alia*, that supplementarity should be the essential guiding concept for the mechanisms.

The AFRICAN GROUP stressed that the use of flexible mechanisms be limited to an agreed amount since the primary objective of FCCC was to encourage domestic action. Appropriate work with debt relief in Africa would create an enabling environment for a wide range of CDM projects. He called for a preparatory process to enable African countries to undertake CDM projects. He stressed the importance of equity in the CDM and suggested focusing on infrastructure development in the continent.

The EU stated that the mechanisms should be developed parallel to and consistent with each other. He said domestic actions should be the primary means of emissions reductions and the mechanisms should be supplemental. He called for the definition of a quantitative and qualitative ceiling based on equitable terms. SWITZERLAND suggested the creation of a compliance mechanism. The EU, SWITZERLAND and SLOVENIA said COP-4 should agree on as many principles as possible and adopt detailed schedules on enacting the Kyoto Protocol. AUSTRALIA said the flexibility mechanisms were to be open, market-based, transparent, cost effective and equitable; provide comprehensive coverage, including sinks; and be fungible. With NEW ZEALAND, she opposed restrictions on trade in assigned amounts, characterizing them as inequitable, costly, arbitrary and difficult to implement.

With CANADA, the US and NORWAY, JAPAN underscored the importance of: addressing the flexibility mechanisms in parallel, reaching early agreement; and developing a work plan for unresolved issues. He favored giving priority to technical issues. Supported by CANADA and the US, he opposed quantitative ceilings for reductions achieved through the flexibility mechanisms, noting there is no ceiling on transfers of assigned amounts under Protocol Article 4 ("bubble"). On the CDM, he favored: transparency; inclusion of sink projects; private sector involvement; use of public funds to ensure equitable geographical distribution of projects; and a standardized and/or project-by-project approach for baselines. With CANADA, he said host countries should determine sustainable development criteria.

CANADA said the adaptation fee should be minimal and predictable. The US underscored the importance of meeting targets at the lowest cost to sustain public support. The REPUBLIC OF KOREA said the private sector could only embark on long-term planning once details for operationalizing the CDM are elaborated. Yvo De Boer (Netherlands) and Luis Gylvan Meira Filho (Brazil) will co-chair a joint contact group on mechanisms.

### SBI

Delegates considered the review of information and possible decisions under Article 4.2(f), which addresses amendments to FCCC Annexes (FCCC/CP/1998/13; FCCC/CP/1997/MISC.3). The Chair recalled that informal consultations were held during the last two sessions but no consensus emerged. PAKISTAN requested Parties to delete Turkey from Annex I. TURKEY said it remained unable to sign the FCCC while in Annex I. The EU said all OECD countries should have legally binding targets. Informal consultations will be held.

On the second compilation and synthesis of second national communications from Annex I Parties, the Secretariat provided a review of documentation and discussed gaps in data and reporting (FCCC/CP/1998/11; FCCC/CP/1998/11.Add.1; FCCC/CP/1998/11.Add.2). The debate included reference to the in-depth review process and the proposal for an exercise of data comparison (FCCC/CP/1998/4; FCCC/CP/1998/5; FCCC/CP/1998/MISC.8; FCCC/CP/1998/INF.9). The G-77/CHINA, with the PHILIPPINES and CHINA, expressed concern about: increasing emission trends among Annex II Parties; activities relating to financial resources and technology transfer; the lack of progress in the development of policies and measures; and gaps in reporting by Annex I Parties.

NORWAY, with the EU, AUSTRALIA, the US and CANADA, stated that: the national communications and their review were important to the Convention process; reporting issues and guidelines require increased attention; and the Secretariat should conduct more analytical work. The EU, NEW ZEALAND, the US, SWITZERLAND,



CANADA and NORWAY said the third national communication should be due in 2001. The EU, NORWAY and the US supported the Secretariat's proposed paper on comparison of activity data, but sought clarification on several technical and procedural issues. A contact group co-chaired by Alexander Metalnikov (Russian Federation) and Mahmoud El Gaouth (Mauritania) will consider the issue.

On national communications from non-Annex I countries (FCCC/CP/1998/MISC.4; FCCC/CP/1998/INF.2; FCCC/CP/1998/CRP.1), the PHILIPPINES highlighted the need for capacity building and financing, which should follow the guidelines for initial communications in Decision 10/CP.2. CHINA, supported by TOGO and CENTRAL AFRICAN REPUBLIC, said the decision recognized the need for adequate and additional financial resources for inventories, an enormous task for some developing countries. CHILE and COLOMBIA described ongoing efforts toward their initial national communications. URUGUAY and KOREA described their initial communications and national efforts underway to limit GHGs.

The EU said communications should be considered on a country-level basis and more frequent workshops would be beneficial. SWITZERLAND and AUSTRALIA underscored that non-Annex I communications undergo a review process similar to Annex I. Dan Reifsnnyder (US) will chair a contact group on this issue.

Delegates debated the Report on the Global Environmental Facility (GEF) (FCCC/CP/1998/12; FCCC/CP/1998/12.Add.1; FCCC/CP/1998/MISC.3) the financial mechanism and the review process (FCCC/SBI/1998/MISC.4, FCCC/SBI/1998/MISC.4.Add.1; FCCC/CP/1998/MISC.3). Several developing country Parties suggested a political reorientation of the GEF to meet their needs, such as the continuation of non-Annex I communications. Several developed country Parties suggested that GEF should operate as the Convention's financial entity, although improvements are needed. Chair Kante called for unity among the delegates to resolve the status of the GEF and appealed for a solution. John Ashe (Antigua and Barbuda) and Dan Reifsnnyder (US) will chair a contact group.

Regarding the second review of the adequacy of Article 4.2(a) and (b) (FCCC/CP/1997/7; FCCC/CP/1998/MISC.6; FCCC/CP/1998/MISC./Add.1), there was consensus among Parties that the current commitments were inadequate and a decision should be reached at COP-4. The G-77/CHINA and several developing countries said: the issue is important to the Convention; a clear decision defining new commitments needs to be reached; and developed countries were shirking their responsibilities in this matter. Several developed countries indicated that a resolution of this issue is possible at COP-4, but a decision should be forward-looking and create an enabling framework that could include a broader range of commitments. A contact group will consider the issue. After consultations, the SBI decided to postpone a decision on Turkey's Annex I status until COP-5.

### SBSTA

SBSTA considered development and transfer of technologies, and research and systematic observation (FCCC/CP/1998/6; FCCC/CP/1998/MISC.5 and Add 1-2; FCCC/TP/1998/1; FCCC/1998/CP/11.Add.1). CLIMATE TECHNOLOGY INITIATIVE (CTI) said it aims at fostering international cooperation to accelerate the diffusion and development of climate-friendly technology and practices. JAPAN described its programme with China and its regional Internet-based climate change network. The EU requested the Secretariat to examine ways to complement technical cooperation with technological transfer.

The G-77/CHINA said without practical technical know-how, technology transfer would be impossible. SENEGAL said if developing countries were to meet their commitments, capacity development should accompany technology transfer. The US opposed the G-77/China proposal for a new technology transfer mechanism as it would be difficult to agree on its terms of reference. ARGENTINA, with AOSIS, stressed the need to consider adaptation as well as mitigation. He supported a role for the Secretariat in linking providers and receivers of technology and for international organizations in providing resources.

With GRENADA and KOREA, CHINA emphasized the role of national governments and international organizations and said technology transfer should be on non-commercial and preferential terms. She added that transfer of technology relates to the Convention and should not be linked to the Kyoto Protocol. She questioned assessment of experiences, noting minimal progress in technology transfer since 1992, and favored focusing on existing technologies over assessment of emerging technologies.

Noting the need for an enabling environment and the potential of the CDM, CANADA and AUSTRALIA said the private sector should be the main vehicle for technology transfer. KOREA and CANADA supported work on inventories for sources of new technologies and gap identification. AUSTRALIA supported analysis of barriers to technology transfer and suggested SBSTA draw on its roster of experts. He proposed the establishment of an Internet-based network to enhance information dissemination.

With the US, KOREA said debates on conceptual issues should not impede progress of the work programme. The US added that technology transfer should be practical, sector-specific and driven by country priorities. He proposed that the Secretariat prepare a report on technology transfer and development efforts by Parties for consideration by SBSTA at its next session and endorsed the Secretariat's proposal to establish a consultative process to develop consensus on next steps. IRAN favored encouraging participation of government and private industries in technology transfer.

MALAYSIA expressed disappointment at the lack of progress over the last few years and called for developed nations to establish information centers. RÉSEAU ACTION CLIMAT proposed that technologies be accompanied by "least cost evaluations," i.e. accounting of cultural, financial and other costs. He called for locally adapted technology transfer. A contact group chaired by Wanna Tanuchaiwatana (Thailand) and Renata Christ (EC) was convened to discuss the issue.

On Research and Systematic Observation, Global Climate Observing Systems (GCOS) presented a Report on the Adequacy of Global Climate Observing Systems. It recommends, *inter alia*, that Parties prepare national plans and exchange of relevant data. The Global Ocean Observing System (GOOS) also made a presentation.

WMO highlighted problems with the quality and frequency of observations, and spatial gaps over some climatically important areas. Supported by several Parties and UNEP, he underscored capacity building, financial assistance, and improved climate observation and monitoring. AUSTRALIA supported the recommendations of the GCOS Report. ICELAND called for increased efforts to enhance observational capacity over oceans. Noting the emerging consensus to address the degradation of observatory systems, the Chair proposed informal consultations chaired by Dr. Sue Barrell (Australia) and Dr. Mohammed Mhita (Tanzania).

### JOINT CONTACT GROUP ON FLEXIBILITY MECHANISMS

The joint contact group discussed the preparation of a comprehensive work programme on flexibility mechanisms. The EU and the "Umbrella Group" distributed draft decisions and discussion documents. Other Parties, including G-77/CHINA, called for more time to consider the volume of documentation. Several developing country Parties supported addressing a wider range of issues related to the flexibility mechanisms, including technology transfer, adverse impacts, methodologies, reporting and compliance. Two small island states supported a package of 11 themes for the work programme. The Chairs distributed a "dummy" Draft Work Programme on Mechanisms and will conduct informal consultations.

### THINGS TO LOOK FOR TODAY

**JOINT SBI/SBSTA SESSION:** The joint session will meet in Plenary I at 10:00 am.