



PART II OF THE SIXTH CONFERENCE OF THE PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: 16-27 JULY 2001

Informal consultations preceding the resumed Sixth Conference of the Parties (COP-6 Part II) to the United Nations Framework Convention on Climate Change (UNFCCC) begin today at the Maritim Hotel in Bonn, Germany. These consultations will conclude Thursday morning, 19 July, and will be followed by the official opening of COP-6 Part II Thursday afternoon. A high-level segment will commence Thursday evening and conclude on Sunday, 22 July. The conference is scheduled to continue at the diplomatic level from 23-27 July, and will include meetings of the COP's Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA).

COP-6 Part II will aim to secure agreement on the operational details for commitments on reducing emissions of greenhouse gases under the 1997 Kyoto Protocol. Delegates will also seek to reach agreement on actions to strengthen implementation of the UNFCCC itself. The outcome of COP-6 Part II is seen as crucial in furthering implementation of the UNFCCC and determining the future status of the Protocol.

A BRIEF HISTORY OF THE UNFCCC

INTRODUCTION TO THE UNFCCC: Climate change is considered one of the most serious threats to the sustainability of the world's environment, human health and well-being, and the global economy. Mainstream scientists agree that the Earth's climate is being affected by the build-up of greenhouse gases, such as carbon dioxide, caused by human activities. Despite some lingering uncertainties, a majority of scientists believe that precautionary and prompt action is necessary.

The international response to climate change took shape with the development of the UNFCCC. Adopted in 1992, the UNFCCC sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases at a level that would prevent human-induced actions from leading to "dangerous interference" with the climate system. The UNFCCC entered into force on 21 March 1994. It now has 186 Parties. Six meetings of the Conference of Parties (COP) have taken place, as well as numerous workshops and meetings of the COP's subsidiary bodies.

THE KYOTO PROTOCOL: In 1995, the *Ad Hoc* Group on the Berlin Mandate was established by COP-1 to reach agreement on a further step in efforts to combat climate change. Following intense negotiations at COP-3, held in Kyoto, Japan in December 1997, delegates agreed to a Protocol to the UNFCCC that commits

developed countries and countries making the transition to a market economy to achieve quantified targets for decreasing their emissions of greenhouse gases. These countries, known under the UNFCCC as Annex I Parties, committed themselves to reducing their overall emissions of six greenhouse gases by at least 5% below 1990 levels over the period between 2008 and 2012, with specific targets varying from country to country. The Protocol also provided the basis for three mechanisms to assist Annex I Parties in meeting their national targets cost-effectively – an emissions trading system, joint implementation (JI) of emissions-reduction projects between Annex I Parties, and a Clean Development Mechanism (CDM) to encourage joint projects between Annex I and non-Annex I (developing country) Parties. However, it was left for subsequent meetings to decide on most of the rules and operational details that will determine how these cuts in emissions are achieved and how countries' efforts are measured and assessed. Although some countries have signed the Protocol, most are waiting until these operational details are negotiated before deciding whether to ratify. To enter into force, the Protocol must be ratified by 55 Parties to the UNFCCC, including Annex I Parties representing at least 55% of the total carbon dioxide emissions for 1990. To date, 34 Parties have ratified the Protocol.

THE BUENOS AIRES PLAN OF ACTION: COP-4 met in Buenos Aires, Argentina, in November 1998, to set out a work schedule for reaching agreement on the operational details of the Protocol and for strengthening implementation of the UNFCCC itself. This work schedule was outlined in a document called the Buenos Aires Plan of Action. The critical deadline under the Plan of Action was COP-6, where Parties were to attempt to reach agreement on a package of issues. Critical Protocol-related issues needing resolution included rules relating to the mechanisms, a regime for assessing Parties' compliance, and accounting methods for national emissions and emissions reductions. Rules on crediting countries for carbon sinks were also to be addressed. Issues under the UNFCCC requiring resolution included questions of capacity building, the transfer and development of technology, and assistance to those developing countries that are especially vulnerable to the adverse effects of climate change or to actions taken by industrialized countries to combat climate change.

PREPARATIONS FOR COP-6: Numerous formal and informal meetings and consultations were held during 1999 and 2000 to help lay the foundations for an agreement at COP-6. At the thirteenth sessions of the subsidiary bodies – which began in September 2000 in Lyon, France, and which were the final formal sessions before COP-6 – political positions on the key issues

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remained entrenched, with little indication of willingness to compromise or move forward. While informal meetings and consultations held in October and early November 2000 resulted in some further progress, many differences remained.

COP-6 PART I: COP-6 and the resumed thirteenth sessions of the UNFCCC's subsidiary bodies were held in The Hague, the Netherlands, from 13-25 November 2000. During the second week of negotiations, COP-6 President Jan Pronk of the Netherlands attempted to facilitate progress on the many disputed political and technical issues by convening high-level informal Plenary sessions to address the key political issues, which he grouped into four "clusters" or "boxes," as follows: (a) capacity building, technology transfer, adverse effects and guidance to the financial mechanism; (b) mechanisms; (c) land use, land-use change and forestry (LULUCF); and, (d) compliance, policies and measures, and accounting, reporting and review under UNFCCC Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information). Ministers and other senior negotiators convened in four groups to negotiate on these clusters in an attempt to reach consensus.

However, by Thursday, 23 November, negotiations appeared stalled, and President Pronk distributed a Note containing his proposals on key issues in an attempt to encourage a breakthrough. After almost 36 hours of intense talks on the President's proposals, negotiators could not achieve an agreement, with financial issues, supplementarity in the use of the mechanisms, compliance and LULUCF proving to be particular sticking points. On Saturday afternoon, 25 November, President Pronk convened a final high-level informal Plenary in which he announced that delegates had failed to reach agreement. Delegates agreed to suspend COP-6, and expressed a willingness to resume their work in 2001.

PREPARATIONS FOR COP-6 PART II: A number of meetings and consultations have taken place since COP-6 Part I in an effort to get negotiations back on track. Most recently, Informal High Level Consultations chaired by President Pronk were held in Scheveningen, the Netherlands, from 27-28 June 2001. Over 350 delegates from as many as 130 Parties participated, including a number of ministers and deputy ministers. The aim of the Consultations was to permit Parties to present to President Pronk their views on his June consolidated negotiating text, which he had presented as a tool to help negotiators reach a compromise. In particular, Parties were encouraged to indicate whether these texts constituted a balanced package with sufficient "wins" for all Parties, as well as to allow Parties to provide recommendations regarding the organization of work during the resumed COP-6.

While some participants expressed the opinion that positions did not appear to have shifted since COP-6 Part I, others underscored that positions had possibly widened. They also noted signs of entrenchment by some Parties, in particular on the subjects of LULUCF, sinks in the CDM, and the use of nuclear power to meet commitments. The funding issue also appeared to be a potential barrier that could create problems. Further rumblings were caused by Japan's ambiguity regarding its intentions for ratifying the Protocol. Participants also expressed hope that President Pronk would take a stronger leadership role, and provide more guidance, rather than encouraging excessive discussion on difficult subjects.

COP-6 PART II

RECENT DEVELOPMENTS: In March 2001, the US administration declared its opposition to the Protocol, stating that it believed it to be "fatally flawed", as it would damage its economy and exempted developing countries from fully participating.

Since the US announcement, the EU has sent diplomatic missions to several Parties, including Japan, Australia, Canada, the Russian Federation and Iran, in an effort to maintain support for the Protocol and its entry into force by 2002. In attempting to persuade the US to alter its position, the UK, some other EU countries and Japan have recently made attempts to demonstrate a willingness to compromise by leaving the door open for a possible amendment of the Protocol. One suggestion raised in early July by President Pronk and others is a possible two-year delay to the start of the first commitment period. The US has stated that it will participate at COP-6 Part II in negotiations on the Protocol in cases where talks might lead to outcomes affecting US trade, or if negotiations could set precedents for other international agreements. The US will be fully involved in all discussions relating to their commitments under the UNFCCC.

NEGOTIATING TEXTS: Negotiations will be held on the basis of negotiating texts carried over from COP-6 Part I (see FCCC/CP/2000/5/Add.3, "Part Three: Texts forwarded to resumed sixth session by the COP at the first part of its 6th Session", Volumes I – V). These texts cover all issues under negotiation, although many paragraphs remain heavily bracketed.

In addition, an unbracketed consolidated negotiating text proposed in June by President Pronk is likely to serve as a key "tool" for supporting the negotiations. This text addresses critical areas where disagreements remain, and attempts to establish a balanced package of decisions on all issues covered by the Buenos Aires Plan of Action. The text tackles questions related to finance, technology transfer, adaptation, capacity-building, UNFCCC Article 4.8 and 4.9 and Protocol Article 3.14 (adverse effects), the mechanisms, LULUCF, compliance, and governance of new bodies.

Financial issues: The consolidated negotiating text deals with the procedure for allocating resources to fund activities in non-Annex I Parties. One key proposal in the text is that Annex I Parties contribute US\$ one billion annually by 2005 at the latest, based on countries' relative share of total carbon dioxide emissions in 1990, with a 50% discount for countries making the transition to a market economy.

Mechanisms: The consolidated negotiating text addresses controversial issues such as supplementarity and eligibility to participate in the mechanisms. The text also tackles the issue of which LULUCF projects might be permitted under the CDM during the first commitment period by suggesting that this should be limited to afforestation and reforestation projects.

LULUCF: The text outlines a complex "compromise" package, including text on accounting rules for eligible activities under Protocol Article 3.4 (additional human activities such as forest management and agricultural land management) that involve: compensation of possible Article 3.3 (afforestation, reforestation and deforestation) debits through accounting for forest management of up to 8.2 megatons of carbon annually per Party, with no discount applied to Article 3.4 credits up to this level; an 85 percent discount on forest management activities beyond the first tier; and "net-net accounting" for agricultural management.

Compliance: The consolidated text tackles issues such as the respective roles of the enforcement and compliance branches, as well as the legally binding consequences of non-compliance.

THINGS TO LOOK FOR TODAY

INFORMAL CONSULTATIONS: Delegates are expected to convene this morning for pre-COP-6 Part II discussions. Consult the notice boards for more information.