

4. CLEAN DEVELOPMENT MECHANISM: After three canceled sessions on Kyoto Mechanisms, developing countries agreed to begin discussions on June 8, with the CDM addressed as a priority. G-77 spent several days developing a position paper on CDM. Divergent views amongst the G-77 members made it quite difficult for the Group to pull together a common position, with Saudi Arabia in particular playing an obstructionist role in G-77 internal negotiations. The paper focuses on principles and cross cutting issues like supplementarity, but is short on technical guidance, such as estimation of additionality criteria. One of the more difficult internal issues involves the use of proceeds from CDM for adaptation assistance. With respect to CDM, G-77 stressed the following: 1) it is a priority, 2) need to discuss the principles first, 3) second synthesis report needs to follow the Buenos Aires Action Plan, 4) support for project by project approach for baselines, and 5) determination of sustainable development aspect of a project should be left to host countries. Germany, on behalf of the EU stressed the need for an early determination of the "part of" commitments that can be met through CDM.

5. The Umbrella Group continued its work on advancing the draft decision text on the CDM. This text basically puts the UG views (already submitted to the UNFCCC in April 99) in the legal format. Most of the discussion in Bonn focused on streamlining and lending clarity to the document. Some further work is required before the document is submitted to meet the July 31, 1999 deadline.

6. A number of developing countries took the floor on capacity building, with some (such as the Philippines) highlighting the concern that too many workshops on the mechanisms were taking place which were not being sufficiently managed and coordinated by the secretariat. Others, in particular the Africa Group, noted the workshops were extremely useful and called for more such events. The EU highlighted the need for better coordination and the need to avoid duplication. Switzerland prefers a bottom up approach to capacity building and suggested that project ideas should be host country driven. The secretariat will draft a revised paper on the subject for consideration at the next session.

7. EMISSIONS TRADING: Most noteworthy was the submission by the G-77, during the Bonn sessions, of its initial views on emissions trading. While many of the specific views promoted in the G-77 submission are at variance with Umbrella Group positions, overall it is of a relatively moderate tone. For example, China's previously submitted views that explicitly excluded the role of entities and fungibility between the mechanisms is not to be found in their submission. Prominent themes in the submission include the need to ensure that emissions trading will not work to perpetuate existing inequities between developed and developing countries; that it does not signify the bestowal or creation of any right, title or entitlements to the atmosphere; that it is contingent on satisfaction of prescribed domestic effort in fulfillment of commitments under Article 3; and the need to ensure a transparent and credible reporting system.