



Earth Negotiations Bulletin

.....

Vol. 12 No. 73

Published by the International Institute for Sustainable Development

Monday, 8 December 1997

HIGHLIGHTS FROM THE THIRD CONFERENCE OF THE PARTIES TO THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE 6 - 7 DECEMBER 1997

The Committee of the Whole (COW) of the Third Conference of the Parties (COP-3) to the Framework Convention on Climate Change (FCCC) met in afternoon and evening sessions on Saturday. Delegates reviewed the revised text produced by informal negotiating groups and discussed outstanding issues. The Chair of the COW issued a non-paper (FCCC/CP/1997/CRP.2) on Sunday that reflected the current status of the negotiating text and set out the options for high-level input.

COMMITTEE OF THE WHOLE

Delegates considered a revised text on institutions and mechanisms. The document contains the Preamble, which addresses the ultimate objective of the Convention, Article 3 of the Convention and the Berlin Mandate. The proposed Preamble does not specifically mention Article 4.2(a) and (b). The G-77/CHINA said there is no agreement.

Takao Shibata (Japan) reported that his negotiating group had agreement on Articles 8 (submissions by Parties), 9 (review of submissions), 15 (secretariat), 16 (subsidiary bodies), 17 (multilateral consultative process), 19 (application), 21 (annexes), 22 (voting), 23 (depository), 24 (signature), 25 (reservations), 26 (entry into force), and 28-29 (original texts), including alternatives and reservations.

Article 14(i) contained two alternatives on the rules of procedure and the financial rules. The US supported Alternative B, under which the MOP would adopt rules of procedure and financial rules by consensus. The G-77/CHINA said that during informal consultations, it had combined its proposal with the EU's and produced Alternative A, under which the rules of the Convention apply to the protocol *mutatis mutandis* except as may otherwise be decided by consensus by the COP. Following a proposal by the Chair, delegates adopted Alternative A.

Article 18 contains two alternatives on procedures and mechanisms related to non-compliance. Alternative A would apply to Annex I Parties and penalties would operate through a clean development fund. Alternative B would apply to all Parties and any procedures adopted that entail binding consequences shall be adopted by amending the protocol. The Chair proposed continuing informal consultations. The US proposed new text that would, *inter alia*, require Parties exceeding their emissions budget for a given period to reduce the excess amount from subsequent periods.

Article 26 contains two alternatives on entry into force. Alternative A uses triggers related to number of ratifications and a percentage of CO₂ emissions. Alternative B would require [75] or [50] ratifications and [50%] or [75%] of Annex I Parties.

Chair Estrada proposed specifying 50 Parties and 60% of total emissions. Chair Shibata reported that most Parties preferred Alternative A, but suggested requiring 75% of emissions. The Chair suggested a footnote stating that this percentage gives veto power for entry into force to one particular Party. The G-77/CHINA said any figure in excess of 50% is unacceptable. He could support Article B if it required 50 ratifications and 60% of Annex I Parties.

Luis Gylvan Meira Filho (Brazil) introduced a revised draft text relating to multi-year targets. The text provides an additional definition to be added to Article 1, stating that a "defined amount" means the amount of net aggregate emissions a Party may not exceed in a given commitment period in order to meet its QELROs. The revised text also contains three alternatives for the first paragraph of Article 3 (commitments).

The G-77/CHINA objected to the definition of "defined amount" and supported Alternative C, which calls for QELROs within time frames such as 2005, 2010 and 2020. He proposed references requiring a Party to implement its commitments to achieve QELROs, rather than have its "defined amounts" of emissions be equal to the percentage assigned to it in Attachment I.

The US said this had been agreed in the negotiating group. The Chair proposed using the original text pending consultations. CHINA objected to the omission of crucial elements of targets and timetables. Informal consultations will continue.

On Article 2 on policies and measures (P&Ms), Chair Mahmoud Ould El Ghaouth requested more time for consultations. The Article remains bracketed. There was no progress on Article 10 on voluntary commitments, which remains bracketed.

NORWAY summarized the draft on Article 4, the EU "bubble." He noted an impasse on two alternatives, one from the EU and one from other contact group members. The second alternative emphasizes that allocation of emissions under the "bubble" would be legally binding. Another section would cap rearrangements of allocations, and text is included to take account of changes in or enlargement of regional economic integration organizations.

IRAN reported on negotiations on minimizing the adverse effects of climate change through policies and measures. He proposed alternative text based on a draft decision by Zimbabwe and Uganda calling for an SBI review of actions to meet developing country needs-related adverse effects. Both contain a bracketed reference to [establishment of measurements of compensation]. The US, the EU, POLAND, AUSTRALIA, and CANADA said

This issue of the *Earth Negotiations Bulletin* <enb@iisd.org> is written and edited by Paola Bettelli <paobe@ix.netcom.com>, Chad Carpenter, LL.M. <chadc@iisd.org>, Deborah Davenport <ddavenp@emory.edu>, Peter Doran <pdforan@ecology.u-net.com> and Steve Wise <swise@igc.apc.org>. Webmistress Stephanie Sim <stephsim@pacific.net.sg>. The Editor is Pamela Chasek, Ph.D. <pam@iisd.org> and the Managing Editor is Langston James "Kimo" Goree VI <kimo@iisd.org>. The sustaining donors of the *Bulletin* are the Netherlands Ministry for Development Cooperation, the Government of Canada and the United States of America (through USAID). Support for coverage of this meeting was provided by the UNFCCC Secretariat, the Ministry of Foreign Affairs of Norway, the Canadian Pulp and Paper Association and Keidanren: Japan Federation of Economic Organisations. General support for the Bulletin during 1997 is provided by the Department for International Development (DID) of the United Kingdom, the Ministry of Foreign Affairs of Denmark, the European Community (DG-XI), the German Ministry of Environment, Nature Conservation and Nuclear Safety, the Ministries of Environment and Foreign Affairs of Austria, the Ministry of Environment of Sweden, the Swiss Federal Office of the Environment, the Ministry of Environment of Finland and UNDP. During COP-3 the authors can be contacted at +81 (0)75 705 1234 Ext. 2618. 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 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 citation. 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 from 100,000 km above Kyoto, Copyright (c) 1997 The Living Earth, Inc. <http://livingearth.com>. For further information on ways to access, support or contact the *Earth Negotiations Bulletin*, send e-mail to <enb@iisd.org>.



compensation was unacceptable and the paragraph should be deleted. SAUDI ARABIA, the G-77/CHINA, INDONESIA, UGANDA, URUGUAY, KUWAIT, NIGERIA, the UNITED ARAB EMIRATES, CHINA, VENEZUELA, BAHRAIN and EGYPT supported removing the brackets. ZIMBABWE suggested ministerial consideration of the proposal under FCCC Article 4.8. NEW ZEALAND objected to compensation, but supported Uganda's proposal to replace "compensation" with "impacts." The Chair suggested replacing the existing paragraph with Iran's text, with the entire text bracketed.

Bo Kjellén (Sweden), Chair of the working group on Article 12, reported that numerous alternative texts remained to be decided. A document was distributed outlining the status of negotiation, including alternative texts and some new proposals. Chair Estrada invited Parties to negotiate on the basis of Kjellén's alternatives. The US introduced a new proposal on the transfer of environmentally sound technologies (ESTs).

John Ashe (Antigua and Barbuda), Chair of the working group on Article 13 on finance reported disagreement over bracketed references to provision of financial resources "through the financial mechanism" defined by Article 11 and over guidance to the mechanism. The PHILIPPINES, for the G-77/CHINA, proposed deletion of the text in brackets. The UK, for the EU, and supported by the US, CANADA and JAPAN, said it was necessary to specify the financial mechanism to avoid any ambiguity. Chair Estrada, supported by NIGERIA, suggested deletion.

On a paragraph concerning guidance to the COP on the financial mechanism from the Meeting of the Parties to the protocol, he reported the G-77/CHINA's view that the paragraph does not legally belong in the Protocol. Chair Estrada suggested deleting the paragraph. The PHILIPPINES, for the G-77/CHINA, said there should not be two sets of guidelines to the financial mechanism. CHINA rejected any attempt to rewrite FCCC Article 4.1. The US and the UK asked for more time.

Chair Ashe introduced a revised draft text for Article 13. The first paragraph indicates that the implementation of Article 12 shall take into account FCCC provisions on financial resources and the vulnerability of developing countries to climate change. The second paragraph states that developed country Parties to the Convention, "in accordance with Articles 4.3 and 11 of the Convention" shall provide financial resources to meet agreed full costs incurred by developing country Parties in formulating national communications, and to meet the agreed full incremental costs of implementing measures such as national communications, inventories of GHGs, collection of data and adaptation of new technologies. A third paragraph states that previous decisions by the COP on the financial mechanism, shall apply *mutatis mutandis* to this article. A fourth paragraph indicates that developing country Parties can avail themselves of financial resources for the implementation of Article 12, through bilateral, regional or other multi-lateral channels. The PHILIPPINES, supported by SAUDI ARABIA, CHINA and PERU requested more time for the G-77/China to consult on the text because of the links between this paragraph and other outstanding issues, particularly those referring to the advancement of commitments under Article 4.1.

Chair Estrada reported that no agreement had been reached on alternative text for articles on emissions trading and joint implementation (Articles 6 and 7 respectively), so they would remain as they appeared in the negotiating document produced by AGBM-8 (FCCC/CP/1997/2).

CANADA introduced text containing seven paragraphs. In the first paragraph, language stating that commitments under Article 3 will be met by Annex I Parties in a "cost effective manner" and "in

accordance with international rules" was introduced. A paragraph setting a cap on the emissions trading regime was introduced. A paragraph states that reporting on emissions trading should be conducted annually and there are three alternative paragraphs on guidelines for the structure and timing of an emissions trading mechanism.

INDIA, on behalf of the G-77/CHINA and supported by CHINA and INDONESIA, reiterated its objection to the concept of emissions trading, stating that it is extraneous to the Berlin Mandate and would not lead to GHG emissions limitation and reduction.

On sinks, Chair Estrada asked for informal consultations to consider several questions including, *inter alia*, a proposal that a subsidiary body could work on sinks in June 1998, and report to COP-4 prior to entry into force of the protocol. The RUSSIAN FEDERATION said the nature of the issue's resolution would determine his view of the protocol. The MARSHALL ISLANDS, COSTA RICA and URUGUAY said they were ready to adopt the existing draft text. CANADA said there is an inconsistency in the proposal's treatment of harvesting, which would cause Canada "enormous pain," and reforestation, which would not offset the penalty from harvesting. MEXICO asked the Chair to include conservation activities in the consideration of a definition of sinks. Chair Estrada said that the necessary analysis and definitions were not yet available. The US said the text might not be resolved until calculations regarding targets had been completed. Chair Estrada said his suggested definitions would point to lower numbers. It was best to be clear and transparent on what Parties were planning to do and adopt common standards. The EU urged caution to avoid perverse incentives.

Antonio La Viña (Philippines) introduced a revised non-paper on sinks, containing only text relating to Option C of previous non-papers (accounting for limited sink activities to offset emissions). JAPAN, BARBADOS, RUSSIA, the US, CANADA, CUBA and JAMAICA supported the text. NEW ZEALAND, supported by AUSTRALIA, the US and NORWAY, called for an earlier text to be kept as an option for ministers. The Chair noted that the text had not been formally introduced, but agreed to keep it as a source. The MARSHALL ISLANDS, SWITZERLAND, BARBADOS and MALAYSIA objected. The US proposed adding "for the first commitment period" to a paragraph on when sink activities would be allowed. The EU put the whole paragraph in brackets. SAMOA, with TUVALU, signaled a possible reservation on the paragraph if other texts are left as options.

The latest text on 7 December, which is all bracketed, incorporates sinks into Article 3, calling on Annex I Parties to achieve QELROs for sources and sinks within suggested time frames as one alternative. It also states that the net changes in GHG emissions from sources and removals by sinks resulting from direct human-induced land-use change and forestry activities, limited to afforestation, reforestation, and deforestation since 1990, measured as verifiable changes in stocks in each commitment period, shall be used to meet Parties' commitments in Article 3. It also calls for Parties to provide data for SBSTA to establish their levels of carbon stocks in 1990 and enable an estimate of changes in subsequent years. The MOP shall review and determine modalities, rules and guidelines as to how and which additional human-induced activities shall be added to or subtracted from the defined amount for Annex I Parties at its first meeting or as soon as practicable.

THINGS TO LOOK FOR TODAY

COP: Plenary will convene at 10:00 am in the Main Hall.