



UNFCCC COP-7 HIGHLIGHTS

SATURDAY, 3 NOVEMBER 2001

Delegates to COP-7 met in the negotiating groups on mechanisms and on Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information). In addition, drafting groups continued their work on the mechanisms, compliance, Articles 5, 7 and 8, and the Consultative Group of Experts (CGE), and informal groups met on a number of issues, including LDCs and the IPCC Third Assessment Report. On Saturday evening, the extended Bureau met to take stock of progress and decide on next steps.

NEGOTIATING GROUPS AND INFORMAL CONSULTATIONS

MECHANISMS: The negotiating group met in the morning to consider the draft COP decision as well as the remaining issues related to the Annex on modalities and procedures for the CDM. CANADA, the EU and NORWAY sought clarification on elections of alternate Executive Board members. NORWAY, opposed by SAMOA, suggested removing reference to election of alternate Board members. Co-Chair Chow referred the issue to informal consultations between concerned Parties. On registry requirements for the issuance of CERs into the pending accounts, Parties adopted draft text under the provision that they could revisit the matter after considering the draft decisions and text on Article 7.4 (assigned amounts).

Delegates then turned their attention to the draft COP decision. On the transfer of technology under the CDM, NORWAY, supported by JAPAN, proposed amendments whereby furthering CDM project activities should, as appropriate, lead to the transfer of sound technology and knowledge in addition to that required under UNFCCC Article 4.7 (technology transfer) and Protocol Article 10 (continuing implementation of existing commitments). The G-77/CHINA, BRAZIL, CHINA, SAUDI ARABIA and THAILAND opposed the amendments. The matter was referred to informal consultations.

On the tasks of the Executive Board, SAMOA, SWITZERLAND, NEW ZEALAND and the EU highlighted the need for the Board to take into account information from Parties, accredited observers and stakeholders when reviewing CDM projects. CANADA called for time to consider the issue. On developing definitions and modalities for including afforestation and reforestation under the CDM, JAPAN and COLOMBIA noted insufficient focus on the terms of reference for their development. Delegates approved a proposal by the EU for a workshop prior to SBSTA-16

to develop the terms of reference and a work agenda, and for Parties to provide the Secretariat with submissions by 1 February 2002. On the inclusion of definitions and modalities in the Annex to the draft decision as it relates to LULUCF, JAPAN, with CANADA, COLOMBIA, AUSTRALIA and CHILE, proposed a number of references to the enhancement by sources and removals by sinks. The EU, BRAZIL, INDIA, CHINA and SAMOA noted that such modifications implied significant work at this late stage of the meeting and said it risked undermining or prejudging the work of SBSTA. After lengthy discussion, Co-Chair Estrada adopted the text without Japan's proposed amendments. AUSTRALIA and JAPAN highlighted a lack of consensus on the matter, which Co-Chair Estrada said would be adequately reflected.

On projects starting in 2000 and prior to the adoption of this decision, CANADA, JAPAN and NORWAY sought clarification on the suggested deadline of 31 December 2005 for such projects to be eligible for validation and registration. BRAZIL opposed text suggesting that a starting date for the crediting period prior to the date of registration could be selected. He explained that a project could not acquire credits for reductions accrued before its registration, since it is only after registration that all the provisions of modalities and procedures can be met. These matters were set aside for further consultations.

On Saturday afternoon, the group reconvened to consider a Co-Chairs' non-paper on the modalities for accounting of assigned amounts under Protocol Article 7.4, which had been prepared following the submission of Parties' proposals. Co-Chair Estrada introduced the non-paper, noting that parts of the text were still incomplete, including the section on compilation and accounting of emission inventories and assigned amounts. However, he indicated that the most difficult issues were in the completed sections. He noted concerns over the wording of the titles, and said one option might be to delete these. Emphasizing that the non-paper sought to achieve acceptable compromises on areas of divergence, he requested Parties' general comments. The G-77/CHINA expressed a willingness to work on the basis of the non-paper, while noting insufficient time to consider it in detail. JAPAN highlighted differences of opinion over recording assigned amount as a fixed figure. Delegates then broke into a drafting group chaired by Murray Ward (New Zealand) and considered the text in more detail, identifying issues requiring further work. Areas of disagreement included the carry over, technical issues related to Article 4 (joint fulfillment), and timing of issuance and cancellation of sinks.

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Following the extended Bureau meeting on Saturday night, delegates reconvened in the negotiating group to continue consideration of the CDM and emissions trading, as well as Article 7.4.

PROTOCOL ARTICLES 5, 7 AND 8: The negotiating group convened in the morning for a full reading of all texts, which had been revised to incorporate changes agreed in the drafting groups. A paper on previously agreed guidelines for national systems under Article 5.1 (national systems) was distributed and an editorial amendment agreed. Delegates then agreed on the COP-7 and COP/MOP-1 draft decisions on Article 5.1. In the COP/MOP-1 decision on Article 5.2 (adjustments), delegates left open whether a disagreement between a Party and the expert review team (ERT) regarding an adjustment should be forwarded to the COP/MOP or only to the Compliance Committee.

In the draft COP-7 and COP/MOP-1 decisions on guidelines under Article 7, delegates deferred consideration of issues related to Article 7.4 (modalities for the accounting of assigned amounts) and LULUCF, as relevant issues were still being dealt with by other groups.

Delegates then considered the Article 7 guidelines. On Part I, Reporting of Supplementary Information under Article 7.1 (inventories), several sections were agreed, however the section on greenhouse gas inventory information remained bracketed pending LULUCF outcomes. The section on information on additions to and subtractions from assigned amounts remained in brackets pending Article 7.4 outcomes. The section on minimization of adverse impacts under Article 3.14 (adverse effects) was not agreed, with SAUDI ARABIA, opposed by JAPAN and others, suggesting that Parties "shall" rather than "are requested to" provide information.

Under Part II, Reporting of Supplementary Information under Article 7.2 (national communications), the section on national registries was left unresolved pending conclusions from the group on Article 7.4. AUSTRALIA proposed deleting a bracketed section on reporting on mechanisms projects, noting that this would be covered under Article 7.4. Text on joint fulfillment was left in brackets. SAUDI ARABIA advocated retaining bracketed text regarding reporting on Article 2.3 (adverse effects of P&Ms), while SAMOA supported retaining text on reporting on national arrangements to ensure that LULUCF activities contribute to conservation of biodiversity and sustainable use of natural resources.

Parties then turned to the guidelines for review under Article 8, beginning with a textual proposal by the EU, Japan and Australia for the COP/MOP decision, deciding to start the annual review in the year following the submission of the report. On timing and procedures under Part I, General Approach to Review, JAPAN suggested inserting text that addresses review for reinstatement of eligibility to use mechanisms. On ERTs and institutional arrangements, informal group Chair Festus Luboyera (South Africa) reported that most paragraphs had been approved, but that some additional language was being drafted to address the outstanding issues, such as on competence of participating experts. Parties left Part III, Review of Information on Assigned Amounts, bracketed pending outcomes from consultations. On Part VI, Review of National Communications and Information on Other Commitments under the Kyoto Protocol, CHINA requested that the scope of the review include examination of financial resources separately from technology transfer.

Drafting groups continued their work on Saturday into the night, focusing on the outstanding issues referred to them by the negotiating group. The group on LULUCF considered at length the issue of reporting on areas of land, without arriving at a final conclusion.

COMPLIANCE: Informal consultations took place early Saturday morning on outstanding issues in the section on the facilitative branch and resulted in an improved, though not consensual, text. In the afternoon, the drafting group met to consider this text as well as other outstanding issues. By the time of Saturday evening's extended Bureau meeting, progress was reported on, *inter alia*, the reference to Protocol Article 3.14 (adverse effects) under the enforcement branch and provisions relating to public access to information. The draft COP decision, the applicable consequences and the mandates of the branches remained unresolved.

LDCS: The contact group met in the afternoon to report back on progress in the drafting groups on guidelines for the preparation of NAPAs and the establishment of the LDC expert group. Revised text on both matters has been prepared. Chair Gamede identified the two outstanding LDC issues: guidance to the LDC Fund; and status of implementation of UNFCCC Article 4.9 (LDCs). Parties then considered the guidance to an operating entity of the financial mechanism of the UNFCCC on the LDC Fund. MALI, for the LDCs, underscored a simplified operating procedure of the Fund enabling project approval within four months, and employment of local and regional expertise. The EU suggested that the legal and technical review had not taken into account the guidance document and, with the US, JAPAN, and NORWAY, said that developing guidance to the Fund should be considered at COP-8. UGANDA underscored the urgency of the LDCs' concerns. Chair Gamede requested Parties to consider this informally, and to report back early Monday morning. If no agreement was reached, he said the matter of guidance to the Fund would be referred to ministers.

CGE: A drafting group convened on the CGE, although discussions did not result in agreement on disputed issues, which remain in brackets. A revised text will be presented to the contact group on Monday.

IPCC TAR: Consultations continued on the implications of the IPCC Third Assessment Report for the work of the UNFCCC. Progress was made on the terms of reference for a proposed workshop and further consultations will be held to finalize these.

UNFCCC ARTICLE 6: On other issues, Parties completed consultations relating to UNFCCC Article 6 (education, training and public awareness), agreeing, *inter alia*, on the need for a workshop and clearinghouse. Relevant conclusions will be forwarded to the SBSTA.

IN THE CORRIDORS

Delegates ended the first week of COP-7 in a flurry of activity and intensive negotiations Saturday. The extended Bureau meeting held on Saturday night to review progress and decide on next steps was apparently an upbeat and generally positive affair, although at least one speaker reportedly urged that the goodwill seen in the Bureau needed to make its presence more apparent when negotiating and drafting groups resume on Monday.

THINGS TO LOOK FOR TODAY

NEGOTIATING GROUPS: Negotiating and drafting groups on the mechanisms, compliance and Articles 5, 7 and 8 will resume their work, and are expected to focus on the remaining unresolved issues until 6:00 pm.

PLENARY: Delegates are expected to convene for a Plenary at 6:00 pm to receive reports on progress in the negotiating groups and to decide on next steps.