



UNFCCC COP-6 HIGHLIGHTS

WEDNESDAY, 22 NOVEMBER 2000

Delegates convened in Plenary to hear statements from 34 Parties, thus completing the high-level segment that began on Tuesday. Senior government representatives also met in informal high-level Plenary sessions and closed informal consultations to advance negotiations on key outstanding issues. These negotiations focused on the following four "clusters" or "boxes" of key issues identified by COP-6 President Pronk: (a) capacity building, technology transfer, adverse effects and guidance to the GEF; (b) the mechanisms; (c) land use, land-use change and forestry (LULUCF); and (d) policies and measures (P&Ms), compliance, and accounting, reporting and review under Protocol Articles 5, 7 and 8.

PLENARY

STATEMENTS BY PARTIES: Delegates heard formal statements by high-level representatives from 34 Parties.

<Editor's Note: A complete collection of Plenary Statements will soon be available at: <http://COP-6.unfccc.int>>

Many speakers highlighted the importance of maintaining the environmental integrity of the Protocol. A number of statements also underscored the principle of common but differentiated responsibilities under the Protocol. In addition, many speakers urged ratification and entry into force of the Protocol in 2002.

UNFCCC and Protocol Commitments: A number of developing countries said Annex I Parties had not taken adequate measures to meet their commitments, and urged concrete action. SPAIN emphasized the importance of recognizing developing countries' needs. The PHILIPPINES expressed dismay that a small number of "essential" Parties were holding up the process and attempting to "skew the rules in their favor," which he said would result in increases rather than cuts in their emissions. KUWAIT opposed the imposition of any additional obligations on developing countries.

Kyoto Mechanisms: Several countries emphasized that domestic actions should form the primary means for meeting Protocol commitments on reducing greenhouse gas emissions. TUVALU expressed concern at the possible creation of loopholes under the mechanisms.

On the CDM, many countries supported a "prompt" start, and a number of developing countries highlighted the need for equitable distribution of projects. The GAMBIA supported a positive list of non-contentious, credible renewable energy and demand-side technologies. BHUTAN emphasized the need for active participation by the least developed countries (LDCs), suggesting their exemption from an adaptation surcharge. SOUTH AFRICA and TANZANIA said the adaptation levy on the CDM should also apply to the other mechanisms.

On sinks in the CDM, GUATEMALA, opposed by TUVALU and GREECE, supported their inclusion. TANZANIA opposed inclusion of sinks at this time, citing issues of permanence, leakage and sovereignty. THAILAND said including sinks in the CDM should not be permitted until scientific uncertainties have been resolved. GUATEMALA supported the inclusion of sinks. On nuclear energy in the CDM, GREECE and TUVALU opposed inclusion.

Land use, land-use change and forestry: MALAYSIA and THAILAND opposed inclusion of additional activities under Protocol Article 3.4 in the first commitment period.

Compliance: On compliance, many countries indicated their support for a strong system. SOUTH AFRICA reiterated the G-77/China's support for mandatory consequences. The GAMBIA supported linking financial penalties to a compliance fund.

Capacity building and technology transfer: Many developing countries urged developed countries to ensure the transfer of environmentally-sound technologies and greater commitment and action on capacity building. Recognizing that most technologies exist within the private sector domain, MALAYSIA urged Annex I Parties to facilitate technology transfer by providing a conducive environment for the private sector to perform this role.

Adverse effects: A number of countries highlighted the need to give adequate attention to the concerns of the LDCs relating to the adverse effects of climate change. BHUTAN, NEPAL and PERU drew attention to the significant effects of climate change on fragile mountain ecosystems. BHUTAN urged technical and financial support for adaptation efforts, and said immediate concerns include a lack of meteorological and hydrological data and the necessity of early warning systems for natural disaster management. TANZANIA noted the increasing frequency of

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>, Lisa Schipper <lisa@iisd.org>, Malena Sell <malena@iisd.org>, Chris Spence <chris@iisd.org> and Juliette Voinov <cedrickohler@email.msn.com>. The Digital Editors are Franz Dejon <franz@iisd.org> and Andrei Henry <andrei@iisd.org>. The Photographer is Leila Mead <leila@interport.net>. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Director of IISD Reporting Services 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), the European Commission (DG-ENV) and the Rockefeller Foundation. 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 and the Ministry of Foreign Affairs of Austria, the Ministries of Foreign Affairs and Environment of Norway, the Ministries of Foreign Affairs and Environment of Sweden, the Ministries of Foreign Affairs and Environment of Finland, the Government of Australia, and BP. This issue was prepared in cooperation with 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. At COP-6, the *ENB* can be contacted by phone at +31 70 322 4729 and in person in Statenhall 8 & 9. 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 Director of IISD Reporting Services. 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>. The satellite image was taken above The Hague ©2000 The Living Earth, Inc. <http://livingearth.com>. For information on the *Bulletin*, send e-mail to <enb@iisd.org>.



extreme weather events and the significant adverse impacts of these phenomena, and called for financial resources and other assistance.

On the impacts of response measures to climate change, SOUTH AFRICA noted its vulnerability, given the size of its coal industry. Noting his country's reliance on fossil fuel exports, LIBYA urged Annex I Parties to abolish subsidies and tax policies that are discriminatory, and to avoid responses to climate change that have harmful impacts.

Funding / GEF: CUBA said the main barrier to agreement has been lack of consensus on the availability of financial resources, and said developed countries should take appropriate steps to resolve this impediment. GUATEMALA supported the prompt establishment of an adaptation fund.

Other issues: NEPAL supported integrating climate change actions into sustainable development strategies. KAZAKHSTAN reiterated its wish to become an Annex I Party. MOLDOVA sought clarification of its status as both an economy in transition and a non-Annex I country under the UNFCCC, in order to participate adequately in joint activities under the UNFCCC and Protocol. Following the completion of the formal statements, the Plenary adjourned at 2:00 pm.

INFORMAL HIGH-LEVEL PLENARY & CONSULTATIONS

Delegates convened in the morning for an informal high-level Plenary session to continue discussions and receive interim reports from the facilitators of informal negotiating groups formed around key issue "clusters" or "boxes." These discussions continued throughout the day in closed informal negotiating groups. Participants then reconvened in an evening session of the informal high-level Plenary to receive updated reports, before breaking again into closed consultations.

BOX A - CAPACITY BUILDING, TECHNOLOGY TRANSFER, ADVERSE EFFECTS AND GUIDANCE TO

THE GEF: The informal high-level Plenary held in the morning began with a report by co-facilitator Minister Mabudhafasi (South Africa) on progress made Tuesday on "Box A" issues. She reported that participants had recognized the need to move toward concrete action, and highlighted the value of the presence of ministers to find agreement on key political issues. Co-facilitator Minister Auken (Denmark) said delegates were close to reaching agreement on capacity building, with the exception of the cross-cutting issue of funding. He stressed that there would be no package deal if Parties did not find a solution to the funding issue. Following a request by SAUDI ARABIA and the G-77/CHINA that the cross-cutting issue of funding be addressed in a separate group, President Pronk said the group on "Box A" would be allocated more time to address this issue. He also called on ministers to participate themselves in the negotiations in order to avoid a repetition of last week's discussions.

These matters were then taken up in the afternoon in closed informal consultations. In the evening informal high-level Plenary, the co-facilitators reported on progress in informal consultations on technology transfer. Minister Mabudhafasi said differences remained regarding: the name and composition of the intergovernmental consultative group of experts; the reporting and review activities and needs under UNFCCC Article 4.5; the development

of an information clearing-house and technology centres network. Minister Auken said agreement on the issue of funding would enable agreement on many of the outstanding issues, and stressed apparent flexibility in the views on the GEF, indicating that other possibilities for new and additional funding were being explored by Parties. However, he said that much remained unresolved on adverse effects, and informal contact groups had been formed to deal with specific issues. JAPAN, supported by CANADA, announced the tabling of a draft proposal by the Umbrella Group on the creation of a new "window" in GEF to channel funding for the issues discussed in "Box A"; the streamlining of the GEF; and special consideration for LDCs and SIDS. IRAN noted this proposal and said that, dependent on the sentiment within the G-77/CHINA, it provided ground for further movement on this issue. ARGENTINA said that emissions reductions should be the priority objective of the negotiations and that the Umbrella Group's draft proposal was confusion on priorities.

BOX B - MECHANISMS: During the morning informal high-level Plenary, co-facilitator Minister Kawaguchi (Japan) reported on progress made in the "Box B" group. She highlighted the remaining divergent positions on the issues of complementarity, and said the EU had expressed interest in a possible qualitative ceiling. On fungibility and assigned amounts, she reported that India and the US were conducting consultations. On CDM, she said the majority opposed an indicative list of projects. She added that France, Korea, Brazil and Norway were working on the issue of a prompt start and that divergence remained on a possible unilateral CDM. Consultations were also being held between the US and India on the composition of the Executive Board, and between China, Norway and Canada on the possible role of multilateral funding institutions. In response to a question by the US on the allocation of the issue of sinks under the CDM, President Pronk said he would consult with the co-facilitators of both groups and then issue a ruling. The EU said that although there was a majority against it, the option of having a positive list of activities under the CDM should remain on the table.

Discussions then continued in the afternoon during closed informal consultations. Following this, delegates heard a further progress report in the evening session of the informal high-level Plenary. Reporting on the informal consultations, Ministers Sardenberg (Brazil) and Kawaguchi noted that while there had been some progress on eligibility and financial additionality, there had been insufficient progress on liability, complementarity, and the composition of the Executive Board and its relationship with COP/MOP. Sardenberg noted that ongoing consultations are taking place on the issue of unilateral projects, and on the role of multilateral institutions. Regarding the eligibility of projects, he said the majority of Parties opposed a list. He noted some support on the use of ODA financing in the CDM if this is additional to current ODA levels. He noted growing agreement on the role of small projects that may benefit from a fast track, although technical details needed to be resolved. He said there were diverse views on the eligibility of LULUCF projects, both on substance as well as whether the mechanisms group was the most appropriate forum. SAUDI ARABIA called for clarity on what is meant by financing that is "additional" to "current" ODA. SAMOA called for levying a "share of



proceeds” on all three mechanisms. CHINA underlined that there remains disagreement on the issue of unilateral or bilateral projects, and on the possible limited inclusion of sinks in the CDM.

BOX C – LULUCF: Negotiators involved in discussions on LULUCF met in the afternoon and again in the evening for informal consultations co-facilitated by Minister Carabias Lillo (Mexico) and Minister Miklós (Slovakia). In the evening, the co-facilitators reported back to the informal high-level Plenary on progress. Minister Carabias Lillo said the group in the afternoon had explored different conditions for including Article 3.4 activities, possibly even in the first commitment period, under controlled conditions. She explained that bilateral meetings had been held with the aim of exploring an approach to this, but the issue had not yet been resolved. She said the second meeting in the evening had focused on the inclusion of LULUCF activities under the CDM, and some agreement as well as concerns had emerged. She noted that the group would be able to bring forward proposals on the issues, but more time was needed.

BOX D – COMPLIANCE, POLICIES AND MEASURES, AND ACCOUNTING, REPORTING AND REVIEW UNDER PROTOCOL ARTICLES 5, 7 AND 8: In the morning session of the informal high-level Plenary, participants engaged in an initial exchange of views on these issues. POLAND, for the CENTRAL GROUP ELEVEN, said the treatment of non-compliance should not be based on the Parties, but on the nature of the commitment. With the RUSSIAN FEDERATION, she called for flexibility for countries with economies in transition. CHINA highlighted that a strict compliance system should be based on Protocol Articles 5, 7 and 8, and that Annex I Parties’ reports should include information on Protocol Articles 10 (existing commitments) and 11 (financial mechanism), including in relation to additional financial resources. He added that the different responsibilities of Annex I and non-Annex I Parties should be reflected in the sections on principles, mandate and consequences. He concluded by raising the issue of the bodies’ composition and called for adherence to the principles of fairness and equitable geographical representation. Pronk said the question of composition was a cross-cutting issue. SWITZERLAND said the integrity of the review process requires that the competence of reviewers be a priority, and suggested training as a way to reach both this objective and ensure equitable geographical representation. Following a question by President Pronk, he said it was reasonable to have full representation in only one of the two branches of the compliance committee.

ARGENTINA expressed concern over the adoption of a compliance regime and a possible amendment of the Protocol before its entry into force. Opposed by BRAZIL, he called on Parties not to push for the most comprehensive and complex regime, but one that will be “viable.” On consequences, he said good faith should constitute the main source of confidence in this agreement. The US said legally-binding consequences need not be punitive and highlighted that she supported a deduction from the following commitment period with a 1.3% penalty rate as well as a restriction on the transfer of units also applicable to Protocol Article 4 (joint fulfillment) Parties. The EU argued that Article 4 is not a mechanism and, commenting on ARGENTINA’s intervention, said good faith it not sufficient due to inclusion of market-

based mechanisms in the Protocol. He explained that legally-binding consequences were thus justified both by concerns over the environmental integrity of the Protocol, as well as by the necessity to provide the private sector with the confidence needed for the use of the mechanisms. He added that the rate of deduction should fluctuate between 1 and 1.5% and would constitute an incentive for the Party concerned to use the true-up period to take advantage of the market. CANADA said legally-binding consequences were also justified on competitiveness grounds. Pronk concluded that good faith and economics should thus guide the consequences to be adopted. The G-77/CHINA stressed that non-compliance affects everyone, and not only the trading partners of Annex I Parties. She urged that this must be reflected in the composition of the compliance committee.

AUSTRALIA and the RUSSIAN FEDERATION argued for a non-binding regime and said their countries were more concerned about their own compliance than that of others. Supporting AUSTRALIA, JAPAN explained that its main trading partners were not the other Annex I Parties but non-Annex I Asian countries. CANADA supported the voluntary payments to a compliance fund to deal with mitigation projects. IRAN said such a fund should also minimize the adverse impact of response measures. AOSIS said payment in a voluntary fund would actually provide Parties with an additional flexible mechanism.

On policies and measures (P&Ms), the EU said the participation of non-Annex I Parties in workshops would allow for a valuable exchange of information. He said the emissions inventories alone are not comprehensive enough to assess demonstrable progress in 2005, and suggested a COP-7 decision on the information needed in this regard. The G-77/CHINA said the whole of Protocol Article 2 - including provision for minimizing adverse effects - should be referred to in the decision. He suggested keeping the reference to “Annex I Parties,” as non-Annex I Parties would otherwise be required to implement these obligations.

Delegates also met in closed informal consultations on these issues in the afternoon, although the meeting was cut short when protestors entered the room and disrupted negotiations. The consultations were reconvened in the early evening prior to the informal high-level Plenary, where participants heard a report on progress. In the Plenary, co-facilitator Minister Bjerke (Norway) highlighted a constructive dialogue and the need for more time, given the interruption of its work. On demonstrable progress she said discussions had focused on what to report and when. She added that a smaller group had identified a possible compromise. This option decides that consideration of demonstrable progress cannot take place until SBSTA has considered this issue pursuant to guidelines that may be elaborated under Article 7, given that Articles 2 and 3.2 provide no mandate for P&Ms to be considered in the context of demonstrable progress. She said issues of reporting on Protocol Article 3.14 (adverse effects) and on supplementarity were not resolved yet and that consultations on Protocol Article 4 (joint fulfillment) were ongoing. On compliance, she reported that discussions had focused on consequences.



In the discussion that followed, SAUDI ARABIA said the composition of the expert review teams and issues relating to Article 3.14 still needed consideration. The EU said a strong compliance regime was a fundamental requirement and AOSIS highlighted the importance it attaches to this issue.

CONCLUSION OF THE MEETING: Reflecting on the reports from co-facilitators and comments from negotiators, President Pronk noted the momentum generated. He invited delegates to continue negotiating into the night in informal consultations, and asked the co-facilitators to report back to him at 8:30 am on Thursday. He said he would then convene a meeting of the informal Plenary, and report on further progress made during the night. He said he would submit his own proposal for a package deal should negotiations reach a deadlock. He then closed the informal Plenary at 11:20 pm.

IN THE CORRIDORS

Many delegates expressed dismay at protests within the conference center by a group of 30 or more activists Wednesday afternoon. The protests disrupted a closed session of the high-level informal negotiations, and culminated in an assault on senior US negotiator Frank Loy during a press conference, leaving him covered in cream cake. In addition, minor damage to property and several small fires were reported within the center.

While several participants thought the protests might remind delegates of the urgency and sense of impatience on the issues at stake, some thought the near-violent nature of the incident and the unruly behavior of the demonstrators might undermine broader participation by NGOs, and only served to disrupt negotiations.

Meanwhile, the substantive discussions showed signs of movement, as both multilateral and bilateral discussions moved up a gear. Several observers reported a softening on the EU position on several issues, including complementarity and share of proceeds. In addition, there was talk of one Umbrella Group member taking a softer line on complementarity, in return for flexibility on LULUCF.

THINGS TO LOOK FOR TODAY

INFORMAL HIGH-LEVEL PLENARY: Informal high-level Plenary sessions chaired by COP-6 President Pronk are expected to reconvene in Van Gogh Hall on Thursday morning, at a time to be announced on the TV monitors. It is anticipated that President Pronk will report on progress made during talks held through the night and outline his plans for further negotiations.



IISDnet
Trade and Investment

<http://www.iisd.org/trade/>

IISD Statement on Trade and Sustainable Development

IISD's Statement on Trade and Sustainable Development sets out clear assumptions, analyses and recommendations on the links between trade, environment and development. It assesses the current situation, addresses the question of a new WTO round, stresses the critical importance of developing country interests in trade system reform, and weaves together environment, development and trade interests to articulate a sustainable development agenda. Its recommendations include substantial WTO reform and a clear separation between environmental protection and protectionism. The statement is a living document, intended to generate discussion that will narrow the gulfs among those working on these issues.

"I read the statement with interest, in so far that it largely coincides with Greenpeace International's own views."

Remi Parmentier, Head, Political Unit, Greenpeace International.

"While critical, it is a refreshing and stimulating document which will undoubtedly rally support as well as discontent. ... The suggested actions and reforms in the statement should contribute positively to WTO Members' current deliberations. "

Mike Moore, Director-General, WTO

<http://www.iisd.org/trade/statement.htm>