



HIGHLIGHTS FROM FCCC SB-12 INFORMAL MEETINGS THURSDAY, 8 JUNE 2000

Delegates to the informal meetings preceding SB-12 continued discussions on: mechanisms; land use, land-use change and forestry; compliance; FCCC Article 4.8 and 4.9 and Protocol Article 3.14 (adverse effects); and guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information).

INFORMAL MEETINGS AND WORKSHOPS

MECHANISMS: Joint Implementation: BOLIVIA and SOUTH AFRICA urged greater equilibrium between the rules relating to CDM and JI. CANADA and JAPAN emphasized that JI is subject to the rigor of guidelines under Protocol Articles 5, 7 and 8. CHINA suggested that JI be subject to CDM requirements, and sought clarity on who should pay for this. The EU and SWITZERLAND said their submissions on baselines for CDM applied to JI. SOUTH AFRICA said its submission on monitoring, reporting and verification for CDM also applied to JI.

Clean Development Mechanism: BOLIVIA, COLOMBIA, the US, IRAN, HONDURAS and NORWAY supported the inclusion of sinks projects in the CDM on the grounds that, *inter alia*: nearly one-fifth of global emissions come from deforestation and almost 90% of emissions from tropical countries are from LULUCF activities. IRAN said that in light of the FCCC's comprehensive approach, the CDM should cover all six gases, and all sources and sinks. The EU and SWITZERLAND opposed sinks projects in the CDM, as it raised questions of methodological uncertainty, non-permanence and leakage. The SUDAN and SENEGAL said it was premature to decide on the inclusion of sinks, as the IPCC report had just been released. AOSIS, with COLOMBIA, said Protocol Article 6 (JI) and 12 (CDM) should be given equal treatment in the context of share of proceeds for adaptation, as this would ensure real additional funds for adaptation, sufficient funds for administrative costs, and no additional transaction costs for the CDM. NORWAY and the EU opposed a provision on share of proceeds in Articles 6 and 17 (Emissions Trading). BOLIVIA called for an analysis to determine if project-by-project or regional/sectoral baselines would be appropriate. INDIA supported project-by-project baselines. SWITZERLAND, the US and NORWAY underscored the need for stakeholder participation and transparency in the CDM. SAUDI ARABIA and AOSIS opposed nuclear projects under CDM.

GUIDELINES UNDER PROTOCOL ARTICLES 5, 7 & 8:

Subgroup on Articles 5.2 (adjustments) and 8 (review of information): Delegates exchanged views on the Draft Guidelines under Article 7. On information submitted under Article 7.1 (inventory) delegates, *inter alia*, stressed that information through registries would be available more frequently than annually, and highlighted linkages with work on mechanisms and LULUCF. On information submitted under Article 7.2 (national communication), the EU, supported by SAUDI ARABIA, proposed reporting on "demonstrable progress." The US, CANADA, NEW ZEALAND and AUSTRALIA said this issue was not a priority for COP-6 and could be dealt with through the forthcoming national communications. When considering the Draft Guidance on Methodologies for Adjustments, the EU, with SWITZERLAND and SLOVAKIA, said the trial period on inventory review would provide the IPCC with the information on problems to be addressed. AUSTRALIA, the US, and NEW ZEALAND highlighted the urgency of addressing adjustment methodologies, in particular in relation to the base-year inventory.

On Classification of Inventory Problems in the Guidelines under Article 8, delegates continued consideration of the EU proposal. They agreed on the following steps: identification of a failure to use agreed methodologies and guidelines or to produce a timely report; description/categorization of the problem; and determination of whether or not the problem triggers, an expedited procedure, or whether it is adjustable or not. On adjustments, SLOVAKIA, the US, NEW ZEALAND and CANADA said all inventory problems were adjustable, while the EU said inventory problems of a specific threshold were not adjustable.

Subgroup on Article 5.1 (national systems): Participants discussed the second Draft Guidelines for National Systems under Article 5.1 of the Kyoto Protocol. On Inventory Management, CANADA noted the lack of reference to confidential information, and JAPAN said the extent of, and access to, confidential information is resolved under Article 8. Delegates resolved the issue of reporting by making reference to reporting requirements as they would be defined in the guidelines under Article 7. The EU, supported by NORWAY, proposed language on monitoring of emissions of legal entities and/or projects under Articles 6 and 17. Co-Chair Plume said it was a reporting issue and noted that relevant work on the mechanisms was still at an early stage. The US opposed specific reference to Articles 6 and 17, and noted a paragraph leaving the door open for future linking through Article 7 and relevant decisions by the COP or COP/MOP.

This issue of the Earth Negotiations Bulletin © <enb@iisd.org> is written and edited by Angela Churie <angela@iisd.org>, Jon Hanks <jon.hanks@iiee.lu.se>, Lavanya Rajamani <lavanya@iisd.org>, Malena Sell <malena@iisd.org>, Chris Spence <chris@iisd.org> and Juliette Voinov <cedrickohler@email.msn.com>. The Digital Editors are Andrei Henry <andrei@iisd.org> and Ken Tong <ken@iisd.org>. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Managing Director is Langston James "Kimo" Goree VI <kimo@iisd.org>. The Sustaining Donors of the Bulletin are the Netherlands Ministry of Foreign Affairs, the Government of Canada (through CIDA and DFAIT), the United States (through USAID), the Swiss Agency for Environment, Forests and Landscape (SAEFL), the United Kingdom Department for International Development (DFID) and the European Commission (DG-ENV). General Support for the Bulletin during 2000 is provided by the German Federal Ministry of Environment (BMU) and the German Federal Ministry of Development Cooperation (BMZ), the Danish Ministry of Foreign Affairs, the Ministry of Environment of Austria, the Ministries of Foreign Affairs and Environment of Norway, the Ministries of Foreign Affairs and Environment of Finland, the Government of Australia, and BP Amoco. Logistical support has been provided at this meeting by the UNFCCC Secretariat. The Bulletin can be contacted by e-mail at <enb@iisd.org> and at tel: +1-212-644-0204; fax: +1-212-644-0206. IISD can be contacted by e-mail at <info@iisd.ca> and at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada. The opinions expressed in the Earth Negotiations Bulletin are those of the authors and do not necessarily reflect the views of IISD and other funders. Excerpts from the Earth Negotiations Bulletin may be used in non-commercial publications only and only with appropriate academic citation. For permission to use this material in commercial publications, contact the Managing Editor. Electronic versions of the Bulletin are sent to e-mail distribution lists and can be found on the Linkages WWW server at <http://www.iisd.ca/linkages/>. The satellite image was taken above Bonn ©2000 The Living Earth, Inc. <http://livingearth.com>. For information on the Earth Negotiations Bulletin, send e-mail to the Managing Director at <kimo@iisd.org>.



LULUCF: Co-Chair Thorgeirsson distributed a summary of discussions on criteria and guiding principles for the identification and selection of additional activities, and a paper on possible elements for a draft decision. He said delegates should prepare for COP-6 and beyond on the basis of the information provided by the IPCC Special Report.

AOSIS, supported by several developing countries, expressed concern that the informal meeting was going beyond the mandate agreed at SBSTA-11 and, with the EU, objected to the consideration of draft elements for a decision, noting that many issues remain to be analyzed and discussed. Co-Chair Thorgeirsson explained that the proposed elements are to serve as a vision of issues necessary to make a decision. The US, CANADA and AUSTRALIA said the meeting's tasks include preparing submissions due by 1 August 2000, and in this context, discussing the elements of a draft decision of COP-6 provides guidance. AUSTRALIA circulated a paper with its proposals for issues to be considered in the period before COP-6. On initial steps, he suggested a dialogue with the IPCC lead authors to enhance the understanding of the Special Report.

On the IPCC report, BOLIVIA noted the absence of concrete definitions of terms such as "forests," which were relevant to other Protocol Articles and, opposed by POLAND, proposed developing one universal definition.

COMPLIANCE: Delegates continued consideration of the Co-Chairs' Elements of a Compliance System for the Kyoto Protocol. On Expedited Procedure for Cases Related to the Kyoto Mechanisms, SOUTH AFRICA supported such a procedure and, with CHINA, proposed the establishment of an eligibility panel. With AUSTRALIA and JAPAN, the US said the overall compliance procedure should be considered before the expedited procedure. The EU, opposed by AUSTRALIA, said there should be a pre-commitment review of elements pertaining to participation in the mechanisms, and an annual review during the commitment period. CHINA cautioned the compliance group against prejudging the rules that will be developed in the mechanisms group.

On Rules of Procedure for the Compliance Institution, the US, with AUSTRALIA, the EU and CANADA, suggested focusing on the elements needing agreement at COP-6, such as the decision-making rule. Delegates expressed diverging views on the need for two sets of rules for the possible two branches of the compliance institution. On True-up Period, delegates said the timing needed to be considered in detail. The EU and the US suggested the end of the review. AUSTRALIA proposed the end of the commitment period.

On Outcomes or Consequences of Non-Compliance or Potential Non-Compliance, the EU said the consequences should create a clear economic impact on that Party and aim at repairing the overage. He added the concept of "compliance reserve" and, opposed by AUSTRALIA and CANADA, supported loss of access to mechanisms. NEW ZEALAND opposed financial penalties and, with AUSTRALIA, a compliance fund. SOUTH AFRICA, with the US, suggested creating a distinction between various consequences based on the branch that would deal with it. CHINA, with BRAZIL, opposed subtraction of excess tonnes from a Party's assigned amount for the subsequent commitment period. With SAUDI ARABIA, he suggested adding a new title to the Elements addressing the implications of Article 18 (non-compliance). SAUDI ARABIA said financial penalties were the best way to proceed, while CANADA queried how these could be enforced.

ADVERSE EFFECTS: Co-Chair Kjellén circulated a compilation of countries' preliminary written submissions on FCCC Article 4.8 and 4.9 and Protocol Article 3.14, and invited comments on ways to proceed. Several Parties highlighted the relatively rapid progress of negotiations on this issue. SAUDI ARABIA said he expected a negotiating text for separate draft decisions on FCCC 4.8 and 4.9, and on Protocol Article 3.14, by Monday 12 June. The EU, CANADA and others requested additional time to consider the compilation. The US noted that negotiations on this issue are keeping up with or ahead of other issues in the lead-up to COP-6.

Co-Chair Kjellén said the aim was to consolidate the document so as to work toward text for a decision at COP-6. On its submissions on the adverse effects of climate change, AUSTRALIA said his paper gives priority to: capacity building; understanding the climate system; vulnerability; linkages between science and policy; and response measures relating to, *inter alia*, coastal and arid zones, vulnerable high-risk areas, water resources, and institutional strengthening. On the impacts of response measures, SOUTH AFRICA said his country's aim was to maintain its coal-driven low cost energy sector and energy exports.

HONDURAS emphasized its vulnerability to landslides. BURKINA FASO, for the AFRICA GROUP, underscored the vulnerability of LDCs. On adaptation challenges, CANADA highlighted: adopting an integrated and iterative approach; building capacity for adaptation and assessment; and, with the EU, improving information gathering and dissemination. EGYPT proposed the establishment of a vulnerability index for non-Annex I countries. With the US, he underlined the importance of building developing country capacity on vulnerability assessment.

IN THE CORRIDORS

Some participants have expressed concern over what they feel is undue haste in these meetings to produce the basis for negotiating texts, such as in the LULUCF, mechanisms and adverse effects groups. While they applaud progress, they fear that the urgency in the lead-up to COP-6 means negotiations may be pushed more rapidly than they are prepared for at this stage. Indeed, some delegates sense that these informal meetings have reached the limits of their mandate.

THINGS TO LOOK FOR TODAY

COMPLIANCE: This meeting is scheduled for 10:00 am in the Schumann Room and is expected to conclude its consideration of the Co-Chairs' Elements of a Compliance System for the Kyoto Protocol.

ARTICLES 5, 7 & 8: This meeting will take place from 10:00 am in the Haydn Room to take stock of progress.

LULUCF: Delegates will convene at 3:00 pm in the Haydn Room to focus on the IPCC Special Report and identify key issues to be addressed.

CAPACITY BUILDING: This meeting is scheduled to begin at 3:00 pm in the Reger Room, and is expected to consider submissions on capacity building in non-Annex I countries.

POLICIES & MEASURES: This meeting will be held in the Schumann Room at 5:00 pm and will start discussing a consolidated text.

ADVERSE EFFECTS: This meeting is tentatively scheduled to take place from 7:00 pm in the Schumann Room to address a compilation of countries' preliminary written submissions.