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INC-11 HIGHLIGHTS FRIDAY, 10 FEBRUARY 1995

PLENARY

The Plenary held informal consultations on the Rules of Procedure in the morning and discussed arrangements for COP-1 and the Permanent Secretariat in the afternoon.

AGENDA ITEM 6 — RULES OF PROCEDURE: The Chair of the informal consultations, Amb. T.P. Sreenivasan, proposed that delegates exchange views on the outstanding issues in the Rules of Procedure (A/AC.237/L.22/Rev.1) and then establish a drafting group to work out the details.

Rule 4 (Dates of Sessions): Delegates could not reach agreement on the bracketed sentence prohibiting COP sessions during religious holidays of a significant number of delegates. Saudi Arabia, Kuwait and Sudan called for its retention. France (on behalf of the EU), Fiji, Australia, Kenya, Benin and the UK understood the concerns, however, worried about setting a precedent. Furthermore, many agreed that the second paragraph of Rule 4 allows for enough flexibility in setting the dates of meetings.

Rule 6 (Observers): Delegates agreed to remove the brackets so that "any international entity or entities entrusted by the COP pursuant to Article 11 of the Convention with the operation of the financial mechanism" can be represented at the COP as observers.

Rule 12 (Agenda): Two issues remain: should the Secretariat consult with the President or the Bureau when submitting additional items for the agenda, and should there be a time limit. Some delegates proposed replacing this rule with Rule 11 from the Biodiversity Convention's Rules of Procedure. Others thought that the submission of agenda items was covered in Rules 10 and 13.

Rule 27 (Subsidiary Bodies): For Paragraph 2, on establishing subsidiary bodies, the Parties agreed to delete "by consensus," and to begin the paragraph with a reference to Article 7(2)(i).

For paragraph 4, on meetings of subsidiary bodies, the EU and Argentina commented that convening the meetings in conjunction with the sessions of the COP would not allow the Secretariat time to disseminate the results. China, Saudi Arabia, Trinidad and Tobago, and Kuwait said their staffs were limited and meetings in conjunction with the COP would allow for better use of resources.

Rule 42 (Voting): The major issues to be resolved include the general rule on matters of procedure, deviations from that rule; the general rule on matters of substance, the rule on the adoption of protocol, and the rule on financial matters. Numerous delegates said that matters of procedure should be decided by a simple majority. There was disagreement on whether matters of substance and/or protocols should be decided by consensus or, if that fails, by a 2/3 or a 3/4 majority.

AGENDA ITEM 2 — ARRANGEMENTS FOR COP-1: The Interim Secretariat introduced the relevant document A/AC.237/78, Add.1 and Add.2 and invited the Plenary to comment on the establishment of a sessional Committee of the Whole, participation in the debate during the ministerial segment and duration of statements. The EU stressed the importance of paragraph 42 of A/AC.237/78 allowing for endorsement of the INC's recommendations without referring them to the Committee of the Whole. Germany and Hungary commented on the need for a productive ministerial segment. The Plenary accepted the suggestions in the document. The Chair reported on preliminary consultations concerning the election of officers for COP-1 and the subsidiary bodies. The head of the German delegation will serve as President. There will be seven Vice-Presidents, a Rapporteur and the Chairs of the two subsidiary bodies.

AGENDA ITEM 10 — REVIEW OF ACTIVITIES OF THE INTERIM SECRETARIAT: The Interim Secretariat introduced document A/AC.237/80, a review of Secretariat activities and extrabudgetary funds. He explained the geographic diversity of the staff, estimates for funding needs and contributions to the Special Voluntary Fund. The EU, supported by Germany, Switzerland and Canada, proposed a working group to address budgetary matters and asked that it review the 1995 and 1996/97 budgets.

AGENDA ITEM 5 — DESIGNATION OF A PERMANENT SECRETARIAT: The Chair introduced document A/AC.237/79 on designation of the Permanent Secretariat, and distributed A/AC.237/79/Add.5, Conclusions of the Contact Group, and Add.6, Institutional linkages.

Institutional Linkages: The Chair summarized the document and said they would discuss this further on Monday.

Financial rules of the COP and its subsidiary bodies: The Chair reported that in A/AC.237/79/Add.5, the Contact Group on the Permanent Secretariat analyzed both the financial procedures and the budget outline for 1996/97. The Contact Group supported the establishment of a Finance Committee, consisting of 10-15 Parties, which could meet during sessions of the COP or the subsidiary bodies. The Contact Group also proposed establishing a small group at this session to study the 1996/97 budget outline.

Physical Location: The Contact Group recommended that the Committee take three criteria into account in assessing the offers to host the Permanent Secretariat: convenience of access by delegations to the Permanent Secretariat and meetings; possible budgetary savings by locating the Secretariat near other UN offices or secretariats; and the contribution offered by the potential host government in cash and/or in kind.

Italy and Poland supported Bonn. Mexico supported Toronto. Australia supported Geneva, because co-location of secretariats

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allows cross-fertilization among secretariat personnel and saves costs. It also saves costs for governments that would be able to maintain fewer diplomatic missions. For similar reasons, the US, New Zealand and Norway also prefer Geneva. The Russian Federation and Japan have not completed their analyses of the proposals. Zimbabwe is flexible. Nigeria said that economics and co-location are logical considerations, but hoped that this would not prevent developing countries from hosting other UN secretariats. Canada added that the logic of the Contact Group's report is that if a city is not a UN center, it should not apply.

WORKING GROUP I

Working Group I concluded its discussion of Joint Implementation, considered subsidiary bodies, and conducted informal negotiations on the Co-Chair's draft decision on methodological issues.

AGENDA ITEM 7(c) — JOINT IMPLEMENTATION: The Netherlands noted its experimental joint implementation (JI) programme and expressed regret that JI projects initiated prior to the pilot phase may not be credited. Kenya suggested that the COP should establish a clearinghouse for transfer of technologies employed in the JI pilot phase, so that developing country participants are not left at the mercy of the private sector. The Chair proposed establishing a contact group to resolve differences.

AGENDA ITEM 7(e) — SUBSIDIARY BODIES: The Secretariat presented document A/AC.237/85 on the roles of the subsidiary bodies. France, on behalf of the EU, supported by Canada and others, endorsed the SBSTA's two technical advisory panels. The EU added that the review of adequacy of commitments should be given to an *ad hoc* committee. The US thought this was the SBI's responsibility. Australia said that both bodies are the engine of the COP and the Convention, and added that an *ad hoc* committee under SBI review the adequacy of commitments. Benin pointed out that periodic reports on the implementation of the Convention had not been included. Japan called for limiting the number of working languages. New Zealand said that the SBSTA should serve as the link between IPCC and the COP, and the negotiation of any new instrument strengthening the Convention should be under the SBI. The US called for a clear division of responsibilities with the SBSTA offering guidelines used to produce national communications, and the SBI evaluating the synthesis report based on measures and policies from national communications. The US also stressed the need for maintaining the intellectual objectivity of the IPCC. The Philippines, on behalf of G-77 and China, said that the SBSTA should not be subordinated to the SBI as if they were parallel bodies, and added that the SBSTA should work out guidelines for the IPCC report. China said that given the importance of both bodies, all six UN working languages were required. Malawi said that the IPCC should not be subordinated to the SBSTA.

AGENDA ITEM 7(d) — METHODOLOGIES: The Chair initiated informal consultations on Item 7(d), Methodological Issues. China objected to paragraph 1(b) directing non-Annex I parties to use IPCC guidelines in preparing their national communications. He said the guidelines are too bulky, complicated and expensive for developing countries to implement. He suggested developing country Parties would work out comparable guidelines for their own use. The Chair pointed to the phrase "as appropriate and to the extent possible" and developed country Parties' discretionary use of the guidelines as giving developing countries flexibility. China, supported by Malaysia, Saudi Arabia, Senegal, India, Kuwait, Micronesia and Iran, suggested changing the phrase to "as appropriate and to the extent possible simplified." The G-77 asked for further time to study the draft decision to develop a common position.

The US, supported by the EU, the Netherlands, Japan, Canada and Australia, said it was concerned about the form and nature of the simplification, who would simplify the guidelines, how transparency would be maintained, and what revising the

guidelines might cost. China responded that the G-77 and China would revise the guidelines, that transparency was a relative term in light of some Annex 1 communications, and that simplified guidelines would cost less to apply than scholastic, bombastic and complicated forms from the existing guidelines. France, on behalf of the EU, said "simplified" leaves a broad scope for interpretation, and suggested that developing countries could use IPCC default guidelines. The Chair asked if China would accept adding "defaults," but China reiterated that the IPCC guidelines are too cumbersome. As a compromise, the Chair suggested amending the text to read that non-Annex I Parties could use IPCC guidelines "or the simplified default methodologies adopted by the IPCC" and leave the original text to read "as appropriate and to the extent possible." China said the IPCC should not give instructions on reporting to sovereign States, but agreed to accept the Chair's suggestion.

The EU suggested adding language to paragraph 1(c) to read "provided that the inventories are compiled on a fully disaggregated and detailed gas-by-gas basis and that the methodologies and calculations are transparent," and "on a provisional basis" so that new IPCC methodologies could be added in the future. China said the amendment sounded like bombs to developing countries. France said the language could be amended to refer to previous decisions of the INC on guidelines, inventories and national communications. China accepted "taking account the decisions of the INC" and the paragraph was adopted.

In sub-paragraph 1(d)(ii), the EU added that the SBSTA provide advice to the COP and the SBI. China said that under the Convention both the SBSTA and SBI are parallel organizations and suggested that SBSTA provide advice to the COP and not the SBI. The UK agreed that the bodies are parallel, but that Article 9 of the Convention states that the SBSTA was established to provide advice to the COP and, as appropriate, its other subsidiary bodies.

In sub-paragraph 1(d)(iv) on a work plan and timetable on the allocation and control of emissions from international bunker fuels, the EU added a new sub-paragraph that the SBSTA, with the guidance of SBI, take into account ongoing work in governments and IGOs. In Paragraph 2 on the contribution of relevant organizations, including the IPCC to the work of the SBSTA, the EU suggested adding "scientific aspects of" before "methodologies." The Working Group then informally accepted the text. The G-77 and China asked for time to review the "*deja vu*" document and the Working Group was adjourned.

IN THE CORRIDORS

It appears as though governments that want to host the Permanent Secretariat have not limited themselves to lobbying other governments. In an interesting role reversal, some government delegates are lobbying NGOs for their support. In the end, however, it will be the governments' decision. As of Friday, consensus had not emerged. The current tally, according to Plenary statements, is: Bonn (2); Geneva (4); Toronto (1); Montevideo (0); and undecided (3).

THINGS TO LOOK FOR TODAY

PLENARY: The Plenary will meet this morning to review progress during the first week. In the afternoon, the Plenary is expected to resume consideration of Agenda Item 5, Permanent Secretariat, and Agenda Item 6, Rules of Procedure.

WORKING GROUP I: Working Group I will hold informal consultations on the formation of a contact group on JI and then discuss the draft text on the first review of national communications from Annex I Parties and the draft text on the roles of the subsidiary bodies.

INFORMAL CONSULTATIONS: This morning, Amb. Sreenivasan is expected to convene a drafting group on the Rules of Procedure. There will also be another meeting of the informal group on guidance to the financial mechanism.