



# Earth Negotiations Bulletin

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## REPORT OF THE SECOND SESSION OF THE AD HOC GROUP ON THE BERLIN MANDATE

**30 OCTOBER - 3 NOVEMBER 1995**

The second session of the Ad Hoc Group on the Berlin Mandate (AGBM 2), which took place in Geneva from 30 October - 3 November 1995, took the negotiations on a protocol or other legal instrument to strengthen the commitments of the Framework Convention on Climate Change (FCCC) to a moderately new level. Debate over the extent of analysis and assessment continued, but delegates also heard new ideas on the structure and form of a possible protocol. No progress was made in electing the Bureau.

During the week-long meeting, delegates considered the following: election of officers other than the Chair; strengthening of commitments in Article 4.2 (a) and (b), regarding policies and measures, as well as quantified emission limitation and reduction objectives within specified time-frames; advancing the implementation Article 4.1; and possible features of a protocol or other legal instrument. Several documents were available for reference at this session, including: Lists of issues identified by Parties (FCCC/AGBM/1995/4); Annotated compilation of information relevant to the Berlin Mandate process (FCCC/AGBM/1995/5); Policies and measures identified in the national communications from Annex I Parties (FCCC/AGBM/1995/6); and Implementation of the Berlin Mandate: comments from the Parties (FCCC/AGBM/1995/MISC.1 and Add.1)

### A BRIEF HISTORY OF THE AGBM

The first Conference of the Parties (COP-1) to the Framework Convention on Climate Change, held in Berlin from 28 March to 7 April 1995, established an open-ended Ad Hoc Group on the Berlin Mandate through its decision FCCC/CP/1995/7/Add.1/Decision 1/CP.1, also referred to as the "Berlin Mandate." In the Berlin Mandate (BM), the COP agreed to begin a process to enable it to take appropriate action for the period beyond 2000, including the strengthening of commitments of Annex I Parties in Article 4.2(a) and (b) of the Convention, through the adoption of a protocol or another legal instrument.

The priority aim of the BM is the strengthening of commitments in Article 4.2 (a) and (b) of the Convention for Annex I Parties, both to elaborate policies and measures, and to set quantified limitation and reduction objectives within specified time-frames such as 2005, 2010 and 2020 for anthropogenic emissions by

sources and removals by sinks of greenhouse gases (GHGs) not controlled by the Montreal Protocol. The BM states that the process will not introduce any new commitments for non-Annex I Parties.

At its first session (AGBM 1), the AGBM considered several issues, including an analysis and assessment to identify possible policies and measures for Annex I Parties and requests for inputs to subsequent sessions. Delegates debated the nature, content and duration of the analysis and assessment and its relationship to other aspects of the process. Several developed and developing countries stressed that analysis and assessment should be conducted in parallel and not prior to negotiations, but a few developing countries held that more time was needed, particularly to evaluate economic costs. Regarding inputs to subsequent sessions, Parties differed widely in the number of requested inputs, with some developed countries emphasizing the need to avoid delay, while others sought a more comprehensive approach to increase the AGBM's options. Many developing countries requested minimal inputs, stating that a wealth of information already existed, while a few, mainly oil producing countries emphasized the need for further study on economic impacts. AGBM 1 adopted an agenda of work for its second session, but failed to elect its Bureau.

### AGBM 2 REPORT

AGBM Chair Raúl Estrada-Oyuela (Argentina) opened the second session on Monday, 30 October, and stated that the recent IPCC report confirms the concerns that gave rise to the Framework Convention on Climate Change, as well as the need to implement the precautionary principle before irreparable and severe consequences occur. He said the report also makes clear that developing countries could suffer a disproportionate share of the climate change consequences, and stressed the importance of the principle of common but differentiated responsibility. He noted that Parties have at times appeared reluctant to exercise the leadership required and expressed concern regarding economic arguments that assign different values to different peoples of the world. He said that the AGBM must define its work, and emphasize analysis and assessment of policies and measures. The AGBM must consider narrowing the number of policies and measures that are analyzed in order to produce concrete results.

The Executive Secretary of the Permanent Secretariat, Michael Zammit-Cutajar, noted the significant increase in delegates at this session and thanked contributors to the special voluntary fund that assists developing country participation. He outlined the provisional agenda, which was structured upon the Berlin Mandate and AGBM 1, and highlighted Item 3 on strengthening developed

This issue of the *Earth Negotiations Bulletin*© <enb@econet.apc.org> is written and edited by Chad Carpenter <ccarpenter@econet.apc.org> and Steve Wise <swise@igc.apc.org>. The managing editor is Langston James Goree VI "Kimo" <kimo@pipeline.com>. The sustaining donors of the *Bulletin* are the International Institute for Sustainable Development <iisd@web.apc.org>, the United Nations Environment Programme and the Pew Charitable Trusts through the Pew Global Stewardship Initiative. General support for the Bulletin for 1995 is provided by the United Kingdom, Switzerland, Deutsche Gesellschaft für Technische Zusammenarbeit and the World Bank. The authors can be contacted at their electronic mail addresses and by phone or fax at +1-212-888-2737. IISD can be contacted at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada; tel: +1-204-958-7700; fax: +1-204-958-7710. The opinions expressed in *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 other publications with appropriate citation. Electronic versions of the *Bulletin* can be found on the gopher at <gopher.econet.apc.org> and in searchable hypertext through the *Linkages* WWW-server at <http://www.iisd.ca/linkages/> on the Internet. This volume of the *Bulletin* is uploaded into the APC conferences <enb.library> and <climate.news>.

country commitments. He said that the AGBM's current stage is reminiscent of INC-2, where the initial inputs were compiled and organized, and reminded delegates that comprehensiveness must be weighed against the need to complete the work on schedule. He added that the concept of advancing implementation of Article 4.1 applies to all Parties and its scope should be explored, and that early work is needed on the possible features of a protocol or other legal instrument.

### **AGENDA ITEM 1 — ORGANIZATIONAL MATTERS**

The Chair introduced the provisional agenda and annotations (FCCC/AGBM/1995/3/Add.1) and encouraged delegates to undertake discussions of the analysis and assessment under relevant agenda items in order to expedite substantive work.

The PHILIPPINES, on behalf of the G-77 and China, stated that the focus of Item 3 is to make the commitments of Annex I Parties adequate, but noted that the AGBM must evaluate policies and measures of all Parties. She highlighted document FCCC/AGBM/1995/6, a synthesized list of policies and measures identified in the national communications of Annex I Parties, but said that the AGBM needs to investigate the specific impact of these policies and measures on developing countries. She added that the analysis and assessment process must be closely integrated with the discussion on policies and measures, and expressed disappointment that the technical advisory panels (TAPs) were not agreed upon during the recent meeting of the Subsidiary Body on Scientific and Technical Advice (SBSTA).

SAUDI ARABIA stated that the AGBM must not dilute the main objective of the BM, which emphasizes analysis and assessment in the early stages, and that the agenda should include a separate item addressing analysis and assessment. He said the agenda could be shortened by delaying the discussion on possible legal instruments, and stressed the importance of completing the Secretariat's in-depth review prior to taking any decisions.

IRAN stated that the AGBM must perform a realistic analysis and assessment in order to have policies and measures commensurate with the situation. He said that after policies and measures are produced, the AGBM must analyze and assess the impact of those policies and measures on developing countries.

KUWAIT said Item 3 of the provisional agenda should cover analysis and assessment and a study of the impact on economic and social systems of non-Annex I Parties. Inclusion of these ideas should be explicit, not inferred.

SAMOA, on behalf of the Alliance of Small Island States (AOSIS), said the Secretariat's provisional agenda relates to and is controlled by the BM and the work of AGBM 1 and is therefore acceptable. It addresses the range of issues delegates need to tackle. He noted the Secretariat's intent to allow comments on everything, including analysis and assessment.

CANADA and the EU supported the proposed agenda, noting that it is flexible and recognizes the priorities set by delegates.

The Chair said the in-depth analysis by Annex I Parties would be considered by the COP Bureau and in the work of future sessions. Analysis and assessment is part of the integrated work of AGBM, but a specific agenda item was not necessary. He said previous discussions had reached a balanced conclusion. The provisional agenda was adopted. It was agreed to proceed according to the schedule and approach to the organization of work in Annex 2 of the provisional agenda.

The Chair reported on meeting of the Bureau of the Conference of Parties. The Government of Uruguay informed the COP that it must withdraw its offer to host COP-2 in Montevideo because the costs of the meeting exceeds the original estimate. Therefore, COP-2 will be held in Geneva from 8-19 July 1996, and preparations will be the responsibility of the Subsidiary Body on Implementation (SBI).

### **AGENDA ITEM 2 — ELECTION OF OFFICERS OTHER THAN THE CHAIR**

The Chair reported that informal consultations on the composition of the Bureau carried over since AGBM 1 could not be completed. Four regional groups agreed to a proposal including the following conditions. A Vice Chair and Rapporteur would be elected, with the Rapporteur also serving as a second Vice Chair. The Chairs of the subsidiary bodies would serve as *ex-officio* members. In consultation with regional groups and AOSIS, the AGBM Chair would invite six advisers to participate on the Bureau with equal status to the elected and *ex-officio* members. The agreement would be reviewed after COP-2 to examine the regional balance, as the subsidiary bodies' Chairs could change. The host country for COP-3 would be invited to participate in the AGBM Bureau after COP-2. Since one regional group did not agree to these arrangements, consultations will continue in the interim period before AGBM 3.

### **AGENDA ITEM 3 — STRENGTHENING COMMITMENTS IN ARTICLES 4.2 (a) AND (b)**

The US said that analysis and assessment should be an integral part of the process but are only a means to a course of action. The AGBM 2 agenda is missing a review of historic trends and projections of future emissions. This would provide a better understanding of national differences, which should precede a discussion of next steps. He requested that the Secretariat annotate its listing of Annex I Parties' measures with comments on the effectiveness of each measure, with the resulting document to be discussed at AGBM 3. He also requested a presentation of the IPCC's quantified emission reduction objectives and scenarios at AGBM 3, and he proposed an informal session on analyses and costs and measures necessary to meet the objectives.

The US presented a series of slides on past and projected emissions trends, noting that trends varied year-to-year by region and country based on factors such as population, economic growth, weather, fuel use and energy consumption sector. Emission measures that use cumulative or average emissions would take better account of this variability. He noted that long-term predictions of inter- and intra-regional trends also showed variations, and that the greenhouse forcing of developing countries' emissions would exceed that of developed countries by the middle of the next century, so that global solutions, varying by region, were necessary.

SPAIN, on behalf of the EU, submitted an outline for a protocol or legal instrument. The outline does not include proposals on policies, measures, objectives or time-frames, but is organized on three principles: consistency with prior AGBM discussions; creating a dynamic instrument that can develop over time; and linking measures to existing Convention provisions where they apply. The outline includes six articles: commitments by developed and other Annex I Parties, including a section on voluntary application by non-Annex I Parties; commitments by all Parties; review of commitments; cross-references to FCCC articles; amendment procedures, including simplified procedures for annexes; and final clauses. It would include three annexes of policies and measures: those applicable to all Annex I Parties; those agreed as high priority in national programmes; and those to be considered in national programmes, as appropriate. He said the EU is committed to a combined approach with policies and measures as well as quantified reductions within specified time-frames.

The PHILIPPINES, on behalf of the G-77 and China, said that the US presentation shifts the focus from the AGBM process. Regarding historical cumulative emissions, she said that history does not begin until 1984 according to the US presentation.

The RUSSIAN FEDERATION said any new developments by the AGBM should not run counter to the economic interests of

Parties, but should ensure their right to sustainable development and improve the environment as a whole. He said that the Russian Federation devotes attention to emissions in the energy sectors and strives to increase forest cover. He said that the Secretariat's compilation does not reflect the need to increase absorption or safe fuel use. He supported determining priorities and narrowing the list of policies and measures.

CHINA criticized the US presentation for changing the direction of the AGBM, failing to link development with the existing economic structure of a country and considering only the industrial development that has occurred since 1990. He said the AGBM should abide by the BM principles and ensure that analysis and assessment do not depart from them.

CANADA provided an update on the work of the Annex I Experts' Group on the UNFCCC, formerly called the Joint OECD/IEA Project on National Communications. He highlighted the Project on Policies and Measures for Common Action that will broadly assess the relative potential of a range of policies and measures for common action by Annex I Parties. At its last meeting, the group considered over 100 measures and selected roughly a dozen for further scoping. These measures cover the energy supply, transport, utilities, renewables, agriculture and forestry sectors in combination with a range of voluntary, regulatory, financial and economic instruments. Taking into account the views of Parties expressed during AGBM 2, the Group will next meet to select measures for in-depth analysis.

### **AGENDA ITEM 3(a) — POLICIES AND MEASURES**

The Secretariat introduced the document describing policies and measures identified in the national communications from Annex I Parties (FCCC/AGBM/1995/6). The Secretariat said that the synthesized list was prepared on the basis of an examination of the 27 national communications submitted. Over 1000 policies and measures are included. He added that the list was synthesized by sector, with further sub-categories that describe policy objectives and policy instruments used. The list also provides an indication of the number of Annex I Parties that reported on a specific policy or measure in their national communications.

SAMOA, on behalf of AOSIS and supported by CHILE, proposed a coordination mechanism that would create a subsidiary body to provide advice to the Parties and offer a forum for the negotiation of specific economic, administrative and other instruments. He said that regulation of the economically integral activities that emit greenhouse gases will require a coordinated approach, and added that the mechanism would be open to the participation of all Parties. He welcomed the EU proposal on a possible protocol.

JAPAN said that policies and measures should be cost effective, and that the measures should be implemented within a time frame that allows economic development to proceed in a sustainable manner. He stated that a wide variety of possible commitments could be envisaged, but such commitments should not be identical among all Annex I Parties. Regarding implementation, he said that international negotiations on legal instruments should, *inter alia*, appropriately reflect the principles stipulated by Article 3, and not introduce any new commitments for non-Annex I Parties.

The NETHERLANDS stated that a second national memorandum on climate change will be published in January 1996. The memorandum identifies the most promising list of policies and measures, including voluntary agreements aimed at energy efficiency and improved use of new and renewable sources of energy. To narrow the focus of the analysis and assessment, he suggested criteria for selection of policies and measures, including: the potential for effective GHG reduction and for sink enhancement; the significance in addressing other problems and policies concerning globally-oriented industry sectors; and those subject to competitiveness concerns.

GERMANY said policies and measures should be driven by quantified targets in an agreed time frame. Germany's national experience shows targets are necessary for planning by governments and other actors. Delegates must focus on the most promising policies and measures, and that agriculture and forestry are missing from the Secretariat documents. She endorsed the EU proposal for three categories, with at least a small list of mandatory, legally-binding measures. Parties need to do their own analysis and should not overburden the Secretariat with analytical tasks.

ARGENTINA supported inclusion of agricultural measures and "no regrets" policies suggested by the IPCC in a revised list and ultimately in a protocol. Consideration of market forces should not block debate or adherence to the precautionary principle. International coordination of some measures is necessary to deal with competitiveness issues and trade effects. Lessons could be gleaned from deliberations of the World Trade Organization's Committee on Trade and Environment.

MALAYSIA noted the delay in formation of the TAPs will effect the AGBM's analysis work. Non-Annex I Parties do not have the financial or technical ability to analyze 1000 measures. He recommended selection of one or more sectors of policies and measures for analysis of their environmental and economic impacts. Measures in that sector should be prioritized according to their potential and effectiveness. The Annex I Experts' Group review provides a good basis for analysis and assessment.

AUSTRALIA endorsed intergovernmental groups currently developing analyses and assessments. Measures selected should be effective for reducing greenhouse warming, feasible, sustainable and cost effective. They should take account of national circumstances and equitable distribution of costs. The list of 1000 policies and measures should be narrowed, but removal of gases by sinks should be added. The AGBM should rely on the work of the IPCC, IEA, OECD and the Annex I Experts' Group, but should commission new runs of existing models with new parameters, using top-down and bottom-up approaches.

SWITZERLAND said a task force or panel should work in parallel with the AGBM to narrow the list of policies and measures. To account for different national starting points, economic growth, technology, cost effectiveness and equity, different quantitative emission reduction objectives should be assigned to different categories of Annex I countries based on criteria using indicators like per capita emissions, GDP, share of total emissions, and marginal abatement cost. Categorized countries could cluster to share emission reductions and benefits of actions, which could save costs. The Secretariat should develop indicators for objective criteria and options to group countries in categories.

The US said that prematurely specifying individual policies and measures would prejudice the ongoing consideration measures, and added that little consideration has been given to the full range of policies and measures. The list of criteria for selecting policies and measures should include: effectiveness in reducing emissions, cost effectiveness, effect on non-climate objectives, equity, ability to hedge against uncertainty, and impetus to technological progress. The Secretariat should prepare: a report that expands upon the individual effectiveness of each measure, a compilation of proposals on the most effective potential measures and how they would be implemented, and a formal discussion at AGBM 3.

IRAN said imposing the policies and measures of Annex I Parties on non-Annex I Parties will not only transfer resources from developing to developed countries, but will upset the terms of trade. He added that the analysis and assessment process should elaborate specific commitments on technology transfer and suggested raising the price of oil to help lower emissions.

CANADA supported a combined approach to policies and measures and the quantified emission reductions. A protocol must define how the reductions will be accomplished in order to be credible, and the implementation of policies and measures should



be linked to the reduction objectives, rather than listed as a "menu." He noted that the AGBM needs to prioritize and narrow the policy options, suggested criteria for selecting policies and measures, and expressed willingness to assist the Secretariat in its work.

NORWAY advocated common emission targets for groups of Parties, such as the OECD, which would be achieved through equitable and appropriate contributions by each of the Parties. This would mean that the emission targets for each of the Parties would be differentiated on the basis of their different starting points and approaches, economic structures and resources. Norway also supported the development of cost-effective, coordinated economic instruments, and proposed that the AGBM review the outline of the Annex I Party Working Group Project, while considering the need for additional projects.

VENEZUELA stated that the need for all policies and measures to be submitted should be assessed for economic, trade and social impacts, that full compliance will require innovative approaches, and that the AGBM should not hastily reject options or measures. Any analysis and assessment on the taxation of coal or other energy sources should be completed by a subsidiary body and examine the effects on the reduction of GHGs.

POLAND said that in light of the broad scope of policies and measures that have already been applied, it is inappropriate to narrow the list of possibilities at this stage. He said the AGBM should agree on quantified targets and supported Switzerland on the use of clear economic and environmental indicators.

NEW ZEALAND stated that all suggested policies and measures should be given proper consideration, supported Canada's list of selection criteria, and suggested the inclusion of coal sequestration techniques and energy market reform. Emission reduction targets should be realistic and the AGBM should be prepared to examine a range of scenarios and consider variations.

SAUDI ARABIA, supporting Poland, stated that simplification should be avoided. The AGBM cannot narrow the policies and measures for implementation without analysis and assessment, and should not rush to judgment.

INDIA noted that there have been hints of opening the present regime of the BM, and reminded delegates that the BM draws its substance from the doctrine of common but differentiated responsibilities. He said the Convention recognized that the share of developing countries' emissions will grow as they take steps to eliminate poverty, and added that analysis and assessment should not become a protracted process.

BURKINA FASO objected to any deletion of subsidies to developing countries or complex tax or other provisions affecting products for developing countries. He suggested including measures for technology transfer and financial support for developing countries.

PERU said criteria should be developed to evaluate policies and measures. Three criteria are that the policies and measures would be: consistent with and targeted at quantified objectives; incorporated into a protocol; and based on international cooperation between Annex I and non-Annex I countries.

The PHILIPPINES, on behalf of the G-77 and China, said the US presentation distracts from the BM's focus on commitments by Annex I Parties. She said because developing countries can not participate in the Annex I common actions group, inputs from other groups or processes must become inputs to the AGBM process.

### **AGENDA ITEM 3 (b) — QUANTIFIED EMISSION LIMITATION AND REDUCTION OBJECTIVES WITHIN SPECIFIED TIME-FRAMES**

The Chair reviewed the language of BM on establishing quantified emission reduction targets with specific time-frames such as 2005, 2010 and 2020.

The US urged alternate proposals to those already tabled, all of which present a common target met by individual countries on an annual basis. Approaches could vary in level, timing and emissions, and as binding or aspirational. Along with the annual targets for individual Parties, the AGBM should consider cumulative targets for individuals, who could vary the timing and approach to reductions, or multi-Party objectives either as annual or cumulative reductions. Cumulative targets could include incentives for early reductions. Multi-Party objectives coupled with Joint Implementation (JI) or burden sharing could save costs in places where reductions are expensive. He said delegates should consider giving flexibility in the timing and location of reductions. He requested a formal presentation of the IPCC's recent results to AGBM 3, an informal session to address new analyses, cost effectiveness, burden sharing and equity, and to assess the impact of technological change and diffusion. He encouraged a quantitative analysis of a base case (no action) and the environmental and economic impacts of fixed annual and cumulative paths in sample scenarios.

The EU said the objective and time-frame should result in absolute reductions but consider relative efficiency. The EU does not yet have a position on gas-by-gas or Greenhouse Warming Potential approaches to various greenhouse gases. He supported time-frames to 2005 and 2010, possibly with longer term targets for 2020. The AGBM should explore incentives for early action. "No regrets" actions should be taken but other policies are necessary and should be applied to achieve equitable and appropriate contributions by all Annex I Parties. The objectives must be quantified and binding.

SAMOA, on behalf of AOSIS, said Annex I countries should adopt the Toronto Target of 20 percent CO<sub>2</sub> reductions below 1990 levels by 2005 and require non-CO<sub>2</sub> targets at an appropriate time. The AOSIS proposal on a comprehensive approach to GHGs is consistent with BM language.

MALAYSIA said the AGBM cannot lose sight of the fact that the majority of emissions is produced by developed countries and developing countries have relatively low per capita emissions. Annex I Parties' failure to meet original targets cannot be an excuse not to set future targets. He recommended a study on emissions projections through 2010 to review Annex I Parties' emissions and the effectiveness of policies and measures. Any proposal on cumulative emissions limits should be accompanied by an insurance scheme paying compensation to affected countries if climate change occurs before delayed reductions take place.

CHINA expressed dismay that Parties were suggesting more policies and measures at this stage. He said that policies are relevant only when they contribute to the reduction objectives, and their impact on developing countries must be assessed. He expressed concern over statements regarding "global trends and policies," and reminded delegates that the BM specifies that policies and measures are to be undertaken by Annex I Parties. Emissions should not be confused with concentrations in the atmosphere and the cumulative effect of GHGs is important.

SAUDI ARABIA stressed the need for assessment and analysis of each option for quantified reductions, particularly to weigh the economic costs against the environmental benefits. The AGBM should carefully interpret the BM, which does not call for joint commitments after 2000. Commitments for developing countries are unacceptable.

The RUSSIAN FEDERATION stated that indicators and reductions should be based on concrete results and realistic analyses and assessments. The current call for quantitative measures does not have a realistic basis. He said that concrete parameters based on BM timetables must be the result of the AGBM's analysis and assessment. The obligations must be flexible and account for differences among Annex I Parties.

The UK said that new quantified objectives are essential, but noted that legally-binding targets pose a practical problem. He said that emissions related to economic efforts cannot be “turned off like a faucet,” and suggested that the legal requirement should be to create a national programme that would measure a Party’s efforts against its own historic emissions. He added that a “basket approach,” rather than gas-by-gas approach, would allow for flexibility and cost-effectiveness.

BRAZIL said that the establishment of numerical objectives is a prerequisite to the consideration of policies and measures. He said that Annex I Parties will have to consider their responsibilities for climate change, with an emphasis on the cumulative effect.

AUSTRALIA considers emission objectives and policies and measures to be interdependent, and said that a key benchmark will be the extent to which there will be a convergence of the two. She suggested criteria for selecting policies and measures, and emphasized that analysis and assessment should examine political feasibility, assessment of costs and barriers to implementation. She also supported equitable burden sharing.

CANADA supported the US proposal for a special session on quantitative reductions, and differentiated or regional targets among Annex I Parties. He said that regional targets should consider climate, resources base and economic circumstances, and would require complex negotiations. He also expressed interest in exploring collective emission reductions, which could take a variety of forms.

The NETHERLANDS said that the IPCC assessment highlights the need for global emissions to be lowered. Industrialized countries must shoulder the largest share of reductions because developing countries need economic growth. He said the AGBM cannot postpone negotiations on quantitative reductions and suggested providing incentives for early reductions, such as credits for Parties that are ahead of schedule.

DENMARK stated that the IPCC reports recognize the technical capacity for lowering emissions, such as high-efficiency power plants. He said the AGBM must make decisions on immediate, aggressive reduction objectives today to achieve maximum benefits in the future.

#### **AGENDA ITEM 4 — CONTINUING TO ADVANCE THE IMPLEMENTATION OF ARTICLE 4.1**

The Chair noted that no new commitments for non-Annex I Parties will be introduced, and that this was the first time the AGBM has explored the nature and scope of this Article. He suggested exploring issues related to technology and communications by non-Annex I Parties.

The PHILIPPINES, on behalf of the G-77 and China, said that this item represented the G-77’s contribution to the BM process. Putting resources into the Global Environment Facility (GEF) does not automatically make them available to developing countries because of conditions imposed by the financial mechanism. She said the AGBM could provide a forum to share experiences on national communications and requested that the Secretariat provide draft guidelines. She also noted that the Secretariat’s synthesized list of policies contains no mention of technology transfer, and suggested that the AGBM produce a report.

JAPAN said developed countries must take the lead on implementation, inventories and communications. Comparability in reports could disclose information on history and actions so far. He said that communications will be different between Annex I and other Parties, but both should include steps taken.

SAMOA, on behalf of AOSIS, said the US presentation raised issues outside the BM process and did not account for important aspects. The contribution of non-Annex I Parties to emissions reductions will depend especially on technology transfer and diffusion from Annex I to non-Annex I Parties. The AOSIS draft

protocol would ensure technology transfer by including language stronger than Article 4.1.

PERU has completed its inventory with assistance from the US, but it will be difficult to continue commitments under Article 4.1 without financial and technical assistance from Annex I Parties.

BRAZIL invited international coordination to complete its inventory, noting that the most uncertainty in IPCC projections is in deforestation and that it has more than one-third of the world’s tropical forests. He said Brazil’s national communication will include mitigation efforts in energy and forestry.

The US said that the BM is explicit regarding developing country commitments and no new commitments were being proposed. Instead, the US seeks to recommend ways in which all Parties can move forward. He said “win-win” opportunities for all countries will be the most productive way to lower GHG emissions and that the economic growth projected for the next decade would provide an opportunity for a “clean revolution.” He urged the Secretariat to continue its work on guidelines for non-Annex I Parties’ national communications and proposed a formal report on the current status of implementation from the Chair of the SBI. The AGBM should consider what analytic work would support advancement of implementation. He suggested compiling an inventory of country study experiences.

EGYPT said work to address climate change was currently underway and added that commitments from developed countries were an essential component to its continuation. She also stressed the importance of the Secretariat’s work on technology transfer.

SPAIN, on behalf of the EU, said the text of the BM must be the starting point for future work, and added that the process will not include any new commitments. Developed countries should take the lead and expressed interest in exploring the G-77 proposal on a forum for sharing experience on national communications.

ARGENTINA said the leadership of Annex I Parties is not an isolated fact, but will be supported by the non-Annex I Parties. Argentina has produced a first estimate of national emissions and will consider policies and measures for reductions, such as promotion of natural gas use and hydroelectric energy. He added that the first national communication is forthcoming.

AUSTRALIA said implementation of Article 4.1 commitments is part of the BM. The emphasis on short-term funding should be toward emission limitation and sink enhancement. Capacity building is a necessary precursor to technology transfer, which should be conducted in the context of bilateral programmes and through normal commercial terms, including payment for intellectual property and involvement of the private sector.

BANGLADESH said despite studies demonstrating its vulnerability to climate change it will fulfill its obligations under Article 4.1. A study has been undertaken according to IPCC methodologies, and will include an inventory, response evaluation, and strategy development.

MALAYSIA said many developing countries do not have the capabilities and capacity in technical expertise or financial resources to complete inventories to international standards. Supported by Costa Rica and China, he proposed forming a group of experts from non-Annex I Parties under the AGBM to formulate guidelines for the format of non-Annex I national communications. This would create a comparable, if not international, standard. He asked the Secretariat to seek financial resources to form the group.

CANADA said the BM does not diminish the commitments of non-Annex I Parties. She supported Joint Implementation as a cost effective mechanism and urged non-Annex I countries to come forward with examples of effective policies and measures.

CHINA said developing countries’ implementation will depend on Annex I Parties’ provision of resources and technology transfer, contrary to some comments that assistance depends on developing countries taking action. He said “win-win” opportunities invert

obligations and responsibilities. Developing countries cannot complete inventories until financial resources are provided under Article 4.3. Developing countries' communication guidelines should be simplified and not be the same as the complex OECD/IPCC format.

The SOUTH PACIFIC REGIONAL ENVIRONMENT PROGRAMME (SPREP) outlined its projects to implement the Convention including: the Pacific Island Climate Change Programme, which focuses on enabling activities, and the Pacific Island component of the CCTRAIN programme. He added that SPREP will conduct a regional workshop, and noted that the Pacific islands are not waiting for others to do the work.

The PHILIPPINES, on behalf of the G-77 and China, stated that despite the lack of adequate resources and technology transfer assistance, non-Annex I countries such as Argentina and Bangladesh are still moving forward. She supported Malaysia's suggestion of a developing countries forum for national communications guidelines, and noted that all existing guidelines are based on a developed country perspective. She suggested that developed countries provide guidelines for involving the private sector in technology transfer activities.

INDIA supported the Malaysia proposal for a forum, and noted that early structuring of the TAPs will help the implementation process. The proper structuring of issues like technology transfer should not get diffused, and clarification of the roles of the SBSTA and SBI would also help with implementation.

VENEZUELA is making every effort to complete its national communication prior to the deadline, even though it is developing country experiencing a profound economic crisis. He expressed concern that the situation is shared by the great majority of developing countries, and urged that the strengthening of commitments should facilitate the receipt of GEF resources.

The RUSSIAN FEDERATION stated that the global nature of climate change and the complexity involved in developing the Convention requires collective efforts for success.

UZBEKISTAN has developed a special national climate commission, initiated national programmes, and begun a national inventory on anthropogenic emissions. Uzbekistan is experiencing an acute need for technology transfer, financial resources and expert technical assistance, and these needs have prevented completion of a national communication.

THAILAND stated that capacity building for the preparation of national communications is urgently needed, and stressed that the AGBM should impose no new commitments on developing countries. The contribution of developing countries to existing GHGs is still minute compared to that of developed countries.

The US reminded delegates that several workshops on this topic were unsuccessfully proposed at INC-10 but expressed hope that they could be conducted now. He also suggested the compilation of a roster of individuals available to respond to technical questions

COSTA RICA has completed its inventory with UNDP/GEF assistance and is conducting a vulnerability assessment focused on coastal agriculture and water resources. A mitigation analysis of possible changes in energy, transport, land-use and waste management has begun. Measures have been taken to reduce emissions in the transport sector. Costa Rica is planning to increase its carbon sinks and participation in JI to increase forest areas and protect conservation areas. The MALDIVES needs financial support and faces an expertise shortage. Its national communication will begin when its project starts.

### **AGENDA ITEM 5 — POSSIBLE FEATURES OF A PROTOCOL OR ANOTHER LEGAL INSTRUMENT**

The Chair stated that discussions under this item should provide an initial exchange of views on possible features, and asked delegates to consider that the membership of a protocol could be

different from the Convention. He urged delegates to discuss the links between the Convention and a protocol, the need for different institutional mechanisms, the character of any annexes and the need for additional proposals.

SAMOA recalled the AOSIS Protocol, which was supported by over 70 Parties at COP-1, and said that the AGBM should consider how the elements (a)-(f) of the BM might feature in a protocol. He suggested that the Secretariat compile the proposals submitted during the course of the work to provide a clearer focus. He suggested specific elements that a protocol should address, including commitments of Annex I Parties, commitments to implement technology transfer, a review mechanism, an exchange of information, communications for reporting, a coordination mechanism and institutional arrangements.

SPAIN, on behalf of the EU, presented a proposal on a possible protocol structure based on three principles: consistency with the BM, consistency with the Convention and the need for a dynamic instrument.

The US, supported by Malaysia, said that the AGBM is still some distance away from a final text, and suggested that an agreement to modify the Convention could achieve the goal of a protocol without an elaborate legal instrument. The AGBM should resolve the following: whether the agreement will be binding or non-binding; whether the commitments will remain common but differentiated or create additional classifications; and what institutional structures will be used. The AGBM's conclusions on these questions must be guided by its decisions on policies and measures and quantitative emissions reduction standards.

AUSTRALIA stated that any protocol must address all GHGs, sources and sinks in a comprehensive manner, must address all elements in the BM in practical implementation measures, and must reflect the interlinking nature of the features and aims of the BM. The Secretariat should compile all existing proposals.

The RUSSIAN FEDERATION said groups of Parties can be differentiated according to emissions, indicators of development or other factors. The objective cannot be the same for all Annex I Parties. The AGBM could establish not one legal obligation for all Parties but a series of protocols divided by regional or other principles. This would allow groupings of countries by economic conditions or regional interests, and would encourage accession to protocols voluntarily by non-Annex I countries.

ARGENTINA supported employing annexes for additional policies and measures. He said the AGBM should arrive at an understanding on updating the annexes. Lessons on amendments, effectiveness and institutional arrangements could be learned from the Montreal Protocol.

NORWAY supported Australia on comprehensiveness, saying the commitments should cover all GHGs, sinks and sources. Individual countries could take actions on short-lived gases if they are not included in the first protocol, which should evolve with time and science. The AGBM should not move away from the concept of a protocol. Renegotiating the Convention is more difficult and precarious. Cost-effective policies and measures must be delineated and then fit into annexes.

SAUDI ARABIA said delegates need to concentrate on substance and leave structure, features, and comparison of a protocol to other instruments until later.

CHINA said discussion should be on substantive issues, not the structure of a legal instrument, and that China is flexible on the form of instrument. It is not necessary to establish a legal instrument or mechanisms outside those that exist.

ICELAND said the EU outline could be a point of departure. Iceland prefers a combined overall emissions goal including sinks rather than gas-by-gas targets. JAPAN said clarifying scientific and technical issues, through a review of Annex I activities and quantitative assessment of their effects, would provide guidance to



form a protocol. BANGLADESH supported the AOSIS protocol with the German elements paper as the basis of the exchange of views. EGYPT said the protocol should deal only with new commitments, while the reaffirmation of existing commitments remains a COP concern.

#### **AGENDA ITEM 6 — REPORT ON THE SESSION**

The Chair held informal consultations on his draft conclusions early Thursday, 2 October, and the AGBM convened in the afternoon to consider the following: availability of information from national communications and in-depth review (IDR) reports; dates for future sessions; requests for work to the Secretariat; and financial matters.

The Secretariat reported that AGBM-3 will have available the following information relevant to national communications: national communications submitted by Annex I Parties; executive summaries of national communications; up to 12 IDR reports, along with summaries; the first elements of the synthesis report on the IDRs; the first compilation and synthesis of national communications; comments from SBSTA and SBI; and the synthesized listing of policies and measures identified in the national communications.

SAUDI ARABIA asked if the in-depth analysis of all communications would be completed by COP-2, and stressed the importance of knowing the status of current commitments before making a judgment on a protocol or other instrument. CHINA reminded delegates of a decision taken in Berlin that “urges Annex II Parties to include measures taken regarding technology transfer” to each session of the COP. Annex II Parties could indicate whether they have included this activity in their national communications prior to the next SBSTA meetings, and the Secretariat could compile these activities. PERU asked whether the second compilation will be ready by the tentative date. The Secretariat said that all of the visits regarding in-depth reviews would be completed by COP-2, although all of the reports will not be finished, and added that the second compilation of national communications will be available prior to COP-2.

The Secretariat introduced a copy of the official communication sent to Permanent Missions relating to the payment of contributions to the Convention budget for 1996. He stressed the importance of receiving contributions before the beginning of next year, as well as the urgent need for contributions to the voluntary fund. He said that without an affirmative decision from the Second Committee of the UN General Assembly to provide financial support for 1996 and 1997 meetings, the Conference will be in deep jeopardy. The US stated that the document failed to mention an administrative official whose services were supplied by the US, and CANADA pledged to contribute C\$65,000.

SBSTA Chair Tibor Farago (Hungary) reported on negotiations to establish technical advisory panels (TAPs). He said the aim was to establish a single panel for methodologies and technologies. The panel’s work programme includes concrete tasks that take into account AGBM 1 concerns, such as an inventory of technologies. The composition would blend experts in methodology and technology -- about 20 people total -- with a balance between Annex I and non-Annex I members. Panel members would be nominated by regional groups. The panel would have two Co-Chairs, one from an Annex I country and the other from a non-Annex I country. A roster of experts, up to 10 from each Party, could relieve some of the burden from the Secretariat. SAUDI ARABIA said that the final decision on the panel must be made in the SBSTA. Since he did not agree with the proposed structure, the SBSTA Chair should not suggest that the agreement is complete.

The Chair adjourned the formal plenary, opened the informal session and distributed his draft conclusions for consideration.

The draft conclusions on policies and measures note the discussion of analysis and assessment, including environmental and

economic impacts, and point to the agreed need to narrow down the range of policies and measures under consideration. Several delegations questioned references to the IPCC Second Assessment as a “key input” to future work of the AGBM. The language was changed to refer to the IPCC’s work as a “substantive source of information.” A reference to submissions by January 1996 regarding ideas and comments on policies and measures was changed to “preliminary submissions.” Language to include Parties and organizations “from non-Annex I countries” was added to a paragraph instructing the Secretariat to organize an informal workshop on policies and measures.

The conclusions on quantified reduction objectives and time-frames recognize the alternative approaches, such as cumulative and multi-Party objectives, raised during AGBM 2. They point to the need to assess the results of analysis of a limited number of objectives and state that AGBM 3 presents an opportunity to assess information and narrow the range of options. Concepts that would differentiate Annex I Parties also need further study. An informal meeting of technical presentations on objectives and time-frames will be organized.

Delegates held a protracted debate over the conclusion on a forum on preparation of non-Annex I Parties’ national communications. A number of delegations asked that the paragraph be replaced by a reference to a G-77 and China position paper. Other delegations noted that the paper had been circulated only that day and expressed concern over procedural implications of the paper’s request that the Secretariat assist in mobilizing funds for the forum. The paragraph on the forum was amended to include consultations between the AGBM Chair and the Chair of the G-77 and China. It was also amended to state that expertise from Annex I Parties would be helpful to the forum.

Following a proposal from several developing countries, a reference in the conclusions on commitments in Article 4.1 to the efforts of the GEF to provide timely financial resources was amended to read: The AGBM noted that the GEF was taking initial steps in this regard and encouraged the GEF to ensure an adequate and timely flow of funding for this purpose.

The conclusions on possible elements of a protocol or other legal instrument list the issues identified, and state that a protocol or other legal instrument should cover all GHGs, their emissions by sources and removals by sinks, and all relevant sectors.

Amendments were adopted on the use of the exact language from the BM on protocols. A group of developed countries proposed adding a paragraph noting that a number of Parties reiterated their support for the AOSIS Protocol and welcomed the EU’s proposed structure of a protocol. One developing country Party suggested that only some of the Parties welcomed the proposal. The new paragraph was accepted as amended.

The AGBM requested that the Secretariat prepare a review of existing relevant Conventions, covering the nature of the commitments, differentiated responsibilities and institutional mechanisms. The paragraph stating that the AGBM invited Parties to make submissions on additional ideas to the Secretariat by 15 January 1996, was adopted as amended.

The Chair adjourned the informal meeting and resumed the formal Plenary. The Chair’s draft conclusions and the report of the session (FCCC/AGBM/1995/L.2) were then adopted.

Dr. Atiq Rahman, Director of the Bangladesh Centre for Advanced Studies, then spoke on behalf of the environmental NGOs. He said despite delegations’ concerns over the IPCC’s economics findings, the IPCC’s working groups have pointed to grave threats to sustainable development if projected climate change is not averted. He urged delegates to bring together the AOSIS protocol and the EU framework to develop a protocol with binding emission reduction commitments and time-tables.

## A BRIEF ANALYSIS OF AGBM 2

The overall tone of negotiations shifted to a more active one at AGBM 2, blending discussion about narrowing policies and measures with suggestions that could expand the possibility of outcomes from the AGBM process. Yet, at the same time, AGBM 2 was plagued by the continuing debate over the extent of necessary analysis and assessment and where this should occur in the negotiating process, commitments of non-Annex I Parties, and procedural disagreements, including the composition of the AGBM Bureau.

AGBM 2 saw the emergence of two new approaches to the structure and content of new commitments for Annex I Parties: the EU formal proposal for three annexes of policies and measures and the US and others' recommendations for group and cumulative targets.

The EU's outline for a protocol includes commitments by Annex I Parties, with a section on voluntary application by non-Annex I Parties, and commitments by all Parties. The outline proposes annexes that would contain lists of specific policies and measures that could grow or be amended over time. The EU proposal presents one vision of where the analysis and assessment process would lead, and how its results would be translated into a protocol. It also suggests combining binding and non-binding measures. Although its commitments section has a place for quantified limitation and reduction objectives, it makes no specific proposals on how those objectives would be structured.

The US comments focused on the nature of quantitative commitments. The US suggested that delegates evaluate the relative merits of binding and non-binding targets. It also proposed consideration of cumulative, average objectives, rather than targets that would be reached in a given year. Another element of the US proposal was possible sharing of commitments between Parties. Switzerland, Russia, Norway, Japan, Poland, Canada and Australia supported or expanded on various aspects of the US position. Switzerland said different targets could be designed for different categories and shared by regional "clusters" of countries. Russia suggested dividing countries by regional or socioeconomic characteristics, possibly writing separate regional protocols for each.

AOSIS maintained its support for the target proposed in its original draft protocol. Its additional proposal at AGBM 2 would establish a subsidiary body for advice to suggest appropriate measures to Annex I countries.

Delegates said that while it was too early to tell which if any of the ideas floated at AGBM 2 would still be on the table later in the process, the discussions at AGBM 2 clarified some positions. NGOs and some delegations suggested that the AOSIS target could provide the substance to fill in the blanks of the EU proposal, but the US and others' suggestions seemed to point in other directions.

The new elements in the analysis and assessment debate were proposals to develop criteria for reviewing policies and assessments. The Netherlands, Canada, the US, Australia and Peru were among those proposing possible criteria. Argentina, Burkina Faso and New Zealand noted that these ideas were useful. Concerns about environmental, economic and social impacts on Parties, especially developing countries, represented another vast set of assessment questions raised at AGBM 2.

Although there was consensus that analysis and assessment are necessary, some observers noted that some calls for additional review were aimed at slowing rather than aiding the BM process. OPEC countries, China and others continued to suggest that consideration of a protocol or structure was premature before additional analysis and assessment. A clear signal came on AGBM 2's first day when the Chair refused requests to add analysis and assessment as a separate agenda item. The Chair's conclusions also reflected that analytical tasks would be balanced by other activities, with only a some of the numerous requested studies included in the

work programme. AGBM clearly still has work to do, but not all of it should be assessment of policies and measures.

Regarding commitments of non-Annex I Parties, the US slide presentation prompted numerous complaints from developing countries by suggesting that greenhouse forcing from developing countries will exceed that of developed countries emissions in the next century. Developing countries and some Annex I Parties underscored that the BM process does not include new commitments for non-Annex I Parties.

To advance present commitments of non-Annex I Parties, Malaysia proposed establishing a panel of experts from developing countries to design simplified inventory and national communication procedures. The proposal gained broad support from developing country Parties and became the subject of a G-77 and China position paper. Although the forum is now planned to take place, discussion of its funding and the role of Annex I Parties in the forum generated one of the few heated debates at AGBM 2.

While the substantive debates took center stage, procedural disagreements also continued. Delegates again failed to resolve disagreements over the Bureau, which could end up threatening the whole AGBM process. Furthermore, unresolved disputes in organizing SBSTA panels also affected negotiations in AGBM 2, with some delegates noting that tasks that would otherwise be conducted by the TAPs were being heaped upon the Secretariat. The volume of requests was so great that some delegations cautioned against overburdening the Secretariat. The large number of policies and measures in the Secretariat's first compilation indicates the potentially huge scope of analysis and assessment and the serious nature of the task before the Ad Hoc Group on the Berlin Mandate.

## THINGS TO LOOK FOR

**UN GENERAL ASSEMBLY:** When the Second Committee addresses climate change, currently scheduled for 15 November 1995, a decision is expected on whether the General Assembly will cover the costs of conference services for at least six weeks of meetings in 1996 and four weeks of meetings in 1997.

**IPCC:** The IPCC will meet 11-15 December 1995 in Rome to adopt its second assessment of climate change and its impacts.

**SUBSIDIARY BODIES:** The next meeting of the Subsidiary Body on Implementation (SBI) and Subsidiary Body on Scientific and Technical Advice (SBSTA) is scheduled to take place from 26 February to 1 March 1996 in Geneva. The Ad Hoc Group on Article 13 is also scheduled to meet at this time.

**AGBM 3:** The third session of the AGBM is scheduled to take place 4-8 March 1996 in Geneva. Delegates will consider: a presentation by IPCC officers on the IPCC's latest findings; a Secretariat compilation of Parties' additional ideas and comments on policies and measures, to be submitted by 15 January 1996, and a second compilation of additional ideas on possible features of a protocol, with the same deadline for submissions; a document that follows up on the synthesized list of policies and measures from Annex I Parties' national communications (FCCC/AGBM/1995/6); an informal session on quantified objectives and time-frames and their impacts; a Secretariat paper on links between FCCC institutions and processes and a future legal instrument; and a Secretariat review of existing relevant conventions.

Future sessions of the AGBM are currently scheduled as follows: AGBM 4: 8-19 July 1996, concurrently with COP-2; AGBM 5: 21-25 October 1996; and AGBM 6: 10-14 March 1997. The meetings will be held in Geneva until the Secretariat relocates to Bonn.

**COP-2:** The second meeting of the Conference of the Parties to the Framework Convention on Climate Change will take place from 8-19 July 1996 in Geneva.