



### FCCC COP-5 HIGHLIGHTS TUESDAY, 2 NOVEMBER 1999

Delegates to COP-5 convened in a morning Plenary to hear statements by observer States, IGOs, NGOs and UN bodies. In the afternoon and evening, delegates heard statements from 101 ministers and other heads of delegation in a high level segment. The contact group on mechanisms met for further discussions, and informal consultations were convened on bunker emissions, adverse effects and compliance.

#### PLENARY

##### Statements by observer States, IGOs, NGOs and UN bodies:

On progress made in climate change negotiations, PALAU said it was disappointed at the lack of progress being made at COP-5. OPEC said implementing the Kyoto Protocol would lead to dramatic economic losses for OPEC Parties, and called for equitable distribution of the costs of climate change mitigation. FRANCISCAN INTERNATIONAL said it was "disgraceful" that the entry into force of the Protocol was being delayed and, with CLIMATE ACTION NETWORK - EUROPE (CAN - E), called for its entry into force by Rio+10.

Regarding the Protocol mechanisms, WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT urged an early definition of mechanisms' governing structure and recommended that existing trade and investment frameworks be used. On the clean development mechanism (CDM) and joint implementation (JI), CAN - E said the CDM and JI should exclude nuclear power, clean coal and large hydro schemes. UNDP offered assistance for capacity building for CDM and JI. UNIDO said it was committed to the CDM's success in Africa. CAN - SOUTH EAST ASIA said trying to link AIJ to CDM would create another loophole permitting Parties to renege on their commitments. The WORLD BANK noted that its programmes on activities implemented jointly (AIJ) had provided useful lessons for both North and South, and expressed willingness to expand it to cover countries that had been less well served by the pilot phase. FRANCISCAN INTERNATIONAL said JI should be used to promote clean development and opposed nuclear energy as an option. The NUCLEAR ENERGY FORUM said the choice of nuclear energy must be based on each country's circumstances.

On the development and transfer of technologies, the BUSINESS COUNCIL FOR SUSTAINABLE ENERGY highlighted the need to encourage private sector participation. The WORLD BANK noted that it was developing its prototype carbon fund as a means for promoting clean technology.

Regarding capacity building, the GEF outlined its ongoing and planned activities supporting climate change initiatives and noted that most GEF projects contain a capacity-building component.

On interlinkages, the CONVENTION TO COMBAT DESERTIFICATION, CONVENTION ON BIOLOGICAL DIVERSITY, and RAMSAR CONVENTION ON WETLANDS noted synergies and the potential for further cooperation between the FCCC and their respective conventions.

**Special Scientific Segment:** In a special scientific Plenary segment, the World Meteorological Organization (WMO) indicated that the atmospheric concentration of human-induced greenhouse gases (GHGs) and the mean surface temperature of the earth would continue to increase, and noted that the expected recovery of stratospheric ozone will lead to the strengthening of GHG atmospheric concentrations. The IPCC said it is not a question of whether the earth's climate will change, but rather when, where and by how much. UNEP emphasized domestic action and urged Parties to ratify the Protocol to ensure its entry into force by 2002.

#### HIGH LEVEL SEGMENT

COP-5 President Jan Szyszko opened the high level segment and welcomed participants. Klaus Töpfer, Executive Director, UNEP, stated that science has provided a sound basis for addressing climate change. He said developed countries need to address their consumption and production patterns, stressing that technologies were available to reach the Protocol target. He said ratification by 2002 was achievable.

Michael Zammit-Cutajar, Executive Secretary of the FCCC, said that for there to be successful negotiations based on the BAPA: leading industrial economies should engage in early domestic action; CDM should be made the cornerstone of a North-South compact at COP-6; the bottlenecks in the delivery and consideration of non-Annex I Parties' national communications should be addressed; a credible regime prohibiting targets from being achieved solely through "hot air" and "sinks" must be developed; and the Protocol must enter into force by 2002.

**Editor's note:** to see today's Plenary statements in full, visit: <http://193.159.251.11/COP-5>.

**COP-6:** On the progress of negotiations, several Parties expressed hope that key negotiating texts, such as on compliance and mechanisms, will be produced at COP-5 to enable the BAPA to be fulfilled by COP-6.

**Protocol ratification:** Numerous Parties supported the Protocol's entry into force by Rio+10, 2002, including, *inter alia*: BULGARIA, CANADA, CARICOM, the EU, FRANCE, GERMANY, HAITI, IRELAND, ITALY, JAPAN, SPAIN, SWEDEN, and the UK. The EU said more ambitious emissions reduction commitments than those agreed to at Kyoto were needed.

**Mechanisms:** Many Parties said the use of mechanisms should be supplementary to domestic action. The EU highlighted its proposal setting a ceiling on the use of the mechanisms, and urged the development of a revised negotiating text by COP-6. Several Parties supported the prompt adoption of principles and modalities, rules and guidelines for the mechanisms. The G-77/CHINA said



differences in the nature, scope, purpose of and participation in the three mechanisms should be decided before making decisions on modalities, operational and methodological issues and institutional arrangements. The US called for the mechanisms to be designed cost effectively and developing countries to participate meaningfully.

**CDM:** The G-77/CHINA indicated that the host government should determine whether a particular project meets its sustainable development objectives. Several Parties said nuclear energy projects should not be eligible under CDM or JI. A number of developing country Parties said the eradication of poverty continues to be their overriding priority and said the GEF should continue to finance projects that are not eligible under the CDM. The AFRICA GROUP said issues of afforestation, reforestation and the preservation/reclamation of wetlands should feature highly among CDM projects. SLOVAKIA, on behalf of the VISEGRAD Group of central European countries, said rules on JI and CDM should enter the implementing phase simultaneously.

**Compliance:** Many Parties called for an effective and strong compliance system. The G-77/CHINA called for a comprehensive, efficient and fair compliance system. The EU called for a revised negotiating text for a decision to be adopted at COP-6. Several Parties called for substantial progress to be made at COP-5.

**AIJ:** The G-77/CHINA supported the continuation of the pilot phase and, with ZAMBIA, highlighted the imbalance in the geographical distribution of AIJ projects. The AFRICA GROUP said the issue of access to development financing through AIJ required urgent resolution at COP-5.

**Development and transfer of technology:** The G-77/CHINA indicated that developing countries are constrained by lack of: necessary technologies and "know-how"; appropriate institutions and financial resources; and regular forums to exchange ideas and build positions. Several developing Parties said the transfer of environmentally-sound technologies (ESTs) is the only way to guarantee that developing countries will not develop unsustainably.

**Sinks/LULUCF:** AUSTRALIA and others said sinks can contribute to a better outcome for the environment by lowering the cost of abatement action. AOSIS expressed concern that the inclusion of land-use change in national inventories may allow countries to recalculate their inventories and "erase" the bulk of what was achieved at Kyoto.

**Adverse effects:** The G-77/CHINA, NEPAL and others said developing countries are the most affected by climate change, and Annex I countries must implement their commitments relating to provision of financial resources and technology transfer. Several developing country Parties stressed the need to operationalize FCCC Articles 4.8 and 4.9 and Protocol Article 3.14 (adverse effects).

**Participation/voluntary commitments:** Many Parties noted the need for global participation. AOSIS and others stated that, at the appropriate time, it will be necessary for all countries to participate formally in the effort to reduce GHG emissions. ARGENTINA announced that it had adopted a voluntary target to reduce its GHG emissions, noting that it does not intend to abandon its status as a non-Annex I Party. She said their target would be to achieve a 2 to 10% reduction below "business-as-usual" in the 2008 - 2012 period. KAZAKHSTAN said it intended to join FCCC Annex I. JAPAN, the US, AUSTRALIA and others welcomed the initiatives by Kazakhstan and Argentina. The EU said a possible way of making all countries limit their GHG emissions is to agree on increasing global participation after the first commitment period. CHINA and INDIA said Annex I countries have the main responsibility. CHINA said it would not undertake commitments until it achieves a "medium development level."

**Domestic action:** Many Parties said domestic policies and measures should be the main means to fulfill the Kyoto targets. The G-77/CHINA and AOSIS expressed disappointment at recent emissions data revealing that many Annex I Parties are significantly exceeding 1990 levels. The EU said industrialized countries must take the lead in reducing their GHG emissions.

**Capacity building:** The G-77/CHINA, the AFRICA GROUP and others said capacity building is necessary to ensure meaningful participation from developing countries. BANGLADESH called on Parties to earmark funds from the GEF for LDCs. GERMANY urged donor countries to provide the financial means to assure the operations of the GEF.

**Non-Annex I communications:** The G-77/CHINA highlighted insufficient financial resources to meet the "agreed full costs" in the preparation of non-Annex I communications.

In addition, Parties highlighted the need for: a financial mechanism to assist SIDS in achieving adaptive capacity; strong leadership from Annex I countries in taking responsibility for action on climate change; and a meeting to explore the needs of Parties with economies in transition.

As of 8:00 pm, approximately 50 speakers were scheduled to address the Plenary.

### CONTACT GROUP ON MECHANISMS

Delegates forwarded to SBI/SBSTA a Chair's draft decision and conclusions on the mechanisms requesting the Chairs of SBSTA/SBI to revise and update the synthesis of Parties' proposals based on further submissions.

Delegates expressed views on the project cycle of emissions trading. AOSIS sought the establishment of a common set of principles across all the mechanisms, including the principles of environmental integrity and additionality. The US said the integrity of the emissions trading system would be founded on monitoring and reporting under Protocol Articles 5 (methodological issues) and 7 (communication of information) and the existence of registries. The G-77/CHINA said the nature and scope of emissions trading must be determined before operational details are worked out. He added that the postulate "you cannot sell what you do not own" should circumscribe the nature and scope of emissions trading. The US and others noted the need to develop cost-effective mechanisms. The EU stressed the need for the mechanisms to be underwritten by strong monitoring and reporting requirements. SWITZERLAND suggested a "post-verification model" wherein emission reduction units could not be transferred until they have been certified to be excess Assigned Amount Units. Parties also expressed views on, *inter alia*: the notions of "fungibility," liability and book keeping.

### IN THE CORRIDORS

Concerns about the "good faith" of some negotiators were raised by a number of participants, who thought that high-level statements of political will failed to square with the fact that many Annex I Parties' emissions are significantly higher than their 1990 levels. Others were exasperated with Parties they claim are attending sessions with the sole purpose of delaying or undermining agreement, and even speculated on avenues for official action to reprimand or exclude them. Some underscored the importance of this issue for COP-6 in light of the incoming G-77/China Chair.

### THINGS TO LOOK FOR TODAY

**PLENARY:** COP-5 will resume its high level segment at 10:00 am in Plenary I for an exchange of views among participants.

**JWG:** The JWG on compliance is expected to meet in the evening to adopt its conclusions and a draft decision.

**SBSTA:** SBSTA is expected to meet in the evening to consider outstanding items on its agenda, as well as the report on the session.

**SBI:** SBI is expected to meet in the evening to consider the report on the session.

**SBI/SBSTA:** A joint SBI/SBSTA session is expected to convene in the evening to conclude its work.

**INFORMAL CONSULTATIONS:** Consultations will be held on adverse effects and "best practices." Consult the announcement board for further details.