



HIGHLIGHTS FROM FCCC SB-12 WEDNESDAY, 14 JUNE 2000

The Subsidiary Body for Implementation (SBI) met in the morning to consider Annex I and non-Annex I communications, and the financial mechanism. The Joint Working Group on Compliance (JWG) continued discussions on the Co-Chairs' text. Contact groups met in afternoon and evening sessions to consider: land use, land-use change and forestry (LULUCF); adverse effects; the mechanisms; and guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information). Informal consultations were held on capacity building in developing countries, and on policies and measures. The Friends of the Chair group on the technology transfer consultative process also met.

SBI

NATIONAL COMMUNICATIONS: Delegates adopted the draft conclusions on national communications of Annex I Parties. They also adopted conclusions on the report of the first meeting of the Consultative Group on Experts and on the provision of financial support for non-Annex I Party national communications.

FINANCIAL MECHANISM: On the financial mechanism, delegates adopted draft conclusions, with minor amendments, on the progress report on the GEF review of enabling activities and its capacity building activities.

On guidance to the GEF on support to the IPCC, the EU said that, whereas FCCC Parties should send signals to the GEF that the proposed IPCC project could benefit the process, it was not appropriate for them to prejudge the GEF Council's decision-making. He proposed replacing "approval" with "consideration" in the draft conclusions. SBI adopted the draft conclusions, as amended.

JOINT WORKING GROUP ON COMPLIANCE

The JWG continued its consideration of the Co-Chairs' Text. On Scope of Application, CHINA, supported by SAUDI ARABIA and opposed by ARGENTINA and CHILE, suggested listing the Annex I Parties' commitments to which the compliance system would apply, and said issues of compliance with other commitments would be dealt with under the Multilateral Consultative Process. On Establishment, Structure and Functions, the US, with AUSTRALIA, said the text should emphasize the two-branch structure. CANADA specified that the outcomes of the facilitative branch would not be limited to outcomes of a non-mandatory nature. On Structure, SAUDI ARABIA, with SAMOA, said members should equally represent the five UN regional groups. NEW ZEALAND sought greater representation of Annex I Parties. On Functions, many delegates opposed a screening func-

tion. The US urged automatic application of mandatory outcomes. SAUDI ARABIA suggested that the compliance body determine mandatory outcomes or consequences only for Annex I Parties.

On Submission of Questions, several delegates stressed the importance of Article 8 (review of information) Expert Review Teams (ERTs) reports. SAUDI ARABIA, opposed by NEW ZEALAND, supported a role for the COP/MOP. The US proposed that Parties should be able to raise questions regarding another Party's implementation only with respect to the facilitative branch. The EU proposed that the Secretariat also be able to refer questions of compliance. On Preliminary Examination of Questions, SAUDI ARABIA suggested that multiple cases on the same type of issues should be referred to the subsidiary bodies.

On Proceedings, several delegates stressed the importance of integrating elements of the Annexes in the main text. On Decision-Making, SAUDI ARABIA said decisions would be adopted by consensus, and in case of failure, by a three-fourths majority vote. On Avoidance of Conflict of Interest, CHINA proposed that the member of the compliance body who is a national of a Party involved in a matter shall not take part in "the consideration of the matter." CANADA added that this includes members having a direct or indirect interest in the matter. On Sources of Information, the G-77/CHINA, opposed by NEW ZEALAND, distinguished between mandatory and non-mandatory sources. The US, with NEW ZEALAND, suggested the possibility that NGOs submit information. He said the Party concerned should have the opportunity to respond to the information submitted. The RUSSIAN FEDERATION, the US and SAMOA said the issue of confidentiality of information might conflict with the principle of transparency and needed further thought.

On COP/MOP, SWITZERLAND, with NEW ZEALAND, said it would "take note" of the compliance body's reports. On Outcomes and Consequences, SAUDI ARABIA said the CDM should not be addressed under the compliance system. With CHINA, he added that references to "Party" with respect to eligibility requirements should be prefaced by "Annex I." BRAZIL, with SAMOA and the EU, suggested framing "financial penalty" as a separate option. NEW ZEALAND introduced an option permitting purchase at a penalty rate, *inter alia*, from future commitment periods. AUSTRALIA suggested adding that if an Article 4 (joint fulfillment) Party becomes ineligible to use the mechanisms, all other members of the agreement would lose access to the mechanisms. On Other Provisions, the G-77/CHINA suggested requesting the Secretariat to prepare possible options for the adoption of procedures and mechanisms related to compliance. On Annexes, Parties differed on the need to integrate them into the main text.

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CONTACT GROUPS AND INFORMAL CONSULTATIONS

LULUCF: Delegates discussed changes to the draft conclusions. Noting the concern of many non-Annex I Parties with regard to understanding the IPCC Special Report on LULUCF, Co-Chair Thorgeirsson said an extra day had been reserved for a briefing at the workshop in Poland in July. The G-77/CHINA said this did not reflect their request for regional workshops, and delegates agreed to an additional conclusion inviting the SBSTA to encourage workshops. AUSTRALIA and the EU said capacity building should be considered within the broader context of SBSTA's work.

Co-Chair Thorgeirsson highlighted the proposal to convene an intersessional meeting between SB-13 and COP-6 to support the negotiation process. He urged delegates to focus on requirements for COP-6, noting that capacity building could be achieved over a longer time period. AOSIS stressed the importance of regional workshops and questioned the mandate for an intersessional meeting.

AUSTRALIA called for a compilation of central textual proposals to assist work at SBSTA-13. The EU distributed draft conclusions requesting parties to provide textual proposals to be presented with 1 August submissions and requesting the Secretariat to prepare a synthesis according to specific elements. CANADA, AOSIS and others proposed changes, and discussions continued late into the night.

ADVERSE EFFECTS: Co-Chair Kjellén outlined a cluster of issues to be addressed in drafting the text for negotiation at SBSTA-13. SAUDI ARABIA urged that the consolidated text form the basis for negotiations, and emphasized the need to include all proposals. The EU suggested that the consolidated text simply be a reflection of discussions that may form the basis for later negotiation.

JAMAICA underlined the need for future workshops aimed at concrete actions. The PHILIPPINES, with the US, supported investigating connections between climate change and extreme weather events, while NIGERIA stressed the need for preparedness to cope with such events in developing countries. The UK said identification of actions is only possible with an understanding of the relationship between climate impacts and other phenomena. The EU said scientific uncertainty should not be a reason for inaction.

ARTICLES 5, 7 & 8: Delegates considered the draft conclusions on Guidelines under Articles 5, 7 and 8 of the Kyoto Protocol. Delegates agreed on the text, including language highlighting agreement on the guidelines under Article 5.1 (national systems) and the preparation of a draft decision at SBSTA-13 to be adopted at COP-6. Delegates considered the General Approach to Review of the Co-Chairs Proposed Elements of Draft Guidelines under Article 8 of the Kyoto Protocol and provided guidance to the Secretariat in its elaboration of the text. The EU said the guidelines should include the elements for review under the FCCC and the Protocol, but would single out those parts of the guidelines not applicable to Annex I Parties that are not Parties to the Protocol. The G-77/CHINA suggested adding the objective of ensuring that the compliance body has the information necessary to carry out its functions. The EU said all ERTs reports would be forwarded to the compliance body.

MECHANISMS: Delegates considered the draft consolidated text on mechanisms. Deliberations focused on the nature of discussions necessary at this stage. While AUSTRALIA, POLAND, CANADA and the US favored bracketing text, the G-77/CHINA and SAUDI ARABIA stressed that this was not a negotiation and suggested instead that Parties focus only on "inclusions" to the text. Delegates considered Part One of the Consolidated Text on Mechanisms relating to JI and indicated areas where specific written

proposals would be submitted and text added. Participants differed on the need for, *inter alia*, the Executive Board, sinks in JI, share of proceeds, and the appendix on supplementarity.

POLICIES AND MEASURES: Delegates considered draft conclusions on policies and measures (P&Ms). The EU tabled additional paragraphs on conclusions, including a proposed Terms of Reference (ToR) for a possible workshop on P&Ms. The G-77/CHINA presented alternative text on ToR. On the original draft conclusions, delegates agreed to, *inter alia*: replace "best" with "good" practices; and specify reference to paragraph (b) of Protocol Article 2.1. The EU, POLAND, SWITZERLAND and the G-77/CHINA, opposed by AUSTRALIA, CANADA, JAPAN and the US, urged that the ToR be considered prior to COP-6. Delegates agreed to include, in brackets, EU text encouraging parties to submit their views at SBSTA-13 on ToR and on the timing of the process, and the G-77/CHINA's proposal to refer to holding a workshop in "early" 2001.

CAPACITY BUILDING: This group considered the Chair's text on capacity building in developing countries. On the principles outlined in the text, issues highlighted include the need for country-driven capacity building, partnership with developed countries, and financial resources.

On Strategy, delegates highlighted subregional or regional approaches and the need to consider past and ongoing activities. The G-77/CHINA proposed addressing financing and implementation as separate sections. The NETHERLANDS suggested accounting for capacity-building when planning the GEF's third replenishment. UGANDA said funding for capacity building should be additional to ODA. On the role of the Secretariat, delegates said it should avoid an operational role but act as a facilitator.

TECHNOLOGY TRANSFER: The Friends of the Chair continued to consider actions required in relation to technology needs and needs assessment, enabling assessment, and technology information. The group also considered and agreed on the SBSTA Chair's draft conclusions.

IN THE CORRIDORS

Some participants were commenting on contrasting positions emerging from certain EU members on nuclear technology under the CDM. While one Party announced a strong "anti" stance, another publicly indicated its support for allowing nuclear technology within the CDM. Speculation among a number of participants centered on how this might impact the eventual elaboration of the EU's position on this issue.

THINGS TO LOOK FOR TODAY

COMPLIANCE: The JWG is expected to meet at 10:00 am and at 9:00 pm in Plenary II to discuss a revised Co-Chairs' text.

MECHANISMS: This meeting will take place in Plenary II from 11:00 am to consider the Chairs' draft consolidated text.

ARTICLES 5, 7 & 8: This group will meet at 12:00 pm and 8:00 pm in the Reger Room to continue consideration of the Co-Chairs' Proposed Elements of Draft Guidelines under Article 8 of the Kyoto Protocol

LULUCF: This contact group will meet at 3:00 pm in the Reger Room to consider the Co-Chairs' draft conclusions.

ADVERSE EFFECTS: This contact group will meet at 3:00 pm in the Schumann Room to continue consideration of the Co-Chairs' consolidated text.

SBSTA: SBSTA will convene at 5:00 pm in Plenary II and is expected to start considering various draft conclusions.

CAPACITY BUILDING: An informal meeting is scheduled to take place from 6:00 pm in the Schumann Room.

FRIENDS OF THE CHAIR: This will meet to finalize the draft SBSTA conclusions on technology transfer and development.