



HIGHLIGHTS FROM FCCC SB-12 MONDAY, 12 JUNE 2000

On the opening day of the twelfth sessions of the FCCC subsidiary bodies (SB-12), delegates met in a morning session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) to discuss land use, land-use change and forestry (LULUCF), and guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information). The Subsidiary Body for Implementation (SBI) considered Annex I and non-Annex I communications, the financial mechanism, and administrative and financial matters. In the afternoon, a joint SBI/SBSTA session addressed issues relating to adverse effects, compliance and the mechanisms. Contact groups were convened to continue consideration of LULUCF, adverse effects, Protocol Articles 5, 7 and 8, and the mechanisms.

SBSTA

LULUCF: IPCC Chair Robert Watson outlined the key issues in the IPCC Special Report on LULUCF. Co-Chair Gwage noted the capacity building function of the pre-session informal meetings with regard to the LULUCF Special Report and progress on the data format for submissions due on 1 August.

Several delegates called for sufficient time to consider the Special Report. The G-77/CHINA expressed concern that the "sink" in Annex I countries would create an entitlement to emit, and called for appropriate carbon accounting approaches. COLOMBIA, opposed by SAMOA, supported equal treatment of forestry in the CDM. The AFRICA GROUP underscored links between land degradation and sequestration.

AUSTRALIA and CANADA suggested dealing with Article 3.3 (afforestation, reforestation and deforestation) and 3.4 (additional activities) as a package. SWITZERLAND preferred prioritizing Article 3.3, while the EU stressed emissions reduction as the main emphasis when considering Article 3.4.

GOOD PRACTICE GUIDANCE AND UNCERTAINTY MANAGEMENT IN NATIONAL GREENHOUSE GAS INVENTORIES: Taka Hiraiishi, IPCC, said the IPCC report on this topic was a significant additional instrument in improving national inventory estimates. The EU urged adoption at COP-6 of good practice guidance as part of inventory reporting. GHANA called for regional workshops to enhance developing country understanding of the IPCC report.

ARTICLES 5, 7 & 8: Co-Chair Paciornik reported on the pre-session informal meeting and its outcomes. The US and JAPAN recommended adoption of guidelines for national systems at COP-6. The EU said some matters under Articles 5, 7 and 8 can only be completed after COP-6, as decisions made on other issues need to be taken into consideration. The G-77/CHINA said work on Articles 5, 7 and 8 should take into account other Protocol articles,

including those on demonstrable progress, the financial mechanism and adverse effects. On the linkage to the mechanisms, JAPAN proposed that any Party should be able to use the mechanisms until non-compliance with Articles 5 and/or 7 is proven.

SBI

ANNEX I COMMUNICATIONS: Delegates considered experiences with the review of second national communications. SWITZERLAND, with the RUSSIAN FEDERATION, underlined the importance of training review experts, and proposed a workshop to exchange information on the preparation of third national communications. The EU said it expected a decision on Protocol Article 7.2 (national communications) at COP-6 and a decision on Protocol Article 8 (review of information) at COP-7. The US and CANADA suggested postponing consideration of the review of guidelines on national communications until SB-14.

NON-ANNEX I COMMUNICATIONS: SBI heard the first report of the Consultative Group of Experts (CGE), which was established to assist non-Annex I Parties improve their national communications. CGE Chair José Gonzalez Miguez (Brazil) said the CGE had at its first meeting agreed on a schedule of meetings and activities, and prepared an indicative budget. The EU, opposed by BRAZIL, the CENTRAL AFRICAN REPUBLIC and KENYA, suggested that the CGE's findings be presented by June 2001 to contribute to the review of guidelines so as to adopt at COP-7 improved guidelines for the second national communications. The US urged the CGE to provide specific advice on the guidelines and report on it at SB-14.

FINANCIAL MECHANISM: Several Parties highlighted the importance of the GEF's support for the preparation of non-Annex I national communications and expressed appreciation for the GEF Capacity Development Initiative (CDI). CANADA supported the comprehensive approach in assessing capacity development needs. The EU said the CDI should provide the basis for a framework on capacity building, along with national communications. The G-77/CHINA stressed the need to link the CDI to the overall process under decision 10/CP.5 (capacity building in developing countries) to avoid duplication. The IPCC outlined the GEF's proposal entitled "Assessment of Impacts of, and Adaptation to, Climate Change in Multiple Regions and Sectors in Coordination with the IPCC."

ADMINISTRATIVE & FINANCIAL MATTERS: FCCC Executive Secretary Michael Zammit Cutajar presented a document on late payment of contributions. He suggested consideration of the option that Parties with arrears of one year or more could be ineligible to, *inter alia*: host a session of the COP/Subsidiary Bodies; be invited to or receive funding to attend informal meetings; or be allocated membership of the Bureau of the COP or its



subsidiary bodies. Several Parties stressed the need for further exploration of the options presented by the Executive Secretary. Informal consultations will be held on this issue.

JOINT SBI/SBSTA

SBSTA Chair Dovland (Norway) opened the meeting and called on delegates to develop text on as many issues as possible in accordance with the Buenos Aires Plan of Action. The G-77/CHINA stressed the need to negotiate the issues as a package and said the outcome should be a balanced set of decisions. He called on Annex II Parties to commit specific financial resources for technology transfer and capacity building by COP-6.

ADVERSE EFFECTS: Chair Dovland reported on the recent workshops and informal meetings on FCCC Article 4.8 and 4.9 and Protocol Article 3.14 (adverse effects). The G-77/CHINA, with other non-Annex I Parties, advocated the adoption of two draft decisions: one on Article 4.8 and 4.9 and another on Article 3.14. The EU, AUSTRALIA, JAPAN, US and SWITZERLAND preferred a single decision. AUSTRALIA, with JAPAN and others, said the consolidated text was not an appropriate basis for contact group discussion, and proposed revisiting the compilation of Parties' views.

COMPLIANCE: Co-Chair Slade of the Joint Working Group on Compliance (JWG) reported on the workshop held from 1-3 March 2000 and the informal meetings preceding SB-12. He said that these, together with further submissions from Parties, formed the basis for the negotiating text for SB-12.

MECHANISMS: Chair Chow reported on progress made during the inter-sessional period and introduced relevant documents, including the draft consolidated text on mechanisms. A number of delegates said the new consolidated text formed a useful basis or reference point from which to proceed. The G-77/CHINA stressed the need to include rather than exclude views, and to determine the nature of the process and terms of reference for the contact group on mechanisms in the lead-up to COP-6.

COLOMBIA said the CDM should: ensure sufficient additionality; provide for equal treatment between the three mechanisms; recognize the unilateral model for the formulation of projects; and focus on prioritizing the sustainable development aspect of CDM. ROMANIA, speaking for the Group of Eastern European countries, and supported by the US, said JI and CDM have distinct roles and should not be treated in the same way. AUSTRALIA cautioned against loading JI and CDM with transaction costs. CHILE supported inclusion of sinks within the CDM.

CONTACT GROUPS

LULUCF: Delegates considered the Co-Chairs' note on draft conclusions for SBSTA-12 relating to criteria and guiding principles for identification and selection of additional activities under Article 3.4. The EU called for inclusion of further criteria and a guiding principle emphasizing emissions reduction. AUSTRALIA disagreed, stressing the importance of not being prescriptive, but allowing for consideration of national circumstances. TUVALU and the G-77/CHINA proposed deleting reference to sustainable development and to multilateral environmental agreements. Some Parties suggested referring to specific articles, but proceeded to agree on a general reference to the FCCC and the Protocol.

ADVERSE EFFECTS: Co-Chair Kjellén emphasized that the goal of the contact group was to develop a proposal for negotiating text for consideration at SBSTA-13. On procedural issues, delegates differed over whether to develop one or two draft decisions. SAUDI ARABIA and several other developing countries, opposed by AUSTRALIA and JAPAN, supported continuing work on the basis of the Co-Chairs' consolidated text. SWITZERLAND said it was premature to take a decision on long-term actions without further research, information and a full assessment of options, and said this process was moving too fast. Several non-Annex I Parties expressed concern that this position would make it difficult to move forward, and KUWAIT noted that this could result in the

whole package of issues being blocked. NIGERIA said there was sufficient information to take action, in spite of gaps. Co-Chair Kjellén said the group should continue discussions to move forward based on the consolidated text.

MECHANISMS: Chair Chow introduced the draft consolidated text on mechanisms. SAUDI ARABIA requested adjournment of the meeting, noting the obstructive position of certain Annex I Parties in the contact group on adverse effects, and recalling the agreement struck on 9 June to use the consolidated texts on adverse effects and on mechanisms as the basis for negotiation. SWITZERLAND, supported by SAMOA, CANADA and JAPAN, and opposed by BRAZIL and KUWAIT, requested further discussion on the consolidated text. Delegates resumed their deliberations and recommended, *inter alia*: the development of a more concise text; elaboration of the nature and scope of the mechanisms; development of a participatory and transparent system that engages the private sector; and clarity on dealing with assigned amounts within each mechanism.

ARTICLES 5, 7 & 8: This contact group reached agreement on the second draft of the Guidelines for National Systems under Protocol Article 5.1. The Secretariat introduced SBSTA-12 draft Conclusions on Good Practice Guidance and Uncertainty Management in National GHG Inventories. In considering the Chairs' draft Conclusions on Guidelines under Protocol Articles 5, 7 and 8, delegates discussed, *inter alia*, deadlines for the voluntary implementation of the guidelines for national systems and for their possible revision based on experience of Parties.

TECHNOLOGY TRANSFER AND DEVELOPMENT: The Friends of the Chair group exchanged views on the themes for action emerging from the regional consultative process.

IN THE CORRIDORS

The spirit of cooperation generated during the informal meetings was shaken late Monday, when tensions in negotiations in the contact group on adverse effects spilled over into the mechanisms group in what many saw as tit-for-tat reprisals. The apparent reluctance of some Annex I Parties to discuss a consolidated text based on Parties' proposals on adverse effects sparked a response in the mechanisms group from Saudi Arabia, who sought to bring the meeting to an abrupt halt. Several delegates observed that the incident underlined the difficulties in moving forward on a "package" given some Parties' insistence on simultaneous progress on all issues. Others also noted that divisions within the G-77/China on adverse effects were becoming more apparent by the day.

THINGS TO LOOK FOR TODAY

SBI: SBI will convene at 10:00 am in Plenary I to consider arrangements for intergovernmental meetings and administrative and financial matters.

SBSTA: SBSTA will meet at 10:00 am in Plenary II to consider technology transfer and policies and measures.

LULUCF: The contact group on LULUCF will meet at 12:00 pm in the Reger Room to consider the Co-Chairs' draft conclusions.

COMPLIANCE: The JWG is expected to meet this afternoon to discuss the Co-Chairs' text.

ARTICLES 5, 7 & 8: This contact group will meet from 7:00 pm and is expected to consider a new text of draft conclusions on Guidelines under Protocol Articles 5, 7 and 8, and the Co-Chairs' text on Proposed Elements of Draft Guidelines under Article 8 of the Kyoto Protocol.

Meetings are subject to change. Consult the announcement board for details.